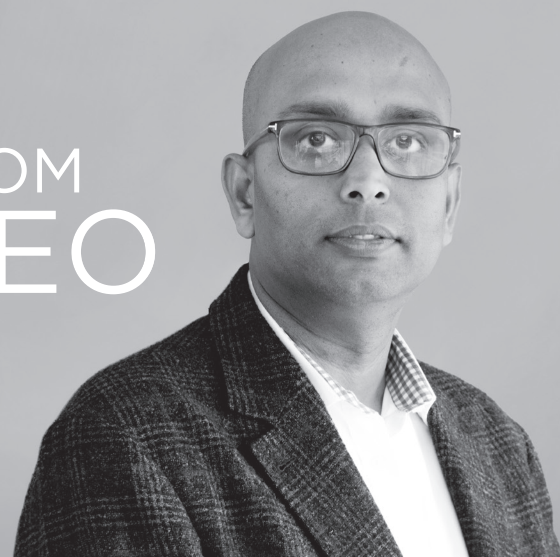
LETTER FROM THE CEO



Dear Fellow Shareholders,

2023 was a year of extraordinary achievements for Welltower, but it certainly didn't come easily. Our business, and our team, had been under relentless pressure over the course of the last decade, whether it be the deluge of new supply pre-COVID or the countless hardships of the pandemic. And just as seniors housing demand began to recover post-COVID, the industry faced inflationary pressures and challenges in the labor market that had not been experienced in decades. Fortunately, these headwinds have largely dissipated, and we now find ourselves at the cusp of a long period of incredible growth for our company. But what I am particularly proud of is the resilience of our team as we didn't shy away from these challenges. Instead, we tackled them with sheer grit and tenacity while simultaneously finding solutions to strengthen our company. During this time, we doubled-down on growth opportunities when other public and private capital decided to leave the sector, and we've also made incredible strides in creating a first-in-kind operating platform which, we believe, will dramatically improve the experience of seniors housing residents and employees. Hence, we're completely altering the competitive landscape of the industry.

I would be lying if I told you that we didn't have moments of doubt over the last decade in this long, arduous journey of reaching the promised land. After facing one crisis after the next, it would have been easier for us to give up as many others did, but we asked ourselves and our operating partners: "If it isn't us, then who? Who will transform this industry?" The lingering questions kept gnawing at us (collectively, the Welltower team and our operating partners), though: "Why couldn't we catch a break? What did we do to deserve so much pain and suffering?" It was only recently when we received the answer to those questions from an unexpected source. In a recent interview, legendary CEO and founder of NVIDIA, Jensen Huang, said the following:

"Resilience matters in success. I don't know how to teach it to you except I hope suffering happens to you…" He continued, "…you want to refine the character of your company. You want greatness out of them. And greatness is not intelligence as you know. Greatness comes from character. And character isn't formed out of smart people. It's formed out of people who suffered."

Now, we know we didn't arrive at this point despite the pain and suffering we endured, navigating from one crisis to the next. We got here ***because*** of that pain and suffering. It provided the conditions for internal transformation of character within Welltower and the permanent change of industry dynamics that we have led. I believe these actions, and many other actions that I describe below, have positioned us for an extended period of compounding growth. And, the train is just pulling out of the station.

AN EVER-IMPROVING FUNDAMENTAL BACKDROP

As most of you are well aware, we are at the precipice of what is projected to be one of the most pronounced demographic shifts in history across our three geographies (US, UK, and Canada). And while the impact of the rapid growth of our seniors population on various societal and economic trends is highly complex, the implication for our business (largely residential settings with hospitality and personal care services provided) is rather simple: an acceleration in demand for our product, which we expect will persist for the foreseeable future. At the same time, we are entering the *fifth* consecutive year of a virtual halt in new supply in the seniors housing sector, as the challenges of new construction remain extraordinarily high. While construction costs have been elevated for several years, the bigger issue facing developers today is the dearth of financing availability. Until the regional banks, which are responsible for the bulk of the lending to the sector, open up again, supply is expected to remain at bay. Given the long lead time of pre-development, securing financing, and physical construction, not to mention the process of re-assembling disbanded development teams who have moved onto other asset classes, *it appears that* *the sector may be immune from excess supply for the remainder of this decade.* The proof is in the pudding: in 2022 and 2023, our seniors housing same store revenue growth[(1)] approximated double-digit levels while same store net operating income ("NOI") growth[(1)] exceeded 20%. We are confident that 2024 will also be a year of extraordinary growth.

