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

(Mark One)

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

For the quarterly period ended June 30, 2022

or

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

For the transition period from __________to __________

Commission file number: 1-8923

WELLTOWER INC.

(Exact name of registrant as specified in its charter)

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

(419) - 247-2800
(Registrant's telephone number, including area code)

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, $1.00 par value per share	WELL	New York Stock Exchange
Guarantee of 4.800% Notes due 2028 issued by Welltower OP LLC	WELL/28	New York Stock Exchange
Guarantee of 4.500% Notes due 2034 issued by Welltower OP LLC	WELL/34	New York Stock Exchange

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

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

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

Large accelerated filer ☑ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐ Emerging growth company ☐

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

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

As of August 5, 2022, Welltower Inc. had 463,369,603 shares of common stock outstanding.

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PART I. FINANCIAL INFORMATION

CONSOLIDATED BALANCE SHEETS
WELLTOWER INC. AND SUBSIDIARIES

(In thousands)

	June 30, 2022 (Unaudited)	December 31, 2021 (Note)
Assets:		
Real estate investments:		
Real property owned:		
Land and land improvements	$ 4,109,851	$ 3,968,430
Buildings and improvements	32,480,543	31,062,203
Acquired lease intangibles	1,902,141	1,789,628
Real property held for sale, net of accumulated depreciation	177,719	134,097
Construction in progress	900,633	651,389
Less accumulated depreciation and amortization	(7,437,779)	(6,910,114)
Net real property owned	32,133,108	30,695,633
Right of use assets, net	324,720	522,796
Real estate loans receivable, net of credit allowance	956,285	1,068,681
Net real estate investments	33,414,113	32,287,110
Other assets:		
Investments in unconsolidated entities	1,300,975	1,039,043
Goodwill	68,321	68,321
Cash and cash equivalents	363,339	269,265
Restricted cash	78,912	77,490
Straight-line rent receivable	408,575	365,643
Receivables and other assets	939,436	803,453
Total other assets	3,159,558	2,623,215
Total assets	$ 36,573,671	$ 34,910,325
Liabilities and equity		
Liabilities:		
Unsecured credit facility and commercial paper	$ 354,000	$ 324,935
Senior unsecured notes	12,488,718	11,613,758
Secured debt	2,191,826	2,192,261
Lease liabilities	410,717	545,944
Accrued expenses and other liabilities	1,254,497	1,235,554
Total liabilities	16,699,758	15,912,452
Redeemable noncontrolling interests	420,018	401,294
Equity:		
Common stock	464,778	448,605
Capital in excess of par value	24,465,041	23,133,641
Treasury stock	(111,691)	(107,750)
Cumulative net income	8,815,446	8,663,736
Cumulative dividends	(14,932,198)	(14,380,915)
Accumulated other comprehensive income (loss)	(145,196)	(121,316)
Total Welltower Inc. stockholders' equity	18,556,180	17,636,001
Noncontrolling interests	897,715	960,578
Total equity	19,453,895	18,596,579
Total liabilities and equity	$ 36,573,671	$ 34,910,325

Note: The consolidated balance sheet at December 31, 2021 has been derived from the audited financial statements at that date but does not include all of the information and footnotes required by U.S. generally accepted accounting principles for complete financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)
WELLTOWER INC. AND SUBSIDIARIES
(In thousands, except per share data)

	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021
Revenues:				
Resident fees and services	$ 1,009,999	$ 740,891	$ 2,004,334	$ 1,464,355
Rental income	361,411	354,723	717,801	657,566
Interest income	37,140	38,448	76,134	58,027
Other income	63,986	6,930	69,971	13,106
Total revenues	1,472,536	1,140,992	2,868,240	2,193,054
Expenses:				
Property operating expenses	854,083	642,657	1,707,752	1,259,983
Depreciation and amortization	310,295	240,885	614,383	485,311
Interest expense	127,750	122,341	249,446	245,483
General and administrative expenses	36,554	31,436	74,260	61,362
Loss (gain) on derivatives and financial instruments, net	(1,407)	(359)	1,171	1,575
Loss (gain) on extinguishment of debt, net	603	55,612	591	50,969
Provision for loan losses, net	165	6,197	(639)	7,580
Impairment of assets	—	23,692	—	47,260
Other expenses	35,166	11,687	61,235	22,681
Total expenses	1,363,209	1,134,148	2,708,199	2,182,204
Income (loss) from continuing operations before income taxes and other items	109,327	6,844	160,041	10,850
Income tax (expense) benefit	(3,065)	2,221	(8,078)	(1,722)
Income (loss) from unconsolidated entities	(7,058)	(7,976)	(9,942)	5,073
Gain (loss) on real estate dispositions, net	(3,532)	44,668	19,402	103,748
Income (loss) from continuing operations	95,672	45,757	161,423	117,949
Net income	95,672	45,757	161,423	117,949
Less: Net income (loss) attributable to noncontrolling interests[1]	5,888	19,500	9,714	20,146
Net income (loss) attributable to common stockholders	$ 89,784	$ 26,257	$ 151,709	$ 97,803
Weighted average number of common shares outstanding:				
Basic	454,327	417,452	450,865	417,360
Diluted	457,082	419,305	453,455	419,205
Earnings per share:				
Basic:				
Income (loss) from continuing operations	$ 0.21	$ 0.11	$ 0.36	$ 0.28
Net income (loss) attributable to common stockholders	$ 0.20	$ 0.06	$ 0.34	$ 0.23
Diluted:				
Income (loss) from continuing operations	$ 0.21	$ 0.11	$ 0.36	$ 0.28
Net income (loss) attributable to common stockholders[2]	$ 0.20	$ 0.06	$ 0.33	$ 0.23
Dividends declared and paid per common share	$ 0.61	$ 0.61	$ 1.22	$ 1.22

