

Well tower

**A Letter From
The CEO**



A LETTER FROM THE CEO

2025 marks a full decade since the current management team re-founded Welltower from a real estate deal shop called HCN to an operations and technology first company in a real estate wrapper. 2025 also represented the most pivotal year in our history during which we meaningfully amplified and added substantial duration to our already strong growth trajectory.

But how did we arrive at this point?

It started with Welltower 1.0, a period in which we undertook painful, but necessary, steps to retool virtually every aspect of the enterprise and reorient it to one singular goal: compounding of per share growth for existing investors over a long period of time. Initially, this involved turning over two-thirds of our assets, the majority of our operating partners, and 90% of our people. And, in 2016, we began the development of our now industry-leading data science platform, integrating machine and deep learning into our capital allocation process. The platform has since served as the backbone of all of our investment decisions. We also reshaped the company's culture, creating one of true owners – not managers with agency problems.

Welltower 2.0 was borne out of the COVID pandemic which acted as a catalyst for us to disrupt the operational elements of our senior living business. It began with restructuring our management contracts to gain alignment with our operating partners, transitioning assets to our best performing operators, and attracting leaders from industries with higher standards to digitally transform our business. During the darkest days of COVID, we also forged long duration relationships with several key operating partners while tourist capital and many “long-term” senior living owners exited the business (with some even predicting the complete demise of the sector). On the other hand, we doubled down on the business and stood shoulder to shoulder with our exceptional partners. After all, it is during difficult times when you get to know who your true friends are.

We also began to roll out our end-to-end asset management and technology platform (the Welltower Business System or “WBS”) to centralize and streamline the overwhelming number of administrative tasks at the property level (accounting, marketing, HR, etc.) and revamp the antiquated systems, technology, and processes prevalent across the senior living

industry. And, from a capital allocation standpoint, we went on full out offense beginning in the middle of 2020 (pre-vaccine). These actions all served to shift our model to one of centralized capital allocation, de-centralized execution **on our** systems and processes.

2025 marked the beginning of another period of disruption **from within** – and has set the stage for what we believe to be a potentially multi-year period of outsized growth. This new era for the firm, Welltower 3.0, is one in which we are going all-in on the future of the senior living business, in more ways than one. Following \$33 billion of capital allocation activity, we have fulfilled our decade-long ambition of transforming Welltower into a pure-play rental housing platform for the rapidly aging population. And, to get the most out of our assets, we are placing operations and technology first, with a singular – and maniacal – focus on delighting customers and prioritizing site-level employee satisfaction. In a maximum growth, maximum gain world, the fastest way to move the dial is to narrow the focus of an organization. And, as described in detail below, Welltower 3.0 marks a pivotal moment in which the leadership team of this company – along with key stakeholders across our ecosystem – are going all-in on the future of this company.

The Only Easy Day Was Yesterday

2025 already feels like a distant memory as our sights have shifted to the years ahead. But it was unquestionably a milestone year for us as the groundwork we laid will serve as the foundation for Welltower 3.0. Through a series of actions across the business, we

fundamentally shifted the long-term growth profile of the company. These decisions spanned capital allocation, operations, our balance sheet, the start of our capital light strategy through our private funds management business, launch of the Tech Quad, and talent management/incentive design ensuring that our leadership team remains intact for the next decade.

In 2025, we also delivered record levels of growth across the board, with revenue growth of 36%, Adjusted EBITDA growth of 32%, and normalized FFO per diluted share growth of 22%⁽¹⁾ – while de-leveraging our balance sheet and investing heavily in talent and systems. Notably, our financial performance in recent years has not been a function of happenstance or “exposure” to the senior living sector. These results were driven by trade-offs and decisions made years ago coupled with a culture and ownership mindset that have been cultivated over the past decade.

While the demand/supply backdrop of the sector remains attractive, no one has made money in this industry based on demographics alone. The business is one of 24/7 hand-to-hand combat with micro-level execution that determines outcomes. That is why the sector is characterized by fat tails – as “exposure” alone will not deliver the returns that many investors anticipate.

