UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 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 (Do not check if a smaller reporting company)	☐	Smaller reporting company	☐	Emerging growth company	☐

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

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

As of October 23, 2020, the registrant had 417,304,860 shares of common stock outstanding.

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PART I. FINANCIAL INFORMATION

Item 1. ***Financial Statements***

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

	September 30, 2020 (Unaudited)	December 31, 2019 (Note)
Assets:		
Real estate investments:		
Real property owned:		
Land and land improvements	$ 3,386,072	$ 3,486,620
Buildings and improvements	27,782,471	29,163,305
Acquired lease intangibles	1,509,053	1,617,051
Real property held for sale, net of accumulated depreciation	362,886	1,253,008
Construction in progress	414,833	507,931
Less accumulated depreciation and amortization	(6,002,775)	(5,715,459)
Net real property owned	27,452,540	30,312,456
Right of use assets, net	480,861	536,433
Real estate loans receivable, net of credit allowance	414,706	270,382
Net real estate investments	28,348,107	31,119,271
Other assets:		
Investments in unconsolidated entities	822,586	583,423
Goodwill	68,321	68,321
Cash and cash equivalents	1,603,740	284,917
Restricted cash	551,593	100,849
Straight-line rent receivable	334,203	466,222
Receivables and other assets	813,047	757,748
Total other assets	4,193,490	2,261,480
Total assets	$ 32,541,597	$ 33,380,751
Liabilities and equity		
Liabilities:		
Unsecured credit facility and commercial paper	$ —	$ 1,587,597
Senior unsecured notes	11,321,573	10,336,513
Secured debt	2,459,659	2,990,962
Lease liabilities	427,842	473,693
Accrued expenses and other liabilities	1,041,368	1,009,482
Total liabilities	15,250,442	16,398,247
Redeemable noncontrolling interests	330,053	475,877
Equity:		
Common stock	418,361	411,005
Capital in excess of par value	20,835,022	20,190,107
Treasury stock	(94,022)	(78,955)
Cumulative net income	8,163,869	7,353,966
Cumulative dividends	(13,088,891)	(12,223,534)
Accumulated other comprehensive income (loss)	(126,469)	(112,157)
Other equity	4	12
Total Welltower Inc. stockholders’ equity	16,107,874	15,540,444
Noncontrolling interests	853,228	966,183
Total equity	16,961,102	16,506,627
Total liabilities and equity	$ 32,541,597	$ 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 September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Revenues:				
Resident fees and services	$ 740,956	$ 834,121	$ 2,360,488	$ 2,616,491
Rental income	275,046	412,147	1,061,311	1,178,817
Interest income	16,750	15,637	48,060	48,112
Other income	4,122	4,228	14,092	15,064
Total revenues	1,036,874	1,266,133	3,483,951	3,858,484
Expenses:				
Property operating expenses	634,717	655,588	1,977,262	2,027,522
Depreciation and amortization	255,532	272,445	795,704	764,429
Interest expense	124,851	137,343	393,215	423,911
General and administrative expenses	31,003	31,019	100,546	100,042
Loss (gain) on derivatives and financial instruments, net	1,395	1,244	10,480	670
Loss (gain) on extinguishment of debt, net	33,004	65,824	33,253	81,543
Provision for loan losses	2,857	—	11,351	18,690
Impairment of assets	23,313	18,096	126,291	28,035
Other expenses	11,544	6,186	37,247	36,570
Total expenses	1,118,216	1,187,745	3,485,349	3,481,412
Income (loss) from continuing operations before income taxes and other items	(81,342)	78,388	(1,398)	377,072
Income tax (expense) benefit	(2,003)	(3,968)	(9,678)	(7,789)
Income (loss) from unconsolidated entities	(5,981)	3,262	(8,341)	(14,986)
Gain (loss) on real estate dispositions, net	484,304	570,250	902,991	735,977
Income (loss) from continuing operations	394,978	647,932	883,574	1,090,274
Net income	394,978	647,932	883,574	1,090,274
Less: Net income (loss) attributable to noncontrolling interests[(1)]	69,393	58,056	68,459	82,166
Net income (loss) attributable to common stockholders	$ 325,585	$ 589,876	$ 815,115	$ 1,008,108
Average number of common shares outstanding:				
Basic	417,027	405,023	414,822	400,441
Diluted	418,987	406,891	416,860	402,412
Earnings per share:				
Basic:				
Income (loss) from continuing operations	$ 0.95	$ 1.60	$ 2.13	$ 2.72
Net income (loss) attributable to common stockholders	$ 0.78	$ 1.46	$ 1.96	$ 2.52
Diluted:				
Income (loss) from continuing operations	$ 0.94	$ 1.59	$ 2.12	$ 2.71
Net income (loss) attributable to common stockholders[(2)]	$ 0.77	$ 1.45	$ 1.94	$ 2.51
Dividends declared and paid per common share	$ 0.61	$ 0.87	$ 2.09	$ 2.61

[(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 September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Net income	$ 394,978	$ 647,932	$ 883,574	$ 1,090,274
Other comprehensive income (loss):				
Foreign currency translation gain (loss)	143,353	(100,837)	(109,209)	(76,241)
Derivative and financial instruments designated as hedges gain (loss)	(145,512)	78,947	86,429	91,672
Total other comprehensive income (loss)	(2,159)	(21,890)	(22,780)	15,431
Total comprehensive income (loss)	392,819	626,042	860,794	1,105,705
Less: Total comprehensive income (loss) attributable to noncontrolling interests[1]	76,847	53,220	59,991	85,504
Total comprehensive income (loss) attributable to common stockholders	$ 315,972	$ 572,822	$ 800,803	$ 1,020,201

[1] Includes amounts attributable to redeemable noncontrolling interests.

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

	Nine Months Ended September 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
Comprehensive income:									
Net income (loss)				325,585				67,650	393,235
Other comprehensive income						(9,613)		7,338	(2,275)
Total comprehensive income									390,960
Net change in noncontrolling interests		(7,894)						(110,147)	(118,041)
Amounts related to stock incentive plans, net of forfeitures	18	6,569	(223)						6,364
Proceeds from issuance of common stock		(198)							(198)
Dividends paid:									
Common stock dividends					(254,510)				(254,510)
Balances at September 30, 2020	$ 418,361	$ 20,835,022	$ (94,022)	$ 8,163,869	$ (13,088,891)	$ (126,469)	$ 4	$ 853,228	$ 16,961,102

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

(In thousands)

	Nine Months Ended September 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
Comprehensive income:										
Net income (loss)					589,876				29,948	619,824
Other comprehensive income							(17,054)		(4,836)	(21,890)
Total comprehensive income										597,934
Net change in noncontrolling interests			13,038						(40,565)	(27,527)
Amounts related to stock incentive plans, net of forfeitures		4	5,100	(4,801)				(176)		127
Proceeds from issuance of common stock		480	38,393							38,873
Dividends paid:										
Common stock dividends						(353,250)				(353,250)
Balances at September 30, 2019	$ —	$ 406,498	$ 19,796,676	$ (78,843)	$ 7,129,642	$ (11,870,244)	$ (117,676)	$ 12	$ 959,664	$ 16,225,729

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

	Nine Months Ended September 30,	
	2020	2019
Operating activities:		
Net income	$ 883,574	$ 1,090,274
Adjustments to reconcile net income to net cash provided from (used in) operating activities:		
Depreciation and amortization	795,704	764,429
Other amortization expenses	9,613	13,474
Provision for loan losses	11,351	18,690
Impairment of assets	126,291	28,035
Stock-based compensation expense	20,938	20,501
Loss (gain) on derivatives and financial instruments, net	10,480	670
Loss (gain) on extinguishment of debt, net	33,253	81,543
Loss (income) from unconsolidated entities	8,341	14,986
Rental income less than (in excess of) cash received	66,874	(78,980)
Amortization related to above (below) market leases, net	(1,373)	(335)
Loss (gain) on real estate dispositions, net	(902,991)	(735,977)
Distributions by unconsolidated entities	7,835	—
Increase (decrease) in accrued expenses and other liabilities	40,443	845
Decrease (increase) in receivables and other assets	(749)	(8,255)
Net cash provided from (used in) operating activities	1,109,584	1,209,900
Investing activities:		
Cash disbursed for acquisitions, net of cash acquired	(393,374)	(3,004,768)
Cash disbursed for capital improvements to existing properties	(183,324)	(206,413)
Cash disbursed for construction in progress	(126,699)	(258,113)
Capitalized interest	(13,234)	(10,404)
Investment in loans receivable	(216,307)	(90,856)
Principal collected on loans receivable	14,345	57,125
Other investments, net of payments	(2,145)	(29,788)
Contributions to unconsolidated entities	(301,031)	(194,490)
Distributions by unconsolidated entities	41,884	98,880
Proceeds from (payments on) derivatives	(13,319)	(20,569)
Proceeds from sales of real property	3,522,949	2,601,071
Net cash provided from (used in) investing activities	2,329,745	(1,058,325)
Financing activities:		
Net increase (decrease) under unsecured credit facility and commercial paper	(1,587,597)	187,586
Proceeds from issuance of senior unsecured notes	1,588,549	3,253,516
Payments to extinguish senior unsecured notes	(566,248)	(3,107,500)
Net proceeds from the issuance of secured debt	44,921	318,854
Payments on secured debt	(538,091)	(233,952)
Net proceeds from the issuance of common stock	595,313	686,105
Repurchase of common stock	(7,656)	—
Payments for deferred financing costs and prepayment penalties	(35,925)	(82,249)
Contributions by noncontrolling interests(1)	14,267	42,988
Distributions to noncontrolling interests(1)	(298,369)	(138,270)
Cash distributions to stockholders	(864,115)	(1,047,968)
Other financing activities	(11,244)	(11,643)
Net cash provided from (used in) financing activities	(1,666,195)	(132,533)
Effect of foreign currency translation on cash and cash equivalents and restricted cash	(3,566)	(4,436)
Increase (decrease) in cash, cash equivalents and restricted cash	1,769,568	14,606
Cash, cash equivalents and restricted cash at beginning of period	385,765	316,129
Cash, cash equivalents and restricted cash at end of period	$ 2,155,333	$ 330,735
Supplemental cash flow information:		
Interest paid	$ 362,130	$ 416,523
Income taxes paid (received), net	(485)	4,784

(1) Includes amounts attributable to redeemable noncontrolling interests.

1. Business

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

2. Accounting Policies and Related Matters

Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP") for interim financial information and with instructions to Quarterly Report on Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. In the opinion of management, all adjustments (such as normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the nine months ended September 30, 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	August	September
Spot occupancy [1]	85.6 %	84.8 %	82.5 %	80.8 %	79.9 %	79.2 %	78.7 %	78.4 %
Sequential occupancy change		(0.8)%	(2.3)%	(1.7)%	(0.9)%	(0.7)%	(0.5)%	(0.3)%

[1] Spot occupancy represents approximate month end occupancy for properties in operation as of February 29, 2020, including unconsolidated properties but excluding acquisitions, dispositions and development conversions since this date.

Increased Seniors Housing Operating expenses are expected to continue until the pandemic subsides. We experienced incremental operational costs, net of reimbursements, of $18,192,000 and $68,628,000 for the three and nine months ended September 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 personal protective equipment ("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.

In September, applications were made for Provider Relief Funds related to our Seniors Housing Operating portfolio following the announcement from the Department of Health and Human Services that it expanded the eligibility of the Coronavirus Aid Relief, and Economic Security Act ("CARES Act") Provider Relief Fund to include assisted living facilities. Our share of the Phase 2 general distribution is expected to be approximately $46 million and we anticipate receiving and recognizing these funds as an offset to property operating expenses in the fourth quarter. However, we continue to expect total portfolio 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 expense increases, however, long-term/post-acute care facilities are generally experiencing a higher degree of occupancy declines. These factors may impact our Triple-net operators' ability to pay rent and contractual obligations. Many of our Triple-net operators have received funds under the CARES Act Paycheck Protection Program. In addition, operators of long-term/post-acute care facilities have generally received funds from Phase 1 of the Provider Relief Fund and operators of assisted living facilities are generally expecting funds from Phase 2 of the Provider Relief Fund. Accordingly, collection of Triple-net rent due during the COVID-19 pandemic to date (from March to September) has generally been consistent with historical collection rates and no significant rent concessions or deferrals have been made.

We have either collected or approved short term deferrals for over 99% of Outpatient Medical rent due in the third quarter, consisting of 97% cash collections and 2% of short term deferrals. In most cases, unless local ordinances mandate otherwise, the deferred rent represents two months of rent with repayment expected by the end of the year. Furthermore, collections of deferred rent due in the third quarter under executed deferrals was over 99%. 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, certain tenants and operators have requested rent relief, most often in the form of a short-term rent deferral. Not all requests result in modification of agreements, nor do we intend to forgo our contractual rights under our lease agreements. We evaluate each rent relief request on an individual basis. To date, the majority of rent deferral agreements result in two months of full or partial rent relief to repaid by the end of the year and we generally expect this to continue to be the case unless local ordinances mandate otherwise. 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):

	Nine Months Ended							
	September 30, 2020				September 30, 2019			
	Seniors Housing Operating	Triple-net	Outpatient Medical	Totals	Seniors Housing Operating	Triple-net	Outpatient Medical	Totals
Land and land improvements	$ 15,758	$ —	$ 43,252	$ 59,010	$ 107,945	$ 14,172	$ 187,301	$ 309,418
Buildings and improvements	132,481	765	171,630	304,876	1,138,484	125,763	1,324,371	2,588,618
Acquired lease intangibles	10,810	—	23,823	34,633	61,163	—	104,309	165,472
Construction in progress	—	—	—	—	36,174	—	—	36,174
Real property held for sale	—	—	—	—	17,435	—	—	17,435
Right of use assets, net	—	—	—	—	—	—	58,377	58,377
Total net real estate assets	159,049	765	238,705	398,519	1,361,201	139,935	1,674,358	3,175,494
Receivables and other assets	257	—	139	396	6,742	—	419	7,161
Total assets acquired [(1)]	159,306	765	238,844	398,915	1,367,943	139,935	1,674,777	3,182,655
Secured debt	—	—	—	—	(43,209)	—	—	(43,209)
Lease liabilities	—	—	—	—	—	—	(47,740)	(47,740)
Accrued expenses and other liabilities	(671)	—	(2,043)	(2,714)	(9,639)	(100)	(23,483)	(33,222)
Total liabilities acquired	(671)	—	(2,043)	(2,714)	(52,848)	(100)	(71,223)	(124,171)
Noncontrolling interests [(2)]	(2,827)	—	—	(2,827)	(39,570)	(1,056)	(1,201)	(41,827)
Non-cash acquisition related activity[(3)]	—	—	—	—	(11,889)	—	—	(11,889)
Cash disbursed for acquisitions	155,808	765	236,801	393,374	1,263,636	138,779	1,602,353	3,004,768
Construction in progress additions	75,617	33,021	33,593	142,231	188,178	37,978	42,316	268,472
Less: Capitalized interest	(7,760)	(2,569)	(2,905)	(13,234)	(5,972)	(1,565)	(2,867)	(10,404)
Accruals [(4)]	(1,376)	—	(922)	(2,298)	—	—	45	45
Cash disbursed for construction in progress	66,481	30,452	29,766	126,699	182,206	36,413	39,494	258,113
Capital improvements to existing properties	130,465	5,971	46,888	183,324	160,260	10,337	35,816	206,413
Total cash invested in real property, net of cash acquired	$ 352,754	$ 37,188	$ 313,455	$ 703,397	$ 1,606,102	$ 185,529	$ 1,677,663	$ 3,469,294

(1) Excludes $580,000 and $1,910,000 of unrestricted and restricted cash acquired during the nine months ended September 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):

	Nine Months Ended	
	September 30, 2020	September 30, 2019
Development projects:		
Seniors Housing Operating	$ 93,188	$ 28,117
Triple-net	59,201	—
Outpatient Medical	43,493	—
Total development projects	195,882	28,117
Expansion projects	48,600	—
Total construction in progress conversions	$ 244,482	$ 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):

	September 30, 2020	December 31, 2019
Assets:		
In place lease intangibles	$ 1,410,935	$ 1,513,836
Above market tenant leases	55,437	59,540
Lease commissions	42,681	43,675
Gross historical cost	1,509,053	1,617,051
Accumulated amortization	(1,171,721)	(1,181,158)
Net book value	$ 337,332	$ 435,893
Weighted-average amortization period in years	10.9	10.3
Liabilities:		
Below market tenant leases	$ 81,385	$ 99,035
Accumulated amortization	(41,662)	(49,390)
Net book value	$ 39,723	$ 49,645
Weighted-average amortization period in years	8.3	8.6

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Rental income related to (above)/below market tenant leases, net	$ 327	$ 291	$ 1,252	$ 210
Amortization related to in place lease intangibles and lease commissions	(28,948)	(48,414)	(98,241)	(101,837)

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

	Assets	Liabilities
2020	$ 23,561	$ 2,146
2021	63,988	8,135
2022	43,080	7,448
2023	34,711	5,228
2024	27,088	3,082
Thereafter	144,904	13,684
Total	$ 337,332	$ 39,723

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 September 30, 2020, eight Seniors Housing Operating, two Triple-net, and 11 Outpatient Medical properties with an aggregate real estate balance of $362,886,000 were classified as held for sale. In addition to the real property balances held for sale, secured debt of $12,737,000 and net other assets and (liabilities) of $21,063,000 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 $437,116,000.

