



LETTER FROM THE CEO & CIO

Dear Fellow Shareholders,

When I last wrote to you one year ago, we were continuing to navigate through the uncharted waters of the pandemic and in the early stages of the vaccine rollout. The loss of life, the impact of social isolation, and the economic hardships experienced over the past two years have been far reaching. We remain ever grateful for the heroic and tireless efforts of the front-line workers in our communities for keeping their residents safe and healthy while also managing the rapid (yet complicated) distribution of the vaccine.

While 2021 was fraught with challenges, I am amazed by the ability of our team and partners to not only persevere through these unforeseen difficulties, but also to thrive under these extraordinary circumstances. The actions we've taken over the past year - within operations, capital deployment, operator platform enhancement, and talent acquisition - have set us up for many years of success. As I outlined last year, we view these areas to be the key drivers of our growth allowing us to continue our mission to deliver outsized per share value for our long-term owners.




GREEN SHOOTS

At this time last year, we were confident that a rebound in occupancy for our seniors housing portfolio was coming, but uncertain about the timing. Not only did that inflection point come sooner than we had expected, but also the speed with which residents moved into our communities was truly surprising. Seniors housing is a needs-based business with few viable alternatives for much of the population. The unprecedented occupancy gain we witnessed from the trough in mid-March of last year is a clear testament to this point. Notably, this occupancy growth was achieved even during the Delta and Omicron waves of the pandemic, providing further validation of our product.

This brings us to a very interesting juncture. There are very few times in history in which cyclical and secular troughs for an asset class occur simultaneously. That is, the cyclical tailwinds we're experiencing coming out of the pandemic are being further compounded by a never-before-seen shift in the demographic profile of the country, with a doubling of the 80+ population expected over the next 20 years. And, this unprecedented level of demand comes at a time when new construction of seniors housing communities is back to levels not seen since shortly after the Great Recession.

While that backdrop alone is exciting, we have also recognized a massive opportunity to improve and modernize the operations within this largely mom-and-pop industry. In fact, the wave of modernization which has catapulted the operational advancement of other industries through the use of technology, systems, and processes has seemingly bypassed seniors housing altogether. Our solution to this problem? Going outside of our industry to hire John Burkart, a veteran of the multifamily space and one of the most talented professionals I have ever known.

In August, John joined our team as Chief Operating Officer, bringing with him 25 years of experience from one of the most well-regarded companies within the commercial real estate industry. John helped transform the operations of his prior company by leveraging data and technology, dramatically improving profitability in the process. John's mission is a similar one at Welltower. He's been a road warrior since coming on board, visiting communities on a weekly basis (and occasionally spending the night in some of them) and has consistently come away with two findings: (1) the incredible care being provided by our operators is second to none and (2) the business is absolutely ripe for modernization. John often uses the analogy of Ray Kroc and the McDonald brothers to describe the current state of seniors housing: Kroc used the same burger, fries, and shakes of the McDonald brothers but scaled




and transformed the diners into the McDonald's we know today. Or, consider the transformation of the multifamily business – John's previous home – a mom-and-pop business in the 1970s and 1980s to a professionalized business which has experienced tremendous revenue growth and expense reductions. We believe that seniors housing is at the edge of a similar transformation which will benefit residents, front-line staff, our operating partners, and our investors. Over time, we expect incremental yet disruptive change in the operations of our communities which should result in significantly higher margins than we've historically attained.

The growth runway for this business has never appeared as attractive as it does today.

CAPITAL ALLOCATION

Perhaps my favorite topic - and not just because of our accomplishments over the past 18 months. Since our pivot to offense in October 2020 through year-end 2021, Welltower deployed approximately \$5.6 billion of capital, with a significant amount put to work during the depths of the pandemic at extremely attractive economics to our shareholders. Additionally, we have completed or announced an additional \$1.3 billion of capital deployment in the first quarter of this year, making 2022 one of the most active starts to the year for investment

activity in Welltower's history. These deals, which were largely completed in a granular and off-market manner, were often identified through our data analytics platform (more on that later). When most other players in the seniors housing space left the business or remained on the sidelines, Welltower was the lone capital provider to distressed operators in the sector. These operators are some of the best in the business but lacked the balance sheet strength to contend with a once-in-a-generation pandemic. As I described in my letter last year, instead of charging exorbitant costs for this capital at the peak of the crisis, we instead procured exclusive rights to build and buy assets with these preeminent operators and developers for the next 10-15 years. This has provided yet another avenue of growth for Welltower well into the next decade, at economics defined during the pandemic, as part of our centralized capital allocation model. We're also proud of the "win-win" solutions we've designed whereby the economic interests of our operators are strongly aligned with those of our shareholders. To paraphrase one of my mentors, the hallmarks of great investments are (1) superior returns, (2) lower risk, and (3) long duration. While most people focus on #1, we at Welltower are squarely focused on #2 and #3. The long-term win-win relationships that we've built are a perfect example of our focus on duration.



But it isn't only capital that we bring to the table. What truly differentiates Welltower from any other company within the real estate sector is our data analytics platform. Our business is one of local scale - not national. What attracts operators to Welltower is the full suite of capabilities we offer, paramount amongst them being our data tools and product knowledge, in addition to our capital (which is ultimately a commodity). We help our partners scale their business within their local markets which allows them to focus on what they do best - providing exceptional care to residents.

