

Business Update

May 6, 2020

welltower

Forward Looking Statements

This document contains “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. When Welltower uses words such as “may,” “will,” “intend,” “should,” “believe,” “expect,” “anticipate,” “project,” “pro forma,” “estimate” or similar expressions that do not relate solely to historical matters, Welltower is making forward-looking statements. Forward-looking statements are not guarantees of future performance and involve risks and uncertainties that may cause Welltower’s actual results to differ materially from Welltower’s expectations discussed in the forward-looking statements. This may be a result of various factors, including, but not limited to: the duration and scope of the COVID-19 pandemic; the impact of the COVID-19 pandemic on occupancy rates and on the operations of Welltower and its operators/tenants; actions governments take in response to the COVID-19 pandemic, including the introduction of public health measures and other regulations affecting Welltower’s properties and the operations of Welltower and its operators/tenants; the effects of health and safety measures adopted by Welltower and its operators/tenants related to the COVID-19 pandemic; the impact of the COVID-19 pandemic on the business and financial condition of operators/tenants; increased operational costs as a result of health and safety measures related to COVID-19; the impact of the COVID-19 pandemic on the business and financial condition of operators/tenants and their ability to make payments to Welltower; disruptions to Welltower’s property acquisition and disposition activity due to economic uncertainty caused by COVID-19; general economic uncertainty in key markets as a result of the COVID-19 pandemic and a worsening of global economic conditions or low levels of economic growth; the status of capital markets, including availability and cost of capital; uncertainty from the expected discontinuance of LIBOR and the transition to any other interest rate benchmark; issues facing the health care industry, including compliance with, and changes to, regulations and payment policies, responding to government investigations and punitive settlements and operators’/tenants’ difficulty in cost effectively obtaining and maintaining adequate liability and other insurance; changes in financing terms; competition within the health care and seniors housing industries; negative developments in the operating results or financial condition of operators/ tenants, including, but not limited to, their ability to pay rent and repay loans; Welltower’s ability to transition or sell properties with profitable results; the failure to make new investments or acquisitions as and when anticipated; natural disasters and other acts of God affecting Welltower’s properties; Welltower’s ability to re-lease space at similar rates as vacancies occur; Welltower’s ability to timely reinvest sale proceeds at similar rates to assets sold; operator/tenant or joint venture partner bankruptcies or insolvencies; the cooperation of joint venture partners; government regulations affecting Medicare and Medicaid reimbursement rates and operational requirements; liability or contract claims by or against operators/tenants; unanticipated difficulties and/or expenditures relating to future investments or acquisitions; environmental laws affecting Welltower’s properties; changes in rules or practices governing Welltower’s financial reporting; the movement of U.S. and foreign currency exchange rates; Welltower’s ability to maintain Welltower’s qualification as a REIT; key management personnel recruitment and retention; and other risks described in Welltower’s reports filed from time to time with the SEC. Finally, Welltower undertakes no obligation to update or revise publicly any forward-looking statements, whether because of new information, future events or otherwise, or to update the reasons why actual results could differ from those projected in any forward-looking statements.

Dividend Update



Dividend Update

Anticipated near-term decline in cash flow due to the impact of COVID-19 warrants a reduction in Welltower's dividend to approximately 70% of prior distribution

Dividend reduction results in approximately \$110 million of incremental cash flow retained quarterly

Cash retained through dividend reduction approximates 80% of the Company's quarterly interest expense

Dividend reduction marks another meaningful liquidity event since March 30, 2020, following the settlement of forward equity sales agreements for \$588 million and establishment of \$1 billion term loan

Liquidity & Balance Sheet

Balance Sheet Update

1Q20 Highlights

- Completed pro rata dispositions of \$717 million at a blended yield of 5.4%
- Improved net debt to adjusted EBITDA to **5.93x⁽¹⁾** at March 31, 2020 from 6.37x⁽¹⁾ at December 31, 2019
- Settled forward sale agreements covering 6.8 million shares of common stock under our ATM program at an average price of **\$86.48 per share** resulting in total gross proceeds of **\$588 million**

Line of Credit Covenant Compliance

Covenant	Covenant Ratio	Threshold	1Q20 Actual ⁽²⁾
Overall Leverage	Total Debt / Total Assets	< 60.0%	37.4%
Secured Leverage	Total Secured Debt / Total Assets	< 30.0%	9.4%
Unencumbered Asset Base	Unencumbered Assets / Total Unsecured Debt	> 1.7x	2.7x
Fixed Charge Coverage	EBITDA / Annual Debt Service	> 1.5x	3.7x