[1] Includes amounts attributable to redeemable noncontrolling interests.

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

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

	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021
Net income	$ 95,672	$ 45,757	$ 161,423	$ 117,949
Other comprehensive income (loss):				
Foreign currency translation gain (loss)	(306,723)	12,994	(373,671)	57,204
Derivative and financial instruments designated as hedges gain (loss)	284,081	(9,808)	336,021	(29,845)
Total other comprehensive income (loss)	(22,642)	3,186	(37,650)	27,359
Total comprehensive income (loss)	73,030	48,943	123,773	145,308
Less: Total comprehensive income (loss) attributable to noncontrolling interests[1]	(10,031)	22,498	(4,057)	26,949
Total comprehensive income (loss) attributable to common stockholders	$ 83,061	$ 26,445	$ 127,830	$ 118,359

[1] Includes amounts attributable to redeemable noncontrolling interests.

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

	Six Months Ended June 30, 2022							
	Common Stock	Capital in Excess of Par Value	Treasury Stock	Cumulative Net Income	Cumulative Dividends	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interests	Total
Balances at January 1, 2022	$ 448,605	$ 23,133,641	$ (107,750)	$ 8,663,736	$ (14,380,915)	$ (121,316)	$ 960,578	$ 18,596,579
Comprehensive income:								
Net income (loss)				61,925			2,752	64,677
Other comprehensive income (loss)						(17,156)	1,465	(15,691)
Total comprehensive income								48,986
Net change in noncontrolling interests		(63,026)					(128,305)	(191,331)
Amounts related to stock incentive plans, net of forfeitures	166	7,279	(4,768)					2,677
Net proceeds from issuance of common stock	6,605	542,218						548,823
Dividends paid:								
Common stock dividends					(273,668)			(273,668)
Balances at March 31, 2022	$ 455,376	$ 23,620,112	$ (112,518)	$ 8,725,661	$ (14,654,583)	$ (138,472)	$ 836,490	$ 18,732,066
Comprehensive income:								
Net income (loss)				89,785			4,409	94,194
Other comprehensive income (loss)						(6,724)	(15,116)	(21,840)
Total comprehensive income								72,354
Net change in noncontrolling interests		(6,760)					118,793	112,033
Adjustment to members' interest from change in ownership in Welltower OP		46,861					(46,861)	—
Amounts related to stock incentive plans, net of forfeitures	20	6,551	827					7,398
Net proceeds from issuance of common stock	9,382	798,277						807,659
Dividends paid:								
Common stock dividends					(277,615)			(277,615)
Balances at June 30, 2022	$ 464,778	$ 24,465,041	$ (111,691)	$ 8,815,446	$ (14,932,198)	$ (145,196)	$ 897,715	$ 19,453,895

	Six Months Ended June 30, 2021							
	Common Stock	Capital in Excess of Par Value	Treasury Stock	Cumulative Net Income	Cumulative Dividends	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interests	Total
Balances at January 1, 2021	$ 418,691	$ 20,823,145	$ (104,490)	$ 8,327,598	$ (13,343,721)	$ (148,504)	$ 908,853	$ 16,881,572
Comprehensive income:								
Net income (loss)				71,546			(177)	71,369
Other comprehensive income (loss)						20,368	3,729	24,097
Total comprehensive income								95,466
Net change in noncontrolling interests		(14,250)					(20,266)	(34,516)
Amounts related to stock incentive plans, net of forfeitures	175	5,393	(2,029)					3,539
Net proceeds from issuance of common stock		(92)						(92)
Dividends paid:								
Common stock dividends					(254,952)			(254,952)
Balances at March 31, 2021	$ 418,866	$ 20,814,196	$ (106,519)	$ 8,399,144	$ (13,598,673)	$ (128,136)	$ 892,139	$ 16,691,017
Comprehensive income:								
Net income (loss)				26,257			19,695	45,952
Other comprehensive income (loss)						188	2,919	3,107
Total comprehensive income								49,059
Net change in noncontrolling interests		(17,377)					15,630	(1,747)
Amounts related to stock incentive plans, net of forfeitures	51	4,504	(2,114)					2,441
Net proceeds from issuance of common stock	5,016	360,515						365,531
Dividends paid:								
Common stock dividends					(255,472)			(255,472)
Balances at June 30, 2021	$ 423,933	$ 21,161,838	$ (108,633)	$ 8,425,401	$ (13,854,145)	$ (127,948)	$ 930,383	$ 16,850,829

