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 June 30, 2020

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	**34-1096634**
(State or other jurisdiction of Incorporation)	(IRS Employer Identification No.)
4500 Dorr Street Toledo, Ohio	**43615**
(Address of principal executive offices)	(Zip Code)

(419) 247-2800

(Registrant's telephone number, including area code)

Not Applicable

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

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

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

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

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

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

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

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

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

As of July 31, 2020, the registrant had 417,300,700 shares of common stock outstanding.

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PART I. FINANCIAL INFORMATION

Item 1. ***Financial Statements***

CONSOLIDATED BALANCE SHEETS
WELLTOWER INC. AND SUBSIDIARIES
(In thousands)

	June 30, 2020 (Unaudited)	December 31, 2019 (Note)
Assets:		
Real estate investments:		
Real property owned:		
Land and land improvements	$ 3,479,369	$ 3,486,620
Buildings and improvements	28,589,269	29,163,305
Acquired lease intangibles	1,565,978	1,617,051
Real property held for sale, net of accumulated depreciation	382,580	1,253,008
Construction in progress	411,700	507,931
Less accumulated depreciation and amortization	(6,001,177)	(5,715,459)
Net real property owned	28,427,719	30,312,456
Right of use assets, net	502,604	536,433
Real estate loans receivable, net of credit allowance	224,871	270,382
Net real estate investments	29,155,194	31,119,271
Other assets:		
Investments in unconsolidated entities	786,921	583,423
Goodwill	68,321	68,321
Cash and cash equivalents	1,678,770	284,917
Restricted cash	147,473	100,849
Straight-line rent receivable	464,716	466,222
Receivables and other assets	861,257	757,748
Total other assets	4,007,458	2,261,480
Total assets	$ 33,162,652	$ 33,380,751
Liabilities and equity		
Liabilities:		
Unsecured credit facility and commercial paper	$ —	$ 1,587,597
Senior unsecured notes	11,815,972	10,336,513
Secured debt	2,619,678	2,990,962
Lease liabilities	447,424	473,693
Accrued expenses and other liabilities	1,015,906	1,009,482
Total liabilities	15,898,980	16,398,247
Redeemable noncontrolling interests	327,145	475,877
Equity:		
Common stock	418,343	411,005
Capital in excess of par value	20,836,545	20,190,107
Treasury stock	(93,799)	(78,955)
Cumulative net income	7,838,284	7,353,966
Cumulative dividends	(12,834,381)	(12,223,534)
Accumulated other comprehensive income (loss)	(116,856)	(112,157)
Other equity	4	12
Total Welltower Inc. stockholders' equity	16,048,140	15,540,444
Noncontrolling interests	888,387	966,183
Total equity	16,936,527	16,506,627
Total liabilities and equity	$ 33,162,652	$ 33,380,751

Note: The consolidated balance sheet at December 31, 2019 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 June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Revenues:				
Resident fees and services	$ 769,560	$ 914,085	$ 1,619,532	$ 1,782,370
Rental income	396,305	385,586	786,265	766,670
Interest income	16,069	17,356	31,310	32,475
Other income	6,541	3,079	9,970	10,836
Total revenues	1,188,475	1,320,106	2,447,077	2,592,351
Expenses:				
Property operating expenses	660,764	701,127	1,342,545	1,371,934
Depreciation and amortization	265,371	248,052	540,172	491,984
Interest expense	126,357	141,336	268,364	286,568
General and administrative expenses	34,062	33,741	69,543	69,023
Loss (gain) on derivatives and financial instruments, net	1,434	1,913	9,085	(574)
Loss (gain) on extinguishment of debt, net	249	—	249	15,719
Provision for loan losses	1,422	—	8,494	18,690
Impairment of assets	75,151	9,939	102,978	9,939
Other expenses	19,411	21,628	25,703	30,384
Total expenses	1,184,221	1,157,736	2,367,133	2,293,667
Income (loss) from continuing operations before income taxes and other items	4,254	162,370	79,944	298,684
Income tax (expense) benefit	(2,233)	(1,599)	(7,675)	(3,821)
Income (loss) from unconsolidated entities	1,332	(9,049)	(2,360)	(18,248)
Gain (loss) on real estate dispositions, net	155,863	(1,682)	418,687	165,727
Income (loss) from continuing operations	159,216	150,040	488,596	442,342
Net income	159,216	150,040	488,596	442,342
Less: Net income (loss) attributable to noncontrolling interests[(1)]	(20,030)	12,278	(934)	24,110
Net income (loss) attributable to common stockholders	$ 179,246	$ 137,762	$ 489,530	$ 418,232
Average number of common shares outstanding:				
Basic	417,084	404,607	413,696	398,073
Diluted	419,121	406,673	415,775	400,096
Earnings per share:				
Basic:				
Income (loss) from continuing operations	$ 0.38	$ 0.37	$ 1.18	$ 1.11
Net income (loss) attributable to common stockholders	$ 0.43	$ 0.34	$ 1.18	$ 1.05
Diluted:				
Income (loss) from continuing operations	$ 0.38	$ 0.37	$ 1.18	$ 1.11
Net income (loss) attributable to common stockholders[(2)]	$ 0.42	$ 0.34	$ 1.17	$ 1.05
Dividends declared and paid per common share	$ 0.61	$ 0.87	$ 1.48	$ 1.74

[(1)] Includes amounts attributable to redeemable noncontrolling interests.

[(2)] Includes adjustment to the numerator for income (loss) attributable to OP unitholders.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Net income	$ 159,216	$ 150,040	$ 488,596	$ 442,342
Other comprehensive income (loss):				
Foreign currency translation gain (loss)	13,015	(54,024)	(252,562)	24,596
Derivative and financial instruments designated as hedges gain (loss)	(27,171)	100,407	231,941	12,725
Total other comprehensive income (loss)	(14,156)	46,383	(20,621)	37,321
Total comprehensive income (loss)	145,060	196,423	467,975	479,663
Less: Total comprehensive income (loss) attributable to noncontrolling interests[1]	(13,543)	14,665	(16,856)	32,284
Total comprehensive income (loss) attributable to common stockholders	$ 158,603	$ 181,758	$ 484,831	$ 447,379

[1] Includes amounts attributable to redeemable noncontrolling interests.

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

	Six Months Ended June 30, 2020								
	Common Stock	Capital in Excess of Par Value	Treasury Stock	Cumulative Net Income	Cumulative Dividends	Accumulated Other Comprehensive Income (Loss)	Other Equity	Noncontrolling Interests	Total
Balances at January 1, 2020	$ 411,005	$ 20,190,107	$ (78,955)	$ 7,353,966	$ (12,223,534)	$ (112,157)	$ 12	$ 966,183	$ 16,506,627
Cumulative change in accounting principle (Note 2)				(5,212)					(5,212)
Balances at January 1, 2020 (as adjusted for change in accounting principle)	411,005	20,190,107	(78,955)	7,348,754	(12,223,534)	(112,157)	12	966,183	16,501,415
Comprehensive income:									
Net income (loss)				310,284				18,988	329,272
Other comprehensive income (loss)						15,944		(21,955)	(6,011)
Total comprehensive income									323,261
Net change in noncontrolling interests		37,625						(29,662)	7,963
Amounts related to stock incentive plans, net of forfeitures	246	6,608	(8,020)						(1,166)
Net proceeds from issuance of common stock	6,975	583,890							590,865
Dividends paid:									
Common stock dividends					(356,001)				(356,001)
Balances at March 31, 2020	$ 418,226	$ 20,818,230	$ (86,975)	$ 7,659,038	$ (12,579,535)	$ (96,213)	$ 12	$ 933,554	$ 17,066,337
Comprehensive income:									
Net income (loss)				179,246				18,659	197,905
Other comprehensive income (loss)						(20,643)		6,298	(14,345)
Total comprehensive income									183,560
Net change in noncontrolling interests		7,299						(70,124)	(62,825)
Amounts related to stock incentive plans, net of forfeitures	28	7,412	832				(8)		8,264
Net proceeds from issuance of common stock	89	3,604							3,693
Repurchase of common stock			(7,656)						(7,656)
Dividends paid:									
Common stock dividends					(254,846)				(254,846)
Balances at June 30, 2020	$ 418,343	$ 20,836,545	$ (93,799)	$ 7,838,284	$ (12,834,381)	$ (116,856)	$ 4	$ 888,387	$ 16,936,527

	Six Months Ended June 30, 2019									
	Preferred Stock	Common Stock	Capital in Excess of Par Value	Treasury Stock	Cumulative Net Income	Cumulative Dividends	Accumulated Other Comprehensive Income (Loss)	Other Equity	Noncontrolling Interests	Total
Balances at January 1, 2019	$ 718,498	$ 384,465	$ 18,424,368	$ (68,499)	$ 6,121,534	$ (10,818,557)	$ (129,769)	$ 294	$ 954,265	$ 15,586,599
Comprehensive income:										
Net income (loss)					280,470				10,785	291,255
Other comprehensive income (loss)							(14,849)		5,787	(9,062)
Total comprehensive income										282,193
Net change in noncontrolling interests			(8,845)						(1,497)	(10,342)
Amounts related to stock incentive plans, net of forfeitures		120	7,420	(5,993)				(26)		1,521
Net proceeds from issuance of common stock		7,212	525,408							532,620
Conversion of preferred stock	(718,498)	12,712	705,786							—
Dividends paid:										
Common stock dividends						(344,760)				(344,760)
Balances at March 31, 2019	$ —	$ 404,509	$ 19,654,137	$ (74,492)	$ 6,402,004	$ (11,163,317)	$ (144,618)	$ 268	$ 969,340	$ 16,047,831
Comprehensive income:										
Net income (loss)					137,762				11,349	149,111
Other comprehensive income (loss)							43,996		2,387	46,383
Total comprehensive income										195,494
Net change in noncontrolling interests			(23,672)						(7,959)	(31,631)
Amounts related to stock incentive plans, net of forfeitures		18	7,959	450				(80)		8,347
Net proceeds from issuance of common stock		1,487	101,721							103,208
Dividends paid:										
Common stock dividends						(353,677)				(353,677)
Balances at June 30, 2019	$ —	$ 406,014	$ 19,740,145	$ (74,042)	$ 6,539,766	$ (11,516,994)	$ (100,622)	$ 188	$ 975,117	$ 15,969,572

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

	Six Months Ended June 30,	
	2020	2019
Operating activities:		
Net income	$ 488,596	$ 442,342
Adjustments to reconcile net income to net cash provided from (used in) operating activities:		
Depreciation and amortization	540,172	491,984
Other amortization expenses	6,947	9,761
Provision for loan losses	8,494	18,690
Impairment of assets	102,978	9,939
Stock-based compensation expense	14,373	15,192
Loss (gain) on derivatives and financial instruments, net	9,085	(574)
Loss (gain) on extinguishment of debt, net	249	15,719
Loss (income) from unconsolidated entities	2,360	18,248
Rental income less than (in excess of) cash received	(25,959)	(53,234)
Amortization related to above (below) market leases, net	(1,008)	(2)
Loss (gain) on real estate dispositions, net	(418,687)	(165,727)
Distributions by unconsolidated entities	6,795	46
Increase (decrease) in accrued expenses and other liabilities	22,348	55,415
Decrease (increase) in receivables and other assets	54,873	(3,317)
Net cash provided from (used in) operating activities	811,616	854,482
Investing activities:		
Cash disbursed for acquisitions, net of cash acquired	(390,802)	(2,718,808)
Cash disbursed for capital improvements to existing properties	(122,103)	(124,176)
Cash disbursed for construction in progress	(93,031)	(155,409)
Capitalized interest	(9,287)	(6,256)
Investment in loans receivable	(19,538)	(65,422)
Principal collected on loans receivable	12,796	8,660
Other investments, net of payments	(3,695)	(16,973)
Contributions to unconsolidated entities	(225,739)	(119,001)
Distributions by unconsolidated entities	8,811	70,844
Proceeds from (payments on) derivatives	(13,319)	(21,643)
Proceeds from sales of real property	1,998,087	616,820
Net cash provided from (used in) investing activities	1,142,180	(2,531,364)
Financing activities:		
Net increase (decrease) under unsecured credit facility and commercial paper	(1,587,597)	722,188
Proceeds from issuance of senior unsecured notes	1,588,549	2,036,964
Payments to extinguish senior unsecured notes	—	(1,050,000)
Net proceeds from the issuance of secured debt	44,921	295,969
Payments on secured debt	(345,340)	(178,700)
Net proceeds from the issuance of common stock	595,313	647,156
Repurchase of common stock	(7,656)	—
Payments for deferred financing costs and prepayment penalties	(4,725)	(24,177)
Contributions by noncontrolling interests(1)	13,764	39,122
Distributions to noncontrolling interests(1)	(180,875)	(64,004)
Cash distributions to stockholders	(610,847)	(695,099)
Other financing activities	(9,816)	(8,615)
Net cash provided from (used in) financing activities	(504,309)	1,720,804
Effect of foreign currency translation on cash and cash equivalents and restricted cash	(9,010)	(333)
Increase (decrease) in cash, cash equivalents and restricted cash	1,440,477	43,589
Cash, cash equivalents and restricted cash at beginning of period	385,766	316,129
Cash, cash equivalents and restricted cash at end of period	$ 1,826,243	$ 359,718
Supplemental cash flow information:		
Interest paid	$ 227,632	$ 252,714
Income taxes paid (received), net	(1,142)	2,040

(1) Includes amounts attributable to redeemable noncontrolling interests.

1. Business

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

2. Accounting Policies and Related Matters

Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles (“U.S. GAAP”) for interim financial information and with instructions to Quarterly Report on Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. In the opinion of management, all adjustments (such as normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the six months ended June 30, 2020 are not necessarily an indication of the results that may be expected for the year ending December 31, 2020. 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, 2019.

Impact of COVID-19 Pandemic

The extent to which the COVID-19 pandemic impacts our operations and those of our operators and tenants will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the scope, severity and duration of the pandemic, the actions taken to contain the pandemic or mitigate its impact and the direct and indirect economic effects of the pandemic and containment measures, among others. The COVID-19 pandemic could have material and adverse effects on our financial condition, results of operations and cash flows in the future, including but not limited to, the following:

- Our Seniors Housing Operating revenues are dependent on occupancy. Declines in occupancy are expected due to heightened move-in criteria and screening, as well as increased mortality rates among seniors. Occupancy within our total Seniors Housing Operating portfolio has declined as follows:

	February	March	April	May	June	July
Spot occupancy [1]	85.8 %	85.0 %	82.8 %	81.0 %	80.1 %	79.4 %
Sequential occupancy change		(0.8) %	(2.2) %	(1.8) %	(0.9) %	(0.7) %

[1] Spot occupancy represents approximate month end occupancy for properties in operation as of February 2020, including unconsolidated properties but excluding acquisitions, dispositions and development conversions since the start of the COVID-19 pandemic.

Increased Seniors Housing Operating expenses are expected to continue until the pandemic subsides. We experienced incremental operational costs of $43,058,000 and $50,352,000 for the three and six months ended June 30, 2020, respectively, included in property operating expenses. These expenses were incurred as a result of the introduction of public health measures and other regulations affecting our properties, as well as additional health and safety measures adopted by us and our operators related to the COVID-19 pandemic, including increases in labor and property cleaning expenses and expenditures related to our efforts to procure PPE and supplies, net of reimbursements. Certain new expenses incurred since the start of the pandemic may continue on an ongoing basis as part of new health and safety protocols.

- Our Triple-net operators are experiencing similar occupancy declines and expense increases, however, long-term/post-acute facilities are generally experiencing a higher degree of occupancy declines. These factors may impact our Triple-net operator's ability to pay rent and contractual obligations. Many of our Triple-net operators received funds under the Coronavirus Aid Relief, and Economic Security Act (“CARES Act”) and operators of long-term/post-acute facilities have also received funds under the CARES Act Provider Relief Fund. Accordingly, collection of Triple-net rent due during the COVID-19 pandemic to date (from March to July) has been consistent with historical collection rates and no significant rent concessions or deferrals have been made. Various local and state stay at home orders and the temporary closure of certain medical practices as a result may continue to impact our Outpatient Medical tenants' ability to pay rent. We have either collected or approved short term deferrals for over 99% of Outpatient Medical rent due in the second quarter, consisting of 87% cash collections and 12% of short term deferrals. In most cases, the deferred rent respresents two months of rent with expected repayment by the end of the year. Approximately 98% of Outpatient Medical rent due in July was either collected or aproved for short term deferral, with cash collections accelerating to approximately 95%. Short term deferrals of July rent decreased to 3%, which primarily relates to tenants in local jurisdictions for which relief was mandated. Furthermore, collections of deferred rent due in June and July under executed deferrals were 96%. To the extent that deferred rent is not repaid as expected, or the prolonged impact of the COVID-19 pandemic causes operators or tenants to seek further modifications of their lease agreements, we may recognize reductions in revenue and increases in uncollectible receivables.

