

**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 March 31, 2023

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 office)

**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
Guarantee of 4.800% Notes due 2028 issued by Welltower OP LLC	WELL/28	New York Stock Exchange
Guarantee of 4.500% Notes due 2034 issued by Welltower OP LLC	WELL/34	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

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 April 28, 2023, Welltower Inc. had 497,031,161 shares of common stock outstanding.

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**PART I. FINANCIAL INFORMATION**

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

(In thousands)

	March 31, 2023 (Unaudited)	December 31, 2022 (Note)
Assets:		
Real estate investments:		
Real property owned:		
Land and land improvements	\$ 4,324,541	\$ 4,249,834
Buildings and improvements	34,161,466	33,651,336
Acquired lease intangibles	1,990,830	1,945,458
Real property held for sale, net of accumulated depreciation	215,583	133,058
Construction in progress	1,121,446	1,021,080
Less accumulated depreciation and amortization	(8,417,151)	(8,075,733)
Net real property owned	33,396,715	32,925,033
Right of use assets, net	322,896	323,942
Real estate loans receivable, net of credit allowance	954,156	890,844
Net real estate investments	34,673,767	34,139,819
Other assets:		
Investments in unconsolidated entities	1,596,413	1,499,790
Goodwill	68,321	68,321
Cash and cash equivalents	571,902	631,681
Restricted cash	66,894	90,611
Straight-line rent receivable	357,359	322,173
Receivables and other assets	1,159,233	1,140,838
Total other assets	3,820,122	3,753,414
Total assets	\$ 38,493,889	\$ 37,893,233
Liabilities and equity		
Liabilities:		
Unsecured credit facility and commercial paper	\$ —	\$ —
Senior unsecured notes	12,486,229	12,437,273
Secured debt	2,474,837	2,110,815
Lease liabilities	415,169	415,824
Accrued expenses and other liabilities	1,521,499	1,535,325
Total liabilities	16,897,734	16,499,237
Redeemable noncontrolling interests	392,195	384,443
Equity:		
Common stock	497,928	491,919
Capital in excess of par value	27,160,014	26,742,750
Treasury stock	(112,925)	(111,001)
Cumulative net income	8,830,623	8,804,950
Cumulative dividends	(15,815,926)	(15,514,097)
Accumulated other comprehensive income (loss)	(111,559)	(119,707)
Total Welltower Inc. stockholders' equity	20,448,155	20,294,814
Noncontrolling interests	755,805	714,739
Total equity	21,203,960	21,009,553
Total liabilities and equity	\$ 38,493,889	\$ 37,893,233

Note: The consolidated balance sheet at December 31, 2022 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	
	March 31,	
	2023	2022
Revenues:		
Resident fees and services	\$ 1,131,685	\$ 994,335
Rental income	384,059	356,390
Interest income	36,405	38,994
Other income	8,580	5,985
Total revenues	<u>1,560,729</u>	<u>1,395,704</u>
Expenses:		
Property operating expenses	957,753	853,669
Depreciation and amortization	339,112	304,088
Interest expense	144,403	121,696
General and administrative expenses	44,371	37,706
Loss (gain) on derivatives and financial instruments, net	930	2,578
Loss (gain) on extinguishment of debt, net	5	(12)
Provision for loan losses, net	777	(804)
Impairment of assets	12,629	—
Other expenses	22,745	26,069
Total expenses	<u>1,522,725</u>	<u>1,344,990</u>
Income (loss) from continuing operations before income taxes and other items	38,004	50,714
Income tax (expense) benefit	(3,045)	(5,013)
Income (loss) from unconsolidated entities	(7,071)	(2,884)
Gain (loss) on real estate dispositions, net	747	22,934
Income (loss) from continuing operations	<u>28,635</u>	<u>65,751</u>
Net income (loss)	28,635	65,751
Less: Net income (loss) attributable to noncontrolling interests <sup>(1)</sup>	2,962	3,826
Net income (loss) attributable to common stockholders	<u>\$ 25,673</u>	<u>\$ 61,925</u>
Weighted average number of common shares outstanding:		
Basic	492,061	447,379
Diluted	494,494	449,802
Earnings per share:		
Basic:		
Income (loss) from continuing operations	<u>\$ 0.06</u>	<u>\$ 0.15</u>
Net income (loss) attributable to common stockholders	<u>\$ 0.05</u>	<u>\$ 0.14</u>
Diluted:		
Income (loss) from continuing operations	<u>\$ 0.06</u>	<u>\$ 0.15</u>
Net income (loss) attributable to common stockholders <sup>(2)</sup>	<u>\$ 0.05</u>	<u>\$ 0.14</u>
Dividends declared and paid per common share	\$ 0.61	\$ 0.61

<sup>(1)</sup> Includes amounts attributable to redeemable noncontrolling interests.

<sup>(2)</sup> Includes adjustment to the numerator for income (loss) attributable to OP Units and DownREIT Units.

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

(In thousands)

	Three Months Ended	
	March 31,	
	2023	2022
Net income (loss)	\$ 28,635	\$ 65,751
Other comprehensive income (loss):		
Foreign currency translation gain (loss)	80,765	(66,948)
Derivative and financial instruments designated as hedges gain (loss)	(69,738)	51,940
Total other comprehensive income (loss)	11,027	(15,008)
Total comprehensive income (loss)	39,662	50,743
Less: Total comprehensive income (loss) attributable to noncontrolling interests <sup>(1)</sup>	5,841	5,974
Total comprehensive income (loss) attributable to common stockholders	\$ 33,821	\$ 44,769

<sup>(1)</sup> Includes amounts attributable to redeemable noncontrolling interests.

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

(In thousands)

	Three Months Ended March 31, 2023							
	Common Stock	Capital in Excess of Par Value	Treasury Stock	Cumulative Net Income	Cumulative Dividends	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interests	Total
Balances at January 1, 2023	\$ 491,919	\$ 26,742,750	\$ (111,001)	\$ 8,804,950	\$ (15,514,097)	\$ (119,707)	\$ 714,739	\$ 21,009,553
Comprehensive income:								
Net income (loss)				25,673			2,688	28,361
Other comprehensive income (loss)						8,148	3,023	11,171
Total comprehensive income								39,532
Net change in noncontrolling interests		(8,304)					29,648	21,344
Adjustment to members' interest from change in ownership in Welltower OP		(6,139)					6,139	—
Redemption of OP Units and DownREIT Units	272	17,515					(432)	17,355
Amounts related to stock incentive plans, net of forfeitures	134	9,330	(1,924)					7,540
Net proceeds from issuance of common stock	5,603	404,862						410,465
Dividends paid:								
Common stock dividends					(301,829)			(301,829)
Balances at March 31, 2023	<u>\$ 497,928</u>	<u>\$ 27,160,014</u>	<u>\$ (112,925)</u>	<u>\$ 8,830,623</u>	<u>\$ (15,815,926)</u>	<u>\$ (111,559)</u>	<u>\$ 755,805</u>	<u>\$ 21,203,960</u>

	Three Months Ended March 31, 2022							
	Common Stock	Capital in Excess of Par Value	Treasury Stock	Cumulative Net Income	Cumulative Dividends	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interests	Total
Balances at January 1, 2022	\$ 448,605	\$ 23,133,641	\$ (107,750)	\$ 8,663,736	\$ (14,380,915)	\$ (121,316)	\$ 960,578	\$ 18,596,579
Comprehensive income:								
Net income (loss)				61,925			2,752	64,677
Other comprehensive income (loss)						(17,156)	1,465	(15,691)
Total comprehensive income								48,986
Net change in noncontrolling interests		(63,026)					(128,305)	(191,331)
Amounts related to stock incentive plans, net of forfeitures	166	7,279	(4,768)					2,677
Net proceeds from issuance of common stock	6,605	542,218						548,823
Dividends paid:								
Common stock dividends					(273,668)			(273,668)
Balances at March 31, 2022	<u>\$ 455,376</u>	<u>\$ 23,620,112</u>	<u>\$ (112,518)</u>	<u>\$ 8,725,661</u>	<u>\$ (14,654,583)</u>	<u>\$ (138,472)</u>	<u>\$ 836,490</u>	<u>\$ 18,732,066</u>

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

(In thousands)

	Three Months Ended	
	March 31,	
	2023	2022
Operating activities:		
Net income	\$ 28,635	\$ 65,751
Adjustments to reconcile net income to net cash provided from (used in) operating activities:		
Depreciation and amortization	339,112	304,088
Other amortization expenses	9,792	5,592
Provision for loan losses, net	777	(804)
Impairment of assets	12,629	—
Stock-based compensation expense	9,456	7,445
Loss (gain) on derivatives and financial instruments, net	930	2,578
Loss (gain) on extinguishment of debt, net	5	(12)
Loss (income) from unconsolidated entities	7,071	2,884
Rental income less than (in excess of) cash received	(36,827)	(22,215)
Amortization related to above (below) market leases, net	(82)	(419)
Loss (gain) on real estate dispositions, net	(747)	(22,934)
Distributions by unconsolidated entities	3,418	6,982
Increase (decrease) in accrued expenses and other liabilities	(4,503)	(23,416)
Decrease (increase) in receivables and other assets	6,392	(1,000)
Net cash provided from (used in) operating activities	376,058	324,520
Investing activities:		
Cash disbursed for acquisitions, net of cash acquired	(402,719)	(601,410)
Cash disbursed for capital improvements to existing properties	(91,339)	(90,229)
Cash disbursed for construction in progress	(226,226)	(138,141)
Capitalized interest	(10,335)	(5,479)
Investment in loans receivable	(54,831)	(39,201)
Principal collected on loans receivable	15,592	89,207
Other investments, net of payments	(80,548)	2,401
Contributions to unconsolidated entities	(112,822)	(115,249)
Distributions by unconsolidated entities	4,800	5,882
Proceeds from (payments on) derivatives	3,933	10,104
Proceeds from sales of real property	21,658	73,568
Net cash provided from (used in) investing activities	(932,837)	(808,547)
Financing activities:		
Net increase (decrease) under unsecured credit facility and commercial paper	—	(24,967)
Net proceeds from issuance of senior unsecured notes	—	545,082
Net proceeds from the issuance of secured debt	362,900	5,385
Payments on secured debt	(39,573)	(116,789)
Net proceeds from the issuance of common stock	411,032	549,346
Payments for deferred financing costs and prepayment penalties	(6,444)	(69)
Contributions by noncontrolling interests <sup>(1)</sup>	83,480	4,101
Distributions to noncontrolling interests <sup>(1)</sup>	(35,664)	(177,979)
Cash distributions to stockholders	(300,195)	(273,045)
Other financing activities	(5,066)	(5,960)
Net cash provided from (used in) financing activities	470,470	505,105
Effect of foreign currency translation on cash and cash equivalents and restricted cash	2,813	(790)
Increase (decrease) in cash, cash equivalents and restricted cash	(83,496)	20,288
Cash, cash equivalents and restricted cash at beginning of period	722,292	346,755
Cash, cash equivalents and restricted cash at end of period	\$ 638,796	\$ 367,043
Supplemental cash flow information:		
Interest paid	\$ 148,399	\$ 123,012
Income taxes paid (received), net	325	631

<sup>(1)</sup> Includes amounts attributable to redeemable noncontrolling interests.

**WELLTOWER INC.**  
**NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**

**1. Business**

Welltower Inc., an S&P 500 company headquartered in Toledo, Ohio, is driving the transformation of health care infrastructure. We invest 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 Inc., 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.

As of May 24, 2022, we are structured as an umbrella partnership REIT under which substantially all of our business is conducted through Welltower OP LLC, the day-to-day management of which is exclusively controlled by Welltower Inc. Unless stated otherwise or the context otherwise requires, references to "Welltower" mean Welltower Inc. and references to "Welltower OP" mean Welltower OP LLC. References to "we," "us" and "our" mean collectively Welltower, Welltower OP and those entities/subsidiaries owned or controlled by Welltower and/or Welltower OP. Welltower's weighted average ownership in Welltower OP was 99.735% for the three months ended March 31, 2023. As of March 31, 2023, Welltower owned 99.721% of the issued and outstanding units of Welltower OP, with other investors owning the remaining 0.279% of outstanding units. We adjust the noncontrolling members' interest at the end of each period to reflect their interest in the net assets of Welltower OP.

**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 three months ended March 31, 2023 are not necessarily an indication of the results that may be expected for the year ending December 31, 2023. 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, 2022.

*Impact of COVID-19 Pandemic & Government Grants*

The extent to which the COVID-19 pandemic impacts our operations and those of our operators and tenants in the future is uncertain and cannot be predicted with confidence. We have received government grants under the CARES Act, as well as under similar programs in the U.K. and Canada, primarily to cover increased expenses and lost revenue during the COVID-19 pandemic. We recognized \$4,136,000 and \$5,760,000 during the three months ended March 31, 2023 and 2022, respectively. These grants represent a reduction to property operating expenses in our Consolidated Statements of Comprehensive Income. The amount of qualifying expenditures and lost revenue exceeded grant income recognized and we believe we have complied and will continue to comply with all grant conditions. In the event of non-compliance, all such amounts are subject to recapture.

*New Accounting Standards*

In March 2020, the FASB issued an amendment to the reference rate reform standard, which provides the option for a limited period of time to ease the potential burden in accounting for, or recognizing the effects of, reference rate reform on contract modifications and hedge accounting. An example of such reform is the expected market transition from the London Interbank Offered Rate ("LIBOR") and other interbank offered rates to alternative reference rates. Entities that make this optional expedient election would not have to remeasure the contracts at the modification date or reassess the accounting treatment if certain criteria are met and would continue applying hedge accounting for relationships affected by reference rate reform. In December 2022, the FASB extended the date for which this guidance can be applied from December 31, 2022 to December 31, 2024. We continue to monitor developments related to the LIBOR transition and identification of an alternative, market-accepted rate.

**3. Real Property Acquisitions and Development**

The total purchase price for all properties acquired has been allocated to the tangible and identifiable intangible assets and liabilities at cost on a relative fair value basis. Liabilities assumed and any associated noncontrolling interests are reflected at fair value. 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.