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

	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021
Operating activities:		
Net income	$ 161,423	$ 117,949
Adjustments to reconcile net income to net cash provided from (used in) operating activities:		
Depreciation and amortization	614,383	485,311
Other amortization expenses	11,433	8,854
Provision for loan losses	(639)	7,580
Impairment of assets	—	47,260
Stock-based compensation expense	13,466	10,333
Loss (gain) on derivatives and financial instruments, net	1,171	1,575
Loss (gain) on extinguishment of debt, net	591	50,969
Loss (income) from unconsolidated entities	9,942	(5,073)
Rental income less than (in excess of) cash received	(51,445)	9,688
Amortization related to above (below) market leases, net	(803)	(926)
Loss (gain) on real estate dispositions, net	(19,402)	(103,748)
Distributions by unconsolidated entities	9,590	4,841
Increase (decrease) in accrued expenses and other liabilities	7,234	18,569
Decrease (increase) in receivables and other assets	(37,613)	(14,269)
Net cash provided from (used in) operating activities	719,331	638,913
Investing activities:		
Cash disbursed for acquisitions, net of cash acquired	(1,471,767)	(661,285)
Cash disbursed for capital improvements to existing properties	(200,069)	(94,483)
Cash disbursed for construction in progress	(286,427)	(144,344)
Capitalized interest	(11,866)	(9,358)
Investment in loans receivable	(117,565)	(918,407)
Principal collected on loans receivable	161,180	248,841
Other investments, net of payments	3,919	3,030
Contributions to unconsolidated entities	(307,513)	(233,296)
Distributions by unconsolidated entities	13,641	171,250
Proceeds from (payments on) derivatives	27,302	(13,762)
Proceeds from sales of real property	103,904	446,680
Net cash provided from (used in) investing activities	(2,085,261)	(1,205,134)
Financing activities:		
Net increase (decrease) under unsecured credit facility and commercial paper	29,065	—
Net proceeds from issuance of senior unsecured notes	1,040,232	1,208,241
Payments to extinguish senior unsecured notes	—	(1,533,752)
Net proceeds from the issuance of secured debt	10,344	—
Payments on secured debt	(226,854)	(98,263)
Net proceeds from the issuance of common stock	1,357,561	366,464
Payments for deferred financing costs and prepayment penalties	(4,081)	(72,251)
Contributions by noncontrolling interests[(1)]	38,065	65,982
Distributions to noncontrolling interests[(1)]	(214,288)	(67,242)
Cash distributions to stockholders	(549,842)	(509,665)
Other financing activities	(6,586)	(7,628)
Net cash provided from (used in) financing activities	1,473,616	(648,114)
Effect of foreign currency translation on cash and cash equivalents and restricted cash	(12,190)	1,996
Increase (decrease) in cash, cash equivalents and restricted cash	95,496	(1,212,339)
Cash, cash equivalents and restricted cash at beginning of period	346,755	2,021,043
Cash, cash equivalents and restricted cash at end of period	$ 442,251	$ 808,704
Supplemental cash flow information:		
Interest paid	$ 207,031	$ 221,294
Income taxes paid (received), net	5,462	1,922

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

1. Business

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

As of May 24, 2022, we are structured as an umbrella partnership REIT under which substantially all of our business is conducted through Welltower OP LLC, the day-to-day management of which is exclusively controlled by Welltower Inc. For additional information on the UPREIT reorganization, please see our Current Reports on Form 8-K filed with the SEC on March 7, 2022, April 1, 2022, May 25, 2022 and August 8, 2022. Unless stated otherwise or the context otherwise requires, references to "Welltower" mean Welltower Inc. and references to "Welltower OP" mean Welltower OP LLC. References to "we," "us" and "our" mean collectively Welltower, Welltower OP and those entities/subsidiaries owned or controlled by Welltower and/or Welltower OP. Welltower's weighted average ownership in Welltower OP was 99.628% for the three months ended June 30, 2022. As of June 30, 2022, Welltower owned 99.753% of the issued and outstanding units of Welltower OP with other investors owning the remaining 0.247% of outstanding units. We adjust the noncontrolling members' interest at the end of each period to reflect their interest in the net assets of Welltower OP.