Weighted Average Debt Maturity of **7.7 Years**

No significant unsecured debt maturities before March 2023

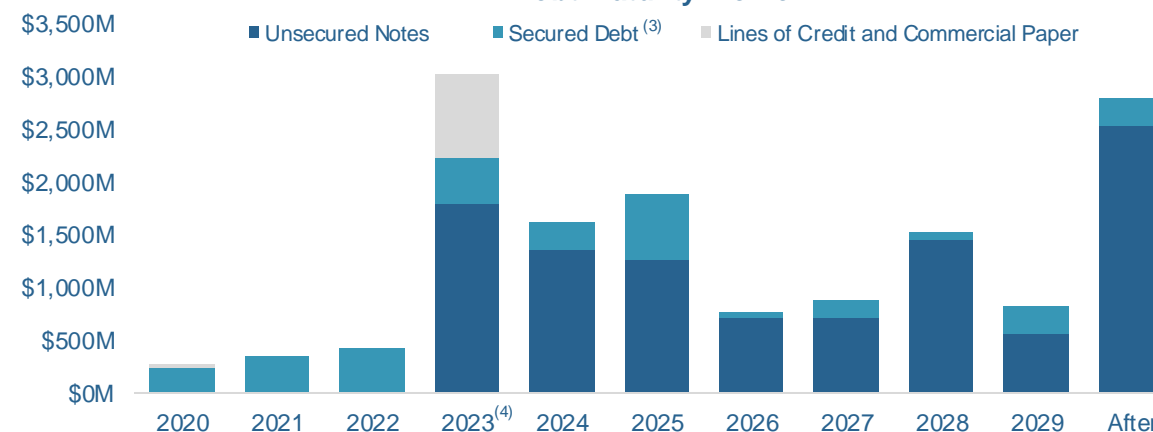
\$1 billion Term Loan Capacity

Baa1
MOODY'S

BBB+
S&P Global

BBB+
Fitch Ratings

WELL Debt Maturity Profile



1) Please see our Earnings Release dated May 6, 2020 for a discussion of Supplemental Reporting Measures as well as a reconciliation.

2) 1Q20 line of credit covenants are calculated as defined in the credit agreement dated July 18, 2018.

3) Includes consolidated secured debt, our share of unconsolidated secured debt less NCI share of consolidated secured debt.

4) 2023 maturity reflects the \$795,000,000 in principal outstanding on our unsecured revolving credit facility that matures on July 19, 2022 (with an option to extend for two successive terms of six months each at our discretion).

Updated Sources & Uses

Near Term Liquidity (\$M)

May 4, 2020

Cash and Cash Equivalents	\$348
Line of Credit Capacity	\$2,360
Term Loan Capacity	\$1,000
Expected Proceeds from Assets Held For Sale ⁽¹⁾	\$312

Total Near Term Liquidity **\$4,020**

Near Term Uses (\$M)

2Q20 - 4Q20

Development Spend	\$463
Secured Debt Maturities ⁽²⁾	\$125
Acquisitions	-

Total Near Term Uses **\$588**

Highlights

Dividend

- 70% of pre-COVID distribution results in approximately **\$110 million** of retained cash flow quarterly

General & Administrative

- Annualized G&A expense is expected to decline approximately **\$15 million** from recent levels following reduction to both compensation and non-compensation expenses

Capital Expenditures

- Anticipate approximately **\$90 million** reduction to full year capital expenditures due to tighter restrictions on capital spend in seniors housing communities and deferred leasing capital in Outpatient Medical

Acquisitions

- Completed \$398 million in pro rata acquisitions and joint ventures year-to-date at a blended yield of 5.6%
- No material acquisitions are being contemplated at this time

Development

- Remaining development pipeline spend beyond 2020 totals **\$178 million**

Dispositions

- \$791 million of pro rata dispositions completed through April 30, 2020. In addition, we received proceeds of \$64 million related to the disposition of an unconsolidated equity investment in the first quarter.
- An additional \$312 million of disposition proceeds is anticipated through the remainder of 2020, including \$47 million related to the final tranche of the previously announced Invesco MOB joint venture