**WELLTOWER INC.**  
**NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**

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

	Three Months Ended							
	March 31, 2023				March 31, 2022			
	Seniors Housing Operating	Triple-net	Outpatient Medical	Totals	Seniors Housing Operating	Triple-net	Outpatient Medical	Totals
Land and land improvements	\$ 2,517	\$ 7,370	\$ 60,527	\$ 70,414	\$ 43,897	\$ —	\$ 240	\$ 44,137
Buildings and improvements	16,434	74,289	255,706	346,429	402,342	171	131,412	533,925
Acquired lease intangibles	865	—	39,090	39,955	31,366	—	16,978	48,344
Right of use assets, net	—	—	927	927	—	—	3,852	3,852
Total net real estate assets	19,816	81,659	356,250	457,725	477,605	171	152,482	630,258
Receivables and other assets	234	—	358	592	1,630	—	—	1,630
Total assets acquired	20,050	81,659	356,608	458,317	479,235	171	152,482	631,888
Secured debt	(5,501)	—	(40,953)	(46,454)	—	—	—	—
Lease liabilities	—	—	(953)	(953)	—	—	(3,852)	(3,852)
Accrued expenses and other liabilities	(120)	—	(8,071)	(8,191)	(4,154)	—	—	(4,154)
Total liabilities acquired	(5,621)	—	(49,977)	(55,598)	(4,154)	—	(3,852)	(8,006)
Noncontrolling interests <sup>(1)</sup>	—	—	—	—	(20,348)	(4)	—	(20,352)
Non-cash acquisition related activity <sup>(2)</sup>	—	—	—	—	(2,120)	—	—	(2,120)
Cash disbursed for acquisitions	14,429	81,659	306,631	402,719	452,613	167	148,630	601,410
Construction in progress additions	131,944	4,995	101,609	238,548	113,407	20,756	9,642	143,805
Less: Capitalized interest	(7,950)	(1,248)	(1,137)	(10,335)	(4,179)	(1,089)	(211)	(5,479)
Accruals <sup>(3)</sup>	2,303	—	(4,290)	(1,987)	(1,963)	—	1,778	(185)
Cash disbursed for construction in progress	126,297	3,747	96,182	226,226	107,265	19,667	11,209	138,141
Capital improvements to existing properties	69,783	4,427	17,129	91,339	68,612	8,294	13,323	90,229
Total cash invested in real property, net of cash acquired	<u>\$ 210,509</u>	<u>\$ 89,833</u>	<u>\$ 419,942</u>	<u>\$ 720,284</u>	<u>\$ 628,490</u>	<u>\$ 28,128</u>	<u>\$ 173,162</u>	<u>\$ 829,780</u>

<sup>(1)</sup> Includes amounts attributable to both redeemable noncontrolling interests and noncontrolling interests.

<sup>(2)</sup> Relates to the acquisition of assets recognized as investments in unconsolidated entities.

<sup>(3)</sup> Represents non-cash accruals for amounts to be paid in future periods for properties that converted, offset by amounts paid in the current period.

Effective on April 1, 2022, our leasehold interest relating to the master lease with National Health Investors, Inc. ("NHI") for 17 properties assumed in conjunction with the Holiday Retirement acquisition was terminated as a result of the transition or sale of the properties by NHI. The lease termination was part of an agreement to resolve outstanding litigation with NHI. In conjunction with the agreement, a wholly owned subsidiary and the lessee on the master lease agreed to release \$6,883,000 of cash to the landlord, which represents the net cash flow generated from the properties since we assumed the leasehold interest. Additionally, in connection with the lease termination, during the three months ended June 30, 2022, we recognized \$58,621,000 in other income on our Consolidated Statements of Comprehensive Income from the derecognition of the right of use asset and related lease liability.

*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):

	Three Months Ended	
	March 31, 2023	March 31, 2022
Development projects:		
Seniors Housing Operating	\$ 26,712	\$ 73,458
Outpatient Medical	9,351	—
Total development projects	36,063	73,458
Expansion projects	17,245	—
Total construction in progress conversions	<u>\$ 53,308</u>	<u>\$ 73,458</u>

**WELLTOWER INC.**  
**NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**

**4. Real Estate Intangibles**

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

	March 31, 2023	December 31, 2022
Assets:		
In place lease intangibles	\$ 1,846,945	\$ 1,817,580
Above market tenant leases	66,354	57,203
Lease commissions	77,531	70,675
Gross historical cost	1,990,830	1,945,458
Accumulated amortization	(1,543,457)	(1,484,048)
Net book value	<u>\$ 447,373</u>	<u>\$ 461,410</u>
Liabilities:		
Below market tenant leases	\$ 82,084	\$ 77,985
Accumulated amortization	(54,872)	(52,701)
Net book value	<u>\$ 27,212</u>	<u>\$ 25,284</u>

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

	Three Months Ended March 31,	
	2023	2022
Rental income related to (above)/below market tenant leases, net	\$ 45	\$ 385
Amortization related to in place lease intangibles and lease commissions	(56,151)	(47,994)

**5. Dispositions, Real Property Held for Sale and Impairment**

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). At March 31, 2023, five Seniors Housing Operating properties, seven Triple-net properties and one Outpatient Medical property with an aggregate real estate balance of \$215,583,000 were classified as held for sale. In addition to the real property balances, lease liabilities of \$66,530,000 and net other assets and (liabilities) of \$6,095,000 are included in the Consolidated Balance Sheets related to the held for sale properties. Expected gross sales proceeds related to the held for sale properties are approximately \$292,623,000.

During the three months ended March 31, 2023, we recorded \$12,629,000 of impairment charges related to three Seniors Housing Operating properties classified as held for sale for which the carrying value exceeded the estimated fair value less costs to sell and one Seniors Housing Operating property classified as held for use for which the carrying value exceeded the estimated fair value. We did not record any impairment charges during the three months ended March 31, 2022.

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

	Three Months Ended	
	March 31, 2023	March 31, 2022
Real estate dispositions:		
Seniors Housing Operating	\$ 18,572	\$ —
Triple-net	2,028	52,661
Total dispositions	20,600	52,661
Gain (loss) on real estate dispositions, net	747	22,934
Net other assets/(liabilities) disposed	311	(2,027)
Proceeds from real estate dispositions	<u>\$ 21,658</u>	<u>\$ 73,568</u>

Operating results attributable to properties sold or classified as held for sale which do not meet the definition of discontinued operations are not reclassified on our Consolidated Statements of Comprehensive Income. We recognized income (loss) from continuing operations before income taxes and other items from properties sold or classified as held for sale as of March 31, 2023 of \$(11,733,000) and \$1,337,000 for the three month periods ended March 31, 2023 and 2022, respectively.

**WELLTOWER INC.**  
**NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**

**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.

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

	Classification	Three Months Ended	
		March 31, 2023	March 31, 2022
Operating lease cost: <sup>(1)</sup>			
Real estate lease expense	Property operating expenses	\$ 5,520	\$ 5,816
Non-real estate investment lease expense	General and administrative expenses	1,863	978
Finance lease cost:			
Amortization of leased assets	Property operating expenses	2,284	1,156
Interest on lease liabilities	Interest expense	1,427	1,618
Sublease income	Rental income	(2,950)	(2,715)
Total		<u>\$ 8,144</u>	<u>\$ 6,853</u>

<sup>(1)</sup> Includes short-term leases which are immaterial.

Supplemental balance sheet information related to leases in which we are the lessee is as follows (in thousands):

	Classification	March 31, 2023	December 31, 2022
Right of use assets:			
Operating leases - real estate	Right of use assets, net	\$ 287,275	\$ 287,984
Finance leases - real estate	Right of use assets, net	35,621	35,958
Real estate right of use assets, net		<u>322,896</u>	<u>323,942</u>
Operating leases - non-real estate investments	Receivables and other assets	9,281	10,119
Finance leases - held for sale <sup>(1)</sup>	Real property held for sale, net of accumulated depreciation	115,359	116,453
Total right of use assets, net		<u>\$ 447,536</u>	<u>\$ 450,514</u>
Lease liabilities:			
Operating leases		\$ 301,915	\$ 302,360
Financing leases		113,254	113,464
Total		<u>\$ 415,169</u>	<u>\$ 415,824</u>

<sup>(1)</sup> At March 31, 2023, finance leases at seven properties were classified as held for sale.

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 Triple-net and Outpatient Medical portfolios recognized under ASC 842, "Leases" (ASC 842), typically include some form of operating expense reimbursement by the tenant. For the three months ended March 31, 2023, we recognized \$384,059,000 of rental income related to operating leases, of which \$53,794,000 was for variable lease payments that primarily represents the reimbursement of operating costs such as common area maintenance expenses, utilities, insurance and real estate taxes. For the three months ended March 31, 2022, we recognized \$356,390,000 of rental income related to operating leases, of which \$48,074,000 was for variable lease payments.

For the majority of our Seniors Housing Operating segment, revenue from resident fees and services is predominantly service-based, and as such, resident agreements are accounted for under ASC 606, "Revenue from Contracts with Customers." Within that reportable segment, we also recognize revenue from residential seniors apartment leases in accordance with ASC 842. The amount of revenue related to these leases was \$108,915,000 and \$94,827,000 for the three months ended March 31, 2023 and 2022, respectively.

**WELLTOWER INC.**  
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**7. Loans Receivable**

Loans receivable are recorded on our Consolidated Balance Sheets in real estate loans receivable, net of allowance for credit losses, or for non-real estate loans receivable, in receivables and other assets. Real estate loans receivable consists of mortgage loans and other real estate loans which are primarily collateralized by a first, second or third mortgage lien, a leasehold mortgage on, or an assignment of the partnership interest in, the related properties, as well as corporate guarantees and/or personal guarantees. Non-real estate loans are generally corporate loans with no real estate backing. Interest income on loans is recognized as earned based upon the principal amount outstanding subject to an evaluation of the risk of credit loss. Accrued interest receivable was \$24,556,000 and \$22,878,000 as of March 31, 2023 and December 31, 2022, respectively, and is included in receivables and other assets on the Consolidated Balance Sheets. The following is a summary of our loans receivable (in thousands):

	March 31, 2023	December 31, 2022
Mortgage loans	\$ 728,796	\$ 707,464
Other real estate loans	238,400	195,566
Allowance for credit losses on real estate loans receivable	(13,040)	(12,186)
Real estate loans receivable, net of credit allowance	954,156	890,844
Non-real estate loans	468,791	441,231
Allowance for credit losses on non-real estate loans receivable	(171,278)	(152,063)
Non-real estate loans receivable, net of credit allowance	297,513	289,168
Total loans receivable, net of credit allowance	<u>\$ 1,251,669</u>	<u>\$ 1,180,012</u>

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

	Three Months Ended	
	March 31, 2023	March 31, 2022
Advances on loans receivable	\$ 54,831	\$ 39,201
Less: Receipts on loans receivable	15,592	89,207
Net cash advances (receipts) on loans receivable	<u>\$ 39,239</u>	<u>\$ (50,006)</u>

The allowance for credit losses on loans receivable is maintained at a level believed adequate to absorb potential losses in our loans receivable. The determination of the credit allowance is based on a quarterly evaluation of each of these loans, including general economic conditions and estimated collectability of loan payments. We evaluate the collectability of our loans receivable based on a combination of credit quality indicators, including, but not limited to, payment status, historical loan charge-offs, financial strength of the borrower and guarantors, and nature, extent, and value of the underlying collateral.

A loan is considered to have deteriorated credit quality when, based on current information and events, it is probable that we will be unable to collect all amounts due as scheduled according to the contractual terms of the loan agreement. For those loans we identified as having deteriorated credit quality, we determine the amount of credit loss on an individual basis. Placement on non-accrual status may be required. Consistent with this definition, all loans on non-accrual are deemed to have deteriorated credit quality. To the extent circumstances improve and the risk of collectability is diminished, we will return these loans to income accrual status. While a loan is on non-accrual status, any cash receipts are applied against the outstanding principal balance. No interest was recognized on deteriorated loans for the periods presented.

For the remaining loans we assess credit loss on a collective pool basis and use our historical loss experience for similar loans to determine the reserve for credit losses. The following is a summary of our loans by credit loss category (in thousands):

Loan category	Years of Origination	March 31, 2023			
		Loan Carrying Value	Allowance for Credit Loss	Net Loan Balance	No. of Loans
Deteriorated loans	2007 - 2023	\$ 193,918	\$ (167,515)	\$ 26,403	4
Collective loan pool	2007 - 2018	211,004	(2,866)	208,138	12
Collective loan pool	2019	23,333	(317)	23,016	4
Collective loan pool	2020	43,067	(585)	42,482	6
Collective loan pool	2021	777,173	(10,493)	766,680	18
Collective loan pool	2022	135,004	(1,833)	133,171	29
Collective loan pool	2023	52,488	(709)	51,779	3
Total loans		<u>\$ 1,435,987</u>	<u>\$ (184,318)</u>	<u>\$ 1,251,669</u>	<u>76</u>

**WELLTOWER INC.**  
**NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**

The total allowance for credit losses balance is deemed sufficient to absorb expected losses relating to our loan portfolio. The following is a summary of the allowance for credit losses on loans receivable for the periods presented (in thousands):

	Three Months Ended	
	March 31, 2023	March 31, 2022
Balance at beginning of period	\$ 164,249	\$ 166,785
Provision for loan losses, net	777	(804)
Purchased deteriorated loan	19,077	—
Foreign currency translation	215	(288)
Balance at end of period	<u>\$ 184,318</u>	<u>\$ 165,693</u>

**8. Investments in Unconsolidated Entities**

We participate in a number of joint ventures, which generally invest in seniors housing and health care real estate. Our share of the results of operations for these properties has 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 <sup>(1)</sup>	March 31, 2023	December 31, 2022
	Seniors Housing Operating	10% to 65%	\$ 1,232,487
Triple-net	10% to 88%	138,852	111,812
Outpatient Medical	15% to 50%	225,074	216,671
Total		<u>\$ 1,596,413</u>	<u>\$ 1,499,790</u>

<sup>(1)</sup> As of March 31, 2023 and includes ownership of investments classified as liabilities and excludes ownership of in substance real estate.

At March 31, 2023, the aggregate unamortized basis difference of our joint venture investments of \$143,616,000 is primarily attributable to the difference between the amount for which we purchased 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.

We have made loans related to 22 properties as of March 31, 2023 for the development and construction of certain properties which are classified as in substance real estate investments and have a carrying value of \$713,342,000. We believe that such borrowers typically represent variable interest entities ("VIE" or "VIEs") in accordance with ASC 810, "Consolidation." VIEs are required to be consolidated by their primary beneficiary which is the enterprise that has both: (i) the power to direct the activities of the VIE that most significantly impacts the entity's economic performance; and (ii) the obligation to absorb losses or the right to receive benefits of the VIE that could be significant to the entity. We have concluded that we are not the primary beneficiary of such borrowers, therefore, the loan arrangements were assessed based on among other factors, the amount and timing of expected residual profits, the estimated fair value of the collateral and the significance of the borrower's equity in the project. Based on these assessments, the arrangements have been classified as in substance real estate investments. We expect to fund an additional \$140,641,000 related to these investments.

**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 three months ended March 31, 2023, excluding our share of NOI in unconsolidated entities (dollars in thousands):

Concentration by relationship: <sup>(1)</sup>	Number of Properties	Total NOI	Percent of NOI <sup>(2)</sup>
Integra Healthcare Properties	147	\$ 53,885	9%
Sunrise Senior Living	109	36,885	6%
Cogir Management Corporation	48	21,911	4%
StoryPoint Senior Living	74	21,769	4%
HC-One Group <sup>(3)</sup>	1	20,389	3%
Remaining portfolio	1,406	448,137	74%
Totals	<u>1,785</u>	<u>\$ 602,976</u>	<u>100%</u>

<sup>(1)</sup> Integra Healthcare Properties and HC-One Group are in our Triple-net segment. Sunrise Senior Living and Cogir Management Corporation are in our Seniors Housing Operating segment. StoryPoint Senior Living operates assets in both our Seniors Housing Operating and Triple-net segments.