2. Accounting Policies and Related Matters

Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP") for interim financial information and with instructions to Quarterly Report on Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. In the opinion of management, all adjustments (such as normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the six months ended June 30, 2022 are not necessarily an indication of the results that may be expected for the year ending December 31, 2022. 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, 2021.

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, the direct and indirect economic effects of the pandemic and containment measures, the impact of new variants, the effectiveness of vaccines and the overall pace of recovery, among others. The COVID-19 pandemic could have material and adverse effects on our financial condition, results of operations and cash flows in the future.

Our Seniors Housing Operating revenues are dependent on occupancy, which has steadily increased in recent months. As of June 30, 2022, nearly all communities are open for new admissions and allowing visitors, in-person tours and communal dining and activities. Average occupancy, excluding land parcels and properties under development, is as follows:

	Three Months Ended			
	March 31,	June 30,	September 30,	December 31,
2021	72.7 %	73.0 %	74.9 %	76.3 %
2022	76.3 %	77.1 %		

Property-level operating expenses associated with the COVID-19 pandemic related to our Seniors Housing Operating portfolio totaled $9,015,000 and $20,018,000 for the three and six months ended June 30, 2022, respectively, as compared to $16,948,000 and $44,924,000 during the three and six months ended June 30, 2021, respectively. These expenses were incurred as a result 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 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.

In 2021 and 2022, we received government grants under the CARES Act primarily to cover increased expenses and lost revenue during the COVID-19 pandemic, as well as under similar programs in the U.K. and Canada. We recognized $21,804,000 and $27,564,000 during the three and six months ended June 30, 2022, respectively, as compared to $18,525,000 and $67,705,000 during the three and six months ended June 30, 2021, respectively. These grants represent a reduction to property operating expenses in our Consolidated Statements of Comprehensive Income.

Our Triple-net operators have experienced similar occupancy declines and operating costs as our Seniors Housing Operating properties. Additionally, 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 CARES Act Paycheck Protection Program and Provider Relief Fund.

New Accounting Standards

- In August 2020, the FASB issued ASU 2020-06, "Debt-Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging-Contracts in Entity's Own Equity (Subtopic 815-40) Accounting for Convertible Instruments and Contracts in an Entity's Own Equity." This ASU simplifies accounting for convertible instruments and removes certain settlement conditions that are required for equity contracts to qualify for the derivative scope exception. This ASU also simplifies the diluted earnings per share calculation in certain areas and provides updated disclosure requirements. The ASU is effective for public business entities beginning after December 15, 2021 including interim periods within those fiscal years. The adoption of this standard did not have a significant impact on our consolidated financial statements.
- In March 2020, the FASB issued an amendment to the reference rate reform standard, which provides the option for a limited period of time to ease the potential burden in accounting for, or recognizing the effects of, reference rate reform on contract modifications and hedge accounting. An example of such reform is the expected market transition from the London Interbank Offered Rate ("LIBOR") and other interbank offered rates to alternative reference rates. Entities that make this optional expedient election would not have to remeasure the contracts at the modification date or reassess the accounting treatment if certain criteria are met and would continue applying hedge accounting for relationships affected by reference rate reform. The new standard was effective for us upon issuance and elections can be made through December 31, 2022. We are currently evaluating our options with regards to existing contracts and hedging relationships and the impact of adopting this update on our consolidated financial statements.

3. Real Property Acquisitions and Development

The total purchase price for all properties acquired has been allocated to the tangible and identifiable intangible assets and liabilities at cost on a relative fair value basis. Liabilities assumed and any associated noncontrolling interests are reflected at fair value. The results of operations for these acquisitions have been included in our consolidated results of operations since the date of acquisition and are a component of the appropriate segments. Transaction costs primarily represent costs incurred with acquisitions, including due diligence costs, fees for legal and valuation services, termination of pre-existing relationships computed based on the fair value of the assets acquired, lease termination fees and other acquisition-related costs. Transaction costs related to asset acquisitions are capitalized as a component of purchase price and all other non-capitalizable costs are reflected in other expenses on our Consolidated Statements of Comprehensive Income.