While I'm pleased with our 2023 results and share price performance, you won't find anyone at Welltower taking a victory lap. The fundamental backdrop for our sector (the "beta") remains highly attractive with the wind squarely at our back, resulting in an opportunity to generate years of double-digit NOI growth. We're focused on the bigger prize, though: our opportunity to produce unprecedented alpha for our existing shareholders. To achieve these results, we must continue to behave with a sense of healthy paranoia – that is, acknowledging our momentum, but also maintaining a mindset of continuous improvement and innovation.

Over the past 40 years, the levered beta nature of the real estate sector combined with a declining interest rate environment made virtually every real estate investor look like a genius. But, going forward, this is unlikely to be the case as real estate value creation will likely be driven the old-fashioned way: through the compounding of cash flow. Every day, in every facet of our business, we continue to execute with this principle in mind. To feel these winds of change, you don't need to look further than the digital transformation initiatives we have undertaken to drive a significantly better resident and employee experience. We will either execute on this vision or die trying – but status quo is not an option.

SENIORS HOUSING: ALPHA VS. BETA - *A REFLECTION ON THE FAT TAILS*

While our optimism regarding the multi-year growth prospects of our business continues to grow, it is also important to recognize that a rising tide does not necessarily lift all boats when it comes to the seniors housing business. This is not a commodity business. That is, despite the immense personal rewards of caring for the elderly population, our business is undoubtedly a challenging one, given its operational intensity that we are working tirelessly to solve through the buildout of our operating platform. This operational intensity has resulted in a wide dispersion of performance across the sector – or the fat tails in the parlance of statistics – a far cry from other commercial real estate sectors such as multifamily in which performance spreads are meaningfully tighter.

The operators with whom we continue to grow are ones with a track record of success and a vision for sustaining that performance going forward. They also share a mindset and culture that mirrors our own where employees thrive on the constant internal debate of how to continuously improve, adapt, and lead the future of this business.

While it is the superior acumen of our operators that drives our industry-leading property-level results, from a macro perspective, we've embarked on an eight-year journey to optimize our collective portfolio performance based on the following principles:

Capital allocation: following the acquisition of $25 billion of real estate and disposition of $15 billion (both at favorable valuation levels to Welltower) we've curated a portfolio of assets with strong regional density, which is critical to driving success in our business. We will continue to take the approach of going deep, not broad. Seniors housing is a business of local and regional scale as operators who understand their customers and micro-market dynamics tend to outperform their national brethren.

Operator selection and transitions: over the past few years, we have transitioned hundreds of assets to different operators. While we never enjoy this process given the myriad challenges involved, it is nonetheless imperative that we do so in our constant pursuit of a better resident and employee experience. These transitions are often flagged by our data science platform and, over the past few years, we have been pleased by our operators' post-transition results. While we are excited with the recent performance of the transitions announced in 2023, we expect that these properties will also be strong contributors to our overall growth in 2024 and 2025.

Contract alignment: we have modernized nearly all of our operator contracts in order to attain the strongest alignment possible, allowing both Welltower and our high-performing operators to share the rewards of strong performance. As opposed to legacy contracts which encouraged operators to focus solely on top-line growth, our next generation RIDEA 3.0/4.0 contracts strongly incentivize what our investors are looking for: bottom-line performance with a focus on service quality and data sharing. And, at the same time, most of these contracts include significant termination rights. We strongly believe that we have created win/win solutions over the long-term with our operators, which will add significant longevity to our superior returns.

We will continue to take the necessary (and often difficult) steps to optimize portfolio performance, but I am pleased to say that most of the heavy lifting from a portfolio construction and contract reconfiguration standpoint has been largely completed (though significant opportunity exists to create further value through additional transitions). It has only been through the perseverance of our best-in-class team and best-in-class operators that we have been able to reach this point – which I am confident will lead to a continuation of our best-in-class operating results.