<sup>(2)</sup> NOI with our top five relationships comprised 30% of total NOI for the year ended December 31, 2022.

<sup>(3)</sup> In addition to the one property, HC-One Group is the borrower on a £520,854,000 loan as of March 31, 2023, which is included in NOI.

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**10. Borrowings Under Credit Facilities and Commercial Paper Program**

At March 31, 2023, we had a primary unsecured credit facility with a consortium of 31 banks that included a \$4,000,000,000 unsecured revolving credit facility, a \$1,000,000,000 unsecured term credit facility and a \$250,000,000 Canadian-denominated unsecured term credit facility. The unsecured revolving credit facility is comprised of a \$1,000,000,000 tranche that matures on June 4, 2026 (none outstanding at March 31, 2023) and a \$3,000,000,000 tranche that matures on June 4, 2025 (none outstanding at March 31, 2023). The term credit facilities mature on July 19, 2026. Each tranche of the revolving facility and term loans may be extended for two successive terms of six months at our option. We have an option, through an accordion feature, to upsize the unsecured revolving credit facility and the \$1,000,000,000 unsecured term credit facility by up to an additional \$1,250,000,000, 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 March 31, 2023). Borrowings under the unsecured revolving credit facility are subject to interest payable at the applicable margin over the secured overnight financing rate ("SOFR") interest rate. Based on our current credit ratings, the loans under the unsecured revolving credit facility currently bear interest at 0.775% over the adjusted SOFR rate at March 31, 2023. 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 March 31, 2023.

Under the terms of our commercial paper 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 (none outstanding at March 31, 2023).

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 March 31,	
	2023	2022
Balance outstanding at quarter end	\$ —	\$ 300,000
Maximum amount outstanding at any month end	\$ 205,000	\$ 995,660
Average amount outstanding (total of daily principal balances divided by days in period)	\$ 65,833	\$ 961,463
Weighted average interest rate (actual interest expense divided by average borrowings outstanding)	5.05 %	0.53 %

**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: (i) 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 (ii) 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 March 31, 2023, the annual principal payments due on these debt obligations were as follows (in thousands):

	Senior Unsecured Notes <sup>(1,2,3)</sup>	Secured Debt <sup>(1,4)</sup>	Totals
2023	\$ —	\$ 550,304	\$ 550,304
2024	1,350,000	376,620	1,726,620
2025	1,260,000	287,203	1,547,203
2026	700,000	139,870	839,870
2027 <sup>(5,6)</sup>	1,906,654	186,449	2,093,103
Thereafter <sup>(7,8)</sup>	7,398,745	966,362	8,365,107
Totals	<u>\$ 12,615,399</u>	<u>\$ 2,506,808</u>	<u>\$ 15,122,207</u>

<sup>(1)</sup> 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 Sheets.

<sup>(2)</sup> Annual interest rates range from 2.05% to 6.50%.

<sup>(3)</sup> All senior unsecured notes with the exception of the \$300,000,000 Canadian-denominated 2.95% senior unsecured notes due 2027 have been issued by Welltower OP and are fully and unconditionally guaranteed by Welltower. The \$300,000,000 Canadian-denominated 2.95% senior unsecured notes due 2027 have been issued through private placement by a wholly owned subsidiary of Welltower OP and are fully and unconditionally guaranteed by Welltower OP.

<sup>(4)</sup> Annual interest rates range from 1.25% to 7.75%. Gross real property value of the properties securing the debt totaled \$5,800,377,000 at March 31, 2023.

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<sup>(5)</sup> Includes a \$1,000,000,000 unsecured term loan and a \$250,000,000 Canadian-denominated unsecured term loan (approximately \$184,843,000 based on the Canadian/U.S. Dollar exchange rate on March 31, 2023). Both term loans mature on July 19, 2026 and may be extended for two successive terms of six months at our option. The loans bear interest at adjusted SOFR plus 0.85% (5.78% at March 31, 2023) and Canadian Dealer Offered Rate plus 0.85% (5.79% at March 31, 2023), respectively.

<sup>(6)</sup> Includes a \$300,000,000 Canadian-denominated 2.95% senior unsecured notes due 2027 (approximately \$221,811,000 based on the Canadian/U.S. Dollar exchange rate on March 31, 2023).

<sup>(7)</sup> Includes a £550,000,000 4.80% senior unsecured notes due 2028 (approximately \$680,295,000 based on the Pounds Sterling/U.S. Dollar exchange rate in effect on March 31, 2023).

<sup>(8)</sup> Includes a £500,000,000 4.50% senior unsecured notes due 2034 (approximately \$618,450,000 based on the Pounds Sterling/U.S. Dollar exchange rate in effect on March 31, 2023).

Welltower, the parent entity that consolidates Welltower OP and all other subsidiaries, fully and unconditionally guarantees to each holder of all series of senior unsecured notes issued by Welltower OP that the principal of and premium, if any, and interest on the notes will be promptly paid in full when due, whether at the applicable maturity date, by acceleration or redemption or otherwise, and interest on the overdue principal of and interest on the notes, if any, if lawful, and all other obligations of Welltower OP to the holders of the notes will be promptly paid in full or performed. Welltower's guarantees of such notes are its senior unsecured obligation and rank equally with all of Welltower's other future unsecured senior indebtedness and guarantees from time to time outstanding. Welltower's guarantees of such notes are effectively subordinated to all liabilities of its subsidiaries and to its secured indebtedness to the extent of the assets securing such indebtedness. Because Welltower conducts substantially all of its business through its subsidiaries, Welltower's ability to make required payments with respect to the guarantees depends on the financial results and condition of its subsidiaries and its ability to receive funds from its subsidiaries, whether by dividends, loans, distributions or other payments.

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

	Three Months Ended			
	March 31, 2023		March 31, 2022	
	Amount	Weighted Avg. Interest Rate	Amount	Weighted Avg. Interest Rate
Beginning balance	\$ 12,584,529	4.06%	\$ 11,707,961	3.67%
Debt issued	—	—%	550,000	3.85%
Foreign currency	30,870	4.65%	(26,366)	4.14%
Ending balance	<u>\$ 12,615,399</u>	<u>4.06%</u>	<u>\$ 12,231,595</u>	<u>3.69%</u>

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

	Three Months Ended			
	March 31, 2023		March 31, 2022	
	Amount	Weighted Avg. Interest Rate	Amount	Weighted Avg. Interest Rate
Beginning balance	\$ 2,129,954	4.33%	\$ 2,202,312	3.03%
Debt issued	362,900	4.97%	5,385	3.08%
Debt assumed	53,223	3.62%	—	—%
Debt extinguished	(24,631)	4.53%	(100,821)	4.21%
Principal payments	(14,942)	3.91%	(15,968)	3.19%
Foreign currency	304	4.39%	24,733	2.73%
Ending balance	<u>\$ 2,506,808</u>	<u>4.55%</u>	<u>\$ 2,115,641</u>	<u>3.02%</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 March 31, 2023, we were in compliance in all material respects 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.

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*Cash Flow Hedges and Fair Value 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 are used to hedge the variable cash flows associated with variable-rate debt.

Interest rate swaps designated as fair value hedges involve the receipt of fixed amounts from a counterparty in exchange for our variable-rate payments. These interest rate swap agreements hedge the exposure to changes in the fair value of fixed-rate debt attributable to changes in the designated benchmark interest rate. For derivative instruments that are designated and qualify as a fair value hedge, the gain or loss on the derivative instrument, as well as the offsetting loss or gain on the hedged item attributable to the hedged risk, are recognized in earnings. We record the gain or loss on the hedged items in interest expense, the same line item as the offsetting loss or gain on the related interest rate swaps. In March 2022, we entered into a \$550,000,000 fixed to floating swap in connection with our March senior note issuance. The carrying amount of the notes, exclusive of the hedge, is \$545,504,000. The fair value of the swap as of March 31, 2023 was (\$40,829,000) and was recorded as a derivative liability with an offset to senior unsecured notes on our Consolidated Balance Sheets.

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 earnings over the life of the related debt, except where a material amount is deemed to be ineffective, which would be immediately recognized in the Consolidated Statements of Comprehensive Income. Approximately \$2,562,000 of losses, which are included in other comprehensive income ("OCI"), are expected to be reclassified into earnings in the next 12 months.

*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 three months ended March 31, 2023 and 2022, we settled certain net investment hedges generating cash proceeds of \$1,994,000 and \$10,169,000, 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.

*Equity Warrants*

We received equity warrants through our lending activities, which were accounted for as loan origination fees. The warrants provide us the right to participate in the capital appreciation of the underlying HC-One Group real estate portfolio above a designated price upon liquidation and contain net settlement terms qualifying as derivatives under ASC Topic 815. The warrants are classified within receivables and other assets on our Consolidated Balance Sheets. These warrants are measured at fair value with changes in fair value being recognized within gain (loss) on derivatives and financial instruments in our Consolidated Statements of Comprehensive Income.



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

	March 31, 2023	December 31, 2022
Derivatives designated as net investment hedges:		
Denominated in Canadian Dollars	\$ 1,075,000	\$ 1,075,000
Denominated in Pound Sterling	£ 1,890,708	£ 1,890,708
Financial instruments designated as net investment hedges:		
Denominated in Canadian Dollars	\$ 250,000	\$ 250,000
Denominated in Pound Sterling	£ 1,050,000	£ 1,050,000
Interest rate swaps designated as cash flow hedges:		
Denominated in U.S Dollars <sup>(1)</sup>	\$ 375,000	\$ 25,000
Interest rate swaps designated as fair value hedges:		
Denominated in U.S Dollars	\$ 550,000	\$ 550,000
Derivative instruments not designated:		
Interest rate caps denominated in U.S. Dollars	\$ 26,137	\$ 26,137
Foreign currency exchange contracts denominated in Canadian Dollars	\$ 80,000	\$ 80,000

<sup>(1)</sup> At March 31, 2023 the maximum maturity date was March 31, 2024.

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

Description	Location	Three Months Ended March 31,	
		2023	2022
Gain (loss) on derivative instruments designated as hedges recognized in income	Interest expense	\$ 4,619	\$ 5,984
Gain (loss) on derivative instruments not designated as hedges recognized in income	Interest expense	\$ (254)	\$ (693)
Gain (loss) on equity warrants recognized in income	Gain (loss) on derivatives and financial instruments	\$ (885)	\$ (2,423)
Gain (loss) on derivative and financial instruments designated as hedges recognized in OCI	OCI	\$ (69,738)	\$ 51,940

### 13. Commitments and Contingencies

At March 31, 2023, we had 22 outstanding letter of credit obligations totaling \$51,447,000 and expiring between 2023 and 2024. At March 31, 2023, we had outstanding construction in progress of \$1,121,446,000 and committed to providing additional funds of approximately \$2,057,726,000 to complete construction. Additionally, at March 31, 2023, we had outstanding investments classified as in substance real estate of \$713,342,000 and committed to provide additional funds of \$140,641,000 (see Note 8 for additional information). Purchase obligations also include \$38,729,000 of contingent purchase obligations to fund capital improvements. Rents due from the tenants 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:

	March 31, 2023	December 31, 2022
Preferred Stock, \$1.00 par value:		
Authorized shares	50,000,000	50,000,000
Issued shares	—	—
Outstanding shares	—	—
Common Stock, \$1.00 par value:		
Authorized shares	700,000,000	700,000,000
Issued shares	498,095,420	492,283,488
Outstanding shares	496,294,516	490,508,937

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*Common Stock* In April 2022, we entered into an amended and restated equity distribution agreement whereby we can offer and sell up to \$3,000,000,000 aggregate amount of our common stock ("ATM Program"). The ATM Program also allows us to enter into forward sale agreements (none outstanding at March 31, 2023). As of March 31, 2023, we had \$737,046,000 of remaining capacity under the ATM Program.

The following is a summary of our common stock issuances during the three months ended March 31, 2023 and 2022 (dollars in thousands, except shares and average price amounts):

	Shares Issued	Average Price	Gross Proceeds	Net Proceeds
2022 Option exercises	299	\$ 66.89	\$ 20	\$ 20
2022 ATM Program issuances	6,605,191	84.60	558,790	549,326
2022 Stock incentive plans, net of forfeitures	103,079		—	—
2022 Totals	<u>6,708,569</u>		<u>\$ 558,810</u>	<u>\$ 549,346</u>
2023 ATM Program issuances	5,603,161	\$ 73.74	\$ 413,157	\$ 411,032
2023 Redemption of OP Units and DownREIT Units	271,997		—	—
2023 Stock incentive plans, net of forfeitures	(89,579)		—	—
2023 Totals	<u>5,785,579</u>		<u>\$ 413,157</u>	<u>\$ 411,032</u>

*Dividends* The following is a summary of our dividend payments (in thousands, except per share amounts):

	Three Months Ended			
	March 31, 2023		March 31, 2022	
	Per Share	Amount	Per Share	Amount
Common stock	\$ 0.61	\$ 301,829	\$ 0.61	\$ 273,668

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

	March 31, 2023	December 31, 2022
Foreign currency translation	\$ (1,037,431)	\$ (1,115,317)
Derivative and financial instruments designated as hedges	925,872	995,610
Total accumulated other comprehensive income (loss)	<u>\$ (111,559)</u>	<u>\$ (119,707)</u>

### 15. Stock Incentive Plans

In March 2022, our Board of Directors approved the 2022 Long-Term Incentive Plan ("2022 Plan"), which authorizes up to 10,000,000 shares of common stock or units to be issued at the discretion of the Compensation Committee of the Board of Directors. Awards granted after March 28, 2022 will be issued out of the 2022 Plan. The awards granted under the 2016 Long-Term Incentive Plan continue to vest and options expire ten years from the date of grant. Our non-employee directors, officers and key employees are eligible to participate in the 2022 Plan. The 2022 Plan allows for the issuance of, among other things, stock options, stock appreciation rights, restricted stock units, deferred stock units, performance units and dividend equivalent rights. Vesting periods for options, deferred stock units and restricted stock units generally range from three to five years. Options expire ten years from the date of grant. Stock-based compensation expense totaled \$9,456,000 and \$7,445,000 for the three months ended March 31, 2023 and 2022, respectively.