- Assessing properties for potential impairment involves subjectivity in determining if impairment indicators are present and in estimating the future undiscounted cash flows or estimated fair value of the asset. Key assumptions are made in these assessments including the estimation of future rental revenues, occupancy, operating expenses, capitalization rates and the ability and intent to hold the respective asset. All of these assumptions are significantly affected by our expectations of future market or economic conditions and can be highly impacted by the uncertainty of the COVID-19 pandemic. We will continue to evaluate the assumptions used in these analyses, changes to which may result in impairments in future periods.

- The determination of the allowance for credit losses is based on our evaluation of collectability of our loans receivable and includes review of factors such as delinquency status, historical loan charge-offs, financial strength of the borrower and guarantors and the value of the underlying collateral. Reduced economic activity severely impacts our borrowers' businesses, financial conditions and liquidity and may hinder their ability to make contractual payments to us, leading to an increase in loans deemed to have deteriorated credit which could result in an increase in the provision for loan losses.

New Accounting Standards

- On January 1, 2020, we adopted ASU 2016-13, “Measurement of Credit Losses on Financial Instruments" ("ASU 2016-13"). This standard requires a new forward-looking “expected loss” model to be used for receivables, held-to-maturity debt, loans, and other instruments. In November 2018, the FASB issued an amendment excluding operating lease receivables accounted for under the new leases standard from the scope of the new credit losses standard. ASU 2016-13 primarily impacts our measurement for credit losses related to our real estate and non-real estate loans receivable. In conjunction with our adoption of ASU 2016-13, we recorded a $5,212,000 increase to our allowance for credit losses on loans receivable (both real estate and non-real estate) with a corresponding adjustment to cumulative net income related to the change in accounting principle. See Note 7 for further details.

- At the FASB's April 8, 2020 Board meeting, the staff acknowledged that the economics of lease concessions that result from a global pandemic may not be aligned with the underlying premise of the modification framework in ASC 842, under which the concession would be recognized over the remainder of the lease term. In a Q&A document, the FASB provided entities with COVID-19 related lease concessions an option to either (1) apply the modification framework for these concessions in accordance with ASC 842 as applicable or (2) account for concessions as if they were made under the enforceable rights included in the original agreement as long as total cash flows resulting from the modified contract are substantially the same or less than cash flows in the original contract. Due to the continuing adverse economic conditions caused by the COVID-19 pandemic, a subset of outpatient medical tenants have requested rent relief, most often in the form of a short-term rent deferral. Not all tenant requests result in modification of agreements, nor do we intend to forgo our contractual rights under our lease agreements. We evaluate each tenant's rent relief request on an individual basis. Generally we expect the majority of rent deferral agreements to result in two months of full or partial rent relief to repaid by the end of the year. We have elected to apply the accounting relief provided by the FASB to such short-term rent deferrals, and will account for such deferrals as if no change had been made to the original lease contract.

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.

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

	Six Months Ended							
	June 30, 2020				June 30, 2019			
	Seniors Housing Operating	Triple-net	Outpatient Medical	Totals	Seniors Housing Operating	Triple-net	Outpatient Medical	Totals
Land and land improvements	$ 15,758	$ —	$ 40,847	$ 56,605	$ 103,743	$ 8,099	$ 132,154	$ 243,996
Buildings and improvements	132,480	765	171,457	304,702	1,109,966	96,244	1,198,608	2,404,818
Acquired lease intangibles	10,810	—	23,823	34,633	58,773	—	85,492	144,265
Construction in progress	—	—	—	—	36,174	—	—	36,174
Right of use assets, net	—	—	—	—	—	—	56,073	56,073
Receivables and other assets	257	—	139	396	4,560	—	376	4,936
Total assets acquired [1]	159,305	765	236,266	396,336	1,313,216	104,343	1,472,703	2,890,262
Secured debt	—	—	—	—	(43,209)	—	—	(43,209)
Lease liabilities	—	—	—	—	—	—	(45,287)	(45,287)
Accrued expenses and other liabilities	(671)	—	(2,036)	(2,707)	(8,677)	—	(22,506)	(31,183)
Total liabilities acquired	(671)	—	(2,036)	(2,707)	(51,886)	—	(67,793)	(119,679)
Noncontrolling interests [2]	(2,827)	—	—	(2,827)	(38,830)	(1,056)	—	(39,886)
Non-cash acquisition related activity[3]	—	—	—	—	(11,889)	—	—	(11,889)
Cash disbursed for acquisitions	155,807	765	234,230	390,802	1,210,611	103,287	1,404,910	2,718,808
Construction in progress additions	53,705	26,262	26,677	106,644	110,902	24,131	26,587	161,620
Less: Capitalized interest	(5,470)	(1,826)	(1,991)	(9,287)	(3,560)	(908)	(1,788)	(6,256)
Accruals [4]	(1,343)	—	(2,983)	(4,326)	—	—	45	45
Cash disbursed for construction in progress	46,892	24,436	21,703	93,031	107,342	23,223	24,844	155,409
Capital improvements to existing properties	87,002	4,700	30,401	122,103	97,867	7,423	18,886	124,176
Total cash invested in real property, net of cash acquired	$ 289,701	$ 29,901	$ 286,334	$ 605,936	$ 1,415,820	$ 133,933	$ 1,448,640	$ 2,998,393

[1] Excludes $580,000 and $1,910,000 of unrestricted and restricted cash acquired during the six months ended June 30, 2020 and 2019, respectively.

[2] Includes amounts attributable to both redeemable noncontrolling interests and noncontrolling interests.

[3] Relates to the acquisition of assets previously recognized as investments in unconsolidated entities.

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

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):

	Six Months Ended	
	June 30, 2020	June 30, 2019
Development projects:		
Seniors Housing Operating	$ 93,188	$ 28,117
Triple-net	33,627	—
Outpatient Medical	43,493	—
Total development projects	170,308	28,117
Expansion projects	35,637	—
Total construction in progress conversions	$ 205,945	$ 28,117

4. Real Estate Intangibles

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

	June 30, 2020	December 31, 2019
Assets:		
In place lease intangibles	$ 1,460,748	$ 1,513,836
Above market tenant leases	58,780	59,540
Lease commissions	46,450	43,675
Gross historical cost	1,565,978	1,617,051
Accumulated amortization	(1,178,515)	(1,181,158)
Net book value	$ 387,463	$ 435,893
Weighted-average amortization period in years	10.8	10.3
Liabilities:		
Below market tenant leases	$ 83,037	$ 99,035
Accumulated amortization	(40,886)	(49,390)
Net book value	$ 42,151	$ 49,645
Weighted-average amortization period in years	8.4	8.6

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Rental income related to (above)/below market tenant leases, net	$ 402	$ 73	$ 925	$ (82)
Amortization related to in place lease intangibles and lease commissions	(33,316)	(28,518)	(69,293)	(53,423)

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

	Assets	Liabilities
2020	$ 54,296	$ 4,354
2021	66,013	8,162
2022	44,822	7,476
2023	36,282	5,238
2024	28,438	3,101
Thereafter	157,612	13,820
Total	$ 387,463	$ 42,151

5. Dispositions and Assets Held for Sale

We periodically sell properties for various reasons, including favorable market conditions, the exercise of tenant purchase options or reduction of concentrations (i.e., property type, relationship or geography). At June 30, 2020, seven Seniors Housing Operating, three Triple-net, and 13 Outpatient Medical properties with an aggregate real estate balance of $382,580,000 were classified as held for sale. In addition to the real property balances held for sale, secured debt of $12,849,000 and net other assets and (liabilities) of $35,085,000 are included in the Consolidated Balance Sheet related to the held for sale properties. Expected gross sales proceeds related to the held for sale properties is approximately $501,008,000.

During the three months ended June 30, 2020, the expected sale of a Seniors Housing Operating portfolio, which had previously met the held for sale criteria, was not completed. As a result, 11 properties with a carrying value of $386,744,000 were reclassified to held for use.

During the three months ended March 31, 2020, we recorded impairment charges of $27,827,000 related to certain held for use properties for which the carrying value exceeded the fair values. During the three months ended June 30, 2020, we entered into and subsequently closed a definitive purchase and sale agreement to sell six Seniors Housing Operating properties. In conjunction with this transaction, an impairment charge of $56,371,000 was recognized. During the three months ended June 30, 2020, we agreed to terms including pricing for the sale of a portfolio of six Seniors Housing Operating properties previously classified as held for sale resulting in an impairment charge of $18,780,000. The following is a summary of our real property disposition activity for the periods presented (in thousands):

	Six Months Ended June 30,	
	2020	2019
Real estate dispositions:		
Seniors Housing Operating	$ 706,964	$ 8,726
Triple-net	33,445	442,865
Outpatient Medical	808,992	—
Total dispositions	1,549,401	451,591
Gain (loss) on real estate dispositions, net	418,687	165,727
Net other assets/liabilities disposed	29,999	(498)
Proceeds from real estate dispositions	$ 1,998,087	$ 616,820

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. The following represents the activity related to these properties for the periods presented (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Revenues:				
Total revenues	$ 36,481	$ 177,276	$ 107,933	$ 355,819
Expenses:				
Interest expense	1,622	4,210	4,591	8,420
Property operating expenses	23,850	101,416	63,300	207,340
Provision for depreciation	7,637	29,488	18,254	58,692
Total expenses	33,109	135,114	86,145	274,452
Income (loss) from real estate dispositions, net	$ 3,372	$ 42,162	$ 21,788	$ 81,367

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 period presented (in thousands):

		Six Months Ended	
	Classification	June 30, 2020	June 30, 2019
Operating lease cost: [1]			
Real estate lease expense	Property operating expenses	$ 12,516	$ 14,679
Non-real estate investment lease expense	General and administrative expenses	2,549	770
Finance lease cost:			
Amortization of leased assets	Property operating expenses	4,043	4,245
Interest on lease liabilities	Interest expense	2,695	2,169
Sublease income	Rental income	(2,087)	(2,087)
Total		$ 19,716	$ 19,776

[1] Includes short-term leases which are immaterial.

Supplemental balance sheet information related to leases is as follows (in thousands):

	Classification	June 30, 2020	December 31, 2019
Right of use assets:			
Operating leases - real estate	Right of use assets, net	$ 344,011	$ 374,217
Finance leases - real estate	Right of use assets, net	158,593	162,216
Real estate right of use assets, net		502,604	536,433
Operating leases - non-real estate investments	Receivables and other assets	11,063	12,474
Total right of use assets, net		$ 513,667	$ 548,907
Lease liabilities:			
Operating leases		$ 339,589	$ 364,803
Financing leases		107,835	108,890
Total		$ 447,424	$ 473,693

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. During the three months ended March 31, 2020, we wrote off straight-line receivables of $32,268,000 in conjunction with the execution of a lease amendment. Additionally, during the three months ended June 30, 2020, we recorded a reserve of $1,842,000 on straight-line receivable balances deemed uncollectible.

Leases in our Triple-net and Outpatient Medical portfolios typically include some form of operating expense reimbursement by the tenant. For the six months ended June 30, 2020, we recognized $786,265,000 of rental income related to operating leases, of which $104,605,000 was for variable lease payments which primarily represents the reimbursement of operating costs such as common area maintenance expenses, utilities, insurance and real estate taxes. For the six months ended June 30, 2019, we recognized $766,670,000 of rental income related to operating leases, of which $94,017,000 was for variable lease payments.

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, net of allowance for credit losses. 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, 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 $10,171,000 and $6,897,000 as of June 30, 2020 and December 31, 2019, 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):

	June 30, 2020	December 31, 2019
Mortgage loans	$ 102,275	$ 188,062
Other real estate loans	126,448	124,696
Allowance for credit losses on real estate loans receivable	(3,852)	(42,376)
Real estate loans receivable, net of credit allowance	224,871	270,382
Non-real estate loans	451,968	362,850
Allowance for credit losses on non-real estate loans receivable	(78,133)	(25,996)
Non-real estate loans receivable, net of credit allowance	373,835	336,854
Total loans receivable, net of credit allowance	$ 598,706	$ 607,236

During the six months ended June 30, 2020, the real estate collateral associated with one loan was released, therefore, the principal balance of $86,411,000 and related allowance for credit losses of $42,376,000 was reclassified to a non-real estate loan.

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

	Six Months Ended	
	June 30, 2020	June 30, 2019
Advances on loans receivable:		
Investments in new loans	$ 2,477	$ 30,000
Draws on existing loans	17,061	35,422
Net cash advances on loans receivable	19,538	65,422
Receipts on loans receivable:		
Loan payoffs	—	4,384
Principal payments on loans	12,796	4,276
Net cash receipts on loans receivable	12,796	8,660
Net cash advances (receipts) on loans receivable	$ 6,742	$ 56,762

The allowance for credit loss 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.

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):

	June 30, 2020				
Loan category	Years of Origination	Loan Carrying Value	Allowance for Credit Loss	Net Loan Balance	No. of Loans
Deteriorated loans	2007 - 2018	$ 186,584	$ (76,695)	$ 109,889	5
Collective loan pool	2007 - 2015	128,447	(1,866)	126,581	15
Collective loan pool [(1)]	2016	184,620	(1,572)	183,048	6
Collective loan pool	2017	119,662	(999)	118,663	7
Collective loan pool	2018	15,399	(224)	15,175	1
Collective loan pool	2019	45,979	(629)	45,350	7
Total loans		$ 680,691	$ (81,985)	$ 598,706	41

(1) Carrying value is exclusive of deferred gains of $62,819,000 recorded in accrued expenses and other liabilities on the Consolidated Balance Sheets.

In March 2019, we recognized a provision for loan losses of $18,690,000 to fully reserve for certain Triple-net real estate loans receivable that were no longer deemed collectible. During the quarter ended June 30, 2019, these loans were written off. During the six months ended June 30, 2020, we recognized a provision for credit losses of $6,898,000 to fully reserve for one Triple-net non-real estate loan receivable and $1,303,000 to fully reserve for one Triple-net real estate loan receivable that were no longer deemed collectible. The following is a summary of the allowance for credit losses on loans receivable for the periods presented (in thousands):

	Six Months Ended	
	June 30, 2020	June 30, 2019
Balance at beginning of period	$ 68,372	$ 68,372
Adoption of ASU 2016-13	5,212	—
Provision for loan losses	8,494	18,690
Loan write-offs	—	(18,690)
Foreign currency translation	(93)	—
Balance at end of period	$ 81,985	$ 68,372

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

	Six Months Ended	
	June 30, 2020	June 30, 2019
Balance of deteriorated loans at end of period [(1)]	$ 186,584	$ 188,068
Allowance for credit losses	(76,695)	(68,372)
Balance of deteriorated loans not reserved	$ 109,889	$ 119,696
Interest recognized on deteriorated loans [(2)]	$ 7,912	$ 7,964

(1) Current year amounts include $10,716,000 and $2,534,000 of loans on non-accrual as of June 30, 2020 and December 31, 2019, respectively. Prior year amounts include $2,534,000 and$2,567,000 as of June 30, 2019 and December 31, 2018, respectively.

(2) Represents cash interest recognized in the period.

8. Investments in Unconsolidated Entities

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

	Percentage Ownership [(1)]	June 30, 2020	December 31, 2019
Seniors Housing Operating	10% to 50%	$ 568,381	$ 463,741
Triple-net	10% to 25%	7,172	7,740
Outpatient Medical	15% to 50%	211,368	111,942
Total		$ 786,921	$ 583,423

(1) Excludes ownership of in substance real estate.

At June 30, 2020, the aggregate unamortized basis difference of our joint venture investments of $112,486,000 is primarily attributable to the difference between the amount for which we purchase our interest in the entity, including transaction costs, and the historical carrying value of the net assets of the joint venture. This difference is being amortized over the remaining useful life of the related properties and included in the reported amount of income from unconsolidated entities.