BALANCE SHEET AS A DRIVER OF GROWTH

Unlike many other management teams, which view their balance sheet just as a risk management tool, we take a different approach, instead thinking of it as another lever through which to drive per share growth. Following a dramatic increase in our EBITDA over the past few years combined with disciplined funding of our capital deployment activity under Tim's leadership, our balance sheet has never been as strongly positioned as it is today. In fact, it's likely that no other REIT of our size has ever witnessed the magnitude of improvement over a 12-month span as we have, while also showing outsized bottom-line growth. As a result, we have built enormous debt capacity to take advantage of when we get to the other side of the Fed cycle. Said another way, we don't believe that one's balance sheet should be viewed as an object of vanity but, instead, as a countercyclical tool to prudently tap into to augment growth.

OPERATING PLATFORM

Contrary to popular belief (and in our humble opinion), real estate is not a financing business – we believe that it's a product business (that is, if you're in the business of generating long-term compounding growth). As such, we are constantly asking ourselves a simple question: how do we work with our operators in truly delighting residents and their families while also enhancing the employee experience? One of my mentors best described our view on this topic: "If you want impossibly superior returns, impossibly low risk, impossibly long duration, seek to continuously touch your customers, your suppliers, your employees, your owners, the communities you operate in. Because as rapid informational feedback loop mechanisms, not only will they tell you what you need to do, they'll also tell you the urgency in which it needs to be done, if you're closely engaged. If you're not closely engaged, you will have no clue, and not even know it!"

The buildout of an operating platform in real estate isn't a revolutionary concept – in fact, the seniors housing business is well behind most other real estate sectors that are years (or decades) past the implementation of their own platforms. For example, the multifamily, self-storage, lodging and single-family rental sectors are some of the most operationally intensive commercial real estate industries that have achieved stellar results following the modernization of their businesses as measured by both resident/customer satisfaction and financial results (including significant operating margin expansion). And what we are particularly excited about for the seniors housing business is the ability to reduce the amount of employee time and effort spent on basic tasks (think data entry in multiple disparate systems), which can be automated through the right technology, systems, and processes. Our operators' time can then be shifted to further improving the already incredible care provided to their residents.

VELOCITY AS CULTURE

At Welltower, we are fixated on "velocity" – a term that permeates all aspects of our organization. "Velocity" is often used synonymously with "speed," but a major distinction separates the two: velocity considers direction or vectors whereas many companies simply seek speed – a frenzied pace of activity. Whether it applies to our recent and expected fundamental performance, initiatives to modernize our business through the buildout of an operating platform, and capital allocation activity, the pace and direction at which we're moving is one that few real estate companies have witnessed. At Welltower, it's not about the early bird just getting the worm, it's about how quickly the bird reaches its destination and how much "punch" the bird exerts in order to create growing separation from those who trail. If we look at one of the oldest law of physics, kinetic energy ($KE = \frac{1}{2}mv^2$), we find that velocity gets squared, while scale (mass) does not or - the law of compounding working in an exponential format. It is kinetic energy that allows an individual or team to "punch holes," providing the necessary force to project against obstacles, competitors, status quo, mediocrity, and complacency. Needless to say, our organization is bristling with kinetic energy.

As I have shared with you before, our ultimate objective remains the long-term compounding of per share cash flow growth. But it's effort that also compounds. And, the efforts of our extraordinary team with the right vectors will continue to create tremendous value (the "alpha") for our existing shareholders on a per share basis.

CAPITAL ALLOCATION

At this time last year, I indicated that the capital markets backdrop created an exceedingly rare moment in which fundamentals were rapidly improving in the seniors housing sector while, simultaneously, only well-capitalized companies (like ourselves) were positioned to deploy capital in size, at an attractive basis, and with in-place cash flow. Against this backdrop, we deployed $6 billion of capital in 2023 (a record level for our company) on assets with expected unlevered IRRs in the high-single digit to low-double digit range (at a substantial discount to replacement cost), which, we believe, will augment our already favorable per share growth trajectory. Our counterparties ranged from large private equity firms and pension fund sponsors to smaller owner/operators. Their motives for selling varied, whether it be the impact of the denominator effect, the deleterious effect on cash flow growth due to higher interest rates, and/or an inability to address upcoming debt maturities. While many properties were transitioned to some of our existing operators, through these acquisitions, we have also welcomed a handful of new operators to the Welltower family with whom we will grow with over time.