Being directionally correct about an industry is only one part of the equation – long-term success or failure is driven by the combination of industry tailwinds **and** the specific product or service being offered. Thirty years ago, one could have anticipated

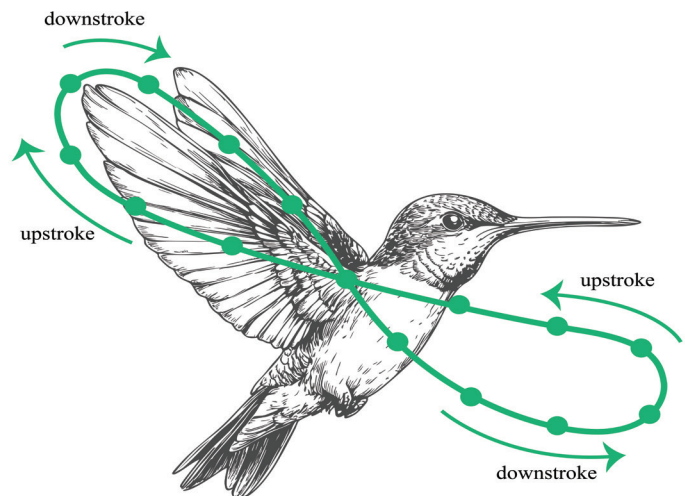
the rise of mobile technology, but consider which device ultimately won out – the iPhone or Blackberry? The same is true in search with Google and Yahoo. Using a less extreme example, in a commodity business such as retail, Costco has managed to outperform its closest peers by a wide margin over the years. And, similarly, if you’ve been bullish on the QSR space or pizza industry since the turn of the century, McDonald’s and Dominos have delivered far superior returns than their key competitors. The lesson is consistent: the tailwind may be shared, but the results are not. Regardless of these examples and the list of iconoclasts whose track records we seek to emulate as described below, none of it matters unless we deliver on one thing: plain and simple – but incredibly difficult – execution.

It is incumbent upon us to deliver on our stated goal of transforming the tech poor, TAM rich senior living business. What opportunities exist to unlock greater value from each of our 2,500+ communities? How do we consistently deliver an exceptional experience for the residents in our communities, and create a vibrant, engaging, and supportive environment for them in the later stages of their lives? And how do we better support the site-level employees – not only through higher wages and better benefits, but also equipping our operators with the technology and resources so that their employees show up each day highly motivated and excited to perform what is deeply meaningful, yet demanding, work? In the end, our vision may set the direction but it is execution that determines the outcome.

Compounding at a Discount

Superior outcomes are rarely the result of doing the same things incrementally better; rather, they come from doing completely different things. History provides one simple example: the lightbulb did not emerge from the continuous improvement of candles. And, in nature, the hummingbird offers another useful illustration. While all birds rely on static vortices over their wings to produce lift, the hummingbird’s motion amplifies that force, creating a disproportionate output relative to effort.

The result is not merely incremental improvement, but a fundamentally different outcome. Unlike other birds that generate lift through a conventional up-and-down wing motion, the hummingbird employs a figure-eight pattern – effectively borrowing from the insect world – which allows it to generate greater lift for the same amount of energy. Said another way, the hummingbird achieves “lift at a discount.” By flapping its wings in a fundamentally different way and generating lift on both the upstroke and downstroke, the hummingbird achieves a level of agility few other birds possess – hovering in place, flying backward, and accessing nectar deep inside flowers that others cannot reach. In doing so, it has created a durable advantage over birds that continue to fly the conventional way simply because “that’s how it’s always been done.”



In a similar vein, we believe this is what the most successful companies in corporate America have done to deliver long-term per-share growth: identifying and combining ideas or capabilities not typically found together, employing differentiated approaches, and applying multi-disciplinary learning. Hence, we have intentionally drawn from the principles that have guided the best long-term compounders across industries and disciplines and embedded them into our own business. What truly sets us apart, though, is our data-science driven approach, which informs our capital allocation strategy and how our operators manage our communities – a far cry from the “gut-feel” approach which is used by virtually all other real estate companies. Over the past decade, we have invested heavily in data science and machine learning which has provided us with an asymmetric information advantage at warp speed (see my letter from last year). We believe that our data science platform AND our data-driven culture are the key drivers of our results and the foundation for many years of outsized growth well into the future. And through the implementation of WBS, we have sought to generate what we describe as “compounding at a discount.”