During the nine months ended September 30, 2020, we recorded $79,905,000 of impairment charges related to 13 Seniors Housing Operating and one Triple-net properties which were disposed of or classified as held for sale for which the carrying value exceeded the estimated fair value less cost to sell. Additionally, during the nine months ended September 30, 2020, we recorded $46,386,000 of impairment charges related to four Seniors Housing Operating and four Triple-net properties that were held for use in which the carrying value exceeded the estimated fair value.

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

	Nine Months Ended September 30,	
	2020	2019
Real estate dispositions:		
Seniors Housing Operating	$ 1,093,477	$ 1,204,084
Triple-net	33,445	660,885
Outpatient Medical	1,394,971	482
Total dispositions	2,521,893	1,865,451
Gain (loss) on real estate dispositions, net	902,991	735,977
Net other assets/liabilities disposed	98,065	(357)
Proceeds from real estate dispositions	$ 3,522,949	$ 2,601,071

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 September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Revenues:				
Total revenues	$ 36,820	$ 133,661	$ 207,918	$ 554,744
Expenses:				
Interest expense	584	4,593	6,579	14,801
Property operating expenses	22,485	68,848	117,069	305,598
Provision for depreciation	5,907	23,627	37,254	94,694
Total expenses	28,976	97,068	160,902	415,093
Income (loss) from real estate dispositions, net	$ 7,844	$ 36,593	$ 47,016	$ 139,651

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):

	Classification	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2019
Operating lease cost: [1]			
Real estate lease expense	Property operating expenses	$ 17,397	$ 18,326
Non-real estate investment lease expense	General and administrative expenses	3,673	1,286
Finance lease cost:			
Amortization of leased assets	Property operating expenses	6,229	6,549
Interest on lease liabilities	Interest expense	4,693	3,497
Sublease income	Rental income	(3,130)	(3,130)
Total		$ 28,862	$ 26,528

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

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

	Classification	September 30, 2020	December 31, 2019
Right of use assets:			
Operating leases - real estate	Right of use assets, net	$ 323,200	$ 374,217
Finance leases - real estate	Right of use assets, net	157,661	162,216
Real estate right of use assets, net		480,861	536,433
Operating leases - non-real estate investments	Receivables and other assets	10,328	12,474
Total right of use assets, net		$ 491,189	$ 548,907
Lease liabilities:			
Operating leases		$ 320,044	$ 364,803
Financing leases		107,798	108,890
Total		$ 427,842	$ 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 and nine month periods ended September 30, 2020, we wrote off straight-line rent receivable balances of $112,398,000 and $146,508,000, respectively, relating to leases for which collection of substantially all contractual lease payments was no longer deemed probable. Included in such amounts was $91,025,000 relating to Genesis Healthcare whom noted substantial doubt as to their ability to continue as a going concern in August.

Leases in our Triple-net and Outpatient Medical portfolios typically include some form of operating expense reimbursement by the tenant. For the nine months ended September 30, 2020, we recognized $1,061,311,000 of rental income related to operating leases, of which $153,217,000 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 nine months ended September 30, 2019, we recognized $1,178,817,000 of rental income related to operating leases, of which $147,815,000 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 $12,039,000 and $6,897,000 as of September 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):

	September 30, 2020	December 31, 2019
Mortgage loans	$ 293,351	$ 188,062
Other real estate loans	127,988	124,696
Allowance for credit losses on real estate loans receivable	(6,633)	(42,376)
Real estate loans receivable, net of credit allowance	414,706	270,382
Non-real estate loans	460,411	362,850
Allowance for credit losses on non-real estate loans receivable	(78,262)	(25,996)
Non-real estate loans receivable, net of credit allowance	382,149	336,854
Total loans receivable, net of credit allowance	$ 796,855	$ 607,236

During the nine months ended September 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 non-real estate loans.

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

	Nine Months Ended	
	September 30, 2020	September 30, 2019
Advances on loans receivable:		
Investments in new loans	$ 194,942	$ 36,024
Draws on existing loans	21,365	54,832
Net cash advances on loans receivable	216,307	90,856
Receipts on loans receivable:		
Loan payoffs	—	37,686
Principal payments on loans	14,345	19,439
Net cash receipts on loans receivable	14,345	57,125
Net cash advances (receipts) on loans receivable	$ 201,962	$ 33,731

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):

	September 30, 2020				
Loan category	Years of Origination	Loan Carrying Value	Allowance for Credit Loss	Net Loan Balance	No. of Loans
Deteriorated loans [1]	2007 - 2018	$ 249,314	$ (76,695)	$ 172,619	7
Collective loan pool	2007 - 2015	129,949	(1,886)	128,063	15
Collective loan pool	2016	124,599	(1,612)	122,987	4
Collective loan pool	2017	124,840	(1,074)	123,766	7
Collective loan pool	2018	17,314	(251)	17,063	1
Collective loan pool	2019	49,274	(684)	48,590	7
Collective loan pool	2020	186,460	(2,693)	183,767	6
Total loans		$ 881,750	$ (84,895)	$ 796,855	47

[1] During the three months ended September 30, 2020, two loans receivable originated in 2016 to Genesis Healthcare with an aggregate carrying value of $62,753,000 were transferred to the deteriorated loan pool. The 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 nine months ended September 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):

	Nine Months Ended	
	September 30, 2020	September 30, 2019
Balance at beginning of period	$ 68,372	$ 68,372
Adoption of ASU 2016-13	5,212	—
Provision for loan losses	11,351	18,690
Loan write-offs	—	(18,690)
Foreign currency translation	(40)	—
Balance at end of period	$ 84,895	$ 68,372

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

	Nine Months Ended	
	September 30, 2020	September 30, 2019
Balance of deteriorated loans at end of period [1]	$ 249,314	$ 188,043
Allowance for credit losses	(76,695)	(68,372)
Balance of deteriorated loans not reserved	$ 172,619	$ 119,671
Interest recognized on deteriorated loans [2]	$ 13,847	$ 12,082

[1] Current year amounts include $10,686,000 and $2,534,000 of loans on non-accrual as of September 30, 2020 and December 31, 2019, respectively. Prior year amounts include $2,534,000 and $2,567,000 as of September 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]	September 30, 2020	December 31, 2019
Seniors Housing Operating	10% to 65%	$ 582,378	$ 463,741
Triple-net	10% to 25%	160	7,740
Outpatient Medical	15% to 50%	240,048	111,942
Total		$ 822,586	$ 583,423

[1] Excludes ownership of in substance real estate.

At September 30, 2020, the aggregate unamortized basis difference of our joint venture investments of $113,217,000 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 $285,369,000 related to eight properties as of September 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 $172,169,000 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 nine months ended September 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	$ 194,952	13%
ProMedica	215	159,562	11%
Revera (3)	94	81,317	5%
Avery Healthcare	59	56,192	4%
Sagora Senior Living	31	50,539	3%
Remaining portfolio	924	964,127	64%
Totals	1,488	$ 1,506,689	100%

(1) Sunrise Senior Living and Revera are in our Seniors Housing Operating segment. ProMedica is in our Triple-net segment. Avery Healthcare and Sagora Senior Living are 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 September 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 September 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 September 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 September 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 September 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 September 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 September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Balance outstanding at quarter end	$ —	$ 1,335,000	$ —	$ 1,335,000
Maximum amount outstanding at any month end	$ —	$ 1,335,000	$ 2,100,000	$ 2,880,000
Average amount outstanding (total of daily principal balances divided by days in period)	$ —	$ 1,296,185	$ 663,895	$ 1,299,963
Weighted average interest rate (actual interest expense divided by average borrowings outstanding)	— %	2.82 %	2.09 %	3.02 %

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 September 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	$ —	$ 75,915	$ 75,915
2021	—	433,616	433,616
2022 [4]	870,000	449,248	1,319,248
2023 [5,6]	1,361,397	329,650	1,691,047
2024	1,350,000	178,285	1,528,285
Thereafter [7,8,9]	7,831,880	1,002,474	8,834,354
Totals	$ 11,413,277	$ 2,469,188	$ 13,882,465

(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 0.86% to 6.50%.

(3) Annual interest rates range from 0.10% to 12.00%. Carrying value of the properties securing the debt totaled $5,315,000,000 at September 30, 2020.

(4) Includes a $860,000,000 unsecured term credit facility. The loan matures on April 1, 2022 and bears interest at LIBOR plus 1.20% (1.34% at September 30, 2020).

(5) Includes a $250,000,000 Canadian-denominated unsecured term credit facility (approximately $187,645,000 based on the Canadian/U.S. Dollar exchange rate on September 30, 2020). The loan matures on July 19, 2023 and bears interest at the Canadian Dealer Offered Rate plus 0.9% (1.38% at September 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% (1.06% at September 30, 2020).

(7) Includes a $300,000,000 Canadian-denominated 2.95% senior unsecured notes due 2027 (approximately $225,175,000 based on the Canadian/U.S. Dollar exchange rate on September 30, 2020).

(8) Includes a £550,000,000 4.80% senior unsecured notes due 2028 (approximately $710,655,000 based on the Sterling/U.S. Dollar exchange rate in effect on September 30, 2020).

(9) Includes a £500,000,000 4.50% senior unsecured notes due 2034 (approximately $646,050,000 based on the Sterling/U.S. Dollar exchange rate in effect on September 30, 2020).

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

	Nine Months Ended			
	September 30, 2020		September 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%	3,260,000	3.47%
Debt extinguished	(566,248)	3.26%	(3,107,500)	4.47%
Foreign currency	(48,037)	4.14%	(35,208)	4.35%
Ending balance	$ 11,413,277	3.67%	$ 9,817,276	4.12%

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

	Nine Months Ended			
	September 30, 2020		September 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%	318,854	3.51%
Debt assumed	—	—%	42,000	4.62%
Debt extinguished	(491,506)	2.61%	(193,604)	4.37%
Principal payments	(46,585)	3.60%	(40,348)	3.69%
Foreign currency	(30,984)	3.19%	26,402	3.20%
Ending balance	$ 2,469,188	3.16%	$ 2,639,015	3.66%

In October of 2020, we extinguished $20,790,000 of secured bonds due 2038, $17,640,000 of secured bonds due 2040 and $73,140,000 of secured bonds due 2041 that were defeased in September of 2020. We recognized a loss on extinguishment of $12,204,000 in conjunction with the transaction.

Our debt agreements contain various covenants, restrictions and events of default. Certain agreements require us to maintain certain financial ratios and minimum net worth and impose certain limits on our ability to incur indebtedness, create liens and make investments or acquisitions. As of September 30, 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. Approximately $1,557,000 of losses, which are included in OCI, are expected to be reclassified into earnings in the next 12 months.

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

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

During the nine months ended September 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):

	September 30, 2020		December 31, 2019	
Derivatives designated as net investment hedges:				
Denominated in Canadian Dollars	$	650,000	$	725,000
Denominated in Pound Sterling	£	1,340,708	£	1,340,708
Financial instruments designated as net investment hedges:				
Denominated in Canadian Dollars	$	250,000	$	250,000
Denominated in Pound Sterling	£	1,050,000	£	1,050,000
Interest rate swaps designated as cash flow hedges:				
Denominated in U.S Dollars [1]	$	450,000	$	1,188,250
Derivative instruments not designated:				
Interest rate caps denominated in U.S. Dollars	$	95,086	$	405,819
Forward sales contracts denominated in Canadian Dollars	$	80,000	$	—
Forward purchase contracts denominated in Pound Sterling	£	—	£	(125,000)
Forward sales contracts denominated in Pound Sterling	£	—	£	125,000

[1] At September 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 September 30,				Nine Months Ended September 30,			
Description	Location	2020		2019		2020		2019	
Gain (loss) on derivative instruments designated as hedges recognized in income	Interest expense	$	5,724	$	7,478	$	16,475	$	19,945
Gain (loss) on derivative instruments not designated as hedges recognized in income	Interest expense	$	(1,159)	$	600	$	(3,207)	$	(2,065)
Gain (loss) on derivative and financial instruments designated as hedges recognized in OCI	OCI	$	(145,512)	$	78,947	$	86,429	$	91,672

13. Commitments and Contingencies

At September 30, 2020, we had 8 outstanding letter of credit obligations totaling $14,200,000 and expiring between 2020 and 2024. At September 30, 2020, we had outstanding construction in progress of $414,833,000 and were committed to providing additional funds of approximately $342,232,000 to complete construction. Additionally, at September 30, 2020, we had outstanding investments classified as in substance real estate of $285,369,000 and were committed to provide additional funds of $172,169,000 (see Note 8 for additional information). Purchase obligations at September 30, 2020 also include $18,488,000 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:

	September 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	418,877,323	411,550,857
Outstanding shares	417,305,044	410,256,615

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

	Nine Months Ended			
	September 30, 2020		September 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 nine months ended September 30, 2019, we converted all of the outstanding Series I Preferred Stock. Each share was converted into 0.8857 shares of common stock.

Common Stock In February 2019, we entered into 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 nine months ended September 30, 2020, we physically settled all of our outstanding forward sales agreements for cash proceeds of $576,196,000. As of September 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 nine months ended September 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 nine months ended September 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	4,438,787	$ 75.59	$ 335,535	$ 332,054
2019 Option exercises	10,736	51.32	551	551
2019 Equity shelf program issuances	4,729,045	75.24	355,803	353,500
2019 Preferred stock conversions	12,712,452		—	—
2019 Stock incentive plans, net of forfeitures	192,237		—	—
2019 Totals	22,083,257		$ 691,889	$ 686,105
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	185,994		—	—
2020 Totals	7,250,376		$ 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):

	Nine Months Ended			
	September 30, 2020		September 30, 2019	
	Per Share	Amount	Per Share	Amount
Common stock	$ 2.09	$ 865,357	$ 2.61	$ 1,051,687

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

	September 30, 2020	December 31, 2019
Foreign currency translation	$ (820,555)	$ (719,814)
Derivative and financial instruments designated as hedges	694,086	607,657
Total accumulated other comprehensive income (loss)	$ (126,469)	$ (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 $6,565,000 and $20,938,000 for the three and nine months ended September 30, 2020, respectfully, and $5,309,000 and $20,501,000 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 September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Numerator for basic earnings per share - net income (loss) attributable to common stockholders	$ 325,585	$ 589,876	$ 815,115	$ 1,008,108
Adjustment for net income (loss) attributable to OP units	(1,716)	492	(4,470)	580
Numerator for diluted earnings per share	$ 323,869	$ 590,368	$ 810,645	$ 1,008,688
Denominator for basic earnings per share - weighted average shares	417,027	405,023	414,822	400,441
Effect of dilutive securities:				
Non-vested restricted shares	542	757	620	860
Redeemable OP units	1,396	1,096	1,396	1,096
Employee stock purchase program	22	15	22	15
Dilutive potential common shares	1,960	1,868	2,038	1,971
Denominator for diluted earnings per share - adjusted weighted average shares	418,987	406,891	416,860	402,412
Basic earnings per share	$ 0.78	$ 1.46	$ 1.96	$ 2.52
Diluted earnings per share	$ 0.77	$ 1.45	$ 1.94	$ 2.51

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):

	September 30, 2020		December 31, 2019	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets:				
Mortgage loans receivable	$ 289,082	$ 295,597	$ 145,686	$ 150,217
Other real estate loans receivable	125,624	129,069	124,696	128,512
Equity securities	5,205	5,205	15,685	15,685
Cash and cash equivalents	1,603,740	1,603,740	284,917	284,917
Restricted cash	551,593	551,593	100,849	100,849
Non-real estate loans receivable	382,149	430,558	336,854	379,239
Foreign currency forward contracts, interest rate swaps and cross currency swaps	81,964	81,964	18,554	18,554
Financial liabilities:				
Borrowings under unsecured credit facility and commercial paper program	$ —	$ —	$ 1,587,597	$ 1,587,597
Senior unsecured notes	11,321,573	12,603,853	10,336,513	11,400,571
Secured debt	2,459,659	2,541,260	2,990,962	3,041,893
Foreign currency forward contracts, interest rate swaps and cross currency swaps	64,100	64,100	53,601	53,601
Redeemable OP unitholder interests	$ 100,513	$ 98,335	$ 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 September 30, 2020			
	Total	Level 1	Level 2	Level 3
Equity securities	$ 5,205	$ 5,205	$ —	$ —
Foreign currency forward contracts, interest rate swaps and cross currency swaps, net asset (liability) [1]	17,864	—	17,864	—
Totals	$ 23,069	$ 5,205	$ 17,864	$ —

[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. All intersegment transactions are eliminated.

