

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2019

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number: 1-8923

WELLTOWER INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of Incorporation)

34-1096634

(IRS Employer Identification No.)

4500 Dorr Street Toledo, Ohio
(Address of principal executive offices)

43615
(Zip Code)

(419) 247-2800

(Registrant's telephone number, including area code)

Not Applicable

(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, \$1.00 par value per share	WELL	New York Stock Exchange
4.800% Notes due 2028	WELL28	New York Stock Exchange
4.500% Notes due 2034	WELL34	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically, if any, every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company Emerging growth company
(Do not check if a smaller reporting company)

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of October 21, 2019, the registrant had 405,799,597 shares of common stock outstanding.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

**CONSOLIDATED BALANCE SHEETS
WELLTOWER INC. AND SUBSIDIARIES**

(In thousands)

	September 30, 2019 (Unaudited)	December 31, 2018 (Note)
Assets:		
Real estate investments:		
Real property owned:		
Land and land improvements	\$ 3,370,841	\$ 3,205,091
Buildings and improvements	28,798,241	28,019,502
Acquired lease intangibles	1,604,982	1,581,159
Real property held for sale, net of accumulated depreciation	336,649	590,271
Construction in progress	466,286	194,365
Less accumulated depreciation and amortization	(5,769,843)	(5,499,958)
Net real property owned	28,807,156	28,090,430
Right of use assets, net	536,689	—
Real estate loans receivable, net of allowance	361,530	330,339
Net real estate investments	29,705,375	28,420,769
Other assets:		
Investments in unconsolidated entities	556,854	482,914
Goodwill	68,321	68,321
Cash and cash equivalents	265,788	215,376
Restricted cash	64,947	100,753
Straight-line rent receivable	432,616	367,093
Receivables and other assets	770,054	686,846
Total other assets	2,158,580	1,921,303
Total assets	\$ 31,863,955	\$ 30,342,072
Liabilities and equity		
Liabilities:		
Unsecured credit facility and commercial paper	\$ 1,334,586	\$ 1,147,000
Senior unsecured notes	9,730,047	9,603,299
Secured debt	2,623,010	2,476,177
Lease liabilities	454,538	70,668
Accrued expenses and other liabilities	1,025,704	1,034,283
Total liabilities	15,167,885	14,331,427
Redeemable noncontrolling interests	470,341	424,046
Equity:		
Preferred stock	—	718,498
Common stock	406,498	384,465
Capital in excess of par value	19,796,676	18,424,368
Treasury stock	(78,843)	(68,499)
Cumulative net income	7,129,642	6,121,534
Cumulative dividends	(11,870,244)	(10,818,557)
Accumulated other comprehensive income (loss)	(117,676)	(129,769)
Other equity	12	294
Total Welltower Inc. stockholders' equity	15,266,065	14,632,334
Noncontrolling interests	959,664	954,265
Total equity	16,225,729	15,586,599
Total liabilities and equity	\$ 31,863,955	\$ 30,342,072

NOTE: The consolidated balance sheet at December 31, 2018 has been derived from the audited financial statements at that date but does not include all of the information and footnotes required by U.S. generally accepted accounting principles for complete financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)
WELLTOWER INC. AND SUBSIDIARIES

(In thousands, except per share data)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2019	2018	2019	2018
Revenues:				
Resident fees and services	\$ 834,121	\$ 875,171	\$ 2,616,491	\$ 2,374,450
Rental income	412,147	342,887	1,178,817	1,019,857
Interest income	15,637	14,622	48,112	42,732
Other income	4,228	3,699	15,064	22,217
Total revenues	1,266,133	1,236,379	3,858,484	3,459,256
Expenses:				
Property operating expenses	655,588	657,157	2,027,522	1,782,373
Depreciation and amortization	272,445	243,149	764,429	707,625
Interest expense	137,343	138,032	423,911	382,223
General and administrative expenses	31,019	28,746	100,042	95,282
Loss (gain) on derivatives and financial instruments, net	1,244	8,991	670	(5,642)
Loss (gain) on extinguishment of debt, net	65,824	4,038	81,543	16,044
Provision for loan losses	—	—	18,690	—
Impairment of assets	18,096	6,740	28,035	39,557
Other expenses	6,186	88,626	36,570	102,396
Total expenses	1,187,745	1,175,479	3,481,412	3,119,858
Income (loss) from continuing operations before income taxes and other items	78,388	60,900	377,072	339,398
Income tax (expense) benefit	(3,968)	(1,741)	(7,789)	(7,170)
Income (loss) from unconsolidated entities	3,262	344	(14,986)	(836)
Gain (loss) on real estate dispositions, net	570,250	24,723	735,977	373,662
Income (loss) from continuing operations	647,932	84,226	1,090,274	705,054
Net income	647,932	84,226	1,090,274	705,054
Less: Preferred stock dividends	—	11,676	—	35,028
Less: Net income (loss) attributable to noncontrolling interests ⁽¹⁾	58,056	8,166	82,166	13,539
Net income (loss) attributable to common stockholders	\$ 589,876	\$ 64,384	\$ 1,008,108	\$ 656,487
Average number of common shares outstanding:				
Basic	405,023	373,023	400,441	372,052
Diluted	406,891	374,487	402,412	373,638
Earnings per share:				
Basic:				
Income (loss) from continuing operations	\$ 1.60	\$ 0.23	\$ 2.72	\$ 1.90
Net income (loss) attributable to common stockholders	\$ 1.46	\$ 0.17	\$ 2.52	\$ 1.76
Diluted:				
Income (loss) from continuing operations	\$ 1.59	\$ 0.22	\$ 2.71	\$ 1.89
Net income (loss) attributable to common stockholders	\$ 1.45	\$ 0.17	\$ 2.51	\$ 1.76
Dividends declared and paid per common share	\$ 0.87	\$ 0.87	\$ 2.61	\$ 2.61

⁽¹⁾ Includes amounts attributable to redeemable noncontrolling interests.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)**WELLTOWER INC. AND SUBSIDIARIES**

(In thousands)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2019	2018	2019	2018
Net income	\$ 647,932	\$ 84,226	\$ 1,090,274	\$ 705,054
Other comprehensive income (loss):				
Foreign currency translation gain (loss)	(100,837)	(15,293)	(76,241)	(137,095)
Derivative instruments gain (loss)	78,947	12,200	91,672	100,205
Total other comprehensive income (loss)	(21,890)	(3,093)	15,431	(36,890)
Total comprehensive income (loss)	626,042	81,133	1,105,705	668,164
Less: Total comprehensive income (loss) attributable to noncontrolling interests ⁽¹⁾	53,220	10,933	85,504	3,675
Total comprehensive income (loss) attributable to common stockholders	<u>\$ 572,822</u>	<u>\$ 70,200</u>	<u>\$ 1,020,201</u>	<u>\$ 664,489</u>

⁽¹⁾ Includes amounts attributable to redeemable noncontrolling interests.

CONSOLIDATED STATEMENTS OF EQUITY (UNAUDITED)
WELLTOWER INC. AND SUBSIDIARIES
(In thousands)

	Preferred Stock	Common Stock	Capital in Excess of Par Value	Treasury Stock	Cumulative Net Income	Cumulative Dividends	Accumulated Other Comprehensive Income (Loss)	Other Equity	Noncontrolling Interests	Total
Balances at December 31, 2018	\$ 718,498	\$ 384,465	\$ 18,424,368	\$ (68,499)	\$ 6,121,534	\$ (10,818,557)	\$ (129,769)	\$ 294	\$ 954,265	\$ 15,586,599
Comprehensive income:										
Net income (loss)					280,470				10,785	291,255
Other comprehensive income							(14,849)		5,787	(9,062)
Total comprehensive income										282,193
Net change in noncontrolling interests			(8,845)						(1,497)	(10,342)
Amounts related to stock incentive plans, net of forfeitures		120	7,420	(5,993)				(26)		1,521
Proceeds from issuance of common stock		7,212	525,408							532,620
Conversion of preferred stock	(718,498)	12,712	705,786							—
Dividends paid:										
Common stock dividends						(344,760)				(344,760)
Balances at March 31, 2019	\$ —	\$ 404,509	\$ 19,654,137	\$ (74,492)	\$ 6,402,004	\$ (11,163,317)	\$ (144,618)	\$ 268	\$ 969,340	\$ 16,047,831
Comprehensive income:										
Net income (loss)					137,762				11,349	149,111
Other comprehensive income							43,996		2,387	46,383
Total comprehensive income										195,494
Net change in noncontrolling interests			(23,672)						(7,959)	(31,631)
Amounts related to stock incentive plans, net of forfeitures		18	7,959	450				(80)		8,347
Proceeds from issuance of common stock		1,487	101,721							103,208
Dividends paid:										
Common stock dividends						(353,677)				(353,677)
Balances at June 30, 2019	\$ —	\$ 406,014	\$ 19,740,145	\$ (74,042)	\$ 6,539,766	\$ (11,516,994)	\$ (100,622)	\$ 188	\$ 975,117	\$ 15,969,572
Comprehensive income:										
Net income (loss)					589,876				29,948	619,824
Other comprehensive income							(17,054)		(4,836)	(21,890)
Total comprehensive income										597,934
Net change in noncontrolling interests			13,038						(40,565)	(27,527)
Amounts related to stock incentive plans, net of forfeitures		4	5,100	(4,801)				(176)		127
Proceeds from issuance of common stock		480	38,393							38,873
Dividends paid:										
Common stock dividends						(353,250)				(353,250)
Balances at September 30, 2019	\$ —	\$ 406,498	\$ 19,796,676	\$ (78,843)	\$ 7,129,642	\$ (11,870,244)	\$ (117,676)	\$ 12	\$ 959,664	\$ 16,225,729

CONSOLIDATED STATEMENTS OF EQUITY (UNAUDITED)
WELLTOWER INC. AND SUBSIDIARIES
(In thousands)

	Preferred Stock	Common Stock	Capital in Excess of Par Value	Treasury Stock	Cumulative Net Income	Cumulative Dividends	Accumulated Other Comprehensive Income (Loss)	Other Equity	Noncontrolling Interests	Total
Balances at December 31, 2017	\$ 718,503	\$ 372,449	\$ 17,662,681	\$ (64,559)	\$ 5,316,580	\$ (9,471,712)	\$ (111,465)	\$ 670	\$ 502,305	\$ 14,925,452
Comprehensive income:										
Net income (loss)					449,347				5,191	454,538
Other comprehensive income							20,212		(3,886)	16,326
Total comprehensive income										470,864
Net change in noncontrolling interests			(13,157)						(2,719)	(15,876)
Amounts related to stock incentive plans, net of forfeitures		150	11,085	(4,137)						7,098
Proceeds from issuance of common stock		130	7,060							7,190
Conversion of preferred stock	(5)		5							—
Dividends paid:										
Common stock dividends						(323,726)				(323,726)
Preferred stock dividends						(11,676)				(11,676)
Balances at March 31, 2018	\$ 718,498	\$ 372,729	\$ 17,667,674	\$ (68,696)	\$ 5,765,927	\$ (9,807,114)	\$ (91,253)	\$ 670	\$ 500,891	\$ 15,059,326
Comprehensive income:										
Net income (loss)					166,108				2,355	168,463
Other comprehensive income							(41,378)		(8,745)	(50,123)
Total comprehensive income										118,340
Net change in noncontrolling interests			(14,822)						(35,937)	(50,759)
Amounts related to stock incentive plans, net of forfeitures		18	5,801	35				(11)		5,843
Proceeds from issuance of common stock		54	2,731							2,785
Dividends paid:										
Common stock dividends						(323,372)				(323,372)
Preferred stock dividends						(11,676)				(11,676)
Balances at June 30, 2018	\$ 718,498	\$ 372,801	\$ 17,661,384	\$ (68,661)	\$ 5,932,035	\$ (10,142,162)	\$ (132,631)	\$ 659	\$ 458,564	\$ 14,800,487
Comprehensive income:										
Net income (loss)					76,060				7,847	83,907
Other comprehensive income							(5,860)		2,767	(3,093)
Total comprehensive income										80,814
Net change in noncontrolling interests			(6,160)						492,338	486,178
Amounts related to stock incentive plans, net of forfeitures		4	6,241	(92)				(170)		5,983
Proceeds from issuance of common stock		3,548	228,049							231,597
Dividends paid:										
Common stock dividends						(324,182)				(324,182)
Preferred stock dividends						(11,676)				(11,676)
Balances at September 30, 2018	\$ 718,498	\$ 376,353	\$ 17,889,514	\$ (68,753)	\$ 6,008,095	\$ (10,478,020)	\$ (138,491)	\$ 489	\$ 961,516	\$ 15,269,201

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
WELLTOWER INC. AND SUBSIDIARIES
(In thousands)

	Nine Months Ended	
	September 30,	
	2019	2018
Operating activities:		
Net income	\$ 1,090,274	\$ 705,054
Adjustments to reconcile net income to net cash provided from (used in) operating activities:		
Depreciation and amortization	764,429	707,625
Other amortization expenses	13,474	12,110
Provision for loan losses	18,690	—
Impairment of assets	28,035	39,557
Stock-based compensation expense	20,501	22,800
Loss (gain) on derivatives and financial instruments, net	670	(5,642)
Loss (gain) on extinguishment of debt, net	81,543	16,044
Loss (income) from unconsolidated entities	14,986	836
Rental income less than (in excess of) cash received	(78,980)	(7,830)
Amortization related to above (below) market leases, net	(335)	1,984
Loss (gain) on real estate dispositions, net	(735,977)	(373,662)
Distributions by unconsolidated entities	—	21
Increase (decrease) in accrued expenses and other liabilities	845	103,474
Decrease (increase) in receivables and other assets	(8,255)	(11,223)
Net cash provided from (used in) operating activities	1,209,900	1,211,148
Investing activities:		
Cash disbursed for acquisitions	(3,004,768)	(3,190,534)
Cash disbursed for capital improvements to existing properties	(206,413)	(173,635)
Cash disbursed for construction in progress	(258,113)	(88,146)
Capitalized interest	(10,404)	(6,357)
Investment in real estate loans receivable	(82,345)	(67,136)
Principal collected on real estate loans receivable	32,130	149,592
Other investments, net of payments	(13,304)	(49,572)
Contributions to unconsolidated entities	(194,490)	(42,697)
Distributions by unconsolidated entities	98,880	61,253
Proceeds from (payments on) derivatives	(20,569)	65,438
Proceeds from sales of real property	2,601,071	1,208,501
Net cash provided from (used in) investing activities	(1,058,325)	(2,133,293)
Financing activities:		
Net increase (decrease) in unsecured credit facility and commercial paper	187,586	593,000
Proceeds from issuance of senior unsecured notes	3,253,516	2,825,898
Payments to extinguish senior unsecured notes	(3,107,500)	(1,450,000)
Net proceeds from the issuance of secured debt	318,854	44,606
Payments on secured debt	(233,952)	(238,867)
Net proceeds from the issuance of common stock	686,105	242,411
Payments for deferred financing costs and prepayment penalties	(82,249)	(29,701)
Contributions by noncontrolling interests ⁽¹⁾	42,988	11,238
Distributions to noncontrolling interests ⁽¹⁾	(138,270)	(86,462)
Cash distributions to stockholders	(1,047,968)	(1,006,274)
Other financing activities	(11,643)	(6,290)
Net cash provided from (used in) financing activities	(132,533)	899,559
Effect of foreign currency translation on cash, cash equivalents and restricted cash	(4,436)	(5,432)
Increase (decrease) in cash, cash equivalents and restricted cash	14,606	(28,018)
Cash, cash equivalents and restricted cash at beginning of period	316,129	309,303
Cash, cash equivalents and restricted cash at end of period	\$ 330,735	\$ 281,285
Supplemental cash flow information:		
Interest paid	\$ 416,523	\$ 312,452
Income taxes paid (received), net	4,784	3,195

⁽¹⁾ Includes amounts attributable to redeemable noncontrolling interests.

1. Business

Welltower Inc. (the "Company"), an S&P 500 company headquartered in Toledo, Ohio, is driving the transformation of health care infrastructure. The Company invests with leading seniors housing operators, post-acute providers and health systems to fund the real estate and infrastructure needed to scale innovative care delivery models and improve people's wellness and overall health care experience. Welltower™, a real estate investment trust ("REIT"), owns interests in properties concentrated in major, high-growth markets in the United States ("U.S."), Canada and the United Kingdom ("U.K."), consisting of seniors housing and post-acute communities and outpatient medical properties.

2. Accounting Policies and Related Matters

Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP") for interim financial information and with instructions to Quarterly Report on Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. In the opinion of management, all adjustments (such as normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the nine months ended September 30, 2019 are not necessarily an indication of the results that may be expected for the year ending December 31, 2019. For further information, refer to the financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2018.

New Accounting Standards

- We adopted Accounting Standards Update ("ASU") 2016-02, Leases (Topic 842) ("ASC 842") which requires lessees to recognize assets and liabilities on their consolidated balance sheet related to the rights and obligations created by most leases, while continuing to recognize expenses on their consolidated statement of comprehensive income over the lease term. We adopted ASC 842 as of January 1, 2019, using the modified retrospective approach and have elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, permits us to carry forward our prior conclusions for lease classification and initial direct costs on existing leases. We also made an accounting policy election to keep short-term leases less than twelve months off the balance sheet for all classes of underlying assets.

In July 2018, the Financial Accounting Standards Board ("FASB") issued ASU 2018-11 "Leases (Topic 842): Targeted Improvements" that (1) simplifies transition requirements for both lessees and lessors by adding an option that permits entities to apply the transition provisions of the new standard at its adoption date instead of at the earliest comparative period presented in its financial statements and (2) allows lessors to elect, as a practical expedient, to not separate lease and non-lease components in a contract, and instead to account for as a single lease component, if certain criteria are met. This practical expedient causes an entity to assess whether a contract is predominantly lease or service-based and recognize the entire contract under the relevant accounting guidance (i.e. predominantly lease-based would be accounted for under ASC 842 and predominantly service-based would be accounted for under ASU 2014-09, "Revenue from Contracts with Customers (ASC 606)"). For the year ended December 31, 2018, we recognized revenue for our Seniors Housing Operating resident agreements in accordance with the provisions of the prior lease guidance, ASC 840, "Leases". Upon adoption of ASC 842, we elected the lessor practical expedient described above and recognized our revenue for our Seniors Housing Operating segment based upon the predominant component, generally the non-lease service component. Therefore, beginning on January 1, 2019, we accounted for the majority of such resident agreements under ASC 606. The timing and pattern of revenue recognition is substantially the same as that prior to adoption.

The FASB also issued ASU 2018-20 "Leases (Topic 842): Narrow Improvements for Lessors", which provides lessors the ability to make an accounting policy election not to evaluate whether certain sales taxes and other similar taxes imposed by a governmental authority on a specific lease revenue-producing transaction are the primary obligation of the lessor as owner of the underlying leased asset. A lessor that makes this election will exclude these taxes from the measurement of lease revenue and the associated expense. Upon adoption of ASC 842, we utilized this practical expedient in instances in which real estate taxes are paid directly by our tenants to taxing authorities. For triple-net leasing arrangements in which the tenant remits payment for real estate taxes to us and we pay the taxing authority, we have included the associated revenue and expense in rental income and property operating expenses on the Consolidated Statements of Comprehensive Income. This reporting had no impact on our net income.

For leases in which the Company is the lessee, primarily consisting of ground leases and various office and equipment leases, we recognized upon adoption a right of use asset of \$509,386,000 which included the present value of minimum leases payments, existing above and/or below market lease intangible values and existing straight-line rent liabilities

WELLTOWER INC.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

associated with such leases. We also recognized operating lease liabilities of \$357,070,000. The standard did not materially impact our Consolidated Statements of Comprehensive Income or our Consolidated Statement of Cash Flows. See Note 6 for additional details.

The following ASU has been issued but not yet adopted:

- In June 2016, the FASB issued ASU 2016-13, "Measurement of Credit Losses on Financial Instruments" ("ASU 2016-13"). This standard requires a new forward-looking "expected loss" model to be used for receivables, held-to-maturity debt, loans, and other instruments. In November 2018, the FASB issued an amendment excluding operating lease receivables accounted for under the new leases standard from the scope of the new credit losses standard. ASU 2016-13 is effective for the Company on January 1, 2020, with early adoption permitted beginning January 1, 2019. We are currently evaluating the impact that the standard will have on our consolidated financial statements.

3. Real Property Acquisitions and Development

The total purchase price for all properties acquired has been allocated to the tangible and identifiable intangible assets, liabilities and noncontrolling interests based upon their relative fair values in accordance with our accounting policies. The results of operations for these acquisitions have been included in our consolidated results of operations since the date of acquisition and are a component of the appropriate segments. Transaction costs primarily represent costs incurred with acquisitions, including due diligence costs, fees for legal and valuation services, termination of pre-existing relationships computed based on the fair value of the assets acquired, lease termination fees and other acquisition-related costs. Transaction costs related to asset acquisitions are capitalized as a component of purchase price and all other non-capitalizable costs are reflected in other expenses on our Consolidated Statements of Comprehensive Income. Certain of our subsidiaries' functional currencies are the local currencies of their respective countries.

The following is a summary of our real property investment activity by segment for the periods presented (in thousands):

	Nine Months Ended							
	September 30, 2019				September 30, 2018			
	Seniors Housing Operating	Triple-net	Outpatient Medical	Totals	Seniors Housing Operating	Triple-net	Outpatient Medical	Totals
Land and land improvements	\$ 107,945	\$ 14,172	\$ 187,301	\$ 309,418	\$ 47,865	\$ 413,588	\$ 18,496	\$ 479,949
Buildings and improvements	1,138,484	125,763	1,324,371	2,588,618	535,436	2,239,422	79,205	2,854,063
Acquired lease intangibles	61,163	—	104,309	165,472	68,084	12,383	11,271	91,738
Construction in progress	36,174	—	—	36,174	—	—	—	—
Real property held for sale	17,435	—	—	17,435	—	396,265	22,032	418,297
Right of use assets, net	—	—	58,377	58,377	—	—	—	—
Receivables and other assets	6,742	—	419	7,161	1,255	1,322	6	2,583
Total assets acquired ⁽¹⁾	1,367,943	139,935	1,674,777	3,182,655	652,640	3,062,980	131,010	3,846,630
Secured debt	(43,209)	—	—	(43,209)	(89,973)	—	(14,769)	(104,742)
Lease liabilities	—	—	(47,740)	(47,740)	—	—	—	—
Accrued expenses and other liabilities	(9,639)	(100)	(23,483)	(33,222)	(14,686)	(13,199)	(910)	(28,795)
Total liabilities acquired	(52,848)	(100)	(71,223)	(124,171)	(104,659)	(13,199)	(15,679)	(133,537)
Noncontrolling interests ⁽²⁾	(39,570)	(1,056)	(1,201)	(41,827)	(9,818)	(512,741)	—	(522,559)
Non-cash acquisition related activity ⁽³⁾	(11,889)	—	—	(11,889)	—	—	—	—
Cash disbursed for acquisitions	1,263,636	138,779	1,602,353	3,004,768	538,163	2,537,040	115,331	3,190,534
Construction in progress additions	184,581	37,649	42,316	264,546	28,222	49,619	16,733	94,574
Less: Capitalized interest	(5,972)	(1,565)	(2,867)	(10,404)	(2,608)	(1,932)	(1,817)	(6,357)
Foreign currency translation	3,597	329	—	3,926	2,151	180	—	2,331
Accruals ⁽⁴⁾	—	—	45	45	—	—	(2,402)	(2,402)
Cash disbursed for construction in progress	182,206	36,413	39,494	258,113	27,765	47,867	12,514	88,146
Capital improvements to existing properties	160,260	10,337	35,816	206,413	127,274	6,766	39,595	173,635
Total cash invested in real property, net of cash acquired	<u>\$ 1,606,102</u>	<u>\$ 185,529</u>	<u>\$ 1,677,663</u>	<u>\$ 3,469,294</u>	<u>\$ 693,202</u>	<u>\$ 2,591,673</u>	<u>\$ 167,440</u>	<u>\$ 3,452,315</u>

⁽¹⁾ Excludes \$1,910,000 and \$391,580,000 of unrestricted and restricted cash acquired during the nine months ended September 30, 2019 and 2018, respectively.

⁽²⁾ Includes amounts attributable to both redeemable noncontrolling interests and noncontrolling interests.

⁽³⁾ Relates to the acquisition of assets previously recognized as investments in unconsolidated entities.

⁽⁴⁾ Represents non-cash accruals for amounts to be paid in future periods for properties that converted, off-set by amounts paid in the current period.

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Construction Activity

The following is a summary of the construction projects that were placed into service and began generating revenues during the periods presented (in thousands):

	Nine Months Ended	
	September 30, 2019	September 30, 2018
Development projects:		
Seniors Housing Operating	\$ 28,117	\$ 86,931
Triple-net	—	90,055
Outpatient Medical	—	11,358
Total development projects	28,117	188,344
Expansion projects	—	8,879
Total construction in progress conversions	<u>\$ 28,117</u>	<u>\$ 197,223</u>

4. Real Estate Intangibles

The following is a summary of our real estate intangibles, excluding those classified as held for sale, as of the dates indicated (dollars in thousands):

	September 30, 2019	December 31, 2018
Assets:		
In place lease intangibles	\$ 1,486,255	\$ 1,410,725
Above market tenant leases	69,770	63,935
Below market ground leases ⁽¹⁾	—	64,513
Lease commissions	48,957	41,986
Gross historical cost	1,604,982	1,581,159
Accumulated amortization	(1,206,227)	(1,197,336)
Net book value	<u>\$ 398,755</u>	<u>\$ 383,823</u>
Weighted-average amortization period in years	9.5	16.0
Liabilities:		
Below market tenant leases	\$ 94,581	\$ 81,676
Above market ground leases ⁽¹⁾	—	8,540
Gross historical cost	94,581	90,216
Accumulated amortization	(47,521)	(44,266)
Net book value	<u>\$ 47,060</u>	<u>\$ 45,950</u>
Weighted-average amortization period in years	8.2	14.7

⁽¹⁾ Effective on January 1, 2019 with the adoption of ASC 842, above and below market ground lease intangibles are reported within the right of use assets, net line on the Consolidated Balance Sheet.

The following is a summary of real estate intangible amortization for the periods presented (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Rental income related to (above)/below market tenant leases, net	\$ 291	\$ (294)	\$ 210	\$ (978)
Amortization related to in place lease intangibles and lease commissions	(48,414)	(31,455)	(101,837)	(97,479)

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The future estimated aggregate amortization of intangible assets and liabilities is as follows for the periods presented (in thousands):

	Assets		Liabilities
2019	\$ 37,833	\$	2,390
2020	103,599		8,868
2021	53,156		7,899
2022	36,057		7,163
2023	29,858		5,031
Thereafter	138,252		15,709
Total	<u>\$ 398,755</u>	<u>\$</u>	<u>47,060</u>

5. Dispositions and Assets Held for Sale

We periodically sell properties for various reasons, including favorable market conditions, the exercise of tenant purchase options or reduction of concentrations (i.e., property type, relationship or geography). During three months ended September 30, 2019, we disposed of our Benchmark Senior Living portfolio for a gross sale price of \$1.8 billion and a gain on sale of \$520 million. Proceeds were used to extinguish the \$1 billion unsecured term loan and \$24 million of secured debt.

At September 30, 2019, 12 Seniors Housing Operating, eight Triple-net, and five Outpatient Medical properties with an aggregate real estate balance of \$336,649,000 were classified as held for sale. In addition, secured debt of \$24,338,000 and net other assets and liabilities of \$7,608,000 related to the held for sale properties. During the nine months ended September 30, 2019, we recorded net impairment charges of \$13,121,000 related to certain held for sale properties for which the carrying value exceeded the fair values, less estimated costs to sell, and \$14,914,000 related to five held for use properties for which the carrying value exceeded the sum of the future undiscounted cash flows. The following is a summary of our real property disposition activity for the periods presented (in thousands):

	Nine Months Ended September 30,	
	2019	2018
Real estate dispositions:		
Seniors Housing Operating	\$ 1,204,084	\$ 2,200
Triple-net	660,885	604,480
Outpatient Medical	482	223,069
Total dispositions	<u>1,865,451</u>	<u>829,749</u>
Gain (loss) on real estate dispositions, net	735,977	373,662
Net other assets/liabilities disposed	(357)	5,090
Proceeds from real estate dispositions	<u>\$ 2,601,071</u>	<u>\$ 1,208,501</u>

Dispositions and Assets Held for Sale

Pursuant to our adoption of ASU 2014-08, "Presentation of Financial Statements (Topic 205) and Property, Plant and Equipment (Topic 360): Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity", operating results attributable to properties sold subsequent to or classified as held for sale after January 1, 2014 and which do not meet the definition of discontinued operations are no longer reclassified on our Consolidated Statements of Comprehensive Income. The following represents the activity related to these properties for the periods presented (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Revenues:				
Total revenues	\$ 37,431	\$ 126,386	\$ 271,119	\$ 381,440
Expenses:				
Interest expense	455	643	1,716	2,144
Property operating expenses	22,576	79,989	172,738	233,858
Provision for depreciation	188	16,556	25,563	55,341
Total expenses	<u>23,219</u>	<u>97,188</u>	<u>200,017</u>	<u>291,343</u>
Income (loss) from real estate dispositions, net	<u>\$ 14,212</u>	<u>\$ 29,198</u>	<u>\$ 71,102</u>	<u>\$ 90,097</u>

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6. Leases

We lease land, buildings, office space and certain equipment. Many of our leases include a renewal option to extend the term from one to 25 years or more. Renewal options that we are reasonably certain to exercise are recognized in our right-of-use assets and lease liabilities. As most of our leases do not provide a rate implicit in the lease agreement, we use our incremental borrowing rate available at lease commencement to determine the present value of lease payments. The incremental borrowing rates were determined using our longer term borrowing rates (actual pricing through 30 years, as well as other longer-term market rates). For leases that commenced prior to January 1, 2019, we used the incremental borrowing rate on December 31, 2018.

We sublease certain real estate to a third party. Our sublease portfolio consists of a finance lease with Genesis HealthCare for seven buildings.

The components of lease expense were as follows for the period presented (in thousands):

	Classification	Three Months Ended September 30, 2019	Nine Months Ended September 30, 2019
Operating lease cost: ⁽¹⁾			
Real estate lease expense	Property operating expenses	\$ 3,647	\$ 18,326
Non-real estate lease expense	General and administrative expenses	516	1,286
Finance lease cost:			
Amortization of leased assets	Property operating expenses	2,304	6,549
Interest on lease liabilities	Interest expense	1,328	3,497
Sublease income	Rental income	(1,043)	(3,130)
Total		\$ 6,752	\$ 26,528

⁽¹⁾ Includes short-term leases which are immaterial.

Maturities of lease liabilities as of September 30, 2019 are as follows (in thousands):

	Operating Leases	Finance Leases
2019	\$ 5,040	\$ 2,511
2020	19,873	9,121
2021	19,781	8,787
2022	18,594	8,161
2023	18,559	69,244
Thereafter	1,107,479	94,590
Total lease payments	1,189,326	192,414
Less: Imputed interest	(845,411)	(81,791)
Total present value of lease liabilities	\$ 343,915	\$ 110,623

WELLTOWER INC.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

Supplemental balance sheet information related to leases was as follows as of September 30, 2019 (in thousands, except lease terms and discount rate):

	Classification	September 30, 2019
Right of use assets:		
Operating leases - real estate	Right of use assets, net	\$ 372,831
Finance leases - real estate	Right of use assets, net	163,858
Real estate right of use assets, net		<u>536,689</u>
Operating leases - corporate	Receivables and other assets	4,711
Total right of use assets, net		<u>\$ 541,400</u>
Lease liabilities:		
Operating leases		\$ 343,915
Financing leases		110,623
Total		<u>\$ 454,538</u>
Weighted average remaining lease term (years):		
Operating leases		48.0
Finance leases		16.3
Weighted average discount rate:		
Operating leases		5.19%
Finance leases		5.17%

Supplemental cash flow information related to leases was as follows for the date indicated (in thousands):

	Classification	Nine Months Ended September 30, 2019
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	Decrease (increase) in receivables and other assets	\$ 4,858
Operating cash flows from operating leases	Increase (decrease) in accrued expenses and other liabilities	(4,949)
Operating cash flows from finance leases	Decrease (increase) in receivables and other assets	8,241
Financing cash flows from finance leases	Other financing activities	(2,487)

Substantially all of our operating leases in which we are the lessor contain escalating rent structures. Leases with fixed annual rental escalators are generally recognized on a straight-line basis over the initial lease period, subject to a collectability assessment. Rental income related to leases with contingent rental escalators is generally recorded based on the contractual cash rental payments due for the period. Leases in our Outpatient Medical portfolio typically include some form of operating expense reimbursement by the tenant. We recognized \$1,178,817,000 of rental and other revenues related to operating leases, of which \$147,815,000 was for variable lease payments, for the nine months ended September 30, 2019, which primarily represents the reimbursement of operating costs such as common area maintenance expenses, utilities, insurance and real estate taxes. The following table sets forth the future minimum lease payments receivable for leases in effect at September 30, 2019 (excluding properties in our Seniors Housing Operating partnerships and excluding any operating expense reimbursements) (in thousands):

2019	\$ 344,158
2020	1,356,086
2021	1,324,256
2022	1,296,077
2023	1,239,804
Thereafter	9,576,700
Totals	<u>\$ 15,137,081</u>

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7. Real Estate Loans Receivable

Please see Note 2 to the financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2018 for discussion of our accounting policies for real estate loans receivable and related interest income.