We have made loans totaling $250,215,000 related to eight properties as of June 30, 2020 for the development and construction of certain properties which are classified as in substance real estate investments. 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 ("PB") 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 PB 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 $212,306,000 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 six months ended June 30, 2020, excluding our share of NOI in unconsolidated entities (dollars in thousands):

Concentration by relationship: (1)	Number of Properties		Total NOI	Percent of NOI (2)
Sunrise Senior Living (3)	165	$	134,872	12%
ProMedica	215		106,530	10%
Genesis Healthcare	52		58,831	5%
Revera (3)	94		57,268	5%
Avery Healthcare	59		37,298	3%
Remaining portfolio	941		709,733	65%
Totals	1,526	$	1,104,532	100%

(1) Sunrise Senior Living and Revera are in our Seniors Housing Operating segment. Genesis Healthcare and ProMedica are in our Triple-net segment. Avery Healthcare is in both the Triple-net and Seniors Housing Operating segments.

(2) NOI with our top five relationships comprised 37% of total NOI for the year ended December 31, 2019.

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

10. Borrowings Under Credit Facilities and Commercial Paper Program

At June 30, 2020, we had a primary unsecured credit facility with a consortium of 31 banks that includes a $3,000,000,000 unsecured revolving credit facility (none outstanding at June 30, 2020), a $500,000,000 unsecured term credit facility and a $250,000,000 Canadian-denominated unsecured term credit facility. We have an option, through an accordion feature, to upsize the unsecured revolving credit facility and the $500,000,000 unsecured term credit facility by up to an additional $1,000,000,000, in the aggregate, and the $250,000,000 Canadian-denominated unsecured term credit facility by up to an additional $250,000,000. The primary unsecured credit facility also allows us to borrow up to $1,000,000,000 in alternate currencies (none outstanding at June 30, 2020). Borrowings under the unsecured revolving credit facility are subject to interest payable at the applicable margin over LIBOR interest rate. The applicable margin is based on our debt ratings and was 0.825% at June 30, 2020. 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 June 30, 2020. The term credit facilities mature on July 19, 2023. The revolving credit facility is scheduled to mature on July 19, 2022 and can be extended for two successive terms of six months each at our option.

In January 2019, we established an unsecured commercial paper program. Under the terms of the program, we may issue unsecured commercial paper notes with maturities that vary, but do not exceed 397 days from the date of issue, up to a maximum aggregate face or principal amount outstanding at any time of $1,000,000,000 (none outstanding at June 30, 2020).

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 June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Balance outstanding at quarter end	$ —	$ 1,870,000	$ —	$ 1,870,000
Maximum amount outstanding at any month end	$ 685,000	$ 2,880,000	$ 2,100,000	$ 2,880,000
Average amount outstanding (total of daily principal balances divided by days in period)	$ 405,165	$ 1,807,631	$ 999,490	$ 1,301,883
Weighted average interest rate (actual interest expense divided by average borrowings outstanding)	1.57 %	3.08 %	2.08 %	3.11 %

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 June 30, 2020, the annual principal payments due on these debt obligations were as follows (in thousands):

	Senior Unsecured Notes [1,2]	Secured Debt [1,3]	Totals
2020	$ —	$ 257,139	$ 257,139
2021	—	427,969	427,969
2022 [4]	1,010,000	444,119	1,454,119
2023 [5,6]	1,783,621	327,388	2,111,009
2024	1,350,000	176,366	1,526,366
Thereafter [7,8,9]	7,769,090	995,008	8,764,098
Totals	$ 11,912,711	$ 2,627,989	$ 14,540,700

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

(2) Annual interest rates range from 0.88% to 6.50%.

(3) Annual interest rates range from 0.12% to 12.00%. Carrying value of the properties securing the debt totaled $5,774,000 at June 30, 2020.

(4) Includes a $1,000,000,000 unsecured term credit facility. The loan matures on April 1, 2022 and bears interest at LIBOR plus 1.20% (1.38% at June 30, 2020).

(5) Includes a $250,000,000 Canadian-denominated unsecured term credit facility (approximately $183,621,000 based on the Canadian/U.S. Dollar exchange rate on June 30, 2020). The loan matures on July 19, 2023 and bears interest at the Canadian Dealer Offered Rate plus 0.9% (1.42% at June 30, 2020).

(6) Includes a $500,000,000 unsecured term credit facility. The loan matures on July 19, 2023 and bears interest at LIBOR plus 0.9% (1.09% at June 30, 2020).(7) Includes a $300,000,000 Canadian-denominated 2.95% senior unsecured notes due 2027 (approximately $220,345,000 based on the Canadian/U.S. Dollar exchange rate on June 30, 2020).

(8) Includes a £550,000,000 4.80% senior unsecured notes due 2028 (approximately $680,295,000 based on the Sterling/U.S. Dollar exchange rate in effect on June 30, 2020).

(9) Includes a $500,000,000 4.50% senior unsecured notes due 2034 (approximately $618,450,000 based on the Sterling/U.S. Dollar exchange rate in effect on June 30, 2020).

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

	Six Months Ended			
	June 30, 2020		June 30, 2019	
	Amount	Weighted Avg. Interest Rate	Amount	Weighted Avg. Interest Rate
Beginning balance	$ 10,427,562	4.03%	$ 9,699,984	4.48%
Debt issued	1,600,000	1.89%	2,050,000	3.58%
Debt extinguished	—	—%	(1,050,000)	4.98%
Foreign currency	(114,851)	4.30%	11,572	3.52%
Ending balance	$ 11,912,711	3.65%	$ 10,711,556	4.24%

In April, we closed on our previously announced $1.0 billion two-year unsecured term loan due April 2022. The term loan bears interest at a rate of 1-month LIBOR + 1.20%, based on our credit rating. On June 30, 2020, we completed the issuance of $600 million senior unsecured notes bearing interest at 2.75% with a maturity date of January 2031. On July 1, 2020 net proceeds were used to extinguish $160,872,000 of our 3.75% senior unsecured notes due March 2023 and $265,376,000 of our 3.95% senior unsecured notes due September 2023. We recognized a loss on extinguishment of $31,940,000 in July in conjunction with the transaction. Additionally, on July 2, 2020 we repaid $140,000,000 on our unsecured term loan.

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

	Six Months Ended			
	June 30, 2020		June 30, 2019	
	Amount	Weighted Avg. Interest Rate	Amount	Weighted Avg. Interest Rate
Beginning balance	$ 2,993,342	3.63%	$ 2,485,711	3.90%
Debt issued	44,921	2.58%	295,969	3.52%
Debt assumed	—	—%	42,000	4.62%
Debt extinguished	(314,631)	2.94%	(151,473)	4.42%
Principal payments	(30,709)	3.55%	(27,227)	3.74%
Foreign currency	(64,934)	3.13%	45,002	3.37%
Ending balance	$ 2,627,989	3.09%	$ 2,689,982	3.84%

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 June 30, 2020, we were in compliance with all of the covenants under our debt agreements.

12. Derivative Instruments

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

Foreign Currency Forward Contracts Designated as Cash Flow Hedges

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

Cash Flow Hedges of Interest Rate Risk

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

Periodically, we enter into and designate interest rate locks to partially hedge the risk of changes in interest payments attributable to increases in the benchmark interest rate during the period leading up to the probable issuance of fixed-rate debt. We designate our interest rate locks as cash flow hedges. Gains and losses when we settle our interest rate locks are amortized into income over the life of the related debt, except where a material amount is deemed to be ineffective, which would be immediately reclassified to the Consolidated Statements of Comprehensive Income.

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

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

During the six months ended June 30, 2020 and 2019, we settled certain net investment hedges generating cash proceeds of $3,485,000 and $6,716,000, respectively. The balance of the cumulative translation adjustment will be reclassified to earnings if the hedged investment is sold or substantially liquidated.

Derivative Contracts Undesignated

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

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

		June 30, 2020		December 31, 2019
Derivatives designated as net investment hedges:				
Denominated in Canadian Dollars	$	650,000	$	725,000
Denominated in Pounds Sterling	£	1,340,708	£	1,340,708
Financial instruments designated as net investment hedges:				
Denominated in Canadian Dollars	$	250,000	$	250,000
Denominated in Pounds Sterling	£	1,050,000	£	1,050,000
Interest rate swaps designated as cash flow hedges:				
Denominated in U.S Dollars [1]	$	1,188,250	$	1,188,250
Derivative instruments not designated:				
Interest rate caps denominated in U.S. Dollars	$	112,726	$	405,819
Forward sales contracts denominated in Canadian Dollars	$	80,000	$	—
Forward purchase contracts denominated in Pounds Sterling	£	—	£	(125,000)
Forward sales contracts denominated in Pounds Sterling	£	—	£	125,000

[1] At June 30, 2020 the maximum maturity date was July 15, 2021.

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

		Three Months Ended June 30,				Six Months Ended June 30,			
Description	Location		2020		2019		2020		2019
Gain (loss) on derivative instruments designated as hedges recognized in income	Interest expense	$	4,106	$	7,134	$	10,751	$	12,467
Gain (loss) on derivative instruments not designated as hedges recognized in income	Interest expense	$	(1,953)	$	(1,128)	$	(2,048)	$	(2,666)
Gain (loss) on derivative and financial instruments designated as hedges recognized in OCI	OCI	$	(27,171)	$	100,407	$	231,941	$	12,725

13. Commitments and Contingencies

At June 30, 2020, we had 8 outstanding letter of credit obligations totaling $37,014,000 and expiring between 2020 and 2024. At June 30, 2020, we had outstanding construction in progress of $411,700,000 and were committed to providing additional funds of approximately $332,074,000 to complete construction. Additionally, at June 30, 2020, we had outstanding investments classified as in substance real estate of $250,215,000 and were committed to provide additional funds of $212,306,000 (see Note 8 for additional information). Purchase obligations at June 30, 2020 also include $19,442,000 of contingent purchase obligations to fund capital improvements. Rents due from the tenant are increased to reflect the additional investment in the property.

14. Stockholders' Equity

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

	June 30, 2020	December 31, 2019
Preferred Stock:		
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	418,869,381	411,550,857
Outstanding shares	417,302,448	410,256,615

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

	Six Months Ended			
	June 30, 2020		June 30, 2019	
	Shares	Weighted Avg. Dividend Rate	Shares	Weighted Avg. Dividend Rate
Beginning balance	—	—%	14,369,965	6.50%
Shares converted	—	—%	(14,369,965)	6.50%
Ending balance	—	—%	—	—%

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

Common Stock In February 2019, we entered into an amended and restated equity distribution agreement whereby we can offer and sell up to $1,500,000,000 aggregate amount of our common stock ("Equity Shelf Program"). The Equity Shelf Program also allows us to enter into forward sale agreements. During the six months ended June 30, 2020, we physically settled all of our outstanding forward sales agreements for cash proceeds of $576,196,000. As of June 30, 2020, we had $499,341,000 of remaining capacity under the Equity Shelf Program.

On May 1, 2020, our Board of Directors authorized a share repurchase program whereby we may repurchase up to $1 billion of common stock through December 31, 2021 (the "Repurchase Program"). Under this authorization, we are not required to purchase shares but may choose to do so in the open market or through private transactions at times and amounts based on our evaluation of market conditions and other factors. We expect to finance any share repurchases under the Repurchase Program using available cash and may use proceeds from borrowings or debt offerings. During the six months ended June 30, 2020, we repurchased 201,947 shares at an average price of $37.89 per share.

The following is a summary of our common stock issuances during the six months ended June 30, 2020 and 2019 (dollars in thousands, except shares and average price amounts):

	Shares Issued	Average Price	Gross Proceeds	Net Proceeds
2019 Dividend reinvestment plan issuances	4,304,712	$ 75.20	$ 323,724	$ 320,243
2019 Option exercises	10,736	51.32	551	551
2019 Equity shelf program issuances	4,384,045	74.97	328,665	326,362
2019 Preferred stock conversions	12,712,452		—	—
2019 Stock incentive plans, net of forfeitures	167,565		—	—
2019 Totals	21,579,510		$ 652,940	$ 647,156
2020 Dividend reinvestment plan issuances	264,153	$ 72.33	$ 19,105	$ 19,105
2020 Option exercises	251	47.81	12	12
2020 Equity shelf program issuances	6,799,978	86.48	588,072	576,196
2020 Stock incentive plans, net of forfeitures	183,398		—	—
2020 Totals	7,247,780		$ 607,189	$ 595,313

Dividends The decrease in dividends is attributable to the declaration of a reduced cash dividend beginning with the quarter ending March 31, 2020. The following is a summary of our dividend payments (in thousands, except per share amounts):

	Six Months Ended			
	June 30, 2020		June 30, 2019	
	Per Share	Amount	Per Share	Amount
Common stock	$ 1.48	$ 610,847	$ 1.74	$ 698,437

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

	June 30, 2020	December 31, 2019
Foreign currency translation	$ (956,454)	$ (719,814)
Derivative and financial instruments designated as hedges	839,598	607,657
Total accumulated other comprehensive income (loss)	$ (116,856)	$ (112,157)

15. Stock Incentive Plans

Our 2016 Long-Term Incentive Plan ("2016 Plan") authorizes up to 10,000,000 shares of common stock to be issued at the discretion of the Compensation Committee of the Board of Directors. Our non-employee directors, officers and key employees are eligible to participate in the 2016 Plan. The 2016 Plan allows for the issuance of, among other things, stock options, stock appreciation rights, restricted stock, deferred stock units, performance units and dividend equivalent rights. Vesting periods for options, deferred stock units and restricted shares generally range from three to five years. Options expire ten years from the date of grant. Stock-based compensation expense totaled $7,290,000 and $14,373,000 for the three and six months ended June 30, 2020, respectfully, and $7,662,000 and $15,192,000 for the same periods in 2019.

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 June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Numerator for basic earnings per share - net income (loss) attributable to common stockholders	$ 179,246	$ 137,762	$ 489,530	$ 418,232
Adjustment for net income (loss) attributable to OP units	(1,366)	35	(2,754)	88
Numerator for diluted earnings per share	$ 177,880	$ 137,797	$ 486,776	$ 418,320
Denominator for basic earnings per share - weighted average shares	417,084	404,607	413,696	398,073
Effect of dilutive securities:				
Employee stock options	—	—	—	1
Non-vested restricted shares	619	955	661	911
Redeemable OP units	1,396	1,096	1,396	1,096
Employee stock purchase program	22	15	22	15
Dilutive potential common shares	2,037	2,066	2,079	2,023
Denominator for diluted earnings per share - adjusted weighted average shares	419,121	406,673	415,775	400,096
Basic earnings per share	$ 0.43	$ 0.34	$ 1.18	$ 1.05
Diluted earnings per share	$ 0.42	$ 0.34	$ 1.17	$ 1.05

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, 2019 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.

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

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

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

Redeemable OP Unitholder Interests — Our redeemable OP 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 OP 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):

	June 30, 2020		December 31, 2019	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets:				
Mortgage loans receivable	$ 100,782	$ 107,407	$ 145,686	$ 150,217
Other real estate loans receivable	124,089	124,291	124,696	128,512
Equity securities	6,600	6,600	15,685	15,685
Cash and cash equivalents	1,678,770	1,678,770	284,917	284,917
Restricted cash	147,473	147,473	100,849	100,849
Non-real estate loans receivable	373,835	419,325	336,854	379,239
Foreign currency forward contracts, interest rate swaps and cross currency swaps	165,968	165,968	18,554	18,554
Financial liabilities:				
Borrowings under unsecured credit facility and commercial paper program	$ —	$ —	$ 1,587,597	$ 1,587,597
Senior unsecured notes	11,815,972	12,890,274	10,336,513	11,400,571
Secured debt	2,619,678	2,668,133	2,990,962	3,041,893
Foreign currency forward contracts, interest rate swaps and cross currency swaps	64,077	64,077	53,601	53,601
Redeemable OP unitholder interests	$ 97,179	$ 92,373	$ 121,440	$ 121,440

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 June 30, 2020			
	Total	Level 1	Level 2	Level 3
Equity securities	$ 6,600	$ 6,600	$ —	$ —
Foreign currency forward contracts, interest rate swaps and cross currency swaps, net asset (liability) [1]	101,891	—	101,891	—
Totals	$ 108,491	$ 6,600	$ 101,891	$ —

[1] Please see Note 12 for additional information.

Items Measured at Fair Value on a Nonrecurring Basis

In addition to items that are measured at fair value on a recurring basis, we also have assets and liabilities in our balance sheet that are measured at fair value on a nonrecurring basis 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 certain non-real estate investments and other income. Non-segment assets consist of corporate assets including cash, deferred loan expenses and corporate offices and equipment among others. Non-property specific revenues and expenses are not allocated to individual segments in determining NOI.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies (see Note 2 to the financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2019). The results of operations for all acquisitions described in Note 3 are included in our consolidated results of operations from the acquisition dates and are components of the appropriate segments. There are no intersegment sales or transfers.