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

Three Months Ended September 30, 2020:	Seniors Housing Operating	Triple-net	Outpatient Medical	Non-segment / Corporate	Total
Resident fees and services	$ 740,956	$ —	$ —	$ —	$ 740,956
Rental income	—	103,938	171,108	—	275,046
Interest income	113	15,877	760	—	16,750
Other income	996	1,113	836	1,177	4,122
Total revenues	742,065	120,928	172,704	1,177	1,036,874
Property operating expenses	567,704	12,567	52,728	1,718	634,717
Consolidated net operating income	174,361	108,361	119,976	(541)	402,157
Depreciation and amortization	133,224	58,157	64,151	—	255,532
Interest expense	12,728	2,070	4,287	105,766	124,851
General and administrative expenses	—	—	—	31,003	31,003
Loss (gain) on derivatives and financial instruments, net	—	1,395	—	—	1,395
Loss (gain) on extinguishment of debt, net	—	—	—	33,004	33,004
Provision for loan losses	86	372	2,399	—	2,857
Impairment of assets	12,778	10,535	—	—	23,313
Other expenses	6,488	2,805	781	1,470	11,544
Income (loss) from continuing operations before income taxes and other items	9,057	33,027	48,358	(171,784)	(81,342)
Income tax (expense) benefit	—	—	—	(2,003)	(2,003)
Income (loss) from unconsolidated entities	(7,678)	(423)	2,120	—	(5,981)
Gain (loss) on real estate dispositions, net	313,319	(619)	171,604	—	484,304
Income (loss) from continuing operations	314,698	31,985	222,082	(173,787)	394,978
Net income (loss)	$ 314,698	$ 31,985	$ 222,082	$ (173,787)	$ 394,978
Total assets	$ 15,063,405	$ 9,075,910	$ 6,892,502	$ 1,509,780	$ 32,541,597

Three Months Ended September 30, 2019:	Seniors Housing Operating	Triple-net	Outpatient Medical	Non-segment / Corporate	Total
Resident fees and services	$ 834,121	$ —	$ —	$ —	$ 834,121
Rental income	—	227,499	184,648	—	412,147
Interest income	—	15,279	358	—	15,637
Other income	1,375	1,829	183	841	4,228
Total revenues	835,496	244,607	185,189	841	1,266,133
Property operating expenses	581,341	13,922	60,325	—	655,588
Consolidated net operating income	254,155	230,685	124,864	841	610,545
Depreciation and amortization	148,126	57,147	67,172	—	272,445
Interest expense	16,356	3,076	3,363	114,548	137,343
General and administrative expenses	—	—	—	31,019	31,019
Loss (gain) on derivatives and financial instruments, net	—	1,244	—	—	1,244
Loss (gain) on extinguishment of debt, net	1,450	—	—	64,374	65,824
Impairment of assets	2,599	12,314	3,183	—	18,096
Other expenses	4,274	(2,496)	524	3,884	6,186
Income (loss) from continuing operations before income taxes and other items	81,350	159,400	50,622	(212,984)	78,388
Income tax (expense) benefit	—	—	—	(3,968)	(3,968)
Income (loss) from unconsolidated entities	(3,859)	5,276	1,845	—	3,262
Gain (loss) on real estate dispositions, net	519,203	51,529	(482)	—	570,250
Income (loss) from continuing operations	596,694	216,205	51,985	(216,952)	647,932
Net income (loss)	$ 596,694	$ 216,205	$ 51,985	$ (216,952)	$ 647,932

Nine Months Ended September 30, 2020	Seniors Housing Operating	Triple-net	Outpatient Medical	Non-segment / Corporate	Total
Resident fees and services	$ 2,360,488	$ —	$ —	$ —	$ 2,360,488
Rental income	—	512,815	548,496	—	1,061,311
Interest income	305	46,068	1,687	—	48,060
Other income	6,050	3,393	2,681	1,968	14,092
Total revenues	2,366,843	562,276	552,864	1,968	3,483,951
Property operating expenses	1,771,088	39,432	165,024	1,718	1,977,262
Consolidated net operating income	595,755	522,844	387,840	250	1,506,689
Depreciation and amortization	419,161	173,989	202,554	—	795,704
Interest expense	43,191	7,668	13,421	328,935	393,215
General and administrative expenses	—	—	—	100,546	100,546
Loss (gain) on derivatives and financial instruments, net	—	10,480	—	—	10,480
Loss (gain) on extinguishment of debt, net	(492)	—	741	33,004	33,253
Provision for loan losses	86	8,895	2,370	—	11,351
Impairment of assets	91,424	34,867	—	—	126,291
Other expenses	13,463	6,818	8,244	8,722	37,247
Income (loss) from continuing operations before income taxes and other items	28,922	280,127	160,510	(470,957)	(1,398)
Income tax (expense) benefit	—	—	—	(9,678)	(9,678)
Income (loss) from unconsolidated entities	(25,489)	11,776	5,372	—	(8,341)
Gain (loss) on real estate dispositions, net	327,635	51,166	524,190	—	902,991
Income (loss) from continuing operations	331,068	343,069	690,072	(480,635)	883,574
Net income (loss)	$ 331,068	$ 343,069	$ 690,072	$ (480,635)	$ 883,574

Nine Months Ended September 30, 2019	Seniors Housing Operating	Triple-net	Outpatient Medical	Non-segment / Corporate	Total
Resident fees and services	$ 2,616,491	$ —	$ —	$ —	$ 2,616,491
Rental income	—	681,893	496,924	—	1,178,817
Interest income	—	47,343	769	—	48,112
Other income	6,920	4,370	322	3,452	15,064
Total revenues	2,623,411	733,606	498,015	3,452	3,858,484
Property operating expenses	1,826,344	41,700	159,478	—	2,027,522
Consolidated net operating income	797,067	691,906	338,537	3,452	1,830,962
Depreciation and amortization	416,252	174,551	173,626	—	764,429
Interest expense	52,179	9,741	10,097	351,894	423,911
General and administrative expenses	—	—	—	100,042	100,042
Loss (gain) on derivatives and financial instruments, net	—	670	—	—	670
Loss (gain) on extinguishment of debt, net	1,450	—	—	80,093	81,543
Provision for loan losses	— 18.69	18,690 —	— 18.69	—	18,690
Impairment of assets	2,599	11,374	14,062	—	28,035
Other expenses	19,077	6,093	1,274	10,126	36,570
Income (loss) from continuing operations before income taxes and other items	305,510	470,787	139,478	(538,703)	377,072
Income tax (expense) benefit	—	—	—	(7,789)	(7,789)
Income (loss) from unconsolidated entities	(37,892)	17,512	5,394	—	(14,986)
Gain (loss) on real estate dispositions, net	518,493	217,973	(489)	—	735,977
Income (loss) from continuing operations	786,111	706,272	144,383	(546,492)	1,090,274
Net income (loss)	$ 786,111	$ 706,272	$ 144,383	$ (546,492)	$ 1,090,274

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

	Three Months Ended				Nine Months Ended			
	September 30, 2020		September 30, 2019		September 30, 2020		September 30, 2019	
Revenues:	Amount[1]	%	Amount	%	Amount[1]	%	Amount	%
United States	$ 819,057	79.0 %	$ 1,039,016	82.1 %	$ 2,820,609	81.0 %	$ 3,175,059	82.3 %
United Kingdom	110,281	10.6 %	110,303	8.7 %	337,601	9.7 %	335,368	8.7 %
Canada	107,536	10.4 %	116,814	9.2 %	325,741	9.3 %	348,057	9.0 %
Total	$ 1,036,874	100.0 %	$ 1,266,133	100.0 %	$ 3,483,951	100.0 %	$ 3,858,484	100.0 %

	As of			
	September 30, 2020		December 31, 2019	
Assets:	Amount	%	Amount	%
United States	$ 26,988,613	83.0 %	$ 27,513,911	82.4 %
United Kingdom	3,200,439	9.8 %	3,405,388	10.2 %
Canada	2,352,545	7.2 %	2,461,452	7.4 %
Total	$ 32,541,597	100.0 %	$ 33,380,751	100.0 %

[1] The United States, United Kingdom and Canada represent 76%, 11% and 13%, respectively, of our resident fees and services revenue stream for the three and nine months ended September 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 nine months ended September 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.

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):

	September 30, 2020	December 31, 2019
Assets:		
Net real estate investments	$ 456,006	$ 960,093
Cash and cash equivalents	22,958	27,522
Receivables and other assets	13,169	14,586
Total assets [1]	$ 492,133	$ 1,002,201
Liabilities and equity:		
Secured debt	$ 166,122	$ 460,117
Lease liabilities	1,325	1,326
Accrued expenses and other liabilities	18,910	22,215
Total equity	305,776	518,543
Total liabilities and equity	$ 492,133	$ 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" and updated risk factors in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2020. References herein to “we,” “us,” “our,” or the “Company” refer to Welltower Inc. and its subsidiaries unless specifically noted otherwise.

Executive Summary

Company Overview

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

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

Type of Property		NOI [1]	Percentage of NOI	Number of Properties
Seniors Housing Operating	$	174,361	43.3 %	515
Triple-net		108,361	26.9 %	652
Outpatient Medical		119,976	29.8 %	321
Totals	$	402,698	100.0 %	1,488

[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 has had and may continue to 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. Month-to-date, through October 23, 2020, total SHO portfolio occupancy declined by approximately 30 basis points. Consequently, we anticipate total SHO portfolio spot occupancy to decline 75 to 125 basis points in the fourth quarter relative to September 30, 2020.

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”) Paycheck Protection Program. In addition, operators of long-term/post-acute care facilities have generally received funds from Phase 1 of the Provider Relief Fund and operators of assisted living facilities are generally expecting funds from Phase 2 of the Provider Relief Fund. Accordingly, collection of Triple-net rent due during the COVID-19 pandemic to date (from March to September) has generally 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 third quarter, consisting of 97% cash collections and 2% of short term deferrals. In most cases, unless local ordinances mandate otherwise, the deferred rent represents two months of rent with expected repayment by the end of the year. Furthermore, collections of deferred rent due in the third quarter under executed deferrals was over 99%. 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 September 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 nine months ended September 30, 2020, resident fees and services and rental income represented 68% and 30%, 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 September 30, 2020, we had $1,603,740,000 of cash and cash equivalents, $551,593,000 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 nine months ended September 30, 2020 and subsequent events:

- During the nine months ended September 30, 2020, we extinguished $491,506,000 of secured debt at a blended average interest rate of 2.61%.
- During the nine months ended September 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 a $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 $600,000,000 senior unsecured notes bearing interest at 2.75% with a maturity date of January 2031. Net proceeds were used to fund tender offers for $426,248,000 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 nine months ended September 30, 2020 (dollars in thousands):

	Properties	Investment Amount (1)	Capitalization Rates (2)	Book Amount (3)
Seniors Housing Operating	6	$ 168,725	4.9 %	$ 159,049
Triple-net (4)	—	—	— %	765
Outpatient Medical	16	235,387	6.1 %	238,705
Totals	22	$ 404,112	5.6 %	$ 398,519

(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 nine months ended September 30, 2020 (dollars in thousands):

	Properties	Proceeds [1]	Capitalization Rates [2]	Book Amount [3]
Seniors Housing Operating	25	$ 1,099,585	5.0 %	$ 1,093,477
Triple-net	6	78,439	6.5 %	33,445
Outpatient Medical	82	1,863,719	5.6 %	1,394,971
Totals	113	$ 3,041,743	5.4 %	$ 2,521,893

(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 September 30, 2020 of $0.61 per share. On November 19, 2020, we will pay our 198th consecutive quarterly cash dividend to stockholders of record on November 10, 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						
	September 30, 2020	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019
Net income (loss)	$ 394,978	$ 159,216	$ 329,380	$ 240,136	$ 647,932	$ 150,040	$ 292,302
NICS	325,585	179,246	310,284	224,324	589,876	137,762	280,470
FFO	185,014	335,597	356,124	476,298	352,378	390,021	358,383
NOI	402,157	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						
	September 30, 2020	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019
Net debt to book capitalization ratio	41%	43%	44%	46%	45%	48%	43%
Net debt to undepreciated book capitalization ratio	34%	35%	37%	39%	38%	41%	36%
Net debt to market capitalization ratio	33%	36%	40%	30%	26%	30%	28%
Interest coverage ratio	6.23x	4.29x	5.42x	4.64x	7.61x	3.74x	4.80x
Fixed charge coverage ratio	5.52x	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						
	September 30, 2020	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019
Property mix:[1]							
Seniors Housing Operating	43%	34%	42%	40%	42%	45%	44%
Triple-net	27%	42%	34%	38%	38%	37%	39%
Outpatient Medical	30%	24%	24%	22%	20%	18%	17%
Relationship mix: [1]							
Sunrise Senior Living [2]	15%	10%	14%	14%	14%	14%	15%
ProMedica	13%	10%	9%	9%	9%	9%	9%
Revera [2]	6%	5%	6%	6%	6%	6%	6%
Avery Healthcare	5%	3%	3%	3%	3%	3%	3%
Sagora Senior Living	4%	3%	3%	3%	3%	3%	3%
Remaining relationships	57%	69%	65%	65%	65%	65%	64%
Geographic mix:[1]							
California	17%	14%	15%	13%	14%	13%	13%
United Kingdom	12%	8%	9%	9%	8%	8%	9%
Texas	12%	10%	7%	9%	8%	8%	8%
Canada	8%	6%	7%	7%	7%	7%	7%
Florida	6%	5%	6%	6%	5%	5%	5%
Remaining geographic areas	45%	57%	56%	56%	58%	59%	58%

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

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

	Expiration Year [1]										
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	Thereafter
Triple-net:											
Properties	26	7	10	2	4	28	72	18	15	15	440
Base rent [2]	$ 26,447	$ 12,550	$ 7,881	$ 840	$ 11,262	$ 25,687	$ 87,128	$ 35,574	$ 22,557	$ 31,309	$ 506,445
% of base rent	3.4 %	1.6 %	1.0 %	0.1 %	1.5 %	3.3 %	11.3 %	4.6 %	2.9 %	4.1 %	66.2 %
Units/beds	1,987	1,316	1,102	1,337	692	1,759	5,451	2,350	1,633	1,429	45,984
% of Units/beds	3.1 %	2.0 %	1.7 %	2.1 %	1.1 %	2.7 %	8.4 %	3.6 %	2.5 %	2.2 %	70.6 %
Outpatient Medical:											
Square feet	550,600	1,413,849	1,935,563	2,028,635	2,084,623	1,223,469	1,113,705	1,057,247	940,345	784,443	5,386,478
Base rent [2]	$ 14,992	$ 42,122	$ 54,741	$ 55,591	$ 62,579	$ 33,639	$ 30,609	$ 27,399	$ 24,754	$ 21,626	$ 113,948
% of base rent	3.1 %	8.7 %	11.4 %	11.5 %	13.0 %	7.0 %	6.4 %	5.7 %	5.1 %	4.5 %	23.6 %
Leases	137	360	387	413	342	250	163	141	121	83	212
% of Leases	5.3 %	13.8 %	14.8 %	15.8 %	13.1 %	9.6 %	6.2 %	5.4 %	4.6 %	3.2 %	8.2 %

[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" and our Quarterly Report on Form 10-Q for the quarter ended March 31, 2020 for updated 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):

	Nine Months Ended		Change	
	September 30, 2020	September 30, 2019	$	%
Cash, cash equivalents and restricted cash at beginning of period	$ 385,765	$ 316,129	$ 69,636	22 %
Cash provided from (used in) operating activities	1,109,584	1,209,900	(100,316)	-8 %
Cash provided from (used in) investing activities	2,329,745	(1,058,325)	3,388,070	320 %
Cash provided from (used in) financing activities	(1,666,195)	(132,533)	(1,533,662)	-1,157 %
Effect of foreign currency translation	(3,566)	(4,436)	870	20 %
Cash, cash equivalents and restricted cash at end of period	$ 2,155,333	$ 330,735	$ 1,824,598	552 %

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 nine months ended September 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):

	Nine Months Ended		Change
	September 30, 2020	September 30, 2019	$
New development	$ 126,699	$ 258,113	$ (131,414)
Recurring capital expenditures, tenant improvements and lease commissions	61,047	86,488	(25,441)
Renovations, redevelopments and other capital improvements	122,277	119,925	2,352
Total	$ 310,023	$ 464,526	$ (154,503)

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. As of September 30, 2020, we have total near-term available liquidity of approximately $4.6 billion. 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 in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2020.