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

	Six Months Ended							
	June 30, 2022				June 30, 2021			
	Seniors Housing Operating	Triple-net	Outpatient Medical	Totals	Seniors Housing Operating	Triple-net	Outpatient Medical	Totals
Land and land improvements	$ 130,282	$ —	$ 26,714	$ 156,996	$ 25,636	$ 30,849	$ 29,735	$ 86,220
Buildings and improvements	1,249,982	171	205,161	1,455,314	167,791	268,210	152,737	588,738
Acquired lease intangibles	77,705	—	26,836	104,541	10,679	—	6,274	16,953
Construction in progress	108,141	—	—	108,141	—	—	—	—
Right of use assets, net	169	—	3,852	4,021	—	—	—	—
Total net real estate assets	1,566,279	171	262,563	1,829,013	204,106	299,059	188,746	691,911
Receivables and other assets	6,091	—	260	6,351	634	—	8	642
Total assets acquired [(1)]	1,572,370	171	262,823	1,835,364	204,740	299,059	188,754	692,553
Secured debt	(219,067)	—	—	(219,067)	—	—	—	—
Lease liabilities	—	—	(3,852)	(3,852)	—	—	—	—
Accrued expenses and other liabilities	(11,937)	—	(393)	(12,330)	(2,923)	(8,703)	(266)	(11,892
Total liabilities acquired	(231,004)	—	(4,245)	(235,249)	(2,923)	(8,703)	(266)	(11,892
Noncontrolling interests [(2)]	(101,885)	(4)	(664)	(102,553)	(2,597)	(2,056)	(14,723)	(19,376
Non-cash acquisition related activity[(3)]	(25,795)	—	—	(25,795)	—	—	—	—
Cash disbursed for acquisitions	1,213,686	167	257,914	1,471,767	199,220	288,300	173,765	661,285
Construction in progress additions	229,044	45,939	24,336	299,319	93,108	46,904	13,371	153,383
Less: Capitalized interest	(9,305)	(2,031)	(530)	(11,866)	(6,014)	(1,238)	(2,106)	(9,358
Accruals [(4)]	(3,479)	—	2,453	(1,026)	8	—	311	319
Cash disbursed for construction in progress	216,260	43,908	26,259	286,427	87,102	45,666	11,576	144,344
Capital improvements to existing properties	146,052	25,016	29,001	200,069	64,438	15,568	14,477	94,483
Total cash invested in real property, net of cash acquired	$ 1,575,998	$ 69,091	$ 313,174	$ 1,958,263	$ 350,760	$ 349,534	$ 199,818	$ 900,112

(1) Excludes $5,491,000 and $301,000 of unrestricted and restricted cash acquired during the six months ended June 30, 2022 and June 30, 2021, respectively.

(2) Includes amounts attributable to both redeemable noncontrolling interests and noncontrolling interests. For the six months ended June 30, 2022, 1,145,000 Welltower OP units were issued as a component of funding for certain transactions.

(3) Relates to the acquisition of assets 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.

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

Construction Activity

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

	Six Months Ended	
	June 30, 2022	June 30, 2021
Development projects:		
Seniors Housing Operating	$ 134,562	$ 58,844
Triple-net	—	22,990
Outpatient Medical	—	101,867
Total construction in progress conversions	$ 134,562	$ 183,701

4. Real Estate Intangibles

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

	June 30, 2022	December 31, 2021
Assets:		
In place lease intangibles	$ 1,786,965	$ 1,681,533
Above market tenant leases	55,198	53,964
Lease commissions	59,978	54,131
Gross historical cost	1,902,141	1,789,628
Accumulated amortization	(1,375,588)	(1,286,259)
Net book value	$ 526,553	$ 503,369
Weighted-average amortization period in years	6.9	5.5
Liabilities:		
Below market tenant leases	$ 75,960	$ 74,909
Accumulated amortization	(48,683)	(45,291)
Net book value	$ 27,277	$ 29,618
Weighted-average amortization period in years	8.4	8.2

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Rental income related to (above)/below market tenant leases, net	$ 351	$ 432	$ 736	$ 857
Amortization related to in place lease intangibles and lease commissions	(50,194)	(20,432)	(98,188)	(43,211)

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

	Assets	Liabilities
2022	$ 106,003	$ 3,728
2023	145,427	5,485
2024	74,517	3,321
2025	26,749	2,770
2026	27,838	2,249
Thereafter	146,019	9,724
Total	$ 526,553	$ 27,277

5. Dispositions, Real Property Held for Sale and Impairment

We periodically sell properties for various reasons, including favorable market conditions, the exercise of tenant purchase options or reduction of concentrations (i.e., property type, relationship or geography). At June 30, 2022, two Seniors Housing Operating, 11 Triple-net, and one Outpatient Medical properties with an aggregate real estate balance of $177,719,000 were classified as held for sale. In addition to the real property balances, lease liabilities of $66,719,000 and net other assets and (liabilities) of $8,068,000 are included in the Consolidated Balance Sheets related to the held for sale properties. Expected gross sales proceeds related to the held for sale properties is approximately $239,019,000.