**WELLTOWER INC.**  
**NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**

**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 March 31,	
	2023	2022
Numerator for basic earnings per share - net income (loss) attributable to common stockholders	\$ 25,673	\$ 61,925
Adjustment for net income (loss) attributable to OP Units and DownREIT Units	(10)	(145)
Numerator for diluted earnings per share	\$ 25,663	\$ 61,780
Denominator for basic earnings per share - weighted average shares	492,061	447,379
Effect of dilutive securities:		
Employee stock options	4	31
Non-vested restricted shares and units	613	974
OP Units and DownREIT Units	1,786	1,396
Employee stock purchase program	30	22
Dilutive potential common shares	2,433	2,423
Denominator for diluted earnings per share - adjusted weighted average shares	494,494	449,802
Basic earnings per share	\$ 0.05	\$ 0.14
Diluted earnings per share	\$ 0.05	\$ 0.14

As of March 31, 2022, outstanding forward sales agreements for the sale of 14,297,958 shares were not included in the computation of diluted earnings per share because such forward sales were anti-dilutive for the period. There were no outstanding forward sales agreements as of March 31, 2023.

**17. Disclosure about Fair Value of Financial Instruments**

Fair value is defined 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. A three-level valuation hierarchy exists for disclosures of fair value measurements based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Please see Note 2 to the financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2022 for additional information. The three levels are defined below:

- 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, Other Real Estate Loans and Non-real Estate Loans Receivable* — The fair value of mortgage loans, other real estate loans and non-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.

*Equity Warrants* — The fair value of equity warrants is estimated using Level 3 inputs and includes data points such as enterprise value of the underlying HC-One Group real estate portfolio, marketability discount for private company warrants, dividend yield, volatility and risk-free rate. The enterprise value is driven by projected cash flows, weighted average cost of capital and a terminal capitalization rate.

**WELLTOWER INC.**  
**NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**

*Borrowings Under Primary Unsecured Credit Facility and Commercial Paper Program* — The carrying amount of the primary unsecured credit facility and commercial paper program approximates fair value because the borrowings are interest rate adjustable.

*Senior Unsecured Notes* — The fair value of the senior unsecured notes payable is 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.

*Redeemable DownREIT Unitholder Interests* — Our redeemable DownREIT Unitholder interests are recorded on the balance sheet at fair value using Level 2 inputs unless the fair value is below the initial amount, in which case the redeemable DownREIT Unitholder interests are recorded at the initial amount adjusted for distributions to the unitholders and income or loss attributable to the unitholders. 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):

	March 31, 2023		December 31, 2022	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets:				
Mortgage loans receivable	\$ 718,961	\$ 759,712	\$ 697,906	\$ 739,159
Other real estate loans receivable	235,195	235,573	192,938	190,977
Equity securities	66	66	111	111
Cash and cash equivalents	571,902	571,902	631,681	631,681
Restricted cash	66,894	66,894	90,611	90,611
Non-real estate loans receivable	297,513	285,404	289,168	277,601
Foreign currency forward contracts, interest rate swaps and cross currency swaps	148,206	148,206	191,357	191,357
Equity warrants	30,269	30,269	30,436	30,436
Financial liabilities:				
Senior unsecured notes	\$ 12,486,229	\$ 11,629,220	\$ 12,437,273	\$ 11,381,873
Secured debt	2,474,837	2,451,673	2,110,815	2,054,889
Foreign currency forward contracts, interest rate swaps and cross currency swaps	40,829	40,829	55,727	55,727
Redeemable DownREIT Unitholder interests	\$ 61,957	\$ 61,957	\$ 75,355	\$ 75,355

*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 March 31, 2023			
	Total	Level 1	Level 2	Level 3
Equity securities	\$ 66	\$ 66	\$ —	\$ —
Equity warrants	30,269	—	—	30,269
Foreign currency forward contracts, interest rate swaps and cross currency swaps, net asset (liability) <sup>(1)</sup>	107,377	—	107,377	—
Totals	<u>\$ 137,712</u>	<u>\$ 66</u>	<u>\$ 107,377</u>	<u>\$ 30,269</u>

<sup>(1)</sup> Please see Note 12 for additional information.

**WELLTOWER INC.**  
**NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**

The following table summarizes the change in fair value for equity warrants using unobservable Level 3 inputs for the periods presented (in thousands):

	Three Months Ended	
	March 31, 2023	March 31, 2022
Beginning balance	\$ 30,436	\$ 41,909
Mark-to-market adjustment	(885)	(2,425)
Foreign currency	718	(1,068)
Ending balance	<u>\$ 30,269</u>	<u>\$ 38,416</u>

The most significant assumptions utilized in the valuation of the equity warrants are the cash flows of the underlying HC-One Group enterprise, as well as the terminal capitalization rate of 10.5%.

*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 that 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 or assumed. Asset impairments (if applicable, see Note 5 for impairments of real property and Note 7 for impairments of 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 seniors apartments, 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). Our Triple-net properties include the property types described above as well as long-term/post-acute care facilities. 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 cash investments recorded in 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, 2022). 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. All inter-segment transactions are eliminated.

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**NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**

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

<u>Three Months Ended March 31, 2023:</u>	Seniors Housing Operating	Triple-net	Outpatient Medical	Non-segment / Corporate	Total
Resident fees and services	\$ 1,131,685	\$ —	\$ —	\$ —	\$ 1,131,685
Rental income	—	202,419	181,640	—	384,059
Interest income	2,551	33,763	91	—	36,405
Other income	2,445	1,883	3,100	1,152	8,580
Total revenues	1,136,681	238,065	184,831	1,152	1,560,729
Property operating expenses	883,784	11,723	58,365	3,881	957,753
Consolidated net operating income (loss)	252,897	226,342	126,466	(2,729)	602,976
Depreciation and amortization	220,407	54,528	64,177	—	339,112
Interest expense	11,487	(15)	4,104	128,827	144,403
General and administrative expenses	—	—	—	44,371	44,371
Loss (gain) on derivatives and financial instruments, net	—	930	—	—	930
Loss (gain) on extinguishment of debt, net	—	—	5	—	5
Provision for loan losses, net	(73)	850	—	—	777
Impairment of assets	12,629	—	—	—	12,629
Other expenses	17,579	2,467	547	2,152	22,745
Income (loss) from continuing operations before income taxes and other items	(9,132)	167,582	57,633	(178,079)	38,004
Income tax (expense) benefit	—	—	—	(3,045)	(3,045)
Income (loss) from unconsolidated entities	(15,589)	8,432	86	—	(7,071)
Gain (loss) on real estate dispositions, net	833	520	(606)	—	747
Income (loss) from continuing operations	(23,888)	176,534	57,113	(181,124)	28,635
Net income (loss)	\$ (23,888)	\$ 176,534	\$ 57,113	\$ (181,124)	\$ 28,635
Total assets	\$ 22,201,219	\$ 8,776,956	\$ 7,007,092	\$ 508,622	\$ 38,493,889
<u>Three Months Ended March 31, 2022:</u>	Seniors Housing Operating	Triple-net	Outpatient Medical	Non-segment / Corporate	Total
Resident fees and services	\$ 994,335	\$ —	\$ —	\$ —	\$ 994,335
Rental income	—	196,001	160,389	—	356,390
Interest income	1,417	37,506	71	—	38,994
Other income	860	1,656	2,863	606	5,985
Total revenues	996,612	235,163	163,323	606	1,395,704
Property operating expenses	789,928	11,211	49,915	2,615	853,669
Consolidated net operating income (loss)	206,684	223,952	113,408	(2,009)	542,035
Depreciation and amortization	192,793	53,504	57,791	—	304,088
Interest expense	7,650	314	4,567	109,165	121,696
General and administrative expenses	—	—	—	37,706	37,706
Loss (gain) on derivatives and financial instruments, net	—	2,578	—	—	2,578
Loss (gain) on extinguishment of debt, net	(15)	—	3	—	(12)
Provision for loan losses, net	267	(1,065)	(6)	—	(804)
Other expenses	8,191	11,044	789	6,045	26,069
Income (loss) from continuing operations before income taxes and other items	(2,202)	157,577	50,264	(154,925)	50,714
Income tax (expense) benefit	—	—	—	(5,013)	(5,013)
Income (loss) from unconsolidated entities	(17,782)	15,543	(645)	—	(2,884)
Gain (loss) on real estate dispositions, net	2,701	20,449	(216)	—	22,934
Income (loss) from continuing operations	(17,283)	193,569	49,403	(159,938)	65,751
Net income (loss)	\$ (17,283)	\$ 193,569	\$ 49,403	\$ (159,938)	\$ 65,751

**WELLTOWER INC.**  
**NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**

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			
	March 31, 2023		March 31, 2022	
	Amount	%	Amount	%
Revenues:				
United States	\$ 1,296,022	83.0 %	\$ 1,139,016	81.6 %
United Kingdom	147,876	9.5 %	144,491	10.4 %
Canada	116,831	7.5 %	112,197	8.0 %
Total	<u>\$ 1,560,729</u>	<u>100.0 %</u>	<u>\$ 1,395,704</u>	<u>100.0 %</u>

	Three Months Ended			
	March 31, 2023		March 31, 2022	
	Amount	%	Amount	%
Resident Fees and Services:				
United States	\$ 908,944	80.4 %	\$ 784,097	78.8 %
United Kingdom	109,012	9.6 %	101,090	10.2 %
Canada	113,729	10.0 %	109,148	11.0 %
Total	<u>\$ 1,131,685</u>	<u>100.0 %</u>	<u>\$ 994,335</u>	<u>100.0 %</u>

	As of			
	March 31, 2023		December 31, 2022	
	Amount	%	Amount	%
Assets:				
United States	\$ 32,325,218	84.0 %	\$ 31,740,907	83.8 %
United Kingdom	3,518,034	9.1 %	3,476,793	9.2 %
Canada	2,650,637	6.9 %	2,675,533	7.0 %
Total	<u>\$ 38,493,889</u>	<u>100.0 %</u>	<u>\$ 37,893,233</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 three months ended March 31, 2023 and 2022, 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. Subsequent to 2014 we transferred certain subsidiaries to the United Kingdom, while some wholly-owned direct and

**WELLTOWER INC.**  
**NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**

indirect subsidiaries remain in Luxembourg and Jersey. 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.

**20. Variable Interest Entities**

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

	March 31, 2023	December 31, 2022
Assets:		
Net real estate investments	\$ 1,492,518	\$ 1,499,078
Cash and cash equivalents	11,577	15,582
Receivables and other assets	32,582	9,949
Total assets <sup>(1)</sup>	\$ 1,536,677	\$ 1,524,609
Liabilities and equity:		
Secured debt	\$ 155,678	\$ 155,992
Lease liabilities	1,329	1,329
Accrued expenses and other liabilities	39,119	28,417
Total equity	1,340,551	1,338,871
Total liabilities and equity	\$ 1,536,677	\$ 1,524,609

<sup>(1)</sup> 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 should be read together with the Consolidated Financial Statements and related Notes thereto included in Item 1 of this report. Other important factors are identified in our Annual Report on Form 10-K for the year ended December 31, 2022, including factors identified under the headings "Business," "Risk Factors," and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

On March 7, 2022, we announced our intent to complete an UPREIT reorganization. In February 2022, the company formerly known as Welltower Inc. ("Old Welltower") formed WELL Merger Holdco Inc. ("New Welltower") as a wholly owned subsidiary, and New Welltower formed WELL Merger Holdco Sub Inc. ("Merger Sub") as a wholly owned subsidiary. On April 1, 2022, Merger Sub merged with and into Old Welltower, with Old Welltower continuing as the surviving corporation and a wholly owned subsidiary of New Welltower (the "Merger"). In connection with the Merger, Old Welltower's name was changed to "Welltower OP Inc.", and New Welltower inherited the name "Welltower Inc." Effective May 24, 2022, Welltower OP Inc. ("Welltower OP") converted from a Delaware corporation into a Delaware limited liability company named Welltower OP LLC (the "LLC Conversion"). Following the LLC Conversion, New Welltower's business continues to be conducted through Welltower OP and New Welltower does not have substantial assets or liabilities, other than through its investment in Welltower OP.

Unless stated otherwise or the context otherwise requires, references to "Welltower" mean Welltower Inc. and references to "Welltower OP" mean Welltower OP LLC. References to "we," "us" and "our" mean collectively Welltower, Welltower OP and those entities/subsidiaries owned or controlled by Welltower and/or Welltower OP.

### Executive Summary

#### Company Overview

Welltower Inc. (NYSE:WELL), a real estate investment trust ("REIT") and S&P 500 company headquartered in Toledo, Ohio, is driving the transformation of health care infrastructure. Welltower 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 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.

Welltower is the initial member and majority owner of Welltower OP, with an approximate ownership interest of 99.721% as of March 31, 2023. All of our property ownership, development and related business operations are conducted through Welltower OP and Welltower has no material assets or liabilities other than its investment in Welltower OP. Welltower issues equity from time to time, the net proceeds of which it is obligated to contribute as additional capital to Welltower OP. All debt including credit facilities, senior notes and secured debt is incurred by Welltower OP, and Welltower has fully and unconditionally guaranteed all existing senior unsecured notes.

The following table summarizes our consolidated portfolio for the three months ended March 31, 2023 (dollars in thousands):

Type of Property	NOI <sup>(1)</sup>	Percentage of NOI	Number of Properties
Seniors Housing Operating	\$ 252,897	41.7 %	854
Triple-net	226,342	37.4 %	575
Outpatient Medical	126,466	20.9 %	356
Totals	<u>\$ 605,705</u>	<u>100.0 %</u>	<u>1,785</u>

<sup>(1)</sup> 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" below 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. Additionally, the extent to which the COVID-19 pandemic impacts our operations and those of our operators and tenants in the future is uncertain and cannot be predicted with confidence.

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

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 guarantees 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 three months ended March 31, 2023, resident fees and services and rental income represented 73% and 25%, respectively, of total revenues. Substantially all of our operating leases are designed with 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. 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, general and administrative expenses and other 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 March 31, 2023, we had \$571,902,000 of cash and cash equivalents, \$66,894,000 of restricted cash and \$4,000,000,000 of available borrowing capacity under our unsecured revolving credit facility.

### **Key Transactions**

*Capital* The following summarizes key capital transactions that occurred during the three months ended March 31, 2023:

- During the three months ended March 31, 2023, we sold 5,603,161 shares of common stock under our ATM Program generating gross proceeds of approximately \$413,157,000.
- During the three months ended March 31, 2023, we issued \$362,900,000 of secured debt at a blended average interest rate of 4.97% and assumed \$53,223,000 of secured debt at a blended average interest rate of 3.62%. We extinguished \$24,631,000 of secured debt at a blended average interest rate of 4.53%.

*Investments* The following summarizes our property acquisitions and joint venture investments completed during the three months ended March 31, 2023 (dollars in thousands):

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	Properties	Book Amount <sup>(1)</sup>	Capitalization Rates <sup>(2)</sup>
Seniors Housing Operating	2	\$ 19,816	7.5 %
Triple-net	8	81,659	3.6 %
Outpatient Medical	29	356,250	6.9 %
Totals	39	\$ 457,725	6.9 %

<sup>(1)</sup> 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.

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

**Dispositions** The following summarizes property dispositions completed during the three months ended March 31, 2023 (dollars in thousands):

	Properties	Proceeds <sup>(1)</sup>	Book Amount <sup>(2)</sup>	Capitalization Rates <sup>(3)</sup>
Seniors Housing Operating	1	\$ 19,054	\$ 18,572	— %
Triple-net	1	2,604	2,028	— %
Totals	2	\$ 21,658	\$ 20,600	— %

<sup>(1)</sup> Represents net proceeds received upon disposition, including any seller financing.