Off-Balance Sheet Arrangements

At September 30, 2020, we had investments in unconsolidated entities with our ownership generally ranging from 10% to 65%. We use financial derivative instruments to hedge interest rate and foreign currency exchange rate exposure. At September 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 September 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	8,273,752	—	—	2,023,752	6,250,000
Canadian Dollar senior unsecured notes [3]	225,175	—	—	—	225,175
Pounds Sterling senior unsecured notes [3]	1,356,705	—	—	—	1,356,705
U.S. Dollar term credit facility	1,370,000	—	870,000	500,000	—
Canadian Dollar term credit facility [3]	187,645	—	—	187,645	—
Secured debt: [2,3]					
Consolidated	2,469,188	75,915	882,864	507,935	1,002,474
Unconsolidated	952,930	20,915	87,265	132,023	712,727
Contractual interest obligations: [4]					
Unsecured credit facility and commercial paper	—	—	—	—	—
Senior unsecured notes and term loans [3]	3,954,897	123,819	829,951	745,026	2,256,101
Consolidated secured debt [3]	340,237	19,445	128,546	75,153	117,093
Unconsolidated secured debt [3]	194,536	7,987	60,686	54,609	71,254
Financing lease liabilities [5]	200,179	2,972	17,195	70,880	109,132
Operating lease liabilities [5]	1,032,932	5,305	40,848	38,607	948,172
Purchase obligations [6]	532,889	143,987	303,629	72,868	12,405
Total contractual obligations	$ 21,091,065	$ 400,345	$ 3,220,984	$ 4,408,498	$ 13,061,238

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

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

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

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

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

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

Capital Structure

Please refer to "Credit Strength" above for a discussion of our leverage and coverage ratio trends. Our debt agreements contain various covenants, restrictions and events of default. Certain agreements require us to maintain financial ratios and minimum net worth and impose certain limits on our ability to incur indebtedness, create liens and make investments or acquisitions. As of September 30, 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 October 23, 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 October 23, 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 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		Nine Months Ended		Change	
	September 30, 2020	September 30, 2019	Amount	%	September 30, 2020	September 30, 2019	Amount	%
Net income	$ 394,978	$ 647,932	$ (252,954)	-39 %	$ 883,574	$ 1,090,274	$ (206,700)	-19 %
NICS	325,585	589,876	(264,291)	-45 %	815,115	1,008,108	(192,993)	-19 %
FFO	185,014	352,378	(167,364)	-47 %	876,735	1,100,782	(224,047)	-20 %
EBITDA	777,364	1,061,688	(284,324)	-27 %	2,082,171	2,286,403	(204,232)	-9 %
NOI	402,157	610,545	(208,388)	-34 %	1,506,689	1,830,962	(324,273)	-18 %
SSNOI	421,974	480,230	(58,256)	-12 %	1,142,628	1,270,094	(127,466)	-10 %
Per share data (fully diluted):								
NICS	$ 0.77	$ 1.45	$ (0.68)	-47 %	$ 1.94	$ 2.51	$ (0.55)	-22 %
FFO	$ 0.44	$ 0.87	$ (0.43)	-49 %	$ 2.10	$ 2.74	$ (0.64)	-23 %
Interest coverage ratio	6.23 x	7.61 x	(1.38)x	-18 %	5.31 x	5.36 x	(0.05)x	-1 %
Fixed charge coverage ratio	5.52 x	6.96 x	(1.44)x	-21 %	4.74 x	4.90 x	(0.16)x	-3 %

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		Nine Months Ended		Change	
	September 30, 2020	September 30, 2019	$	%	September 30, 2020	September 30, 2019	$	%
SSNOI [1]	$ 161,601	$ 220,797	$ (59,196)	-26.8 %	$ 461,268	$ 577,971	$ (116,703)	-20.2 %

[1] For the three and nine months ended September 30, 2020 and 2019, amounts relate to 512 and 402 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		Nine Months Ended		Change	
	September 30, 2020	September 30, 2019	$	%	September 30, 2020	September 30, 2019	$	%
Revenues:								
Resident fees and services	$ 740,956	$ 834,121	$ (93,165)	-11 %	$ 2,360,488	$ 2,616,491	$ (256,003)	-10 %
Interest income	113	—	113	n/a	305	—	305	n/a
Other income	996	1,375	(379)	-28 %	6,050	6,920	(870)	-13 %
Total revenues	742,065	835,496	(93,431)	-11 %	2,366,843	2,623,411	(256,568)	-10 %
Property operating expenses	567,704	581,341	(13,637)	-2 %	1,771,088	1,826,344	(55,256)	-3 %
NOI [1]	174,361	254,155	(79,794)	-31 %	595,755	797,067	(201,312)	-25 %
Other expenses:								
Depreciation and amortization	133,224	148,126	(14,902)	-10 %	419,161	416,252	2,909	1 %
Interest expense	12,728	16,356	(3,628)	-22 %	43,191	52,179	(8,988)	-17 %
Loss (gain) on extinguishment of debt, net	—	1,450	(1,450)	-100 %	(492)	1,450	(1,942)	-134 %
Provision for loan losses	86	—	86	n/a	86	—	86	n/a
Impairment of assets	12,778	2,599	10,179	392 %	91,424	2,599	88,825	3,418 %
Other expenses	6,488	4,274	2,214	52 %	13,463	19,077	(5,614)	-29 %
	165,304	172,805	(7,501)	-4 %	566,833	491,557	75,276	15 %
Income (loss) from continuing operations before income taxes and other items	9,057	81,350	(72,293)	-89 %	28,922	305,510	(276,588)	-91 %
Income (loss) from unconsolidated entities	(7,678)	(3,859)	(3,819)	-99 %	(25,489)	(37,892)	12,403	33 %
Gain (loss) on real estate dispositions, net	313,319	519,203	(205,884)	n/a	327,635	518,493	(190,858)	n/a
Income from continuing operations	314,698	596,694	(281,996)	-47 %	331,068	786,111	(455,043)	-58 %
Net income (loss)	314,698	596,694	(281,996)	-47 %	331,068	786,111	(455,043)	-58 %
Less: Net income (loss) attributable to noncontrolling interests	60,642	46,849	13,793	n/a	32,554	50,826	(18,272)	n/a
Net income (loss) attributable to common stockholders	$ 254,056	$ 549,845	$ (295,789)	-54 %	$ 298,514	$ 735,285	$ (436,771)	-59 %

[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	August	September
Spot occupancy [1]	85.6 %	84.8 %	82.5 %	80.8 %	79.9 %	79.2 %	78.7 %	78.4 %
Sequential occupancy change		(0.8)%	(2.3)%	(1.7)%	(0.9)%	(0.7)%	(0.5)%	(0.3)%

[1] Spot occupancy represents approximate month end occupancy for properties in operation as of February 29, 2020, including unconsolidated properties but excluding acquisitions, dispositions and development conversions since this date.

In addition, we have experienced increased operational costs, net of reimbursements, of $18,192,000 and $68,327,000 during the three and nine months ended September 30, 2020, respectively, 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 nine months ended September 30, 2020, we recorded impairment charges of $91,424,000 related to 13 held for sale or sold properties and four held for use properties. During the nine months ended September 30, 2019, we recorded impairment charges of $2,599,000 related to four held for use properties. 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. During the three months ended September 30, 2020, we recognized a gain on real estate disposition of $313 million related to an 11 property U.S. portfolio. During the three months ended September 30, 2019 we recognized a gain on real estate disposition of $520 million related to the Benchmark portfolio. The fluctuation in other expenses is primarily due to the timing of noncapitalizable transaction costs associated with acquisitions and operator transitions.

During the nine months ended September 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 September 30, 2020 (dollars in thousands):

Location	Units	Commitment	Balance	Est. Completion
Potomac, MD	120	$ 56,720	$ 45,938	4Q20
Beckenham, UK	100	60,858	36,990	3Q21
Barnet, UK	100	66,543	35,200	4Q21
Hendon, UK	102	72,099	41,585	1Q22
	422	$ 256,220	159,713	
Toronto, ON	Project in planning stage		44,402	
Brookline, MA	Project in planning stage		21,987	
Washington, DC	Project in planning stage		22,437	
			$ 248,539	

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				Nine Months Ended			
	September 30, 2020		September 30, 2019		September 30, 2020		September 30, 2019	
	Amount	Wtd. Avg. Interest Rate	Amount	Wtd. Avg. Interest Rate	Amount	Wtd. Avg. Interest Rate	Amount	Wtd. Avg. Interest Rate
Beginning balance	$ 1,779,625	2.91 %	$ 2,018,180	3.80 %	$ 2,115,037	3.54 %	$ 1,810,587	3.87 %
Debt issued	—	— %	22,885	3.95 %	44,921	2.58 %	318,854	3.51 %
Debt assumed	—	— %	—	— %	—	— %	42,000	4.62 %
Debt extinguished	—	— %	(42,131)	4.15 %	(306,238)	2.90 %	(193,604)	4.37 %
Debt transferred	—	— %	(12,072)	3.89 %	—	— %	(12,072)	3.89 %
Principal payments	(12,249)	3.15 %	(10,556)	3.49 %	(36,025)	3.25 %	(32,987)	3.38 %
Foreign currency	22,609	2.94 %	(12,614)	3.34 %	(27,710)	3.15 %	30,914	3.21 %
Ending balance	$ 1,789,985	2.91 %	$ 1,963,692	3.58 %	$ 1,789,985	2.91 %	$ 1,963,692	3.58 %
Monthly averages	$ 1,794,932	2.91 %	$ 1,980,216	3.67 %	$ 1,971,507	3.21 %	$ 1,955,651	3.76 %

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 nine months ended September 30, 2019. Net income attributable to noncontrolling interests represents our partners' share of net income (loss) related to joint ventures. The increase during the three months ended September 30, 2020 and 2019, relates primarily to our partner's share of the gains recognized on the sale of the 11 property U.S. portfolio and the sale of the Benchmark portfolio, respectively. During the nine month period ended September 30, 2020, these gains in partners' share of gains on dispositions are partially offset by our partners' share of impairment charges recognized.

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		Nine Months Ended		Change	
	September 30, 2020	September 30, 2019	$	%	September 30, 2020	September 30, 2019	$	%
SSNOI [(1)]	$ 175,436	$ 175,185	$ 251	0.1 %	$ 478,577	$ 494,328	$ (15,751)	-3.2 %

[(1)] For the three and nine months ended September 30, 2020 and 2019, amounts relate to 649 and 630 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		Nine Months Ended		Change	
	September 30, 2020	September 30, 2019	$	%	September 30, 2020	September 30, 2019	$	%
Revenues:								
Rental income	$ 103,938	$ 227,499	$ (123,561)	-54 %	$ 512,815	$ 681,893	$ (169,078)	-25 %
Interest income	15,877	15,279	598	4 %	46,068	47,343	(1,275)	-3 %
Other income	1,113	1,829	(716)	-39 %	3,393	4,370	(977)	-22 %
Total revenues	120,928	244,607	(123,679)	-51 %	562,276	733,606	(171,330)	-23 %
Property operating expenses	12,567	13,922	(1,355)	-10 %	39,432	41,700	(2,268)	-5 %
NOI [(1)]	108,361	230,685	(122,324)	-53 %	522,844	691,906	(169,062)	-24 %
Other expenses:								
Depreciation and amortization	58,157	57,147	1,010	2 %	173,989	174,551	(562)	— %
Interest expense	2,070	3,076	(1,006)	-33 %	7,668	9,741	(2,073)	-21 %
Loss (gain) on derivatives and financial instruments, net	1,395	1,244	151	12 %	10,480	670	9,810	n/a
Provision for loan losses	372	—	372	n/a	8,895	18,690	(9,795)	-52 %
Impairment of assets	10,535	12,314	(1,779)	-14 %	34,867	11,374	23,493	n/a
Other expenses	2,805	(2,496)	5,301	212 %	6,818	6,093	725	12 %
	75,334	71,285	4,049	6 %	242,717	221,119	21,598	10 %
Income (loss) from continuing operations before income taxes and other items	33,027	159,400	(126,373)	-79 %	280,127	470,787	(190,660)	-40 %
Income (loss) from unconsolidated entities	(423)	5,276	(5,699)	-108 %	11,776	17,512	(5,736)	-33 %
Gain (loss) on real estate dispositions, net	(619)	51,529	(52,148)	-101 %	51,166	217,973	(166,807)	-77 %
Income from continuing operations	31,985	216,205	(184,220)	-85 %	343,069	706,272	(363,203)	-51 %
Net income	31,985	216,205	(184,220)	-85 %	343,069	706,272	(363,203)	-51 %
Less: Net income (loss) attributable to noncontrolling interests	8,597	9,096	(499)	-5 %	36,275	27,422	8,853	32 %
Net income attributable to common stockholders	$ 23,388	$ 207,109	$ (183,721)	-89 %	$ 306,794	$ 678,850	$ (372,056)	-55 %

[(1)] See Non-GAAP Financial Measures below.

The decrease in rental income is primarily attributable to the write off of straight-line rent receivables balances of $112,398,000 and $146,508,000 during the three and nine month periods ended September 30, 2020, respectively, relating to leases for which collection of substantially all contractual lease payments was no longer deemed probable. Included in such amounts was $91,025,000 relating to Genesis Healthcare whom noted substantial doubt as to their ability to continue as a going concern in August. Certain of our leases contain annual rental escalators that are contingent upon changes in the Consumer Price Index and/or changes in the gross operating revenues of the tenant's properties. These escalators are not fixed, so no straight-line rent is recorded; however, rental income is recorded based on the contractual cash rental payments due for the period. If gross operating revenues at our facilities and/or the Consumer Price Index do not increase, a portion of our revenues may not continue to increase. For the three months ended September 30, 2020, we had 17 leases with rental rate increases ranging from 0.10% to 0.66% 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 Paycheck Protection Program. In addition, operators of long-term/post-acute facilities have generally received funds from Phase 1 of the Provider Relief Fund and operators of assisted living facilities are generally expecting funds from Phase 2 of the Provider Relief Fund. Accordingly, collection of rent due during the

COVID-19 pandemic to date (from March to September) have generally 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 nine months ended September 30, 2020, we recognized a provision for loan losses of $8,201,000 to fully reserve for one real estate loan receivable and one non-real estate loan receivable that were no longer deemed collectible. During the nine months ended September 30, 2020, we recorded impairment charges of $34,867,000 related to one held for sale and four held for use properties. During the nine months ended September 30, 2019, we recorded impairment charges of $11,374,000 related to two properties. 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 nine months ended September 30, 2020, we completed two Triple-net construction project representing $59,201,000 or $224,246 per unit. The following is a summary of Triple-net construction projects, excluding expansions, pending as of September 30, 2020 (dollars in thousands):

Location	Units/Beds	Commitment	Balance	Est. Completion
Thousand Oaks, CA	82	$ 24,870	$ 18,157	4Q20
Droitwich, UK	70	16,364	14,339	4Q20
Redhill, UK	76	20,544	11,118	2Q21
Leicester, UK	60	14,472	4,491	1Q22
Wombourne, UK	66	15,505	4,062	2Q22
	354	$ 91,755	$ 52,167	

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 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				Nine Months Ended			
	September 30, 2020		September 30, 2019		September 30, 2020		September 30, 2019	
	Amount	Wtd. Avg. Interest Rate	Amount	Wtd. Avg. Interest Rate	Amount	Wtd. Avg. Interest Rate	Amount	Wtd. Avg. Interest Rate
Beginning balance	$ 289,321	3.27 %	$ 287,952	3.63 %	$ 306,038	3.60 %	$ 288,386	3.63 %
Debt extinguished	(176,875)	2.03 %	—	— %	(176,875)	2.03 %	—	— %
Debt transferred	—	— %	12,072	3.89 %	—	— %	12,072	3.89 %
Principal payments	(1,101)	5.16 %	(1,037)	5.17 %	(3,203)	5.16 %	(2,945)	5.22 %
Foreign currency	11,341	2.35 %	(5,986)	2.95 %	(3,274)	3.53 %	(4,512)	3.23 %
Ending balance	$ 122,686	4.91 %	$ 293,001	3.64 %	$ 122,686	4.91 %	$ 293,001	3.64 %
		0.0355003165979432						
Monthly averages	$ 164,836	4.19 %	$ 291,300	3.64 %	$ 242,312	3.69 %	$ 291,475	3.63 %