The following is a summary of our net real estate loans receivable (in thousands):

	September 30, 2019	December 31, 2018
Mortgage loans	\$ 320,989	\$ 317,443
Other real estate loans	108,913	81,268
Less allowance for losses on loans receivable	(68,372)	(68,372)
Totals	\$ 361,530	\$ 330,339

The following is a summary of our real estate loan activity for the periods presented (in thousands):

	Nine Months Ended						
	September 30, 2019			September 30, 2018			
	Triple-net	Outpatient Medical	Totals	Seniors Housing Operating	Triple-net	Outpatient Medical	Totals
Advances on real estate loans receivable:							
Investments in new loans	\$ 25,000	\$ 5,000	\$ 30,000	\$ 11,806	\$ 10,628	\$ 14,993	\$ 37,427
Draws on existing loans	33,955	18,390	52,345	—	29,709	—	29,709
Net cash advances on real estate loans	58,955	23,390	82,345	11,806	40,337	14,993	67,136
Receipts on real estate loans receivable:							
Loan payoffs	29,020	—	29,020	—	116,161	—	116,161
Principal payments on loans	3,110	—	3,110	—	33,431	—	33,431
Net cash receipts on real estate loans	32,130	—	32,130	—	149,592	—	149,592
Net cash advances (receipts) on real estate loans	<u>\$ 26,825</u>	<u>\$ 23,390</u>	<u>\$ 50,215</u>	<u>\$ 11,806</u>	<u>\$ (109,255)</u>	<u>\$ 14,993</u>	<u>\$ (82,456)</u>

In 2016, we restructured real estate loans with Genesis HealthCare and recorded a loan loss charge in the amount of \$6,935,000 on one of the loans as the present value of expected future cash flows was less than the carrying value of the loan. In 2017, we recorded an additional loan loss charge of \$62,966,000 relating to real estate loans with Genesis HealthCare based on an estimation of expected future cash flows discounted at the effective interest rate of the loans. In March 2019, we recognized a provision for loan losses of \$18,690,000 to fully reserve for certain Triple-net real estate loans receivable that were no longer deemed collectible. During the quarter ended June 30, 2019, these loans were written off. As of September 30, 2019, the allowance for loan loss balance of \$68,372,000 is deemed to be sufficient to absorb expected losses. At September 30, 2019, we had one real estate loan with an outstanding balance of \$2,534,000 on non-accrual status.

The following is a summary of our impaired loans (in thousands):

	Nine Months Ended	
	September 30, 2019	September 30, 2018
Balance of impaired loans at end of period	\$ 188,043	\$ 201,971
Allowance for loan losses	68,372	68,372
Balance of impaired loans not reserved	<u>\$ 119,671</u>	<u>\$ 133,599</u>
Average impaired loans for the period	\$ 194,298	\$ 230,645
Interest recognized on impaired loans ⁽¹⁾	12,082	13,361

⁽¹⁾ Represents cash interest recognized in the period since loans were identified as impaired.

8. Investments in Unconsolidated Entities

We participate in a number of joint ventures, which generally invest in seniors housing and health care real estate. The results of operations for these entities have been included in our consolidated results of operations from the date of acquisition by the joint ventures and are reflected in our Consolidated Statements of Comprehensive Income as income or loss from unconsolidated entities. The following is a summary of our investments in unconsolidated entities (dollars in thousands):

	Percentage Ownership ⁽¹⁾	September 30, 2019	December 31, 2018
Seniors Housing Operating	10% to 50%	\$ 409,522	\$ 344,982
Triple-net	10% to 49%	8,038	34,284
Outpatient Medical	43% to 50%	139,294	103,648
Total		<u>\$ 556,854</u>	<u>\$ 482,914</u>

⁽¹⁾ Excludes ownership of in-substance real estate.

At September 30, 2019, the aggregate unamortized basis difference of our joint venture investments of \$102,144,000 is primarily attributable to the difference between the amount for which we purchase our interest in the entity, including transaction costs, and the historical carrying value of the net assets of the joint venture. This difference is being amortized over the remaining useful life of the related properties and included in the reported amount of income from unconsolidated entities.

9. Credit Concentration

We use consolidated net operating income ("NOI") as our credit concentration metric. See Note 18 for additional information and reconciliation. The following table summarizes certain information about our credit concentration for the nine months ended September 30, 2019, excluding our share of NOI in unconsolidated entities (dollars in thousands):

Concentration by relationship: ^(1,4)	Number of Properties	Total NOI	Percent of NOI ⁽²⁾
Sunrise Senior Living ⁽³⁾	165	\$ 257,372	14%
ProMedica	218	161,313	9%
Revera ⁽³⁾	98	109,953	6%
Genesis HealthCare	54	90,451	5%
Belmont Village	21	59,763	3%
Remaining portfolio	983	1,152,110	63%
Totals	<u>1,539</u>	<u>\$ 1,830,962</u>	<u>100%</u>

⁽¹⁾ Genesis Healthcare and ProMedica are in our Triple-net segment. Sunrise Senior Living, Revera, and Belmont Village are in our Seniors Housing Operating segment.

⁽²⁾ NOI with our top five relationships comprised 38% of total NOI for the year ended December 31, 2018.

⁽³⁾ Revera owns a controlling interest in Sunrise Senior Living.

⁽⁴⁾ Excludes the Benchmark Senior Living portfolio which was disposed of in July 2019

10. Borrowings Under Credit Facilities and Commercial Paper Program

At September 30, 2019, we had a primary unsecured credit facility with a consortium of 31 banks that includes a \$3,000,000,000 unsecured revolving credit facility (\$500,000,000 outstanding at September 30, 2019), a \$500,000,000 unsecured term credit facility and a \$250,000,000 Canadian-denominated unsecured term credit facility. We have an option, through an accordion feature, to upsize the unsecured revolving credit facility and the \$500,000,000 unsecured term credit facility by up to an additional \$1,000,000,000, in the aggregate, and the \$250,000,000 Canadian-denominated unsecured term credit facility by up to an additional \$250,000,000. The primary unsecured credit facility also allows us to borrow up to \$1,000,000,000 in alternate currencies (none outstanding at September 30, 2019). Borrowings under the unsecured revolving credit facility are subject to interest payable at the applicable margin over LIBOR interest rate (2.84% at September 30, 2019). The applicable margin is based on our debt ratings and was 0.825% at September 30, 2019. In addition, we pay a facility fee quarterly to each bank based on the bank's commitment amount. The facility fee depends on our debt ratings and was 0.15% at September 30, 2019. The term credit facilities mature on July 19, 2023. The revolving credit facility is scheduled to mature on July 19, 2022 and can be extended for two successive terms of six months each at our option.

In January 2019, we established an unsecured commercial paper program (the "Commercial Paper Program"). Under the terms of the program, we may issue unsecured commercial paper notes with maturities that vary, but do not exceed 397 days from the date of issue, up to a maximum aggregate face or principal amount outstanding at any time of \$1,000,000,000. As of September 30,

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2019, there was a balance of \$834,586,000 outstanding on the Commercial Paper Program (\$835,000,000 in principal outstanding net of an unamortized discount of \$414,000), which reduces the borrowing capacity on the unsecured revolving credit facility. The notes bear interest at various floating rates with a weighted average of 2.32% as of September 30, 2019 and a weighted average maturity of eight days as of September 30, 2019.

The following information relates to aggregate borrowings under the unsecured revolving credit facility and Commercial Paper Program for the periods presented (dollars in thousands):

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2019	2018	2019	2018
Balance outstanding at quarter end	\$ 1,335,000	\$ 1,312,000	\$ 1,335,000	\$ 1,312,000
Maximum amount outstanding at any month end	\$ 1,335,000	\$ 2,148,000	\$ 2,880,000	\$ 2,148,000
Average amount outstanding (total of daily principal balances divided by days in period)	\$ 1,296,185	\$ 1,519,000	\$ 1,299,963	\$ 819,516
Weighted average interest rate (actual interest expense divided by average borrowings outstanding)	2.82%	3.00%	3.02%	2.95%

11. Senior Unsecured Notes and Secured Debt

We may repurchase, redeem or refinance senior unsecured notes from time to time, taking advantage of favorable market conditions when available. We may purchase senior notes for cash through open market purchases, privately negotiated transactions, a tender offer or, in some cases, through the early redemption of such securities pursuant to their terms. The senior unsecured notes are redeemable at our option, at any time in whole or from time to time in part, at a redemption price equal to the sum of (1) the principal amount of the notes (or portion of such notes) being redeemed plus accrued and unpaid interest thereon up to the redemption date and (2) any “make-whole” amount due under the terms of the notes in connection with early redemptions. Redemptions and repurchases of debt, if any, will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors. At September 30, 2019, the annual principal payments due on these debt obligations were as follows (in thousands):

	Senior Unsecured Notes ^(1,2)	Secured Debt ^(1,3)	Totals
2019	\$ —	\$ 256,322	\$ 256,322
2020 ⁽⁴⁾	226,501	160,897	387,398
2021	—	380,866	380,866
2022	10,000	353,548	363,548
2023 ^(5,6)	1,788,750	329,449	2,118,199
Thereafter ^(7,8)	7,792,025	1,157,933	8,949,958
Totals	<u>\$ 9,817,276</u>	<u>\$ 2,639,015</u>	<u>\$ 12,456,291</u>

⁽¹⁾ Amounts represent principal amounts due and do not include unamortized premiums/discounts, debt issuance costs, or other fair value adjustments as reflected on the Consolidated Balance Sheet.

⁽²⁾ Annual interest rates range from 2.79% to 6.50%.

⁽³⁾ Annual interest rates range from 1.39% to 12.00%. Carrying value of the properties securing the debt totaled \$5,922,479,000 at September 30, 2019.

⁽⁴⁾ Includes a \$300,000,000 Canadian-denominated 3.35% senior unsecured notes due 2020 (approximately \$226,501,000 based on the Canadian/U.S. Dollar exchange rate on September 30, 2019).

⁽⁵⁾ Includes a \$250,000,000 Canadian-denominated unsecured term credit facility (approximately \$188,750,000 based on the Canadian/U.S. Dollar exchange rate on September 30, 2019). The loan matures on July 19, 2023 and bears interest at the Canadian Dealer Offered Rate plus 0.9% (2.86% at September 30, 2019).

⁽⁶⁾ Includes a \$500,000,000 unsecured term credit facility. The loan matures on July 19, 2023 and bears interest at LIBOR plus 0.9% (2.96% at September 30, 2019).

⁽⁷⁾ Includes a £550,000,000 4.80% senior unsecured notes due 2028 (approximately \$676,775,000 based on the Sterling/U.S. Dollar exchange rate in effect on September 30, 2019).

⁽⁸⁾ Includes a £500,000,000 4.50% senior unsecured notes due 2034 (approximately \$615,250,000 based on the Sterling/U.S. Dollar exchange rate in effect on September 30, 2019).

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The following is a summary of our senior unsecured notes principal activity during the periods presented (dollars in thousands):

	Nine Months Ended			
	September 30, 2019		September 30, 2018	
	Amount	Weighted Avg. Interest Rate	Amount	Weighted Avg. Interest Rate
Beginning balance	\$ 9,699,984	4.48%	\$ 8,417,447	4.31%
Debt issued	3,260,000	3.47%	2,850,000	4.57%
Debt extinguished	(3,107,500)	4.47%	(1,450,000)	3.46%
Foreign currency	(35,208)	4.35%	(63,751)	4.30%
Ending balance	<u>\$ 9,817,276</u>	<u>4.12%</u>	<u>\$ 9,753,696</u>	<u>4.45%</u>

The following is a summary of our secured debt principal activity for the periods presented (dollars in thousands):

	Nine Months Ended			
	September 30, 2019		September 30, 2018	
	Amount	Weighted Avg. Interest Rate	Amount	Weighted Avg. Interest Rate
Beginning balance	\$ 2,485,711	3.90%	\$ 2,618,408	3.76%
Debt issued	318,854	3.51%	44,606	3.38%
Debt assumed	42,000	4.62%	99,552	4.30%
Debt extinguished	(193,604)	4.37%	(196,573)	5.66%
Principal payments	(40,348)	3.69%	(42,294)	3.91%
Foreign currency	26,402	3.20%	(43,944)	3.29%
Ending balance	<u>\$ 2,639,015</u>	<u>3.66%</u>	<u>\$ 2,479,755</u>	<u>3.79%</u>

Our debt agreements contain various covenants, restrictions and events of default. Certain agreements require us to maintain certain financial ratios and minimum net worth and impose certain limits on our ability to incur indebtedness, create liens and make investments or acquisitions. As of September 30, 2019, we were in compliance with all of the covenants under our debt agreements.

12. Derivative Instruments

We are exposed to, among other risks, the impact of changes in foreign currency exchange rates as a result of our non-U.S. investments and interest rate risk related to our capital structure. Our risk management program is designed to manage the exposure and volatility arising from these risks, and utilizes foreign currency forward contracts, cross currency swap contracts, interest rate swaps, interest rate locks, and debt issued in foreign currencies to offset a portion of these risks.

Foreign Currency Forward Contracts Designated as Cash Flow Hedges

For instruments that are designated and qualify as a cash flow hedge, the effective portion of the gain or loss on the derivative is deferred as a component of other comprehensive income ("OCI") and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings. Gains and losses on the derivative representing either hedge ineffectiveness or hedge components excluded from the assessment of effectiveness are recognized in earnings.

Cash Flow Hedges of Interest Rate Risk

We enter into interest rate swaps in order to maintain a capital structure containing targeted amounts of fixed and floating-rate debt and manage interest rate risk. Interest rate swaps designated as cash flow hedges involve the receipt of variable amounts from a counterparty in exchange for our fixed-rate payments. These interest rate swap agreements were used to hedge the variable cash flows associated with variable-rate debt.

Periodically, we enter into and designate interest rate locks to partially hedge the risk of changes in interest payments attributable to increases in the benchmark interest rate during the period leading up to the probable issuance of fixed-rate debt. We designate our interest rate locks as cash flow hedges. Gains and losses when we settle our interest rate locks are amortized into income over

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the life of the related debt, except where a material amount is deemed to be ineffective, which would be immediately reclassified to the consolidated statements of income.

Foreign Currency Forward Contracts and Cross Currency Swap Contracts Designated as Net Investment Hedges

We use foreign currency forward and cross currency forward swap contracts to hedge a portion of the net investment in foreign subsidiaries against fluctuations in foreign exchange rates. For instruments that are designated and qualify as net investment hedges, the variability in the foreign currency to U.S. Dollar of the instrument is recorded as a cumulative translation adjustment component of OCI.

During the nine months ended September 30, 2019 and 2018, we settled certain net investment hedges generating cash proceeds of \$6,716,000 and necessitating cash payments of \$70,937,000, respectively. The balance of the cumulative translation adjustment will be reclassified to earnings if the hedged investment is sold or substantially liquidated.

Derivative Contracts Undesignated

We use foreign currency exchange contracts to manage existing exposures to foreign currency exchange risk. Gains and losses resulting from the changes in fair value of these instruments are recorded in interest expense on the Consolidated Statements of Comprehensive Income and are substantially offset by net revaluation impacts on foreign currency denominated balance sheet exposures. In addition, we have several interest rate cap contracts related to variable rate secured debt agreements. Gains and losses resulting from the changes in fair values of these instruments are also recorded in interest expense.

The following presents the notional amount of derivatives and other financial instruments as of the dates indicated (in thousands):

	September 30, 2019		December 31, 2018	
Derivatives designated as net investment hedges:				
Denominated in Canadian Dollars	\$	725,000	\$	575,000
Denominated in Pounds Sterling	£	1,340,708	£	890,708
Financial instruments designated as net investment hedges:				
Denominated in Canadian Dollars	\$	250,000	\$	250,000
Denominated in Pounds Sterling	£	1,050,000	£	1,050,000
Interest rate swaps designated as cash flow hedges:				
Denominated in U.S. Dollars ⁽¹⁾	\$	1,188,250	\$	—
Derivative instruments not designated:				
Interest rate caps denominated in U.S. Dollars	\$	405,819	\$	405,819
Forward purchase contracts denominated in Canadian Dollars	\$	(200,000)	\$	(325,000)
Forward sales contracts denominated in Canadian Dollars	\$	237,000	\$	405,000
Forward purchase contracts denominated in Pounds Sterling	£	(125,000)	£	(350,000)
Forward sales contracts denominated in Pounds Sterling	£	125,000	£	350,000

⁽¹⁾ At September 30, 2019 the maximum maturity date was July 15, 2021.

The following presents the impact of derivative instruments on the Consolidated Statements of Comprehensive Income for the periods presented (in thousands):

	Location	Three Months Ended September 30,		Nine Months Ended September 30,	
		2019	2018	2019	2018
Gain (loss) on derivative instruments designated as hedges recognized in income	Interest expense	\$ 7,478	\$ 4,185	\$ 19,945	\$ 8,008
Gain (loss) on derivative instruments not designated as hedges recognized in income	Interest expense	\$ 600	\$ (203)	\$ (2,065)	\$ 2,250
Gain (loss) on foreign exchange contracts and term loans designated as net investment hedge recognized in OCI	OCI	\$ 78,947	\$ 12,200	\$ 91,672	\$ 100,205

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13. Commitments and Contingencies

At September 30, 2019, we had 14 outstanding letter of credit obligations totaling \$50,418,000 and expiring between 2019 and 2024. At September 30, 2019, we had outstanding construction in progress of \$466,286,000 and were committed to providing additional funds of approximately \$460,810,000 to complete construction. Purchase obligations include contingent purchase obligations totaling \$9,157,000. These contingent purchase obligations relate to unfunded capital improvement obligations and contingent obligations on acquisitions. Rents due from the tenant are increased to reflect the additional investment in the property.

14. Stockholders' Equity

The following is a summary of our stockholders' equity capital accounts as of the dates indicated:

	September 30, 2019	December 31, 2018
Preferred Stock:		
Authorized shares	50,000,000	50,000,000
Issued shares	—	14,375,000
Outstanding shares	—	14,369,965
Common Stock, \$1.00 par value:		
Authorized shares	700,000,000	700,000,000
Issued shares	407,058,274	384,849,236
Outstanding shares	405,757,860	383,674,603

Preferred Stock The following is a summary of our preferred stock activity during the periods indicated:

	Nine Months Ended			
	September 30, 2019		September 30, 2018	
	Shares	Weighted Avg. Dividend Rate	Shares	Weighted Avg. Dividend Rate
Beginning balance	14,369,965	6.50%	14,370,060	6.50%
Shares converted	(14,369,965)	6.50%	(95)	6.50%
Ending balance	—	—%	14,369,965	6.50%

During the nine months ended September 30, 2019, we converted all of the outstanding Series I Preferred Stock. Each share was converted into 0.8857 shares of common stock.

Common Stock In February 2019, we entered into separate amended and restated equity distribution agreements whereby we can offer and sell up to \$1,500,000,000 aggregate amount of our common stock ("Equity Shelf Program"). The Equity Shelf Program also allows us to enter into forward sale agreements. As of September 30, 2019, we had \$1,333,682,000 of remaining capacity under the Equity Shelf Program, which excludes forward sales agreements outstanding for the sale of 5,152,658 shares with maturity dates in the fourth quarter and 2020. We expect to physically settle the forward sales for cash proceeds.

The following is a summary of our common stock issuances during the nine months ended September 30, 2019 and 2018 (dollars in thousands, except average price amounts):

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	Shares Issued	Average Price	Gross Proceeds	Net Proceeds
2018 Dividend reinvestment plan issuances	1,755,446	\$ 64.24	\$ 112,770	\$ 112,294
2018 Option exercises	32,120	39.94	1,283	1,283
2018 Equity shelf program issuances	1,944,511	66.72	129,744	128,834
2018 Preferred stock conversions	83		—	—
2018 Stock incentive plans, net of forfeitures	112,868		—	—
2018 Totals	<u>3,845,028</u>		<u>\$ 243,797</u>	<u>\$ 242,411</u>
2019 Dividend reinvestment plan issuances	4,438,787	\$ 75.59	\$ 335,535	\$ 332,054
2019 Option exercises	10,736	51.32	551	551
2019 Equity Shelf Program issuances	4,729,045	75.24	355,803	353,500
2019 Preferred stock conversions	12,712,452		—	—
2019 Stock incentive plans, net of forfeitures	192,237		—	—
2019 Totals	<u>22,083,257</u>		<u>\$ 691,889</u>	<u>\$ 686,105</u>

Dividends The increase in dividends is primarily attributable to increases in our common shares outstanding, offset by the conversion of the Series I Preferred Stock as described above. The following is a summary of our dividend payments (in thousands, except per share amounts):

	Nine Months Ended			
	September 30, 2019		September 30, 2018	
	Per Share	Amount	Per Share	Amount
Common Stock	\$ 2.6100	\$ 1,051,687	\$ 2.6100	\$ 971,280
Series I Preferred Stock	—	—	2.4375	35,028
Totals		<u>\$ 1,051,687</u>		<u>\$ 1,006,308</u>

Accumulated Other Comprehensive Income The following is a summary of accumulated other comprehensive income (loss) for the periods presented (in thousands):

	September 30, 2019	December 31, 2018
Foreign currency translation	\$ (947,585)	\$ (868,006)
Derivative instruments	830,449	738,777
Actuarial losses	(540)	(540)
Total accumulated other comprehensive loss	<u>\$ (117,676)</u>	<u>\$ (129,769)</u>

15. Stock Incentive Plans

Our 2016 Long-Term Incentive Plan (“2016 Plan”) authorizes up to 10,000,000 shares of common stock to be issued at the discretion of the Compensation Committee of the Board of Directors. Our non-employee directors, officers and key employees are eligible to participate in the 2016 Plan. The 2016 Plan allows for the issuance of, among other things, stock options, stock appreciation rights, restricted stock, deferred stock units, performance units and dividend equivalent rights. Vesting periods for options, deferred stock units and restricted shares generally range from three to five years. Options expire ten years from the date of grant. Stock-based compensation expense totaled \$5,309,000 and \$20,501,000 for the three and nine months ended September 30, 2019, respectively, and \$6,075,000 and \$22,800,000 for the same periods in 2018.

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16. Earnings Per Share

The following table sets forth the computation of basic and diluted earnings per share (in thousands, except per share data):

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2019	2018	2019	2018
Numerator for basic and diluted earnings				
per share - net income (loss) attributable				
to common stockholders	\$ 589,876	\$ 64,384	\$ 1,008,108	\$ 656,487
Denominator for basic earnings per				
share - weighted average shares	405,023	373,023	400,441	372,052
Effect of dilutive securities:				
Employee stock options	—	6	—	12
Non-vested restricted shares	757	348	860	464
Redeemable shares	1,096	1,096	1,096	1,096
Employee stock purchase program	15	14	15	14
Dilutive potential common shares	1,868	1,464	1,971	1,586
Denominator for diluted earnings per				
share - adjusted weighted average shares	406,891	374,487	402,412	373,638
Basic earnings per share	\$ 1.46	\$ 0.17	\$ 2.52	\$ 1.76
Diluted earnings per share	\$ 1.45	\$ 0.17	\$ 2.51	\$ 1.76

The Series I Cumulative Convertible Perpetual Preferred Stock were excluded from the 2018 calculation as the effect of the conversions were anti-dilutive. As of September 30, 2019, forward sales agreements outstanding for the sale of 5,152,658 shares of common stock were not included in the computation of diluted earnings per share because such forward sales were anti-dilutive for the period.

17. Disclosure about Fair Value of Financial Instruments

U.S. GAAP provides authoritative guidance for measuring and disclosing fair value measurements of assets and liabilities. The guidance defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The guidance also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Please see Note 2 to the financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2018 for additional information. The guidance describes three levels of inputs that may be used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value.

Mortgage Loans and Other Real Estate Loans Receivable — The fair value of mortgage loans and other real estate loans receivable is generally estimated by using Level 2 and Level 3 inputs such as discounting the estimated future cash flows using the current rates at which similar loans would be made to borrowers with similar credit ratings and for the same remaining maturities.

Cash and Cash Equivalents and Restricted Cash — The carrying amount approximates fair value.

Equity Securities — Equity securities are recorded at their fair value based on Level 1 publicly available trading prices.

Unsecured Revolving Credit Facility and Commercial Paper Program — The carrying amount of the unsecured revolving credit facility and Commercial Paper Program approximates fair value because the borrowings are interest rate adjustable.

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Senior Unsecured Notes — The fair value of the senior unsecured notes payable was estimated based on Level 1 publicly available trading prices. The carrying amount of the variable rate senior unsecured notes approximates fair value because they are interest rate adjustable.

Secured Debt — The fair value of fixed rate secured debt is estimated using Level 2 inputs by discounting the estimated future cash flows using the current rates at which similar loans would be made with similar credit ratings and for the same remaining maturities. The carrying amount of variable rate secured debt approximates fair value because the borrowings are interest rate adjustable.

Foreign Currency Forward Contracts, Interest Rate Swaps and Cross Currency Swaps — Foreign currency forward contracts, interest rate swaps and cross currency swaps are recorded in other assets or other liabilities on the balance sheet at fair value that is derived from observable market data, including yield curves and foreign exchange rates (all of our derivatives are Level 2).

Redeemable OP Unitholder Interests — Our redeemable unitholder interests are recorded on the balance sheet at fair value using Level 2 inputs. The fair value is measured using the closing price of our common stock, as units may be redeemed at the election of the holder for cash or, at our option, one share of our common stock per unit, subject to adjustment in certain circumstances.

The carrying amounts and estimated fair values of our financial instruments are as follows (in thousands):

	September 30, 2019		December 31, 2018	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets:				
Mortgage loans receivable	\$ 252,617	\$ 257,060	\$ 249,071	\$ 257,337
Other real estate loans receivable	108,913	109,400	81,268	82,742
Equity securities	10,617	10,617	11,286	11,286
Cash and cash equivalents	265,788	265,788	215,376	215,376
Restricted cash	64,947	64,947	100,753	100,753
Foreign currency forward contracts, interest rate swaps and cross currency swaps	153,179	153,179	94,729	94,729
Financial liabilities:				
Unsecured revolving credit facility and commercial paper note program	\$ 1,334,586	\$ 1,334,586	\$ 1,147,000	\$ 1,147,000
Senior unsecured notes	9,730,047	10,229,289	9,603,299	10,043,797
Secured debt	2,623,010	2,688,384	2,476,177	2,499,130
Foreign currency forward contracts, interest rate swaps and cross currency swaps	59,120	59,120	71,109	71,109
Redeemable OP unitholder interests	\$ 134,610	\$ 134,610	\$ 103,071	\$ 103,071

Items Measured at Fair Value on a Recurring Basis

The market approach is utilized to measure fair value for our financial assets and liabilities reported at fair value on a recurring basis. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. The following summarizes items measured at fair value on a recurring basis (in thousands):

	Fair Value Measurements as of September 30, 2019			
	Total	Level 1	Level 2	Level 3
Equity securities	\$ 10,617	\$ 10,617	\$ —	\$ —
Foreign currency forward contracts, interest rate swaps and cross currency swaps, net asset (liability) ⁽¹⁾	94,059	—	94,059	—
Redeemable OP unitholder interests	134,610	—	134,610	—
Totals	\$ 239,286	\$ 10,617	\$ 228,669	\$ —

⁽¹⁾ Please see Note 12 for additional information.

Items Measured at Fair Value on a Nonrecurring Basis

In addition to items that are measured at fair value on a recurring basis, we also have assets and liabilities in our balance sheet that are measured at fair value on a nonrecurring basis. As these assets and liabilities are not measured at fair value on a recurring basis, they are not included in the tables above. Assets, liabilities and noncontrolling interests that are measured at fair value on a nonrecurring basis include those acquired/assumed. Asset impairments (if applicable, see Note 5 for impairments of real property and Note 7 for impairments of real estate loans receivable) are also measured at fair value on a nonrecurring basis. We have determined that the fair value measurements included in each of these assets and liabilities rely primarily on company-specific inputs and our assumptions about the use of the assets and settlement of liabilities, as observable inputs are not available. As such, we have determined that each of these fair value measurements generally resides within Level 3 of the fair value hierarchy. We estimate the fair value of real estate and related intangibles using the income approach and unobservable data such as net operating income and estimated capitalization and discount rates. We also consider local and national industry market data including comparable sales, and commonly engage an external real estate appraiser to assist us in our estimation of fair value. We estimate the fair value of assets held for sale based on current sales price expectations or, in the absence of such price expectations, Level 3 inputs described above. We estimate the fair value of loans receivable using projected payoff valuations based on the expected future cash flows and/or the estimated fair value of collateral, net of sales costs, if the repayment of the loan is expected to be provided solely by the collateral. We estimate the fair value of secured debt assumed in asset acquisitions using current interest rates at which similar borrowings could be obtained on the transaction date.

18. Segment Reporting

We invest in seniors housing and health care real estate. We evaluate our business and make resource allocations on our three operating segments: Seniors Housing Operating, Triple-net and Outpatient Medical. Our seniors housing operating properties include assisted living, independent living/continuing care retirement communities, independent supportive living communities (Canada), care homes with and without nursing (U.K.) and combinations thereof that are owned and/or operated through RIDEA structures (see Note 19). Under the Triple-net segment, we invest in seniors housing and health care real estate through acquisition and financing of primarily single tenant properties. Properties acquired are primarily leased under triple-net leases and we are not involved in the management of the property. Our outpatient medical properties are typically leased to multiple tenants and generally require a certain level of property management by us.

We evaluate performance based upon consolidated NOI of each segment. We define NOI as total revenues, including tenant reimbursements, less property operating expenses. We believe NOI provides investors relevant and useful information as it measures the operating performance of our properties at the property level on an unleveraged basis. We use NOI to make decisions about resource allocations and to assess the property level performance of our properties.

Non-segment revenue consists mainly of interest income on certain non-real estate investments and other income. Non-segment assets consist of corporate assets including cash, deferred loan expenses and corporate offices and equipment among others. Non-property specific revenues and expenses are not allocated to individual segments in determining NOI.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies (see Note 2 to the financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2018). The results of operations for all acquisitions described in Note 3 are included in our consolidated results of operations from the acquisition dates and are components of the appropriate segments. There are no intersegment sales or transfers.