<sup>(2)</sup> Represents carrying value of net real estate assets at time of disposition. See Note 5 to our unaudited consolidated financial statements for additional information.

<sup>(3)</sup> Represents annualized contractual income that was being received in cash at date of disposition divided by stated purchase price. Excludes properties sold that were recent development conversions.

**Dividends** Our Board of Directors declared a cash dividend for the quarter ended March 31, 2023 of \$0.61 per share. On May 23, 2023, we will pay our 208th consecutive quarterly cash dividend to stockholders of record on May 16, 2023.

### 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, credit strength and concentration risk. 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 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):

	Three Months Ended				
	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022
Net income (loss)	\$ 28,635	\$ 1,798	\$ (2,653)	\$ 95,672	\$ 65,751
NICS	25,673	(3,728)	(6,767)	89,785	61,925
FFO	386,062	357,985	362,863	409,589	347,635
NOI	602,976	579,693	561,664	618,453	542,035

**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 restricted cash. The coverage ratios indicate our ability to service interest and fixed charges (interest and secured debt principal amortization). 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 reconciliation 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:

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	Three Months Ended				
	March 31,	December 31,	September 30,	June 30,	March 31,
	2023	2022	2022	2022	2022
Net debt to book capitalization ratio	40%	39%	42%	43%	43%
Net debt to undepreciated book capitalization ratio	32%	32%	34%	35%	35%
Net debt to market capitalization ratio	28%	30%	32%	27%	24%
Interest coverage ratio	3.44x	3.29x	3.48x	4.21x	4.03x
Fixed charge coverage ratio	3.13x	3.01x	3.18x	3.78x	3.57x

**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:

	Three Months Ended				
	March 31,	December 31,	September 30,	June 30,	March 31,
	2023	2022	2022	2022	2022
Property mix: <sup>(1)</sup>					
Seniors Housing Operating	42%	40%	41%	45%	38%
Triple-net	37%	38%	38%	36%	41%
Outpatient Medical	21%	22%	21%	19%	21%
Relationship mix: <sup>(1)</sup>					
Integra Healthcare Properties <sup>(2)</sup>	9%	1%	—%	—%	—%
Sunrise Senior Living	6%	7%	7%	8%	6%
Cogir Management Corporation	4%	4%	4%	3%	2%
StoryPoint Senior Living	4%	3%	4%	3%	4%
HC-One Group	3%	3%	4%	4%	4%
Remaining relationships	74%	82%	81%	82%	84%
Geographic mix: <sup>(1)</sup>					
California	13%	14%	13%	15%	13%
United Kingdom	10%	9%	10%	9%	11%
Texas	8%	8%	8%	7%	8%
Pennsylvania	6%	5%	5%	4%	5%
Canada	6%	6%	6%	5%	5%
Remaining geographic areas	57%	58%	58%	60%	58%

<sup>(1)</sup> 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.

<sup>(2)</sup> In December 2022, we transitioned 147 skilled nursing facilities previously leased to ProMedica, to master leases with Integra Healthcare Properties.

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**Lease Expirations** The following table sets forth information regarding lease expirations for certain portions of our portfolio as of March 31, 2023 (dollars in thousands):

	Expiration Year <sup>(1)</sup>										
	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	Thereafter
<b>Triple-net:</b>											
Properties	2	4	15	49	1	4	4	34	5	88	347
Base rent <sup>(2)</sup>	\$ 2,159	\$ 13,088	\$ 7,083	\$ 45,392	\$ 1,182	\$ 5,246	\$ 4,091	\$ 69,215	\$ 10,701	\$ 65,614	\$ 401,905
% of base rent	0.3 %	2.1 %	1.1 %	7.3 %	0.2 %	0.8 %	0.7 %	11.1 %	1.7 %	10.5 %	64.2 %
Units/beds	270	692	451	3,404	80	440	219	3,669	423	4,314	37,490
% of Units/beds	0.5 %	1.3 %	0.9 %	6.6 %	0.2 %	0.9 %	0.4 %	7.1 %	0.8 %	8.4 %	72.9 %
<b>Outpatient Medical:</b>											
Square feet	1,902,520	1,982,088	1,403,780	1,576,623	1,461,893	1,190,865	1,111,637	1,297,190	1,628,893	1,241,483	3,854,522
Base rent <sup>(2)</sup>	\$ 53,714	\$ 60,111	\$ 41,175	\$ 42,708	\$ 40,941	\$ 32,221	\$ 31,244	\$ 34,996	\$ 44,430	\$ 37,110	\$ 107,250
% of base rent	10.2 %	11.4 %	7.8 %	8.1 %	7.8 %	6.1 %	5.9 %	6.7 %	8.4 %	7.1 %	20.5 %
Leases	415	346	259	239	218	180	105	96	65	131	466
% of Leases	16.5 %	13.7 %	10.3 %	9.5 %	8.7 %	7.1 %	4.2 %	3.8 %	2.6 %	5.2 %	18.4 %

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

<sup>(2)</sup> 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, 2022, under the headings “Business,” “Risk Factors” and “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](http://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, general and administrative expenses and other expenses. Depending upon the availability and cost of external capital, we believe our liquidity is sufficient to fund these uses of cash. These sources and uses of cash are reflected in our Consolidated Statements of Cash Flows and are discussed in further detail below.

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The following is a summary of our sources and uses of cash flows for the periods presented (dollars in thousands):

	Three Months Ended		Change	
	March 31, 2023	March 31, 2022	\$	%
Cash, cash equivalents and restricted cash at beginning of period	\$ 722,292	\$ 346,755	\$ 375,537	108 %
Cash provided from (used in) operating activities	376,058	324,520	51,538	16 %
Cash provided from (used in) investing activities	(932,837)	(808,547)	(124,290)	(15)%
Cash provided from (used in) financing activities	470,470	505,105	(34,635)	(7)%
Effect of foreign currency translation	2,813	(790)	3,603	456 %
Cash, cash equivalents and restricted cash at end of period	<u>\$ 638,796</u>	<u>\$ 367,043</u>	<u>\$ 271,753</u>	<u>74 %</u>

*Operating Activities* Please see "Results of Operations" for discussion of net income fluctuations. For the three months ended March 31, 2023 and 2022, cash flows 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 net changes in real property investments and dispositions, loans receivable and investments in unconsolidated entities, which are summarized above in "Key Transactions." Please refer to Notes 3 and 5 of our unaudited consolidated financial statements for additional information. The following is a summary of cash used in non-acquisition capital improvement activities for the periods presented (dollars in thousands):

	Three Months Ended		Change	
	March 31, 2023	March 31, 2022	\$	%
New development	\$ 226,226	\$ 138,141	\$ 88,085	64 %
Recurring capital expenditures, tenant improvements and lease commissions	36,914	32,835	4,079	12 %
Renovations, redevelopments and other capital improvements	54,425	57,394	(2,969)	(5)%
Total	<u>\$ 317,565</u>	<u>\$ 228,370</u>	<u>\$ 89,195</u>	<u>39 %</u>

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 issuances of common 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.

In March 2022, we completed the issuance of \$550,000,000 senior unsecured notes with a maturity date of June 2032. In April 2022, we closed on an amended \$5,200,000,000 unsecured credit facility, increasing our term loan capacity by \$500,000,000. During the three months ended March 31, 2023, we issued \$362,900,000 of secured debt at a blended average interest rate of 4.97% and assumed \$53,223,000 of secured debt at a blended average interest rate of 3.62%. As of March 31, 2023, we have total near-term available liquidity of approximately \$4.6 billion.

### **Off-Balance Sheet Arrangements**

At March 31, 2023, we had investments in unconsolidated entities with our ownership generally ranging from 10% to 88%. We use financial derivative instruments to hedge interest rate and foreign currency exchange rate exposure. At March 31, 2023, we had 22 outstanding letter of credit obligations. Please see Notes 8, 12 and 13 to our unaudited consolidated financial statements for additional information.

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### Contractual Obligations

The following table summarizes our payment requirements under contractual obligations as of March 31, 2023 (in thousands):

Contractual Obligations	Payments Due by Period				
	Total	2023	2024-2025	2026-2027	Thereafter
Senior unsecured notes and term credit facilities: <sup>(1)</sup>					
U.S. Dollar senior unsecured notes	\$ 9,900,000	\$ —	\$ 2,600,000	\$ 1,200,000	\$ 6,100,000
Canadian Dollar senior unsecured notes <sup>(2)</sup>	221,811	—	—	221,811	—
Pounds Sterling senior unsecured notes <sup>(2)</sup>	1,298,745	—	—	—	1,298,745
U.S. Dollar term credit facility	1,010,000	—	10,000	1,000,000	—
Canadian Dollar term credit facility <sup>(2)</sup>	184,843	—	—	184,843	—
Secured debt: <sup>(1,2)</sup>					
Consolidated	2,506,808	550,304	663,823	326,319	966,362
Unconsolidated	1,318,901	235,171	700,068	185,821	197,841
Contractual interest obligations: <sup>(3)</sup>					
Senior unsecured notes and term loans <sup>(2)</sup>	3,918,263	482,474	914,524	717,563	1,803,702
Consolidated secured debt <sup>(2)</sup>	518,918	80,378	155,596	110,274	172,670
Unconsolidated secured debt <sup>(2)</sup>	170,369	40,821	60,850	22,842	45,856
Financing lease liabilities <sup>(4)</sup>	206,650	70,014	5,632	3,606	127,398
Operating lease liabilities <sup>(4)</sup>	959,766	15,277	35,707	31,403	877,379
Purchase obligations <sup>(5)</sup>	2,252,308	1,228,576	955,820	67,912	—
Total contractual obligations	<u>\$ 24,467,382</u>	<u>\$ 2,703,015</u>	<u>\$ 6,102,020</u>	<u>\$ 4,072,394</u>	<u>\$ 11,589,953</u>

<sup>(1)</sup> Amounts represent principal amounts due and do not reflect unamortized premiums/discounts or other fair value adjustments as reflected on the balance sheet.

<sup>(2)</sup> Based on foreign currency exchange rates in effect as of the balance sheet date.

<sup>(3)</sup> Based on variable interest rates in effect as of the balance sheet date.

<sup>(4)</sup> See Note 6 to our unaudited consolidated financial statements for additional information.

<sup>(5)</sup> 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 March 31, 2023, we were in compliance in all material respects with 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 have a material adverse impact on our consolidated results of operations, liquidity and/or financial condition.

On April 1, 2022, Welltower and Welltower OP jointly filed with the Securities and Exchange Commission (the “SEC”) an open-ended automatic or “universal” shelf registration statement on Form S-3 covering an indeterminate amount of future offerings of Welltower’s debt securities, common stock, preferred stock, depositary shares, guarantees of debt securities issued by Welltower OP, warrants and units and Welltower OP’s debt securities and guarantees of debt securities issued by Welltower to replace Old Welltower’s existing “universal” shelf registration statement filed with the SEC on May 4, 2021. On April 1, 2022, Welltower also filed with the SEC a registration statement in connection with its enhanced dividend reinvestment plan (“DRIP”) under which it may issue up to 15,000,000 shares of common stock to replace Old Welltower’s existing DRIP registration statement on Form S-3 filed with the SEC on May 4, 2021. As of April 28, 2023, 15,000,000 shares of common stock remained available for issuance under the DRIP registration statement. On April 4, 2022, Welltower and Welltower OP entered into (i) a second amended and restated equity distribution agreement (the “EDA”) with (i) Robert W. Baird & Co. Incorporated, Barclays Capital Inc., BMO Capital Markets Corp., BNP Paribas Securities Corp., BNY Mellon Capital Markets, LLC, BofA Securities, Inc., BOK Financial Securities, Inc., Capital One Securities Inc., Citigroup Global Markets Inc., Comerica Securities, Inc., Credit Agricole Securities (USA) Inc., Deutsche Bank Securities Inc., Fifth Third Securities, Inc., Goldman Sachs & Co. LLC, Jefferies LLC, JMP Securities LLC, J.P. Morgan Securities LLC, KeyBanc Capital Markets Inc., Loop Capital Markets LLC, Mizuho Securities USA LLC, Morgan Stanley & Co. LLC, MUFG Securities Americas Inc., RBC Capital Markets, LLC, Regions Securities LLC, Scotia Capital (USA) Inc., SMBC Nikko Securities America, Inc., Synovus Securities, Inc., TD Securities (USA) LLC, Truist Securities, Inc. and Wells Fargo Securities, LLC as sales agents and forward



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sellers and (ii) the forward purchasers named therein relating to issuances, offers and sales from time to time of up to \$3,000,000,000 aggregate amount of common stock of Welltower (together with the existing master forward sale confirmations relating thereto, the "ATM Program"), amending and restating the ATM Program entered into on July 30, 2021 to, among other amendments, increase the total amount of shares of common stock that may be offered and sold under the ATM Program from \$2,500,000,000 to \$3,000,000,000, which amount excludes shares Old Welltower had previously sold pursuant to the prior program. The ATM Program also allows Welltower to enter into forward sale agreements. As of April 28, 2023, we had \$682,342,278 of remaining capacity under the ATM Program and there were no outstanding forward sales agreements. 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.

In connection with the filing of the new "universal" shelf registration statement, Welltower also filed with the SEC two prospectus supplements that will continue offerings that were previously covered by Old Welltower's prospectus supplements and the accompanying prospectus to the prior registration statement relating to: (i) the registration of up to 620,731 shares of common stock of Welltower (the "DownREIT Shares"), that may be issued from time to time if, and to the extent that, certain holders of Class A units (the "DownREIT Units") of HCN G&L DownREIT, LLC, a Delaware limited liability company (the "DownREIT"), tender such DownREIT Units for redemption by the DownREIT, and HCN DownREIT Member, LLC, a majority-owned indirect subsidiary of Welltower (including its permitted successors and assigns, the "Managing Member"), or a designated affiliate of the Managing Member, elects to assume the redemption obligations of the DownREIT and to satisfy all or a portion of the redemption consideration by issuing DownREIT Shares to the holders instead of or in addition to paying a cash amount; and (ii) the registration of up to 475,327 shares of common stock of Welltower Inc. (the "DownREIT II Shares"), that may be issued from time to time if, and to the extent that, certain holders of Class A units (the "DownREIT II Units," and collectively with the DownREIT Units, the "Units") of HCN G&L DownREIT II LLC, a Delaware limited liability company (the "DownREIT II"), tender such DownREIT II Units for redemption by the DownREIT II, and the Managing Member, or a designated affiliate of the Managing Member, elects to assume the redemption obligations of the DownREIT II and to satisfy all or a portion of the redemption consideration by issuing DownREIT II Shares to the holders instead of or in addition to paying a cash amount. On July 22, 2022, Welltower filed with the SEC a prospectus supplement relating to the registration of up to 300,026 shares of common stock of Welltower Inc. that may be issued from time to time if, and to the extent that, certain holders of Class A Common Units (the "OP Units") of Welltower OP tender the OP Units for redemption by Welltower OP, and Welltower Inc. elects to assume the redemption obligations of Welltower OP and to satisfy all or a portion of the redemption consideration by issuing shares of its common stock to the holders instead of or in addition to paying a cash amount.