A portion of our Triple-net properties were formed through partnerships. Income or loss from unconsolidated entities represents our share of net income or losses from partnerships where we are the noncontrolling partner. The decrease in income from unconsolidated entities during the three months ended September 30, 2020 is primarily related to the write-off of Genesis Healthcare straight-line rent receivable balances at unconsolidated entities. 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 nine months ended September 30, 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		Nine Months Ended		Change	
	September 30, 2020	September 30, 2019	$	%	September 30, 2020	September 30, 2019	$	%
SSNOI [1]	$ 84,937	$ 84,248	$ 689	0.8 %	$ 202,783	$ 197,795	$ 4,988	2.5 %

[1] For the three and nine months ended September 30, 2020 and 2019, amounts relate to 294 and 232 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		Nine Months Ended		Change	
	September 30, 2020	September 30, 2019	$	%	September 30, 2020	September 30, 2019	$	%
Revenues:								
Rental income	$ 171,108	$ 184,648	$ (13,540)	-7 %	$ 548,496	$ 496,924	$ 51,572	10 %
Interest income	760	358	402	112 %	1,687	769	918	119 %
Other income	836	183	653	357 %	2,681	322	2,359	733 %
Total revenues	172,704	185,189	(12,485)	-7 %	552,864	498,015	54,849	11 %
Property operating expenses	52,728	60,325	(7,597)	-13 %	165,024	159,478	5,546	3 %
NOI [1]	119,976	124,864	(4,888)	-4 %	387,840	338,537	49,303	15 %
Other expenses:								
Depreciation and amortization	64,151	67,172	(3,021)	-4 %	202,554	173,626	28,928	17 %
Interest expense	4,287	3,363	924	27 %	13,421	10,097	3,324	33 %
Loss (gain) on extinguishment of debt, net	—	—	—	n/a	741	—	741	n/a
Provision for loan losses	2,399	—	2,399	n/a	2,370	—	2,370	n/a
Impairment of assets	—	3,183	(3,183)	-100 %	—	14,062	(14,062)	-100 %
Other expenses	781	524	257	49 %	8,244	1,274	6,970	547 %
	71,618	74,242	(2,624)	-4 %	227,330	199,059	28,271	14 %
Income (loss) from continuing operations before income taxes and other items	48,358	50,622	(2,264)	-4 %	160,510	139,478	21,032	15 %
Income (loss) from unconsolidated entities	2,120	1,845	275	15 %	5,372	5,394	(22)	— %
Gain (loss) on real estate dispositions, net	171,604	(482)	172,086	n/a	524,190	(489)	524,679	n/a
Income from continuing operations	222,082	51,985	170,097	327 %	690,072	144,383	545,689	378 %
Net income (loss)	222,082	51,985	170,097	327 %	690,072	144,383	545,689	378 %
Less: Net income (loss) attributable to noncontrolling interests	154	2,111	(1,957)	-93 %	(370)	3,918	(4,288)	-109 %
Net income (loss) attributable to common stockholders	$ 221,928	$ 49,874	$ 172,054	345 %	$ 690,442	$ 140,465	$ 549,977	392 %

[1] See Non-GAAP Financial Measures.

Rental income has decreased for the three month period ending September 30, 2020 due primarily to significant dispositions that have closed during second and third quarters of the current year. The increase in rental income for the nine months ended September 30, 2020 is 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 2020 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 September 30, 2020, our consolidated outpatient medical portfolio signed 146,538 square feet of new leases and 411,113 square feet of renewals. The weighted-average term of these leases was six years, with a rate of $32.71 per square foot and tenant improvement and lease commission costs of $18.01 per square foot. Substantially all of these leases contain an annual fixed or contingent escalation rent structure ranging from 1.5% to 3.5%. 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 third quarter, consisting of 97% cash collections and 2% of short term deferrals. In most cases, unless local ordinances mandate otherwise, the deferred rent represents two months of rent with expected repayment by the end of the year. Furthermore, collections of deferred rent due in the third quarter under executed deferrals was over 99%.

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 nine months ended September 30, 2019, we recognized impairment charges $14,062,000 related to three 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 nine months ended September 30, 2020 is primarily due to noncapitalizable transaction costs from acquisitions no longer expected to be consummated.

During the nine months ended September 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 September 30, 2020 (dollars in thousands):

Location	Square Feet	Commitment	Balance	Est. Completion
Brooklyn, NY	140,955	$ 105,306	$ 99,616	1Q21
Kalamazoo, MI	40,607	14,267	946	3Q21
	181,562	$ 119,573	$ 100,562	

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				Nine Months Ended			
	September 30, 2020		September 30, 2019		September 30, 2020		September 30, 2019	
	Amount	Wtd. Ave Interest Rate	Amount	Wtd. Ave Interest Rate	Amount	Wtd. Ave Interest Rate	Amount	Wtd. Ave Interest Rate
Beginning balance	$ 559,043	3.59 %	$ 383,850	4.22 %	$ 572,267	3.97 %	$ 386,738	4.20 %
Debt extinguished	—	— %	—	— %	(8,393)	4.40 %	—	— %
Principal payments	(2,526)	4.62 %	(1,528)	4.97 %	(7,357)	4.63 %	(4,416)	5.03 %
Ending balance	$ 556,517	3.58 %	$ 382,322	4.09 %	$ 556,517	3.58 %	$ 382,322	4.09 %
Monthly averages	$ 557,773	3.58 %	$ 383,084	4.17 %	$ 565,331	3.77 %	$ 384,590	4.21 %

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		Nine Months Ended		Change	
	September 30, 2020	September 30, 2019	$	%	September 30, 2020	September 30, 2019	$	%
Revenues:								
Other income	$ 1,177	$ 841	$ 336	40 %	$ 1,968	$ 3,452	$ (1,484)	-43 %
Total revenue	1,177	841	336	40 %	1,968	3,452	(1,484)	-43 %
Property operating expenses	1,718	—	1,718	n/a	1,718	—	1,718	n/a
NOI [(1)]	(541)	841	(1,382)	-164 %	250	3,452	(3,202)	-93 %
Expenses:								
Interest expense	105,766	114,548	(8,782)	-8 %	328,935	351,894	(22,959)	-7 %
General and administrative expenses	31,003	31,019	(16)	— %	100,546	100,042	504	1 %
Loss (gain) on extinguishment of debt, net	33,004	64,374	(31,370)	-49 %	33,004	80,093	(47,089)	-59 %
Other expenses	1,470	3,884	(2,414)	-62 %	8,722	10,126	(1,404)	-14 %
	171,243	213,825	(42,582)	-20 %	471,207	542,155	(70,948)	-13 %
Loss from continuing operations before income taxes and other items	(171,784)	(212,984)	41,200	19 %	(470,957)	(538,703)	67,746	13 %
Income tax (expense) benefit	(2,003)	(3,968)	1,965	50 %	(9,678)	(7,789)	(1,889)	-24 %
Loss from continuing operations	(173,787)	(216,952)	43,165	20 %	(480,635)	(546,492)	65,857	12 %
Net loss attributable to common stockholders	$ (173,787)	$ (216,952)	$ 43,165	20 %	$ (480,635)	$ (546,492)	$ 65,857	12 %

[(1)] See Non-GAAP Financial Measures.

Property operating expenses represent insurance costs related to our captive insurance company formed as of July 1, 2020 which acts as a direct insurer of property level insurance coverage for our portfolio.

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

	Three Months Ended		Change		Nine Months Ended		Change	
	September 30, 2020	September 30, 2019	$	%	September 30, 2020	September 30, 2019	$	%
Senior unsecured notes	$ 100,354	$ 100,356	$ (2)	— %	$ 302,029	$ 307,587	$ (5,558)	-2 %
Unsecured credit facility and commercial paper program	1,156	10,300	(9,144)	-89 %	14,140	32,978	(18,838)	-57 %
Loan expense	4,256	3,892	364	9 %	12,766	11,329	1,437	13 %
Totals	$ 105,766	$ 114,548	$ (8,782)	-8 %	$ 328,935	$ 351,894	$ (22,959)	-7 %

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 nine months ended September 30, 2020 is due primarily to the early extinguishment of $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. The loss on extinguishment recognized during the nine months ended September 30, 2019 is due primarily to the early extinguishment of the $600,000,000 of 4.125% senior unsecured notes due 2019 and the $450,000,000 of 6.125% senior unsecured notes due 2020 in March 2019, and the early extinguishment of the $450,000,000 of 4.95% senior unsecured notes due 2021 and $600,000,000 of 5.25% senior unsecured notes due 2022 in September 2019.

General and administrative expenses as a percentage of consolidated revenues for the three months ended September 30, 2020 and 2019 were 2.99% and 2.45%, 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 seven 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 seven 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 seven 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 seven 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 is defined as earnings (net income) before interest, taxes, depreciation and amortization. Adjusted EBITDA is defined as EBITDA excluding unconsolidated entities and including adjustments for stock-based compensation expense, provision for loan losses, gains/losses on extinguishment of debt, gains/loss/impairments on properties, gains/losses on derivatives and financial instruments, other expense, additional other income and other impairment charges. We believe that EBITDA and Adjusted EBITDA, along with net income, are important supplemental measures because they provide additional information to assess and evaluate the performance of our operations. We primarily use these measures to determine our interest coverage ratio, which represents EBITDA and Adjusted EBITDA divided by total interest, and our fixed charge coverage ratio, which represents EBITDA and Adjusted EBITDA divided by fixed charges. Fixed charges include total interest and secured debt principal amortization. Covenants in our unsecured senior notes and primary credit facility contain financial ratios based on a definition of EBITDA and Adjusted EBITDA that is specific to those agreements. Our leverage ratios are defined as the proportion of net debt to total capitalization and include book capitalization, undepreciated book capitalization and market capitalization. Book capitalization represents the sum of net debt (defined as total long-term debt, excluding operating lease liabilities, less cash and cash equivalents and 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 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:	September 30, 2020	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019
Net income (loss)	$ 394,978	$ 159,216	$ 329,380	$ 240,136	$ 647,932	$ 150,040	$ 292,302
Loss (gain) on real estate dispositions, net	(484,304)	(155,863)	(262,824)	(12,064)	(570,250)	1,682	(167,409)
Loss (income) from unconsolidated entities	5,981	(1,332)	3,692	(57,420)	(3,262)	9,049	9,199
Income tax expense (benefit)	2,003	2,233	5,442	(4,832)	3,968	1,599	2,222
Other expenses	11,544	19,411	6,292	16,042	6,186	21,628	8,756
Impairment of assets	23,313	75,151	27,827	98	18,096	9,939	—
Provision for loan losses	2,857	1,422	7,072	—	—	—	18,690
Loss (gain) on extinguishment of debt, net	33,004	249	—	2,612	65,824	—	15,719
Loss (gain) on derivatives and financial instruments, net	1,395	1,434	7,651	(5,069)	1,244	1,913	(2,487)
General and administrative expenses	31,003	34,062	35,481	26,507	31,019	33,741	35,282
Depreciation and amortization	255,532	265,371	274,801	262,644	272,445	248,052	243,932
Interest expense	124,851	126,357	142,007	131,648	137,343	141,336	145,232
Consolidated net operating income (NOI)	$ 402,157	$ 527,711	$ 576,821	$ 600,302	$ 610,545	$ 618,979	$ 601,438
NOI by segment:							
Seniors Housing Operating	$ 174,361	$ 178,137	$ 243,257	$ 242,453	$ 254,155	$ 278,212	$ 264,700
Triple-net	108,361	220,056	194,427	226,837	230,685	227,935	233,286
Outpatient Medical	119,976	129,143	138,721	130,498	124,864	112,378	101,295
Non-segment/corporate	(541)	375	416	514	841	454	2,157
Total NOI	$ 402,157	$ 527,711	$ 576,821	$ 600,302	$ 610,545	$ 618,979	$ 601,438

	Nine Months Ended	
	September 30, 2020	September 30, 2019
NOI Reconciliations:		
Net income (loss)	$ 883,574	$ 1,090,274
Loss (gain) on real estate dispositions, net	(902,991)	(735,977)
Loss (income) from unconsolidated entities	8,341	14,986
Income tax expense (benefit)	9,678	7,789
Other expenses	37,247	36,570
Impairment of assets	126,291	28,035
Provision for loan losses	11,351	18,690
Loss (gain) on extinguishment of debt, net	33,253	81,543
Loss (gain) on derivatives and financial instruments, net	10,480	670
General and administrative expenses	100,546	100,042
Depreciation and amortization	795,704	764,429
Interest expense	393,215	423,911
Consolidated net operating income (NOI)	$ 1,506,689	$ 1,830,962
NOI by segment:		
Seniors Housing Operating	$ 595,755	$ 797,067
Triple-net	522,844	691,906
Outpatient Medical	387,840	338,537
Non-segment/corporate	250	3,452
Total NOI	$ 1,506,689	$ 1,830,962

	QTD Pool		YTD Pool	
	Three Months Ended		Nine Months Ended	
SSNOI Reconciliations:	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
Seniors Housing Operating:				
Consolidated NOI	$ 174,361	$ 254,155	$ 595,755	$ 797,067
NOI attributable to unconsolidated investments	12,323	16,434	40,554	48,896
NOI attributable to noncontrolling interests	(11,306)	(20,120)	(40,804)	(61,990)
NOI attributable to non-same store properties	(13,227)	(27,331)	(135,172)	(208,045)
Non-cash NOI attributable to same store properties	(1,008)	(3,880)	(2,872)	(3,462)
Currency and ownership adjustments [1]	458	1,539	3,807	5,505
SSNOI at Welltower Share	161,601	220,797	461,268	577,971
Triple-net:				
Consolidated NOI	108,361	230,685	522,844	691,906
NOI attributable to unconsolidated investments	(1,288)	5,133	8,978	15,399
NOI attributable to noncontrolling interests	(14,328)	(14,581)	(44,080)	(43,717)
NOI attributable to non-same store properties	(26,916)	(31,053)	(91,869)	(123,923)
Non-cash NOI attributable to same store properties	109,451	(16,015)	81,605	(46,137)
Currency and ownership adjustments [1]	156	1,016	1,099	800
SSNOI at Welltower Share	175,436	175,185	478,577	494,328
Outpatient Medical:				
Consolidated NOI	119,976	124,864	387,840	338,537
NOI attributable to unconsolidated investments	2,624	390	6,148	1,007
NOI attributable to noncontrolling interests	(4,179)	(7,526)	(11,923)	(20,784)
NOI attributable to non-same store properties	(27,305)	(20,252)	(157,432)	(85,441)
Non-cash NOI attributable to same store properties	(1,438)	(1,912)	(1,043)	(1,834)
Currency and ownership adjustments [1]	(4,741)	(11,316)	(20,807)	(33,690)
SSNOI at Welltower Share	84,937	84,248	202,783	197,795
SSNOI at Welltower Share:				
Seniors Housing Operating	161,601	220,797	461,268	577,971
Triple-net	175,436	175,185	478,577	494,328
Outpatient Medical	84,937	84,248	202,783	197,795
Total	$ 421,974	$ 480,230	$ 1,142,628	$ 1,270,094

[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 Seniors Housing Operating	QTD Pool Triple-net	QTD Pool Outpatient Medical	QTD Pool Total	YTD Pool Seniors Housing Operating	YTD Pool Triple-net	YTD Pool Outpatient Medical	YTD Pool Total
Consolidated properties	515	652	321	1,488	515	652	321	1,488
Unconsolidated properties	84	39	49	172	84	39	49	172
Total properties	599	691	370	1,660	599	691	370	1,660
Recent acquisitions/development conversions[(1)]	(25)	(8)	(60)	(93)	(70)	(12)	(122)	(204)
Under development	(25)	(5)	(2)	(32)	(25)	(5)	(2)	(32)
Under redevelopment[(2)]	(10)	(1)	(2)	(13)	(11)	(1)	(2)	(14)
Current held for sale	(8)	(2)	(4)	(14)	(8)	(2)	(4)	(14)
Land parcels, loans and subleases	(10)	(17)	(8)	(35)	(10)	(17)	(8)	(35)
Transitions[(3)]	(9)	(9)	—	(18)	(72)	(24)	—	(96)
Other	—	—	—	—	(1)	—	—	(1)
Same store properties	512	649	294	1,455	402	630	232	1,264

[(1)] Acquisitions and development conversions will enter the QTD Pool and YTD Pool five full quarters and seven 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 seven full quarters of operations post redevelopment completion, respectively.

[(3)] Transitioned properties will enter the QTD Pool and YTD Pool after five full quarters and seven full quarters 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 September 30, 2020	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019
Net income attributable to common stockholders	$ 325,585	$ 179,246	$ 310,284	$ 224,324	$ 589,876	$ 137,762	$ 280,470
Depreciation and amortization	255,532	265,371	274,801	262,644	272,445	248,052	243,932
Impairment of assets	23,313	75,151	27,827	98	18,096	9,939	—
Loss (gain) on real estate dispositions, net	(484,304)	(155,863)	(262,824)	(12,064)	(570,250)	1,682	(167,409)
Noncontrolling interests	48,559	(42,539)	(9,409)	(14,895)	31,347	(18,889)	(17,760)
Unconsolidated entities	16,329	14,231	15,445	16,191	10,864	11,475	19,150
FFO	$ 185,014	$ 335,597	$ 356,124	$ 476,298	$ 352,378	$ 390,021	$ 358,383
Average diluted shares outstanding	418,987	419,121	412,420	407,904	406,891	406,673	393,452
Per diluted share data:							
Net income attributable to common stockholders[(1)]	$ 0.77	$ 0.42	$ 0.75	$ 0.55	$ 1.45	$ 0.34	$ 0.71
FFO	$ 0.44	$ 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.