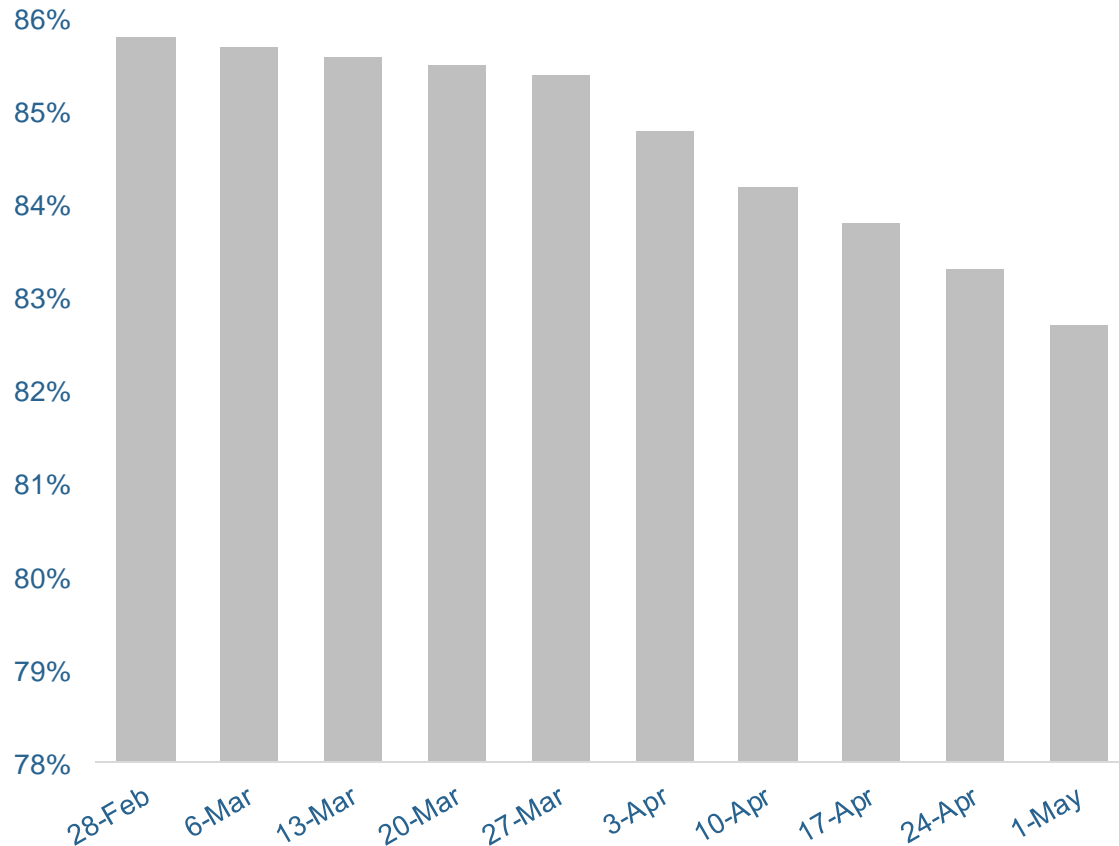
1) Represents 1Q20 assets held for sale of \$386 million less \$74 million in proceeds received in 2Q20 related to Invesco MOB JV

2) Includes only secured debt that is not expected to be refinanced upon maturity

Operations

Seniors Housing Operating (SHO) Portfolio | YTD Observations

SHO Portfolio Occupancy⁽¹⁾
Weekly Spot Actuals



1) Represents properties in operation as of February 2020

Occupancy

- Impact of COVID-19 began in March, with week-over-week occupancy declines accelerating in April as move-in screening intensified and admission bans spread nationally
 - Move-ins declined 30% year-over-year in March and 73% year-over-year in April
- Tour activity and lead generation have declined meaningfully since mid-to-late March
- SHO portfolio⁽¹⁾ spot occupancy was 82.7% as of May 1, 2020

Expenses

- Incurred \$7M in COVID-19 related property level expenses in March from higher labor costs and procurement of personal protective equipment (PPE)
- **Labor:** Shelter-in-place orders and labor shortages have impacted the ability to fully staff buildings, requiring operators to pay 1.5x to 2.0x in hazard and bonus pay in many markets
- **PPE:** Welltower continues to support its operating partners through the procurement of PPE and other supplies

SHO Portfolio | Potential Future Impact from COVID-19

Occupancy

- Occupancy within the SHO portfolio declined approximately 240 basis points from March 31, 2020 through May 1, 2020 to 82.7%
- We anticipate SHO portfolio occupancy to end the second quarter approximately 500 – 600 basis points lower than March 31, 2020 levels as the number of communities with comprehensive move-in restrictions is expected to rise
- REVPOR⁽¹⁾ growth is expected to be approximately flat through the second quarter

Expenses

- We anticipate total SHO portfolio expenses during the second quarter to increase by approximately 5% compared to the first quarter, driven primarily by higher labor expenses
- Labor expenses in April have risen from March levels and are anticipated to remain elevated through May and June as a result of hazard pay

NOI Margins

- We anticipate material SHO portfolio NOI margin erosion through the second quarter resulting from expected occupancy loss and elevated labor expenses

1) Please see our 1Q20 Supplemental for a discussion of Supplemental Reporting Measures as well as a reconciliation.