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

Three Months Ended June 30, 2020:	Seniors Housing Operating	Triple-net	Outpatient Medical	Non-segment / Corporate	Total
Resident fees and services	$ 769,560	$ —	$ —	$ —	$ 769,560
Rental income	—	217,492	178,813	—	396,305
Interest income	88	15,520	461	—	16,069
Other income	4,002	607	1,557	375	6,541
Total revenues	773,650	233,619	180,831	375	1,188,475
Property operating expenses	595,513	13,563	51,688	—	660,764
Consolidated net operating income	178,137	220,056	129,143	375	527,711
Depreciation and amortization	139,163	58,138	68,070	—	265,371
Interest expense	14,029	2,746	4,326	105,256	126,357
General and administrative expenses	—	—	—	34,062	34,062
Loss (gain) on derivatives and financial instruments, net	—	1,434	—	—	1,434
Loss (gain) on extinguishment of debt, net	(492)	—	741	—	249
Provision for loan losses	—	1,451	(29)	—	1,422
Impairment of assets	75,151	—	—	—	75,151
Other expenses	5,251	3,500	6,456	4,204	19,411
Income (loss) from continuing operations before income taxes and other items	(54,965)	152,787	49,579	(143,147)	4,254
Income tax (expense) benefit	—	—	—	(2,233)	(2,233)
Income (loss) from unconsolidated entities	(6,787)	6,403	1,716	—	1,332
Gain (loss) on real estate dispositions, net	14,465	2,148	139,250	—	155,863
Income (loss) from continuing operations	(47,287)	161,338	190,545	(145,380)	159,216
Net income (loss)	$ (47,287)	$ 161,338	$ 190,545	$ (145,380)	$ 159,216
Total assets	$ 14,915,588	$ 9,189,707	$ 7,434,364	$ 1,622,993	$ 33,162,652

Three Months Ended June 30, 2019:	Seniors Housing Operating	Triple-net	Outpatient Medical	Non-segment / Corporate	Total
Resident fees and services	$ 914,085	$ —	$ —	$ —	$ 914,085
Rental income	—	222,362	163,224	—	385,586
Interest income	—	17,118	238	—	17,356
Other income	1,444	1,278	(97)	454	3,079
Total revenues	915,529	240,758	163,365	454	1,320,106
Property operating expenses	637,317	12,823	50,987	—	701,127
Consolidated net operating income	278,212	227,935	112,378	454	618,979
Depreciation and amortization	136,551	56,056	55,445	—	248,052
Interest expense	17,572	3,225	3,386	117,153	141,336
General and administrative expenses	—	—	—	33,741	33,741
Loss (gain) on derivatives and financial instruments, net	—	1,913	—	—	1,913
Impairment of assets	—	(940)	10,879	—	9,939
Other expenses	11,857	5,560	(4)	4,215	21,628
Income (loss) from continuing operations before income taxes and other items	112,232	162,121	42,672	(154,655)	162,370
Income tax (expense) benefit	—	—	—	(1,599)	(1,599)
Income (loss) from unconsolidated entities	(17,453)	6,578	1,826	—	(9,049)
Gain (loss) on real estate dispositions, net	(550)	(1,130)	(2)	—	(1,682)
Income (loss) from continuing operations	94,229	167,569	44,496	(156,254)	150,040
Net income (loss)	$ 94,229	$ 167,569	$ 44,496	$ (156,254)	$ 150,040

Six Months Ended June 30, 2020	Seniors Housing Operating	Triple-net	Outpatient Medical	Non-segment / Corporate	Total
Resident fees and services	$ 1,619,532	$ —	$ —	$ —	$ 1,619,532
Rental income	—	408,877	377,388	—	786,265
Interest income	192	30,191	927	—	31,310
Other income	5,054	2,280	1,845	791	9,970
Total revenues	1,624,778	441,348	380,160	791	2,447,077
Property operating expenses	1,203,384	26,865	112,296	—	1,342,545
Consolidated net operating income	421,394	414,483	267,864	791	1,104,532
Depreciation and amortization	285,937	115,832	138,403	—	540,172
Interest expense	30,463	5,598	9,134	223,169	268,364
General and administrative expenses	—	—	—	69,543	69,543
Loss (gain) on derivatives and financial instruments, net	—	9,085	—	—	9,085
Loss (gain) on extinguishment of debt, net	(492)	—	741	—	249
Provision for loan losses	—	8,523	(29)	—	8,494
Impairment of assets	78,646	24,332	—	—	102,978
Other expenses	8,240	4,013	7,463	5,987	25,703
Income (loss) from continuing operations before income taxes and other items	18,600	247,100	112,152	(297,908)	79,944
Income tax (expense) benefit	—	—	—	(7,675)	(7,675)
Income (loss) from unconsolidated entities	(17,811)	12,199	3,252	—	(2,360)
Gain (loss) on real estate dispositions, net	14,316	51,785	352,586	—	418,687
Income (loss) from continuing operations	15,105	311,084	467,990	(305,583)	488,596
Net income (loss)	$ 15,105	$ 311,084	$ 467,990	$ (305,583)	$ 488,596

Six Months Ended June 30, 2019	Seniors Housing Operating	Triple-net	Outpatient Medical	Non-segment / Corporate	Total
Resident fees and services	$ 1,782,370	$ —	$ —	$ —	$ 1,782,370
Rental income	—	454,394	312,276	—	766,670
Interest income	—	32,064	411	—	32,475
Other income	5,545	2,541	139	2,611	10,836
Total revenues	1,787,915	488,999	312,826	2,611	2,592,351
Property operating expenses	1,245,003	27,778	99,153	—	1,371,934
Consolidated net operating income	542,912	461,221	213,673	2,611	1,220,417
Depreciation and amortization	268,126	117,404	106,454	—	491,984
Interest expense	35,823	6,665	6,734	237,346	286,568
General and administrative expenses	—	—	—	69,023	69,023
Loss (gain) on derivatives and financial instruments, net	—	(574)	—	—	(574)
Loss (gain) on extinguishment of debt, net	—	—	—	15,719	15,719
Provision for loan losses	— 18.69	18,690 —	— 18.69	—	18,690
Impairment of assets	—	(940)	10,879	—	9,939
Other expenses	14,803	8,589	750	6,242	30,384
Income (loss) from continuing operations before income taxes and other items	224,160	311,387	88,856	(325,719)	298,684
Income tax (expense) benefit	—	—	—	(3,821)	(3,821)
Income (loss) from unconsolidated entities	(34,033)	12,236	3,549	—	(18,248)
Gain (loss) on real estate dispositions, net	(710)	166,444	(7)	—	165,727
Income (loss) from continuing operations	189,417	490,067	92,398	(329,540)	442,342
Net income (loss)	$ 189,417	$ 490,067	$ 92,398	$ (329,540)	$ 442,342

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				Six Months Ended			
	June 30, 2020		June 30, 2019		June 30, 2020		June 30, 2019	
Revenues:	Amount[(1)]	%	Amount	%	Amount[(1)]	%	Amount	%
United States	$ 973,772	81.9 %	$ 1,092,376	82.8 %	$ 2,001,553	81.8 %	$ 2,136,042	82.4 %
United Kingdom	109,437	9.2 %	112,647	8.5 %	227,319	9.3 %	225,065	8.7 %
Canada	105,266	8.9 %	115,083	8.7 %	218,205	8.9 %	231,244	8.9 %
Total	$ 1,188,475	100.0 %	$ 1,320,106	100.0 %	$ 2,447,077	100.0 %	$ 2,592,351	100.0 %

	As of			
	June 30, 2020		December 31, 2019	
Assets:	Amount	%	Amount	%
United States	$ 27,655,745	83.4 %	$ 27,513,911	82.4 %
United Kingdom	3,175,033	9.6 %	3,405,388	10.2 %
Canada	2,331,874	7.0 %	2,461,452	7.4 %
Total	$ 33,162,652	100.0 %	$ 33,380,751	100.0 %

(1) The United States, United Kingdom and Canada represent 77%, 10% and 13%, respectively, of our resident fees and services revenue stream for the three and six months ended June 30, 2020.

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 six months ended June 30, 2020 and 2019, 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 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.

On March 27, 2020, the President of the United States signed the Coronavirus Aid Relief, and Economic Security Act ("CARES Act") into law. The CARES Act, among its economic stimulus provisions, includes a number of tax provisions relating to refundable payroll tax credits, deferment of employer side social security payments, net operating loss carrybacks, alternative minimum tax credit refunds, modifications to the net interest deduction limitations and technical corrections to tax depreciation methods for qualified improvement property. Certain of these provisions may impact the provision for taxes in our consolidated financial statements, including in particular the provision allowing for the carryback of net operating losses which would be applicable to our TRSs. We have made a reasonable estimate of the tax impact to us of the CARES Act in our consolidated financial statements, and while we do not believe that there will be further material impacts to the consolidated financial statements related to the CARES Act tax provisions, we will continue to evaluate the impact of the CARES Act and any guidance provided by the U.S. Treasury and the IRS on our consolidated financial statements. It is possible our estimates could differ materially from the actual tax impact to us of the CARES Act.

20. Variable Interest Entities

We have entered into joint ventures to 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 joint venture and the rights to receive residual returns or the obligation to absorb losses arising from the joint ventures. Except for capital contributions associated with the initial joint venture formations, the joint ventures have been and are expected to be funded from the ongoing operations of the underlying properties. Accordingly, such joint ventures have been consolidated, and the table below summarizes the balance sheets of consolidated VIEs in the aggregate (in thousands):

	June 30, 2020	December 31, 2019
Assets:		
Net real estate investments	$ 457,107	$ 960,093
Cash and cash equivalents	30,438	27,522
Receivables and other assets	12,596	14,586
Total assets [(1)]	$ 500,141	$ 1,002,201
Liabilities and equity:		
Secured debt	$ 166,567	$ 460,117
Lease liabilities	1,326	1,326
Accrued expenses and other liabilities	14,810	22,215
Total equity	317,438	518,543
Total liabilities and equity	$ 500,141	$ 1,002,201

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

EXECUTIVE SUMMARY

LIQUIDITY AND CAPITAL RESOURCES

RESULTS OF OPERATIONS

OTHER

The following discussion and analysis is based primarily on the unaudited consolidated financial statements of Welltower Inc. for the periods presented and should be read together with the notes thereto contained in this Quarterly Report on Form 10-Q. Other important factors are identified in our Annual Report on Form 10-K for the year ended December 31, 2019, including factors identified under the headings "Business," "Risk Factors," and "Management's Discussion and Analysis of Financial Condition and Results of Operations." References herein to "we," "us," "our," or the "Company" refer to Welltower Inc. and its subsidiaries unless specifically noted otherwise.

Executive Summary

Company Overview

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

The following table summarizes our consolidated portfolio for the three months ended June 30, 2020 (dollars in thousands):

Type of Property	NOI [1]	Percentage of NOI	Number of Properties
Seniors Housing Operating	$ 178,137	33.8 %	526
Triple-net	220,056	41.7 %	653
Outpatient Medical	129,143	24.5 %	347
Totals	$ 527,336	100.0 %	1,526

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

The extent to which the COVID-19 pandemic impacts our operations and those of our operators and tenants will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the scope, severity and duration of the pandemic, the actions taken to contain the pandemic or mitigate its impact and the direct and indirect economic effects of the pandemic and containment measures, among others. The COVID-19 pandemic could have material and adverse effects on our financial condition, results of operations and cash flows in the future.

Our Seniors Housing Operating revenues are dependent on occupancy. While admission bans were lifted across our portfolio during the second quarter and in July, move-out activity continued to outpace move-ins, resulting in occupancy losses throughout the period. Further occupancy losses are expected in the third quarter as move-out activity continues to exceed move-ins, but to a lesser degree than experienced in the second quarter.

We have incurred increased operational costs as a result of the introduction of public health measures and other regulations affecting our properties, as well as additional health and safety measures adopted by us and our operators related to the COVID-19 pandemic, including increases in labor and property cleaning expenses and expenditures related to our efforts to procure PPE and supplies. We expect total Seniors Housing Operating expenses to remain elevated during the pandemic and potentially beyond as these additional health and safety measures become standard practice.

Our Triple-net operators are experiencing similar occupancy declines and operating costs as described above with respect to our Seniors Housing Operating properties. However, long-term/post-acute care facilities are generally experiencing a higher degree of occupancy declines. These factors may continue to impact the ability of our Triple-net operators to make contractual rent payments to us in the future. Many of our Triple-net operators received funds under the Coronavirus Aid Relief, and Economic Security Act ("CARES Act") and operators of long-term/post-acute care facilities have also received funds under the CARES Act Provider Relief Fund. Accordingly, collection of Triple-net rent due during the COVID-19 pandemic to date (from March to July) has been consistent with historical collection rates and no significant rent concessions or deferrals have been made.

Our Outpatient Medical tenants are experiencing temporary medical practice closures or decreases in revenue due to government imposed restrictions on elective medical procedures, stay at home orders or decisions by patients to delay treatments which may continue to adversely affect their ability to make contractual rent payments. These factors have and may continue to cause operators or tenants to seek modifications of such obligations, resulting in reductions in revenue and increases in uncollectible receivables. We will evaluate each request on a case-by-case basis and determine if a form of rent relief is warranted following an examination of the tenant's financial health, rent coverage, current operating situation and other factors.

We have either collected or approved short term deferrals for over 99% of Outpatient Medical rent due in the second quarter, consisting of 87% cash collections and 12% of short term deferrals. In most cases, the deferred rent respresents two months of rent with expected repayment by the end of the year. Approximately 98% of Outpatient Medical rent due in July was either collected or aproved for short term deferral, with cash collections accelerating to approximately 95%. Short term deferrals of July rent decreased to 3%, which primarily relates to tenants in local jurisdictions for which relief was mandated. Furthermore, collections of deferred rent due in June and July under executed deferrals were 96%. To the extent that deferred rent is not repaid as expected, or the prolonged impact of the COVID-19 pandemic causes operators or tenants to seek further modifications of their lease agreements, we may recognize reductions in revenue and increases in uncollectible receivables.

As a result of uncertainty regarding the length and severity of the COVID-19 pandemic and the impact of the pandemic on our business and related industries, our investments in and acquisitions of senior housing and health care properties, as well as our ability to transition or sell properties with profitable results, may be limited. We have a significant development portfolio as of June 30, 2020. To date we have only experienced minor construction and licensing delays with respect to our development portfolio, but may experience more significant delays in the future. Such disruptions to acquisition, disposition and development activity may negatively impact our long-term competitive position.

Business Strategy

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

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

In addition to our asset management and research efforts, we also aim to structure our relevant investments to mitigate payment risk. Operating leases and loans are normally credit enhanced by 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 six months ended June 30, 2020, resident fees and services and rental income represented 66% and 32%, 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 and general and administrative expenses. Depending upon the availability and cost of external capital, we believe our liquidity is sufficient to fund these uses of cash.

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

Depending upon market conditions, we believe that new investments will be available in the future with spreads over our cost of capital that will generate appropriate returns to our stockholders. It is also likely that investment dispositions may occur in the future. To the extent that investment dispositions exceed new investments, our revenues and cash flows from operations could be adversely affected. We expect to reinvest the proceeds from any investment dispositions in new investments. To the extent that new investment requirements exceed our available cash on-hand, we expect to borrow under our unsecured revolving credit facility and commercial paper program. At June 30, 2020, we had $1,678,770,000 of cash and cash equivalents, $147,473,000 of restricted cash and $3,000,000,000 of available borrowing capacity under our unsecured revolving credit facility.

Key Transactions

Capital The following summarizes key capital transaction that occurred during the six months ended June 30, 2020 and subsequent events:

- During the six months ended June 30, 2020, we extinguished $314,631,000 of secured debt at a blended average interest rate of 2.94%.
- During the six months ended June 30, 2020, we sold 2,128,000 shares of common stock under our ATM and DRIP programs, via both cash settle and forward sale agreements, generating gross proceeds of approximately $175,484,000. The sale of these shares and settlement of previously outstanding forward sales resulted in gross proceeds of approximately $607,177,000 which were used to reduce borrowings under our unsecured revolving credit facility.
- In April, we closed on our previously announced $1.0 billion two-year unsecured term loan. The term loan bears interest at a rate of 1-month LIBOR + 1.20%, based on our credit rating.
- On June 30, 2020, we completed the issuance of $600 million senior unsecured notes bearing interest at 2.75% with a maturity date of January 2031. Net proceeds were used to fund tender offers for $426,000,000 of our 3.75% senior unsecured notes due 2023 and our 3.95% senior unsecured notes due 2023 which settled on July 1, 2020. The remaining proceeds were used to reduce borrowings under our term loan by $140 million.