Summary information for the reportable segments (which excludes unconsolidated entities) is as follows (in thousands):

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<u>Three Months Ended September 30, 2019:</u>	Seniors Housing Operating	Triple-net	Outpatient Medical	Non-segment / Corporate	Total
Resident fees and services	\$ 834,121	\$ —	\$ —	\$ —	\$ 834,121
Rental income	—	227,499	184,648	—	412,147
Interest income	—	15,279	358	—	15,637
Other income	1,375	1,829	183	841	4,228
Total revenues	835,496	244,607	185,189	841	1,266,133
Property operating expenses	581,341	13,922	60,325	—	655,588
Consolidated net operating income	254,155	230,685	124,864	841	610,545
Depreciation and amortization	148,126	57,147	67,172	—	272,445
Interest expense	16,356	3,076	3,363	114,548	137,343
General and administrative expenses	—	—	—	31,019	31,019
Loss (gain) on derivatives and financial instruments, net	—	1,244	—	—	1,244
Loss (gain) on extinguishment of debt, net	1,450	—	—	64,374	65,824
Impairment of assets	2,599	12,314	3,183	—	18,096
Other expenses	4,274	(2,496)	524	3,884	6,186
Income (loss) from continuing operations before income taxes and other items	81,350	159,400	50,622	(212,984)	78,388
Income tax (expense) benefit	(2,554)	12	(302)	(1,124)	(3,968)
(Loss) income from unconsolidated entities	(3,859)	5,276	1,845	—	3,262
Gain (loss) on real estate dispositions, net	519,203	51,529	(482)	—	570,250
Income (loss) from continuing operations	594,140	216,217	51,683	(214,108)	647,932
Net income (loss)	\$ 594,140	\$ 216,217	\$ 51,683	\$ (214,108)	\$ 647,932
Total assets	\$ 15,095,737	\$ 9,350,606	\$ 7,173,763	\$ 243,849	\$ 31,863,955

<u>Three Months Ended September 30, 2018:</u>	Seniors Housing Operating	Triple-net	Outpatient Medical	Non-segment / Corporate	Total
Resident fees and services	\$ 875,171	\$ —	\$ —	\$ —	\$ 875,171
Rental income	—	203,039	139,848	—	342,887
Interest income	159	14,378	85	—	14,622
Other income	1,175	1,693	136	695	3,699
Total revenues	876,505	219,110	140,069	695	1,236,379
Property operating expenses	610,659	426	46,072	—	657,157
Consolidated net operating income	265,846	218,684	93,997	695	579,222
Depreciation and amortization	136,532	60,383	46,234	—	243,149
Interest expense	17,319	3,500	1,643	115,570	138,032
General and administrative expenses	—	—	—	28,746	28,746
Loss (gain) on derivatives and financial instruments, net	—	8,991	—	—	8,991
Loss (gain) on extinguishment of debt, net	—	—	—	4,038	4,038
Impairment of assets	562	6,178	—	—	6,740
Other expenses	(811)	87,076	1,055	1,306	88,626
Income (loss) from continuing operations before income taxes and other items	112,244	52,556	45,065	(148,965)	60,900
Income tax (expense) benefit	211	1,116	239	(3,307)	(1,741)
(Loss) income from unconsolidated entities	(6,705)	5,377	1,672	—	344
Gain (loss) on real estate dispositions, net	(1)	24,782	(58)	—	24,723
Income (loss) from continuing operations	105,749	83,831	46,918	(152,272)	84,226
Net income (loss)	\$ 105,749	\$ 83,831	\$ 46,918	\$ (152,272)	\$ 84,226

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<u>Nine Months Ended September 30, 2019</u>	Seniors Housing Operating	Triple-net	Outpatient Medical	Non-segment / Corporate	Total
Resident fees and services	\$ 2,616,491	\$ —	\$ —	\$ —	\$ 2,616,491
Rental income	—	681,893	496,924	—	1,178,817
Interest income	—	47,343	769	—	48,112
Other income	6,920	4,370	322	3,452	15,064
Total revenues	2,623,411	733,606	498,015	3,452	3,858,484
Property operating expenses	1,826,344	41,700	159,478	—	2,027,522
Consolidated net operating income	797,067	691,906	338,537	3,452	1,830,962
Depreciation and amortization	416,252	174,551	173,626	—	764,429
Interest expense	52,179	9,741	10,097	351,894	423,911
General and administrative expenses	—	—	—	100,042	100,042
Loss (gain) on derivatives and financial instruments, net	—	670	—	—	670
Loss (gain) on extinguishment of debt, net	1,450	—	—	80,093	81,543
Provision for loan losses	—	18,690	—	—	18,690
Impairment of assets	2,599	11,374	14,062	—	28,035
Other expenses	19,077	6,093	1,274	10,126	36,570
Income (loss) from continuing operations before income taxes and other items	305,510	470,787	139,478	(538,703)	377,072
Income tax (expense) benefit	(2,798)	(2,300)	(1,253)	(1,438)	(7,789)
(Loss) income from unconsolidated entities	(37,892)	17,512	5,394	—	(14,986)
Gain (loss) on real estate dispositions, net	518,493	217,973	(489)	—	735,977
Income (loss) from continuing operations	783,313	703,972	143,130	(540,141)	1,090,274
Net income (loss)	<u>\$ 783,313</u>	<u>\$ 703,972</u>	<u>\$ 143,130</u>	<u>\$ (540,141)</u>	<u>\$ 1,090,274</u>
<u>Nine Months Ended September 30, 2018</u>	Seniors Housing Operating	Triple-net	Outpatient Medical	Non-segment / Corporate	Total
Resident fees and services	\$ 2,374,450	\$ —	\$ —	\$ —	\$ 2,374,450
Rental income	—	607,831	412,026	—	1,019,857
Interest income	416	42,176	140	—	42,732
Other income	3,973	16,282	401	1,561	22,217
Total revenues	2,378,839	666,289	412,567	1,561	3,459,256
Property operating expenses	1,648,262	583	133,528	—	1,782,373
Consolidated net operating income	730,577	665,706	279,039	1,561	1,676,883
Depreciation and amortization	397,080	171,724	138,821	—	707,625
Interest expense	51,225	10,742	4,975	315,281	382,223
General and administrative expenses	—	—	—	95,282	95,282
Loss (gain) on derivatives and financial instruments, net	—	(5,642)	—	—	(5,642)
Loss (gain) on extinguishment of debt, net	110	(32)	11,928	4,038	16,044
Impairment of assets	5,075	34,482	—	—	39,557
Other expenses	5,168	89,153	3,748	4,327	102,396
Income (loss) from continuing operations before income taxes and other items	271,919	365,279	119,567	(417,367)	339,398
Income tax (expense) benefit	(2,244)	(708)	(567)	(3,651)	(7,170)
(Loss) income from unconsolidated entities	(21,389)	16,260	4,293	—	(836)
Gain (loss) on real estate dispositions, net	3	158,938	214,721	—	373,662
Income (loss) from continuing operations	248,289	539,769	338,014	(421,018)	705,054
Net income (loss)	<u>\$ 248,289</u>	<u>\$ 539,769</u>	<u>\$ 338,014</u>	<u>\$ (421,018)</u>	<u>\$ 705,054</u>

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Our portfolio of properties and other investments are located in the United States, the United Kingdom and Canada. Revenues and assets are attributed to the country in which the property is physically located. The following is a summary of geographic information for the periods presented (dollars in thousands):

	Three Months Ended				Nine Months Ended			
	September 30, 2019		September 30, 2018		September 30, 2019		September 30, 2018	
	Amount	%	Amount	%	Amount	%	Amount	%
Revenues:								
United States	\$ 1,039,016	82.1%	\$ 1,007,203	81.5%	\$ 3,175,059	82.3%	\$ 2,766,726	80.0%
United Kingdom	110,303	8.7%	111,503	9.0%	335,368	8.7%	340,059	9.8%
Canada	116,814	9.2%	117,673	9.5%	348,057	9.0%	352,471	10.2%
Total	<u>\$ 1,266,133</u>	<u>100.0%</u>	<u>\$ 1,236,379</u>	<u>100.0%</u>	<u>\$ 3,858,484</u>	<u>100.0%</u>	<u>\$ 3,459,256</u>	<u>100.0%</u>

	As of			
	September 30, 2019		December 31, 2018	
	Amount	%	Amount	%
Assets:				
United States	\$ 26,302,481	82.5%	\$ 24,884,292	82.0%
United Kingdom	3,109,553	9.8%	3,078,994	10.1%
Canada	2,451,921	7.7%	2,378,786	7.9%
Total	<u>\$ 31,863,955</u>	<u>100.0%</u>	<u>\$ 30,342,072</u>	<u>100.0%</u>

19. Income Taxes and Distributions

We elected to be taxed as a REIT commencing with our first taxable year. To qualify as a REIT for federal income tax purposes, at least 90% of taxable income (excluding 100% of net capital gains) must be distributed to stockholders. REITs that do not distribute a certain amount of taxable income in the current year are also subject to a 4% federal excise tax. The main differences between undistributed net income for federal income tax purposes and financial statement purposes are the recognition of straight-line rent for reporting purposes, basis differences in acquisitions, recording of impairments, differing useful lives and depreciation and amortization methods for real property and the provision for loan losses for reporting purposes versus bad debt expense for tax purposes.

Under the provisions of the REIT Investment Diversification and Empowerment Act of 2007 (“RIDEA”), for taxable years beginning after July 30, 2008, a REIT may lease “qualified health care properties” on an arm’s-length basis to a taxable REIT subsidiary (“TRS”) if the property is operated on behalf of such TRS by a person who qualifies as an “eligible independent contractor”. Generally, the rent received from the TRS will meet the related party rent exception and will be treated as “rents from real property”. A “qualified health care property” includes real property and any personal property that is, or is necessary or incidental to the use of, a hospital, nursing facility, assisted living facility, congregate care facility, qualified continuing care facility, or other licensed facility which extends medical or nursing or ancillary services to patients. We have entered into various joint ventures that were structured under RIDEA. Resident level rents and related operating expenses for these facilities are reported in the unaudited consolidated financial statements and are subject to federal and state income taxes as the operations of such facilities are included in TRS entities. Certain net operating loss carryforwards could be utilized to offset taxable income in future years.

Income taxes reflected in the financial statements primarily represents U.S. federal, state and local income taxes as well as non-U.S. income based or withholding taxes on certain investments located in jurisdictions outside the U.S. The provision for income taxes for the nine months ended September 30, 2019 and 2018, was primarily due to operating income or losses, offset by certain discrete items at our TRS entities. In 2014, we established certain wholly-owned direct and indirect subsidiaries in Luxembourg and Jersey and transferred interests in certain foreign investments into this holding company structure. The structure includes a property holding company that is tax resident in the United Kingdom. No material adverse current tax consequences in Luxembourg, Jersey or the United Kingdom resulted from the creation of this holding company structure and most of the subsidiary entities in the structure are treated as disregarded entities of the company for U.S. federal income tax purposes. The company reflects current and deferred tax liabilities for any such withholding taxes incurred from this holding company structure in its consolidated financial statements. Generally, given current statutes of limitations, we are subject to audit by the foreign, federal, state and local taxing authorities under applicable local laws.

WELLTOWER INC.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

20. Variable Interest Entities

We have entered into joint ventures to own certain seniors housing and outpatient medical assets which are deemed to be Variable Interest Entities (VIEs). We have concluded that we are the primary beneficiary of these VIEs based on a combination of operational control of the joint venture and the rights to receive residual returns or the obligation to absorb losses arising from the joint ventures. Except for capital contributions associated with the initial joint venture formations, the joint ventures have been and are expected to be funded from the ongoing operations of the underlying properties. Accordingly, such joint ventures have been consolidated, and the table below summarizes the balance sheets of consolidated VIEs in the aggregate (in thousands):

	September 30, 2019	December 31, 2018
Assets:		
Net real estate investments	\$ 963,338	\$ 973,813
Cash and cash equivalents	23,881	18,678
Receivables and other assets	16,929	14,600
Total assets ⁽¹⁾	\$ 1,004,148	\$ 1,007,091
Liabilities and equity:		
Secured debt	\$ 461,480	\$ 465,433
Lease liabilities	1,326	—
Accrued expenses and other liabilities	22,521	18,229
Total equity	518,821	523,429
Total liabilities and equity	\$ 1,004,148	\$ 1,007,091

(1) Note that assets of the consolidated VIEs can only be used to settle obligations relating to such VIEs. Liabilities of the consolidated VIEs represent claims against the specific assets of the VIEs.

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis are based primarily on the unaudited consolidated financial statements of Welltower Inc. for the periods presented and should be read together with the notes thereto contained in this Quarterly Report on Form 10-Q. Other important factors are identified in our Annual Report on Form 10-K for the year ended December 31, 2018, including factors identified under the headings "Business," "Risk Factors," and "Management's Discussion and Analysis of Financial Condition and Results of Operations." References herein to "we," "us," "our," or the "Company" refer to Welltower Inc. and its subsidiaries unless specifically noted otherwise.

Executive Summary

Company Overview

Welltower Inc. (NYSE:WELL), an S&P 500 company headquartered in Toledo, Ohio, is driving the transformation of health care infrastructure. The Company invests with leading seniors housing operators, post-acute providers and health systems to fund the real estate and infrastructure needed to scale innovative care delivery models and improve people's wellness and overall health care experience. Welltower™, a real estate investment trust ("REIT"), owns interests in properties concentrated in major, high-growth markets in the United States (U.S.), Canada and the United Kingdom (U.K.), consisting of seniors housing and post-acute communities and outpatient medical properties.

The following table summarizes our consolidated portfolio for the three months ended September 30, 2019 (dollars in thousands):

Type of Property	NOI ⁽¹⁾	Percentage of NOI	Number of Properties
Seniors Housing Operating	\$ 254,155	41.7%	524
Triple-net	230,685	37.8%	657
Outpatient Medical	124,864	20.5%	358
Totals	\$ 609,704	100.0%	1,539

⁽¹⁾ Represents consolidated NOI and excludes our share of investments in unconsolidated entities. Entities in which we have a joint venture with a minority partner are shown at 100% of the joint venture amount. See Non-GAAP Financial Measures for additional information and reconciliation.

Business Strategy

Our primary objectives are to protect stockholder capital and enhance stockholder value. We seek to pay consistent cash dividends to stockholders and create opportunities to increase dividend payments to stockholders as a result of annual increases in NOI and portfolio growth. To meet these objectives, we invest across the full spectrum of seniors housing and health care real estate and diversify our investment portfolio by property type, relationship and geographic location.

Substantially all of our revenues are derived from operating lease rentals, resident fees and services and interest earned on outstanding loans receivable. These items represent our primary sources of liquidity to fund distributions and depend upon the continued ability of our obligors to make contractual rent and interest payments to us and the profitability of our operating properties. To the extent that our obligors/partners experience operating difficulties and become unable to generate sufficient cash to make payments or operating distributions to us, there could be a material adverse impact on our consolidated results of operations, liquidity and/or financial condition. To mitigate this risk, we monitor our investments through a variety of methods determined by the type of property. Our asset management process for seniors housing properties generally includes review of monthly financial statements and other operating data for each property, review of obligor/partner creditworthiness, property inspections, and review of covenant compliance relating to licensure, real estate taxes, letters of credit and other collateral. Our internal property management division manages and monitors the outpatient medical portfolio with a comprehensive process including review of tenant relations, lease expirations, the mix of health service providers, hospital/health system relationships, property performance, capital improvement needs, and market conditions among other things. We evaluate the operating environment in each property's market to determine the likely trend in operating performance of the facility. When we identify unacceptable trends, we seek to mitigate, eliminate or transfer the risk. Through these efforts, we generally aim to intervene at an early stage to address any negative trends, and in so doing, support both the collectability of revenue and the value of our investment.

In addition to our asset management and research efforts, we also aim to structure our relevant investments to mitigate payment risk. Operating leases and loans are normally credit enhanced by guaranties and/or letters of credit. In addition, operating leases are typically structured as master leases and loans are generally cross-defaulted and cross-collateralized with other real estate loans, operating leases or agreements between us and the obligor and its affiliates.

For the nine months ended September 30, 2019, resident fees and services and rental income represented 68% and 31%, respectively, of total revenues. Substantially all of our operating leases are designed with escalating rent structures. Leases with

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

fixed annual rental escalators are generally recognized on a straight-line basis over the initial lease period, subject to a collectability assessment. Rental income related to leases with contingent rental escalators is generally recorded based on the contractual cash rental payments due for the period. Our yield on loans receivable depends upon a number of factors, including the stated interest rate, the average principal amount outstanding during the term of the loan and any interest rate adjustments.

Our primary sources of cash include resident fees and services, rent and interest receipts, borrowings under our unsecured revolving credit facility and Commercial Paper Program, public issuances of debt and equity securities, proceeds from investment dispositions and principal payments on loans receivable. Our primary uses of cash include dividend distributions, debt service payments (including principal and interest), real property investments (including acquisitions, capital expenditures, construction advances and transaction costs), loan advances, property operating expenses and general and administrative expenses. Depending upon the availability and cost of external capital, we believe our liquidity is sufficient to fund these uses of cash.

We also continuously evaluate opportunities to finance future investments. New investments are generally funded from temporary borrowings under our unsecured revolving credit facility and Commercial Paper Program, internally generated cash and the proceeds from investment dispositions. Our investments generate cash from NOI and principal payments on loans receivable. Permanent financing for future investments, which replaces funds drawn under our unsecured revolving credit facility and Commercial Paper Program, has historically been provided through a combination of the issuance of public debt and equity securities and the incurrence or assumption of secured debt.

Depending upon market conditions, we believe that new investments will be available in the future with spreads over our cost of capital that will generate appropriate returns to our stockholders. It is also likely that investment dispositions may occur in the future. To the extent that investment dispositions exceed new investments, our revenues and cash flows from operations could be adversely affected. We expect to reinvest the proceeds from any investment dispositions in new investments. To the extent that new investment requirements exceed our available cash on-hand, we expect to borrow under our unsecured revolving credit facility and Commercial Paper Program. At September 30, 2019, we had \$265,788,000 of cash and cash equivalents, \$64,947,000 of restricted cash and \$1,665,000,000 of available borrowing capacity under our unsecured revolving credit facility.

Key Transactions

Capital The following summarizes key capital transaction that occurred during the nine months ended September 30, 2019:

- In January 2019, we established an unsecured Commercial Paper Program. Under the terms of the program, we may issue, from time to time, unsecured commercial paper with maturities that vary, but do not exceed 397 days from the date of issue, up to a maximum aggregate principal amount outstanding at any time of \$1,000,000,000.
- In February 2019, we completed the issuance of \$500,000,000 of 3.625% senior unsecured notes due 2024 and \$550,000,000 of 4.125% senior unsecured notes due 2029 for net proceeds of approximately \$1,036,964,000. In August 2019, we completed the issuance of \$750,000,000 of 3.10% senior unsecured notes due 2030 and a follow-on issuance of \$450,000,000 of 3.625% senior unsecured notes due 2024 priced to yield 2.494%, for net proceeds of approximately \$1,209,328,000.
- In February 2019, we elected to effect the mandatory conversion of all of the outstanding 6.50% Series I Cumulative Convertible Perpetual Preferred Stock. Each share of convertible stock was converted into 0.8857 shares of common stock.
- During the nine months ended September 30, 2019, we extinguished \$193,604,000 of secured debt at a blended average interest rate of 4.37%. Additionally, in March 2019 we repaid our \$600,000,000 of 4.125% senior unsecured notes due 2019 and \$450,000,000 of 6.125% senior unsecured notes due 2020. In September 2019, we repaid our \$450,000,000 of 4.95% senior unsecured notes due 2021 and \$600,000,000 of 5.25% senior unsecured notes due 2022.
- In May 2019, we drew on a \$1,000,000,000 unsecured term loan facility that matures on May 28, 2020 which was put in place to bridge the acquisition of the CNL Healthcare Properties portfolio. The unsecured term loan facility was subsequently extinguished in July 2019 with proceeds from the disposition of the Benchmark Senior Living portfolio.
- During the nine months ended September 30, 2019, we entered into amended and restated Equity Shelf Program (as defined below) pursuant to which we may offer and sell up to \$1,500,000,000 of common stock from time to time. We sold 14,321,000 shares of common stock under our ATM and DRIP programs, via both cash settle and forward sale agreements, generating expected gross proceeds of approximately \$1,134,967,000.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Investments The following summarizes our property acquisitions and joint venture investments completed during the nine months ended September 30, 2019 (dollars in thousands):

	Properties	Investment Amount ⁽¹⁾	Capitalization Rates ⁽²⁾	Book Amount ⁽³⁾
Seniors Housing Operating	53	\$ 1,225,771	5.1%	\$ 1,361,201
Triple-net	6	137,935	6.6%	139,935
Outpatient Medical	75	1,591,807	5.7%	1,674,358
Totals	134	\$ 2,955,513	5.5%	\$ 3,175,494

⁽¹⁾ Represents stated pro rata purchase price including cash and any assumed debt but excludes fair value adjustments pursuant to U.S. GAAP.

⁽²⁾ Represents annualized contractual or projected net operating income to be received in cash divided by investment amounts.

⁽³⁾ Represents amounts recorded in net real estate investments including fair value adjustments pursuant to U.S. GAAP. See Note 3 to our unaudited consolidated financial statements for additional information.

Dispositions The following summarizes property dispositions made during the nine months ended September 30, 2019 (dollars in thousands):

	Properties	Proceeds ⁽¹⁾	Capitalization Rates ⁽²⁾	Book Amount ⁽³⁾
Seniors Housing Operating ⁽⁴⁾	51	\$ 1,772,276	5.4%	\$ 1,204,084
Triple-net	57	902,731	7.9%	660,885
Outpatient Medical ⁽⁵⁾	—	—	—%	482
Totals	108	\$ 2,675,007	6.3%	\$ 1,865,451

⁽¹⁾ Represents pro rata proceeds received upon disposition including any seller financing.

⁽²⁾ Represents annualized contractual income that was being received in cash at date of disposition divided by disposition proceeds.

⁽³⁾ Represents carrying value of net real estate assets at time of disposition. See Note 5 to our unaudited consolidated financial statements for additional information.

⁽⁴⁾ Includes the disposition of an unconsolidated real estate investment.

⁽⁵⁾ Reflects the disposition of an excess land parcel.

Dividends Our Board of Directors announced the annual cash dividend of \$3.48 per common share (\$0.87 per share quarterly), consistent with 2018. The dividend declared for the quarter ended September 30, 2019 represents the 194th consecutive quarterly dividend payment.

Key Performance Indicators, Trends and Uncertainties

We utilize several key performance indicators to evaluate the various aspects of our business. These indicators are discussed below and relate to operating performance, concentration risk and credit strength. Management uses these key performance indicators to facilitate internal and external comparisons to our historical operating results, in making operating decisions and for budget planning purposes.

Operating Performance We believe that net income and net income attributable to common stockholders ("NICS") per the Consolidated Statements of Comprehensive Income are the most appropriate earnings measures. Other useful supplemental measures of our operating performance include funds from operations attributable to common stockholders ("FFO") and consolidated net operating income ("NOI"); however, these supplemental measures are not defined by U.S. generally accepted accounting principles ("U.S. GAAP"). Please refer to the section entitled "Non-GAAP Financial Measures" for further discussion and reconciliations. These earnings measures (and FFO per share amounts) are widely used by investors and analysts in the valuation, comparison and investment recommendations of companies. The following table reflects the recent historical trends of our operating performance measures for the periods presented (in thousands, except per share amounts):

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

	Three Months Ended						
	March 31,	June 30,	September 30,	December 31,	March 31,	June 30,	September 30,
	2018	2018	2018	2018	2019	2019	2019
Net income (loss)	\$ 453,555	\$ 167,273	\$ 84,226	\$ 124,696	\$ 292,302	\$ 150,040	\$ 647,932
NICS	437,671	154,432	64,384	101,763	280,470	137,762	589,876
FFO	353,220	378,725	285,272	374,966	358,383	390,021	352,378
NOI	540,500	557,161	579,222	590,599	601,438	618,979	610,545
Per share data (fully diluted):							
NICS	\$ 1.17	\$ 0.41	\$ 0.17	\$ 0.27	\$ 0.71	\$ 0.34	\$ 1.45
FFO	\$ 0.95	\$ 1.02	\$ 0.76	\$ 0.99	\$ 0.91	\$ 0.96	\$ 0.87

Credit Strength We measure our credit strength both in terms of leverage ratios and coverage ratios. The leverage ratios indicate how much of our balance sheet capitalization is related to long-term debt, net of cash and Internal Revenue Code ("IRC") Section 1031 deposits. The coverage ratios indicate our ability to service interest and fixed charges (interest, secured debt principal amortization and preferred dividends). We expect to maintain capitalization ratios and coverage ratios sufficient to maintain a capital structure consistent with our current profile. The coverage ratios are based on earnings before interest, taxes, depreciation and amortization ("EBITDA"). Please refer to the section entitled "Non-GAAP Financial Measures" for further discussion and reconciliations of these measures. Leverage ratios and coverage ratios are widely used by investors, analysts and rating agencies in the valuation, comparison, investment recommendations and rating of companies. The following table reflects the recent historical trends for our credit strength measures for the periods presented:

	Three Months Ended						
	March, 31	June 30,	September 30,	December 31,	March 31,	June 30,	September 30,
	2018	2018	2018	2018	2019	2019	2019
Net debt to book capitalization ratio	42%	42%	46%	45%	43%	48%	45%
Net debt to undepreciated book capitalization ratio	35%	36%	39%	38%	36%	41%	38%
Net debt to market capitalization ratio	34%	31%	34%	31%	28%	30%	26%
Interest coverage ratio	6.67x	4.34x	3.38x	3.60x	4.80x	3.74x	7.61x
Fixed charge coverage ratio	5.49x	3.58x	2.85x	3.05x	4.38x	3.42x	6.96x

Concentration Risk We evaluate our concentration risk in terms of NOI by property mix, relationship mix and geographic mix. Concentration risk is a valuable measure in understanding what portion of our NOI could be at risk if certain sectors were to experience downturns. Property mix measures the portion of our NOI that relates to our various property types. Relationship mix measures the portion of our NOI that relates to our current top five relationships. Geographic mix measures the portion of our NOI that relates to our current top five states (or international equivalents). The following table reflects our recent historical trends of concentration risk by NOI for the periods indicated below:

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

	Three Months Ended						
	March 31,	June 30,	September 30,	December 31,	March 31,	June 30,	September 30,
	2018	2018	2018	2018	2019	2019	2019
Property mix:⁽¹⁾							
Seniors Housing Operating	42%	43%	46%	43%	44%	45%	42%
Triple-net	41%	40%	38%	40%	39%	37%	38%
Outpatient Medical	17%	17%	16%	17%	17%	18%	20%
Relationship mix:⁽¹⁾							
Sunrise Senior Living ⁽²⁾	15%	15%	15%	14%	15%	14%	14%
ProMedica	—%	—%	7%	9%	9%	9%	9%
Revera ⁽²⁾	7%	7%	7%	6%	6%	6%	6%
Genesis HealthCare	6%	6%	6%	6%	5%	5%	5%
Belmont Village	3%	3%	3%	3%	3%	3%	4%
Remaining relationships	69%	69%	62%	62%	62%	63%	62%
Geographic mix:⁽¹⁾							
California	14%	14%	13%	13%	13%	13%	14%
United Kingdom	10%	9%	9%	9%	9%	8%	8%
Texas	8%	8%	7%	8%	8%	8%	8%
New Jersey	8%	7%	7%	7%	7%	7%	7%
Canada	9%	8%	8%	8%	7%	7%	7%
Remaining geographic areas	51%	54%	56%	55%	56%	57%	56%

⁽¹⁾ Excludes our share of investments in unconsolidated entities and non-segment/corporate NOI. Entities in which we have a joint venture with a minority partner are shown at 100% of the joint venture amount.

⁽²⁾ Revera owns a controlling interest in Sunrise Senior Living.

Lease Expirations The following table sets forth information regarding lease expirations for certain portions of our portfolio as of September 30, 2019 (dollars in thousands):

	Expiration Year ⁽¹⁾										
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Thereafter
Triple-net:											
Properties	8	—	6	10	2	4	48	94	19	15	430
Base rent ⁽²⁾	\$ 3,470	\$ —	\$ 12,292	\$ 10,496	\$ 1,331	\$ 11,096	\$ 52,728	\$ 122,530	\$ 35,725	\$ 22,036	\$ 487,015
% of base rent	0.5%	—%	1.6%	1.4%	0.2%	1.5%	6.9%	16.1%	4.7%	2.9%	64.2%
Units/beds	649	—	1,023	1,022	140	692	3,033	7,554	2,401	1,633	44,588
% of Units/beds	1.0%	—%	1.6%	1.6%	0.2%	1.1%	4.8%	12.0%	3.8%	2.6%	71.3%
Outpatient Medical:											
Square feet	514,534	1,614,257	2,017,333	2,158,069	2,129,097	2,128,846	1,207,793	1,482,284	864,668	932,339	6,141,513
Base rent ⁽²⁾	\$ 11,453	\$ 44,978	\$ 56,712	\$ 58,920	\$ 57,737	\$ 62,850	\$ 31,700	\$ 38,283	\$ 21,554	\$ 23,984	\$ 133,599
% of base rent	2.1%	8.3%	10.5%	10.9%	10.7%	11.6%	5.9%	7.1%	4.0%	4.4%	24.5%
Leases	148	415	417	420	435	337	184	193	120	106	294
% of Leases	4.8%	13.5%	13.6%	13.7%	14.2%	11.0%	6.0%	6.3%	3.9%	3.5%	9.5%

⁽¹⁾ Excludes investments in unconsolidated entities, developments, land parcels, loans receivable and sub-leases. Investments classified as held for sale are included in the current year.

⁽²⁾ The most recent monthly cash base rent annualized. Base rent does not include tenant recoveries or amortization of above and below market lease intangibles or other non-cash income.

We evaluate our key performance indicators in conjunction with current expectations to determine if historical trends are indicative of future results. Our expected results may not be achieved and actual results may differ materially from our expectations. Factors that may cause actual results to differ from expected results are described in more detail in “Cautionary Statement Regarding Forward-Looking Statements” and other sections of this Quarterly Report on Form 10-Q. Management regularly monitors economic and other factors to develop strategic and tactical plans designed to improve performance and maximize our competitive position. Our ability to achieve our financial objectives is dependent upon our ability to effectively execute these plans and to appropriately respond to emerging economic and company-specific trends. Please refer to our Annual Report on Form 10-K for the year ended December 31, 2018, under the headings “Business,” “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” for further discussion of these risk factors.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Corporate Governance

Maintaining investor confidence and trust is important in today's business environment. Our Board of Directors and management are strongly committed to policies and procedures that reflect the highest level of ethical business practices. Our corporate governance guidelines provide the framework for our business operations and emphasize our commitment to increase stockholder value while meeting all applicable legal requirements. These guidelines meet the listing standards adopted by the New York Stock Exchange and are available on the Internet at www.welltower.com/investors/governance. The information on our website is not incorporated by reference in this Quarterly Report on Form 10-Q, and our web address is included as an inactive textual reference only.

Liquidity and Capital Resources

Sources and Uses of Cash

Our primary sources of cash include resident fees and services, rent and interest receipts, borrowings under our unsecured revolving credit facility and Commercial Paper Program, public issuances of debt and equity securities, proceeds from investment dispositions and principal payments on loans receivable. Our primary uses of cash include dividend distributions, debt service payments (including principal and interest), real property investments (including acquisitions, capital expenditures, construction advances and transaction costs), loan advances, property operating expenses, and general and administrative expenses. These sources and uses of cash are reflected in our Consolidated Statements of Cash Flows and are discussed in further detail below. The following is a summary of our sources and uses of cash flows (dollars in thousands):

	Nine Months Ended		Change	
	September 30, 2019	September 30, 2018	\$	%
Cash, cash equivalents and restricted cash at beginning of period	\$ 316,129	\$ 309,303	\$ 6,826	2 %
Cash provided from (used in) operating activities	1,209,900	1,211,148	(1,248)	— %
Cash provided from (used in) investing activities	(1,058,325)	(2,133,293)	1,074,968	50 %
Cash provided from (used in) financing activities	(132,533)	899,559	(1,032,092)	-115 %
Effect of foreign currency translation	(4,436)	(5,432)	996	18 %
Cash, cash equivalents and restricted cash at end of period	\$ 330,735	\$ 281,285	\$ 49,450	18 %

Operating Activities The change in net cash provided from operating activities was immaterial. Please see "Results of Operations" for discussion of net income fluctuations. For the nine months ended September 30, 2019 and 2018, cash flow provided from operations exceeded cash distributions to stockholders.

Investing Activities The changes in net cash provided from/used in investing activities are primarily attributable to changes in acquisition and dispositions, which are summarized above in "Key Transactions" and Notes 3 and 5 of our unaudited consolidated financial statements. The following is a summary of cash used in non-acquisition capital improvement activities (dollars in thousands):

	Nine Months Ended		Change	
	September 30, 2019	September 30, 2018	\$	%
New development	\$ 258,113	\$ 88,146	\$ 169,967	193%
Recurring capital expenditures, tenant improvements and lease commissions	86,488	57,384	29,104	51%
Renovations, redevelopments and other capital improvements	119,925	116,251	3,674	3%
Total	\$ 464,526	\$ 261,781	\$ 202,745	77%

The change in new development is primarily due to the number and size of construction projects on-going during the relevant periods. Renovations, redevelopments and other capital improvements include expenditures to maximize property value, increase net operating income, maintain a market-competitive position and/or achieve property stabilization.