During the six months ended June 30, 2021, we recorded $18,077,000 of impairment charges related to three Triple-net properties and one Outpatient Medical property classified as held for sale for which the carrying value exceeded the estimated fair value less cost to sell. Additionally, during the six months ended June 30, 2021, we recorded $29,183,000 of impairment charges related to two Seniors Housing Operating properties and two 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):

	Six Months Ended June 30,	
	2022	2021
Real estate dispositions:		
Seniors Housing Operating	$ 13,470	$ 112,809
Triple-net	70,571	88,367
Outpatient Medical	—	137,890
Total dispositions	84,041	339,066
Gain (loss) on real estate dispositions, net	19,402	103,748
Net other assets/(liabilities) disposed	461	3,866
Proceeds from real estate dispositions	$ 103,904	$ 446,680

Operating results attributable to properties sold or classified as held for sale which do not meet the definition of discontinued operations are not reclassified on our Consolidated Statements of Comprehensive Income. The following represents the activity related to these properties for the periods presented (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Revenues:				
Total revenues	$ 4,054	$ 22,404	$ 9,012	$ 52,818
Expenses:				
Interest expense	869	949	1,678	2,065
Property operating expenses	2,000	4,552	3,970	8,128
Provision for depreciation	—	1,814	13	8,182
Total expenses	2,869	7,315	5,661	18,375
Income (loss) from real estate dispositions, net	$ 1,185	$ 15,089	$ 3,351	$ 34,443

6. Leases

We lease land, buildings, office space and certain equipment. Many of our leases include a renewal option to extend the term from one to 25 years or more. Renewal options that we are reasonably certain to exercise are recognized in our right-of-use assets and lease liabilities.

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

		Six Months Ended	
	Classification	June 30, 2022	June 30, 2021
Operating lease cost: [(1)]			
Real estate lease expense	Property operating expenses	$ 11,209	$ 10,538
Non-real estate investment lease expense	General and administrative expenses	2,101	2,354
Finance lease cost:			
Amortization of leased assets	Property operating expenses	3,171	4,111
Interest on lease liabilities	Interest expense	2,937	3,310
Sublease income	Rental income	(5,587)	(1,267)
Total		$ 13,831	$ 19,046

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

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

	Classification	June 30, 2022	December 31, 2021
Right of use assets:			
Operating leases - real estate	Right of use assets, net	$ 291,616	$ 367,068
Finance leases - real estate	Right of use assets, net	33,104	155,728
Real estate right of use assets, net		324,720	522,796
Operating leases - non-real estate investments	Receivables and other assets	8,763	9,627
Finance leases - held for sale [1]	Real property held for sale, net of accumulated depreciation	118,639	—
Total right of use assets, net		$ 452,122	$ 532,423
Lease liabilities:			
Operating leases		$ 300,829	$ 434,261
Financing leases		109,888	111,683
Total		$ 410,717	$ 545,944

[1] At June 30, 2022 finance leases at seven properties were classified as held for sale.

Substantially all of our operating leases in which we are the lessor contain escalating rent structures. Leases with fixed annual rental escalators are generally recognized on a straight-line basis over the initial lease period, subject to a collectability assessment. Rental income related to leases with contingent rental escalators is generally recorded based on the contractual cash rental payments due for the period. During the six months ended June 30, 2021, we reserved for previously recognized straight-line rent receivable balances of $49,241,000 through rental income, relating to leases for which collection of substantially all contractual lease payments was no longer deemed probable.

Leases in our Triple-net and Outpatient Medical portfolios typically include some form of operating expense reimbursement by the tenant. For the six months ended June 30, 2022, we recognized $717,801,000 of rental income related to operating leases, of which $96,309,000 was for variable lease payments that primarily represents the reimbursement of operating costs such as common area maintenance expenses, utilities, insurance and real estate taxes. For the six months ended June 30, 2021, we recognized $657,566,000 of rental income related to operating leases, of which $89,890,000 was for variable lease payments.

For the majority of our Seniors Housing Operating segment, revenue from resident fees and services is predominantly service-based, and as such, resident agreements are accounted for under ASC 2014-09, "Revenue from Contracts with Customers" (ASC 606). Within that reportable segment, we also recognize revenue from residential seniors apartment leases in accordance with ASC 842, "Leases." The amount of revenue related to these leases was $198,052,000 and $31,918,000 for the six months ended June 30, 2022 and 2021, respectively.