Investments The following summarizes our property acquisitions and joint venture investments completed during the six months ended June 30, 2020 (dollars in thousands):

	Properties	Investment Amount [1]	Capitalization Rates [2]	Book Amount [3]
Seniors Housing Operating	6	$ 168,725	4.9 %	$ 159,048
Triple-net [4]	—	—	— %	765
Outpatient Medical	16	235,387	6.1 %	236,127
Totals	22	$ 404,112	5.6 %	$ 395,940

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

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

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

[4] Represents the acquisition of a condo unit at a previously acquired property.

Dispositions The following summarizes property dispositions completed during the six months ended June 30, 2020 (dollars in thousands):

	Properties	Proceeds [(1)]	Capitalization Rates [(2)]	Book Amount [(3)]
Seniors Housing Operating	13	$ 498,510	5.6 %	$ 706,964
Triple-net	5	70,439	5.0 %	33,445
Outpatient Medical	55	1,088,250	5.6 %	808,992
Totals	73	$ 1,657,199	5.5 %	$ 1,549,401

(1) Represents pro rata proceeds received upon disposition including any seller financing.
(2) Represents annualized contractual income that was being received in cash at date of disposition divided by disposition proceeds.
(3) Represents carrying value of net real estate assets at time of disposition. See Note 5 to our unaudited consolidated financial statements for additional information.

Dividends Our Board of Directors declared a cash dividend for the quarter ended June 30, 2020 of $0.61 per share. On August 27, 2020, we will pay our 197th consecutive quarterly cash dividend to stockholders of record on August 18, 2020.

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					
	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019
Net income (loss)	$ 159,216	$ 329,380	$ 240,136	$ 647,932	$ 150,040	$ 292,302
NICS	179,246	310,284	224,324	589,876	137,762	280,470
FFO	335,597	356,124	476,298	352,378	390,021	358,383
NOI	527,711	576,821	600,302	610,545	618,979	601,438

Credit Strength We measure our credit strength both in terms of leverage ratios and coverage ratios. The leverage ratios indicate how much of our balance sheet capitalization is related to long-term debt, net of cash and Internal Revenue Code section 1031 deposits. The coverage ratios indicate our ability to service interest and fixed charges (interest, secured debt principal amortization and preferred dividends). We expect to maintain capitalization ratios and coverage ratios sufficient to maintain a capital structure consistent with our current profile. The coverage ratios are based on earnings before interest, taxes, depreciation and amortization ("EBITDA"). Please refer to the section entitled "Non-GAAP Financial Measures" for further discussion and 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:

	Three Months Ended					
	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019
Net debt to book capitalization ratio	43%	44%	46%	45%	48%	43%
Net debt to undepreciated book capitalization ratio	35%	37%	39%	38%	41%	36%
Net debt to market capitalization ratio	36%	40%	30%	26%	30%	28%
Interest coverage ratio	4.29x	5.42x	4.64x	7.61x	3.74x	4.80x
Fixed charge coverage ratio	3.84x	4.88x	4.20x	6.96x	3.42x	4.38x

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					
	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019
Property mix:[1]						
Seniors Housing Operating	34%	42%	40%	42%	45%	44%
Triple-net	42%	34%	38%	38%	37%	39%
Outpatient Medical	24%	24%	22%	20%	18%	17%
Relationship mix: [1]						
Sunrise Senior Living [2]	10%	14%	14%	14%	14%	15%
ProMedica	10%	9%	9%	9%	9%	9%
Genesis Healthcare	6%	5%	5%	5%	5%	5%
Revera [2]	5%	6%	6%	6%	6%	6%
Avery Healthcare	3%	3%	3%	3%	3%	3%
Remaining relationships	66%	63%	63%	63%	63%	62%
Geographic mix:[1]						
California	14%	15%	13%	14%	13%	13%
Texas	10%	7%	9%	8%	8%	8%
United Kingdom	8%	9%	9%	8%	8%	9%
New Jersey	7%	8%	8%	7%	7%	7%
Pennsylvania	6%	6%	6%	6%	6%	6%
Remaining geographic areas	55%	55%	55%	57%	58%	57%

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

[2] Revera owns a controlling interest in Sunrise Senior Living.

Lease Expirations The following table sets forth information regarding lease expirations for certain portions of our portfolio as of June 30, 2020 (dollars in thousands):

	Expiration Year [1]										
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	Thereafter
Triple-net:											
Properties	3	7	6	2	4	48	76	18	15	15	440
Base rent [2]	$ 52	$ 12,511	$ 6,407	$ 840	$ 11,262	$ 54,270	$ 104,023	$ 35,406	$ 22,446	$ 30,479	$ 495,098
% of base rent	— %	1.6 %	0.8 %	0.1 %	1.5 %	7.0 %	13.5 %	4.6 %	2.9 %	3.9 %	64.1 %
Units/beds	220	1,316	757	1,337	692	3,033	6,078	2,350	1,633	1,429	45,632
% of Units/beds	0.3 %	2.0 %	1.2 %	2.1 %	1.1 %	4.7 %	9.4 %	3.6 %	2.5 %	2.2 %	70.9 %
Outpatient Medical:											
Square feet	1,454,125	1,562,375	1,975,098	2,018,860	2,059,566	1,180,994	1,147,542	1,069,560	907,508	807,202	5,700,539
Base rent [2]	$ 39,595	$ 45,979	$ 55,886	$ 54,605	$ 61,819	$ 32,382	$ 32,063	$ 27,593	$ 24,511	$ 22,241	$ 133,024
% of base rent	7.5 %	8.7 %	10.6 %	10.3 %	11.7 %	6.1 %	6.1 %	5.2 %	4.6 %	4.2 %	25.0 %
Leases	318	377	399	411	341	235	155	144	114	88	199
% of Leases	11.4 %	13.6 %	14.3 %	14.8 %	12.3 %	8.5 %	5.6 %	5.2 %	4.1 %	3.2 %	7.0 %

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

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

We evaluate our key performance indicators in conjunction with current expectations to determine if historical trends are indicative of future results. Our expected results may not be achieved and actual results may differ materially from our expectations. Factors that may cause actual results to differ from expected results are described in more detail in “Cautionary Statement Regarding Forward-Looking Statements” and other sections of this Quarterly Report on Form 10-Q. Management regularly monitors economic and other factors to develop strategic and tactical plans designed to improve performance and maximize our competitive position. Our ability to achieve our financial objectives is dependent upon our ability to effectively execute these plans and to appropriately respond to emerging economic and company-specific trends. Please refer to our Annual Report on Form 10-K for the year ended December 31, 2019, under the headings “Business,” “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” for further discussion of these risk factors.

Corporate Governance

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

Liquidity and Capital Resources

Sources and Uses of Cash

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

	Six Months Ended		Change	
	June 30, 2020	June 30, 2019	$	%
Cash, cash equivalents and restricted cash at beginning of period	$ 385,766	$ 316,129	$ 69,637	22 %
Cash provided from (used in) operating activities	811,616	854,482	(42,866)	-5 %
Cash provided from (used in) investing activities	1,142,180	(2,531,364)	3,673,544	145 %
Cash provided from (used in) financing activities	(504,309)	1,720,804	(2,225,113)	-129 %
Effect of foreign currency translation	(9,010)	(333)	(8,677)	-2,606 %
Cash, cash equivalents and restricted cash at end of period	$ 1,826,243	$ 359,718	$ 1,466,525	408 %

Operating Activities The changes in net cash provided from operating activities are primarily attributable to declines in revenue and increases in property operating expenses, as well as the impact of short-term rent deferrals granted as a result of the COVID-19 pandemic in 2020. Please see “Results of Operations” for discussion of net income fluctuations. For the six months ended June 30, 2020 and 2019, 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” and Notes 3 and 5 of our unaudited consolidated financial statements. The following is a summary of cash used in non-acquisition capital improvement activities for the periods presented (dollars in thousands):

	Six Months Ended		Change
	June 30, 2020	June 30, 2019	$
New development	$ 93,031	$ 155,409	$ (62,378)
Recurring capital expenditures, tenant improvements and lease commissions	40,939	49,925	(8,986)
Renovations, redevelopments and other capital improvements	81,164	74,251	6,913
Total	$ 215,134	$ 279,585	$ (64,451)

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.

On April 1, 2020, in response to uncertain financial market conditions arising from the COVID-19 pandemic, we undertook steps to strengthen our balance sheet and to enhance our liquidity by entering into a $1.0 billion two-year unsecured term loan. Additionally, on June 30, 2020, we completed the issuance of $600 million senior unsecured notes with a maturity date of January 2031. Net proceeds were used to fund tender offers for $426 million of our 3.75% senior unsecured notes due 2023 and our 3.95% senior unsecured notes due 2023, which settled on July 1, 2020. The remaining proceeds were used to reduce borrowings under the term loan by $140 million. After consideration of these transactions, we have total near-term available liquidity of approximately $4.2 billion at July 2, 2020. However, we are unable to accurately predict the full impact that the pandemic will have on our results from operations, financial condition, liquidity and cash flows due to numerous factors discussed in Part II Item 1A. Risk Factors.

Off-Balance Sheet Arrangements

At June 30, 2020, we had investments in unconsolidated entities with our ownership generally ranging from 10% to 50%. We use financial derivative instruments to hedge interest rate and foreign currency exchange rate exposure. At June 30, 2020, we had 8 outstanding letter of credit obligations. Please see Notes 8, 12 and 13 to our unaudited consolidated financial statements for additional information.

Contractual Obligations

The following table summarizes our payment requirements under contractual obligations as of June 30, 2020 (in thousands):

	Payments Due by Period				
Contractual Obligations	Total	2020	2021-2022	2023-2024	Thereafter
Unsecured credit facility and commercial paper [1,2]	$ —	$ —	$ —	$ —	$ —
Senior unsecured notes and term credit facilities: [2]					
U.S. Dollar senior unsecured notes	8,700,000	—	—	2,450,000	6,250,000
Canadian Dollar senior unsecured notes [3]	220,345	—	—	—	220,345
Pounds Sterling senior unsecured notes [3]	1,298,745	—	—	—	1,298,745
U.S. Dollar term credit facility	1,510,000	—	1,010,000	500,000	—
Canadian Dollar term credit facility [3]	183,621	—	—	183,621	—
Secured debt: [2,3]					
Consolidated	2,627,989	257,139	872,088	503,754	995,008
Unconsolidated	929,033	33,470	83,834	111,479	700,250
Contractual interest obligations: [4]					
Unsecured credit facility and commercial paper	—	—	—	—	—
Senior unsecured notes and term loans [3]	4,092,526	242,199	859,915	752,916	2,237,496
Consolidated secured debt [3]	354,990	39,429	127,559	74,731	113,271
Unconsolidated secured debt [3]	204,105	15,786	59,337	54,025	74,957
Financing lease liabilities [5]	199,117	4,602	17,076	70,802	106,637
Operating lease liabilities [5]	1,067,950	11,097	43,018	40,915	972,920
Purchase obligations [6]	563,822	289,239	210,622	50,413	13,548
Total contractual obligations	$ 21,952,243	$ 892,961	$ 3,283,449	$ 4,792,656	$ 12,983,177

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

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

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

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

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

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

Capital Structure

Please refer to "Credit Strength" above for a discussion of our leverage and coverage ratio trends. Our debt agreements contain various covenants, restrictions and events of default. Certain agreements require us to maintain financial ratios and minimum net worth and impose certain limits on our ability to incur indebtedness, create liens and make investments or acquisitions. As of June 30, 2020, we were in compliance with all of the covenants under our debt agreements. None of our debt agreements contain provisions for acceleration which could be triggered by our debt ratings. However, under our primary unsecured credit facility, the ratings on our senior unsecured notes are used to determine the fees and interest charged. We plan to manage the company to maintain compliance with our debt covenants and with a capital structure consistent with our current profile. Any downgrades in terms of ratings or outlook by any or all of the rating agencies could have a material adverse impact on our cost and availability of capital, which could have a material adverse impact on our consolidated results of operations, liquidity and/or financial condition.

On May 17, 2018, we filed with the Securities and Exchange Commission (1) an open-ended automatic or "universal" shelf registration statement covering an indeterminate amount of future offerings of debt securities, common stock, preferred stock, depositary shares, warrants and units and (2) a registration statement in connection with our enhanced dividend reinvestment plan ("DRIP") under which we may issue up to 15,000,000 shares of common stock. As of July 31, 2020, 2,541,750 shares of common stock remained available for issuance under the DRIP registration statement. On February 25, 2019, we entered into separate amended and restated equity distribution agreements with each of Barclays Capital Inc., Citigroup Global Markets Inc., Credit Agricole Securities (USA) Inc., Deutsche Bank Securities Inc., Goldman Sachs & Co. LLC, J.P. Morgan Securities LLC, KeyBanc Capital Markets Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated, Morgan Stanley & Co. LLC, MUFG Securities Americas Inc., RBC Capital Markets, LLC, UBS Securities LLC and Wells Fargo Securities, LLC relating to the offer and sale from time to time of up to $1,500,000,000 aggregate amount of our common stock ("Equity Shelf Program"). The Equity Shelf Program also allows us to enter into forward sale agreements. As of July 31, 2020, we had $499,341,000 of remaining capacity under the Equity Shelf 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.

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 FFO and Adjusted EBITDA, which are further discussed below. Please see Non-GAAP Financial Measures for additional information and reconciliations. The following is a summary of our results of operations (dollars in thousands, except per share amounts):

	Three Months Ended		Change		Six Months Ended		Change	
	June 30, 2020	June 30, 2019	Amount	%	June 30, 2020	June 30, 2019	Amount	%
Net income	$ 159,216	$ 150,040	$ 9,176	6 %	$ 488,596	$ 442,342	$ 46,254	10 %
NICS	179,246	137,762	41,484	30 %	489,530	418,232	71,298	17 %
FFO	335,597	390,021	(54,424)	-14 %	691,721	748,404	(56,683)	-8 %
EBITDA	553,177	541,027	12,150	2 %	1,304,807	1,224,715	80,092	7 %
NOI	527,711	618,979	(91,268)	-15 %	1,104,532	1,220,417	(115,885)	-9 %
SSNOI	414,280	464,556	(50,276)	-11 %	832,325	886,723	(54,398)	-6 %
Per share data (fully diluted):								
NICS	$ 0.42	$ 0.34	$ 0.08	24 %	$ 1.17	$ 1.05	$ 0.13	12 %
FFO	$ 0.80	$ 0.96	$ (0.16)	-17 %	$ 1.66	$ 1.87	$ (0.21)	-11 %
Interest coverage ratio	4.29 x	3.74 x	0.55 x	15 %	4.88 x	4.27 x	0.61 x	14 %
Fixed charge coverage ratio	3.84 x	3.42 x	0.42 x	12 %	4.37 x	3.90 x	0.47 x	12 %

Seniors Housing Operating

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

	QTD Pool				YTD Pool			
	Three Months Ended		Change		Six Months Ended		Change	
	June 30, 2020	June 30, 2019	$	%	June 30, 2020	June 30, 2019	$	%
SSNOI [1]	$ 163,922	$ 217,562	$ (53,640)	-24.7 %	$ 336,658	$ 401,141	$ (64,483)	-16.1 %

[1] For the three and six months ended June 30, 2020 and 2019, amounts relate to 497 and 416 same store properties, respectively. Please see Non-GAAP Financial Measures for additional information and reconciliations.