Financing Activities The changes in net cash provided from/used in financing activities are primarily attributable to changes related to our long-term debt arrangements, the issuance/redemption of common and preferred stock and dividend payments which are summarized above in "Key Transactions". Please refer to Notes 10, 11 and 14 of our unaudited consolidated financial statements for additional information.

Off-Balance Sheet Arrangements

At September 30, 2019, we had investments in unconsolidated entities with our ownership interests ranging from 10% to 50%. We use financial derivative instruments to hedge interest rate and foreign currency exchange rate exposure. At September 30, 2019, we had 14 outstanding letter of credit obligations. Please see Notes 8, 12 and 13 to our unaudited consolidated financial statements for additional information.

Contractual Obligations

The following table summarizes our payment requirements under contractual obligations as of September 30, 2019 (in thousands):

Contractual Obligations	Payments Due by Period				
	Total	2019	2020-2021	2022-2023	Thereafter
Unsecured credit facility and commercial paper ^(1,2)	\$ 1,335,000	\$ 835,000	\$ —	\$ 500,000	\$ —
Senior unsecured notes and term credit facilities: ⁽²⁾					
U.S. Dollar senior unsecured notes	7,600,000	—	—	1,100,000	6,500,000
Canadian Dollar senior unsecured notes ⁽³⁾	226,501	—	226,501	—	—
Pounds Sterling senior unsecured notes ⁽³⁾	1,292,025	—	—	—	1,292,025
U.S. Dollar term credit facility	510,000	—	—	510,000	—

Canadian Dollar term credit facility ⁽³⁾	188,750	—	—	188,750	—
Secured debt: ^(2,3)					
Consolidated	2,639,015	256,322	541,763	682,997	1,157,933
Unconsolidated	800,225	11,817	75,636	61,013	651,759
Contractual interest obligations: ⁽⁴⁾					
Unsecured credit facility and commercial paper	54,389	4,012	28,787	21,590	—
Senior unsecured notes and term loans ⁽³⁾	4,070,524	124,827	791,836	768,216	2,385,645
Consolidated secured debt ⁽³⁾	414,543	23,972	152,966	102,246	135,359
Unconsolidated secured debt ⁽³⁾	206,939	7,565	55,418	51,529	92,427
Financing lease liabilities ⁽⁵⁾	192,414	2,511	17,908	77,405	94,590
Operating lease liabilities ⁽⁵⁾	1,189,326	5,040	39,654	37,153	1,107,479
Purchase obligations ⁽⁶⁾	469,967	111,914	310,941	47,112	—
Other long-term liabilities	123	123	—	—	—
Total contractual obligations	<u>\$ 21,189,741</u>	<u>\$ 1,383,103</u>	<u>\$ 2,241,410</u>	<u>\$ 4,148,011</u>	<u>\$ 13,417,217</u>

⁽¹⁾ Relates to our unsecured credit facility and commercial paper with an aggregate commitment of \$3,000,000,000. See Note 10 to our unaudited consolidated financial statements for additional information.

⁽²⁾ Amounts represent principal amounts due and do not reflect unamortized premiums/discounts or other fair value adjustments as reflected on the balance sheet.

⁽³⁾ Based on foreign currency exchange rates in effect as of balance sheet date.

⁽⁴⁾ Based on variable interest rates in effect as of balance sheet date.

⁽⁵⁾ See Note 6 to our unaudited consolidated financial statements for additional information.

⁽⁶⁾ See Note 13 to our unaudited consolidated financial statements for additional information.

Capital Structure

Please refer to “Credit Strength” above for a discussion of our leverage and coverage ratio trends. Our debt agreements contain various covenants, restrictions and events of default. Certain agreements require us to maintain financial ratios and minimum net worth and impose certain limits on our ability to incur indebtedness, create liens and make investments or acquisitions. As of September 30, 2019, we were in compliance with all of the covenants under our debt agreements. None of our debt agreements contain provisions for acceleration which could be triggered by our debt ratings. However, under our primary unsecured credit facility, the ratings on our senior unsecured notes are used to determine the fees and interest charged. We plan to manage the company to maintain compliance with our debt covenants and with a capital structure consistent with our current profile. Any downgrades in terms of ratings or outlook by any or all of the rating agencies could have a material adverse impact on our cost and availability of capital, which could, in turn, have a material adverse impact on our consolidated results of operations, liquidity and/or financial condition.

On May 17, 2018, we filed with the Securities and Exchange Commission (1) an open-ended automatic or “universal” shelf registration statement covering an indeterminate amount of future offerings of debt securities, common stock, preferred stock, depositary shares, warrants and units and (2) a registration statement in connection with our enhanced dividend reinvestment plan

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("DRIP") under which we may issue up to 15,000,000 shares of common stock. As of October 21, 2019, 4,119,785 shares of common stock remained available for issuance under the DRIP registration statement. On February 25, 2019, we entered into separate amended and restated equity distribution agreements with each of Barclays Capital Inc., Citigroup Global Markets Inc., Credit Agricole Securities (USA) Inc., Deutsche Bank Securities Inc., Goldman Sachs & Co. LLC, J.P. Morgan Securities LLC, KeyBanc Capital Markets Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated, Morgan Stanley & Co. LLC, MUFG Securities Americas Inc., RBC Capital Markets, LLC, UBS Securities LLC and Wells Fargo Securities, LLC relating to the offer and sale from time to time of up to \$1,500,000,000 aggregate amount of our common stock ("Equity Shelf Program"). The Equity Shelf Program also allows us to enter into forward sale agreements. As of October 21, 2019, we had \$1,333,682,000 of remaining capacity under the Equity Shelf Program, which excludes forward sales agreements outstanding for the sale of 6,018,906 shares with maturity dates in the fourth quarter and 2020. We expect to physically settle the forward sales for cash proceeds. Depending upon market conditions, we anticipate issuing securities under our registration statements to invest in additional properties and to repay borrowings under our unsecured revolving credit facility and Commercial Paper Program.

Results of Operations

Summary

Our primary sources of revenue include resident fees and services, rent and interest income. Our primary expenses include depreciation and amortization, interest expense, property operating expenses, general and administrative expenses and other expenses. We evaluate our business and make resource allocations on our three business segments: Seniors Housing Operating, Triple-net and Outpatient Medical. The primary performance measures for our properties are NOI and same store NOI ("SSNOI"), which are discussed below. Please see Non-GAAP Financial Measures for additional information and reconciliations. The following is a summary of our results of operations (dollars in thousands, except per share amounts):

	Three Months Ended		Change		Nine Months Ended		Change	
	September 30,	September 30,	Amount	%	September 30,	September 30,	Amount	%
	2019	2018			2019	2018		
Net income	\$ 647,932	\$ 84,226	\$ 563,706	669%	\$ 1,090,274	\$ 705,054	\$ 385,220	55%
NICS	589,876	64,384	525,492	816%	1,008,108	656,487	351,621	54%
FFO	352,378	285,272	67,106	24%	1,100,782	1,017,217	83,565	8%
EBITDA	1,061,688	467,148	594,540	127%	2,286,403	1,802,072	484,331	27%
NOI	610,545	579,222	31,323	5%	1,830,962	1,676,883	154,079	9%
SSNOI	440,759	437,628	3,131	0.7%	1,217,372	1,210,808	6,564	0.5%
Per share data (fully diluted):								
NICS	\$ 1.45	\$ 0.17	\$ 1.28	753%	\$ 2.51	\$ 1.76	\$ 0.75	43%
FFO	\$ 0.87	\$ 0.76	\$ 0.11	14%	\$ 2.74	\$ 2.72	\$ 0.02	1%
Interest coverage ratio	7.61x	3.38x	4.23x	125%	5.36x	4.73x	0.63x	13%
Fixed charge coverage ratio	6.96x	2.85x	4.11x	144%	4.90x	3.93x	0.97x	25%

Seniors Housing Operating

The following is a summary of our NOI and SSNOI for the Seniors Housing Operating segment (dollars in thousands):

	Three Months Ended		Change		Nine Months Ended		Change	
	September 30,	September 30,	\$	%	September 30,	September 30,	\$	%
	2019	2018			2019	2018		
NOI	\$ 254,155	\$ 265,846	\$ (11,691)	-4.4 %	\$ 797,067	\$ 730,577	\$ 66,490	9.1 %
Non SSNOI attributable to same store properties	(2,897)	(1,323)	(1,574)	-119.0 %	1,061	938	123	13.1 %
NOI attributable to non same store properties ⁽¹⁾	(32,688)	(46,374)	13,686	29.5 %	(242,615)	(176,665)	(65,950)	-37.3 %
SSNOI ⁽²⁾	\$ 218,570	\$ 218,149	\$ 421	0.2 %	\$ 555,513	\$ 554,850	\$ 663	0.1 %

⁽¹⁾ Change primarily related to acquisitions and segment transitions during the relevant periods. See Non-GAAP Financial Measures for discussion of properties excluded from the same store pools and the SSNOI Property Reconciliations for details.

⁽²⁾ For the three and nine month periods ended September 30, 2019 and 2018, amounts relate to 413 and 351 same store properties, respectively. The same store property pools include 39 and 19 properties that have undergone operator transitions within the same segment during the relevant periods for the three and nine month periods ended September 30, 2019 and 2018, respectively. Furthermore, the same store pools exclude 72 unconsolidated properties for both the three and nine month periods ended September 30, 2019 and 2018.

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The following is a summary of our Seniors Housing Operating results of operations (dollars in thousands):

	Three Months Ended		Change		Nine Months Ended		Change	
	September 30,	September 30,	\$	%	September 30,	September 30,	\$	%
	2019	2018			2019	2018		
Revenues:								
Resident fees and services	\$ 834,121	\$ 875,171	\$ (41,050)	-5 %	\$ 2,616,491	\$ 2,374,450	\$ 242,041	10 %
Interest income	—	159	(159)	-100 %	—	416	(416)	-100 %
Other income	1,375	1,175	200	17 %	6,920	3,973	2,947	74 %
Total revenues	835,496	876,505	(41,009)	-5 %	2,623,411	2,378,839	244,572	10 %
Property operating expenses								
NOI ⁽¹⁾	254,155	265,846	(11,691)	-4 %	797,067	730,577	66,490	9 %
Other expenses:								
Depreciation and amortization	148,126	136,532	11,594	8 %	416,252	397,080	19,172	5 %
Interest expense	16,356	17,319	(963)	-6 %	52,179	51,225	954	2 %
Loss (gain) on extinguishment of debt, net	1,450	—	1,450	n/a	1,450	110	1,340	1,218 %
Impairment of assets	2,599	562	2,037	362 %	2,599	5,075	(2,476)	-49 %
Other expenses	4,274	(811)	5,085	627 %	19,077	5,168	13,909	269 %
	172,805	153,602	19,203	13 %	491,557	458,658	32,899	7 %
Income (loss) from continuing operations before income taxes and other items	81,350	112,244	(30,894)	-28 %	305,510	271,919	33,591	12 %
Income tax benefit (expense)	(2,554)	211	(2,765)	-1,310 %	(2,798)	(2,244)	(554)	-25 %
Income (loss) from unconsolidated entities	(3,859)	(6,705)	2,846	42 %	(37,892)	(21,389)	(16,503)	-77 %
Gain (loss) on real estate dispositions, net	519,203	(1)	519,204	n/a	518,493	3	518,490	n/a
Income from continuing operations	594,140	105,749	488,391	462 %	783,313	248,289	535,024	215 %
Net income (loss)	594,140	105,749	488,391	462 %	783,313	248,289	535,024	215 %
Less: Net income (loss) attributable to noncontrolling interests	46,849	405	46,444	11,468 %	50,826	(1,259)	52,085	4,137 %
Net income (loss) attributable to common stockholders	\$ 547,291	\$ 105,344	\$ 441,947	420 %	\$ 732,487	\$ 249,548	\$ 482,939	194 %

⁽¹⁾ See Non-GAAP Financial Measures.

Fluctuations in resident fees and services and property operating expenses are primarily a result of acquisitions, segment transitions, offset by dispositions, and the movement of U.S. and foreign currency exchange rates. The fluctuations in depreciation and amortization are due to acquisitions and dispositions and variations in amortization of short-lived intangible assets. To the extent that we acquire or dispose of additional properties in the future, these amounts will change accordingly.

During the three and nine months ended September 30, 2019 and 2018, we recorded impairment charges on certain held for sale and held for use properties as the carrying values exceeded the estimated fair values. The significant gain on sale of properties during the three months ended September 30, 2019 is related to the sale of the Benchmark Senior Living portfolio. Transaction costs related to asset acquisitions are capitalized as a component of the purchase price. The increase in other expenses is primarily due to additional noncapitalizable transaction costs associated with acquisitions and operator transitions.

During the nine months ended September 30, 2019, we completed two Seniors Housing Operating construction projects representing \$28,117,000 or \$109,405 per unit. The following is a summary of our Seniors Housing Operating construction projects, excluding expansions, pending as of September 30, 2019 (dollars in thousands):

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Location	Units	Commitment	Balance	Est. Completion
Wandsworth, UK	97	\$ 72,538	\$ 57,955	1Q20
Taylor, PA	113	14,272	10,314	1Q20
Beavercreek, OH	100	12,032	10,487	1Q20
Potomac, MD	120	56,720	17,337	4Q20
Beckenham, UK	100	57,957	27,239	3Q21
	530	\$ 213,519	123,332	
Toronto, ON	Project in planning stage		42,466	
Hendon, UK	Project in planning stage		29,519	
Barnet, UK	Project in planning stage		25,717	
Washington, DC	Project in planning stage		17,361	
Brookline, MA	Project in planning stage		16,829	
			\$ 255,224	

Interest expense represents secured debt interest expense which fluctuates based on the net effect and timing of assumptions, segment transitions, fluctuations in currency rates, extinguishments and principal amortizations. The following is a summary of our Seniors Housing Operating segment secured debt principal activity (dollars in thousands):

	Three Months Ended				Nine Months Ended			
	September 30, 2019		September 30, 2018		September 30, 2019		September 30, 2018	
	Amount	Wtd. Avg. Interest Rate	Amount	Wtd. Avg. Interest Rate	Amount	Wtd. Avg. Interest Rate	Amount	Wtd. Avg. Interest Rate
Beginning balance	\$ 2,018,180	3.80%	\$ 1,909,415	3.73%	\$ 1,810,587	3.87%	\$ 1,988,700	3.66%
Debt issued	22,885	3.95%	—	—%	318,854	3.51%	44,606	3.38%
Debt assumed	—	—%	—	—%	42,000	4.62%	85,192	4.38%
Debt extinguished	(42,131)	4.15%	—	—%	(193,604)	4.37%	(131,175)	4.85%
Debt transferred	(12,072)	3.89%	35,830	3.84%	(12,072)	3.89%	35,830	3.84%
Principal payments	(10,556)	3.49%	(11,908)	3.64%	(32,987)	3.38%	(35,910)	3.58%
Foreign currency	(12,614)	3.34%	18,204	3.33%	30,914	3.21%	(35,702)	3.54%
Ending balance	\$ 1,963,692	3.58%	\$ 1,951,541	3.76%	\$ 1,963,692	3.58%	\$ 1,951,541	3.76%
Monthly averages	\$ 1,980,216	3.67%	\$ 1,934,652	3.74%	\$ 1,955,651	3.76%	\$ 1,935,752	3.70%

The majority of our Seniors Housing Operating properties are formed through partnership interests. Losses from unconsolidated entities are largely attributable to depreciation and amortization of short-lived intangible assets related to certain investments in unconsolidated joint ventures, as well as the disposal of an investment in an unconsolidated entity during the quarter ended June 30, 2019. Net income attributable to noncontrolling interests represents our partners' share of net income (loss) related to joint ventures. The increase during the three months ended September 30, 2019 relates to our partner's share of the gain recognized on the sale of the Benchmark Senior Living portfolio.

Triple-net

The following is a summary of our NOI and SSNOI for the Triple-net segment (dollars in thousands):

	Three Months Ended		Change		Nine Months Ended		Change	
	September 30, 2019	September 30, 2018	\$	%	September 30, 2019	September 30, 2018	\$	%
	NOI	\$ 230,685	\$ 218,684	\$ 12,001	5.5 %	\$ 691,906	\$ 665,706	\$ 26,200
Non SSNOI attributable to same store properties	(7,270)	(5,269)	(2,001)	-38.0 %	(22,336)	(19,738)	(2,598)	-13.2 %
NOI attributable to non same store properties ⁽¹⁾	(92,872)	(84,468)	(8,404)	-9.9 %	(279,290)	(258,375)	(20,915)	-8.1 %
SSNOI ⁽²⁾	\$ 130,543	\$ 128,947	\$ 1,596	1.2 %	\$ 390,280	\$ 387,593	\$ 2,687	0.7 %

⁽¹⁾ Change primarily related to acquisitions during the relevant periods. See Non-GAAP Financial Measures for discussion of properties excluded from the same store pools and the SSNOI Property Reconciliations for details.

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(2) For both the three and nine month periods ended September 30, 2019 and 2018, amounts relate to 371 same store properties. The same store property pools include 3 properties that have undergone operator transitions within the same segment during the relevant periods for both the three and nine month periods ended September 30, 2019 and 2018. Furthermore, the same store pools exclude 39 unconsolidated properties for both the three and nine month periods ended September 30, 2019 and 2018.

The following is a summary of our results of operations for the Triple-net segment (dollars in thousands):

	Three Months Ended		Change		Nine Months Ended		Change	
	September 30,	September 30,	\$	%	September 30,	September 30,	\$	%
	2019	2018			2019	2018		
Revenues:								
Rental income	\$ 227,499	\$ 203,039	\$ 24,460	12 %	\$ 681,893	\$ 607,831	\$ 74,062	12 %
Interest income	15,279	14,378	901	6 %	47,343	42,176	5,167	12 %
Other income	1,829	1,693	136	8 %	4,370	16,282	(11,912)	-73 %
Total revenues	244,607	219,110	25,497	12 %	733,606	666,289	67,317	10 %
Property operating expenses	13,922	426	13,496	3,168 %	41,700	583	41,117	7,053 %
NOI ⁽¹⁾	230,685	218,684	12,001	5 %	691,906	665,706	26,200	4 %
Other expenses:								
Depreciation and amortization	57,147	60,383	(3,236)	-5 %	174,551	171,724	2,827	2 %
Interest expense	3,076	3,500	(424)	-12 %	9,741	10,742	(1,001)	-9 %
Loss (gain) on derivatives and financial instruments, net	1,244	8,991	(7,747)	-86 %	670	(5,642)	6,312	112 %
Loss (gain) on extinguishment of debt, net	—	—	—	n/a	—	(32)	32	100 %
Provision for loan losses	—	—	—	n/a	18,690	—	18,690	n/a
Impairment of assets	12,314	6,178	6,136	99 %	11,374	34,482	(23,108)	-67 %
Other expenses	(2,496)	87,076	(89,572)	-103 %	6,093	89,153	(83,060)	-93 %
	71,285	166,128	(94,843)	-57 %	221,119	300,427	(79,308)	-26 %
Income from continuing operations before income taxes and other items	159,400	52,556	106,844	203 %	470,787	365,279	105,508	29 %
Income tax (expense) benefit	12	1,116	(1,104)	-99 %	(2,300)	(708)	(1,592)	-225 %
Income (loss) from unconsolidated entities	5,276	5,377	(101)	-2 %	17,512	16,260	1,252	8 %
Gain (loss) on real estate dispositions, net	51,529	24,782	26,747	108 %	217,973	158,938	59,035	37 %
Income from continuing operations	216,217	83,831	132,386	158 %	703,972	539,769	164,203	30 %
Net income	216,217	83,831	132,386	158 %	703,972	539,769	164,203	30 %
Less: Net income (loss) attributable to noncontrolling interests	9,096	6,913	2,183	32 %	27,422	10,129	17,293	171 %
Net income attributable to common stockholders	\$ 207,121	\$ 76,918	\$ 130,203	169 %	\$ 676,550	\$ 529,640	\$ 146,910	28 %

(1) See Non-GAAP Financial Measures.

The increase in rental income is primarily attributable to acquisitions including Quality Care Properties Inc. ("QCP") in July 2018, partially offset by the disposition or segment transition of various properties. In addition, we have recorded certain real estate property taxes on a gross basis, with the offset to property operating expenses, as a result of our ASC 842 adoption on January 1, 2019. Certain of our leases contain annual rental escalators that are contingent upon changes in the Consumer Price Index and/or changes in the gross operating revenues of the tenant's properties. These escalators are not fixed, so no straight-line rent is recorded; however, rental income is recorded based on the contractual cash rental payments due for the period. If gross operating revenues at our facilities and/or the Consumer Price Index do not increase, a portion of our revenues may not continue to increase. For the three months ended September 30, 2019, we had 18 leases with rental rate increases ranging from 0.10% to 0.82% in our Triple-net portfolio. The decrease in other income for the nine month period ending September 30, 2019 is primarily due to \$10,805,000 of net lease termination fees recognized during 2018.

Depreciation and amortization fluctuates as a result of the acquisitions, dispositions and transitions of triple-net properties. To the extent that we acquire or dispose of additional properties in the future, our provision for depreciation and amortization will change accordingly.

In March 2019, we recognized a provision for loan losses of \$18,690,000 to fully reserve for certain real estate loans receivable that are no longer deemed collectible. During the three and nine months ended September 30, 2019 and 2018, we recorded impairment charges on certain held for sale and held for use properties as the carrying values exceeded the estimated fair values. Changes in the gain on sales of properties are related to the volume and timing of property sales and the sales prices. Transaction costs related to asset acquisitions are capitalized as a component of purchase price. The fluctuation in other expenses is primarily due to noncapitalizable transaction costs from acquisitions and segment transitions. In addition, during the three months ended September 30, 2018, we recognized \$79,368,000 related to a joint venture transaction, including the conversion of properties from Triple-net to Seniors Housing Operating and termination/restructuring of preexisting relationships.

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The following is a summary of Triple-net construction projects, excluding expansions, pending as of September 30, 2019 (dollars in thousands):

Location	Units/Beds	Commitment	Balance	Est. Completion
Union, KY	162	\$ 34,600	\$ 20,557	1Q20
Westerville, OH	90	22,800	17,049	1Q20
Droitwich, UK	70	15,584	8,787	2Q20
Thousand Oaks, CA	82	24,763	8,199	4Q20
Leicester, UK	60	13,782	3,247	1Q21
	464	\$ 111,529	\$ 57,839	

Interest expense represents secured debt interest expense and related fees. The change in interest expense is due to the net effect and timing of assumptions, segment transitions, fluctuations in foreign currency rates, extinguishments and principal amortizations. The fluctuations in loss (gain) on extinguishment of debt is primarily attributable to the volume of extinguishments and terms of the related secured debt. The fluctuation in loss (gain) on derivatives and financial instruments, net is primarily attributable to the mark-to-market adjustment recorded on the Genesis HealthCare available-for-sale investment. The following is a summary of our Triple-net secured debt principal activity (dollars in thousands):

	Three Months Ended				Nine Months Ended			
	September 30, 2019		September 30, 2018		September 30, 2019		September 30, 2018	
	Amount	Wtd. Avg. Interest Rate	Amount	Wtd. Avg. Interest Rate	Amount	Wtd. Avg. Interest Rate	Amount	Wtd. Avg. Interest Rate
Beginning balance	\$ 287,952	3.63%	\$ 334,033	3.53%	\$ 288,386	3.63%	\$ 347,474	3.55%
Debt extinguished	—	—%	—	—%	—	—%	(4,107)	4.94%
Debt transferred	12,072	3.89%	(35,830)	3.80%	12,072	3.89%	(35,830)	3.84%
Principal payments	(1,037)	5.17%	(962)	5.26%	(2,945)	5.22%	(3,033)	5.42%
Foreign currency	(5,986)	2.95%	(979)	3.51%	(4,512)	3.23%	(8,242)	3.29%
Ending balance	\$ 293,001	3.64%	\$ 296,262	3.63%	\$ 293,001	3.64%	\$ 296,262	3.63%
Monthly averages	\$ 291,300	3.64%	\$ 309,920	3.53%	\$ 291,475	3.63%	\$ 331,239	3.48%

A portion of our Triple-net properties were formed through partnerships. Income or loss from unconsolidated entities represents our share of net income or losses from partnerships where we are the noncontrolling partner. Net income attributable to noncontrolling interest represents our partners' share of net income relating to those partnerships where we are the controlling partner. Increases in net income attributable to noncontrolling interest is due primarily to the ProMedica joint venture formed as part of the QCP acquisition.

Outpatient Medical

The following is a summary of our NOI and SSNOI for the Outpatient Medical segment (dollars in thousands):

	Three Months Ended		Change		Nine Months Ended		Change	
	September 30, 2019	September 30, 2018	\$	%	September 30, 2019	September 30, 2018	\$	%
	NOI	\$ 124,864	\$ 93,997	\$ 30,867	32.8 %	\$ 338,537	\$ 279,039	\$ 59,498
Non SSNOI on same store properties	(1,294)	(1,806)	512	28.3 %	(4,152)	(4,517)	365	8.1 %
NOI attributable to non same store properties ⁽¹⁾	(31,924)	(1,659)	(30,265)	-1,824.3 %	(62,806)	(6,157)	(56,649)	-920.1 %
SSNOI ⁽²⁾	\$ 91,646	\$ 90,532	\$ 1,114	1.2 %	\$ 271,579	\$ 268,365	\$ 3,214	1.2 %

⁽¹⁾ Change primarily related to acquisitions during the relevant periods. See Non-GAAP Financial Measures for discussion of properties excluded from the same store pools and the SSNOI Property Reconciliations for details.

⁽²⁾ For the three and nine month periods ended September 30, 2019 and 2018, amounts relate to 239 and 235 same store properties, respectively. The same store pools exclude 6 unconsolidated properties for both the three and nine month periods ended September 30, 2019 and 2018.

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The following is a summary of our results of operations for the Outpatient Medical segment (dollars in thousands):

	Three Months Ended		Change		Nine Months Ended		Change	
	September 30,	September 30,	\$	%	September 30,	September 30,	\$	%
	2019	2018			2019	2018		
Revenues:								
Rental income	\$ 184,648	\$ 139,848	\$ 44,800	32 %	\$ 496,924	\$ 412,026	\$ 84,898	21 %
Interest income	358	85	273	321 %	769	140	629	449 %
Other income	183	136	47	35 %	322	401	(79)	-20 %
Total revenues	185,189	140,069	45,120	32 %	498,015	412,567	85,448	21 %
Property operating expenses	60,325	46,072	14,253	31 %	159,478	133,528	25,950	19 %
NOI ⁽¹⁾	124,864	93,997	30,867	33 %	338,537	279,039	59,498	21 %
Other expenses:								
Depreciation and amortization	67,172	46,234	20,938	45 %	173,626	138,821	34,805	25 %
Interest expense	3,363	1,643	1,720	105 %	10,097	4,975	5,122	103 %
Loss (gain) on extinguishment of debt, net	—	—	—	n/a	—	11,928	(11,928)	-100 %
Impairment of assets	3,183	—	3,183	n/a	14,062	—	14,062	n/a
Other expenses	524	1,055	(531)	-50 %	1,274	3,748	(2,474)	-66 %
	74,242	48,932	25,310	52 %	199,059	159,472	39,587	25 %
Income (loss) from continuing operations before income taxes and other items	50,622	45,065	5,557	12 %	139,478	119,567	19,911	17 %
Income tax (expense) benefit	(302)	239	(541)	-226 %	(1,253)	(567)	(686)	-121 %
Income from unconsolidated entities	1,845	1,672	173	10 %	5,394	4,293	1,101	26 %
Gain (loss) on real estate dispositions, net	(482)	(58)	(424)	-731 %	(489)	214,721	(215,210)	-100 %
Income from continuing operations	51,683	46,918	4,765	10 %	143,130	338,014	(194,884)	-58 %
Net income (loss)	51,683	46,918	4,765	10 %	143,130	338,014	(194,884)	-58 %
Less: Net income (loss) attributable to noncontrolling interests	2,111	848	1,263	149 %	3,918	4,669	(751)	-16 %
Net income (loss) attributable to common stockholders	\$ 49,572	\$ 46,070	\$ 3,502	8 %	\$ 139,212	\$ 333,345	\$ (194,133)	-58 %

⁽¹⁾ See Non-GAAP Financial Measures.

The increases in rental income and property operating expenses are primarily attributable to acquisitions and development conversions, particularly the \$1.25 billion CNL Healthcare Properties portfolio acquisition that closed in May 2019, partially offset by dispositions of outpatient medical properties. Certain of our leases contain annual rental escalators that are contingent upon changes in the Consumer Price Index. These escalators are not fixed, so no straight-line rent is recorded; however, rental income is recorded based on the contractual cash rental payments due for the period. If the Consumer Price Index does not increase, a portion of our revenues may not continue to increase. Sales of real property would offset revenue increases and, to the extent that they exceed new acquisitions, could result in decreased revenues. Our leases could renew above or below current rental rates, resulting in an increase or decrease in rental income. For the three months ended September 30, 2019, our consolidated outpatient medical portfolio signed 179,206 square feet of new leases and 389,671 square feet of renewals. The weighted-average term of these leases was six years, with a rate of \$36.98 per square foot and tenant improvement and lease commission costs of \$20.47 per square foot. Substantially all of these leases contain an annual fixed or contingent escalation rent structure ranging from 2.0% to 3.9%.

The fluctuation in depreciation and amortization is primarily due to acquisitions and variations in amortization of short-lived intangible assets. To the extent that we acquire or dispose of additional properties in the future, these amounts will change accordingly. Changes in the gain/loss on sale of properties are related to the volume and timing of property sales and sales prices. During the three and nine months ended September 30, 2019 we recorded impairment charges on certain held for sale outpatient medical properties as the carrying values exceeded the estimated fair value less costs to sell.

The following is a summary of the Outpatient Medical construction projects, excluding expansions, pending as of September 30, 2019 (dollars in thousands):

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Location	Square Feet	Commitment	Balance	Est. Completion
Houston, TX	73,500	\$ 23,455	\$ 16,126	4Q19
Porter, TX	55,000	20,800	12,041	1Q20
Lowell, MA	50,668	8,700	6,559	1Q20
Brooklyn, NY	140,955	105,306	77,097	2Q20
Katy, TX	36,500	12,028	1,077	2Q20
Total	356,623	\$ 170,289	\$ 112,900	

Total interest expense represents secured debt interest expense. The change in secured debt interest expense is primarily due to the net effect and timing of assumptions, extinguishments and principal amortizations. The fluctuation in losses/gains on debt extinguishment is primarily attributable to the prepayment penalties paid on certain extinguishments in the first quarter of 2018.

The following is a summary of our outpatient medical secured debt principal activity (dollars in thousands):

	Three Months Ended				Nine Months Ended			
	September 30, 2019		September 30, 2018		September 30, 2019		September 30, 2018	
	Amount	Wtd. Ave Interest Rate	Amount	Wtd. Ave Interest Rate	Amount	Wtd. Ave Interest Rate	Amount	Wtd. Ave Interest Rate
Beginning balance	\$ 383,850	4.22%	\$ 217,007	4.35%	\$ 386,738	4.20%	\$ 279,951	4.72%
Debt assumed	—	—%	14,360	3.80%	—	—%	14,360	3.80%
Debt extinguished	—	—%	—	—%	—	—%	(61,291)	7.43%
Principal payments	(1,528)	4.97%	(702)	5.90%	(4,416)	5.03%	(2,355)	6.02%
Ending balance	\$ 382,322	4.09%	\$ 230,665	4.19%	\$ 382,322	4.09%	\$ 230,665	4.19%
Monthly averages	\$ 383,084	4.17%	\$ 220,246	4.22%	\$ 384,590	4.21%	\$ 224,943	4.26%

A portion of our outpatient medical properties were formed through partnerships. Income or loss from unconsolidated entities represents our share of net income or losses from partnerships where we are the noncontrolling partner. Net income attributable to noncontrolling interests represents our partners' share of net income relating to those partnerships where we are the controlling partner.