### ***Supplemental Guarantor Information***

Welltower OP has issued the unsecured notes described in Note 11 to our Consolidated Financial Statements. All unsecured notes are fully and unconditionally guaranteed by Welltower, and Welltower OP is 99.721% owned by Welltower as of March 31, 2023. Effective January 4, 2021, the SEC adopted amendments to the financial disclosure requirements applicable to registered debt offerings that include certain credit enhancements. The Company has adopted these new rules, which permits subsidiary issuers of obligations guaranteed by the parent to omit separate financial statements if the consolidated financial statements of the parent company have been filed, the subsidiary obligor is a consolidated subsidiary of the parent company, the guaranteed security is debt or debt-like, and the security is guaranteed fully and unconditionally by the parent. Accordingly, separate consolidated financial statements of Welltower OP have not been presented. Furthermore, Welltower and Welltower OP have no material assets, liabilities, or operations other than financing activities and their investments in non-guarantor subsidiaries. Therefore, we meet the criteria in Rule 13-01 of Regulation S-X to omit the summarized financial information from our disclosures.

## **Results of Operations**

### ***Summary***

Our primary sources of revenue include resident fees and services, rent and interest income. Our primary expenses include property operating expenses, depreciation and amortization, interest expense, 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"), and other supplemental measures include Funds From Operations ("FFO") and EBITDA, which are further discussed below. Please see "Non-GAAP Financial Measures" below for additional information and reconciliations. The following is a summary of our results of operations (dollars in thousands, except per share amounts):

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	Three Months Ended		Change	
	March 31, 2023	March 31, 2022	Amount	%
Net income (loss)	\$ 28,635	\$ 65,751	\$ (37,116)	(56)%
NICS	25,673	61,925	(36,252)	(59)%
FFO	386,062	347,635	38,427	11 %
EBITDA	515,195	496,548	18,647	4 %
NOI	602,976	542,035	60,941	11 %
SSNOI	439,449	402,216	37,233	9 %
Per share data (fully diluted):				
NICS	\$ 0.05	\$ 0.14	\$ (0.09)	(64)%
FFO	\$ 0.78	\$ 0.77	\$ 0.01	1 %
Interest coverage ratio	3.44 x	4.03 x	(0.59)x	(15)%
Fixed charge coverage ratio	3.13 x	3.57 x	(0.44)x	(12)%

### Seniors Housing Operating

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

	Three Months Ended		Change	
	March 31, 2023	March 31, 2022	\$	%
Revenues:				
Resident fees and services	\$ 1,131,685	\$ 994,335	\$ 137,350	14 %
Interest income	2,551	1,417	1,134	80 %
Other income	2,445	860	1,585	184 %
Total revenues	1,136,681	996,612	140,069	14 %
Property operating expenses	883,784	789,928	93,856	12 %
NOI <sup>(1)</sup>	252,897	206,684	46,213	22 %
Other expenses:				
Depreciation and amortization	220,407	192,793	27,614	14 %
Interest expense	11,487	7,650	3,837	50 %
Loss (gain) on extinguishment of debt, net	—	(15)	15	100 %
Provision for loan losses, net	(73)	267	(340)	(127)%
Impairment of assets	12,629	—	12,629	n/a
Other expenses	17,579	8,191	9,388	115 %
	262,029	208,886	53,143	25 %
Income (loss) from continuing operations before income taxes and other items	(9,132)	(2,202)	(6,930)	(315)%
Income (loss) from unconsolidated entities	(15,589)	(17,782)	2,193	12 %
Gain (loss) on real estate dispositions, net	833	2,701	(1,868)	(69)%
Income from continuing operations	(23,888)	(17,283)	(6,605)	(38)%
Net income (loss)	(23,888)	(17,283)	(6,605)	(38)%
Less: Net income (loss) attributable to noncontrolling interests	(3,317)	(5,381)	2,064	38 %
Net income (loss) attributable to common stockholders	\$ (20,571)	\$ (11,902)	\$ (8,669)	(73)%

<sup>(1)</sup> See "Non-GAAP Financial Measures" below for additional information and reconciliations.

Resident fees and services and property operating expenses increased for the three month periods ended March 31, 2023 compared to the same period in the prior year primarily due to acquisitions outpacing dispositions during 2022 and year to date 2023. Additionally, our Seniors Housing Operating revenues are dependent on occupancy and rate growth, both of which have continued to increase since the same period in the prior year. Average occupancy is as follows:

	Three Months Ended <sup>(1)</sup>			
	March 31,	June 30,	September 30,	December 31,
2022	76.3 %	77.1 %	78.0 %	78.3 %
2023	79.0 %			

<sup>(1)</sup> Average occupancy includes our minority ownership share related to unconsolidated properties and excludes the minority partners' noncontrolling ownership share related to consolidated properties. Also excludes land parcels and properties under development.

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The following is a summary of our SSNOI at Welltower's share for the Seniors Housing Operating segment (dollars in thousands):

	QTD Pool			
	Three Months Ended		Change	
	March 31, 2023	March 31, 2022	\$	%
SSNOI <sup>(1)</sup>	\$ 211,306	\$ 177,089	\$ 34,217	19.3 %

<sup>(1)</sup> For the QTD Pool, amounts relate to 746 same store properties. Please see "Non-GAAP Financial Measures" below for additional information and reconciliations.

During the three months ended March 31, 2023, we recorded impairment charges of \$12,252,000 related to three held for sale properties for which the carrying values exceeded the estimated fair value less costs to sell and \$377,000 related to one held for use property for which the carrying value exceeded the estimated fair value. No impairment was recorded during the same period in 2022. Transaction costs related to asset acquisitions are capitalized as a component of the purchase price. The fluctuation in other expenses is primarily due to the timing of noncapitalizable transaction costs associated with acquisitions and operator transitions. Changes in the gain on sales of properties are related to the volume and timing of property sales and the sales prices.

Depreciation and amortization fluctuates as a result of acquisitions, dispositions and transitions. To the extent that we acquire or dispose of additional properties in the future, these amounts will change accordingly.

During the three months ended March 31, 2023, we completed one conversion representing \$26,711,667 or \$193,563 per unit. The following is a summary of our Seniors Housing Operating construction projects in process, excluding expansions (dollars in thousands):

As of March 31, 2023						
Expected Conversion Year <sup>(1)</sup>	Properties	Units/Beds	Anticipated Remaining Funding		Construction in Progress Balance	
2023	9	1,216	\$	67,110	\$	272,677
2024	15	2,439		529,421		404,803
2025	2	665		124,569		27,936
TBD <sup>(2)</sup>	11					106,173
Total	37				\$	811,589

<sup>(1)</sup> Properties expected to be converted in phases over multiple years are reflected in the last expected year.

<sup>(2)</sup> Represents projects for which a final budget or expected conversion date are not yet known.

Interest expense represents secured debt interest expense, which fluctuates based on 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 following is a summary of our Seniors Housing Operating segment property secured debt principal activity (dollars in thousands):

	Three Months Ended			
	March 31, 2023		March 31, 2022	
	Amount	Weighted Average Interest Rate	Amount	Weighted Average Interest Rate
Beginning balance	\$ 1,701,939	4.32 %	\$ 1,599,522	2.81 %
Debt transferred	—	— %	32,478	4.79 %
Debt issued	362,900	4.97 %	5,385	3.08 %
Debt assumed	6,482	4.21 %	—	— %
Debt extinguished	—	— %	(94,647)	4.21 %
Principal payments	(13,007)	3.86 %	(12,998)	2.92 %
Foreign currency	304	4.39 %	24,733	2.73 %
Ending balance	\$ 2,058,618	4.58 %	\$ 1,554,473	2.83 %
Monthly averages	\$ 1,822,546	4.44 %	\$ 1,606,723	2.84 %

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The majority of our Seniors Housing Operating properties are formed through partnership interests. 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 (loss) related to joint ventures.

### Triple-net

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

	Three Months Ended		Change	
	March 31, 2023	March 31, 2022	\$	%
Revenues:				
Rental income	\$ 202,419	\$ 196,001	\$ 6,418	3 %
Interest income	33,763	37,506	(3,743)	(10)%
Other income	1,883	1,656	227	14 %
Total revenues	238,065	235,163	2,902	1 %
Property operating expenses	11,723	11,211	512	5 %
NOI <sup>(1)</sup>	226,342	223,952	2,390	1 %
Other expenses:				
Depreciation and amortization	54,528	53,504	1,024	2 %
Interest expense	(15)	314	(329)	(105)%
Loss (gain) on derivatives and financial instruments, net	930	2,578	(1,648)	(64)%
Provision for loan losses, net	850	(1,065)	1,915	180 %
Other expenses	2,467	11,044	(8,577)	(78)%
	58,760	66,375	(7,615)	(11)%
Income (loss) from continuing operations before income taxes and other items	167,582	157,577	10,005	6 %
Income (loss) from unconsolidated entities	8,432	15,543	(7,111)	(46)%
Gain (loss) on real estate dispositions, net	520	20,449	(19,929)	(97)%
Income from continuing operations	176,534	193,569	(17,035)	(9)%
Net income	176,534	193,569	(17,035)	(9)%
Less: Net income (loss) attributable to noncontrolling interests	5,903	7,065	(1,162)	(16)%
Net income attributable to common stockholders	\$ 170,631	\$ 186,504	\$ (15,873)	(9)%

<sup>(1)</sup> See "Non-GAAP Financial Measures" below for additional information and reconciliations.

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 March 31, 2023, we had 23 leases with rental rate increases ranging from 0.58% to 43.39% in our Triple-net portfolio.

The following is a summary of our SSNOI at Welltower's share for the Triple-net segment (dollars in thousands):

	QTD Pool			
	Three Months Ended		Change	
	March 31, 2023	March 31, 2022	\$	%
SSNOI <sup>(1)</sup>	\$ 117,716	\$ 116,780	\$ 936	0.8 %

<sup>(1)</sup> For the QTD Pool, amounts relate to 415 same store properties. Please see "Non-GAAP Financial Measures" below for additional information and reconciliations.

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

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. Changes in the gain on sales of properties are related to the volume and timing of property sales and the sales prices.

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During the three months ended March 31, 2023, there were no Triple-net construction projects completed. The following is a summary of our consolidated Triple-net construction projects in process, excluding expansions (dollars in thousands):

As of March 31, 2023				
Expected Conversion Year	Properties	Units/Beds	Anticipated Remaining Funding	Construction in Progress Balance
2023	1	191	\$ 32,701	\$ 121,441

During the three months ended March 31, 2022, loss (gain) on derivatives and financial instruments, net is primarily attributable to the mark-to-market of the equity warrants received as part of the Safanad/HC-One transaction that closed in the second quarter of 2021. In addition, the mark-to-market adjustment on our Genesis HealthCare available-for-sale investment is reflected in all periods.

Interest expense represents secured debt interest expense and related fees. The change in secured debt interest expense is due to the net effect and timing of assumptions, segment transitions, fluctuations in foreign currency rates, extinguishments and principal amortizations. The following is a summary of our Triple-net secured debt principal activity for the periods presented (dollars in thousands):

	Three Months Ended			
	March 31, 2023		March 31, 2022	
	Amount	Weighted Average Interest Rate	Amount	Weighted Average Interest Rate
Beginning balance	\$ 39,179	4.39 %	\$ 72,536	4.57 %
Debt transferred	—	— %	(32,478)	4.79 %
Principal payments	(230)	4.37 %	(221)	4.37 %
Ending balance	\$ 38,949	4.39 %	\$ 39,837	4.39 %
Monthly averages	\$ 39,029	4.39 %	\$ 39,914	4.39 %

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. The decrease in income from unconsolidated entities is primarily related to the restructure of an unconsolidated joint venture into a consolidated structure. Net income attributable to noncontrolling interests represents our partners' share of net income relating to those partnerships where we are the controlling partner.

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### Outpatient Medical

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

	Three Months Ended		Change	
	March 31, 2023	March 31, 2022	\$	%
Revenues:				
Rental income	\$ 181,640	\$ 160,389	\$ 21,251	13 %
Interest income	91	71	20	28 %
Other income	3,100	2,863	237	8 %
Total revenues	184,831	163,323	21,508	13 %
Property operating expenses	58,365	49,915	8,450	17 %
NOI <sup>(1)</sup>	126,466	113,408	13,058	12 %
Other expenses:				
Depreciation and amortization	64,177	57,791	6,386	11 %
Interest expense	4,104	4,567	(463)	(10)%
Loss (gain) on extinguishment of debt, net	5	3	2	67 %
Provision for loan losses, net	—	(6)	6	100 %
Other expenses	547	789	(242)	(31)%
	68,833	63,144	5,689	9 %
Income (loss) from continuing operations before income taxes and other items	57,633	50,264	7,369	15 %
Income (loss) from unconsolidated entities	86	(645)	731	113 %
Gain (loss) on real estate dispositions, net	(606)	(216)	(390)	(181)%
Income from continuing operations	57,113	49,403	7,710	16 %
Net income (loss)	57,113	49,403	7,710	16 %
Less: Net income (loss) attributable to noncontrolling interests	682	2,142	(1,460)	(68)%
Net income (loss) attributable to common stockholders	\$ 56,431	\$ 47,261	\$ 9,170	19 %

<sup>(1)</sup> See "Non-GAAP Financial Measures" below for additional information and reconciliations.

Rental income has increased due primarily to acquisitions and construction conversions that occurred during 2022 and the year to date in 2023. 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. Our leases could renew above or below current rental rates, resulting in an increase or decrease in rental income. For the three months ended March 31, 2023, our consolidated outpatient medical portfolio signed 80,010 square feet of new leases and 539,121 square feet of renewals. The weighted-average term of these leases was seven years, with a rate of \$32.21 per square foot and tenant improvement and lease commission costs of \$13.81 per square foot. Substantially all of these leases contain an annual fixed or contingent escalation rent structure ranging from 1.0% to 9.0%.

The fluctuations in property operating expenses and depreciation and amortization are primarily attributable to acquisitions and construction conversions that occurred during 2022 and year to date in 2023. To the extent that we acquire or dispose of additional properties in the future, these amounts will change accordingly.

The following is a summary of our SSNOI at Welltower's share for the Outpatient Medical segment (dollars in thousands):

	QTD Pool			
	Three Months Ended		Change	
	March 31, 2023	March 31, 2022	\$	%
SSNOI <sup>(1)</sup>	\$ 110,423	\$ 108,347	\$ 2,076	1.9 %

<sup>(1)</sup> For the QTD Pool, amounts relate to 371 same store properties. Please see "Non-GAAP Financial Measures" below for additional information and reconciliations.