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

	Three Months Ended		Change		Six Months Ended		Change	
	June 30, 2020	June 30, 2019	$	%	June 30, 2020	June 30, 2019	$	%
Revenues:								
Resident fees and services	$ 769,560	$ 914,085	$ (144,525)	-16 %	$ 1,619,532	$ 1,782,370	$ (162,838)	-9 %
Interest income	88	—	88	n/a	192	—	192	n/a
Other income	4,002	1,444	2,558	177 %	5,054	5,545	(491)	-9 %
Total revenues	773,650	915,529	(141,879)	-15 %	1,624,778	1,787,915	(163,137)	-9 %
Property operating expenses	595,513	637,317	(41,804)	-7 %	1,203,384	1,245,003	(41,619)	-3 %
NOI [1]	178,137	278,212	(100,075)	-36 %	421,394	542,912	(121,518)	-22 %
Other expenses:								
Depreciation and amortization	139,163	136,551	2,612	2 %	285,937	268,126	17,811	7 %
Interest expense	14,029	17,572	(3,543)	-20 %	30,463	35,823	(5,360)	-15 %
Loss (gain) on extinguishment of debt, net	(492)	—	(492)	n/a	(492)	—	(492)	n/a
Impairment of assets	75,151	—	75,151	n/a	78,646	—	78,646	n/a
Other expenses	5,251	11,857	(6,606)	-56 %	8,240	14,803	(6,563)	-44 %
	233,102	165,980	67,122	40 %	402,794	318,752	84,042	26 %
Income (loss) from continuing operations before income taxes and other items	(54,965)	112,232	(167,197)	-149 %	18,600	224,160	(205,560)	-92 %
Income (loss) from unconsolidated entities	(6,787)	(17,453)	10,666	61 %	(17,811)	(34,033)	16,222	48 %
Gain (loss) on real estate dispositions, net	14,465	(550)	15,015	n/a	14,316	(710)	15,026	n/a
Income from continuing operations	(47,287)	94,229	(141,516)	-150 %	15,105	189,417	(174,312)	-92 %
Net income (loss)	(47,287)	94,229	(141,516)	-150 %	15,105	189,417	(174,312)	-92 %
Less: Net income (loss) attributable to noncontrolling interests	(26,156)	2,236	(28,392)	n/a	(28,088)	3,977	(32,065)	n/a
Net income (loss) attributable to common stockholders	$ (21,131)	$ 91,993	$ (113,124)	-123 %	$ 43,193	$ 185,440	$ (142,247)	-77 %

[1] See Non-GAAP Financial Measures below.

Decreases in resident fees and services and property operating expenses are primarily a result of dispositions and decreases in occupancy across the portfolio due to the COVID-19 pandemic. Occupancy within our Seniors Housing Operating portfolio has declined as follows:

	February	March	April	May	June	July
Spot occupancy [1]	85.8 %	85.0 %	82.8 %	81.0 %	80.1 %	79.4 %
Sequential occupancy change		(0.8)%	(2.2)%	(1.8)%	(0.9)%	(0.7)%

[1] Spot occupancy represents approximate month end occupancy for properties in operation as of February 2020, including unconsolidated properties but excluding acquisitions, dispositions and development conversions since the start of the COVID-19 pandemic.

In addition, we have experienced increased operational costs of $43,058,000 and $50,352,000 during the three and six months ended June 30, 2020 included in property operating expenses as a result of the introduction of public health measures and other regulations affecting our properties, as well as additional health and safety measures adopted by us and our operators related to the COVID-19 pandemic, including increases in labor and property cleaning expenses and expenditures related to our efforts to procure PPE and supplies, net of reimbursements.

The fluctuations in depreciation and amortization are due to acquisitions and dispositions and variations in amortization of short-lived intangible assets. To the extent that we acquire or dispose of additional properties in the future, these amounts will change accordingly.

During the three months ended March 31, 2020, we recorded impairment charges on one held for use property as the carrying value exceeded the estimated fair value. During the three months ended June 30, 2020, we entered into and subsequently closed a definitive purchase and sale agreement to sell six properties. In conjunction with this transaction, an impairment charge of $56,371,000 was recognized. During the three months ended June 30, 2020, we agreed to terms including pricing for the sale of a portfolio of six properties previously classified as held for sale resulting in an impairment charge of $18,780,000. Transaction costs related to asset acquisitions are capitalized as a component of the purchase price. Changes in the gain on sales of properties are related to the volume and timing of property sales and the sales prices. The decrease in other expenses is primarily due to the decrease of noncapitalizable transaction costs associated with acquisitions and operator transitions.

During the six months ended June 30, 2020, we completed three Seniors Housing Operating construction projects representing $93,188,000 or $300,606 per unit. The following is a summary of our Seniors Housing Operating construction projects, excluding expansions, pending as of June 30, 2020 (dollars in thousands):

Location	Units	Commitment	Balance	Est. Completion
Potomac, MD	120	$ 56,720	$ 38,794	4Q20
Beckenham, UK	100	58,258	31,054	3Q21
Barnet, UK	100	63,700	30,839	4Q21
Hendon, UK	102	69,019	36,298	1Q22
	422	$ 247,697	136,985	
Toronto, ON	Project in planning stage		42,866	
Brookline, MA	Project in planning stage		21,011	
Washington, DC	Project in planning stage		20,803	
			$ 221,665	

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 following is a summary of our Seniors Housing Operating segment property secured debt principal activity (dollars in thousands):

	Three Months Ended				Six Months Ended			
	June 30, 2020		June 30, 2019		June 30, 2020		June 30, 2019	
	Amount	Wtd. Avg. Interest Rate	Amount	Wtd. Avg. Interest Rate	Amount	Wtd. Avg. Interest Rate	Amount	Wtd. Avg. Interest Rate
Beginning balance	$ 2,044,926	3.56 %	$ 1,995,343	3.79 %	$ 2,115,037	3.54 %	$ 1,810,587	3.87 %
Debt issued	—	— %	48,806	2.94 %	44,921	2.58 %	295,969	3.52 %
Debt assumed	—	— %	—	— %	—	— %	42,000	4.62 %
Debt extinguished	(290,198)	2.81 %	(36,903)	2.74 %	(306,238)	2.90 %	(151,473)	4.42 %
Principal payments	(11,603)	3.17 %	(11,225)	3.49 %	(23,776)	3.18 %	(22,430)	3.44 %
Foreign currency	36,500	3.01 %	22,159	3.31 %	(50,319)	3.19 %	43,527	3.33 %
Ending balance	$ 1,779,625	2.91 %	$ 2,018,180	3.80 %	$ 1,779,625	2.91 %	$ 2,018,180	3.80 %
Monthly averages	$ 2,009,523	3.17 %	$ 1,996,642	3.80 %	$ 2,044,995	3.33 %	$ 1,950,546	3.82 %

The majority of our Seniors Housing Operating properties are formed through partnership interests. Losses from unconsolidated entities are largely attributable to depreciation and amortization of short-lived intangible assets related to certain investments in unconsolidated joint ventures, as well as the disposal of an investment in an unconsolidated entity during the quarter ended June 30, 2019. Net income attributable to noncontrolling interests represents our partners' share of net income (loss) related to joint ventures. The decrease during the three months ended June 30, 2020 relates primarily to our partners' share of impairment charges recognized, offset by our partners' share of gains on dispositions.

Triple-net

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

	QTD Pool				YTD Pool			
	Three Months Ended		Change		Six Months Ended		Change	
	June 30, 2020	June 30, 2019	$	%	June 30, 2020	June 30, 2019	$	%
SSNOI [(1)]	$ 170,783	$ 169,784	$ 999	0.6 %	$ 340,770	$ 334,928	$ 5,842	1.7 %

(1) For the three and six months ended June 30, 2020 and 2019, amounts relate to 641 and 635 same store properties, respectively. Please see Non-GAAP Financial Measures for additional information and reconciliations.

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

	Three Months Ended		Change		Six Months Ended		Change	
	June 30, 2020	June 30, 2019	$	%	June 30, 2020	June 30, 2019	$	%
Revenues:								
Rental income	$ 217,492	$ 222,362	$ (4,870)	-2 %	$ 408,877	$ 454,394	$ (45,517)	-10 %
Interest income	15,520	17,118	(1,598)	-9 %	30,191	32,064	(1,873)	-6 %
Other income	607	1,278	(671)	-53 %	2,280	2,541	(261)	-10 %
Total revenues	233,619	240,758	(7,139)	-3 %	441,348	488,999	(47,651)	-10 %
Property operating expenses	13,563	12,823	740	6 %	26,865	27,778	(913)	-3 %
NOI (1)	220,056	227,935	(7,879)	-3 %	414,483	461,221	(46,738)	-10 %
Other expenses:								
Depreciation and amortization	58,138	56,056	2,082	4 %	115,832	117,404	(1,572)	-1 %
Interest expense	2,746	3,225	(479)	-15 %	5,598	6,665	(1,067)	-16 %
Loss (gain) on derivatives and financial instruments, net	1,434	1,913	(479)	-25 %	9,085	(574)	9,659	n/a
Provision for loan losses	1,451	—	1,451	n/a	8,523	18,690	(10,167)	-54 %
Impairment of assets	—	(940)	940	100	24,332	(940)	25,272	n/a
Other expenses	3,500	5,560	(2,060)	-37 %	4,013	8,589	(4,576)	-53 %
	67,269	65,814	1,455	2 %	167,383	149,834	17,549	12 %
Income (loss) from continuing operations before income taxes and other items	152,787	162,121	(9,334)	-6 %	247,100	311,387	(64,287)	-21 %
Income (loss) from unconsolidated entities	6,403	6,578	(175)	-3 %	12,199	12,236	(37)	— %
Gain (loss) on real estate dispositions, net	2,148	(1,130)	3,278	290 %	51,785	166,444	(114,659)	-69 %
Income from continuing operations	161,338	167,569	(6,231)	-4 %	311,084	490,067	(178,983)	-37 %
Net income	161,338	167,569	(6,231)	-4 %	311,084	490,067	(178,983)	-37 %
Less: Net income (loss) attributable to noncontrolling interests	9,103	9,230	(127)	-1 %	27,678	18,326	9,352	51 %
Net income attributable to common stockholders	$ 152,235	$ 158,339	$ (6,104)	-4 %	$ 283,406	$ 471,741	$ (188,335)	-40 %

(1) See Non-GAAP Financial Measures below.

The decrease in rental income is primarily attributable to the write off of straight-line rent receivables of $32,268,000 recognized during the quarter ended March 31, 2020 in conjunction with a lease amendment, the establishment of a reserve for straight-line rent receivable deemed uncollectible of $1,842,000 during the quarter ended June 30, 2020, as well as property dispositions during 2019 and 2020. 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 June 30, 2020, we had 9 leases with rental rate increases ranging from 0.16% to 0.36% in our Triple-net portfolio. Our Triple-net operators are experiencing similar impacts on occupancy and operating costs due to the COVID-19 pandemic as described above with respect to our Seniors Housing Operating properties. However, long-term/post-acute facilities are generally experiencing a higher degree of occupancy declines which may impact the ability of our Triple-net operators to make contractual rent payments to us in the future. Many of our Triple-net operators received funds under the CARES Act and operators of long-term/post-acute facilities have also received funds under the CARES Act Provider Relief Fund. Accordingly, collection of rent due during the COVID-19 pandemic to date (from March to July) have been consistent with historical collection rates and no significant rent concessions or deferrals have been made to date.

Depreciation and amortization fluctuates as a result of the acquisitions, dispositions and 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.

In March 2019, we recognized a provision for loan losses of $18,690,000 to fully reserve for certain real estate loans receivable that were no longer deemed collectible. During the three months ended March 31, 2020, we recognized a provision for loan losses of $6,898,000 to fully reserve for one non-real estate loan receivable that was no longer deemed collectible. During the three months ended June 30, 2020, we recognized a provision for loan losses of $1,303,00 to fully reserve for one real estate loan receivable that was no longer deemed collectible. During the three months ended March 31, 2020, we recorded impairment charges on certain held for use properties as the carrying values exceeded the estimated fair values. Changes in the gain on sales of properties are related to the volume and timing of property sales and the sales prices. Transaction costs related to asset acquisitions are capitalized as a component of purchase price. The fluctuation in other expenses is primarily due to noncapitalizable transaction costs from acquisitions and segment transitions.

During the six months ended June 30, 2020, we completed one Triple-net construction project representing $33,627,000 or $207,574 per unit. The following is a summary of Triple-net construction projects, excluding expansions, pending as of June 30, 2020 (dollars in thousands):

Location	Units/Beds	Commitment	Balance	Est. Completion
Westerville, OH	102	$ 27,200	$ 25,092	3Q20
Thousand Oaks, CA	82	24,763	15,281	4Q20
Droitwich, UK	70	15,665	13,360	4Q20
Redhill, UK	76	19,667	9,428	2Q21
Wombourne, UK	66	14,843	3,341	2Q22
Leicester, UK	60	13,853	3,692	2Q22
	456	$ 115,991	$ 70,194	

The fluctuation in loss (gain) on derivatives and financial instruments, net is primarily attributable to the mark-to-market adjustment recorded on our Genesis Healthcare, Inc. available-for-sale investment. 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				Six Months Ended			
	June 30, 2020		June 30, 2019		June 30, 2020		June 30, 2019	
	Amount	Wtd. Avg. Interest Rate	Amount	Wtd. Avg. Interest Rate	Amount	Wtd. Avg. Interest Rate	Amount	Wtd. Avg. Interest Rate
Beginning balance	$ 289,739	3.55 %	$ 292,258	3.62 %	$ 306,038	3.60 %	$ 288,386	3.63 %
Principal payments	(1,042)	5.16 %	(952)	5.25 %	(2,102)	5.16 %	(1,909)	5.25 %
Foreign currency	624	4.12 %	(3,354)	3.21 %	(14,615)	2.90 %	1,475	4.77 %
Ending balance	$ 289,321	3.27 %	$ 287,952	3.63 %	$ 289,321	3.27 %	$ 287,952	3.63 %
		0.0355003165979432						
Monthly averages	$ 286,599	3.36 %	$ 289,328	3.62 %	$ 293,300	3.47 %	$ 291,073	3.62 %

A portion of our Triple-net properties were formed through partnerships. Income or loss from unconsolidated entities represents our share of net income or losses from partnerships where we are the noncontrolling partner. Net income attributable to noncontrolling interests represents our partners' share of net income relating to those partnerships where we are the controlling partner. The increase during the three months ended March 31, 2020, relates primarily to our partner's share of gains on disposal of properties.

Outpatient Medical

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

	QTD Pool				YTD Pool			
	Three Months Ended		Change		Six Months Ended		Change	
	June 30, 2020	June 30, 2019	$	%	June 30, 2020	June 30, 2019	$	%
SSNOI [1]	$ 79,575	$ 77,210	$ 2,365	3.1 %	$ 154,897	$ 150,654	$ 4,243	2.8 %

[1] For the three and six months ended June 30, 2020 and 2019, amounts relate to 246 and 237 same store properties, respectively. Please see Non-GAAP Financial Measures for additional information and reconciliations.

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		Six Months Ended		Change	
	June 30, 2020	June 30, 2019	$	%	June 30, 2020	June 30, 2019	$	%
Revenues:								
Rental income	$ 178,813	$ 163,224	$ 15,589	10 %	$ 377,388	$ 312,276	$ 65,112	21 %
Interest income	461	238	223	94 %	927	411	516	126 %
Other income	1,557	(97)	1,654	n/a	1,845	139	1,706	n/a
Total revenues	180,831	163,365	17,466	11 %	380,160	312,826	67,334	22 %
Property operating expenses	51,688	50,987	701	1 %	112,296	99,153	13,143	13 %
NOI [1]	129,143	112,378	16,765	15 %	267,864	213,673	54,191	25 %
Other expenses:								
Depreciation and amortization	68,070	55,445	12,625	23 %	138,403	106,454	31,949	30 %
Interest expense	4,326	3,386	940	28 %	9,134	6,734	2,400	36 %
Loss (gain) on extinguishment of debt, net	741	—	741	n/a	741	—	741	n/a
Provision for loan losses	(29)	—	(29)	n/a	(29)	—	(29)	n/a
Impairment of assets	—	10,879	(10,879)	-100 %	—	10,879	(10,879)	-100 %
Other expenses	6,456	(4)	6,460	n/a	7,463	750	6,713	n/a
	79,564	69,706	9,858	14 %	155,712	124,817	30,895	25 %
Income (loss) from continuing operations before income taxes and other items	49,579	42,672	6,907	16 %	112,152	88,856	23,296	26 %
Income (loss) from unconsolidated entities	1,716	1,826	(110)	-6 %	3,252	3,549	(297)	-8 %
Gain (loss) on real estate dispositions, net	139,250	(2)	139,252	n/a	352,586	(7)	352,593	n/a
Income from continuing operations	190,545	44,496	146,049	328 %	467,990	92,398	375,592	406 %
Net income (loss)	190,545	44,496	146,049	328 %	467,990	92,398	375,592	406 %
Less: Net income (loss) attributable to noncontrolling interests	(2,977)	812	(3,789)	-467 %	(524)	1,807	(2,331)	-129 %
Net income (loss) attributable to common stockholders	$ 193,522	$ 43,684	$ 149,838	343 %	$ 468,514	$ 90,591	$ 377,923	417 %

[1] See Non-GAAP Financial Measures.