Non-Segment/Corporate

The following is a summary of our results of operations for the Non-Segment/Corporate activities (dollars in thousands):

	Three Months Ended		Change		Nine Months Ended		Change	
	September 30, 2019	September 30, 2018	\$	%	September 30, 2019	September 30, 2018	\$	%
	Revenues:							
Other income	\$ 841	\$ 695	\$ 146	21 %	\$ 3,452	\$ 1,561	\$ 1,891	121 %
Total revenue	841	695	146	21 %	3,452	1,561	1,891	121 %
Expenses:								
Interest expense	114,548	115,570	(1,022)	-1 %	351,894	315,281	36,613	12 %
General and administrative expenses	31,019	28,746	2,273	8 %	100,042	95,282	4,760	5 %
Loss (gain) on extinguishment of debt, net	64,374	4,038	60,336	1,494 %	80,093	4,038	76,055	1,883 %
Other expenses	3,884	1,306	2,578	197 %	10,126	4,327	5,799	134 %
	213,825	149,660	64,165	43 %	542,155	418,928	123,227	29 %
Loss from continuing operations before income taxes and other items	(212,984)	(148,965)	(64,019)	-43 %	(538,703)	(417,367)	(121,336)	-29 %
Income tax (expense) benefit	(1,124)	(3,307)	2,183	66 %	(1,438)	(3,651)	2,213	61 %
Loss from continuing operations	(214,108)	(152,272)	(61,836)	-41 %	(540,141)	(421,018)	(119,123)	-28 %
Less: Preferred stock dividends	—	11,676	(11,676)	-100 %	—	35,028	(35,028)	-100 %
Net loss attributable to common stockholders	\$ (214,108)	\$ (163,948)	\$ (50,160)	-31 %	\$ (540,141)	\$ (456,046)	\$ (84,095)	-18 %

The following is a summary of our Non-Segment/Corporate interest expense (dollars in thousands):

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	Three Months Ended		Change		Nine Months Ended		Change	
	September 30,	September 30,	\$	%	September 30,	September 30,	\$	%
	2019	2018			2019	2018		
Senior unsecured notes	\$ 100,356	\$ 99,445	\$ 911	1 %	\$ 307,587	\$ 282,847	\$ 24,740	9 %
Secured debt	—	26	(26)	-100 %	—	96	(96)	-100 %
Unsecured revolving credit facility and commercial paper note program	10,300	12,662	(2,362)	-19 %	32,978	22,442	10,536	47 %
Loan expense	3,892	3,437	455	13 %	11,329	9,896	1,433	14 %
Totals	\$ 114,548	\$ 115,570	\$ (1,022)	-1 %	\$ 351,894	\$ 315,281	\$ 36,613	12 %

The change in interest expense on senior unsecured notes is due to the net effect of issuances and extinguishments, as well as the movement of foreign exchange rates and related hedge activity. Please refer to Note 11 for additional information. The change in interest expense on the unsecured revolving credit facility and Commercial Paper Program is due primarily to the net effect and timing of draws, paydowns and variable interest rate changes. Please refer to Note 10 for additional information regarding our unsecured revolving credit facility and Commercial Paper Program. The loss on extinguishment recognized during the nine months ended September 30, 2019 is due primarily to the early extinguishment of the \$600,000,000 of 4.125% senior unsecured notes due 2019 and the \$450,000,000 of 6.125% senior unsecured notes due 2020 in March 2019, and the early extinguishment of the \$450,000,000 of 4.95% senior unsecured notes due 2021 and \$600,000,000 of 5.25% senior unsecured notes due 2022 in September 2019.

General and administrative expenses as a percentage of consolidated revenues for the three months ended September 30, 2019 and 2018 were 2.45% and 2.33%, respectively. Other expenses primarily represent severance-related costs associated with the departure of executive officers and other key employees.

The decrease in preferred dividends is due to the conversion of all outstanding Series I Cumulative Convertible Perpetual Preferred Stock during the nine months ended September 30, 2019.

Other

Non-GAAP Financial Measures

We believe that net income and net income attributable to common stockholders ("NICS"), as defined by U.S. GAAP, are the most appropriate earnings measurements. However, we consider FFO, NOI, SSNOI, EBITDA and Adjusted EBITDA to be useful supplemental measures of our operating performance. Historical cost accounting for real estate assets in accordance with U.S. GAAP implicitly assumes that the value of real estate assets diminishes predictably over time as evidenced by the provision for depreciation. However, since real estate values have historically risen or fallen with market conditions, many industry investors and analysts have considered presentations of operating results for real estate companies that use historical cost accounting to be insufficient. In response, the National Association of Real Estate Investment Trusts ("NAREIT") created funds from operations attributable to common stockholders ("FFO") as a supplemental measure of operating performance for REITs that excludes historical cost depreciation from net income. FFO, as defined by NAREIT, means NICS, computed in accordance with U.S. GAAP, excluding gains (or losses) from sales of real estate and impairment of depreciable assets, plus depreciation and amortization, and after adjustments for unconsolidated entities and noncontrolling interests.

Consolidated net operating income ("NOI") is used to evaluate the operating performance of our properties. We define NOI as total revenues, including tenant reimbursements, less property operating expenses. Property operating expenses represent costs associated with managing, maintaining and servicing tenants for our properties. These expenses include, but are not limited to, property-related payroll and benefits, property management fees paid to operators, marketing, housekeeping, food service, maintenance, utilities, property taxes and insurance. General and administrative expenses represent costs unrelated to property operations. These expenses include, but are not limited to, payroll and benefits, professional services, office expenses and depreciation of corporate fixed assets. Same store NOI ("SSNOI") is used to evaluate the operating performance of our properties using a consistent population which controls for changes in the composition of our portfolio. For the three month periods ended, same store is generally defined as those revenue-generating properties in the portfolio subsequent to July 1, 2018. For the year to date periods ended, same store is generally defined as those revenue-generating properties in the portfolio subsequent to January 1, 2018. Land parcels, loans and sub-leases, as well as any properties acquired, under development, transitioned to a different segment, sold or classified as held for sale during that period are excluded from the same store amounts. Additionally, unconsolidated properties are excluded from the same store amounts. We believe NOI and SSNOI provide investors relevant and useful information because they measure the operating performance of our properties at the property level on an unleveraged basis. We use NOI and SSNOI to make decisions about resource allocations and to assess the property level performance of our properties.

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EBITDA stands for earnings (net income) before interest, taxes, depreciation and amortization. We believe that EBITDA, along with net income and cash flow provided from operating activities, is an important supplemental measure because it provides additional information to assess and evaluate the performance of our operations. We primarily utilize EBITDA to measure our interest coverage ratio, which represents EBITDA divided by total interest, and our fixed charge coverage ratio, which represents EBITDA divided by fixed charges. Fixed charges include total interest, secured debt principal amortization and preferred dividends. Covenants in our senior unsecured notes contain financial ratios based on a definition of EBITDA that is specific to those agreements. Failure to satisfy these covenants could result in an event of default that could have a material adverse impact on our cost and availability of capital, which could, in turn, have a material adverse impact on our consolidated results of operations, liquidity and/or financial condition. Due to the materiality of these debt agreements and the financial covenants, we have disclosed Adjusted EBITDA, which represents EBITDA as defined above excluding unconsolidated entities and adjusted for items per our covenant. We use Adjusted EBITDA to measure our adjusted fixed charge coverage ratio, which represents Adjusted EBITDA divided by fixed charges on a trailing twelve months basis. Fixed charges include total interest (excluding capitalized interest and non-cash interest expenses), secured debt principal amortization and preferred dividends. Our covenant requires an adjusted fixed charge coverage ratio of at least 1.50 times.

Our supplemental reporting measures and similarly entitled financial measures are widely used by investors, equity and debt analysts and rating agencies in the valuation, comparison, rating and investment recommendations of companies. Management uses these financial measures to facilitate internal and external comparisons to our historical operating results and in making operating decisions. Additionally, these measures are utilized by the Board of Directors to evaluate management. None of our supplemental measures represent net income or cash flow provided from operating activities as determined in accordance with U.S. GAAP and should not be considered as alternative measures of profitability or liquidity. Finally, the supplemental measures, as defined by us, may not be comparable to similarly entitled items reported by other real estate investment trusts or other companies.

	Three Months Ended						
	March 31,	June 30,	September 30,	December 31,	March 31,	June 30,	September 30,
	2018	2018	2018	2018	2019	2019	2019
NOI Reconciliations:							
Net income (loss)	\$ 453,555	\$ 167,273	\$ 84,226	\$ 124,696	\$ 292,302	\$ 150,040	\$ 647,932
Loss (gain) on real estate dispositions, net	(338,184)	(10,755)	(24,723)	(41,913)	(167,409)	1,682	(570,250)
Loss (income) from unconsolidated entities	2,429	(1,249)	(344)	(195)	9,199	9,049	(3,262)
Income tax expense (benefit)	1,588	3,841	1,741	1,504	2,222	1,599	3,968
Other expenses	3,712	10,058	88,626	10,502	8,756	21,628	6,186
Impairment of assets	28,185	4,632	6,740	76,022	—	9,939	18,096
Provision for loan losses	—	—	—	—	18,690	—	—
Loss (gain) on extinguishment of debt, net	11,707	299	4,038	53	15,719	—	65,824
Loss (gain) on derivatives and financial instruments, net	(7,173)	(7,460)	8,991	1,626	(2,487)	1,913	1,244
General and administrative expenses	33,705	32,831	28,746	31,101	35,282	33,741	31,019
Depreciation and amortization	228,201	236,275	243,149	242,834	243,932	248,052	272,445
Interest expense	122,775	121,416	138,032	144,369	145,232	141,336	137,343
Consolidated net operating income (NOI)	<u>\$ 540,500</u>	<u>\$ 557,161</u>	<u>\$ 579,222</u>	<u>\$ 590,599</u>	<u>\$ 601,438</u>	<u>\$ 618,979</u>	<u>\$ 610,545</u>
NOI by segment:							
Seniors Housing Operating	\$ 225,226	\$ 239,505	\$ 265,846	\$ 254,445	\$ 264,700	\$ 278,212	\$ 254,155
Triple-net	222,738	224,284	218,684	234,343	233,286	227,935	230,685
Outpatient Medical	92,168	92,874	93,997	101,097	101,295	112,378	124,864
Non-segment/corporate	368	498	695	714	2,157	454	841
Total NOI	<u>\$ 540,500</u>	<u>\$ 557,161</u>	<u>\$ 579,222</u>	<u>\$ 590,599</u>	<u>\$ 601,438</u>	<u>\$ 618,979</u>	<u>\$ 610,545</u>

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	Nine Months Ended	
	September 30, 2018	September 30, 2019
NOI Reconciliations:		
Net income (loss)	\$ 705,054	\$ 1,090,274
Loss (gain) on real estate dispositions, net	(373,662)	(735,977)
Loss (income) from unconsolidated entities	836	14,986
Income tax expense (benefit)	7,170	7,789
Other expenses	102,396	36,570
Impairment of assets	39,557	28,035
Provision for loan losses	—	18,690
Loss (gain) on extinguishment of debt, net	16,044	81,543
Loss (gain) on derivatives and financial instruments, net	(5,642)	670
General and administrative expenses	95,282	100,042
Depreciation and amortization	707,625	764,429
Interest expense	382,223	423,911
Consolidated net operating income (NOI)	<u>\$ 1,676,883</u>	<u>\$ 1,830,962</u>
NOI by segment:		
Seniors Housing Operating	\$ 730,577	\$ 797,067
Triple-net	665,706	691,906
Outpatient Medical	279,039	338,537
Non-segment/corporate	1,561	3,452
Total NOI	<u>\$ 1,676,883</u>	<u>\$ 1,830,962</u>

	Three Months Ended		Nine Months Ended	
	September 30, 2018	September 30, 2019	September 30, 2018	September 30, 2019
SSNOI Reconciliations:				
NOI:				
Seniors Housing Operating	\$ 265,846	\$ 254,155	\$ 730,577	\$ 797,067
Triple-net	218,684	230,685	665,706	691,906
Outpatient Medical	93,997	124,864	279,039	338,537
Total	<u>578,527</u>	<u>609,704</u>	<u>1,675,322</u>	<u>1,827,510</u>
Adjustments:				
Seniors Housing Operating:				
Non SSNOI on same store properties	(1,323)	(2,897)	938	1,061
NOI attributable to non same store properties	<u>(46,374)</u>	<u>(32,688)</u>	<u>(176,665)</u>	<u>(242,615)</u>
Subtotal	(47,697)	(35,585)	(175,727)	(241,554)
Triple-net:				
Non SSNOI on same store properties	(5,269)	(7,270)	(19,738)	(22,336)
NOI attributable to non same store properties	<u>(84,468)</u>	<u>(92,872)</u>	<u>(258,375)</u>	<u>(279,290)</u>
Subtotal	(89,737)	(100,142)	(278,113)	(301,626)
Outpatient Medical:				
Non SSNOI on same store properties	(1,806)	(1,294)	(4,517)	(4,152)
NOI attributable to non same store properties	<u>(1,659)</u>	<u>(31,924)</u>	<u>(6,157)</u>	<u>(62,806)</u>
Subtotal	(3,465)	(33,218)	(10,674)	(66,958)
SSNOI:				
Seniors Housing Operating	218,149	218,570	554,850	555,513
Triple-net	128,947	130,543	387,593	390,280
Outpatient Medical	90,532	91,646	268,365	271,579
Total	<u>\$ 437,628</u>	<u>\$ 440,759</u>	<u>\$ 1,210,808</u>	<u>\$ 1,217,372</u>

	Three Months Ended September 30, 2019				Nine Months Ended September 30, 2019			
	Seniors Housing Operating	Triple-net	Outpatient Medical	Total	Seniors Housing Operating	Triple-net	Outpatient Medical	Total
SSNOI Property Reconciliations:								
Total properties	524	657	358	1,539	524	657	358	1,539
Recent acquisitions/development conversions	(52)	(236)	(103)	(391)	(66)	(236)	(107)	(409)
Developments	(11)	(5)	(5)	(21)	(11)	(5)	(5)	(21)
Held for sale	(12)	(8)	(5)	(25)	(12)	(8)	(5)	(25)
Segment transitions	(36)	(17)	—	(53)	(84)	(17)	—	(101)
Other ⁽¹⁾	—	(20)	(6)	(26)	—	(20)	(6)	(26)

Same store properties	413	371	239	1,023	351	371	235	957
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(1) Includes eight land parcels, eight subleases and ten loans.

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The tables below reflect the reconciliation of FFO to NICS, the most directly comparable U.S. GAAP measure, for the periods presented. Noncontrolling interest and unconsolidated entity amounts represent adjustments to reflect our share of depreciation and amortization. Amounts are in thousands except for per share data.

	Three Months Ended						
	March 31,	June 30,	September 30,	December 31,	March 31,	June 30,	September 30,
	2018	2018	2018	2018	2019	2019	2019
FFO Reconciliations:							
Net income attributable to common stockholders	\$ 437,671	\$ 154,432	\$ 64,384	\$ 101,763	\$ 280,470	\$ 137,762	\$ 589,876
Depreciation and amortization	228,201	236,275	243,149	242,834	243,932	248,052	272,445
Impairment of assets	28,185	4,632	6,740	76,022	—	9,939	18,096
Loss (gain) on real estate dispositions, net	(338,184)	(10,755)	(24,723)	(41,913)	(167,409)	1,682	(570,250)
Noncontrolling interests	(16,353)	(17,692)	(17,498)	(17,650)	(17,760)	(18,889)	31,347
Unconsolidated entities	13,700	11,833	13,220	13,910	19,150	11,475	10,864
FFO	\$ 353,220	\$ 378,725	\$ 285,272	\$ 374,966	\$ 358,383	\$ 390,021	\$ 352,378
Average diluted shares outstanding	373,257	373,075	374,487	380,002	393,452	406,673	406,891
Per diluted share data:							
Net income attributable to common stockholders	\$ 1.17	\$ 0.41	\$ 0.17	\$ 0.27	\$ 0.71	\$ 0.34	\$ 1.45
FFO	\$ 0.95	\$ 1.02	\$ 0.76	\$ 0.99	\$ 0.91	\$ 0.96	\$ 0.87

	Nine Months Ended	
	September 30,	September 30,
	2018	2019
FFO Reconciliations:		
Net income attributable to common stockholders	\$ 656,487	\$ 1,008,108
Depreciation and amortization	707,625	764,429
Impairment of assets	39,557	28,035
Loss (gain) on real estate dispositions, net	(373,662)	(735,977)
Noncontrolling interests	(51,543)	(5,302)
Unconsolidated entities	38,753	41,489
FFO	\$ 1,017,217	\$ 1,100,782
Average diluted common shares outstanding:	373,638	402,412
Per diluted share data:		
Net income attributable to common stockholders	\$ 1.76	\$ 2.51
FFO	\$ 2.72	\$ 2.74

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The tables below reflects the reconciliation of EBITDA to net income, the most directly comparable U.S. GAAP measure, for the periods presented. Dollars are in thousands.

	Three Months Ended						
	March 31,	June 30,	September 30,	December 31,	March 31,	June 30,	September 30,
	2018	2018	2018	2018	2019	2019	2019
EBITDA Reconciliations:							
Net income (loss)	\$ 453,555	\$ 167,273	\$ 84,226	\$ 124,696	\$ 292,302	\$ 150,040	\$ 647,932
Interest expense	122,775	121,416	138,032	144,369	145,232	141,336	137,343
Income tax expense (benefit)	1,588	3,841	1,741	1,504	2,222	1,599	3,968
Depreciation and amortization	228,201	236,275	243,149	242,834	243,932	248,052	272,445
EBITDA	\$ 806,119	\$ 528,805	\$ 467,148	\$ 513,403	\$ 683,688	\$ 541,027	\$ 1,061,688
Interest Coverage Ratio:							
Interest expense	\$ 122,775	\$ 121,416	\$ 138,032	\$ 144,369	\$ 145,232	\$ 141,336	\$ 137,343
Non-cash interest expense	(4,179)	(1,716)	(1,658)	(3,307)	(5,171)	(752)	(1,988)
Capitalized interest	2,336	2,100	1,921	1,548	2,327	3,929	4,148
Total interest	120,932	121,800	138,295	142,610	142,388	144,513	139,503
EBITDA	\$ 806,119	\$ 528,805	\$ 467,148	\$ 513,403	\$ 683,688	\$ 541,027	\$ 1,061,688
Interest coverage ratio	6.67x	4.34x	3.38x	3.60x	4.80x	3.74x	7.61x
Fixed Charge Coverage Ratio:							
Total interest	\$ 120,932	\$ 121,800	\$ 138,295	\$ 142,610	\$ 142,388	\$ 144,513	\$ 139,503
Secured debt principal payments	14,247	14,139	13,908	13,994	13,543	13,684	13,121
Preferred dividends	11,676	11,676	11,676	11,676	—	—	—
Total fixed charges	146,855	147,615	163,879	168,280	155,931	158,197	152,624
EBITDA	\$ 806,119	\$ 528,805	\$ 467,148	\$ 513,403	\$ 683,688	\$ 541,027	\$ 1,061,688
Fixed charge coverage ratio	5.49x	3.58x	2.85x	3.05x	4.38x	3.42x	6.96x

	Nine Months Ended	
	September 30,	September 30,
	2018	2019
EBITDA Reconciliations:		
Net income (loss)	\$ 705,054	\$ 1,090,274
Interest expense	382,223	423,911
Income tax expense (benefit)	7,170	7,789
Depreciation and amortization	707,625	764,429
EBITDA	\$ 1,802,072	\$ 2,286,403
Interest Coverage Ratio:		
Interest expense	\$ 382,223	\$ 423,911
Non-cash interest expense	(7,553)	(7,911)
Capitalized interest	6,357	10,404
Total interest	381,027	426,404
EBITDA	\$ 1,802,072	\$ 2,286,403
Interest coverage ratio	4.73x	5.36x
Fixed Charge Coverage Ratio:		
Total interest	\$ 381,027	\$ 426,404
Secured debt principal payments	42,294	40,348
Preferred dividends	35,028	—
Total fixed charges	458,349	466,752
EBITDA	\$ 1,802,072	\$ 2,286,403
Fixed charge coverage ratio	3.93x	4.90x

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The table below reflects the reconciliation of Adjusted EBITDA to net income, the most directly comparable U.S. GAAP measure, for the periods presented. Dollars are in thousands.

	Twelve Months Ended						
	March 31,	June 30,	September 30,	December 31,	March 31,	June 30,	September 30,
	2018	2018	2018	2018	2019	2019	2019
Adjusted EBITDA Reconciliations:							
Net income	\$ 656,551	\$ 620,384	\$ 615,311	\$ 829,750	\$ 668,497	\$ 651,264	\$ 1,214,970
Interest expense	488,800	493,986	509,440	526,592	549,049	568,969	568,280
Income tax expense (benefit)	19,471	31,761	32,833	8,674	9,308	7,066	9,293
Depreciation and amortization	921,645	933,072	946,083	950,459	966,190	977,967	1,007,263
EBITDA	2,086,467	2,079,203	2,103,667	2,315,475	2,193,044	2,205,266	2,799,806
Loss (income) from unconsolidated entities	62,448	57,221	60,285	641	7,411	17,709	14,791
Stock-based compensation expense ⁽¹⁾	25,753	26,158	25,443	27,646	23,618	26,113	25,347
Loss (gain) on extinguishment of debt, net	17,593	12,377	16,415	16,097	20,109	19,810	81,596
Loss (gain) on real estate dispositions, net	(438,342)	(406,942)	(430,043)	(415,575)	(244,800)	(232,363)	(777,890)
Impairment of assets	141,637	132,638	139,378	115,579	87,394	92,701	104,057
Provision for loan losses	62,966	62,966	62,966	—	18,690	18,690	18,690
Loss (gain) on derivatives and financial instruments, net	(6,113)	(14,309)	(5,642)	(4,016)	670	10,043	2,296
Other expenses ⁽¹⁾	167,524	171,243	161,655	111,990	117,942	126,994	45,512
Additional other income	—	(10,805)	(10,805)	(14,832)	(14,832)	(4,027)	(4,027)
Adjusted EBITDA	\$ 2,119,933	\$ 2,109,750	\$ 2,123,319	\$ 2,153,005	\$ 2,209,246	\$ 2,280,936	\$ 2,310,178
Adjusted Fixed Charge Coverage Ratio:							
Interest expense	\$ 488,800	\$ 493,986	\$ 509,440	\$ 526,592	\$ 549,049	\$ 568,969	\$ 568,280
Capitalized interest	11,696	10,437	9,813	7,905	7,896	9,725	11,952
Non-cash interest expense	(12,858)	(11,628)	(10,087)	(10,860)	(11,852)	(10,888)	(11,218)
Total interest	487,638	492,795	509,166	523,637	545,093	567,806	569,014
Adjusted EBITDA	\$ 2,119,933	\$ 2,109,750	\$ 2,123,319	\$ 2,153,005	\$ 2,209,246	\$ 2,280,936	\$ 2,310,178
Adjusted interest coverage ratio	4.35x	4.28x	4.17x	4.11x	4.05x	4.02x	4.06x
Total interest	\$ 487,638	\$ 492,795	\$ 509,166	\$ 523,637	\$ 545,093	\$ 567,806	\$ 569,014
Secured debt principal payments	62,077	60,258	58,866	56,288	55,584	55,129	54,342
Preferred dividends	46,707	46,704	46,704	46,704	35,028	23,352	11,676
Total fixed charges	596,422	599,757	614,736	626,629	635,705	646,287	635,032
Adjusted EBITDA	\$ 2,119,933	\$ 2,109,750	\$ 2,123,319	\$ 2,153,005	\$ 2,209,246	\$ 2,280,936	\$ 2,310,178
Adjusted fixed charge coverage ratio	3.55x	3.52x	3.45x	3.44x	3.48x	3.53x	3.64x

⁽¹⁾ Certain severance-related costs are included in stock-based compensation and excluded from other expenses.

Our leverage ratios include book capitalization, undepreciated book capitalization and market capitalization. Book capitalization represents the sum of net debt (defined as total long-term debt less cash and cash equivalents and any IRC Section 1031 deposits), total equity and redeemable noncontrolling interests. Undepreciated book capitalization represents book capitalization adjusted for accumulated depreciation and amortization. Market capitalization represents book capitalization adjusted for the fair market value of our common stock. Our leverage ratios are defined as the proportion of net debt to total capitalization. The table below reflects the reconciliation of our leverage ratios to our balance sheets for the periods presented. Amounts are in thousands, except share price.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

	As of						
	March 31,	June 30,	September 30,	December 31,	March 31,	June 30,	September 30,
	2018	2018	2018	2018	2019	2019	2019
Book capitalization:							
Unsecured credit facility and commercial paper	\$ 865,000	\$ 540,000	\$ 1,312,000	\$ 1,147,000	\$ 419,293	\$ 1,869,188	\$ 1,334,586
Long-term debt obligations ⁽¹⁾	10,484,840	10,895,559	12,192,060	12,150,144	12,371,729	13,390,344	12,463,680
Cash & cash equivalents ⁽²⁾	(202,824)	(215,120)	(191,199)	(215,376)	(249,127)	(268,666)	(265,788)
Total net debt	11,147,016	11,220,439	13,312,861	13,081,768	12,541,895	14,990,866	13,532,478
Total equity and noncontrolling interests ⁽³⁾	15,448,201	15,198,644	15,670,065	16,010,645	16,498,376	16,452,806	16,696,070
Book capitalization	\$ 26,595,217	\$ 26,419,083	\$ 28,982,926	\$ 29,092,413	\$ 29,040,271	\$ 31,443,672	\$ 30,228,548
Net debt to book capitalization ratio	42%	42%	46%	45%	43%	48%	45%
Undepreciated book capitalization:							
Total net debt	\$ 11,147,016	\$ 11,220,439	\$ 13,312,861	\$ 13,081,768	\$ 12,541,895	\$ 14,990,866	\$ 13,532,478
Accumulated depreciation and amortization	4,990,780	5,113,928	5,394,274	5,499,958	5,670,111	5,539,435	5,769,843
Total equity and noncontrolling interests ⁽³⁾	15,448,201	15,198,644	15,670,065	16,010,645	16,498,376	16,452,806	16,696,070
Undepreciated book capitalization	\$ 31,585,997	\$ 31,533,011	\$ 34,377,200	\$ 34,592,371	\$ 34,710,382	\$ 36,983,107	\$ 35,998,391
Net debt to undepreciated book capitalization ratio	35%	36%	39%	38%	36%	41%	38%
Market capitalization:							
Common shares outstanding	371,971	372,030	375,577	383,675	403,740	405,254	405,758
Period end share price	\$ 54.43	\$ 62.69	\$ 64.32	\$ 69.41	\$ 77.60	\$ 81.53	\$ 90.65
Common equity market capitalization	\$ 20,246,382	\$ 23,322,561	\$ 24,157,113	\$ 26,630,882	\$ 31,330,224	\$ 33,040,359	\$ 36,781,963
Total net debt	11,147,016	11,220,439	13,312,861	13,081,768	12,541,895	14,990,866	13,532,478
Noncontrolling interests ⁽³⁾	889,766	856,721	1,362,380	1,378,311	1,419,885	1,458,351	1,430,005
Preferred stock	718,498	718,498	718,498	718,498	—	—	—
Enterprise value	\$ 33,001,662	\$ 36,118,219	\$ 39,550,852	\$ 41,809,459	\$ 45,292,004	\$ 49,489,576	\$ 51,744,446
Net debt to market capitalization ratio	34%	31%	34%	31%	28%	30%	26%

⁽¹⁾ Amounts include senior unsecured notes, secured debt and lease liabilities related to financing leases, as reflected on our Consolidated Balance Sheet. Operating lease liabilities related to the ASC 842 adoption are excluded.

⁽²⁾ Inclusive of IRC Section 1031 deposits, if any.

⁽³⁾ Includes amounts attributable to both redeemable noncontrolling interests and noncontrolling interests as reflected on our Consolidated Balance Sheet.

Critical Accounting Policies

Our unaudited consolidated financial statements are prepared in accordance with U.S. GAAP, which requires us to make estimates and assumptions. Management considers an accounting estimate or assumption critical if:

- the nature of the estimates or assumptions is material due to the levels of subjectivity and judgment necessary to account for highly uncertain matters or the susceptibility of such matters to change; and
- the impact of the estimates and assumptions on financial condition or operating performance is material.

Management has discussed the development and selection of its critical accounting policies with the Audit Committee of the Board of Directors. Management believes the current assumptions and other considerations used to estimate amounts reflected in our unaudited consolidated financial statements are appropriate and are not reasonably likely to change in the future. However, since these estimates require assumptions to be made that were uncertain at the time the estimate was made, they bear the risk of change. If actual experience differs from the assumptions and other considerations used in estimating amounts reflected in our unaudited consolidated financial statements, the resulting changes could have a material adverse effect on our consolidated results of operations, liquidity and/or financial condition. Please refer to Note 2 to the financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2018 for further information regarding significant accounting policies that impact us. There have been no material changes to these policies in 2019.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Cautionary Statement Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q may contain “forward-looking” statements as defined in the Private Securities Litigation Reform Act of 1995. When the Company uses words such as “may,” “will,” “intend,” “should,” “believe,” “expect,” “anticipate,” “project,” “estimate” or similar expressions that do not relate solely to historical matters, it is making forward-looking statements. In particular, these forward-looking statements include, but are not limited to, those relating to the Company’s opportunities to acquire, develop or sell properties; the Company’s ability to close its anticipated acquisitions, investments or dispositions on currently anticipated terms or within currently anticipated timeframes; the expected performance of the Company’s operators/tenants and properties; the Company’s expected occupancy rates; the Company’s ability to declare and to make distributions to shareholders; the Company’s investment and financing opportunities and plans; the Company’s continued qualification as a real estate investment trust (“REIT”); the Company’s ability to access capital markets or other sources of funds; and the Company’s ability to meet its earnings guidance. Forward-looking statements are not guarantees of future performance and involve risks and uncertainties that may cause the Company’s actual results to differ materially from the Company’s expectations discussed in the forward-looking statements. This may be a result of various factors, including, but not limited to: the status of the economy; 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; the Company’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 the Company’s properties; the Company’s ability to re-lease space at similar rates as vacancies occur; the Company’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 the Company’s properties; changes in rules or practices governing the Company’s financial reporting; the movement of U.S. and foreign currency exchange rates; the Company’s ability to maintain its qualification as a REIT; and key management personnel recruitment and retention. Other important factors are identified in the Company’s Annual Report on Form 10-K for the year ended December 31, 2018, including factors identified under the headings “Business,” “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” Finally, the Company 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.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to various market risks, including the potential loss arising from adverse changes in interest rates and foreign currency exchange rates. We seek to mitigate the underlying foreign currency exposures with gains and losses on derivative contracts hedging these exposures. We seek to mitigate the effects of fluctuations in interest rates by matching the terms of new investments with new long-term fixed rate borrowings to the extent possible. We may or may not elect to use financial derivative instruments to hedge interest rate exposure. These decisions are principally based on our policy to match our variable rate investments with comparable borrowings, but are also based on the general trend in interest rates at the applicable dates and our perception of the future volatility of interest rates. This section is presented to provide a discussion of the risks associated with potential fluctuations in interest rates and foreign currency exchange rates.

We historically borrow on our unsecured revolving credit facility and Commercial Paper Program to acquire, construct or make loans relating to health care and seniors housing properties. Then, as market conditions dictate, we will issue equity or long-term fixed rate debt to repay the borrowings under our unsecured revolving credit facility and Commercial Paper Program. We are subject to risks associated with debt financing, including the risk that existing indebtedness may not be refinanced or that the terms of refinancing may not be as favorable as the terms of current indebtedness. The majority of our borrowings were completed under indentures or contractual agreements that limit the amount of indebtedness we may incur. Accordingly, in the event that we are unable to raise additional equity or borrow money because of these limitations, our ability to acquire additional properties may be limited.