CREATING A DEEPER AND WIDER MOAT

Contrary to popular belief, real estate isn't all about "location, location, location". Real estate is about the right product for a given location at an appropriate price point. Would Costco build a store on Fifth Avenue in New York City? Despite an incredible brand and incredible location, the two are likely not destined for each other. We believe that the vast majority of the questions of where to own or build can be solved through statistical and machine learning. Over the last six years, Welltower has built a data science and artificial intelligence-based platform using a vast number of data sources consisting of billions of data points which comprise demographics, psychographic and health information. None of this is novel - it has been used for decades by retailers

(e.g. Costco and Walmart), property & casualty insurers (e.g. Progressive), credit card companies (e.g. American Express and Capital One), and in numerous other industries. Welltower has brought those ideas and talent into the real estate space to provide us with an informational advantage over all other players. As dispassionate, data-driven investors, our data analytics platform serves as the foundation for all of our capital allocation decisions. Throughout the pandemic, we used our data analytics tools to quickly narrow an opportunity set from tens of thousands of properties to a curated "wish-list" of communities worthy of our time, money, and human capital to underwrite. Did all of these opportunities pan out? No. But it did allow us to move with speed and precision and proactively pursue opportunities against virtually no other competition. I am perhaps even more proud of the median size of our transactions (approximately \$25 million) and the economics of our deals than I am the quantum of capital we've deployed. This is a true demonstration of the incredible acumen of our investments and business insights teams.

Since the current management team arrived at Welltower in 2016, we have used our data tools to re-position our portfolio through the sale of approximately \$12.7 billion of assets (at very attractive valuations). Our seniors housing portfolio is now concentrated in the luxury-end of the wealthiest

micro-markets on the east and west coasts of the US and greater London (where average *monthly* rent exceeds \$10,000). In many of these markets, Welltower maintains strong market share of the high-end private pay senior living segment. The superior care provided by our operators and compelling product offering, coupled with generally inelastic demand for seniors housing, has allowed our operators to meaningfully raise rental rates in recent months to more than offset recent inflationary pressures. This pricing power has been achieved despite current occupancy in the high 70%s. Can you think of any other real estate asset class which maintains such pricing power with occupancy in the 70%s?

We will continue to leverage our data analytics platform – our true moat – to strengthen our portfolio, create more long-term relationships, and optimize the operations of our properties.

TALENT ACQUISITION


I'm extraordinarily humbled and grateful to be working alongside the most passionate and dedicated professionals who set out each day to create value for our shareholders. Our team – at all levels – is inspired by great capital allocators and leaders of preeminent businesses from all industries. In recent years, we've made a concerted effort to bring in professionals who have attained significant experience and success in areas outside of healthcare real estate, including multifamily (John

Burkart), technology, and academia. In fact, I wouldn't be surprised if we employed more Ph.D.s, data scientists, and statisticians than any other real estate company. At Welltower, we value knowledge and *kinetic* energy more than experience and *potential* energy.

Over the past two years, we have added 88 members into new positions on our diverse team, who embrace our culture of ownership and alignment. That is, we have created an environment in which all members of our team are incentivized to think and behave like owners (not simply managers) and recognize that we will all share in the upside or downside of our decisions with our operating partners and our owners. Our management team receives the vast majority of its compensation in *performance-based* stock and options. We are all-in on the future of this company and to paraphrase Warren Buffet, we eat our own cooking.

CORPORATE RESPONSIBILITY

Our commitment to being a good corporate citizen is directed from the top down and from the bottom up. While our Board of Directors, through the Nominating Corporate/Governance Committee, oversees and advances our Environmental, Social and Governance (ESG) initiatives, our employees are intricately involved in identifying and driving best practices. We know that being a good corporate citizen is not only the right thing to do but benefits



our shareholders and is fundamental to our business.

2021 was another year of strong ESG results at Welltower. We have a serious and ongoing commitment to operate in a responsible, transparent, and sustainable manner. Our efforts have been duly recognized by the top ESG indices such as MSCI and the Bloomberg Gender-Equality Index, and we once again maintained our sustained excellence ranking as an ENERGY STAR Partner of the Year - the highest level of recognition from the US Environmental Protection Agency - to name but a few awards. And yet, we want to emphasize that we realize the standards for excellence in ESG are ever evolving and we are committed to meeting those increasingly more rigorous thresholds with accuracy and transparency.

Diversity and Inclusion is an organic process at Welltower. Our guiding principle is first and foremost to hire the best talent we can find. That approach has made us one of the most multi-talented, non-traditional companies in our space with one of the most diverse groups of directors of any industry. We know firsthand that a diverse team brings creative approaches and drives enhanced returns.

Gratitude

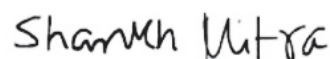
I would like to express my deepest appreciation to the Welltower Board

of Directors, led by Ken Bacon, and consisting of the wisest and steadiest hands a CEO could ask for. I continue to learn from this talented and diverse group of professionals and remain grateful for their invaluable guidance.

2021 was another difficult year for our country and for the world, but a year in which our partners and team stepped up in myriad ways to better position our company to deliver significant long-term per share growth for our owners. We are proud of our many accomplishments (and, admittedly, caught a few favorable breaks) but remind ourselves and our shareholders that this is just the beginning of a long journey. We've learned not to take anything for granted - perhaps, most of all, the capital you have entrusted us with - and are committed to excellence across the board as we strive to be the partner of choice, the employer of choice, and the investment of choice.

And, in closing, allow me to thank each of you, our valued, fellow shareholders, for your belief in our mission, for your confidence in our team, and for your ongoing support.

Sincerely,



Shankh Mitra

CEO and CIO, Welltower Inc.