The increases in rental income are primarily attributable to acquisitions of new properties and the conversion of newly constructed outpatient medical properties, particularly the $1.25 billion CNL Healthcare Properties portfolio acquisition that closed in May 2019, partially offset by dispositions. 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 June 30, 2020, our consolidated outpatient medical portfolio signed 121,150 square feet of new leases and 353,185 square feet of renewals. The weighted-average term of these leases was six years, with a rate of $36.45 per square foot and tenant improvement and lease commission costs of $17.48 per square foot. Substantially all of these leases contain an annual fixed or contingent escalation rent structure ranging from 1.5% to 5.0%. In addition, our Outpatient Medical tenants are experiencing temporary medical practice closures or decreases in revenue due to government imposed restrictions on elective medical procedures or decisions by patients to delay treatments which may adversely effect their ability to make contractual rent payments. We have either collected or approved short term deferrals for over 99% of rent due in the second quarter, consisting of 87% cash collections and 12% of short term deferrals. In most cases, the deferred rent respresents two months of rent with expected repayment by the end of the year. Approximately 98% of rent due in July was either collected or aproved for short term deferral, with cash collections accelerating to approximately 95%. Short term deferrals of July rent decreased to 3%, which primarily relates to tenants in local jurisdictions for which relief was mandated. Furthermore, collections of deferred rent due in June and July under executed deferrals were 96%.

The fluctuation in property operating expenses and depreciation and amortization are primarily attributable to acquisitions and construction conversions of outpatient medical facilities, offset by dispositions. To the extent that we acquire or dispose of additional properties in the future, these amounts will change accordingly. During the six months ended June 30, 2019, we recognized impairment charges related to certain held for sale properties as the carrying values exceeded the estimated fair values less costs to sell. Changes in gains/losses on sales of properties are related to volume of property sales and the sales prices. The increase in other expense during the three months ended June 30, 2020 is primarily due to noncapitalizable transaction costs from acquisitions no longer expected to be consummated.

During the six months ended June 30, 2020, we completed three Outpatient Medical construction projects representing $43,493,000 or $306 per square foot. The following is a summary of the Outpatient Medical construction projects, excluding expansions, pending as of June 30, 2020 (dollars in thousands):

Location	Square Feet	Commitment	Balance	Est. Completion
Brooklyn, NY	140,955	$ 105,306	$ 93,646	4Q20

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				Six Months Ended			
	June 30, 2020		June 30, 2019		June 30, 2020		June 30, 2019	
	Amount	Wtd. Ave Interest Rate	Amount	Wtd. Ave Interest Rate	Amount	Wtd. Ave Interest Rate	Amount	Wtd. Ave Interest Rate
Beginning balance	$ 569,974	3.94 %	$ 385,357	4.25 %	$ 572,267	3.97 %	$ 386,738	4.20 %
Debt extinguished	(8,393)	4.40 %	—	— %	(8,393)	4.40 %	—	— %
Principal payments	(2,538)	4.61 %	(1,507)	5.02 %	(4,831)	4.63 %	(2,888)	5.06 %
Ending balance	$ 559,043	3.59 %	$ 383,850	4.22 %	$ 559,043	3.59 %	$ 383,850	4.22 %
Monthly averages	$ 566,608	3.75 %	$ 384,603	4.24 %	$ 568,751	3.85 %	$ 386,088	4.24 %

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		Six Months Ended		Change	
	June 30, 2020	June 30, 2019	$	%	June 30, 2020	June 30, 2019	$	%
Revenues:								
Other income	$ 375	$ 454	$ (79)	-17 %	$ 791	$ 2,611	$ (1,820)	-70 %
Total revenue	375	454	(79)	-17 %	791	2,611	(1,820)	-70 %
Expenses:								
Interest expense	105,256	117,153	(11,897)	-10 %	223,169	237,346	(14,177)	-6 %
General and administrative expenses	34,062	33,741	321	1 %	69,543	69,023	520	1 %
Loss (gain) on extinguishment of debt, net	—	—	—	n/a	—	15,719	(15,719)	-100 %
Other expenses	4,204	4,215	(11)	— %	5,987	6,242	(255)	-4 %
	143,522	155,109	(11,587)	-7 %	298,699	328,330	(29,631)	-9 %
Loss from continuing operations before income taxes and other items	(143,147)	(154,655)	11,508	7 %	(297,908)	(325,719)	27,811	9 %
Income tax (expense) benefit	(2,233)	(1,599)	(634)	-40 %	(7,675)	(3,821)	(3,854)	-101 %
Loss from continuing operations	(145,380)	(156,254)	10,874	7 %	(305,583)	(329,540)	23,957	7 %
Net loss attributable to common stockholders	$ (145,380)	$ (156,254)	$ 10,874	7 %	$ (305,583)	$ (329,540)	$ 23,957	7 %

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

	Three Months Ended		Change		Six Months Ended		Change	
	June 30, 2020	June 30, 2019	$	%	June 30, 2020	June 30, 2019	$	%
Senior unsecured notes	$ 98,141	$ 98,475	$ (334)	— %	$ 201,675	$ 207,231	$ (5,556)	-3 %
Unsecured credit facility and commercial paper program	2,816	15,160	(12,344)	-81 %	12,984	22,678	(9,694)	-43 %
Loan expense	4,299	3,518	781	22 %	8,510	7,437	1,073	14 %
Totals	$ 105,256	$ 117,153	$ (11,897)	-10 %	$ 223,169	$ 237,346	$ (14,177)	-6 %

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. The loss on extinguishment recognized during the six months ended June 30, 2019 is due to the early extinguishment of the $600,000,000 of 4.125% senior unsecured notes due 2019 and the $450,000,000 of 6.125% senior unsecured notes due 2020.

General and administrative expenses as a percentage of consolidated revenues for the three months ended June 30, 2020 and 2019 were 2.87% and 2.56%, 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.

Non-GAAP Financial Measures

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

Consolidated net operating income (“NOI”) is used to evaluate the operating performance of our properties. We define NOI as total revenues, including tenant reimbursements, less property operating expenses. Property operating expenses represent costs associated with managing, maintaining and servicing tenants for our properties. These expenses include, but are not limited to, property-related payroll and benefits, property management fees paid to operators, marketing, housekeeping, food service, maintenance, utilities, property taxes and insurance. General and administrative expenses represent costs unrelated to property operations. These expenses include, but are not limited to, payroll and benefits, professional services, office expenses and depreciation of corporate fixed assets. Same store NOI (“SSNOI”) is used to evaluate the operating performance of our properties using a consistent population which controls for changes in the composition of our portfolio. 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 or six full quarters after acquisition or being placed into service for the QTD Pool and the YTD Pool, respectively. 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 or six full quarters post completion of the redevelopment for the QTD Pool and YTD Pool, respectively. Properties undergoing operator transitions and/or segment transitions are also excluded from SSNOI until five full quarters or six full quarters post completion of the transition for the QTD Pool and YTD Pool, respectively. In addition, properties significantly impacted by force majeure, acts of God, or other extraordinary adverse events are excluded from SSNOI until five full quarters or six full quarters after the properties are placed back into service for the QTD Pool and YTD Pool, respectively. SSNOI excludes non-cash NOI and includes adjustments to present consistent ownership percentages and to translate Canadian properties and UK 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 stands for earnings (net income) before interest, taxes, depreciation and amortization. We believe that EBITDA, along with net income and cash flow provided from operating activities, is an important supplemental measure because it provides additional information to assess and evaluate the performance of our operations. We primarily utilize EBITDA to measure our interest coverage ratio, which represents EBITDA divided by total interest, and our fixed charge coverage ratio, which represents EBITDA divided by fixed charges. Fixed charges include total interest and secured debt principal amortization. Covenants in our senior unsecured notes and primary unsecured credit facility contain financial ratios based on a definition of EBITDA that is specific to those agreements. Failure to satisfy these covenants could result in an event of default that could have a material adverse impact on our cost and availability of capital, which could in turn, have a material adverse impact on our consolidated results of operations, liquidity and/or financial condition. Due to the materiality of these debt agreements and the financial covenants, we have disclosed Adjusted EBITDA, which represents EBITDA as defined above excluding unconsolidated entities and adjusted for items per our covenant. We use Adjusted EBITDA to measure our adjusted fixed charge coverage ratio, which represents Adjusted EBITDA divided by fixed charges on a trailing twelve months basis. Fixed charges include total interest (excluding capitalized interest and non-cash interest expenses), secured debt principal amortization and preferred dividends. Our covenant requires an adjusted fixed charge coverage ratio of at least 1.50 times.

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

	Three Months Ended					
NOI Reconciliations:	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019
Net income (loss)	$ 159,216	$ 329,380	$ 240,136	$ 647,932	$ 150,040	$ 292,302
Loss (gain) on real estate dispositions, net	(155,863)	(262,824)	(12,064)	(570,250)	1,682	(167,409)
Loss (income) from unconsolidated entities	(1,332)	3,692	(57,420)	(3,262)	9,049	9,199
Income tax expense (benefit)	2,233	5,442	(4,832)	3,968	1,599	2,222
Other expenses	19,411	6,292	16,042	6,186	21,628	8,756
Impairment of assets	75,151	27,827	98	18,096	9,939	—
Provision for loan losses	1,422	7,072	—	—	—	18,690
Loss (gain) on extinguishment of debt, net	249	—	2,612	65,824	—	15,719
Loss (gain) on derivatives and financial instruments, net	1,434	7,651	(5,069)	1,244	1,913	(2,487)
General and administrative expenses	34,062	35,481	26,507	31,019	33,741	35,282
Depreciation and amortization	265,371	274,801	262,644	272,445	248,052	243,932
Interest expense	126,357	142,007	131,648	137,343	141,336	145,232
Consolidated net operating income (NOI)	$ 527,711	$ 576,821	$ 600,302	$ 610,545	$ 618,979	$ 601,438
NOI by segment:						
Seniors Housing Operating	$ 178,137	$ 243,257	$ 242,453	$ 254,155	$ 278,212	$ 264,700
Triple-net	220,056	194,427	226,837	230,685	227,935	233,286
Outpatient Medical	129,143	138,721	130,498	124,864	112,378	101,295
Non-segment/corporate	375	416	514	841	454	2,157
Total NOI	$ 527,711	$ 576,821	$ 600,302	$ 610,545	$ 618,979	$ 601,438

	Six Months Ended	
	June 30, 2020	June 30, 2019
NOI Reconciliations:		
Net income (loss)	$ 488,596	$ 442,342
Loss (gain) on real estate dispositions, net	(418,687)	(165,727)
Loss (income) from unconsolidated entities	2,360	18,248
Income tax expense (benefit)	7,675	3,821
Other expenses	25,703	30,384
Impairment of assets	102,978	9,939
Provision for loan losses	8,494	18,690
Loss (gain) on extinguishment of debt, net	249	15,719
Loss (gain) on derivatives and financial instruments, net	9,085	(574)
General and administrative expenses	69,543	69,023
Depreciation and amortization	540,172	491,984
Interest expense	268,364	286,568
Consolidated net operating income (NOI)	$ 1,104,532	$ 1,220,417
NOI by segment:		
Seniors Housing Operating	$ 421,394	$ 542,912
Triple-net	414,483	461,221
Outpatient Medical	267,864	213,673
Non-segment/corporate	791	2,611
Total NOI	$ 1,104,532	$ 1,220,417

	QTD Pool		YTD Pool	
	Three Months Ended		Six Months Ended	
SSNOI Reconciliations:	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Seniors Housing Operating:				
Consolidated NOI	$ 178,137	$ 278,212	$ 421,394	$ 542,912
NOI attributable to unconsolidated investments	14,954	16,439	28,231	32,462
NOI attributable to noncontrolling interests	(13,547)	(22,167)	(30,624)	(41,869)
NOI attributable to non-same store properties	(15,796)	(53,994)	(79,900)	(131,368)
Non-cash NOI attributable to same store properties	(959)	(82)	(1,834)	457
Currency and ownership adjustments [(1)]	1,133	(846)	(609)	(1,453)
SSNOI at Welltower Share	163,922	217,562	336,658	401,141
Triple-net:				
Consolidated NOI	220,056	227,935	414,483	461,221
NOI attributable to unconsolidated investments	5,133	5,078	10,266	10,266
NOI attributable to noncontrolling interests	(14,613)	(14,435)	(29,396)	(29,136)
NOI attributable to non-same store properties	(28,722)	(32,954)	(56,524)	(76,160)
Non-cash NOI attributable to same store properties	(12,132)	(16,074)	789	(31,347)
Currency and ownership adjustments [(1)]	1,061	234	1,152	84
SSNOI at Welltower Share	170,783	169,784	340,770	334,928
Outpatient Medical:				
Consolidated NOI	129,143	112,378	267,864	213,673
NOI attributable to unconsolidated investments	1,063	310	3,524	617
NOI attributable to noncontrolling interests	(2,366)	(6,139)	(8,366)	(13,128)
NOI attributable to non-same store properties	(47,581)	(21,077)	(97,787)	(32,485)
Non-cash NOI attributable to same store properties	(1,057)	(1,903)	(2,791)	(3,892)
Currency and ownership adjustments [(1)]	373	(6,359)	(7,547)	(14,131)
SSNOI at Welltower Share	79,575	77,210	154,897	150,654
SSNOI at Welltower Share:				
Seniors Housing Operating	163,922	217,562	336,658	401,141
Triple-net	170,783	169,784	340,770	334,928
Outpatient Medical	79,575	77,210	154,897	150,654
Total	$ 414,280	$ 464,556	$ 832,325	$ 886,723

[(1)] Includes adjustments to reflect consistent property ownership percentages, to translate Canadian properties at a USD/CAD rate of 1.32 and to translate UK properties at a GBP/USD rate of 1.30.

SSNOI Property Reconciliations:	QTD Pool				YTD Pool			
	Seniors Housing Operating	Triple-net	Outpatient Medical	Total	Seniors Housing Operating	Triple-net	Outpatient Medical	Total
Consolidated properties	526	653	347	1,526	526	653	347	1,526
Unconsolidated properties	86	39	36	161	86	39	36	161
Total properties	612	692	383	1,687	612	692	383	1,687
Recent acquisitions/development conversions[1]	(34)	(8)	(113)	(155)	(71)	(11)	(122)	(204)
Under development	(23)	(6)	(1)	(30)	(23)	(6)	(1)	(30)
Under redevelopment[2]	(10)	(1)	(2)	(13)	(11)	(1)	(2)	(14)
Current held for sale	(7)	(3)	(13)	(23)	(7)	(3)	(13)	(23)
Land parcels, loans and subleases	(10)	(17)	(8)	(35)	(10)	(17)	(8)	(35)
Transitions[3]	(31)	(16)	—	(47)	(73)	(19)	—	(92)
Other	—	—	—	—	(1)	—	—	(1)
Same store properties	497	641	246	1,384	416	635	237	1,288

[1] Acquisitions and development conversions will enter the QTD Pool and YTD Pool five full quarters and six full quarters after acquisition or certificate of occupancy, respectively.
[2] Redevelopment properties will enter the QTD Pool and YTD Pool after five full quarters and six full quarters of operations post redevelopment completion, respectively.
[3] Transitioned properties will enter the QTD Pool and YTD Pool after five full quarters and six full quarter of operations with the new operator in place or under the new structure, respectively.

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.

FFO Reconciliation:	Three Months Ended					
	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019
Net income attributable to common stockholders	$ 179,246	$ 310,284	$ 224,324	$ 589,876	$ 137,762	$ 280,470
Depreciation and amortization	265,371	274,801	262,644	272,445	248,052	243,932
Impairment of assets	75,151	27,827	98	18,096	9,939	—
Loss (gain) on real estate dispositions, net	(155,863)	(262,824)	(12,064)	(570,250)	1,682	(167,409)
Noncontrolling interests	(42,539)	(9,409)	(14,895)	31,347	(18,889)	(17,760)
Unconsolidated entities	14,231	15,445	16,191	10,864	11,475	19,150
FFO	$ 335,597	$ 356,124	$ 476,298	$ 352,378	$ 390,021	$ 358,383
Average diluted shares outstanding	419,121	412,420	407,904	406,891	406,673	393,452
Per diluted share data:						
Net income attributable to common stockholders[1]	$ 0.42	$ 0.75	$ 0.55	$ 1.45	$ 0.34	$ 0.71
FFO	$ 0.80	$ 0.86	$ 1.17	$ 0.87	$ 0.96	$ 0.91

[1] Includes adjustment to the numerator for income (loss) attributable to OP unitholders.