FFO Reconciliations:	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2019
Net income attributable to common stockholders	$ 815,115	$ 1,008,108
Depreciation and amortization	795,704	764,429
Impairment of assets	126,291	28,035
Loss (gain) on real estate dispositions, net	(902,991)	(735,977)
Noncontrolling interests	(3,389)	(5,302)
Unconsolidated entities	46,005	41,489
FFO	$ 876,735	$ 1,100,782
Average diluted common shares outstanding:	416,860	402,412
Per diluted share data:		
Net income attributable to common stockholders[1]	$ 1.94	$ 2.51
FFO	$ 2.10	$ 2.74

[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:	September 30, 2020	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019
Net income (loss)	$ 394,978	$ 159,216	$ 329,380	$ 240,136	$ 647,932	$ 150,040	$ 292,302
Interest expense	124,851	126,357	142,007	131,648	137,343	141,336	145,232
Income tax expense (benefit)	2,003	2,233	5,442	(4,832)	3,968	1,599	2,222
Depreciation and amortization	255,532	265,371	274,801	262,644	272,445	248,052	243,932
EBITDA	$ 777,364	$ 553,177	$ 751,630	$ 629,596	$ 1,061,688	$ 541,027	$ 683,688
Interest Coverage Ratio:							
Interest expense	$ 124,851	$ 126,357	$ 142,007	$ 131,648	$ 137,343	$ 141,336	$ 145,232
Non-cash interest expense	(3,973)	(1,914)	(8,125)	(734)	(1,988)	(752)	(5,171)
Capitalized interest	3,947	4,541	4,746	4,868	4,148	3,929	2,327
Total interest	124,825	128,984	138,628	135,782	139,503	144,513	142,388
EBITDA	$ 777,364	$ 553,177	$ 751,630	$ 629,596	$ 1,061,688	$ 541,027	$ 683,688
Interest coverage ratio	6.23 x	4.29 x	5.42 x	4.64 x	7.61 x	3.74 x	4.80 x
Fixed Charge Coverage Ratio:							
Total interest	$ 124,825	$ 128,984	$ 138,628	$ 135,782	$ 139,503	$ 144,513	$ 142,388
Secured debt principal payments	15,876	15,183	15,526	13,977	13,121	13,684	13,543
Total fixed charges	140,701	144,167	154,154	149,759	152,624	158,197	155,931
EBITDA	$ 777,364	$ 553,177	$ 751,630	$ 629,596	$ 1,061,688	$ 541,027	$ 683,688
Fixed charge coverage ratio	5.52 x	3.84 x	4.88 x	4.20 x	6.96 x	3.42 x	4.38 x

	Nine Months Ended	
EBITDA Reconciliations:	September 30, 2020	September 30, 2019
Net income (loss)	$ 883,574	$ 1,090,274
Interest expense	393,215	423,911
Income tax expense (benefit)	9,678	7,789
Depreciation and amortization	795,704	764,429
EBITDA	$ 2,082,171	$ 2,286,403
Interest Coverage Ratio:		
Interest expense	$ 393,215	$ 423,911
Non-cash interest expense	(14,012)	(7,911)
Capitalized interest	13,234	10,404
Total interest	392,437	426,404
EBITDA	$ 2,082,171	$ 2,286,403
Interest coverage ratio	5.31 x	5.36 x
Fixed Charge Coverage Ratio:		
Total interest	$ 392,437	$ 426,404
Secured debt principal payments	46,585	40,348
Total fixed charges	439,022	466,752
EBITDA	$ 2,082,171	$ 2,286,403
Fixed charge coverage ratio	4.74 x	4.90 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:	September 30, 2020	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019
Net income	$ 1,123,710	$ 1,376,664	$ 1,367,488	$ 1,330,410	$ 1,214,970	$ 651,264	$ 668,497
Interest expense	524,863	537,355	552,334	555,559	568,280	568,969	549,049
Income tax expense (benefit)	4,846	6,811	6,177	2,957	9,293	7,066	9,308
Depreciation and amortization	1,058,348	1,075,261	1,057,942	1,027,073	1,007,263	977,967	966,190
EBITDA	2,711,767	2,996,091	2,983,941	2,915,999	2,799,806	2,205,266	2,193,044
Loss (income) from unconsolidated entities	(49,079)	(58,322)	(47,941)	(42,434)	14,791	17,709	7,411
Stock-based compensation expense [(1)]	25,485	24,229	24,601	25,047	25,347	26,113	23,618
Loss (gain) on extinguishment of debt, net	35,865	68,685	68,436	84,155	81,596	19,810	20,109
Loss (gain) on real estate dispositions, net	(915,055)	(1,001,001)	(843,456)	(748,041)	(777,890)	(232,363)	(244,800)
Impairment of assets	126,389	121,172	55,960	28,133	104,057	92,701	87,394
Provision for loan losses	11,351	8,494	7,072	18,690	18,690	18,690	18,690
Loss (gain) on derivatives and financial instruments, net	5,411	5,260	5,739	(4,399)	2,296	10,043	670
Other expenses [(1)]	52,630	46,971	48,327	51,052	45,512	126,994	117,942
Other impairment [(2)]	146,508	34,110	32,268	—	—	—	—
Additional other income	—	—	—	—	(4,027)	(4,027)	(14,832)
Adjusted EBITDA	$ 2,151,272	$ 2,245,689	$ 2,334,947	$ 2,328,202	$ 2,310,178	$ 2,280,936	$ 2,209,246
Adjusted Interest Coverage Ratio:							
Interest expense	$ 524,863	$ 537,355	$ 552,334	$ 555,559	$ 568,280	$ 568,969	$ 549,049
Capitalized interest	18,102	18,303	17,691	15,272	11,952	9,725	7,896
Non-cash interest expense	(14,746)	(12,761)	(11,599)	(8,645)	(11,218)	(10,888)	(11,852)
Total interest	528,219	542,897	558,426	562,186	569,014	567,806	545,093
Adjusted EBITDA	$ 2,151,272	$ 2,245,689	$ 2,334,947	$ 2,328,202	$ 2,310,178	$ 2,280,936	$ 2,209,246
Adjusted interest coverage ratio	4.07 x	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	$ 528,219	$ 542,897	$ 558,426	$ 562,186	$ 569,014	$ 567,806	$ 545,093
Secured debt principal payments	60,562	57,807	56,308	54,325	54,342	55,129	55,584
Preferred dividends	—	—	—	—	11,676	23,352	35,028
Total fixed charges	588,781	600,704	614,734	616,511	635,032	646,287	635,705
Adjusted EBITDA	$ 2,151,272	$ 2,245,689	$ 2,334,947	$ 2,328,202	$ 2,310,178	$ 2,280,936	$ 2,209,246
Adjusted fixed charge coverage ratio	3.65 x	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 write-off of straight-line rent 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						
	September 30, 2020	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)]	13,889,030	14,543,485	13,228,433	13,436,365	12,463,680	13,390,344	12,371,729
Cash and cash equivalents [(2)]	(2,096,571)	(1,766,819)	(303,423)	(284,917)	(265,788)	(268,666)	(249,127)
Total net debt	11,792,459	12,776,666	13,769,995	14,739,045	13,532,478	14,990,866	12,541,895
Total equity and noncontrolling interests[(3)]	17,291,155	17,263,672	17,495,696	16,982,504	16,696,070	16,452,806	16,498,376
Book capitalization	$ 29,083,614	$ 30,040,338	$ 31,265,691	$ 31,721,549	$ 30,228,548	$ 31,443,672	$ 29,040,271
Net debt to book capitalization ratio	41 %	43 %	44 %	46 %	45 %	48 %	43 %
Undepreciated book capitalization:							
Total net debt	$ 11,792,459	$ 12,776,666	$ 13,769,995	$ 14,739,045	$ 13,532,478	$ 14,990,866	$ 12,541,895
Accumulated depreciation and amortization	6,002,775	6,001,177	5,910,979	5,715,459	5,769,843	5,539,435	5,670,111
Total equity and noncontrolling interests[(3)]	17,291,155	17,263,672	17,495,696	16,982,504	16,696,070	16,452,806	16,498,376
Undepreciated book capitalization	$ 35,086,389	$ 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	34 %	35 %	37 %	39 %	38 %	41 %	36 %
Market capitalization:							
Common shares outstanding	417,305	417,302	417,391	410,257	405,758	405,254	403,740
Period end share price	$ 55.09	$ 51.75	$ 45.78	$ 81.78	$ 90.65	$ 81.53	$ 77.60
Common equity market capitalization	$ 22,989,332	$ 21,595,379	$ 19,108,160	$ 33,550,817	$ 36,781,963	$ 33,040,359	$ 31,330,224
Total net debt	11,792,459	12,776,666	13,769,995	14,739,045	13,532,478	14,990,866	12,541,895
Noncontrolling interests[(3)]	1,183,281	1,215,532	1,362,913	1,442,060	1,430,005	1,458,351	1,419,885
Market capitalization	$ 35,965,072	$ 35,587,577	$ 34,241,068	$ 49,731,922	$ 51,744,446	$ 49,489,576	$ 45,292,004
Net debt to market capitalization ratio	33 %	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 of $381 million at September 30, 2020 and $88 million at June 30, 2020. September 30, 2020 also includes $112 million of restricted cash related to secured debt that was defeased in September and subsequently extinguished in October 2020.

[(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):

	September 30, 2020		December 31, 2019	
	Principal balance	Change in fair value	Principal balance	Change in fair value
Senior unsecured notes	$ 9,855,632	$ (732,347)	$ 9,724,691	$ (751,848)
Secured debt	1,707,919	(60,007)	1,814,229	(69,756)
Totals	$ 11,563,551	$ (792,354)	$ 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 September 30, 2020, we had $2,318,914,000 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 $23,189,000. 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 September 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 $5,000,000. 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):

	September 30, 2020		December 31, 2019	
	Carrying Value	Change in fair value	Carrying Value	Change in fair value
Foreign currency forward contracts	$ 76,244	$ 11,786	$ 26,767	$ 12,136
Debt designated as hedges	1,544,350	15,444	1,586,116	15,861
Totals	$ 1,620,594	$ 27,230	$ 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 September 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 third quarter ended September 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. We did not repurchase any shares of our common stock during the three months ended September 30, 2020.

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
July 1, 2020 through July 31, 2020	2,094	$ 51.26	—	$ —
August 1, 2020 through August 31, 2020	3,076	51.54	—	—
September 1, 2020 through September 30, 2020	176	56.59	—	—
Totals	5,346	$ 51.59	—	$ 992,348,000

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Item 5. *Other Information*

None.

Item 6. ***Exhibits***

10.1	Settlement Agreement by and between Thomas J. DeRosa and Welltower Inc. *
31.1	Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer.
31.2	Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer.
32.1	Certification pursuant to 18 U.S.C. Section 1350 by Chief Executive Officer.
32.2	Certification pursuant to 18 U.S.C. Section 1350 by Chief Financial Officer.
101.INS	XBRL Instance Document. The instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
104	The cover page from the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2020, formatted in Inline XBRL

* Management contract or Compensatory Plan or Arrangement.

SIGNATURES

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

WELLTOWER INC.

Date: October 29, 2020

By: /s/ SHANKH MITRA

Shankh Mitra,
Chief Executive Officer and Chief Investment Officer
(Principal Executive Officer)

Date: October 29, 2020

By: /s/ TIMOTHY G. MCHUGH

Timothy G. McHugh,
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Date: October 29, 2020

By: /s/ JOSHUA T. FIEWEGER

Joshua T. Fieweger,
Senior Vice President and Controller
(Principal Accounting Officer)

EXHIBIT 10.1

SEPARATION AGREEMENT

This Separation Agreement (this "Agreement") is made as of October 5, 2020 by and between Thomas J. DeRosa ("Executive") and Welltower Inc., a Delaware corporation (the "Company").

WHEREAS, Executive and the Company entered into the Amended and Restated Employment Agreement, dated April 13, 2020 (the "Employment Agreement"), and Executive is currently serving as the Company's Chief Executive Officer;

WHEREAS, Executive has been granted equity awards or equity-based awards ("Equity Awards") under (i) the Amended and Restated Welltower Inc. 2005 Long-Term Incentive Plan (the "2005 Plan") pursuant to the 2016-2018 Long-Term Incentive Program (the "2016-2018 LTIP") and (ii) the Welltower Inc. 2016 Long-Term Incentive Plan (the "2016 Equity Plan") pursuant to each of the 2017-2019 Long-Term Incentive Program (the "2017-2019 LTIP"), 2018-2020 Long-Term Incentive Program (the "2018-2020 LTIP"), 2019-2021 Long-Term Incentive Program (the "2019-2021 LTIP") and the 2020-2022 Long-Term Incentive Program (the "2020-2022 LTIP" and, together with the 2016-2018 LTIP, 2017-2019 LTIP, 2018-2020 LTIP, 2019-2021 LTIP and 2020-2022 LTIP, the "LTIP Programs"; and the LTIP Programs, together with Executive's award agreements or other grant documents governing each such Equity Award, the "LTIP Documents").

WHEREAS, the Company and Executive have determined that it is in the best interests of both parties for Executive to resign from his positions at the Company;

WHEREAS, the parties acknowledge and agree that Executive's separation is a "Qualified Termination" under the LTIP Programs (as such term is defined in the LTIP Programs); and

WHEREAS, in consideration for Executive's execution and non-revocation of this Agreement, the Company shall pay to Executive the payments described in Section 5(a) of the Employment Agreement.

NOW, THEREFORE, in consideration of the promises and mutual covenants herein contained, the parties agree with each other as follows:

1. TERMINATION DATE.

a. Executive's last day of employment with the Company is October 5, 2020 (the "Termination Date"). Effective as of the Termination Date, Executive also hereby resigns all other positions Executive holds (i) with the Company, (ii) with any of the Company's direct and indirect subsidiaries and/or affiliates, or (iii) with any other organization as to any position held at the request of, as a representative of, or for the benefit of the Company (provided that Executive may continue to serve as an advisor to Primetime Partners). Executive hereby resigns as a member of the Board of Directors of the Company (the "Board"). Executive agrees to take any additional necessary steps and sign any additional documentation that may be reasonably requested by the Company in order to give full effect or confirmation of such resignations.

b. The Employment Agreement is terminated as of the Termination Date.

c. As of the Termination Date, Executive will have no authority or power to bind the Company or to represent the Company in relation to third parties or to represent to third parties that Executive has authority or power to bind the Company or represent the Company.

2. PAYMENTS UPON TERMINATION. Within sixty (60) days following the Termination Date, or such earlier or later time as required by law or indicated below in this Section 2, the Company shall provide for the following to Executive:

a. Base Compensation (at an annualized rate of $1,250,000) that is accrued, but unpaid, through the Termination Date;

b. any accrued but unpaid PTO through the Termination Date;

c. any vested benefits payable to Executive under the terms of any deferred compensation, incentive, retirement or other benefit plans maintained by the Company, payable in accordance with the terms of the applicable plan (including, but not limited to, (x) the settlement of the fully vested restricted stock units granted to Executive pursuant to the Performance-Based Restricted Stock Unit Grant Agreement, dated July 30, 2014, by and between Executive and the Company that were automatically deferred under such agreement and (y) any other equity award that is currently outstanding to the extent vested prior to the Termination Date);

d. any expenses owed to Executive under Sections 4(d) and 4(e) of the Employment Agreement; and

e. any additional payments and benefits owed to Executive under any written plan, program, agreement, corporate governance document, or other arrangement of the Company or any of its affiliates in effect prior to the Termination Date in an aggregate amount not to exceed Fifty Thousand Dollars ($50,000).