A change in interest rates will not affect the interest expense associated with our fixed rate debt. Interest rate changes, however, will affect the fair value of our fixed rate debt. Changes in the interest rate environment upon maturity of this fixed rate debt could have an effect on our future cash flows and earnings, depending on whether the debt is replaced with other fixed rate debt, variable rate debt or equity or repaid by the sale of assets. To illustrate the impact of changes in the interest rate markets, we performed a sensitivity analysis on our fixed rate debt instruments whereby we modeled the change in net present values arising from a

Item 3. Quantitative and Qualitative Disclosures About Market Risk

hypothetical 1% increase in interest rates to determine the instruments' change in fair value. The following table summarizes the analysis performed as of the dates indicated (in thousands):

	September 30, 2019		December 31, 2018	
	Principal balance	Change in fair value	Principal balance	Change in fair value
Senior unsecured notes	\$ 9,118,526	\$ (706,397)	\$ 9,009,159	\$ (548,558)
Secured debt	1,484,713	(56,110)	1,639,983	(59,522)
Totals	\$ 10,603,239	\$ (762,507)	\$ 10,649,142	\$ (608,080)

Our variable rate debt, including our unsecured revolving credit facility and Commercial Paper Program, is reflected at fair value. At September 30, 2019, we had \$3,188,052,000 outstanding related to our variable rate debt. Assuming no changes in outstanding balances, a 1% increase in interest rates would result in increased annual interest expense of \$31,881,000. At December 31, 2018, we had \$2,683,553,000 outstanding under our variable rate debt. Assuming no changes in outstanding balances, a 1% increase in interest rates would have resulted in increased annual interest expense of \$26,836,000.

We are subject to currency fluctuations that may, from time to time, affect our financial condition and results of operations. Increases or decreases in the value of the Canadian Dollar or Pounds Sterling relative to the U.S. Dollar impact the amount of net income we earn from our investments in Canada and the United Kingdom. Based solely on our results for the three months ended September 30, 2019, including the impact of existing hedging arrangements, if these exchange rates were to increase or decrease by 10%, our net income from these investments would increase or decrease, as applicable, by less than \$11,000,000. We will continue to mitigate these underlying foreign currency exposures with non-U.S. denominated borrowings and gains and losses on derivative contracts. If we increase our international presence through investments in, or acquisitions or development of, seniors housing and health care properties outside the U.S., we may also decide to transact additional business or borrow funds in currencies other than U.S. Dollars, Canadian Dollars or Pounds Sterling. To illustrate the impact of changes in foreign currency markets, we performed a sensitivity analysis on our derivative portfolio whereby we modeled the change in net present values arising from a hypothetical 1% increase in foreign currency exchange rates to determine the instruments' change in fair value. The following table summarizes the results of the analysis performed (dollars in thousands):

	September 30, 2019		December 31, 2018	
	Carrying Value	Change in fair value	Carrying Value	Change in fair value
Foreign currency forward contracts	\$ 116,853	\$ 10,663	\$ 23,620	\$ 16,163
Debt designated as hedges	1,480,775	14,808	1,559,159	15,592
Totals	\$ 1,597,628	\$ 25,471	\$ 1,582,779	\$ 31,755

For additional information regarding fair values of financial instruments, see "Item 2 — Management's Discussion and Analysis of Financial Condition and Results of Operations — Critical Accounting Policies" and Notes 12 and 17 to our unaudited consolidated financial statements.

Item 4. Controls and Procedures

Our management, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures are effective in providing reasonable assurance that information required to be disclosed by us in the reports we file with or submit to the SEC under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. No changes in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) occurred during the fiscal quarter covered by this Quarterly Report on Form 10-Q that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

From time to time, there are various legal proceedings pending against us that arise in the ordinary course of our business. Management does not believe that the resolution of any of these legal proceedings either individually or in the aggregate will have a material adverse effect on our business, results of operations or financial condition. Further, from time to time, we are party to certain legal proceedings for which third parties, such as tenants, operators and/or managers are contractually obligated to indemnify, defend and hold us harmless. In some of these matters, the indemnitors have insurance for the potential damages. In other matters, we are being defended by tenants and other obligated third parties and these indemnitors may not have sufficient insurance, assets, income or resources to satisfy their defense and indemnification obligations to us. The unfavorable resolution of such legal proceedings could, individually or in the aggregate, materially adversely affect the indemnitors' ability to satisfy their respective obligations to us, which, in turn, could have a material adverse effect on our business, results of operations or financial condition. It is management's opinion that there are currently no such legal proceedings pending that will, individually or in the aggregate, have such a material adverse effect. Despite management's view of the ultimate resolution of these legal proceedings, we may have significant legal expenses and costs associated with the defense of such matters. Further, management cannot predict the outcome of these legal proceedings and if management's expectation regarding such matters is not correct, such proceedings could have a material adverse effect on our business, results of operations or financial condition.

Item 1A. Risk Factors

There have been no material changes from the risk factors identified under the heading "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2018.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Period	Issuer Purchases of Equity Securities			
	Total Number of Shares Purchased ⁽¹⁾	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs ⁽²⁾	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs
July 1, 2019 through July 31, 2019	—	\$ —		
August 1, 2019 through August 31, 2019	42,138	81.77		
September 1, 2019 through September 30, 2019	15,267	88.81		
Totals	57,405	\$ 83.64		

⁽¹⁾ During the three months ended September 30, 2019, the company acquired shares of common stock held by employees who tendered owned shares to satisfy tax withholding obligations.

⁽²⁾ No shares were purchased as part of publicly announced plans or programs.

Item 5. Other Information

None.

SETTLEMENT AGREEMENT

THIS AGREEMENT is made on 4 September 2019

BETWEEN:

- (1) **WELLTOWER INC.**, of 4500 Dorr Street, Toledo, Ohio 43615 (“**Welltower**” or “**the Company**”); and
- (2) **JOHN GOODEY**, whose address is Springfield Nurseries, Bekesbourne Lane, Bekesbourne, England CT4 5DX (“**Mr Goodey**” or “**you**”).

RECITALS

- (A) Mr Goodey was initially employed by HCN Management Services Limited as Senior Vice President – International, based in the United Kingdom under a contract of employment dated 6 May 2014 (the “**Original Employment Contract**”). The Original Employment Contract was amended and assigned to Welltower with effect from 3 October 2017 in connection with Mr Goodey’s promotion to Executive Vice President and Chief Financial Officer of Welltower, by means of a Deed of Assignment and Amendment dated 6 December 2017 (the “**Assigned and Amended Employment Contract**”).
- (B) So as to better perform his duties as Executive Vice President and Chief Financial Officer of Welltower, Mr Goodey relocated from the United Kingdom to the United States of America on 1 November 2018 and continued to perform his duties for Welltower under the terms of a letter agreement dated 31 October 2018 (the “**Letter Agreement**”). In accordance with the terms of the Letter Agreement, Mr Goodey’s rights under the Original Employment Agreement as amended and assigned under the Assigned and Amended Employment Contract terminated with effect from close of business on 31 October 2018.
- (C) On 4 September 2019 (the “**Effective Date**”), Mr Goodey stepped down from his role as Executive Vice President and Chief Financial Officer of Welltower following his return to the United Kingdom and his employment with Welltower will terminate in accordance with the terms of this Agreement on 20 September 2019 (the “**Termination Date**”).
- (D) Welltower is entering into this Agreement for itself and as agent for and trustee of all its Group Companies.
- (E) Mr Goodey is entering into this Agreement on 4 September 2019 having received independent legal advice from the Adviser a qualified lawyer as such term is defined in Section 203 of the Employment Rights Act 1996 as to the terms and effect of this Agreement and is aware that he has those potential claims against Welltower which are listed and have been raised in clause 6.

THE PARTIES AGREE AS FOLLOWS:

1. DEFINITIONS

1.1 In this Agreement the following terms shall have the meanings set out below:

“**Adviser**” means Caroline Walker of Cavendish Law (SRA ID 515905); and

“**Group Company**” and “**Group Companies**” shall mean Welltower and any group undertaking (as defined in Section 1161(5) of the Companies Act 2006 and supplemented by Section 1162 of the Companies Act 2006) or any associated body corporate (as defined in Section 256 of the Companies Act 2006) for the time being of Welltower and any of its subsidiary undertakings (as defined in Section 1162 of the Companies Act 2006) and any undertaking in which Welltower or any Group Company holds 50% of the voting rights or which is otherwise considered by Welltower to be a joint venture of any Group Company.

“**Programs**” shall mean the Welltower Inc. 2005 Long-Term Incentive Plan, Welltower Inc. 2016 Long-Term Incentive Plan, Welltower Inc. 2017-2019 Long-Term Incentive Program – Bridge – 1, Welltower Inc. 2017-2019 Long-Term Incentive Program – Bridge 2, Welltower Inc. 2018-2020 Long-Term Incentive Program and Welltower Inc. 2019-2021 Long-Term Incentive Program.

1.2 The headings in this Agreement are inserted for convenience only and shall not affect its construction.

1.3 A reference to a particular law is a reference to it as it is in force for the time being taking account of any amendment, extension, or re-enactment and includes any subordinate legislation for the time being in force made under it.

1.4 Unless the context otherwise requires, a reference to one gender includes a reference to other genders.

1.5 Unless the context otherwise requires, words in the singular include the plural and in the plural include the singular.

1.6 The schedules to this Agreement form part of (and are incorporated into) this Agreement.

2. TERMINATION OF EMPLOYMENT AND DIRECTORSHIPS

2.1 With effect from the Effective Date, Mr Goodey will cease to serve as Welltower’s Chief Financial Officer and as an Executive Vice President of Welltower. Mr Goodey will carry out such reasonable handover duties as are specifically requested by Welltower’s Chief Executive Officer or new Chief Financial Officer but shall not undertake any other duties or enter into any premises of any Group Company. Mr Goodey will continue to receive his salary and other contractual benefits under the Letter Agreement up to and including the Termination Date but shall not be entitled to receive any sums in respect of bonus, save as set out in this Agreement. Following the Effective Date, Mr Goodey shall not incur any business related expenses save to the extent reasonable and necessary in order to carry out handover duties specifically requested by Welltower’s Chief Executive Officer or new Chief Financial Officer.

2.2 The parties hereby acknowledge and agree that Mr Goodey’s employment with Welltower under the Letter Agreement, and his right to receive all remuneration and benefits thereunder, will terminate by mutual agreement on the Termination Date. Notwithstanding the termination of Mr Goodey’s employment, he will remain entitled to tax preparation assistance in accordance with the provisions of Clause 2. (Tax Preparation Assistance) of Section E. (Assistance & Allowances) of his Transfer Letter dated August 17, 2018 (the “**Transfer Letter**”), the remaining terms of such Transfer Letter having been superseded and of no further effect. For the avoidance of doubt this will include assistance in filing Mr Goodey’s UK tax return for tax year 2018-2019.

2.3 Welltower hereby consents to Mr Goodey retaining the mobile telephone number currently allocated to his work mobile telephone on the basis that Mr Goodey will be responsible for the cost of all telephone

calls following the Termination Date and Welltower will cooperate in the transfer of such mobile telephone number to a handset owned by Mr Goodey.

- 2.4 Mr Goodey hereby resigns with effect from the Effective Date any and all other positions Mr Goodey holds (i) with Welltower, (ii) with any Group Company, or (iii) with any other organization as to any position held at the request of, as a representative of, or for the benefit of Welltower. Mr Goodey agrees to take any additional necessary steps and sign any additional documentation that may be reasonably requested by Welltower, which Welltower in good faith shall endeavor to complete within 90 days of the Effective Date, in order to give full effect or confirmation of such resignations.
- 2.5 Without prejudice to his obligations under clause 2.4 above, Mr Goodey will execute a letter of resignation in the form set out in schedule 4 hereto on the Effective Date.

3. LONG-TERM INCENTIVE PROGRAM AND BONUS

- 3.1 Provided Mr Goodey has previously returned to Welltower a copy of this Agreement signed by him and the letter in schedule 1 signed by the Adviser and further provided he satisfies the provisions of this Agreement and his obligations under the Programs, the instalment of Mr Goodey's 2017 Promotion Equity Grant which is due to vest in October 2019 will continue to vest on such date notwithstanding the prior termination of Mr Goodey's employment with Welltower and shall settle in shares of the Company's common stock par value \$1.00 per share, and along with the bonus described at clause 3.3 below, shall serve as consideration of the waiver of claims in clause 6 below and Mr Goodey's confidentiality obligations under clause 10.1 below; and the treatment of all of Mr Goodey's outstanding restricted stock, restricted stock units or other equity awards with performance-based vesting shall be determined in accordance with the long-term incentive plan, and any other plans, pursuant to which such awards were granted and the applicable award agreement. Except as otherwise provided in this clause 3.1, all of Mr. Goodey's other outstanding restricted stock, restricted stock units or other equity awards with time-based vesting shall terminate and be cancelled on the Termination Date.
- 3.2 Except as expressly otherwise provided herein, any benefits payable under the Company's 2017-2019 Long-Term Incentive Program – Bridge 1, 2017-2019 Long-Term Incentive Program – Bridge 2, 2018-2020 Long-Term Incentive Program and 2019-2021 Long-Term Incentive Program shall be governed by the terms of such Plan or Program, as the case may be, and the separate form of Waiver and Release of Claims required thereunder, which is attached hereto as Schedule 2.
- 3.3 Subject to and conditional upon Mr Goodey complying with his obligations under this Agreement (including, without limitation, those restrictive covenants by which he are bound, whether by contract, policy of Welltower or its affiliates, or applicable law) Mr Goodey shall receive a pro-rated annual bonus for 2019 in respect of the period up to the Termination Date, payable at the time that Welltower pays bonuses to its executive officers for 2019 (but no later than March 15, 2020) with the individual performance component of this annual bonus scored at Performance Rating of 2. Company performance component will be as of 12/31/2019. The amount of this bonus is estimated to be USD \$535,838.

4. CONTRIBUTION TOWARDS LEGAL FEES

- 4.1 Welltower shall contribute up to £1,000 (including any disbursements but excluding VAT) towards the legal fees incurred by Mr Goodey in reaching this Agreement. This payment shall be made directly to the legal advisers following receipt of appropriate invoices addressed to Mr Goodey in accordance with section 413A of the Income Tax (Earnings and Pensions) Act 2003.

5. CONDITION PRECEDENT

The payments and benefits referred to in clauses 3 and 4 above (the "**Settlement**") shall be subject to clauses 6 and 7 below.

6. WAIVER AND RELEASE OF CLAIMS

6.1 Mr Goodey agrees that he has carefully considered all the facts and circumstances relating to his employment and its termination and accepts the Settlement and other terms of this Agreement in full and final settlement of:

- (a) the following particular claims against Welltower or any Group Company and its or their officers or employees (each of which is hereby intimated and waived):
 - (i) for breach of contract or wrongful dismissal;
 - (ii) for unfair dismissal, under section 111 of the Employment Rights Act 1996;
 - (iii) for unfair dismissal under section 103A of the Employment Rights Act 1996;
 - (iv) in relation to the right to a written statement of reasons for dismissal, under section 93 of the Employment Rights Act 1996;
 - (v) for a statutory redundancy payment, under section 163 of the Employment Rights Act 1996;
 - (vi) in relation to an unlawful deduction from wages or unlawful payment, under section 23 of the Employment Rights Act 1996;
 - (vii) in relation to written employment particulars and itemised pay statements, under section 11 of the Employment Rights Act 1996;
 - (viii) in relation to working time or holiday pay, under regulation 30 of the Working Time Regulations 1998;
 - (ix) for direct or indirect discrimination, harassment or victimisation related to age, under section 120 of the Equality Act 2010;
 - (x) for less favourable treatment on the grounds of part-time status, under regulation 8 of the Part-Time Workers (Prevention of Less Favourable Treatment) Regulations 2000;
 - (xi) for less favourable treatment on the grounds of fixed-term status, under regulation 7 of the Fixed-Term Employees (Prevention of Less Favourable Treatment) Regulations 2002;
 - (xii) in relation to personal injury, whether or not Mr Goodey is aware or ought reasonably to be aware of such claims at the date of this agreement,
- (b) the following additional claims against Welltower or any Group Company and its or their officers or employees (each of which is hereby intimated and waived):
 - (i) for unlawful detriment, under section 48 of the Employment Rights Act 1996 or section 56 of the Pensions Act 2008;
 - (ii) in relation to parental rights and flexible working, under sections 80 and 80H of the Employment Rights Act 1996;
 - (iii) for equal pay or equality of terms under sections 120 and 127 of the Equality Act 2010;
 - (iv) for direct or indirect discrimination, harassment or victimisation related to sex, marital or civil partnership status or gender reassignment under section 120 of the Equality Act 2010;
 - (v) for direct or indirect discrimination, harassment or victimisation related to race under section 120 of the Equality Act 2010;

- (vi) for direct or indirect discrimination, harassment or victimisation related to disability, perceived disability, discrimination arising from disability, or failure to make adjustments under section 120 of the Equality Act 2010;
- (vii) for direct or indirect discrimination, harassment or victimisation related to religion or belief under section 120 of the Equality Act 2010;
- (viii) for direct or indirect discrimination, harassment or victimisation related to sexual orientation, under section 120 of the Equality Act 2010;
- (ix) for harassment under the Protection from Harassment Act 1997;
- (x) for failure to comply with obligations under the Human Rights Act 1998;
- (xi) for failure to comply with obligations under the Data Protection Act 2018;
- (xii) for failure to comply with obligations under the General Data Protection Regulation ((EU) 2016/679);
- (xiii) arising as a consequence of the United Kingdom's membership of the European Union,

- (c) any and all claims, actions, causes of action, demands, obligations, grievances, suits, losses, debts and expenses (including attorney's fees and costs), damages and claims in law or in equity of any nature whatsoever, known or unknown, suspected or unsuspected, Mr Goodey ever had, now has, or may ever have (whether under common law, statute, state, federal, European Union law or otherwise) whether in the United States of America, the United Kingdom or any other country or jurisdiction against Welltower, any Group Company and any of its past or present subsidiaries, divisions, joint ventures, affiliates, related entities, predecessors, merged entities and parent entities, benefit plans, and all of their respective past and present officers, directors, stockholders, employees, partners, members, managers, owners, consultants and advisors, benefit plan administrators and trustees, agents, attorneys, insurers, representatives, affiliates and all of their respective successors and assigns (collectively, the "**Welltower Released Parties**") up to and including the date of this Agreement. Without limiting the generality of the foregoing, subject to clause 6.2 below, the claims Mr Goodey is waiving include, but are not limited to, (a) any claims, demands, and causes of action alleging violations of public policy, or of any federal, state, or local law, statute, regulation, executive order, or ordinance, or of any duties or other obligations of any kind or description arising in law or equity under foreign, federal, state, or local law, regulation, ordinance, or public policy having any bearing whatsoever on the terms or conditions of Mr Goodey's employment with or by Welltower or the termination or resignation of Mr Goodey's employment with Welltower or any association or transaction with or by Welltower; (b) all claims of discrimination or harassment on the basis of age, sex, race, national origin, religion, sexual orientation, disability, veteran status or any other legally protected category; (c) all claims under Title VII of the Civil Rights Act of 1964, the Americans with Disabilities Act, the Age Discrimination in Employment Act, the Older Workers Benefit Protection Act, the Fair Labor Standards Act, the Genetic Information Nondiscrimination Act, 42 U.S.C. § 1981, and all other federal, state and local fair employment and anti-discrimination laws, all as amended, including without limitation the Ohio Civil Rights Act, O.R.C. § 4112.01 et seq., the Ohio Age Discrimination in Employment Act, O.R.C. § 4112.14, the Ohio Uniformed Services Employment and Reemployment Act, O.R.C. §§ 5903.01, 5903.02; (d) all claims under the Worker Adjustment and Retraining Notification Act and similar state and local statutes, all as amended; (e) all claims under the National Labor Relations Act, as amended; (f) all claims under the Family and Medical Leave Act and other federal, state and local leave laws, all as amended; (g) all claims under the Employee Retirement Income Security Act, as amended (except with respect to accrued vested benefits under any retirement or 401(k) plan in accordance with the terms of such plan and applicable law); (h) all claims under the Sarbanes-Oxley Act of 2002, the False Claims Act, the Dodd-Frank Wall Street Reform and Consumer Protection Act, the Securities Exchange Act of 1934, the Commodity Exchange Act, the Consumer Financial Protection Act, the American Recovery and Reinvestment Act, the Foreign Corrupt Practices Act, and the EU Competition

Law, all as amended; (i) all claims of whistleblowing and retaliation under federal, state and local laws, including without limitation the Ohio Whistleblower Protection Act, O.R.C. § 4113.51 et. seq., Ohio statutory provisions regarding retaliation/discrimination for pursuing a workers compensation claim; (j) all claims under the Ohio Minimum Fair Wages Act, O.R.C. § 4111.01 et seq.; (k) all claims under the Ohio Wage Payment Act, O.R.C. § 4113.15; (l) all claims under any principle of common law or sounding in tort or contract; (m) all claims concerning any right to reinstatement; (n) all claims under the Immigration Reform and Control Act; (o) all claims under the Fair Credit Reporting Act; (p) all claims under The Equal Pay Act; (q) all claims for attorneys' fees, costs, damages or other relief (monetary, equitable or otherwise), whether under foreign, federal, state or local law, whether statutory, regulatory or common law, to the fullest extent permitted by law; and (r) all claims under any policy, agreement, contract, understanding or promise, written or oral, formal or informal, between any of the Welltower Released Parties and Mr Goodey and Mr Goodey unconditionally, knowingly and voluntarily releases, remises, and forever discharges irrevocably waives any such claims or rights of action which he now has or may become aware of hereafter. Further, each of the persons and entities released herein is intended to and shall be a third-party beneficiary of this Agreement.

- 6.2 This release of claims at Clause 6.1 (c) does not affect or waive: (a) benefits and/or the right to seek benefits under applicable workers' compensation and/or unemployment compensation statutes; (b) any claims Mr Goodey may have for his or her own vested accrued employee benefits under the terms of Welltower's health, welfare, or retirement benefit plans as of Mr Goodey's last day of employment with Welltower, as amended by this Agreement; (c) any right to pursue claims which by law cannot be waived by signing this Agreement; (d) Mr Goodey's rights to indemnification under any indemnification agreement he has with Welltower or any other Welltower Released Party and/or under Welltower's or any Welltower Released Party's charter or bylaws, or to whatever coverage Mr Goodey may have under Welltower's or any Welltower Released Party's directors' and officers' insurance policy for acts and omissions when Mr Goodey was an officer or director of Welltower or of any Welltower Released Party; or (e) Mr Goodey's right to enforce this Agreement.
- 6.3 If any claim is not subject to release, to the extent permitted by law, Mr Goodey waives any right or ability to be a class or collective action representative or to otherwise participate in any putative or certified class, collective or multi-party action or proceeding based on such a claim in which Welltower or any other Welltower Released Party is a party.
- 6.4 Mr Goodey intends that this release of claims cover all claims described above, whether or not known to him. Mr Goodey further recognises the risk that, subsequent to the execution of this Agreement, he may incur loss, damage or injury which he attributes to the claims encompassed by this release. Mr Goodey also expressly waives and relinquishes, to the fullest extent permitted by law, any and all rights he may have under California Civil Code Section 1542, or the comparable provisions of the laws of any other jurisdiction, which provides as follows:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY."

7. **WARRANTIES**

7.1 Mr Goodey represents and warrants that:

7.1.1 he has no claims against Welltower, any Group Company or any Welltower Released Parties other than those raised in clause 6.1(a), (b) and (c);

7.1.2 he is not guilty of any act or omission which would entitle Welltower to summarily dismiss him without notice or compensation;

7.1.3he has not filed, caused to be filed, or presently is a party to any claim against any Welltower Released Party and that there has been no assignment or other transfer of any interest in any claim by Mr Goodey that is covered by the release set forth in Clause 6.

7.1.4(a) Mr Goodey has been paid and/or has received all compensation, wages, bonuses, commissions, and/or benefits which are considered earned and therefore due and payable as of the date he signs this Agreement; (b) Mr Goodey has been granted any leave to which he was entitled under his Letter Agreement, the Family and Medical Leave Act or related state or local leave or disability accommodation laws; (c) Mr Goodey has no known workplace injuries or occupational diseases; (d) Mr Goodey has not been retaliated against for reporting any allegations of wrongdoing by Welltower or its officers; (e) Mr Goodey has not been prohibited, restricted or otherwise interfered with by any Welltower Released Party from communicating with any Governmental Agency as described in clause 10.3 below; and (f) all of Welltower's decisions regarding Mr Goodey's pay and benefits through the date of Mr Goodey's execution of this Agreement were, to Mr Goodey's knowledge, not discriminatory based on age, sex, race, national origin, religion, sexual orientation, disability, veteran status or any other classification protected by law.

7.1.5he has not divulged any proprietary or confidential information of Welltower and will continue to maintain the confidentiality of such information consistent with Welltower's policies and Mr Goodey's agreement(s) with Welltower and/or common law. Mr Goodey hereby represents and warrants that he has not breached any of his obligations under Section 4 of the Welltower Inc. 2017-2019 Long-Term Incentive Program-Bridge 1, the 2017-2019 Long-Term Incentive Program – Bridge 2, the 2018-2020 Long-Term Incentive Program, and the 2019-2021 Long-Term Incentive Program (the “**Programs**”) and hereby ratifies and affirms such obligations, which shall continue in full force and effect in accordance with their terms. Mr Goodey understands and agrees that upon any violation of the provisions of Section 4 of the Programs, any and all payment or benefits under the Programs shall immediately stop and Mr Goodey shall be obligated to return to Welltower any amounts previously paid to him under the Programs.

7.2 Mr Goodey acknowledges that Welltower has relied on the warranties set out above in entering into this Agreement and that Welltower shall be released from any obligation to make any payment or provide any benefit to Mr Goodey hereunder in the event that the information so warranted proves inaccurate.

8. TAX INDEMNITY

8.1 The deductions for tax and other statutory deductions made from the Settlement by Welltower are in accordance with Welltower's current understanding of the tax regime. However Mr Goodey agrees to be responsible for the payment of any further tax and other statutory deductions (whether the same are payable in the United Kingdom, the United States of America or elsewhere) in respect of all and any part of the Settlement and to indemnify Welltower and each and every Group Company (and to keep Welltower and each and every Group Company indemnified on a continuing basis) against all and any liabilities to taxation or statutory deductions (including any interest, fines, penalties, surcharges, costs and expenses) which they may incur in respect of or by reason of all and any part of the Settlement.

9. COMPANY PROPERTY

9.1 Mr Goodey warrants that to the extent reasonably possible (i) he will return to Welltower all documents (including copies), software, credit or charge cards and any other property belonging to any of the Group Companies on or before the Leaving Date (“**Group Company Property**”); (ii) he has not downloaded any information or software belonging to Welltower or any Group Company; (iii) he has disclosed to Welltower any passwords or computer access codes relevant to the business of Welltower or any Group Company; and (iv) all correspondence or e-mails belonging to Welltower and held on Mr Goodey's personal computer have been permanently deleted.

9.2 Mr Goodey undertakes to return to Welltower forthwith any Group Company Property which may come into his possession or control in the future.

10. CONFIDENTIAL INFORMATION

- 10.1 Without prejudice to Mr Goodey's common law and contractual obligations, and subject always to Clauses 10.2 and 10.3 below, and in consideration of the amounts set forth in clause 3 above less such deductions Welltower is required by law to make, Mr Goodey shall continue to be bound by the obligations relating to the protection of confidential information, intellectual property and post-employment restrictive covenants set out in the the Programs including any confidentiality, non-disparagement, non-solicitation and non-compete referred to therein as a separate and independent obligation of this Agreement and as if the terms of the same were set out for the first time herein and that he will, without limitation to the forgoing, keep the terms of this Agreement confidential.
- 10.2 The parties both acknowledge and understand that the purpose of this Agreement is not to prevent, discourage or improperly influence the reporting of matters that are properly disclosable to the courts, to other law enforcement bodies, or under regulatory law or under the Public Interest Disclosure Act 1998 and nothing in this Agreement will restrict Mr Goodey's right to disclose information on the terms of the settlement if required:
- 10.2.1 by any order of any court of competent jurisdiction or any regulatory, judicial, governmental or similar body or taxation authority of competent jurisdiction;
- 10.2.2 by any law or reporting requirement;
- 10.2.3 in order to instruct legal or professional advisers provided that Mr Goodey procures that any such adviser agrees to keep the information confidential;
- 10.2.4 in order to disclose any matter that may reasonably be considered to be a criminal or professional or regulatory offence in the laws or regulations of any country, or to assist in the investigation of any such offence;
- 10.2.5 in order to make a protected disclosure pursuant to the Public Interest Disclosure Act 1998 (as amended);
- 10.3 Furthermore, nothing contained in this Agreement shall limit Mr Goodey's ability to file a charge or complaint with the Equal Employment Opportunity Commission, the National Labor Relations Board, the Occupational Safety and Health Administration, the Securities and Exchange Commission or any other federal, state or local governmental agency or commission (each a "Government Agency"). Mr Goodey further understands that this Agreement does not limit his ability to communicate with any Government Agency or otherwise participate in any investigation or proceeding that may be conducted by any Government Agency, including providing documents or other information, without notice to Welltower. However, to the maximum extent permitted by law, Mr Goodey agrees that if such a charge or complaint is made, he shall not be entitled to recover any individual monetary relief or other individual remedies. This Agreement does not limit or prohibit Mr Goodey's right to receive an award for information provided to any Government Agency to the extent that such limitation or prohibition is a violation of law.

11. INDEPENDENT LEGAL ADVICE

- 11.1 Mr Goodey warrants that:
- 11.1.1 he has received independent legal advice from the Adviser, a qualified lawyer acting in his or her professional capacity and who holds a current practising certificate, as to the terms and effect of this Agreement and, in particular, its effect on his ability to pursue his rights before an Employment Tribunal or court of competent jurisdiction in England and Wales;
- 11.1.2 that there was in force, when the Adviser gave the advice referred to in this paragraph, a policy of insurance covering claims in respect of any loss which may arise in consequence of the advice, as required by section 203 of the Employment Rights Act 1996 and section 147 of the Equality Act 2010, and also that, that lawyer is an independent adviser for the purposes of section 147 of the Equality Act 2010; and
- 11.1.3 he shall provide Welltower with a letter in the form set out in schedule 1 signed by the Adviser.

12. COMPLIANCE WITH LEGISLATION

The conditions regulating compromise contracts, compromise agreements and settlement agreements (as applicable) under section 147(3) of the Equality Act 2010, section 203(3) of the Employment Rights Act 1996, regulation 35(3) of the Working Time Regulations 1998, section 14 of the Employment Relations Act 1999, regulation 9 of the Part-time Workers (Prevention of Less Favourable Treatment) Regulations 2000, regulation 10 of the Fixed Term Employees (Prevention of Less Favourable Treatment) Regulations 2002 and section 58 of the Pensions Act 2008 are satisfied.

13. REPAYMENT PROVISIONS

If Mr Goodey

- (a) breaches any material term of this Agreement; or
- (b) raises any grievance in writing with Welltower or any Group Company before or within four months of the Leaving Date;
- (c) lodges a subject access request under Article 15 of the General Data Protection Regulation ((EU) 2016/679) with any Group Company; or
- (d) commences proceedings against Welltower or any Group Company in breach of this Agreement

then, without prejudice to the rights of Welltower or any Group Company to enforce the terms of this Agreement or any claw back provisions contained within or relating to the Programs or otherwise, he will pay to Welltower on demand by way of liquidated damages an amount equivalent to: (i) in the case of (a) above, the damages suffered by Welltower as a result of the breach; or (ii) in the case of (b) or (c) above, the aggregate value of the Settlement or (iii), in the case of (d) above, the value of any damages, account of profits or other compensation sought by Mr Goodey, or the amount which could be awarded in such proceedings, and in both cases Welltower's costs in connection with such breach or proceedings subject, however to a maximum of the amount of any payments made under this Agreement and any such payment shall be recoverable as a debt.