	Six Months Ended	
FFO Reconciliations:	June 30, 2020	June 30, 2019
Net income attributable to common stockholders	$ 489,530	$ 418,232
Depreciation and amortization	540,172	491,984
Impairment of assets	102,978	9,939
Loss (gain) on real estate dispositions, net	(418,687)	(165,727)
Noncontrolling interests	(51,948)	(36,649)
Unconsolidated entities	29,676	30,625
FFO	$ 691,721	$ 748,404
Average diluted common shares outstanding:	415,775	400,096
Per diluted share data:		
Net income attributable to common stockholders[(1)]	$ 1.17	$ 1.05
FFO	$ 1.66	$ 1.87

[(1)] Includes adjustment to the numerator for income (loss) attributable to OP unitholders.

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					
EBITDA Reconciliations:	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019
Net income (loss)	$ 159,216	$ 329,380	$ 240,136	$ 647,932	$ 150,040	$ 292,302
Interest expense	126,357	142,007	131,648	137,343	141,336	145,232
Income tax expense (benefit)	2,233	5,442	(4,832)	3,968	1,599	2,222
Depreciation and amortization	265,371	274,801	262,644	272,445	248,052	243,932
EBITDA	$ 553,177	$ 751,630	$ 629,596	$ 1,061,688	$ 541,027	$ 683,688
Interest Coverage Ratio:						
Interest expense	$ 126,357	$ 142,007	$ 131,648	$ 137,343	$ 141,336	$ 145,232
Non-cash interest expense	(1,914)	(8,125)	(734)	(1,988)	(752)	(5,171)
Capitalized interest	4,541	4,746	4,868	4,148	3,929	2,327
Total interest	128,984	138,628	135,782	139,503	144,513	142,388
EBITDA	$ 553,177	$ 751,630	$ 629,596	$ 1,061,688	$ 541,027	$ 683,688
Interest coverage ratio	4.29 x	5.42 x	4.64 x	7.61 x	3.74 x	4.80 x
Fixed Charge Coverage Ratio:						
Total interest	$ 128,984	$ 138,628	$ 135,782	$ 139,503	$ 144,513	$ 142,388
Secured debt principal payments	15,183	15,526	13,977	13,121	13,684	13,543
Total fixed charges	144,167	154,154	149,759	152,624	158,197	155,931
EBITDA	$ 553,177	$ 751,630	$ 629,596	$ 1,061,688	$ 541,027	$ 683,688
Fixed charge coverage ratio	3.84 x	4.88 x	4.20 x	6.96 x	3.42 x	4.38 x

	Six Months Ended	
EBITDA Reconciliations:	June 30, 2020	June 30, 2019
Net income (loss)	$ 488,596	$ 442,342
Interest expense	268,364	286,568
Income tax expense (benefit)	7,675	3,821
Depreciation and amortization	540,172	491,984
EBITDA	$ 1,304,807	$ 1,224,715
Interest Coverage Ratio:		
Interest expense	$ 268,364	$ 286,568
Non-cash interest expense	(10,039)	(5,923)
Capitalized interest	9,287	6,256
Total interest	267,612	286,901
EBITDA	$ 1,304,807	$ 1,224,715
Interest coverage ratio	4.88 x	4.27 x
Fixed Charge Coverage Ratio:		
Total interest	$ 267,612	$ 286,901
Secured debt principal payments	30,709	27,227
Total fixed charges	298,321	314,128
EBITDA	$ 1,304,807	$ 1,224,715
Fixed charge coverage ratio	4.37 x	3.90 x

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					
Adjusted EBITDA Reconciliations:	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019
Net income	$ 1,376,664	$ 1,367,488	$ 1,330,410	$ 1,214,970	$ 651,264	$ 668,497
Interest expense	537,355	552,334	555,559	568,280	568,969	549,049
Income tax expense (benefit)	6,811	6,177	2,957	9,293	7,066	9,308
Depreciation and amortization	1,075,261	1,057,942	1,027,073	1,007,263	977,967	966,190
EBITDA	2,996,091	2,983,941	2,915,999	2,799,806	2,205,266	2,193,044
Loss (income) from unconsolidated entities	(58,322)	(47,941)	(42,434)	14,791	17,709	7,411
Stock-based compensation expense [1]	24,229	24,601	25,047	25,347	26,113	23,618
Loss (gain) on extinguishment of debt, net	68,685	68,436	84,155	81,596	19,810	20,109
Loss (gain) on real estate dispositions, net	(1,001,001)	(843,456)	(748,041)	(777,890)	(232,363)	(244,800)
Impairment of assets	121,172	55,960	28,133	104,057	92,701	87,394
Provision for loan losses	8,494	7,072	18,690	18,690	18,690	18,690
Loss (gain) on derivatives and financial instruments, net	5,260	5,739	(4,399)	2,296	10,043	670
Other expenses [1]	46,971	48,327	51,052	45,512	126,994	117,942
Other impairment [2]	34,110	32,268	—	—	—	—
Additional other income	—	—	—	(4,027)	(4,027)	(14,832)
Adjusted EBITDA	$ 2,245,689	$ 2,334,947	$ 2,328,202	$ 2,310,178	$ 2,280,936	$ 2,209,246
Adjusted Interest Coverage Ratio:						
Interest expense	$ 537,355	$ 552,334	$ 555,559	$ 568,280	$ 568,969	$ 549,049
Capitalized interest	18,303	17,691	15,272	11,952	9,725	7,896
Non-cash interest expense	(12,761)	(11,599)	(8,645)	(11,218)	(10,888)	(11,852)
Total interest	542,897	558,426	562,186	569,014	567,806	545,093
Adjusted EBITDA	$ 2,245,689	$ 2,334,947	$ 2,328,202	$ 2,310,178	$ 2,280,936	$ 2,209,246
Adjusted interest coverage ratio	4.14 x	4.18 x	4.14 x	4.06 x	4.02 x	4.05 x
Adjusted Fixed Charge Coverage Ratio:						
Total interest	$ 542,897	$ 558,426	$ 562,186	$ 569,014	$ 567,806	$ 545,093
Secured debt principal payments	57,807	56,308	54,325	54,342	55,129	55,584
Preferred dividends	—	—	—	11,676	23,352	35,028
Total fixed charges	600,704	614,734	616,511	635,032	646,287	635,705
Adjusted EBITDA	$ 2,245,689	$ 2,334,947	$ 2,328,202	$ 2,310,178	$ 2,280,936	$ 2,209,246
Adjusted fixed charge coverage ratio	3.74 x	3.80 x	3.78 x	3.64 x	3.53 x	3.48 x

[1] Certain severance-related costs are included in stock-based compensation and excluded from other expenses.
[2] Represents straight-line recent receivable deemed uncollectible.

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

	As of					
	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019
Book capitalization:						
Unsecured credit facility and commercial paper	$ —	$ 844,985	$ 1,587,597	$ 1,334,586	$ 1,869,188	$ 419,293
Long-term debt obligations [(1)]	14,543,485	13,228,433	13,436,365	12,463,680	13,390,344	12,371,729
Cash and cash equivalents [(2)]	(1,766,819)	(303,423)	(284,917)	(265,788)	(268,666)	(249,127)
Total net debt	12,776,666	13,769,995	14,739,045	13,532,478	14,990,866	12,541,895
Total equity and noncontrolling interests[(3)]	17,263,672	17,495,696	16,982,504	16,696,070	16,452,806	16,498,376
Book capitalization	$ 30,040,338	$ 31,265,691	$ 31,721,549	$ 30,228,548	$ 31,443,672	$ 29,040,271
Net debt to book capitalization ratio	43 %	44 %	46 %	45 %	48 %	43 %
Undepreciated book capitalization:						
Total net debt	$ 12,776,666	$ 13,769,995	$ 14,739,045	$ 13,532,478	$ 14,990,866	$ 12,541,895
Accumulated depreciation and amortization	6,001,177	5,910,979	5,715,459	5,769,843	5,539,435	5,670,111
Total equity and noncontrolling interests[(3)]	17,263,672	17,495,696	16,982,504	16,696,070	16,452,806	16,498,376
Undepreciated book capitalization	$ 36,041,515	$ 37,176,670	$ 37,437,008	$ 35,998,391	$ 36,983,107	$ 34,710,382
Net debt to undepreciated book capitalization ratio	35 %	37 %	39 %	38 %	41 %	36 %
Market capitalization:						
Common shares outstanding	417,302	417,391	410,257	405,758	405,254	403,740
Period end share price	$ 51.75	$ 45.78	$ 81.78	$ 90.65	$ 81.53	$ 77.6
Common equity market capitalization	$ 21,595,379	$ 19,108,160	$ 33,550,817	$ 36,781,963	$ 33,040,359	$ 31,330,224
Total net debt	12,776,666	13,769,995	14,739,045	13,532,478	14,990,866	12,541,895
Noncontrolling interests[(3)]	1,215,532	1,362,913	1,442,060	1,430,005	1,458,351	1,419,885
Market capitalization	$ 35,587,577	$ 34,241,068	$ 49,731,922	$ 51,744,446	$ 49,489,576	$ 45,292,004
Net debt to market capitalization ratio	36 %	40 %	30 %	26 %	30 %	28 %

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

[(2)] Inclusive of IRC section 1031 deposits, if any.

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

Critical Accounting Policies

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

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

Management has discussed the development and selection of its critical accounting policies with the Audit Committee of the Board of Directors. Management believes the current assumptions and other considerations used to estimate amounts reflected in our unaudited consolidated financial statements are appropriate and are not reasonably likely to change in the future. However, since these estimates require assumptions to be made that were uncertain at the time the estimate was made, they bear the risk of change. If actual experience differs from the assumptions and other considerations used in estimating amounts reflected in our unaudited consolidated financial statements, the resulting changes could have a material adverse effect on our consolidated results of operations, liquidity and/or financial condition. Please refer to Note 2 to the financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2019 for further information regarding significant accounting policies that impact us. There have been no material changes to these policies in 2020, except the adoption of ASC 2016-13. See Notes 2 and 7 to the unaudited consolidated financial statements for details.

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 duration and scope of the COVID-19 pandemic; the impact of the COVID-19 pandemic on occupancy rates and on the operations of Welltower and its operators/tenants; actions governments take in response to the COVID-19 pandemic, including the introduction of public health measures and other regulations affecting Welltower’s properties and the operations of Welltower and its operators/tenants; the effects of health and safety measures adopted by Welltower and its operators/tenants related to the COVID-19 pandemic; increased operational costs as a result of health and safety measures related to COVID-19; the impact of the COVID-19 pandemic on the business and financial condition of operators/tenants and their ability to make payments to Welltower; disruptions to Welltower's property acquisition and disposition activity due to economic uncertainty caused by COVID-19; general economic uncertainty in key markets as a result of the COVID-19 pandemic and a worsening of global economic conditions or low levels of economic growth; the status of capital markets, including availability and cost of capital; uncertainty from the expected discontinuance of LIBOR and the transition to any other interest rate benchmark; issues facing the health care industry, including compliance with, and changes to, regulations and payment policies, responding to government investigations and punitive settlements and operators’/tenants’ difficulty in cost effectively obtaining and maintaining adequate liability and other insurance; changes in financing terms; competition within the health care and seniors housing industries; negative developments in the operating results or financial condition of operators/tenants, including, but not limited to, their ability to pay rent and repay loans; 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 Welltower’s 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, 2019, including factors identified under the headings “Business,” “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” Finally, the Company undertakes no obligation to update or revise publicly any forward-looking statements, whether because of new information, future events or otherwise, or to update the reasons why actual results could differ from those projected in any forward-looking statements.

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

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

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

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

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

	June 30, 2020		December 31, 2019	
	Principal balance	Change in fair value	Principal balance	Change in fair value
Senior unsecured notes	$ 10,219,090	$ (734,201)	$ 9,724,691	$ (751,848)
Secured debt	1,703,145	(60,928)	1,814,229	(69,756)
Totals	$ 11,922,235	$ (795,129)	$ 11,538,920	$ (821,604)

Our variable rate debt, including our unsecured revolving credit facility and commercial paper program, is reflected at fair value. At June 30, 2020, we had $2,618,465,000 outstanding related to our variable rate debt. Assuming no changes in outstanding balances, a 1% increase in interest rates would result in increased annual interest expense of $26,185,000. At December 31, 2019, we had $3,470,584,000 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 $34,706,000.

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 June 30, 2020, including the impact of existing hedging arrangements, if these exchange rates were to increase or decrease by 10%, our net income from these investments would increase or decrease, as applicable, by less than $6,000,000. 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):

	June 30, 2020		December 31, 2019	
	Carrying Value	Change in fair value	Carrying Value	Change in fair value
Foreign currency forward contracts	$ 163,527	$ 11,194	$ 26,767	$ 12,136
Debt designated as hedges	1,482,366	14,824	1,586,116	15,861
Totals	$ 1,645,893	$ 26,018	$ 1,612,883	$ 27,997

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

Item 4. *Controls and Procedures*

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

PART II. OTHER INFORMATION

Item 1. *Legal Proceedings*

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

Item 1A. *Risk Factors*

There have been no material changes from the risk factors identified under the heading "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2019 and updated in our Quarterly Report on Form 10-Q for the period ending March 31, 2020.

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

During the three months ended June 30, 2020, 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 second quarter ended June 30, 2020 are as shown in the table below.

On May 1, 2020, our Board of Directors authorized a share repurchase program whereby we may repurchase up to $1 billion of common stock through December 31, 2021 (the "Repurchase Program"). Under this authorization, we are not required to purchase shares but may choose to do so in the open market or through private transactions at times and amounts based on our evaluation of market conditions and other factors. We expect to finance any share repurchases under the Repurchase Program using available cash and may use proceeds from borrowings or debt offerings. During the three months ended June 30, 2020, we repurchased 201,947 shares at an average price of $37.89 per share.

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
April 1, 2020 through April 30, 2020	286	$ 49.01	—	$ —
May 1, 2020 through May 31, 2020	201,947	37.89	201,947	992,348,000
June 1, 2020 through June 30, 2020	—	—	—	—
Totals	202,233	$ 37.91	201,947	$ 992,348,000

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Item 5. *Other Information*

None.

Item 6. ***Exhibits***

4.1	Supplemental Indenture No. 18, dated as of June 30, 2020, between the Company and the Trustee (incorporated by reference to Exhibit 4.2 to Form 8-K filed on June 30, 2020).
31.1	Rule 13a-14(a)/15d-14(a) Certification of Chairman and 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 Chairman and 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 June 30, 2020, formatted in Inline XBRL

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 undersigned thereunto duly authorized.

WELLTOWER INC.

Date:	August 6, 2020	By: /s/ THOMAS J. DEROSA Thomas J. DeRosa, Chairman and Chief Executive Officer (Principal Executive Officer)
Date:	August 6, 2020	By: /s/ TIMOTHY G. MCHUGH Timothy G. McHugh, Executive Vice President and Chief Financial Officer (Principal Financial Officer)
Date:	August 6, 2020	By: /s/ JOSHUA T. FIEWEGER Joshua T. Fieweger, Senior Vice President and Controller (Principal Accounting Officer)

EXHIBIT 31.1

CERTIFICATION OF CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

1. I have reviewed this quarterly report on Form 10-Q of Welltower Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 6, 2020

/s/ THOMAS J. DEROSA

Thomas J. DeRosa,

Chairman and Chief Executive Officer

EXHIBIT 31.2

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: August 6, 2020

/s/ TIMOTHY G. MCHUGH

Timothy G. McHugh,

Executive Vice President and Chief Financial Officer

EXHIBIT 32.1

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

I, Thomas J. DeRosa, the Chairman and Chief Executive Officer of Welltower Inc. (the “Company”), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350), that (i) the Quarterly Report on Form 10-Q for the Company for the quarter ended June 30, 2020 (the “Report”), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ THOMAS J. DEROSA

Thomas J. DeRosa,

Chairman and Chief Executive Officer

Date: August 6, 2020

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.

EXHIBIT 32.2

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 June 30, 2020 (the “Report”), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ TIMOTHY G. MCHUGH

Timothy G. McHugh,

Executive Vice President and Chief Financial Officer

Date: August 6, 2020

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.