3. PAYMENTS FOLLOWING SEPARATION. The following payments (to which Executive would not otherwise be entitled) are being offered in consideration for Executive's compliance with the following conditions (A) and (B), all of which must be satisfied in full in order for the payments set forth below in this Section 3 to be earned: (A) Executive's execution and delivery of this Agreement, including the release attached hereto as Exhibit B (the "Release"), and the Release having become effective and irrevocable in accordance with its terms, on or before November 3, 2020 (the "Severance Requirement"); and (B) Executive not having breached the covenants and other obligations set forth in Sections 5(a), 5(b), 5(c), 5(d), 5(e) and 5(f) of this Agreement or, with respect to breaches prior to the Termination Date, Sections 9 and 10 of the Employment Agreement (collectively, the "Restrictive Covenants"), which breach (i) has resulted in meaningful harm to the Company's business or reputation in the case of breaches of Sections 5(a), 5(b), 5(c), 5(d), and 5(f) of this Agreement and of Section 9 and 10 of the Employment Agreement or (ii) has resulted in material harm to the Company's business or reputation in the case of a breach of Section 5(e). In the event that the parties have executed this Agreement but the Release fails to become effective and irrevocable in accordance with its terms for any reason, the Company shall pay Executive an amount equal to Two Thousand Five Hundred Dollars ($2,500), which shall provide consideration for this Agreement. Notwithstanding the foregoing, any benefits payable under the LTIP Documents shall be governed by the terms of such Documents and the separate Waiver and Release of Claims required thereunder, which is attached hereto as Exhibit C and shall be executed in accordance with the times set forth therein and become effective and irrevocable in accordance with its terms. Executive shall have no obligation to execute any other or additional releases of claims, including as a condition for receiving any additional payments or benefits, except for those releases set forth as Exhibit B and Exhibit C.

a. a series of semi-monthly severance payments over the twenty-four (24) month period commencing immediately following the Termination Date and concluding no later than October 17, 2022, each semi-monthly payment in an amount equal to one-twenty fourth (1/24th) of $3,750,000 (i.e., the sum of (i) Executive's annual Base Compensation, as in effect on the Termination Date, which is $1,250,000, and (ii) Executive's target annual cash bonus opportunity, as in effect on the Termination Date, which is 200% of Executive's Base Compensation or $2,500,000);.

b. a pro-rated portion of the annual bonus that Executive would have earned for 2020 if Executive had remained employed for the entire year, based on the number of days in 2020 that have elapsed as of the Termination Date (the "Earned Amount"), payable at the time that the Company pays bonuses to its executive officers for 2020; provided, that (i) the individual performance component of this annual bonus will be scored at Executive's target amount for purposes of determining the Earned Amount, (ii) the corporate performance component of this annual bonus will be determined based upon the Company's performance compared to the pre-established performance goals, and (iii) the Earned Amount shall not be subject to any adjustment by the Compensation Committee of the Board (the "Compensation Committee") though the exercise of any discretion or authority inconsistent with the preceding clauses (i) and (ii); provided, further, that such Earned Amount shall only be paid after the Compensation Committee has approved bonuses payable for the 2020 calendar year but that, in no event, shall such Earned Amount be paid later than March 15, 2021;

c. all of Executive's outstanding Equity Awards with time-based vesting shall become fully vested;

d. treatment of all of Executive's Equity Awards that are subject to performance-based vesting shall be determined in accordance with the applicable LTIP Documents as further described in Exhibit A;

e. continued coverage under the health plans maintained by the Company under the Employee Retirement Income Security Act of 1974, as amended ("ERISA") in which Executive participated as of the Termination Date for the period during which Executive elects to receive such continuation coverage under Section 4980B of the Internal Revenue Code (the "Code") at an after-tax cost to Executive comparable to the cost that Executive would have incurred for the same coverage had he remained employed during such period; provided, however, that the benefit set forth in this Section 3(e) is contingent on Executive's timely election of continuation coverage as provided under the Consolidated Omnibus Budget Reconciliation Act of 1986, as set forth in Sections 601-609 of ERISA.

f. following the period during which Executive would be entitled to continuation coverage under Section 4980B of the Code, as described under (e) above, Executive will be solely responsible for obtaining health insurance coverage for Executive and Executive's qualified beneficiaries. The Company will reimburse Executive for the amount of premiums Executive pays to obtain coverage under one or more health plans (including medical, dental and vision coverage) until the date that Executive becomes eligible for Medicare, up to a maximum monthly amount equal to the Company's monthly cost under (e) above determined as of September 2020. Reimbursements shall be made no later than 30 days following the date on which submission of proof of payment is received by the Company, but in no event later than the last day of the calendar year following the year in which the expense was incurred. Such reimbursements shall also comply with Section 409A of the Code as required in order to allow Executive to avoid the imposition of additional income taxes under Section 409A to be imposed on any such reimbursements; and

g. at the Company's sole cost and expense, the Company will provide Executive with (i) suitable furnished office space in a city or town selected by Executive at a location selected by the Company after taking into consideration the suggestions of Executive (provided that such office space shall not be located in any of the Company's facilities or properties), (ii) suitable secretarial support (including reasonable access to Executive' current executive assistant), (iii) Company IT support comparable to that provided to the Company's non-employee directors, in each case until the end of the calendar month in which occurs the first anniversary of the Termination Date. The parties acknowledge and agree that Executive shall be permitted to retain the phone number currently assigned to his current company-issued mobile phone. The Company shall also provide Executive with support and assistance in implementing a transition from Company to personal electronic communications devices, including Executive's mobile phone, laptop and iPad.

The Company confirms that Exhibit A is a correct and complete list of all of Executive's outstanding restricted stock units or other equity based awards with time-based vesting or performance-based vesting. The Company agrees to promptly notify Executive in writing of any trading or other applicable legal restrictions or limitations on his ability to sell or transfer Company shares received pursuant to such awards, as well as the lapse of such restrictions or limitations, in each case under (1) Section 16 of the Securities Exchange Act of 1934, as amended, (2) Rule 144 promulgated under the Securities Act of 1933, as amended, or (3) the terms of the Company's Insider Trading Policy made available to Executive as of the date hereof.

All payments to be made, vesting restrictions to be lifted, or settlements to occur pursuant to Sections 3(c) and 3(d) shall be made, lifted or occur on the first business day following the date that is sixty (60) days following the Termination Date (except as otherwise expressly provided in the applicable LTIP Documents). The payments set forth in Section 3(a) shall commence on the 60th day following the Termination Date, with the first payment including all amounts accrued through such date, and shall continue until the date that the aggregate amount set forth in Section 3(a) has been paid to Executive, which date shall occur on or before October 17, 2022.

4. CONDITIONS OF PAYMENTS.

a. If the Severance Requirement is not satisfied on or before November 3, 2020, the Company will have no obligation to make the payments set forth in Section 3 of this Agreement, except as otherwise provided therein.

b. If Executive violates the Restrictive Covenants, and such violation has caused meaningful harm to the Company in the case of breaches of Sections 5(a), 5(b), 5(c), 5(d), and 5(f) of this Agreement or has caused material harm to the Company in the case of a breach of Section 5(e), then (i) the Company's obligations to provide the payments under Section 3 of this Agreement will immediately cease, (ii) Executive shall be obligated to return to the Company any compensation paid or provided to Executive pursuant to Section 3 of this Agreement, less an amount equal to Two Thousand Five Hundred Dollars ($2,500), which shall provide consideration for this Agreement and the Release, and (iii) the Company will be entitled to obtain all other remedies provided by law or in equity.

5. COVENANTS BY EXECUTIVE. The covenants contained in this Section 5 are in addition to, and not in lieu of, any other restrictive covenants or similar covenants or agreements between Executive and the Company or any of its affiliates.

a. Protection of Confidential Information. Executive hereby agrees that he shall not, directly or indirectly, disclose or make available to any person, firm, corporation, association or other entity for any reason or purpose whatsoever, any Confidential Information (defined below). Executive further agrees that, upon the Termination Date, all Confidential Information in his possession that is in written or other tangible form shall (with the Company's assistance as reasonably requested by Executive) be returned to the Company or destroyed and shall not be retained by Executive or furnished to any third party, in any form except as provided in this Agreement. Notwithstanding the foregoing, this Section 5(a) shall not apply to Confidential Information that (i) was publicly known at the time of disclosure to Executive, (ii) becomes publicly known or available thereafter other than by any means in violation of this Agreement or any other duty owed to the Company by Executive, (iii) is lawfully disclosed to Executive by a third party, or (iv) is required to be disclosed by law or by any court, arbitrator or administrative or legislative body with actual or apparent jurisdiction to order Executive to disclose or make accessible any information. As used in this Agreement, "Confidential Information" means, without limitation, any non-public confidential or proprietary information disclosed to Executive or known by Executive as a consequence of or through Executive's relationship with the Company, in any form, including electronic media. Confidential Information also includes, but is not limited to, the Company's business plans and financial information, marketing plans, and business opportunities. Except as otherwise expressly provided in this Agreement with respect to the restrictive covenants set forth in Sections 9 and 10 of the Employment Agreement, nothing herein shall limit in any way any obligation Executive may have relating to Confidential Information under any other agreement or promise to the Company.

Executive specifically acknowledges that all such Confidential Information, whether reduced to writing, maintained on any form of electronic media, or maintained in the mind or memory of Executive and whether compiled by the Company, and/or Executive, derives independent economic value from not being readily known to or ascertainable by proper means by others who can obtain economic value from its disclosure or use, that reasonable efforts have been made by the Company to maintain the secrecy of such information, that such information is the sole property of the Company and that any retention and use of such information by Executive during his employment with the Company (except in the course of performing his duties and obligations to the Company) or after the Termination Date shall constitute a misappropriation of the Company's trade secrets.

Executive agrees that Confidential Information gained by Executive during Executive's association with the Company has been developed by the Company through substantial expenditures of time, effort and money and constitutes valuable and unique property of the Company. Executive recognizes that because his work for the

Company brought him into contact with confidential and proprietary information of the Company, the restrictions of this Section 5(a) are required for the reasonable protection of the Company and its investments. Executive further understands and agrees that the foregoing makes it necessary for the protection of the Company's business that Executive not compete with the Company for a reasonable period after the Termination Date, as further provided in Section 5(b).

Executive understands that nothing contained in this Agreement limits Executive's ability to file a charge or complaint with the Equal Employment Opportunity Commission, the National Labor Relations Board, the Occupational Safety and Health Administration, the Securities and Exchange Commission or any other federal, state or local governmental agency or commission (each a "Government Agency"). Executive further understands that this Agreement does not limit Executive's ability to communicate with any Government Agency or otherwise participate in any investigation or proceeding that may be conducted by any Government Agency, including providing documents or other information, without notice to the Company. However, to the maximum extent permitted by law, Executive agrees that if such a charge or complaint is made, Executive shall not be entitled to recover any individual monetary relief or other individual remedies. This Agreement does not limit or prohibit Executive's right to receive an award for information provided to any Government Agency to the extent that such limitation or prohibition is a violation of law.

Nothing in this Agreement or elsewhere shall prevent Executive from: (i) cooperating with, or participating in, any investigation conducted by any government agency at the request or with the written consent of the Company; (ii) making truthful statements, or disclosing documents and information, either (x) to the extent reasonably necessary in connection with any litigation, arbitration or other proceeding involving Executive's rights or obligations under this Agreement or (y) when required by law or legal process; (iii) retaining and using documents and information relating to Executive's personal rights and obligations and Executive's rolodex (and electronic equivalents) in a manner consistent with Executive's obligations under the non-competition, non-solicitation, and other restrictions expressly set forth in this Agreement, excluding this Section 5(a) and Section 5(e), and in the case of Executive's confidentiality obligations under this Section 5(a) in a manner that does not cause meaningful harm to the Company's business or reputation and in the case of Section 5(e) in a manner that does not cause material harm to the Company's business or reputation ; (iv) disclosing Executive's post-employment restrictions and obligations in confidence in connection with any potential new employment or business venture; (v) disclosing documents and information in confidence to Executive's attorney(s), financial advisor(s), tax preparer(s), and other professional(s) (individually a "Professional" and collectively "Professionals") for the purpose of securing professional advice, with instructions to respect Executive's confidences and not act in a manner that would violate Executive's obligations hereunder if such Professional were the Executive; or (vi) using and disclosing documents and information at the request of the Company or its attorneys and agents. To the extent that Executive intends to disclose or use Confidential Information not at the request of, or with the written consent of, the Company under (ii)(y) above, including in response to a valid and effective subpoena or order issued by a court of competent jurisdiction or a governmental authority, Executive agrees to (i) promptly notify the Company of the existence, terms and circumstances surrounding such a request; (ii) consult with the Company on the advisability of taking legally available steps to resist or narrow such request; and (iii) if disclosure of such Confidential Information is required or permitted by the Company, exercise his reasonable efforts to obtain an order or other reliable assurance that confidential treatment will be accorded to such portion of the disclosed Confidential Information which the Company so designates, provided that any such efforts to obtain an order or other reliable assurance shall be at the Company's sole expense.

Executive affirms that Executive has not divulged any proprietary or confidential information of the Company in violation of Sections 9 or 10 of the Employment Agreement or in violation of any other legal obligation that Executive has to the Company and will continue to maintain the confidentiality of such information consistent with the Company's policies and Executive's agreement(s) with the Company and/or common law. Executive further affirms that Executive is not aware of and has not reported any allegations of wrongdoing by the Company or its officers or directors, including any allegations of corporate fraud, to a Government Agency or other person, and therefore has not been retaliated against for reporting any allegations of wrongdoing by the Company or its officers or directors, including any allegations of corporate fraud.

b. Non-Competition. Executive hereby agrees that he will not, during the one-year period following the Termination Date (the "Restricted Period"), engage in any business activities on behalf of any enterprise which competes with the Company or any of its affiliates in the business of (i) ownership or operation of Health Care Facilities (defined below); (ii) investment in or lending to Health Care Facilities (including to an owner or developer of Health Care Facilities); (iii) management of Health Care Facilities; or (iv) provision of any consulting, advisory, research or planning or development services to Health Care Facilities. "Health Care Facilities" means any senior housing facilities or facilities used or intended primarily for the delivery of health care services, including, without limitation, any active adult communities, independent living facilities, assisted living facilities, skilled nursing facilities, inpatient rehabilitation facilities, ambulatory surgery centers, outpatient medical treatment facilities, medical office buildings, hospitals not excluded below, or any similar types of facilities or enterprises, but in any event excluding acute care hospitals or integrated health care delivery systems that include acute care hospitals. Executive will be deemed to be engaged in such competitive business activities if he participates in such a business enterprise as an employee, officer, director, consultant, agent, partner, proprietor, or other participant; provided that the ownership of no more than two percent (2%) of the stock of a publicly traded corporation engaged in a competitive business shall not be deemed to be engaging in competitive business activities. If Executive provides services to an enterprise that has some activities that compete with the Company or any of its affiliates in any area described above and other activities that do not compete with the Company or any of its affiliates in any of the areas described above, then so long as Executive provides services exclusively to the portion of such enterprise that does not compete with the Company and its affiliates, Executive will not be deemed to be engaged in a competitive business activity as described in this Section 5(b).

c. Non-Solicit of Employees. During the Restricted Period, Executive will be prohibited, to the fullest extent not prohibited by applicable law, from directly or indirectly, individually or on behalf of any person or entity, encouraging, inducing, attempting to induce, recruiting, attempting to recruit, soliciting or attempting to solicit or participating in the recruitment for employment, contractor or consulting opportunities anyone who is employed at that time by the Company or any subsidiary or affiliate.

d. Mutual Non-Disparagement; Communications Collaboration. Executive will not make, or authorize anyone else to make on Executive's behalf, any disparaging or untruthful remarks or statements, whether oral or written, about the Company, its strategy, operations or its products, services, affiliates, officers, directors, employees, or agents, or issue any communication that reflects adversely on or encourages any adverse action against the Company. Executive will not make any direct or indirect written or oral statements to the press, television, radio or other media or other external persons or entities concerning any matters pertaining to the business and affairs of the Company, its affiliates or any of its officers or directors. The Company agrees not to make, and shall direct its directors and executive officers not to make, any disparaging or untruthful remarks or statements, whether oral or written, about Executive, including comments to the press, television, radio, or other media or other external persons or entities. The Company and Executive shall cooperate in good faith with one another to develop written and oral announcements (internal and external) communicating Executive's separation, and communication strategies relating to Executive's departure. Executive shall have the ability to comment on any such announcements and communications strategies, but the Company shall make all final decisions on these matters.

e. Return of Company Materials.

i. *Definition of Electronic Media Equipment and Electronic Media Systems*. For purposes of this Agreement, "Electronic Media Equipment" includes, but is not limited to, computers, external storage devices, thumb drives, handheld electronic devices, telephone equipment, and other electronic media devices. Additionally, "Electronic Media Systems" includes, but is not limited to, computer servers, messaging and email systems or accounts, and web-based services (including cloud-based information storage accounts), whether provided for Executive's use directly by the Company or by third-party providers on behalf of the Company.