14. FUTURE COOPERATION

Mr Goodey acknowledges that he possesses Confidential Information and agrees that he shall reasonably cooperate with Welltower in order to effectuate a smooth and orderly transition of his knowledge, expertise and experience, including, without limitation, responding to Welltower's requests for information, identifying outstanding matters and the status thereof, and identifying and explaining the location of files and materials (including computer files) maintained by Mr Goodey during his employment with Welltower. Subject always to Clause 10.2 and 10.3 above, Mr Goodey agrees to cooperate with and make himself readily available, on a reasonable basis, to Welltower or its professional advisers, as Welltower may request, to assist in any matter, including but not limited to giving truthful testimony in any litigation or potential litigation, over which Mr Goodey may have knowledge, information or expertise and without requiring payment or compensation save for reimbursement of out of pocket expenses and to notify of any contact by any party or an advisor (or their insurer) to any party involved in any such dispute or Litigation. Mr Goodey agrees that he will not counsel or assist any legal representatives, other advisors or their clients in the presentation or prosecution of any disputes, differences, grievances, claims, charges or complaints by any third party against Welltower or any Group Company or its directors, officers, employees, partners or members, unless under a subpoena or other court order to do so, and then only to the extent required by law. Mr Goodey further agrees as soon as is reasonably practicable and in any event within three working days of receipt to (a) notify Welltower upon receipt of any court order, subpoena or legal discovery device that seeks or might require the disclosure or production of the existence or terms of this Agreement; and (b) furnish a copy of such subpoena or legal discovery device to Welltower.

15. NO ADMISSION OF WRONGDOING

The parties agree that neither this Agreement nor the furnishing of the consideration for this Agreement shall be deemed or construed at any time for any purpose as an admission by any Welltower Released Party of wrongdoing or evidence of any liability or unlawful conduct of any kind.

16. ADDITIONAL FORMALITIES

- 16.1 Welltower hereby advises Mr Goodey to consult with an attorney licensed to practice law in one or more jurisdictions in the United States of America of his choosing prior to signing this Agreement. Mr Goodey understands and agrees that he has the right and has been given the opportunity to review this Agreement with such an attorney. Mr Goodey acknowledges and agrees that the payments and benefits provided by Welltower under the terms of the Programs are sufficient consideration to require him to comply with his obligations under this Agreement. Mr Goodey represents that he has read this Agreement and understands its terms and that he enters into this Agreement freely, voluntarily, and without coercion. Except as otherwise provided in Clause 16.2, MR GOODEY, FREELY AND KNOWINGLY, AND AFTER DUE CONSIDERATION, ENTERS INTO THIS AGREEMENT INTENDING TO WAIVE, SETTLE AND RELEASE ALL CLAIMS HE HAS OR MIGHT HAVE AGAINST EACH AND EVERY WELLTOWER RELEASED PARTY AS OF THE DATE OF EXECUTION OF THIS AGREEMENT.
- 16.2 Mr Goodey acknowledges and agrees that: (a) He has been given at least twenty-one (21) days during which to review and consider the provisions of this Agreement, although he may at his discretion, knowingly and voluntarily, sign and return the Agreement at any earlier time, but Mr Goodey may not sign and return the Agreement until on or after his or her last day of employment with Welltower; ; (b) modification of this Agreement does not restart this twenty-one (21)-day consideration period; (c) Mr Goodey is waiving rights or claims which may be waived by law in exchange for consideration that is not otherwise due him, including claims and rights under the Age Discrimination in Employment Act of 1967, as amended (the "ADEA"), and as otherwise described in this Agreement; (d) rights or claims that may arise after the date this Agreement is executed, including those arising under the ADEA, are not waived by this Agreement; (e) at any time within seven (7) days after signing this Agreement, Mr Goodey may revoke this Agreement; and (f) this Agreement is not enforceable until the revocation period has passed without a revocation.
- 16.3 To revoke this Agreement, Mr Goodey must send a written statement of revocation delivered by certified mail and email to Welltower Inc., Attn: General Counsel, 4500 Dorr Street, Toledo, OH 43615, Email: MMcQueen@welltower.com . This revocation must be received no later than the seventh (7th) day following Mr Goodey's execution of this Agreement. If no such revocation occurs, this Agreement shall become effective on the eighth (8th) day following execution of this Agreement.
- 16.4 In the event that Mr Goodey revokes this Agreement, it shall have no force or effect, and Mr Goodey shall have no right to receive or retain any payments and benefits provided by Welltower under the terms of the Programs.
- 16.5 Mr Goodey affirms and agrees that he has not divulged any proprietary or confidential information of Welltower and will continue to maintain the confidentiality of such information consistent with Welltower's policies and Mr Goodey's agreement(s) with Welltower, any Group Company and/or common law. Mr Goodey hereby represents and warrants that he has not breached any of his obligations under Section 4 of the Programs and hereby ratifies and affirms such obligations, which shall continue in full force and effect in accordance with their terms. Mr Goodey understands and agrees that upon any violation of the provisions of Section 4 of the Programs, any and all payment or benefits under the Programs and/or this Agreement shall immediately stop and Mr Goodey shall be obligated to immediately pay to Welltower an amount equal to the aggregate of any sums previously paid to him under the Programs and/or this Agreement.

17. WITHOUT PREJUDICE STATUS

Once executed by both parties this Agreement will form an open and binding agreement notwithstanding the fact that the front sheet is marked "without prejudice" and "subject to contract".

18. THIRD PARTIES RIGHTS

The Contracts (Rights of Third Parties) Act 1999 shall only apply to this Agreement in relation to Welltower, any Group Company and the Welltower Released Parties. No person other than the parties to this Agreement, the Group Companies and the Welltower Released Parties shall have any rights under it and it will not be enforceable by any person other than those parties.

19. ENTIRE AGREEMENT

19.1 The terms of this Agreement constitute the entire agreement between the parties in respect of the termination of Mr Goodey's employment and supersede any previous agreement between them linked to the termination of Mr Goodey's employment. The parties acknowledge that they are not entering into this Agreement in reliance upon any representation, warranty or undertaking which is not contained or referred to in this Agreement. The terms of this Agreement do not replace or supersede any provision of the Letter Agreement as amended by this Agreement, nor do they replace or supersede any terms of the Programs including any confidentiality, non-disparagement, non-solicitation and non-compete referred to therein.

19.2 No variation of this Agreement shall be binding on either party unless and to the extent that the same is recorded in a written document executed by the parties. No waiver by Welltower or any Group Company of any term, provision or condition of this Agreement or of any breach by Mr Goodey of any such term, provision or condition shall be effective unless it is in writing (excluding e-mail) and signed by Welltower. No failure to exercise nor any delay in exercising any right or remedy hereunder by Welltower or any Group Company shall operate as a waiver thereof or of any other right or remedy hereunder, nor shall any single or partial exercise of any right or remedy by Welltower or any Group Company prevent any further or other exercise thereof or the exercise of any other right or remedy.

20. SEVERABILITY

If any provision or part of a provision of this Agreement shall be or become void or unenforceable for any reason, this shall not affect the validity of that provision or any remaining provisions of this Agreement in this or any other jurisdiction and the provision may be severable and if any provision would be treated as valid and effective if part of the wording was deleted, it shall apply with such modifications as necessary to make it valid and effective.

21. COUNTERPARTS

This Agreement may be executed by counterparts which together shall constitute one agreement. Either party may enter into this Agreement by executing a counterpart and this Agreement shall not take effect until it has been executed by both parties. Delivery of an executed counterpart or a signature page by facsimile or scanned via email shall take effect as delivery of an executed counterpart of this Agreement following which the relevant party shall give the other the original of such page as soon as reasonably practicable thereafter.

22. GOVERNING LAW AND JURISDICTION

22.1 This Agreement shall be governed by and construed in accordance with the law of England and Wales.

22.2 Each party irrevocably agrees to submit to the non-exclusive jurisdiction of the courts of England and Wales over any claim or matter arising under or in connection with this Agreement.

IN WITNESS whereof this Agreement has been executed as a deed and delivered on the date first above written.

Signed and Delivered as a deed by)
JOHN GOODEY)
in the presence of:) /s/ John Goodey

Witness signature: /s/ Kerri Moat

Witness name: Kerri Moat

Witness address: 149 High St.

Garlinge

Margate, CT9 5LY

Witness occupation: Retired R.M.N.

Signed and Delivered as a deed by)
WELLTOWER INC.)
acting by Matthew McQueen,)
in the presence of:) /s/ Matthew McQueen

Witness signature: /s/ Michelle Pawlecki

Witness name: Michelle Pawlecki

Witness address: 4500 Dorr St.

Toledo, OH 43615

Witness occupation: Executive Assistant

SCHEDULE 1

1 Letter from Adviser

[To be typed on the headed notepaper of [the law firm acting for the individual]]

_____ 2019

Dear Sirs

Re: Welltower Inc. ("**Welltower**") and John Goodey ("**Mr Goodey**")

We refer to the agreement between Welltower and Mr Goodey, our client, dated _____ 2019, a copy of which is attached (the "Settlement Agreement") and confirm that:

1. [name of adviser] has given Mr Goodey independent advice as to the terms and effect of the Settlement Agreement and, in particular, (i) its effect on his ability to pursue his rights before an employment tribunal or court; and (ii) the meaning and effect of this clause and clause 11 of the Settlement Agreement and the circumstances in which Mr Goodey is free to use or disclose information in accordance with the provisions of this clause 12.2;
2. [name of adviser] is a solicitor of the Senior Courts of England and Wales and holds (and held at the time the advice was given) a current practising certificate issued by The Solicitors Regulation Authority;
3. [firm] holds, and held at the time the advice was given, a current policy of insurance or an indemnity provided for members of a profession or professional body covering the risk of a claim by Mr Goodey in respect of any loss arising in consequence of the advice; and
4. neither [firm] nor [name of adviser] acted for Welltower or any Group Company in relation to the termination of Mr Goodey's employment with Welltower or the Settlement Agreement and we consider [name of adviser] to be an independent adviser for the purposes of section 147 of the Equality Act 2010.

Yours faithfully

[Name of adviser]
for and on behalf of
[firm]

SCHEDULE 2
Waiver and Release of Claims

WAIVER AND RELEASE OF CLAIMS
UNDER THE
2005 LONG-TERM INCENTIVE PLAN
2016 LONG-TERM INCENTIVE PLAN
2017-2019 LONG-TERM INCENTIVE PROGRAM – BRIDGE 1
2017-2019 LONG-TERM INCENTIVE PROGRAM – BRIDGE 2
2018-2020 LONG-TERM INCENTIVE PROGRAM
2019-2021 LONG-TERM INCENTIVE PROGRAM

This WAIVER AND RELEASE OF CLAIMS (this “Agreement”) is made by and between Welltower Inc. (the “Company”) and John Goodey on behalf of himself and his agents, heirs, executors, administrators, successors and assigns (collectively referred to herein as “Employee”).

1. General Release of Claims.

- 1.1. **General Release of All Claims.** In exchange for the payments and benefits provided by the Company under the terms of the Welltower Inc. 2005 Long-Term Incentive Plan, Welltower Inc. 2016 Long-Term Incentive Plan, Welltower Inc. 2017-2019 Long-Term Incentive Program – Bridge – 1, Welltower Inc. 2017-2019 Long-Term Incentive Program – Bridge 2, Welltower Inc. 2018-2020 Long-Term Incentive Program and Welltower Inc. 2019-2021 Long-Term Incentive Program (the “Programs”), which Employee acknowledges and agrees provide adequate consideration to which Employee would not otherwise be entitled, Employee unconditionally, knowingly and voluntarily releases, remises, and forever discharges the Company and any of its past or present subsidiaries, divisions, joint ventures, affiliates, related entities, predecessors, merged entities and parent entities, benefit plans, and all of their respective past and present officers, directors, stockholders, employees, partners, members, managers, owners, consultants and advisors, benefit plan administrators and trustees, agents, attorneys, insurers, representatives, affiliates and all of their respective successors and assigns (collectively, the “Company Released Parties”), from any and all claims, actions, causes of action, demands, obligations, grievances, suits, losses, debts and expenses (including attorney’s fees and costs), damages and claims in law or in equity of any nature whatsoever, known or unknown, suspected or unsuspected, Employee ever had, now has, or may ever have against any Company Released Party up to and including the day on which Employee signs this Agreement. Without limiting the generality of the foregoing, subject to Section 1.2 below, the claims Employee is waiving include, but are not limited to, (a) any claims, demands, and causes of action alleging violations of public policy, or of any federal, state, or local law, statute, regulation, executive order, or ordinance, or of any duties or other obligations of any kind or description arising in law or equity under foreign, federal, state, or local law, regulation, ordinance, or public policy having any bearing whatsoever on the terms or conditions of Employee’s employment with or by the Company or the termination or resignation of Employee’s employment with the Company or any association or transaction with or by the Company; (b) all claims of discrimination or harassment on the basis of age, sex, race, national origin, religion, sexual orientation, disability, veteran status or any other legally protected category; (c) all claims under Title VII of the Civil Rights Act of 1964, the Americans with Disabilities Act, the Age Discrimination in Employment Act, the Older Workers Benefit Protection Act, the Fair Labor Standards Act, the Genetic Information Nondiscrimination Act, 42 U.S.C. § 1981, and all other federal, state and local fair employment and anti-discrimination laws, all as amended, including without limitation the Ohio Civil Rights Act, O.R.C. § 4112.01 et seq., the Ohio Age Discrimination in Employment Act, O.R.C. § 4112.14, the Ohio Uniformed Services Employment and Reemployment Act, O.R.C. §§ 5903.01, 5903.02; (d) all claims under the Worker Adjustment and Retraining Notification Act and similar state and local statutes, all as amended; (e) all claims under the National Labor Relations Act, as amended; (f) all claims under the Family and Medical Leave Act and other federal, state and local leave laws, all as amended; (g) all claims under the

Employee Retirement Income Security Act, as amended (except with respect to accrued vested benefits under any retirement or 401(k) plan in accordance with the terms of such plan and applicable law); (h) all claims under the Sarbanes-Oxley Act of 2002, the False Claims Act, the Dodd-Frank Wall Street Reform and Consumer Protection Act, the Securities Exchange Act of 1934, the Commodity Exchange Act, the Consumer Financial Protection Act, the American Recovery and Reinvestment Act, the Foreign Corrupt Practices Act, and the EU Competition Law, all as amended; (i) all claims of whistleblowing and retaliation under federal, state and local laws, including without limitation the Ohio Whistleblower Protection Act, O.R.C. § 4113.51 et. seq., Ohio statutory provisions regarding retaliation/discrimination for pursuing a workers compensation claim; (j) all claims under the Ohio Minimum Fair Wages Act, O.R.C. § 4111.01 et seq.; (k) all claims under the Ohio Wage Payment Act, O.R.C. § 4113.15; (l) all claims under any principle of common law or sounding in tort or contract; (m) all claims concerning any right to reinstatement; (n) all claims under the Immigration Reform and Control Act; (o) all claims under the Fair Credit Reporting Act; (p) all claims under The Equal Pay Act; (q) all claims for attorneys' fees, costs, damages or other relief (monetary, equitable or otherwise), whether under foreign, federal, state or local law, whether statutory, regulatory or common law, to the fullest extent permitted by law; and (r) all claims under any policy, agreement, contract, understanding or promise, written or oral, formal or informal, between any of the Company Released Parties and Employee. Further, each of the persons and entities released herein is intended to and shall be a third-party beneficiary of this Agreement.

- 1.2. Claims Not Released. This release of claims does not affect or waive: (a) benefits and/or the right to seek benefits under applicable workers' compensation and/or unemployment compensation statutes; (b) any claims Employee may have for his own vested accrued employee benefits under the terms of the Company's health, welfare, or retirement benefit plans as of Employee's last day of employment with the Company; (c) any right to pursue claims which by law cannot be waived by signing this Agreement; (d) Employee's rights to indemnification under any indemnification agreement he has with the Company or any other Company Released Party and/or under the Company's or any Company Released Party's charter or bylaws, or to whatever coverage Employee may have under the Company's or any Company Released Party's directors' and officers' insurance policy for acts and omissions when Employee was an officer or director of the Company or of any Company Released Party; or (e) Employee's right to enforce this Agreement and the Settlement Agreement between the Company and Employee, dated September [3], 2019 (the "Settlement Agreement") (including, for the avoidance of doubt, his rights with respect to the equity awards described in Schedule 3 of the Settlement Agreement).
- 1.3. Government Agencies. Notwithstanding any other provision in this Agreement to the contrary, nothing contained in this Agreement limits Employee's ability to file a charge or complaint with the Equal Employment Opportunity Commission, the National Labor Relations Board, the Occupational Safety and Health Administration, the Securities and Exchange Commission or any other federal, state or local governmental agency or commission (each a "Government Agency"). Employee further understands that this Agreement does not limit Employee's ability to communicate with any Government Agency or otherwise participate in any investigation or proceeding that may be conducted by any Government Agency, including providing documents or other information, without notice to the Company. However, to the maximum extent permitted by law, Employee agrees that if such a charge or complaint is made, Employee shall not be entitled to recover any individual monetary relief or other individual remedies. This Agreement does not limit or prohibit Employee's right to receive an award for information provided to any Government Agency to the extent that such limitation or prohibition is a violation of law.
- 1.4. Collective/Class Action Waiver. If any claim is not subject to release, to the extent permitted by law, Employee waives any right or ability to be a class or collective action representative or to otherwise participate in any putative or certified class, collective or multi-party action or proceeding based on such a claim in which the Company or any other Company Released Party is a party.

- 1.5. **Release of Unknown Claims.** Employee intends that this release of claims cover all claims described above, whether or not known to Employee. Employee further recognizes the risk that, subsequent to the execution of this Agreement, Employee may incur loss, damage or injury which Employee attributes to the claims encompassed by this release. Employee also expressly waives and relinquishes, to the fullest extent permitted by law, any and all rights he may have under California Civil Code Section 1542, or the comparable provisions of the laws of any other jurisdiction, which provides as follows:

“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.”

2. **Acknowledgments and Affirmations.**

- 2.1. Employee affirms that Employee has not filed, caused to be filed, or presently is a party to any claim against any Company Released Party. Employee also represents and warrants that there has been no assignment or other transfer of any interest in any claim by Employee that is covered by the release set forth in Section 1.
- 2.2. Employee affirms that (a) except for the benefits referred to in Section 1.2(b) above, Employee has been paid and/or has received all compensation, wages, bonuses, commissions, and/or benefits which are considered earned and therefore due and payable as of the date Employee signs this Agreement; (b) Employee has been granted any leave to which Employee was entitled under the Family and Medical Leave Act or related state or local leave or disability accommodation laws; (c) Employee has no known workplace injuries or occupational diseases; (d) Employee has not been retaliated against for reporting any allegations of wrongdoing by the Company or its officers; (e) Employee has not been prohibited, restricted or otherwise interfered with by any Company Released Party from communicating with any Governmental Agency as described in Section 1.3 above; and (f) all of the Company’s decisions regarding Employee’s pay and benefits through the date of Employee’s execution of this Agreement were, to Employee’s knowledge, not discriminatory based on age, sex, race, national origin, religion, sexual orientation, disability, veteran status or any other classification protected by law.
- 2.3. Employee affirms and agrees that Employee has not divulged any proprietary or confidential information of the Company and will continue to maintain the confidentiality of such information consistent with the Company’s policies and Employee’s agreement(s) with the Company and/or common law. Employee hereby represents and warrants that he has not breached any of his obligations under Section 4 of the Programs and hereby ratifies and affirms such obligations, which shall continue in full force and effect in accordance with their terms. Employee understands and agrees that upon any violation of the provisions of Section 4 of the Programs, any and all payment or benefits under the Programs shall immediately stop and Employee shall be obligated to return to the Company any amounts previously paid to Employee under the Program.
3. **No Admission of Wrongdoing.** Employee and the Company agree that neither this Agreement nor the furnishing of the consideration for this Agreement shall be deemed or construed at any time for any purpose as an admission by any Company Released Party of wrongdoing or evidence of any liability or unlawful conduct of any kind.
4. **Consultation with Attorney; Voluntary Agreement.** The Company hereby advises Employee to consult with an attorney of his choosing prior to signing this Agreement. Employee understands and agrees that Employee has the right and has been given the opportunity to review this Agreement with an attorney. Employee acknowledges and agrees that the payments and benefits provided by the Company under the terms of the Programs are sufficient consideration to require him to comply with his obligations under

this Agreement. Employee represents that he has read this Agreement and understands its terms and that he enters into this Agreement freely, voluntarily, and without coercion. Except as otherwise provided in Section 1.2, EMPLOYEE, FREELY AND KNOWINGLY, AND AFTER DUE CONSIDERATION, ENTERS INTO THIS AGREEMENT INTENDING TO WAIVE, SETTLE AND RELEASE ALL CLAIMS EMPLOYEE HAS OR MIGHT HAVE AGAINST EACH AND EVERY COMPANY RELEASED PARTY AS OF THE DATE OF EXECUTION OF THIS AGREEMENT.

5. **Effective Date; Revocation.** Employee acknowledges and agrees that: (a) Employee has been given at least twenty-one (21) days during which to review and consider the provisions of this Agreement, although he may at his discretion, knowingly and voluntarily, sign and return the Agreement at any earlier time, but Employee may not sign and return the Agreement until on or after his last day of employment with the Company; (b) modification of this Agreement does not restart this twenty-one (21)-day consideration period; (c) Employee is waiving rights or claims which may be waived by law in exchange for consideration that is not otherwise due to Employee, including claims and rights under the Age Discrimination in Employment Act of 1967, as amended (the "ADEA"), and as otherwise described in this Agreement; (d) rights or claims that may arise after the date this Agreement is executed, including those arising under the ADEA, are not waived by this Agreement; (e) at any time within seven (7) days after signing this Agreement, Employee may revoke this Agreement; and (f) this Agreement is not enforceable until the revocation period has passed without a revocation.

To revoke this Agreement, Employee must send a written statement of revocation delivered by certified mail to Welltower Inc., Attn: Chief Executive Officer, 4500 Dorr Street, Toledo, OH 43615. This revocation must be received no later than the seventh (7th) day following Employee's execution of this Agreement. If no such revocation occurs, this Agreement shall become effective on the eighth (8th) day following execution of this Agreement.

In the event that Employee revokes this Agreement, it shall have no force or effect, and Employee shall have no right to receive or retain any payments and benefits provided by the Company under the terms of the Programs.

6. **Severability.** In the event that any one or more of the provisions of this Agreement shall be held to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remainder of the Agreement shall not in any way be affected or impaired thereby.
7. **Waiver.** No waiver by either party of any breach by the other party of any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of any other provision or condition at the time or at any prior or subsequent time. This Agreement and the provisions contained in it shall not be construed or interpreted for or against either party because that party drafted or caused that party's legal representative to draft any of its provisions.
8. **Governing Law.** This Agreement shall be construed in accordance with and governed by the laws of the State of Ohio, without regard to principles of conflict of laws of such state.
9. **Headings.** All descriptive headings in this Agreement are inserted for convenience only and shall be disregarded in construing or applying any provision of this Agreement.
10. **Counterparts.** This Agreement may be executed in counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

[Signature Page Follows]

IN WITNESS WHEREOF, this Agreement has been duly executed as of the dates written below.

WELLTOWER, INC

By: /s/ Matthew McQueen
Name: Matthew McQueen
Title: Senior Vice President - General Counsel and Corporate Secretary
Date: 5 September 2019

EXECUTIVE

/s/ John Goodey
John Goodey
Date: 5 September 2019

SCHEDULE 3
Equity Awards

Earned Equity - Accelerated Vesting of Unvested Units	
3,600 units	October 2019 vesting of the promotion equity award of restricted stock granted in October 2017
30,741 units	Performance-based units granted with the 2017-2019 Bridge 1, 2017-2019 Bridge 2, 2018-2020 LTIP, and 2019-2021 LTIP; based on company performance (as of 2Q-2019, certified by the Compensation Committee) and prorated by time-worked of applicable performance period

\$3,049,137 Estimated value as of closing stock price on 8/16/19 of \$88.79;
estimated accrued dividends of \$164,894.58 are not included

SCHEDULE 4

1 Letter of Resignation

4 September 2019

Dear Sirs

I resign as a director and/or officer of the companies listed below with immediate effect and confirm that I have no claims against any of the companies listed below arising out of the termination of my directorships and offices:

Lawrence Care (Maids Moreton) Limited

Oakland Care Centre Limited

Restful Homes I Holding Company Ltd.

Camelia Care Limited

Restful Homes (Birmingham) Limited

Restful Homes Developments Ltd.

Restful Homes (Milton Keynes) Ltd.

HCN UK Investments Limited

Aurora Propco 2 Limited

Hawthorns Retirement Group UK Limited

Hawthorns Retirement UK Limited

Hawthorns Retirement Management Limited

Welltower OM Member REIT LLC

Welltower Inc.

I agree to complete any further documentation or instrument to effect such resignation.

Yours faithfully

/s/ John Goodey

John Goodey

WELLTOWER INC.
2019 NONQUALIFIED DEFERRED COMPENSATION PLAN
(Effective July 1, 2019)

Article I.

PURPOSE

This Plan is designed to permit selected employees of Welltower Inc. and its Subsidiaries to defer bonuses and regular pay. It is also designed to permit members of the Welltower Inc. Board of Directors who are not employees to defer certain cash compensation paid by the Company.

This Plan is intended to be a plan that is unfunded and that is maintained by Welltower Inc. primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees within the meaning of the Employee Retirement Income Security Act of 1974, as amended. This Plan also is intended to comply with the requirements of Section 409A of the Code.

Article II.
DEFINITIONS

In this Plan, the following terms have the meanings indicated below.

2.01 “Account” means a bookkeeping entry used to record deferrals and contributions made on a Participant’s behalf under Article III of the Plan and gains and losses credited to these deferrals and contributions under Article IV of the Plan. The Account may have sub-accounts, including the Elective Deferral Sub-Account and the Company Contribution Sub-Account.

2.02 “Beneficiary” means the person or persons, natural or otherwise, designated in writing, to receive a Participant’s vested Account if the Participant dies before distribution of his or her entire vested Account. A Participant may designate one or more primary Beneficiaries and one or more secondary Beneficiaries. A Participant’s Beneficiary designation will be made pursuant to such procedures as the Committee may establish, and delivered to the Committee before the Participant’s death. The Participant may revoke or change this designation at any time before his or her death by following such procedures as the Committee may establish. If the Committee has not received a Participant’s Beneficiary designation before the Participant’s death or if the Participant does not otherwise have an effective Beneficiary designation on file when he or she dies, the Participant’s vested Account will be distributed to the Participant’s spouse if surviving at the Participant’s death, or if there is no such spouse, the Participant’s children in equal shares, or if none, the Participant’s estate.

2.03 “Board” means the Board of Directors of the Company.

2.04 “Bonus” means one or more cash bonuses designated from time to time by the Committee as eligible for deferral under this Plan, including a Participant’s annual short-term incentive bonus.

2.05 “Change in Corporate Control” shall have the same meaning as set forth in Section 10.1(a) of the Welltower Inc. 2016 Long-Term Incentive Plan, as amended from time to time (the “Equity Plan”) and Section 10.1(c) of the Equity Plan. In addition, in order to qualify as a “Change in Corporate Control”, an event must also meet the requirements for a “change in the ownership or effective control of a corporation, or a change in the ownership of a substantial portion of the assets of a corporation” with the meaning of Treas. Reg. §1.409A-3(i)(5).

2.06 “Code” means the Internal Revenue Code of 1986, as amended.

2.07 “Committee” means the Company’s Talent Committee or another group appointed by the Compensation Committee of the Company’s Board of Directors (“Compensation Committee”). Measuring Fund performance will be reviewed by the Investment Oversight Committee. Except as otherwise expressly provided herein, the Committee has full, discretionary authority to administer and interpret the Plan, to determine eligibility for Plan benefits, to select employees for Plan participation, and to correct errors. The Committee may delegate its duties and responsibilities and, unless the Committee expressly provides to the contrary, any such delegation will carry with it the Committee’s full discretionary authority to accomplish the delegation. Decisions of the Committee and its delegate will be final and binding on all persons.

2.08 “Company” means Welltower Inc., a Delaware corporation.

2.09 “Company Contribution Sub-Account” means (i) the sum of amounts credited to Participant’s Company Contribution Sub-Account pursuant to Section 3.02, plus (ii) amounts credited (net of amounts debited) in accordance with all the applicable crediting provisions of this Plan that relate to the Participant’s Company Contribution Sub-Account, less (iii) all distributions made to the Participant or his or her Beneficiary pursuant to this Plan that relate to the Participant’s Company Contribution Sub-Account.

2.10 “Compensation Limit” means the indexed dollar limit of Section 401(a)(17) of the Code (which is \$280,000 for 2019), which limits the compensation that can be taken into account when determining benefits under a tax-qualified retirement plan.

2.11 “Disability” means the Participant is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, or is, by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than three months under the Company’s insurance plans.

2.12 “Effective Date” means July 1, 2019.

2.13 “Eligible Employee” means an employee of the Company or of a Subsidiary who is a member of a select group of management or highly compensated employees within the meaning of the Employee Retirement Income Security Act of 1974, as amended, and has been selected by the Committee, and notified by the Company of eligibility, for Plan participation. Unless the Committee determines otherwise, Eligible Employee shall be limited to those employees of the Company with the title of Vice President or a more senior title. An individual will cease to be an Eligible Employee on the earliest of (i) the date the individual ceases to be employed by the Company and all Subsidiaries, (ii) the date the Plan is terminated, or (iii) the date the Committee, in its discretion, determines that the individual is no longer an Eligible Employee. In addition to the foregoing, the Committee may, in its discretion, deny eligibility to any employee or group of employees who may previously have been Eligible Employees.

2.14 “Elective Deferral Sub-Account” means (i) the amounts a Participant elects to defer under Section 3.01 that are credited to his or her Elective Deferral Sub-Account, plus (ii) amounts credited in accordance with all the applicable crediting provisions of this Plan that relate to the Participant’s Elective Deferral Sub-Account, less (iii) all distributions made to the Participant or his or her Beneficiary pursuant to this Plan that relate to his or her Elective Deferral Sub-Account.

2.15 “Employer” means the entity for whom services are performed and with respect to whom the legally binding right to compensation arises, and all entities with whom such entity would be considered a single employer under Section 414(b) of the Code; provided that in applying Section 1563(a)(1), (2), and (3) of the Code for purposes of determining a controlled group of corporations under Section 414(b) of the Code, the language “at least 50 percent” is used instead of “at least 80 percent” each place it appears in Section 1563(a)(1), (2), and (3) of the Code, and in applying Treasury Regulation § 1.414(c)-2 for purposes of determining trades or businesses (whether or not incorporated) that are under common control for purposes of Section 414(c) of the Code, “at least 50 percent” is used instead of “at least 80 percent” each place it appears in Treasury Regulation § 1.414(c)-2; provided, however,

“at least 20 percent” shall replace “at least 50 percent” in the preceding clause if there is a legitimate business criteria for using such lower percentage.

2.16 “Exchange Act” means the Securities Exchange Act of 1934, as amended.

2.17 “ERISA” means the Employee Retirement Income Security Act of 1974, as amended.

2.18 “Identification Date” means each December 31.

2.19 “Investment Oversight Committee” means that committee of employees of the Company that is responsible for selecting and monitoring the performance of the Measuring Funds. The full and formal name of the Investment Oversight Committee is the “Welltower Inc. Retirement Plan Investment Oversight Committee”.

2.20 “Measuring Fund” means one or more of the investment funds selected by the Committee pursuant to Article IV.

2.21 “Mid-Year Entrant” means an Eligible Employee (i) who is first notified that he or she has been selected for Plan participation during the calendar year in which his or her Plan participation will begin, and (ii) who has not been a Participant for twenty-four (24) months preceding the date such Eligible Employee is so notified. The term “Mid-Year Entrant” shall also include any newly appointed or elected Non-Employee Director.

2.22 “Non-Employee Director” means a member of the Board who is not an employee of the Company or any Subsidiary.

2.23 “Participant” means a current or former Eligible Employee or Non-Employee Director who retains an Account.

2.24 “Plan” means Welltower Inc. 2019 Nonqualified Deferred Compensation Plan, as amended from time to time.

2.25 “Plan Year” means a calendar year.

2.26 “Regular Pay” means the pre-tax amount of an Eligible Employee’s base salary. Regular Pay is determined on a “paycheck by paycheck” basis.

2.27 “Section 409A” means Section 409A of the Code, as the same may be amended from time to time, and any successor statute to such section of the Code. References to Section 409A or any requirement under Section 409A, as the same may be interpreted, construed or applied to this Plan at any particular time, shall be deemed to mean and include, to the extent then applicable and then in force and effect (but not to the extent overruled, limited or superseded), published rulings and similar announcements issued by the Internal Revenue Service under or interpreting Section 409A, regulations issued by the Secretary of the Treasury under or interpreting Section 409A, decisions by any court of competent jurisdiction involving a Participant or a Beneficiary and any closing agreement made under Section 7121 of the Code that is approved by the Internal Revenue Service and involves a Participant, all as determined by the Board in good faith, which determination may (but shall not be required to) be made in reliance on the advice of such tax counsel or other tax professional(s) with whom the Board from time to time may elect to consult with respect to any such matter.