During the three months ended March 31, 2023, we completed one conversion representing \$9,351,000 or \$555 per square foot. The following is a summary of the consolidated Outpatient Medical construction projects in process, excluding expansions (dollars in thousands):

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As of March 31, 2023

Expected Conversion Year	Properties	Square Feet	Anticipated Remaining Funding	Construction in Progress Balance
2023	3	228,276	\$ 88,881	\$ 39,856
2024	2	211,368	118,010	22,478
TBD <sup>(1)</sup>	2			36,679
Total	7			\$ 99,013

<sup>(1)</sup> Represents projects for which a final budget or expected conversion date are not yet known.

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 following is a summary of our Outpatient Medical secured debt principal activity (dollars in thousands):

	Three Months Ended			
	March 31, 2023		March 31, 2022	
	Amount	Weighted Average Interest Rate	Amount	Weighted Average Interest Rate
Beginning balance	\$ 388,836	4.38 %	\$ 530,254	3.49 %
Debt assumed	46,741	3.54 %	—	— %
Debt extinguished	(24,631)	4.53 %	(6,174)	4.17 %
Principal payments	(1,705)	4.27 %	(2,749)	4.38 %
Ending balance	\$ 409,241	4.43 %	\$ 521,331	3.51 %
Monthly averages	\$ 409,860	4.41 %	\$ 526,392	3.49 %

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 or loss 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 for the periods presented (dollars in thousands):

	Three Months Ended		Change	
	March 31, 2023	March 31, 2022	\$	%
Revenues:				
Other income	\$ 1,152	\$ 606	\$ 546	90 %
Total revenues	1,152	606	546	90 %
Property operating expenses	3,881	2,615	1,266	48 %
NOI <sup>(1)</sup>	(2,729)	(2,009)	(720)	(36)%
Expenses:				
Interest expense	128,827	109,165	19,662	18 %
General and administrative expenses	44,371	37,706	6,665	18 %
Other expenses	2,152	6,045	(3,893)	(64)%
	175,350	152,916	22,434	15 %
Loss from continuing operations before income taxes and other items	(178,079)	(154,925)	(23,154)	(15)%
Income tax benefit (expense)	(3,045)	(5,013)	1,968	39 %
Loss from continuing operations	(181,124)	(159,938)	(21,186)	(13)%
Net loss attributable to common stockholders	\$ (181,124)	\$ (159,938)	\$ (21,186)	(13)%

<sup>(1)</sup> See "Non-GAAP Financial Measures" below for additional information and reconciliations.

Property operating expenses represent insurance costs related to our captive insurance company, which acts as a direct insurer of property level insurance coverage for our portfolio.

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

	Three Months Ended		Change	
	March 31, 2023	March 31, 2022	\$	%
Senior unsecured notes	\$ 120,814	\$ 101,239	\$ 19,575	19 %
Unsecured credit facility and commercial paper program	2,406	2,779	(373)	(13)%
Loan expense	5,607	5,147	460	9 %
Totals	<u>\$ 128,827</u>	<u>\$ 109,165</u>	<u>\$ 19,662</u>	<u>18 %</u>

The change in interest expense on senior unsecured notes is due to the net effect of issuances and extinguishments, as well as the movement in foreign exchange rates and related hedge activity. Please refer to Note 11 for additional information. The change in interest expense on our 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. Loan expenses represent the amortization of costs incurred in connection with senior unsecured notes issuances.

General and administrative expenses as a percentage of consolidated revenues for the three months ended March 31, 2023 and 2022 were 2.84% and 2.70%, respectively. The provision for income taxes primarily relates to state taxes, foreign taxes and taxes based on income generated by entities that are structured as TRSs.

### Other

#### *Non-GAAP Financial Measures*

We believe that net income and net income attributable to common stockholders, 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.

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 general overhead costs that are unrelated to property operations and unallocable to the properties. These expenses include, but are not limited to, payroll and benefits related to corporate employees, 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. We believe the drivers of property level NOI for both consolidated properties and unconsolidated properties are generally the same and therefore, we evaluate SSNOI based on our ownership interest in each property ("Welltower Share"). To arrive at Welltower's Share, NOI is adjusted by adding our minority ownership share related to unconsolidated properties and by subtracting the minority partners' noncontrolling ownership interests for consolidated properties. We do not control investments in unconsolidated properties and while we consider disclosures at Welltower Share to be useful, they may not accurately depict the legal and economic implications of our joint venture arrangements and should be used with caution. As used herein, same store is generally defined as those revenue-generating properties in the portfolio for the relevant year-over-year reporting periods. Acquisitions and development conversions are included in SSNOI five full quarters after acquisition or being placed into service for the QTD Pool. Land parcels, loans and sub-leases, as well as any properties sold or classified as held for sale during the respective periods are excluded from SSNOI. Redeveloped properties (including major refurbishments of a Seniors Housing Operating property where 20% or more of units are simultaneously taken out of commission for 30 days or more or Outpatient Medical properties undergoing a change in intended use) are excluded from SSNOI until five full quarters post completion of the redevelopment for the QTD Pool. Properties undergoing operator transitions and/or segment transitions are also excluded from SSNOI until five full quarters post completion of the transition for the QTD Pool. In addition, properties significantly impacted by force majeure, acts of God, or other extraordinary adverse events are excluded from SSNOI until five full quarters after the properties are placed back into service for the QTD Pool.



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SSNOI excludes non-cash NOI and includes adjustments to present consistent ownership percentages and to translate Canadian properties and U.K. properties using a consistent exchange rate. 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.

EBITDA is defined as earnings (net income) before interest, taxes, depreciation and amortization. Adjusted EBITDA is defined as EBITDA excluding unconsolidated entities and including adjustments for stock-based compensation expense, provision for loan losses, gains/losses on extinguishment of debt, gains/losses/impairments on properties, gains/losses on derivatives and financial instruments, other expenses, other impairment charges and other adjustments as deemed appropriate. We believe that EBITDA and Adjusted EBITDA, along with net income, are important supplemental measures because they provide additional information to assess and evaluate the performance of our operations. We primarily use these measures to determine our interest coverage ratio, which represents EBITDA and Adjusted EBITDA divided by total interest, and our fixed charge coverage ratio, which represents EBITDA and Adjusted EBITDA divided by fixed charges. Fixed charges include total interest and secured debt principal amortization. Covenants in our unsecured senior notes and primary credit facility contain financial ratios based on a definition of EBITDA and Adjusted EBITDA that is specific to those agreements. Our leverage ratios are defined as the proportion of net debt to total capitalization and include book capitalization, undepreciated book capitalization and market capitalization. Book capitalization represents the sum of net debt (defined as total long-term debt, excluding operating lease liabilities, less cash and cash equivalents and restricted cash), 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 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.

The table below reflects 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, gains/loss on real estate dispositions and impairment of assets. Amounts are in thousands except for per share data.

	Three Months Ended				
	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022
<b>FFO Reconciliation:</b>					
Net income (loss) attributable to common stockholders	\$ 25,673	\$ (3,728)	\$ (6,767)	\$ 89,785	\$ 61,925
Depreciation and amortization	339,112	342,286	353,699	310,295	304,088
Impairment of assets	12,629	13,146	4,356	—	—
Loss (gain) on real estate dispositions, net	(747)	4,423	(1,064)	3,532	(22,934)
Noncontrolling interests	(13,327)	(13,989)	(14,614)	(13,173)	(14,753)
Unconsolidated entities	22,722	15,847	27,253	19,150	19,309
<b>FFO</b>	<b>\$ 386,062</b>	<b>\$ 357,985</b>	<b>\$ 362,863</b>	<b>\$ 409,589</b>	<b>\$ 347,635</b>
Average diluted shares outstanding					
For net income (loss) purposes	494,494	483,305	463,366	457,082	449,802
For FFO purposes	494,494	486,419	466,950	457,082	449,802
Per diluted share data:					
Net income attributable to common stockholders <sup>(1)</sup>	\$ 0.05	\$ (0.01)	\$ (0.01)	\$ 0.20	\$ 0.14
FFO	\$ 0.78	\$ 0.74	\$ 0.78	\$ 0.90	\$ 0.77

<sup>(1)</sup> Includes adjustment to the numerator for income (loss) attributable to OP Unitholders.

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The table below reflects the reconciliation of consolidated NOI to net income, the most directly comparable U.S. GAAP measure, for the periods presented. Dollar amounts are in thousands.

	Three Months Ended				
	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022
<b>NOI Reconciliations:</b>					
Net income (loss)	\$ 28,635	\$ 1,798	\$ (2,653)	\$ 95,672	\$ 65,751
Loss (gain) on real estate dispositions, net	(747)	4,423	(1,064)	3,532	(22,934)
Loss (income) from unconsolidated entities	7,071	4,650	6,698	7,058	2,884
Income tax expense (benefit)	3,045	(4,088)	3,257	3,065	5,013
Other expenses	22,745	24,954	15,481	35,166	26,069
Impairment of assets	12,629	13,146	4,356	—	—
Provision for loan losses, net	777	10,469	490	165	(804)
Loss (gain) on extinguishment of debt, net	5	87	2	603	(12)
Loss (gain) on derivatives and financial instruments, net	930	258	6,905	(1,407)	2,578
General and administrative expenses	44,371	41,319	34,811	36,554	37,706
Depreciation and amortization	339,112	342,286	353,699	310,295	304,088
Interest expense	144,403	140,391	139,682	127,750	121,696
Consolidated net operating income (NOI)	<u>\$ 602,976</u>	<u>\$ 579,693</u>	<u>\$ 561,664</u>	<u>\$ 618,453</u>	<u>\$ 542,035</u>
NOI by segment:					
Seniors Housing Operating	\$ 252,897	\$ 234,091	\$ 230,686	\$ 281,911	\$ 206,684
Triple-net	226,342	222,879	217,324	222,869	223,952
Outpatient Medical	126,466	124,421	119,257	115,674	113,408
Non-segment/corporate	(2,729)	(1,698)	(5,603)	(2,001)	(2,009)
Total NOI	<u>\$ 602,976</u>	<u>\$ 579,693</u>	<u>\$ 561,664</u>	<u>\$ 618,453</u>	<u>\$ 542,035</u>

The following is a reconciliation of the properties included in our QTD Pool for SSNOI:

	QTD Pool			
	Seniors Housing Operating	Triple-net	Outpatient Medical	Total
<b>SSNOI Property Reconciliations:</b>				
Consolidated properties	854	575	356	1,785
Unconsolidated properties	105	39	79	223
Total properties	959	614	435	2,008
Recent acquisitions/development conversions <sup>(1)</sup>	(98)	(13)	(44)	(155)
Under development	(41)	—	(6)	(47)
Under redevelopment <sup>(2)</sup>	(9)	(6)	(4)	(19)
Current held for sale	(5)	(7)	(1)	(13)
Land parcels, loans and subleases	(21)	(8)	(9)	(38)
Transitions <sup>(3)</sup>	(29)	(163)	—	(192)
Other <sup>(4)</sup>	(10)	(2)	—	(12)
Same store properties	<u>746</u>	<u>415</u>	<u>371</u>	<u>1,532</u>

<sup>(1)</sup> Acquisitions and development conversions will enter the QTD Pool five full quarters after acquisition or certificate of occupancy.

<sup>(2)</sup> Redevelopment properties will enter the QTD Pool five full quarters of operations post redevelopment completion.

<sup>(3)</sup> Transitioned properties will enter the QTD Pool after five full quarters of operations with the new operator in place or under the new structure.

<sup>(4)</sup> Represents properties that are either closed or being closed.

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

The following is a reconciliation of our consolidated NOI to same store NOI for the periods presented for the respective pools. Dollar amounts are in thousands.

SSNOI Reconciliations:	QTD Pool	
	Three Months Ended	
	March 31, 2023	March 31, 2022
Seniors Housing Operating:		
Consolidated NOI	\$ 252,897	\$ 206,684
NOI attributable to unconsolidated investments	12,126	12,751
NOI attributable to noncontrolling interests	(16,260)	(24,392)
NOI attributable to non-same store properties	(35,634)	(12,519)
Non-cash NOI attributable to same store properties	(1,301)	(1,865)
Currency and ownership adjustments <sup>(1)</sup>	(522)	(3,570)
SSNOI at Welltower Share	211,306	177,089
Triple-net:		
Consolidated NOI	226,342	223,952
NOI attributable to unconsolidated investments	9,293	9,955
NOI attributable to noncontrolling interests	(7,608)	(15,338)
NOI attributable to non-same store properties	(95,978)	(91,430)
Non-cash NOI attributable to same store properties	(14,099)	(8,567)
Currency and ownership adjustments <sup>(1)</sup>	(234)	(1,792)
SSNOI at Welltower Share	117,716	116,780
Outpatient Medical:		
Consolidated NOI	126,466	113,408
NOI attributable to unconsolidated investments	4,935	4,830
NOI attributable to noncontrolling interests	(5,188)	(5,240)
NOI attributable to non-same store properties	(11,676)	(1,989)
Non-cash NOI attributable to same store properties	(4,294)	(3,237)
Currency and ownership adjustments <sup>(1)</sup>	180	575
SSNOI at Welltower Share	110,423	108,347
SSNOI at Welltower Share:		
Seniors Housing Operating	211,306	177,089
Triple-net	117,716	116,780
Outpatient Medical	110,423	108,347
Total	\$ 439,445	\$ 402,216

<sup>(1)</sup> Includes adjustments to reflect consistent property ownership percentages, to translate Canadian properties at a USD/CAD rate of 1.37 and to translate U.K. properties at a GBP/USD rate of 1.20.