ii. *Return of Company Property*. Executive understands and agrees that anything that he created or worked on for the Company while working for the Company belongs solely to the Company and that Executive cannot remove, retain, or use such information without the Company's express written permission or as otherwise expressly provided in this Agreement. Accordingly, except as otherwise expressly provided in this Agreement, on or as promptly as reasonably practicable after the Termination Date, and with the Company's assistance as reasonably requested by Executive, Executive will deliver to the Company, and will not keep in his possession, recreate, or deliver to anyone else, any and all Company property, including, but not limited to, Confidential Information, all Company equipment including all Company Electronic Media Equipment, all tangible embodiments of Confidential Information, all electronically stored information and passwords to access such property, Company credit cards, records, data, notes, notebooks, lists, books, client contact information, reports, files, proposals, lists, correspondence, specifications, software, any other documents and property, and reproductions of any of the foregoing items, including, without limitation and with the Company's assistance as reasonably requested by Executive, those records maintained on a cloud storage network, provided, however that in the case of documents and information he may (with the Company's assistance as reasonably requested by Executive) delete/destroy the documents and information rather than return them.

iii.*Return of Company Information on Personal Electronic Media Equipment*. In addition, if Executive has used any personal Electronic Media Equipment or personal Electronic Media Systems to create, receive, store, review, prepare or transmit any Company information, including but not limited to, Confidential Information, Executive agrees, as promptly as reasonably practicable after the Termination Date, and with the Company's assistance as reasonably requested by Executive , to make a reasonable search for such information in good faith, including reviewing (with the Company's assistance as reasonably requested by Executive) any personal Electronic Media Equipment or personal Electronic Media Systems to locate such information and if he locates such information, he agrees to promptly (with the Company's assistance as reasonably requested by Executive and in the Company's determination) either (x) delete it or (y) provide the Company a computer-useable copy of all such Company information from those equipment and systems or a reasonable opportunity to create such a copy; and he agrees to cooperate reasonably with the Company to verify that any necessary copying is completed and that such Company information has then been destroyed.

iv.*Breach of Section 5(e)*. To the extent the Company reasonably believes there is a breach of Section 5(e) and to the extent such breach of Section 5(e) is curable, the Company will give Executive written notice of such breach and a period of not less than ten (10) business days to substantially cure the same. Additionally, to the extent Executive determines he is in breach of Section 5(e), he shall notify the Company and substantially cure such breach within ten (10) business days of determining such breach. If Executive substantially cures the breach discussed in this Section 5(e)(v) within such cure period, he will be deemed to be in compliance with Section 5(e).

v.*Exceptions*. Notwithstanding anything in this Agreement or elsewhere to the contrary, Executive shall be permitted to retain, and use, his Company-provided cellular phone (including his current cellular phone number), iPad, laptop and printer. Such equipment shall be characterized as personal Electronic Media Equipment or personal Electronic Media Systems and shall be subject to the requirements applicable to such equipment or media systems under this Section 5(e). For the avoidance of doubt, Executive shall also be permitted to retain documents and information described in the penultimate paragraph of Section 5(a) of this Agreement under the terms and conditions set forth therein.

f. While employed by the Company and during the Restricted Period, Executive will communicate the contents of this Section 5 to any person, firm, association, partnership, corporation or other entity that Executive intends to be employed by, associated with, or represent.

g. The parties agree that it would be difficult to fully compensate the Company for damages resulting from the breach or threatened breach of the covenants set forth in Sections 5(a) through 5(f) of this Agreement and accordingly agree that the Company shall be entitled to temporary and injunctive relief, including temporary restraining orders, preliminary injunctions and permanent injunctions, or to obtain specific performance, without the need to post any bond, to enforce such provisions in any action or proceeding instituted in the United States District Court for the Northern District of Ohio or in any court in the State of Ohio having subject matter jurisdiction. This provision with respect to injunctive relief shall not, however, diminish the Company's right to claim and recover damages through arbitration in accordance with Section 6 below.

h. Notwithstanding the restrictions set forth in this Section 5, in accordance with the Defend Trade Secrets Act of 2016, Executive will not be held criminally or civilly liable under any federal or state trade secret law or this Agreement for the disclosure of a trade secret that (i) is made (a) in confidence to a federal, state or local government official, either directly or indirectly, or to an attorney; and (b) solely for the purpose of reporting or investigating a suspected violation of law; or (ii) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Additionally, this Agreement does not prohibit Executive from making disclosures that are required or permitted by applicable law.

6. ARBITRATION. Except as otherwise provided in Section 5(g) above, all claims, disputes, questions, or controversies arising out of or relating to this Agreement or Executive's employment with the Company, including without limitation the construction or application of any of the terms, provisions, or conditions of this Agreement and any claims for any alleged discrimination, harassment, or retaliation in violation of any federal, state or local law, will be resolved exclusively in final and binding arbitration held under the auspices of the American Arbitration Association ("AAA"). Any such arbitration shall be conducted in accordance with the AAA's Commercial Arbitration Rules and Mediation Procedures (and not its National Rules for the Resolution of Employment Disputes), or successor rules then in effect (the "Rules"). Any arbitration will be held in the State of New York, County of New York, and will be conducted and administered by AAA or, in the event AAA does not then conduct arbitration proceedings, a similarly reputable arbitration administrator. Executive and the Company will select a mutually acceptable, neutral arbitrator from the AAA panel of arbitrators in accordance with the Rules. Except as provided by this Agreement, the Federal Arbitration Act will govern the administration of the arbitration proceedings. The arbitrator will apply the substantive law (and the law of remedies, if applicable) of the State of Ohio, or federal law, if Ohio law is preempted, and the arbitrator is without jurisdiction to apply any different substantive law. Executive and the Company will each be allowed to engage in adequate discovery, the scope of which will be determined by the arbitrator consistent with the nature of the claim(s) in dispute. The arbitrator will have the authority to entertain a motion to dismiss and/or a motion for summary judgment by any party and will apply the standards governing such motions under the Federal Rules of Civil Procedure. The arbitrator will render a written award and supporting opinion that will set forth the arbitrator's findings of fact and conclusions of law. Judgment upon the award may be entered in any court of competent jurisdiction. The Company will pay the arbitrator's fees, as well as all administrative fees, associated with the arbitration. Each party will be responsible for paying its own attorneys' fees and costs (including expert witness fees and costs, if any), provided, however, that the arbitrator may award attorney's fees and costs to the prevailing party, except as prohibited by law. The existence and subject matter of all arbitration proceedings, including, any settlements or awards there under, shall remain confidential. In entering into this Agreement, both parties are waiving the right to a trial by judge or jury.

7. SECTION 409A.

a. This Agreement is intended to comply with Section 409A of the Code and will be administered and interpreted in a manner intended to comply with Code Section 409A. Any provision that would cause this Agreement or any payment hereof to fail to satisfy Code Section 409A of the Code shall have no force or effect until amended to the minimum extent required to comply with Code Section 409A, which amendment may be retroactive to the extent permitted by Code Section 409A. A termination of employment shall not be deemed to have occurred for purposes of any provision of this Agreement providing for the payment of amounts or benefits that may be considered "deferred compensation" under Code Section 409A (after taking into account all exclusions applicable to such payments or benefits under Code Section 409A) upon or following a termination of employment unless such termination is also a "separation from service" within the meaning of Code Section 409A ("Separation from Service") and, for purposes of any such provision of this Agreement, references to a "retirement," "termination," "termination of employment" or like terms shall mean Separation from Service. Notwithstanding anything in this Agreement or elsewhere to the contrary, Executive shall have no duties after the Termination Date that are inconsistent with his having had a Separation from Service on or before the Termination Date.

b. Any payment scheduled to be made under this Agreement that may be considered "deferred compensation" under Code Section 409A (after taking into account all exclusions applicable to such payments or benefits under Code Section 409A), that are otherwise due on or within the six-month period following the Termination Date will accrue during such six-month period and will instead become payable in a lump sum payment on the first business day following such six-month period or, if earlier, on the date of Executive's death. Furthermore, if any other payments of money or other benefits due to Executive under this Agreement could cause the application of an accelerated or additional tax under Code Section 409A, such payments or other benefits shall be deferred if deferral will avoid such accelerated or additional tax, or otherwise such payment or other benefits shall be restructured in a manner, determined by the Company in consultation with Executive, that does not cause such an accelerated or additional tax.

c. To the extent any reimbursements or in-kind benefits due to Executive under this Agreement constitute "deferred compensation" under Code Section 409A (after taking into account all exclusions applicable to such payments or benefits under Section 409A), any such reimbursements or in-kind benefits shall be paid to Executive in a manner consistent with Code Section 409A.

d. Notwithstanding any contrary provision herein, Executive's right to any payment (including each installment payment) under this Agreement shall be treated as a "separate payment" within the meaning of Code Section 409A.

e. The Company shall consult with Executive in good faith regarding the implementation of the provisions of this Section 7; provided that the Company shall not have any liability to Executive with respect thereto absent a breach by the Company of this Section 7, and the Company's employees or representatives shall not have any liability to Executive with respect thereto.

8. COOPERATION. To the extent reasonably requested by the Board or Executive's successor as Chief Executive Officer of the Company, Executive shall cooperate with the Company in connection with matters arising out of Executive's service to the Company; provided that, the Company shall make reasonable efforts to minimize disruption of Executive's other activities. The Company shall promptly pay, or promptly reimburse Executive for, all reasonable expenses incurred by him in connection with such cooperation.

9. NO ADMISSION OF LIABILITY. Nothing in this Agreement will constitute or be construed in any way as an admission of any liability or wrongdoing whatsoever by the Company or Executive.

10. D&O INSURANCE. For at least six (6) years after the Termination Date, Executive shall be entitled to receive coverage under the directors' and officers' liability insurance policy (or policies) otherwise maintained by the Company for its present or former officers or directors, and such coverage shall be no less favorable than the coverage provided to the Company's other present or former officers or directors; provided, that nothing contained herein shall (i) obligate the Company to maintain a directors' and officers' liability insurance policy (or policies) for its present or former officers or directors or (ii) entitle Executive to receive coverage from the Company that is more favorable than the coverage provided by the Company to its other present or former officers or directors.

11. INDEMNIFICATION. The Company and Executive shall, contemporaneously with the execution of this Agreement, enter into the form of indemnification agreement set forth as Exhibit D.

12. PAYMENT OF SALARY AND RECEIPT OF ALL BENEFITS. Executive acknowledges and represents that, to the best of his knowledge, other than the consideration set forth or otherwise referenced in this Agreement, the Company has paid or provided all salary, wages, bonuses, accrued vacation, PTO, premiums, leaves, housing allowances, relocation costs, interest, severance, outplacement costs, fees, reimbursable expenses, commissions, stock, stock options, vesting, and any and all other benefits and compensation due to Executive.

13. INTEGRATED AGREEMENT. This Agreement, including all exhibits, is intended by the parties to be a complete and final expression of their rights and duties respecting the subject matter of this Agreement and supersedes all prior agreements, promises, covenants, arrangements, communications, representations or warranties, whether oral or written, by any officer, employee or representative of any party hereto, and any prior agreement of the parties hereto in respect of the subject matter contained herein, including but not limited to the Employment Agreement, except as expressly set forth herein (e.g., treatment of certain equity awards pursuant to the LTIP Documents per Section 3(d) hereof). Except as expressly provided herein, nothing in this Agreement is intended to negate Executive's agreement to abide by the Company's policies to the extent provided in such policies, including but not limited to the Company's Code of Business Conduct and Ethics and its Employee Handbook, or any other agreement governing the disclosure and/or use of proprietary information, which Executive signed while working with the Company or its predecessors; nor to waive any of Executive's obligations under state and federal trade secret laws.

14. TAXES AND OTHER WITHHOLDINGS. Notwithstanding any other provision of this Agreement, the Company may withhold from amounts payable hereunder all federal, state, local and foreign taxes and other amounts that are required to be withheld by applicable laws or regulations, and the withholding of any amount shall be treated as payment thereof for purposes of determining whether Executive has been paid amounts to which he is entitled. Executive acknowledges that (i) the Company has made no representation to Executive as to the tax treatment of any compensation or benefits to be paid to Executive under this Agreement and (ii) except as otherwise expressly provided herein, the Company has no obligation to "gross-up" any amount payable to Executive under this Agreement for taxes payable by Executive thereon.

15. SURVIVAL. Except as mutually agreed in writing in accordance with Section 17 below, all the covenants, agreements, provisions, representations and warranties contained in this Agreement shall survive indefinitely.

16. WAIVER. Neither party shall, by mere lapse of time, without giving notice or taking other action hereunder, be deemed to have waived any breach by the other party of any of the provisions of this Agreement. Further, the waiver by either party of a particular breach of this Agreement by the other shall neither be construed as, nor constitute, a continuing waiver of such breach or of other breaches of the same or any other provision of this Agreement.

17. MODIFICATION. This Agreement may not be modified or terminated unless such modification or termination is embodied in writing, signed by the party against whom the modification is to be enforced.

18. NOTICE. Except as otherwise expressly provided in this Agreement, any notice to either party hereunder shall be in writing and delivered in person or otherwise sent by overnight courier, certified mail, or registered mail (return receipt requested), postage prepaid, addressed as follows (or to such other address as such party may designate in writing from time to time):

If to the Company:

Welltower Inc.
4500 Dorr Street
Toledo, OH 43615
Attention: Legal Department

with a copy (which shall not constitute notice to the Company) to:

Gibson, Dunn & Crutcher LLP
200 Park Avenue
New York, NY 10166
Attn: Stephen W. Fackler, Esq.

If to the Executive, at the address on file with the Company's Human Resources Department, with a copy (which shall not constitute notice to Executive) to:

Morrison Cohen LLP
909 Third Avenue, 27th Floor

New York, NY 10022
Attn: Robert M. Sedgwick, Esq.

The actual date of delivery, as shown by written receipt therefor in the case of notices delivered by mail or courier, shall determine the date on which notice was given. Neither party may use any method of overnight courier, certified mail, or registered mail (return receipt requested), postage prepaid, that does not allow the sender to be informed of the date of delivery of such notice.

19. ASSIGNMENT AND SUCCESSORS. The Company shall have the right to assign its rights and obligations under this Agreement to an entity that, directly or indirectly, acquires all or substantially all of the assets or the business of the Company;provided, that any assignee immediately assumes the liabilities, obligations and duties of the Company under this Agreement, either by operation of law or by a written agreement that is enforceable by Executive. The rights and obligations of the Company under this Agreement shall inure to the benefit and shall be binding upon the successors and assigns of the Company. Executive shall not have any right to assign his obligations under this Agreement; provided that, in the event of Executive's death or a judicial determination of Executive's incapacity, references to Executive in this Agreement shall be deemed, where appropriate, to be references to his heir(s), designated beneficiary(ies), estate, executor(s), or other legal representative(s).

20. SEVERABILITY. Each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be prohibited by or invalid under applicable law, such provision will be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement. Moreover, if any of the provisions contained in this Agreement is determined by an arbitrator or court of competent jurisdiction to be unenforceable because it is excessively broad in scope, whether as to duration, activity, geographic application, subject or otherwise, it shall be construed, by limiting or reducing it to the extent legally permitted, so as to be enforceable to the extent compatible with then applicable law in order to achieve the intent of the parties.

21. GOVERNING LAW. This Agreement will be construed, interpreted, governed and enforced in accordance with the laws of the State of Ohio, without regard to its conflict of laws principles.

22. COUNTERPARTS. This Agreement may be executed in counterparts and delivered by means of facsimile or portable document format (PDF), each of which when so executed and delivered shall be an original, but all such counterparts together shall constitute one and the same instrument.

23. ATTORNEYS' FEES. The Company will pay, or reimburse Executive for, any and all attorneys' fees and costs incurred by Executive in connection with the review, negotiation and documentation of this Agreement, such payment or reimbursement to be made promptly upon (and no more than thirty (30) days after) receipt by the Company of an invoice and customary supporting documentation for such fees and costs. Such payments and reimbursements shall not exceed, in the aggregate, an amount equal to (x) $30,000 plus (y) any amount of fees and costs in excess of $30,000 that Executive reasonably incurs.

IN WITNESS WHEREOF, the Company has caused this Agreement to be duly executed, and the Executive has hereunto set his hand, effective as of the day and year first written above.

WELLTOWER INC.		**EXECUTIVE**
/s/Matthew McQueen		/s/Thomas J. DeRosa
Name:	Matthew McQueen	Thomas J. DeRosa
Title:	Senior Vice President – General Counsel and Corporate Secretary	

[Signature Page to the Separation Agreement]

EXHIBIT 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, **Shankh Mitra**, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: October 29, 2020

/s/ SHANKH MITRA

Shankh Mitra,
Chief Executive Officer and Chief Investment 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: October 29, 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, Shankh Mitra, the Chief Executive Officer of Welltower Inc. (the “Company”), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350), that (i) the Quarterly Report on Form 10-Q for the Company for the quarter ended September 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/ SHANKH MITRA
Shankh Mitra,
Chief Executive Officer and Chief Investment Officer
Date: October 29, 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 September 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: October 29, 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.