2.28 “Separation from Service” means the following:

(a) For a Participant who is an employee, “separation from service” means termination of employment with the Employer, other than by reason of death. A Participant shall not be deemed to have Separated from Service if the Participant continues to provide services to the Company or any of its Subsidiaries in a capacity other than as an employee and if the former employee is providing services at an annual rate that is fifty percent or more of the services rendered, on average, during the immediately preceding thirty-six months of employment with

the Employer (or if employed by the Employer less than thirty-six months, such lesser period); provided, however, that a Separation from Service will be deemed to have occurred if a Participant's service with the Employer is reduced to an annual rate that is twenty percent or less of the services rendered, on average, during the immediately preceding thirty-six months of employment with the Employer (or if employed by the Employer less than thirty-six months, such lesser period).

(b) For a Participant who is a Non-Employee Director, "separation from service" means a good-faith and complete termination of the service relationship. An expiration does not constitute a good faith and complete termination of the contractual relationship if the Company anticipates a renewal of a relationship or the Non-Employee Director becoming an employee. For this purpose, the Company is considered to anticipate the renewal of the relationship with the Non-Employee Director if it intends to renew a service relationship of any type.

2.29 "Specified Employee" means a Participant who, on an Identification Date, is a "Specified Employee" as such term is defined in Section 409A. As of the Effective Date, a Specified Employee is:

- (a) An officer of the Company having annual compensation greater than the compensation limit in Section 416(i)(1)(A)(i) of the Code, provided that no more than fifty officers of the Company shall be determined to be Specified Employees as of any Identification Date;
- (b) A five percent owner of the Company regardless of compensation; or
- (c) A one percent owner of the Company having annual compensation from the Company of more than \$150,000.

If a Participant is identified as a Specified Employee on an Identification Date, then such Participant shall be considered a Specified Employee for purposes of the Plan during the period beginning on the first April 1 following the Identification Date and ending on the next March 31.

2.30 "Subsidiary," means shall mean any entity (other than the Company) in an unbroken chain of entities beginning with the Company, provided each entity (other than the last entity) in the unbroken chain owns, at the time of the determination, stock possessing fifty percent (50%) or more of the total combined voting power of all classes of equity in one of the other entities in such chain.

2.31 "Unforeseeable Emergency" means any of the following: (1) a severe financial hardship to the Participant resulting from an illness or accident of the Participant, the Participant's spouse, the Participant's Beneficiary (if such Beneficiary is a natural person), or certain dependents of the Participant as provided in regulations promulgated under Section 409A of the Code; (2) loss of the Participant's property due to casualty (including the need to rebuild a home following damage to a home not otherwise covered by insurance, for example, not as a result of a natural disaster); or (3) other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant. For example, the imminent foreclosure of or eviction from the Participant's primary residence may constitute an Unforeseeable Emergency. In addition, the need to pay for medical expenses, including non-refundable deductibles, as well as for the costs of prescription drug medication, may constitute an Unforeseeable Emergency. Finally, the need to pay for the funeral expenses of the Participant's spouse, Beneficiary, or certain dependents described above may also constitute an Unforeseeable Emergency. Except as otherwise described above, the purchase of a home and the payment of college tuition are not Unforeseeable Emergencies. Whether a Participant is faced with an Unforeseeable Emergency permitting a distribution under Section 5.06 shall be determined based on the relevant facts and circumstances of each case, but, in any case, a distribution on account of Unforeseeable Emergency may not be made to the extent that such emergency is or may be relieved through reimbursement or compensation from insurance or otherwise, by liquidation of the Participant's assets, to the extent the liquidation of such assets would not cause severe financial hardship, or by cessation of deferrals under the Plan.

Article III.
DEFERRALS AND CONTRIBUTIONS

3.01 Employee Deferrals. An Eligible Employee may elect to defer up to 100% of his or her Regular Pay and up to 100% of each Bonus for which he or she is eligible, in either case of a deferral of Regular Pay or a Bonus, net of any applicable withholding taxes or other authorized deductions to the extent required so that such applicable withholding taxes or other authorized deductions shall be satisfied from the Regular Pay or Bonus, as the case may be, by submitting a written election to the Committee that satisfies such requirements, including such minimum deferral amounts, as the Committee may determine. Participants will be 100% vested in these deferrals. Notwithstanding anything herein to the contrary, no elective deferrals shall be made under this Plan for any period of service prior to July 1, 2019, other than deferral of a Bonus for the fiscal year ending December 31, 2019 that otherwise satisfies the provisions regarding performance-based compensation set forth in Section 3.01(a) below.

(a) Annual Elections. Prior to the commencement of each calendar year, commencing with calendar year 2020, an Eligible Employee may make two separate deferral elections: an election to defer Regular Pay earned with respect to such calendar year and an election to defer any Bonus earned with respect to the fiscal year ending with such calendar year. Elections must be made before the beginning of the calendar year in which the Regular Pay is earned, and with respect to a Bonus that qualifies as performance-based compensation under Section 409A of the Code, no less than 6 months before the end of the applicable bonus performance period. An election is irrevocable after it is made and shall remain in effect for the next calendar year.

(b) Special 2019 Election. Prior to the commencement of the Plan on July 1, 2019, an Eligible Employee may make two separate deferral elections: an election to defer Regular Pay earned with respect to the period beginning on July 1, 2019 and ending on December 31, 2019 and an election to defer any Bonus earned with respect to the 2019 fiscal year, which coincides with the 2019 calendar year. Elections must be made on or before July 1, 2019. An election is irrevocable after it is made and shall remain in effect for calendar year 2019.

(c) Late Election. If an Eligible Employee does not make a timely election for an upcoming calendar year (or in the case of calendar year 2019, the last 6 months of such calendar year), no deferral will be made on behalf of that Eligible Employee with regard to that election for that upcoming period.

(d) Initial Mid-Year Election. Notwithstanding the timing provisions in paragraph (a) above, a Mid-Year Entrant who is first notified that he is eligible to participate in the Plan on or before July 1 of any calendar year may elect within 30 days after the date the Mid-Year Entrant is notified of his or her eligibility to defer (i) Regular Pay for services to be performed subsequent to the date the election is made and (ii) Bonus earned for services after the effective date of the initial election. An initial election made pursuant to this paragraph (c) shall remain in effect until the end of the calendar year in which it is made.

3.02 Discretionary Company Contributions.

(a) Contributions. For each Plan Year of the Company or at such other times as the Committee may determine, the Company may credit a Participant with a discretionary contribution under the Plan. Such contribution, if any, and the amount thereof, will be determined in the sole and absolute discretion of the Committee, and to such Participants or groups or categories of Participants as shall be determined in the sole and absolute discretion of the Committee.

(b) Crediting. Any discretionary contributions will be credited to Participants' Account as of the date specified by the Committee.

(c) Vesting. The terms and conditions of vesting of a discretionary contribution shall be determined by the Committee in its sole discretion and shall not be required to possess the same terms and conditions as any prior discretionary contribution made under the Plan.

3.03 Non-Employee Directors.

(a) A Non-Employee Director may elect to defer up to 100% of his or her annual retainer (including any fees payable for serving as the Chairman of the Board or for service on a Board committee) by submitting a written election to the Committee that satisfies such requirements, including such minimum deferral amounts, as the Committee may determine. Participants will be 100% vested in these deferrals.

(b) Annual Elections. Prior to the commencement of each calendar year, commencing with calendar year 2020, a Non-Employee Director may make a deferral election to defer his or her annual retainer earned with respect to such calendar year. Elections must be made before the beginning of the calendar year in which the annual retainer is earned. An election is irrevocable after it is made and shall remain in effect for the next calendar year.

(c) Special 2019 Election. Prior to the commencement of the Plan on July 1, 2019, a Non-Employee Director may make an election to defer his or her annual retainer earned with respect to the period beginning on July 1, 2019 and ending on December 31, 2019. Elections must be made on or before July 1, 2019. An election is irrevocable after it is made and shall remain in effect for calendar year 2019.

(d) Initial Mid-Year Election. Notwithstanding the timing provisions in paragraph (a) above, a Non-Employee Director who is a Mid-Year Entrant who is first appointed or elected to the Board on or before July 1 of any calendar year may elect within 30 days after the date the Mid-Year Entrant joins the Board to defer his or her annual retainer for services to be performed subsequent to the date the election is made. An initial election made pursuant to this paragraph (d) shall remain in effect until the end of the calendar year in which it is made.

Article IV. ACCOUNTS AND EARNINGS

4.01 General. A Participant's Account shall be maintained in accordance with this Article IV.

(a) Class Year Accounting. Each Participant's Account (and each Sub-Account) shall be separated by the contributions (and any earnings thereon) made with respect to a single calendar year (or portion thereof). For this purpose, each calendar year shall be referred to as a "Class Year" and each separate division shall be referred to herein as a "Class Year Sub-Account").

(b) Earnings. Each Participant's Account shall be credited with earnings in accordance with this Article IV.

4.02 Investment Options. The Investment Oversight Committee shall select the Measuring Funds whose performance will measure the amounts to be credited under Section 4.03 to the Participants' Accounts. The selection of Measuring Funds shall be for bookkeeping purposes only, and the Company shall not be obligated actually to invest any money in the Measuring Funds, or to acquire or maintain any actual investment. The Investment Oversight Committee may, in its discretion, change its selection of the Measuring Funds at any time. If a Participant has elected pursuant to this Section 4.02 to invest all or a portion of his Account in a Measuring Fund which the Committee decides to discontinue, such portion of his Account shall be invested after such discontinuance in the continuing Measuring Fund which the Committee determines, in its discretion, most nearly resembles the discontinued Measuring Fund. The Committee shall provide each Participant with a list of the Measuring Funds available for hypothetical investment, and the Participant shall designate, on a form provided by the Committee, one or more of such Measuring Funds in which his Account will be deemed to be invested. The Committee, in its discretion, shall designate the times, procedures and limitations for the designation of hypothetical investments by Participants of their Accounts among the Measuring Funds (including, but not limited to, the times when a Participant may change his hypothetical investments, the increments (expressed as a dollar amount or as a percentage of the Participant's Account) in which a Participant may choose to make a hypothetical investment in a Measuring Fund, and any minimum increment (expressed as a dollar amount or as a percentage of the Participant's

Account) that may be deemed to be invested in a Measuring Fund); provided, however, that a Participant may make a selection of a hypothetical investment in a Measuring Fund on a prospective basis only.

4.03 Earnings Credits. The Committee shall determine, in its discretion, the exact times and methods for crediting or charging each Participant's Account (and such Participant's Elective Deferral Sub-Account and Company Contribution Sub-Account) with the earnings, gains, losses, and changes in value of the Measuring Funds selected by the Participant. The Committee may, at any time, change the timing or methods for crediting or debiting earnings, gains, losses, and changes in value of Measuring Funds.

Article V. DISTRIBUTIONS

5.01 Distribution Elections.

(a) Initial Election for Annual Contributions. Each year preceding the Plan Year (and in the case of the 2019 Plan Year, prior to July 1, 2019), a Participant will elect, in writing, which of the distribution options described in Section 5.02 will govern payment of the deferrals and applicable earnings credited thereon to Participant's Account for the following Plan Year. The election made under this paragraph (a) shall be irrevocable as of the first day of the applicable Plan Year and shall apply to the Class Year Sub-Accounts relating to that Plan Year. A Participant shall make a separate election regarding the form of the distribution for the contributions (and earnings thereon) credited to the Participant for each Plan Year. If a Participant elects to receive an in-service distribution (as described in Section 5.02(b)), the year in which such distribution is elected to be made must be at least three years after the Plan Year to which the election pertains.

(b) Subsequent Changes in Distribution Elections. To the extent approved by the Committee, a Participant may change the time and form of a distribution election (whether payable in-service or upon or following Separation From Service) with respect to all or a portion of his or her Account by submitting the change to the Committee, in writing, at least one calendar year before the originally scheduled distribution date, provided that the new distribution date is at least five years after the originally scheduled distribution date. Any such election must apply to an entire Elective Deferral Sub-Account or Company Contribution Sub-Account for one or more selected Class Years; such an election may not apply only to a portion of an Elective Deferral Sub-Account or Company Contribution Sub-Account for a single Class Year. A change election made under this paragraph (c) shall be irrevocable as of the date that is one year prior to the originally scheduled distribution date. If such a subsequent election is not valid because, for example, it is not made in a timely manner, the Participant's most recent effective distribution election will govern the payment of the Participant's Account.

5.02 Distribution Options.

(a) Separation from Service. A Participant's vested Account will be distributed to the Participant upon the Participant's Separation from Service. A Participant may elect a distribution of his or her vested Class Year Sub-Accounts for a given Plan Year upon his or her Separation from Service in one of the following forms, subject to the timing requirements outlined in paragraph (c) below:

(i) Lump Sum. Payment in one lump sum.

(ii) Installments. Payment in either five or ten annual installments.

In either case, distributions will occur or commence on the first business day of each calendar month following the Participant's Separation from Service[; provided that such Separation from Service occurs at least one week prior to the next listed distribution date]. For purposes of this Plan, installment payments shall be treated as a single distribution under Section 409A of the Code.

(b) In-Service Distributions. A Participant's vested Class Year Sub-Accounts for a given Plan Year may be distributed to the Participant on a specified date elected by the Participant, which in any event must be at least five (5) years after the end of the Plan Year with respect to which the election is made, in one of the following forms, subject to the timing requirements outlined in paragraph (c) below:

(i) Lump Sum. Payment in one lump sum.

(ii) Installments. Payment in either five or ten annual installments.

In either case, distributions will occur or commence on the first business day of each calendar month, as selected by the Participant in the Participant's election, which election must comply with the provisions of the Plan and any requirements established by the Committee.

Notwithstanding an election pursuant to this paragraph (b), if a Participant Separates from Service prior to the specified in-service distribution date, that portion of the Participant's vested Account subject to such an election shall be distributed pursuant to his or her election under paragraph (a) above.

(c) Timing. Subject to the provisions of paragraph (e) below, payments made pursuant to paragraphs (a) and (b) above will be made in accordance with the provisions of those paragraphs.

(d) Default Distribution. If the Committee does not have a proper distribution election on file for a portion or all of a Participant's Account, the vested portion of that Participant's Account will be distributed to the Participant, following the Participant's Separation from Service, in one lump sum as determined under the Plan.

(e) Delayed Distribution to Specified Employees. Notwithstanding any other provision of this Section 5.02 to the contrary, a distribution scheduled to be made to a Participant upon his or her Separation from Service who is identified as a Specified Employee as of the date such Participant Separates from Service shall be delayed for a minimum of six months following the Participant's Separation from Service. Any payment that otherwise would have been made pursuant to this Section 5.02 during the six-month period following the Participant's Separation from Service shall be made on the first distribution date listed in Section 5.02(a) of the Plan following the expiration of such period. The identification of a Participant as a Specified Employee shall be made by the Committee in its sole discretion in accordance with Section 2.27 of the Plan and Sections 416(i) and 409A of the Code and the regulations promulgated thereunder.

(f) Limited Cashout. Notwithstanding the foregoing or anything in this Plan to the contrary, to the extent that the sum of Participant's Account and account balance for any other plan or arrangement with respect to which deferrals of compensation are treated as having been deferred under a single nonqualified deferred compensation plan under Treasury Regulation § 1.409A-1(c)(2) is less than the limit under Section 402(g)(1)(A) of the Code at the time of Separation from Service, which for 2019 is \$19,000, to the extent permitted by Section 409A and the regulations promulgated thereunder, the Company may cause the Account to be paid in a lump sum.

(g) Early Separation Cashout. Notwithstanding the foregoing or anything in this Plan to the contrary, if a Participant Separates from Service prior to reaching age 55, to the extent permitted by Section 409A and the regulations promulgated thereunder, the Company shall cause the Account to be paid in a lump sum.

5.03 Subsequent Credits. Amounts, if any, that, following a Participant's Separation from Service, become payable or credited to the Participant's Account after distributions have begun from that Account, and before the Participant is rehired, will be paid out pursuant to the distribution election in effect for that Participant upon his or her Separation from Service; provided, however, to the extent the Participant's Account was paid to the Participant following the Participant's Separation from Service in a lump sum distribution, such subsequent amounts shall be paid to the Participant, subject to Section 5.02(e), in a single lump sum payment within an administratively reasonable period of time following the payment/crediting date thereof in accordance with Section 5.02(a).

5.04 Death. If a Participant dies with a vested amount in his or her Account, whether or not the Participant was receiving distributions from that Account at the time of his or her death, the Participant's Beneficiary will receive the entire vested amount in the Participant's Account in one lump sum.

5.05 Disability. If a Participant becomes Disabled with a vested amount in his or her Account, whether or not the Participant was receiving distributions from that Account at the time of his or her Disability, the Participant will receive the entire vested amount in the Participant's Account in one lump sum.

5.06 Unforeseeable Emergency. If a Participant incurs an Unforeseeable Emergency, the Participant may request a lump sum distribution of all or a portion of Participant's vested Account balance. The Committee shall have no obligation to approve such a request, even if the Committee is satisfied, based on the provision of information that satisfies the Committee that the Participant has incurred an Unforeseeable Emergency, to approve any such request.

The Participant shall document, to the Committee's satisfaction, that distribution of some or all of the Participant's vested Account is necessary to satisfy the Unforeseeable Emergency and that the Participant does not have access to other funds sufficient to satisfy all or any part of the need. Distributions because of an Unforeseeable Emergency must be limited to the amount reasonably necessary to satisfy the emergency need (which may include amounts necessary to pay any Federal, state, local, or foreign income taxes or penalties reasonably anticipated to result from the distribution). Determinations of amounts reasonably necessary to satisfy the emergency need must take into account any additional compensation that is available upon the cancellation of all of the Participant's outstanding deferral elections upon a payment due to an Unforeseeable Emergency. However, the determination of amounts reasonably necessary to satisfy the emergency need is not required to take into account any additional compensation that is available from a tax-qualified retirement plan, such as the Company's Retirement Plan, including any amount available by obtaining a loan under such a plan, or that due to the Unforeseeable Emergency is available under another nonqualified deferred compensation plan that is then sponsored by the Company.

Upon receipt of a request under this Section 5.06, the Committee may, in its sole discretion, decide whether or not to distribute all or a portion of the Participant's vested Account balance in a lump sum, to the extent necessary to satisfy such Unforeseeable Emergency. The Participant shall sign all documentation requested by the Committee relating to such a distribution.

If a Participant makes a request and receives all or a portion of such Participant's vested Account balance under this Section 5.06, the Participant shall not be eligible to participate in any nonqualified deferred compensation plan maintained by the Company, including this Plan, for the remainder of the then current Plan Year and the following Plan Year.

5.07 Prohibition on Acceleration. Notwithstanding any other provision of the Plan to the contrary, no distribution will be made from the Plan that would constitute an impermissible acceleration of payment as defined in Section 409A(a)(3) of the Code and the regulations promulgated thereunder.

5.08 Withholding. The Company will deduct from Plan distributions, or from other compensation payable to a Participant or Beneficiary, amounts required by law to be withheld for taxes with respect to benefits under this Plan. The Company reserves the right to reduce any deferral or contribution that would otherwise be made to this Plan on behalf of a Participant by a reasonable amount, and to use all or a portion of this reduction to satisfy the Participant's tax liabilities under this Section 5.07.

5.09 Return of Overpayments. Any overpayments to a Participant or Beneficiary must be returned to the Plan by the recipient, and in the event that any such overpayment is not returned to the Plan within an administratively reasonable period of time after the recipient is made aware of such overpayment, the Plan may initiate appropriate legal proceedings to recoup any such overpayment, together with any earnings or interest, and shall also have the authority to offset any overpayments that are not returned against other Plan benefits to which the recipient is or becomes entitled.

Article VI.
MISCELLANEOUS

6.01 Limitation of Rights. Participation in this Plan does not give any individual the right to be retained in the service of the Company or of any related entity.

6.02 Satisfaction of Claims. Payments to a Participant, the Participant's legal representative, or Beneficiary in accordance with the terms of this Plan will, to the extent thereof, be in full satisfaction of all claims that person may have hereunder against the Committee, the Company, and all Subsidiaries, any of which may require, as a condition to payment, that the recipient execute a receipt and release in a form determined by the Committee, the Company, or a Subsidiary.

6.03 Claims and Review Procedure.

(a) Informal Resolution of Questions. Any Participant or Beneficiary who has questions or concerns about his or her benefits under the Plan is encouraged to communicate with the Assistant VP, Compensation. If this discussion does not give the Participant or Beneficiary satisfactory results, a formal claim for benefits may be made within one year of the event giving rise to the claim in accordance with the procedures of this Section 6.03.

(b) Formal Benefits Claim — Review by the Assistant VP, Compensation. A Participant or Beneficiary may make a written request for review of any matter concerning his or her benefits under this Plan. The claim must be addressed to the Welltower Inc. 2019 Nonqualified Deferred Compensation Plan, Attn: Assistant VP, Compensation, 4500 Dorr Street, Toledo, Ohio 43615. The Assistant VP, Compensation shall decide the action to be taken with respect to any such request and may require additional information if necessary to process the request. The Assistant VP, Compensation shall review the request and shall issue his or her decision, in writing, no later than 90 days after the date the request is received, unless the circumstances require an extension of time. If such an extension is required, written notice of the extension shall be furnished to the person making the request within the initial 90-day period, and the notice shall state the circumstances requiring the extension and the date by which the Assistant VP, Compensation expects to reach a decision on the request. In no event shall the extension exceed a period of 90 days from the end of the initial period.

(c) Notice of Denied Request. If the Assistant VP, Compensation denies a request in whole or in part, he or she shall provide the person making the request with written notice of the denial within the period specified in paragraph (b) above. The notice shall set forth the specific reason for the denial, reference to the specific Plan provisions upon which the denial is based, a description of any additional material or information necessary to perfect the request, an explanation of why such information is required, and an explanation of the Plan's appeal procedures and the time limits applicable to such procedures, including a statement of the claimant's right to bring a civil action under Section 502(a) of ERISA following an adverse benefit determination on review.

(d) Appeal to Committee.

(i) A person whose request has been denied in whole or in part (or such person's authorized representative) may file an appeal of the decision in writing with the Committee within 60 days of receipt of the notification of denial. The appeal must be addressed to the Welltower Inc. 2019 Nonqualified Deferred Compensation Plan, Attn: Nonqualified Deferred Compensation Plan Administrative Committee, 4500 Dorr Street, Toledo, Ohio 43615. The Committee, for good cause shown, may extend the period during which the appeal may be filed for another 60 days. The appellant and/or his or her authorized representative shall be permitted to submit written comments, documents, records and other information relating to the claim for benefits. Upon request and free of charge, the applicant should be provided reasonable access to and copies of, all documents, records or other information relevant to the appellant's claim.

(ii) The Committee's review shall take into account all comments, documents, records and other information submitted by the appellant relating to the claim, without regard to whether such information was submitted or considered in the initial benefit determination. The Committee shall not be restricted in its review to those provisions of the Plan cited in the original denial of the claim.

(iii) The Committee shall issue a written decision within a reasonable period of time but not later than 60 days after receipt of the appeal, unless special circumstances require an extension of time for processing, in which case the written decision shall be issued as soon as possible, but not later than 120 days after receipt of an appeal. If such an extension is required, written notice shall be furnished to the appellant within the initial 60-day period. This notice shall state the circumstances requiring the extension and the date by which the Committee expects to reach a decision on the appeal.

(iv) If the decision on the appeal denies the claim in whole or in part written notice shall be furnished to the appellant. Such notice shall state the reason(s) for the denial, including references to specific Plan provisions upon which the denial was based. The notice shall state that the appellant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to the claim for benefits. The notice shall describe any voluntary appeal procedures offered by the Plan and the appellant's right to obtain the information about such procedures. The notice shall also include a statement of the appellant's right to bring an action under Section 502(a) of ERISA.

(v) The decision of the Committee on the appeal shall be final, conclusive and binding upon all persons and shall be given the maximum possible deference allowed by law.

(e) Exhaustion of Remedies. No legal or equitable action for benefits under the Plan shall be brought unless and until the claimant has submitted a written claim for benefits in accordance with paragraph (b) above, has been notified that the claim is denied in accordance with paragraph (c) above, has filed a written request for a review of the claim in accordance with paragraph (d) above, and has been notified in writing that the Committee has affirmed the denial of the claim in accordance with paragraph (d) above; provided, however, that an action for benefits may be brought after the Assistant VP, Compensation or Committee has failed to act on the claim within the time prescribed in paragraph (b) and paragraph (d), respectively. A claimant or his or her authorized representative must initiate any such legal action for benefits within the later of twelve months after: (i) the date that the Assistant VP, Compensation or the Committee has failed to take any action on the claim within the time prescribed by paragraph (b) or (d) above; or (ii) the date of the final denial of a claim under the Plan pursuant to paragraph (d) above. Any legal action brought after such twelve-month time period will be time barred and cannot be brought in any forum. Any legal action in connection with the Plan may only be brought in the United States District Court for the Northern District of Ohio. In any such legal action, claimant may not present any evidence not timely presented to the Assistant VP, Compensation or the Committee as part of the Plan's administrative review process set forth in this Section 6.03.

6.04 Indemnification. The Company and its Subsidiaries will indemnify the Committee, the Board, and employees of the Company and its Subsidiaries to whom responsibilities have been delegated under the Plan for all liabilities and expenses arising from an act or omission in the management of the Plan if the person to be indemnified did not act dishonestly or otherwise in willful violation of the law under which the liability or expense arises.

6.05 Assignment.

(a) General. To the fullest extent permitted by law, rights to benefits under the Plan are not subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, attachment, or garnishment by creditors of a Participant or a Beneficiary.

(b) Domestic Relations Orders. The procedures established by the Company for the determination of the qualified status of domestic relations orders and for making distributions under qualified domestic relations orders, as provided in Section 206(d) of ERISA, shall apply to the Plan, to the extent pertinent. Amounts awarded to

an alternate payee under a qualified domestic relations order shall be distributed in the form of a lump sum distribution as soon as administratively feasible following the determination of the qualified status of the domestic relations order; provided, however, that no portion of the Participant's unvested Account may be awarded to an alternate payee.

6.06 Lost Recipients. If the Committee cannot locate a person entitled to payment of a Plan benefit after a reasonable search, the Committee may at any time thereafter treat that person's Account as forfeited and amounts credited to that Account will revert to the Company. If the lost person subsequently presents the Committee with a valid claim for the forfeited benefit amount, the Company will pay that person the amount forfeited.

6.07 Amendment. The Board may, at any time, amend the Plan in writing. In addition, the Committee may amend the Plan (other than this Section 6.07) in writing, provided that the amendment will not cause any substantial increase in cost to the Company or to any Subsidiary. No amendment may, without the consent of an affected Participant (or, if the Participant is deceased, the Participant's Beneficiary), adversely affect the Participant's or the Beneficiary's rights and obligations under the Plan with respect to amounts already credited to a Participant's Account, unless such amendment is required to comply with any provision of the Code, ERISA or other applicable law.

6.08 Termination.

(a) General. The Board or the Compensation Committee may terminate the Plan at any time and in the Board's or Compensation Committee's discretion the Accounts of Participants may be distributed within the period beginning twelve months after the date the Plan was terminated and ending twenty-four months after the date the Plan was terminated, or pursuant to Sections 5.02(a) or 5.02(b) of the Plan, if earlier. If the Plan is terminated and Accounts are distributed, the Company shall terminate all plans and arrangements (which would be treated as aggregated and having been deferred under a single plan under Treasury Regulation § 1.409A-1(c)(2)(i)(A)) with respect to all participants and shall not adopt a new account balance non-qualified deferred compensation plan for at least three years after the date the Plan was terminated.

(b) Change in Corporate Control. The Board, in its discretion, may terminate the Plan thirty days prior to or twelve months following a Change in Corporate Control and distribute the Accounts of the Participants within the twelve-month period following the termination of the Plan. If the Plan is terminated and Accounts are distributed, the Company shall terminate all plans and arrangements (which would be treated as aggregated and having been deferred under a single plan under Treasury Regulation § 1.409A-1(c)(2)(i)(A)) sponsored by the Company and all of the benefits of the terminated plans shall be distributed within twelve months following the termination of the plans.

(c) Dissolution or Bankruptcy. The Board, in its discretion, may terminate the Plan upon a corporate dissolution of the Company that is taxed under Section 331 of the Code or with the approval of a bankruptcy court pursuant to 11 U.S.C. Section 503(b)(1)(A), provided that the Participants' Accounts are distributed and included in the gross income of the Participants by the latest of (i) the calendar year in which the Plan terminates or (ii) the first calendar year in which payment of the Accounts is administratively practicable.

6.09 Applicable Law. To the extent not governed by Federal law, the Plan is governed by the laws of the State of Ohio without choice of law rules.

6.10 Severability. If any one or more of the provisions contained in this Plan, or any application thereof, shall be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and all other applications thereof shall not in any way be affected or impaired thereby. This Plan shall be construed and enforced as if such invalid, illegal or unenforceable provision has never comprised a part hereof, and the remaining provisions hereof shall remain in full force and effect and shall not be affected by the invalid, illegal or unenforceable provision or by its severance herefrom. In lieu of such invalid, illegal or unenforceable provisions there shall be added automatically as a part hereof a provision as similar in terms and

economic effect to such invalid, illegal or unenforceable provision as may be possible and be valid, legal and enforceable.

6.11 No Funding. The Plan constitutes a promise by the Company and its Subsidiaries to make payments in the future in accordance with the terms of the Plan. Participants and Beneficiaries have the status of general unsecured creditors of the Company and its Subsidiaries. Plan benefits will be paid from the general assets of the Company and its Subsidiaries and nothing in the Plan will be construed to give any Participant or any other person rights to any specific assets of the Company or its Subsidiaries. In all events, it is the intention of the Company, all Subsidiaries and all Participants that the Plan be treated as unfunded for tax purposes and for purposes of Title I of ERISA.

6.12 Authority to Establish a Grantor Trust. The Committee is authorized in its sole discretion to establish a grantor trust for the purpose of providing security for the payment of Accounts under the Plan; provided, however, that no Participant or Beneficiary shall be considered to have a beneficial ownership interest (or any other sort of interest) in any specific asset of the Corporation or of its Subsidiaries as a result of the creation of such trust or the transfer of funds or other property to such trust. The Committee may establish such a trust at any time, including without limitation the time of a Change in Corporate Control.

6.13 Code Section 409A Compliance. To the extent applicable, it is intended that this Plan and any distributions hereunder comply with the requirements of Section 409A. Any provision that would cause the Plan or any distributions granted hereunder to fail to satisfy Section 409A shall have no force or effect until amended to comply with Section 409A, which amendment may be retroactive to the extent permitted by Section 409A.

IN WITNESS WHEREOF, Welltower Inc. has caused this Plan to be executed by its duly authorized representative on the date indicated below.

WELLTOWER INC.

NAME: DATE

TITLE:

Signature Page to 2019 Nonqualified Deferred Compensation Plan

CERTIFICATION OF CHAIRMAN AND CHIEF EXECUTIVE OFFICER

I, **Thomas J. DeRosa**, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Welltower Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 30, 2019

/s/ THOMAS J. DEROSA

Thomas J. DeRosa,
Chairman and Chief Executive Officer

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, **Timothy G. McHugh**, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Welltower Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 30, 2019

/s/ TIMOTHY G. MCHUGH

Timothy G. McHugh,
Chief Financial Officer

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350

I, Thomas J. DeRosa, the Chairman and Chief Executive Officer of Welltower Inc. (the “Company”), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350), that (i) the Quarterly Report on Form 10-Q for the Company for the quarter ended September 30, 2019 (the “Report”), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ THOMAS J. DEROSA

Thomas J. DeRosa,
Chairman and Chief Executive Officer
Date: October 30, 2019

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350

I, Timothy G. McHugh, the Chief Financial Officer of Welltower Inc. (the “Company”), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350), that (i) the Quarterly Report on Form 10-Q for the Company for the quarter ended September 30, 2019 (the “Report”), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ TIMOTHY G. MCHUGH

Timothy G. McHugh,
Chief Financial Officer
Date: October 30, 2019

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.