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

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, 2023	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022
<b>EBITDA Reconciliations:</b>					
Net income (loss)	\$ 28,635	\$ 1,798	\$ (2,653)	\$ 95,672	\$ 65,751
Interest expense	144,403	140,391	139,682	127,750	121,696
Income tax expense (benefit)	3,045	(4,088)	3,257	3,065	5,013
Depreciation and amortization	339,112	342,286	353,699	310,295	304,088
EBITDA	<u>\$ 515,195</u>	<u>\$ 480,387</u>	<u>\$ 493,985</u>	<u>\$ 536,782</u>	<u>\$ 496,548</u>
<b>Interest Coverage Ratio:</b>					
Interest expense	\$ 144,403	\$ 140,391	\$ 139,682	\$ 127,750	\$ 121,696
Non-cash interest expense	(5,083)	(4,280)	(6,759)	(6,606)	(4,109)
Capitalized interest	10,335	9,762	8,863	6,387	5,479
Total interest	149,655	145,873	141,786	127,531	123,066
EBITDA	<u>\$ 515,195</u>	<u>\$ 480,387</u>	<u>\$ 493,985</u>	<u>\$ 536,782</u>	<u>\$ 496,548</u>
Interest coverage ratio	<u>3.44 x</u>	<u>3.29 x</u>	<u>3.48 x</u>	<u>4.21 x</u>	<u>4.03 x</u>
<b>Fixed Charge Coverage Ratio:</b>					
Total interest	\$ 149,655	\$ 145,873	\$ 141,786	\$ 127,531	\$ 123,066
Secured debt principal payments	14,942	13,989	13,775	14,382	15,968
Total fixed charges	164,597	159,862	155,561	141,913	139,034
EBITDA	<u>\$ 515,195</u>	<u>\$ 480,387</u>	<u>\$ 493,985</u>	<u>\$ 536,782</u>	<u>\$ 496,548</u>
Fixed charge coverage ratio	<u>3.13 x</u>	<u>3.01 x</u>	<u>3.18 x</u>	<u>3.78 x</u>	<u>3.57 x</u>

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

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,	December 31,	September 30,	June 30,	March 31,
	2023	2022	2022	2022	2022
<b>Adjusted EBITDA Reconciliations:</b>					
Net income	\$ 123,452	\$ 160,568	\$ 224,964	\$ 417,953	\$ 368,038
Interest expense	552,226	529,519	510,976	493,816	488,407
Income tax expense (benefit)	5,279	7,247	13,386	15,069	9,783
Depreciation and amortization	1,345,392	1,310,368	1,252,583	1,166,638	1,097,228
EBITDA	2,026,349	2,007,702	2,001,909	2,093,476	1,963,456
Loss (income) from unconsolidated entities	25,477	21,290	28,814	37,948	38,866
Stock-based compensation expense	27,709	26,027	22,402	20,766	18,994
Loss (gain) on extinguishment of debt, net	697	680	(497)	(504)	54,505
Loss (gain) on real estate dispositions, net	6,144	(16,043)	(32,139)	(151,029)	(199,229)
Impairment of assets	30,131	17,502	6,713	3,847	27,539
Provision for loan losses, net	11,098	10,320	(188)	(949)	5,083
Loss (gain) on derivatives and financial instruments, net	5,751	8,334	7,246	(7,737)	(6,689)
Other expenses	98,346	101,670	92,199	80,293	56,814
Lease termination and leasehold interest adjustment <sup>(1)</sup>	(56,397)	(64,854)	(63,454)	(64,094)	(7,697)
Casualty losses, net of recoveries	14,865	10,391	7,802	8,472	5,799
Other impairment <sup>(2)</sup>	(620)	(620)	(620)	(620)	—
Adjusted EBITDA	\$ 2,189,550	\$ 2,122,399	\$ 2,070,187	\$ 2,019,869	\$ 1,957,441
<b>Adjusted Interest Coverage Ratio:</b>					
Interest expense	\$ 552,226	\$ 529,519	\$ 510,976	\$ 493,816	\$ 488,407
Capitalized interest	35,347	30,491	26,054	21,860	20,335
Non-cash interest expense	(22,728)	(21,754)	(18,679)	(21,258)	(18,624)
Total interest	564,845	538,256	518,351	494,418	490,118
Adjusted EBITDA	\$ 2,189,550	\$ 2,122,399	\$ 2,070,187	\$ 2,019,869	\$ 1,957,441
Adjusted interest coverage ratio	3.88 x	3.94 x	3.99 x	4.09 x	3.99 x
<b>Adjusted Fixed Charge Coverage Ratio:</b>					
Total interest	\$ 564,845	\$ 538,256	\$ 518,351	\$ 494,418	\$ 490,118
Secured debt principal payments	57,088	58,114	61,002	64,267	65,600
Total fixed charges	621,933	596,370	579,353	558,685	555,718
Adjusted EBITDA	\$ 2,189,550	\$ 2,122,399	\$ 2,070,187	\$ 2,019,869	\$ 1,957,441
Adjusted fixed charge coverage ratio	3.52 x	3.56 x	3.57 x	3.62 x	3.52 x

<sup>(1)</sup> Represents revenues and property operating expenses associated with a leasehold portfolio interest relating to 26 properties assumed by a wholly-owned affiliate in conjunction with the Holiday Retirement transaction. Subsequent to the initial transaction, we purchased eight of the leased properties and one of the properties was sold by the landlord and removed from the lease. No rent was paid in excess of net cash flow relating to the leasehold properties and therefore, the net impact has been excluded from Adjusted EBITDA. Additionally, in conjunction with the lease termination, during the three months ended June 30, 2022 we recognized \$58,621,000 in other income from the derecognition of the right of use asset and related lease liability which has also been excluded from Adjusted EBITDA.

<sup>(2)</sup> Represents changes in the reserve for straight-line rent receivable balances relating to leases placed on cash recognition.

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 restricted cash), 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.

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

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.

	As of				
	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022
<b>Book capitalization:</b>					
Unsecured credit facility and commercial paper	\$ —	\$ —	\$ 654,715	\$ 354,000	\$ 299,968
Long-term debt obligations <sup>(1)</sup>	15,074,320	14,661,552	14,555,643	14,790,432	14,352,529
Cash and cash equivalents and restricted cash	(638,796)	(722,292)	(425,184)	(442,251)	(367,043)
Total net debt	14,435,524	13,939,260	14,785,174	14,702,181	14,285,454
Total equity and noncontrolling interests <sup>(2)</sup>	21,596,155	21,393,996	20,457,650	19,873,913	19,178,026
Book capitalization	\$ 36,031,679	\$ 35,333,256	\$ 35,242,824	\$ 34,576,094	\$ 33,463,480
Net debt to book capitalization ratio	40%	39%	42%	43%	43%
<b>Undepreciated book capitalization:</b>					
Total net debt	\$ 14,435,524	\$ 13,939,260	\$ 14,785,174	\$ 14,702,181	\$ 14,285,454
Accumulated depreciation and amortization	8,417,151	8,075,733	7,687,077	7,437,779	7,215,622
Total equity and noncontrolling interests <sup>(2)</sup>	21,596,155	21,393,996	20,457,650	19,873,913	19,178,026
Undepreciated book capitalization	\$ 44,448,830	\$ 43,408,989	\$ 42,929,901	\$ 42,013,873	\$ 40,679,102
Net debt to undepreciated book capitalization ratio	32%	32%	34%	35%	35%
<b>Market capitalization:</b>					
Common shares outstanding	496,295	490,509	472,517	463,369	453,948
Period end share price	\$ 71.69	\$ 65.55	\$ 64.32	\$ 82.35	\$ 96.14
Common equity market capitalization	\$ 35,579,389	\$ 32,152,865	\$ 30,392,293	\$ 38,158,437	\$ 43,642,561
Total net debt	14,435,524	13,939,260	14,785,174	14,702,181	14,285,454
Noncontrolling interests <sup>(2)</sup>	1,148,000	1,099,182	1,288,343	1,317,733	1,282,450
Market capitalization	\$ 51,162,913	\$ 47,191,307	\$ 46,465,810	\$ 54,178,351	\$ 59,210,465
Net debt to market capitalization ratio	28%	30%	32%	27%	24%

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

<sup>(2)</sup> Includes amounts attributable to both redeemable noncontrolling interests and noncontrolling interests as reflected on our Consolidated Balance Sheets.

### Critical Accounting Policies and Estimates

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 and estimates 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 our financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2022 for further information on significant accounting policies that impact us. There have been no material changes to these policies in 2023.

## **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 Welltower uses words such as “may,” “will,” “intend,” “should,” “believe,” “expect,” “anticipate,” “project,” “pro forma,” “estimate” or similar expressions that do not relate solely to historical matters, Welltower is making forward-looking statements. Forward-looking statements are not guarantees of future performance and involve risks and uncertainties that may cause Welltower’s actual results to differ materially from Welltower’s expectations discussed in the forward-looking statements. This may be a result of various factors, including, but not limited to: the impact of the COVID-19 pandemic; the status of the economy; the status of capital markets, including availability and cost of capital; issues facing the health care industry, including compliance with, and changes to, regulations and payment policies, responding to government investigations and punitive settlements and operators’/tenants’ difficulty in cost effectively obtaining and maintaining adequate liability and other insurance; changes in financing terms; competition within the health care and seniors housing industries; negative developments in the operating results or financial condition of operators/tenants, including, but not limited to, their ability to pay rent and repay loans; Welltower’s ability to transition or sell properties with profitable results; the failure to make new investments or acquisitions as and when anticipated; natural disasters and other acts of God affecting Welltower’s properties; Welltower’s ability to re-lease space at similar rates as vacancies occur; Welltower’s ability to timely reinvest sale proceeds at similar rates to assets sold; operator/tenant or joint venture partner bankruptcies or insolvencies; the cooperation of joint venture partners; government regulations affecting Medicare and Medicaid reimbursement rates and operational requirements; liability or contract claims by or against operators/tenants; unanticipated difficulties and/or expenditures relating to future investments or acquisitions; environmental laws affecting Welltower’s properties; changes in rules or practices governing Welltower’s financial reporting; the movement of U.S. and foreign currency exchange rates; Welltower’s ability to maintain its qualification as a REIT; key management personnel recruitment and retention; and other risks described in Welltower’s reports filed from time to time with the SEC. Other important factors are identified in the Company’s Annual Report on Form 10-K for the year ended December 31, 2022, including factors identified under the headings “Business,” “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” Finally, Welltower undertakes no obligation to update or revise publicly any forward-looking statements, whether because of new information, future events or otherwise, or to update the reasons why actual results could differ from those projected in any forward-looking statements.

### **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 after considering the effects of interest rate swaps, whereby we modeled the change in net present values arising from a 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):

### Item 3. Quantitative and Qualitative Disclosures About Market Risk

	March 31, 2023		December 31, 2022	
	Principal balance	Change in fair value	Principal balance	Change in fair value
Senior unsecured notes	\$ 11,220,556	\$ (493,154)	\$ 10,839,782	\$ (488,159)
Secured debt	1,813,095	(63,568)	1,448,567	(36,654)
Totals	<u>\$ 13,033,651</u>	<u>\$ (556,722)</u>	<u>\$ 12,288,349</u>	<u>\$ (524,813)</u>

Our variable rate debt, including our unsecured revolving credit facility and commercial paper program, is reflected at fair value. At March 31, 2023, we had \$2,088,556,000 outstanding related to our variable rate debt after considering the effects of interest rate swaps. Assuming no changes in outstanding balances, a 1% increase in interest rates would result in increased annual interest expense of \$20,886,000. At December 31, 2022, we had \$2,426,134,000 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 \$24,261,000.

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 British 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 March 31, 2023, including the impact of existing hedging arrangements, if these exchange rates were to increase or decrease by 10%, our annualized net income from these investments would increase or decrease, as applicable, by less than \$7,000,000. 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 British 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):

	March 31, 2023		December 31, 2022	
	Carrying Value	Change in fair value	Carrying Value	Change in fair value
Foreign currency exchange contracts	\$ 146,527	\$ 14,694	\$ 190,418	\$ 14,238
Debt designated as hedges	1,483,588	14,836	1,452,832	14,528
Totals	<u>\$ 1,630,115</u>	<u>\$ 29,530</u>	<u>\$ 1,643,250</u>	<u>\$ 28,766</u>

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 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, 2022.

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

During the three months ended March 31, 2023, we acquired shares of our common stock held by employees who tendered shares to satisfy tax withholding obligations upon the vesting of previously issued restricted stock awards. Specifically, the number of shares of common stock acquired from employees and the average prices paid per share for each month in the first quarter ended March 31, 2023 are as shown in the table below.

Issuer Purchases of Equity Securities				
Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Repurchase Program	Maximum Dollar Value of Shares that May Yet Be Purchased Under the Repurchase Program
January 1, 2023 through January 31, 2023	16,646	\$ 71.15	—	\$ 3,000,000,000
February 1, 2023 through February 28, 2023	7,369	76.17	—	3,000,000,000
March 1, 2023 through March 31, 2023	2,338	76.17	—	3,000,000,000
Totals	26,353	\$ 73.00	—	\$ 3,000,000,000

On November 7, 2022, our Board of Directors approved a share repurchase program for up to \$3,000,000,000 of common stock (the "Stock Repurchase Program"). Under the Stock Repurchase Program, we are not required to purchase shares but may choose to do so in the open market or through privately-negotiated transactions, through block trades, by effecting a tender offer, by way of an accelerated share repurchase program, through the purchase of call options or the sale of put options, or otherwise, or by any combination of the foregoing. We expect to finance any share repurchases using available cash and may use proceeds from borrowings or debt offerings. The Stock Repurchase Program has no expiration date and does not obligate us to repurchase any specific number of shares. We did not repurchase any shares of our common stock through the Stock Repurchase Program during the three months ended March 31, 2023.

### Item 5. *Other Information*

None.

**Item 6. Exhibits**

- 10.1 [Welltower Inc. 2023 to 2025 Long-Term Incentive Program.\\*](#)
- 10.2 [Form of Welltower Inc. 2023-2025 LTIP Form Award Agreement.\\*](#)
- 31.1 [Rule 13a-14\(a\)/15d-14\(a\) Certification of Chief Executive Officer.](#)
- 31.2 [Rule 13a-14\(a\)/15d-14\(a\) Certification of Chief Financial Officer.](#)
- 32.1 [Certification pursuant to 18 U.S.C. Section 1350 by Chief Executive Officer.](#)
- 32.2 [Certification pursuant to 18 U.S.C. Section 1350 by Chief Financial Officer.](#)
- 101.INS XBRL Instance Document. The instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
- 101.SCH XBRL Taxonomy Extension Schema Document
- 101.CAL XBRL Taxonomy Extension Calculation Linkbase Document
- 101.LAB XBRL Taxonomy Extension Label Linkbase Document
- 101.PRE XBRL Taxonomy Extension Presentation Linkbase Document
- 101.DEF XBRL Taxonomy Extension Definition Linkbase Document
- 104 The cover page from the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2023, formatted in Inline XBRL

\* Management contract or Compensatory Plan or Arrangement.

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the under signed thereunto duly authorized.

### WELLTOWER INC.

Date: May 3, 2023      By: /s/ SHANKH MITRA  
Shankh Mitra,  
Chief Executive Officer  
(Principal Executive Officer)

Date: May 3, 2023      By: /s/ TIMOTHY G. MCHUGH  
Timothy G. McHugh,  
Executive Vice President and Chief Financial Officer  
(Principal Financial Officer)

Date: May 3, 2023      By: /s/ JOSHUA T. FIEWEGER  
Joshua T. Fieweger,  
Chief Accounting Officer  
(Principal Accounting Officer)

## CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, **Shankh Mitra**, 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: May 3, 2023

/s/ SHANKH MITRA

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Shankh Mitra,  
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: May 3, 2023

/s/ TIMOTHY G. MCHUGH

Timothy G. McHugh,

Executive Vice President and Chief Financial Officer

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

I, Shankh Mitra, the 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 March 31, 2023 (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/ SHANKH MITRA

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Shankh Mitra,  
Chief Executive Officer  
Date: May 3, 2023

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 March 31, 2023 (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

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Timothy G. McHugh,

Executive Vice President and Chief Financial Officer

Date: May 3, 2023

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.