The Tech Quad and the Second Law of Thermodynamics

Clearly, the industry backdrop remains compelling, but as we’ve discussed ad nauseum, we are not after the beta of the business. Our goal is to deliver residual *alpha* for our existing owners, with our greatest opportunity for value creation residing in the technological transformation and full-scale modernization of our business. And it begins with talent. As I look back at the

past year, one of our most significant (and often underappreciated) accomplishments is the incredible talent we have attracted to the organization, including our Tech Quad. The Tech Quad is our recently established technology leadership team tasked with accelerating the reimagination of our technology ecosystem including all initiatives related to data science, information, digital transformation/technology, and innovation, all in an effort to dramatically improve the resident and site level employee experience. Our goal has been to attract the highest caliber technology professionals in the country to execute on our vision – and we are succeeding. The efforts of the Tech Quad have and will continue to be critical in increasing throughput by reducing latency in a complex adaptive system that defines our business. As latency shrinks materially, the network effect will kick into high gear, creating a new paradigm of maximum growth and maximum gain that simply does not occur in an industry like ours that changes at a glacial pace. This is the second law of thermodynamics in action: the greatest energy is released when the hottest source meets the coldest sink. By channeling today’s advanced technology into a sector still bound by a variety of disconnected systems and analog processes, we’ve created the conditions for the greatest impact – and, in turn, our moat will only grow wider and deeper. We have become a tech talent magnet in an industry with a dearth of such talent.

Since our announcement in October, two things have happened: 1. Following our strong belief that “A” people hire “A” people (and “B” people hire “C” people), our “A” technology leadership has recruited many

incredibly talented people enhancing both the growth and caliber of our Tech Quad (exceeding our already high expectations); and 2. The so-called “SaaSocalypse” – or the rapidly spreading narrative around who is next on the disruptive path of AI – is releasing an extraordinary pool of talent into the market. This talent pool is increasingly focused on identifying businesses that cannot be replaced by AI, including sectors classified as “HALO” – Heavy Assets, Low Obsolescence – such as housing for a rapidly aging population.

In an era where AI is compressing informational advantages and testing traditional moats, we believe it is critical to distinguish between what can be displaced by technology – and, just as importantly, what cannot. In that context, senior living captures the key characteristics of a HALO business. Our communities are not lines of code. They are purpose-built, capital-intensive buildings that take many years to entitle, develop, build, and stabilize (particularly in the markets in which we have concentrated our portfolio). In addition, they are environments where care is delivered person-to-person – where human interaction is not incidental, but part of the product itself. The value we provide is not just embedded in the real estate, but also in the human infrastructure within it – caregivers, nurses, and staff whose presence cannot be automated or replicated digitally.

Once built, these assets serve as long-lived infrastructure that are not susceptible to superior software nor can they be “copied and pasted” by a competitor. And the demand served by our operators is fundamentally non-discretionary and low in “obsolescence.”

We are working with our operators to integrate AI within our communities to enhance operational efficiency and capabilities through WBS, but technology will not digitize away the need for physical care delivery. Families will continue to seek high-quality environments that provide safety, care, community, and dignity for their loved ones. To state the obvious, people can’t live in the cloud. The combination of Heavy Assets and Low Obsolescence creates a powerful dynamic: because the underlying need for our product is durable and the assets are difficult to replicate, operational improvements and disciplined capital allocation can compound over long periods of time. Almost non-existent six months ago, it is surprising to me how often this topic has surfaced recently – particularly over the last couple of months – in our discussions with the key talent we are aiming to attract.

What is Business Strategy? At its essence, it is about trade-offs

Business history is ripe with examples of companies that have tried to do too much, entered into empire building mode, lost focus and/or discipline, and ultimately withered away. We believe that even following a chosen path (say you want to be in the senior living industry), it is of paramount importance that you remain focused on product market fit (which, for us, is defined as the highest end of the market). While this may sound obvious to some, it is actually very difficult to execute as it requires forgoing growth opportunities today to extend the duration of the growth curve over time. But that culture of trade-offs is embedded in our DNA. Said another way, we are not looking to maximize near-term

growth but, instead, are fixated on optimizing our long-term growth trajectory.