7. Loans Receivable

Loans receivable are recorded on our Consolidated Balance Sheets in real estate loans receivable, net of allowance for credit losses, or for non-real estate loans receivable, in receivables and other assets. Real estate loans receivable consists of mortgage loans and other real estate loans which are primarily collateralized by a first, second or third mortgage lien, a leasehold mortgage on, or an assignment of the partnership interest in, the related properties, as well as corporate guarantees and/or personal guarantees. Non-real estate loans are generally corporate loans with no real estate backing. Interest income on loans is recognized as earned based upon the principal amount outstanding subject to an evaluation of the risk of credit loss. Accrued interest receivable was $25,321,000 and $26,659,000 as of June 30, 2022 and December 31, 2021, respectively, and is included in receivables and other assets on the Consolidated Balance Sheets. The following is a summary of our loans receivable (in thousands):

	June 30, 2022	December 31, 2021
Mortgage loans	$ 759,219	$ 889,556
Other real estate loans	210,387	194,477
Allowance for credit losses on real estate loans receivable	(13,321)	(15,352)
Real estate loans receivable, net of credit allowance	956,285	1,068,681
Non-real estate loans	409,459	375,060
Allowance for credit losses on non-real estate loans receivable	(151,762)	(151,433)
Non-real estate loans receivable, net of credit allowance	257,697	223,627
Total loans receivable, net of credit allowance	$ 1,213,982	$ 1,292,308

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

	Six Months Ended	
	June 30, 2022	June 30, 2021
Advances on loans receivable:	$ 117,565	$ 918,407
Receipts on loans receivable:	(161,180)	(248,841)
Net cash advances (receipts) on loans receivable	$ (43,615)	$ 669,566

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

A loan is considered to have deteriorated credit quality when, based on current information and events, it is probable that we will be unable to collect all amounts due as scheduled according to the contractual terms of the loan agreement. For those loans we identified as having deteriorated credit quality, we determine the amount of credit loss on an individual basis. Placement on non-accrual status may be required. Consistent with this definition, all loans on non-accrual are deemed to have deteriorated credit quality. To the extent circumstances improve and the risk of collectability is diminished, we will return these loans to income accrual status. While a loan is on non-accrual status, any cash receipts are applied against the outstanding principal balance.

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

	June 30, 2022				
Loan category	Years of Origination	Loan Carrying Value	Allowance for Credit Loss	Net Loan Balance	No. of Loans
Deteriorated loans	2007 - 2018	$ 174,841	$ (148,438)	$ 26,403	3
Collective loan pool	2007-2017	212,848	(2,986)	209,862	15
Collective loan pool	2018	21,317	(300)	21,017	2
Collective loan pool	2019	22,818	(322)	22,496	4
Collective loan pool	2020	51,493	(726)	50,767	6
Collective loan pool	2021	797,110	(10,920)	786,190	18
Collective loan pool	2022	98,638	(1,391)	97,247	11
Total loans		$ 1,379,065	$ (165,083)	$ 1,213,982	59

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

	Six Months Ended	
	June 30, 2022	June 30, 2021
Balance at beginning of period	$ 166,785	$ 224,036
Provision for loan losses	(639)	7,580
Loan write-offs	—	(64,075)
Foreign currency translation	(1,063)	(109)
Balance at end of period	$ 165,083	$ 167,432

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

	Six Months Ended	
	June 30, 2022	June 30, 2021
Balance of deteriorated loans at end of period	$ 174,841	$ 178,253
Allowance for credit losses	(148,438)	(148,438)
Balance of deteriorated loans not reserved	$ 26,403	$ 29,815
Interest recognized on deteriorated loans [(1)]	$ —	$ 3,122

[(1)] 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. Our share of the results of operations for these properties has been included in our consolidated results of operations from the date of acquisition by the joint ventures and are reflected in our Consolidated Statements of Comprehensive Income as income or loss from unconsolidated entities. The following is a summary of our investments in unconsolidated entities (dollars in thousands):

	Percentage Ownership [1]	June 30, 2022	December 31, 2021
Seniors Housing Operating	10% to 65%	$ 998,157	$ 830,647
Triple-net	10% to 88%	100,896	44,814
Outpatient Medical	15% to 50%	201,922	163,582
Total		$ 1,300,975	$ 1,039,043

[1] Includes ownership of investments classified as liabilities and excludes ownership of in substance real estate.

At June 30, 2022, the aggregate unamortized basis difference of our joint venture investments of $147,422,000 is primarily attributable to the difference between the amount for which we purchased our interest in the entity, including transaction costs, and the historical carrying value of the net assets of the joint venture. This difference is being amortized over the remaining useful life of the related properties and included in the reported amount of income from unconsolidated entities.