Triple Net Portfolio Updates

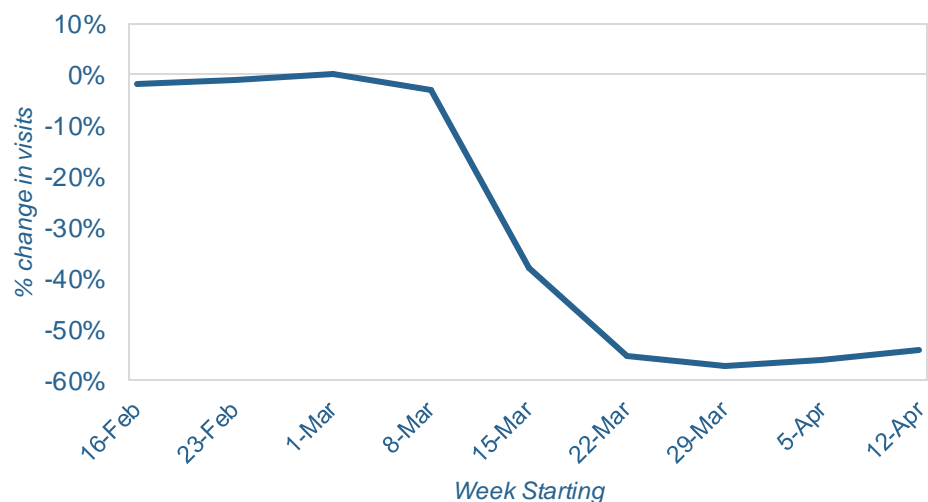
97% of April rent collected in Triple Net portfolio

	Triple Net Coverages ⁽¹⁾		Operations	Financials
	4Q19	1Q20		
SH NNN	EBITDAR	1.03x	Recent operational headwinds comparable to those experienced within the SHO portfolio.	Near-term pressure on coverage ratios is expected as fundamental performance is anticipated to track that of SHO portfolio.
	EBITDARM	1.20x		
LT/PAC	EBITDAR	1.20x	Majority of occupancy decline attributable to COVID-related move-outs, admissions bans, and sharp decline in elective medical procedures.	Decline in operating margins resulting from challenges to payor mix and labor pressures. CMS Accelerated and Advance Payment Programs have provided liquidity to operators.
	EBITDARM	1.50x		
Health System	EBITDAR	2.06x	ProMedica experiencing similar fundamental trends as those recently witnessed in the broader seniors housing and post-acute care space.	Rent current through May.
	EBITDARM	2.77x		

1. Represents trailing twelve month coverage metrics reported on a one-quarter lag for the stable portfolio. Please see our 1Q20 Supplemental for further information on EBITDAR and EBITDARM coverage.

Outpatient Medical Update

Outpatient Visits Down 60% since Mid-March Due to Deferral of Elective Procedures⁽¹⁾



Operations

- 94.3% portfolio occupancy as of March 31, 2020
- All buildings are open and operational
- Operating with enhanced maintenance and cleaning protocols
- The pace of new leasing activity has recently slowed but renewal activity has strengthened

Financial

- 95% of rent due in April has been collected or had rent deferral requests approved by Welltower
 - 87% of April rent has been paid
 - Approximately 8% of April rent approved for 60-day deferral to be repaid by year-end
- Ban on elective procedures and shelter-in-place orders negatively impacting tenant operations

Return to Business

- Majority of health systems still operating significantly below capacity, up to 75% decline in clinical visits per day
- Beginning to evaluate and slowly phase in elective surgeries in regions where permitted, but haven't seen significant increase in volume

1) Source: Ateev Mehrotra et al., "What Impact Has COVID-19 Had on Outpatient Visits?," *To the Point* (blog), Commonwealth Fund, Apr. 23, 2020.

welltower