What it boils down to is the idea of “scaled economies shared.” Shared with whom? Shared with everyone in the ecosystem – not just owners. Every day, we leave money on the table for our customers and counterparties at the *near-term* expense of our owners. This is a key tenet in how we run the business. In virtually all instances when dealing with a counterparty – whether it be a buyer or seller of assets, an operating partner or an LP, we are happy to leave something on the table. Could we squeeze a few more dollars out of a counterparty on a transaction? Could our operators raise rents 15% or even 20% on certain renewals for customers? Could we lever up our balance sheet to drive earnings? Could we have avoided near-term earnings dilution by forgoing \$12 billion of dispositions over the past 15 months? Could we have raised another \$3-5 billion in our inaugural seniors housing fund and drive higher fees and earnings? All of these actions would have unquestionably resulted in higher near-term growth. But what would this mean over the long-term?

While our company tends to move at an unrelentingly fast pace with *velocity* (which incorporates vector; not just speed), the reality is that we’re in no hurry. We built this company by laying one airtight brick at a time and never cutting corners. Every decision we make is through a long-term lens and as though we own 100% of the company. And our team shares a “delayed gratification gene” – an instinctive bias toward sacrificing an immediate reward for a much

larger gain tomorrow. As stated in our ground rule document a few years ago, “While we hope near-term priorities do not conflict with those of the long term, practically speaking, we often encounter situations where these time horizons diverge. It is critical that our investors understand that, at these crossroads, we will always follow the path to long-term value creation at the expense of short-term gains.” In all of the questions above, despite the drag of leaving money on the table, we meaningfully enhanced our prospects for future growth. Because we leave money on the table, our partners bring us growth opportunities nearly every day. Because we treat employees and residents the right way, our best operators concentrate their business with us and bring their friends who are fellow operators to work with us. Because we have prioritized driving returns over AUM accumulation and avoiding the typical “heads I win, tails you lose” fee machine model, our sovereign partners are constantly coming to us with new fund ideas and capital. That’s how a flywheel is built. Through this mindset, we are extending our growth curve further and further into the future. And that is how big money is made – through duration.

Time Dilation – The relevance of the theory of relativity to us

In 1905, during his famous thought experiment around the Zytglogge Tower in Bern, Einstein realized that the faster one moves through space, the slower one moves through time. This concept of time dilation, often associated with relativistic effects described by Einstein, offers a fascinating parallel with a metaphorical counterpart in the way time can seem to ‘stretch’ or ‘compress’

based on investment strategies, choices, and time horizons. This perceived dilation of time has enormous implications for compounding obsessed investors like ourselves. For example, in the theory of relativity, the twin paradox describes how one twin traveling at a high speed ages more slowly than the other. In investing, compounding interest plays a similar role. An investor who reinvests retained earnings can witness an exponential rise in their wealth, seemingly slowing the ‘aging’ process (inflation effect) of their initial capital. You can call this The Financial Twin Paradox. Or, just as gravity can warp the space-time continuum creating time dilation, market volatility and irrationality can distort an investor’s perception of time. Our investment team’s frustration with some recent market participants’ lack of understanding and sophistication on management contract liens or product mix make a relatively short period of time feel much longer as they ride the emotional rollercoaster of unwarranted value changes. However, the most important example is also

the most basic one. Our entire organization is structured around very high velocity (speed + vector) as I wrote to you in 2023, which is precisely why we avoid layered middle management and why every senior leader (including yours truly) is expected to solve problems 24/7 where they originate, NOT as they cascade through layers until they surface at the next management meeting (we don’t have any). This obsession with increasing throughput by reducing latency might appear to outsiders as a Brownian motion at warp speed. One may ask “when do you stop and reflect”? Ironically, at this extreme velocity, daily battles quickly fade into background noise, allowing us to slow time down. What emerges – what we can hold on to – is the ONLY thing that truly matters to us, compounding of per share value over a very long period of time. The simple illustration below depicts how attention duration affects the perception of time in investing. This very long attention span will be key to achieving our North Star:



Cognitive Dissonance of Same Store NOI and Acquisition Volume

Charlie Munger often spoke about cognitive dissonance, considering it to be one of the most powerful psychological biases. In one of his most famous talks titled “The Psychology of Human Misjudgment,” (a printed copy of which is always on my desk), he described cognitive dissonance as part of what he called our “consistency-and-commitment bias” – the mental drive to keep our beliefs and actions feeling consistent. When new facts conflict with what we already believe (or what we’ve publicly committed to), most people don’t update their existing views. Instead, we often:

- Avoid conflicting information (don’t read it, don’t seek it out), or
- “Resolve” it quickly by rationalizing (“that doesn’t count,” “it’s different this time,” etc.)

As this concept relates to the REIT sector (which is simply a tax election), this thought is most prominent in terms of “same store” results and acquisition volume. Like many ideas that stick with a group of rational and intelligent people (say analysts and investors), it started with a good idea and the right intentions. Historically, per share earnings and cash flow growth in real estate has been driven by same store net operating income⁽¹⁾ (SS NOI; a close approximation to EBITDA) in short- and mid-duration asset classes, whereas acquisition volume has been the primary driver in long-duration net lease asset classes. Over time, the most critical element of that sentence (driving per share earnings and cash flow growth) was lost, with many market participants remaining myopically focused on SS NOI and deal volume. While we are not discounting the importance of SS NOI and are generally pleased with our recent performance, we are exceedingly more proud of having delivered circa 20% or higher per share growth while reducing our leverage to one of the lowest levels in the real estate sector. At some point, our seniors housing operating portfolio (SHOP) same store growth will naturally decelerate from current levels – but given the mix shift of our business increasingly towards seniors housing and ability to drive bottom-line growth via multiple other levers (our capital light strategies, external growth, etc.), our bottom line growth may remain elevated for years to come. Consider the following illustration:

	Year X	Year X+1	Year X+2	Year X+3
SHOP SS NOI Growth	20%	18%	15%	12%
SHOP Portfolio as % of Total NOI	60%	66%	80%	100%
Total Portfolio SS NOI Growth	12%	12%	12%	12%

This mix shift is one of the most misunderstood aspects of our company.

The table above demonstrates that even if SHOP SS NOI growth moderated from 20% in Year X to 12% in Year X+3, total portfolio SS NOI growth remained steady at 12% over the same period. This stability is driven by the increasing contribution of SHOP – from 60% to 100% of total NOI – which offsets the deceleration in its individual growth rate. (To be abundantly clear, we are merely illustrating a point regarding mix shift; we are not suggesting – by any stretch – that we will follow this path in the coming years.)

Deal volume was another relevant metric when we were primarily a long duration net lease company (similar to the majority of our public peers). However, we have changed the business model of this company to be an operational powerhouse in a real estate wrapper with our future inextricably tied to what happens within the 2,500+ communities we own; NOT the next 250 we can buy. There is no question that our rifle shot approach to acquisitions has been and continues to be tremendously beneficial to our regional densification model along with our hyper focus on extracting the data generated by these communities. But deal volume matters far less to our ultimate goal (per share growth of earnings and cash flow) than does asset quality, regional densification, and capital sourcing (free cash flow vs. debt/equity).

While we do see nearly every asset that trades in this sector, our decision to pass on most of them is deliberate. You will be surprised that, more often than not, the deciding factor is not price or location: it is quality (and future growth), product (acuity level and unit types), and price point (we don't believe we can deliver adequate returns in the mid-market segment of the senior living business without compromising the employee experience) or management contract liens. We understand the math that doing more deals drives near term growth. But we just are not interested in that silly game. We are relentlessly focused on long-term per share growth. And we embrace and celebrate that trade off.