The addition of nearly 10,000 units to our portfolio represents a significant expansion of our asset base (approximately 10%), but it is critical to recognize that we will never grow simply for the sake of getting larger. We take a very granular approach to capital deployment, with our data science platform allowing us to sift through billions of dollars of opportunities and quickly identify those not only with the strongest growth prospects, but also those which will be the strongest fit for our portfolio. And, while $6 billion is an impressive number, we believe that any fool can write a big check. What we are more proud of is that we completed over 50 separate transactions with a median check size of $54 million. Ultimately, most of our assets were purchased one at a time with an intentional and disciplined approach to growth.

Remember, through our regional densification strategy, we are seeking to go deep in our markets, creating meaningful synergies ONE asset at a time. Again, this is a business of local and regional scale. Over the years, we have seen too many companies exploit their cost of capital to execute large scale M&A transactions, picking up numerous "toads" in the process and paying the price for these actions well into the future. We are constantly pitched by many silver-tongued investment bankers on new and improved ideas of national and international scale and "benefits" of a larger Welltower. Our obsession with business history suggests that such benefits rarely accrue to our owners but instead to corporate managers who are driven by animal spirits or compensation consultants' benchmark studies based on size or simply ego. Warren Buffet provides an exceptional observation in his 1981 Annual Shareholder Letter as another possible explanation: "Many managements apparently were overexposed in impressionable childhood years to the story in which the imprisoned handsome prince is released from a toad's body by a kiss from a beautiful princess. Consequently, they are certain their managerial kiss will do wonders for the profitability of [target]".

Investors and analysts often ask us about our M&A strategy to understand why we refrain from large-scale M&A when the numbers are so "obviously accretive" on a spreadsheet. The answer lies in Warren's timeless observation 40+ years ago: "We've observed many kisses but very few miracles. Nevertheless, many managerial princesses remain serenely confident about the future potency of their kisses – even after their corporate backyards are knee-deep in unresponsive toads." In other words, we – the managerial princess at Welltower – are acutely aware of the lack of potency of our kiss and we are truly worried about picking up a bunch of "toads" that will inevitably result in a strategic realignment or restructuring in the future. Our company has been down that road before and we learned from our mistakes. We will certainly make new mistakes in the future but shame on us if we repeat the same ones. Meanwhile our north star remains the compounding of per share growth – not size, prominence, nor a Fortune 500 ranking.

SEX APPEAL OF EASY MONEY & GRATITUDE

The post-GFC and pre-COVID period (2010-2019) was one of frenzied activity within the healthcare real estate space. The healthcare REITs and private equity firms, armed with a low cost of capital, went on a spending spree, acquiring portfolios of seniors housing assets for top dollar. In nearly all cases, the owners of the assets accepted the highest offer to sell the properties while also remaining the operator of these properties. However, many of the relationships between landlord and operator would quickly sour owing to disputes over property performance, capital expenditures, and other factors. As a result, the sellers (operators) recognized the hard way that they shouldn't have accepted the *highest* price but, instead, the *best* partner. The strongest relationships in the seniors housing space are between parties who aren't looking for that quick buck, but instead focused on a mutually beneficial long-term partnership between landlord and operator which can grow the business and cash flow together; one rooted in continuous improvement and sharing in the upside (an additive sum mentality – not a zero sum).

In a similar vein, the hope of making that quick buck without the requisite second order thinking can drive public market investors into sub-optimal decision-making. For example, the allure of a low earnings multiple based on near-term earnings (and not future stabilized cash flow) or a high dividend yield can often times be a recipe for a value trap. Or, assuming that a stock that underperformed in one period is automatically destined for outperformance in the next (mean reversion). And, at a corporate level, it's not exposure to an asset class which should drive the multiple ascribed to that company – again, it's the underlying growth and compounding of the cash flow on a per share basis of that entity that should drive its valuation. We are grateful that you, as our fellow shareholders, have focused on long-term compounding. As amused as we are by Wall Street's silly game of musical chairs at the end of every year, you can be assured that we are 100% focused on our ground rules of long-term compounding.

While we have significant work ahead of us (and always will), I have never been as excited about the prospects for our company as I am today. But we wouldn't have reached this point without guidance from our Board of Directors, the relentless pursuit of higher standards from our talented team of professionals, and the backing of you, our fellow shareholders. Every day, we are committed to maximizing value on a per share basis for our existing owners and, ultimately, seeking to deliver long-term returns that are superior to those anywhere in corporate America. Thank you for your support.

Best regards,

Shankh Mitra

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CEO, Welltower Inc.