A Quick Note on our Balance Sheet

We are acutely aware that our balance sheet carries very low levels of leverage. We have expressed our view for years that to amplify long term returns, companies should not be run at optimal levels of balance sheet leverage late in the cycle, but rather at levels below – perhaps meaningfully below. This idea is even more relevant today as system-wide leverage levels continue to rise to unprecedented highs. As a financial system, we have done a hell of a job playing “regulatory arbitrage,” shifting leverage into private credit, highly leveraged insurance capital, and other parts of the market that were historically considered safer than banks. On the other hand, sovereign leverage continues to climb in most countries. Against a backdrop of geopolitical uncertainty, strained supply chains, and a de-globalizing world, the result is a highly fragile system, in which major shocks can occur in the blink of an eye. During moments like these, I am reminded of the Chinese proverb “May you live in interesting times.” Or everything might be just fine – and we will be exceedingly delighted with that world. Nevertheless, we think it is time to preserve optionality for the future by maintaining an overly conservative balance sheet which remains our form of insurance. Unlike traditional insurance, however, where premiums are effectively lost unless used by a certain date, balance sheet optionality is perpetual. All you need is patience and we have plenty of it. Regardless, we expect our needs-based sector to perform well through a downturn – one which we hope we do not see. But hope is not a strategy. Trade-offs are.

Quema Los Barcos

To paraphrase what Warren Buffett has said in the past, “watch what management does; not what management says.” What did we do? We decided to burn the ships.

In 1519 during the Spanish conquest of the Aztec Empire, Hernán Cortés set out from Cuba with 11 ships and more than 600 men on an expedition to explore and ultimately conquer the lands of present-day Mexico, a territory filled with treasures but also immense risk. The mission carried extraordinary stakes, and the odds of success appeared daunting. Upon reaching the Mexican coast and encountering thousands of Aztec fighters – far more than they had imagined – Cortés and his men confronted a choice: withdraw to safety or press forward, aware that they were vastly outnumbered and that failure was a real possibility. Understanding the necessity of unwavering resolve, Cortés declared “quema los barcos” or “burn the ships” – ordering the ships on which they arrived to be destroyed. His men had only one path left: forward. By removing the possibility of retreat, he forced total commitment to the mission, leaving no room for doubt, delay, or second thoughts.

Said another way, Cortes and his men were “all-in.”

2025 marked the year in which we at Welltower (and certain operating partners) declared “quema los barcos,” going all-in on the future of the senior living business. This commitment marks the beginning of Welltower 3.0, involving complete focus on driving operational and technological transformation across our senior living

portfolio and leaving behind any and all distractions in the name of diversification. Our transformation involved \$33 billion of capital allocation activity (acquisitions and dispositions), including the sale of our outpatient medical property management business and a significant expansion of our senior living portfolio through the acquisition of over 900 communities. Despite the safe and predictable cash flow stream generated by our outpatient medical portfolio, it is not a business in which we maintain a competitive advantage sufficient enough to meaningfully drive divergent outcomes. Instead, we will concentrate our efforts on businesses in which we have a durable growth advantage. Notably, in the near-term, we expect the seniors housing communities we acquired to generate approximately 10x the growth of the assets we sold (with the growth differential expected to remain very wide over time). And we were able to execute this capital rotation without incurring any near-term dilution.

Within the senior living space, not only have we curated the highest-quality portfolio within the sector but also created the first end-to-end operating platform (WBS) and established long-term alignment with the best operators in the sector. Additionally, the further accumulation of data from our existing portfolio and acquisitions will further enhance the network effect created within our data science platform, resulting in a deeper moat for Welltower, driving a wider performance gap with competitors. Our decision to go all-in on the senior living business was not a function of the demographics of the business – but, instead, a decision based on our durable and growing competitive advantages.

How strongly do we feel about our path forward and our ability to deliver on our increasingly ambitious growth objectives? Strong enough that the leaders of our Company are going all-in on its future, forgoing all compensation for the next 10 years (apart from a \$110,000 base salary and a one-time equity grant)⁽²⁾. The plan is simple: we receive a one-time award that is tied to Welltower stock, and to achieve maximum payout, over a performance period covering the next five years, we must: 1. Increase our market capitalization by \$100 billion (with our market capitalization standing at \$119.5 billion at the start of the performance period) and maintain a positive TSR as of the end of the performance period; **AND** 2. Deliver 6% TSR outperformance (annualized) as compared to each the S&P 500 Index, all REITs (MSCI US REIT Index), and our immediate peers (FTSE NAREIT Healthcare REIT Index). And this comes after our stock has outperformed the S&P 500, REIT Index, and healthcare peers by 138%, 210%, and 233%, respectively, over the past five years and trading near all-time highs. To ensure the retention of the team following the five-year performance period, participants must remain at Welltower for an additional five years to fully harvest the plan. As we have said before, this is not work for us, this is our life's work – and we are going all-in on the future of this company.

But the NEOs of Welltower aren't the only ones who share in this vision, with a version of the same plan extending to Welltower's seven Executive Vice Presidents. In addition, to further promote a mindset of ownership and alignment, several of our key operating partners – Cogir, Oakmont, and StoryPoint – represent the founding class of one of

Welltower's most important changes in years, having elected to receive a significant portion of their compensation tied to Welltower stock. This change marks a true reflection of their confidence in WBS and the growth trajectory of the company. And to further create an opportunity for meaningful wealth creation across our ecosystem, we have created the Welltower Charles T. Munger Grant Program to honor Charlie's memory – a \$10 million ANNUAL grant awarded to site-level employees at our top-performing senior living communities, delivered in the form of Welltower stock. We continue to adhere to the same principle embraced by many of the most successful consumer-focused companies: if you take care of your employees, they will take care of your customers.

Ultimately, these changes reflect the five tenets of incentive design which I laid out in my letter last year: 1. Simple, 2. Significant, 3. Duration matched, 4. Non-Gameable, and 5. Earned as a team. And following years of deep structural changes on incentive design at our firm, I'm delighted to inform you that my utopian idea of everyone swimming or sinking together is finally taking shape. We have created a seamless web of deserved trust amongst internal and external participants whereby everybody is aligned and everybody is all in.

To return to the sage words of Warren, watch what management does; NOT what they say. I have always believed that audacious goals motivate teams and our actions reflect that conviction. We are hyper-focused on creating long-term value for you and, frankly, there is no turning back. The ships have already been burned.

Heroes

At the end of Warren's final shareholder letter (a must read if you haven't done so already), he encouraged us to choose our heroes carefully and to emulate them. Over the past 10 years we have chosen to follow companies we believe are iconoclasts in the business world. We have looked to companies with unique cultures (Cintas, Kiewit, and Glenair), successful capital allocators (Teledyne, Capital Cities and Berkshire Hathaway), incentive design structure (Transdigm), operational excellence (Danaher), focus on customer and employee experience (Costco and Trader Joe's), countercyclical balance sheet strategy (Teledyne, Berkshire, JP Morgan), and succession planning (General Dynamics). And what do they all have in common? They are some of the most successful long-term compounders in the history of corporate America.

Simply put, our job is to make money for our investors through an obsession over dogged, incremental, continuous improvement and innovation over long periods of time. It is something we think about and breathe every day at all levels of our organization, with a recognition that creating value comes in varied forms – buying assets, selling assets, active asset management, restructuring contracts, creating new business verticals, balance sheet management...and it is through trade-offs.

We are proud to have chosen heroes with the highest of standards and track records we seek to emulate.

Gratitude

I continue to be humbled and grateful for the support provided by our incredible Board of Directors, the unrelenting effort of the Welltower team and our operating partners, and to you, our fellow shareholders.

When we began this journey 10 years ago, we set our goal as being included as the ninth chapter of the book, "The Outsiders," William Thorndike's book recounting eight legendary CEOs and their companies that dedicated their efforts to capital allocation and long-term compounding. Delusional or not, this aspiration reflects one of our company's greatest competitive advantages – an incredibly tight culture with impossibly high expectations in everything we do. And we deliberately sought out the senior living industry knowing that if we could meaningfully improve the resident and employee experience (operations) and right-size capital allocation, then we would have a shot at accomplishing our goal by creating a lollapalooza effect of an operating and capital flywheel. While we have encountered numerous struggles over the years, we wouldn't have it any other way. By persevering through one obstacle after another, our team has developed extraordinary resilience and an unwavering mindset, remaining focused on our North Star: compounding of per share growth for existing investors over a long period of time. Until then...

Can't Stop. Won't Stop.

Shamkh Mitra

**Well
tower**