We have made loans related to 18 properties as of June 30, 2022 for the development and construction of certain properties which are classified as in substance real estate investments and have a carrying value of $503,473,000. We believe that such borrowers typically represent variable interest entities ("VIE" or "VIEs") in accordance with ASC 810, "Consolidation." VIEs are required to be consolidated by their primary beneficiary which is the enterprise that has both: (i) the power to direct the activities of the VIE that most significantly impacts the entity's economic performance; and (ii) the obligation to absorb losses or the right to receive benefits of the VIE that could be significant to the entity. We have concluded that we are not the primary beneficiary of such borrowers, therefore, the loan arrangements were assessed based on among other factors, the amount and timing of expected residual profits, the estimated fair value of the collateral and the significance of the borrower's equity in the project. Based on these assessments, the arrangements have been classified as in substance real estate investments. We expect to fund an additional $279,512,000 related to these investments.

9. Credit Concentration

We use consolidated net operating income (“NOI”) as our credit concentration metric. See Note 18 for additional information and reconciliation. The following table summarizes certain information about our credit concentration for the six months ended June 30, 2022, excluding our share of NOI in unconsolidated entities (dollars in thousands):

Concentration by relationship: [1]	Number of Properties	Total NOI	Percent of NOI [2]
ProMedica [3]	205	$ 122,204	11%
Atria Senior Living[4]	98	105,343	10%
Sunrise Senior Living	109	79,826	7%
HC-One Group [5]	1	45,739	4%
Avery Healthcare	61	38,118	4%
Remaining portfolio	1,237	769,258	64%
Totals	1,711	$ 1,160,488	100%

[1] ProMedica and HC-One Group are in our Triple-net segment. Sunrise Senior Living and Atria Senior Living are in our Seniors Housing Operating segment. Avery Healthcare is in both the Triple-net and Seniors Housing Operating segments.

[2] NOI with our top five relationships comprised 34% of total NOI for the year ended December 31, 2021.

[3] During the quarter ended March 31, 2022, we purchased an additional 5% ownership interest in the consolidated ProMedica joint ventures for $137,437,000.

[4] Inclusive of $58,621,000 of income recognized upon termination of lease. See Note 3 for further details.

[5] In addition to the one property, HC-One Group is the borrower on a £529,848,000 loan as of June 30, 2022.

10. Borrowings Under Credit Facilities and Commercial Paper Program

At June 30, 2022, we had a primary unsecured credit facility with a consortium of 31 banks that included a $4,000,000,000 unsecured revolving credit facility, a $1,000,000,000 unsecured term credit facility and a $250,000,000 Canadian-denominated unsecured term credit facility. The unsecured revolving credit facility is comprised of a $1,000,000,000 tranche that matures on June 4, 2026 (none outstanding at June 30, 2022) and a $3,000,000,000 tranche that matures on June 4, 2025 ($354,000,000 outstanding at June 30, 2022). The term credit facilities mature on July 19, 2026. Each tranche of the revolving facility and term loans may be extended for two successive terms of six months at our option. We have an option, through an accordion feature, to upsize the unsecured revolving credit facility and the $1,000,000,000 unsecured term credit facility by up to an additional

$1,250,000,000, in the aggregate, and the $250,000,000 Canadian-denominated unsecured term credit facility by up to an additional $250,000,000. The primary unsecured credit facility also allows us to borrow up to $1,000,000,000 in alternate currencies (none outstanding at June 30, 2022). Borrowings under the unsecured revolving credit facility are subject to interest payable at the applicable margin over SOFR interest rate. Based on our current credit ratings, the loans under the unsecured revolving credit facility currently bear interest at 0.775% over the adjusted SOFR rate. In addition, we pay a facility fee quarterly to each bank based on the bank's commitment amount. The facility fee depends on our debt ratings and was 0.15% at June 30, 2022.

Under the terms of our commercial paper program, we may issue unsecured commercial paper notes with maturities that vary, but do not exceed 397 days from the date of issue, up to a maximum aggregate face or principal amount outstanding at any time of $1,000,000,000 (none outstanding at June 30, 2022).

The following information relates to aggregate borrowings under the unsecured revolving credit facility and commercial paper program for the periods presented (dollars in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Balance outstanding at quarter end	$ 354,000	$ —	$ 354,000	$ —
Maximum amount outstanding at any month end	$ 1,135,000	$ 195,000	$ 1,135,000	$ 195,000
Average amount outstanding (total of daily principal balances divided by days in period)	$ 754,337	$ 289,231	$ 857,328	$ 145,414
Weighted average interest rate (actual interest expense divided by average borrowings outstanding)	1.36 %	0.76 %	0.90 %	0.76 %

11. Senior Unsecured Notes and Secured Debt

We may repurchase, redeem or refinance senior unsecured notes from time to time, taking advantage of favorable market conditions when available. We may purchase senior notes for cash through open market purchases, privately negotiated transactions, a tender offer or, in some cases, through the early redemption of such securities pursuant to their terms. The senior unsecured notes are redeemable at our option, at any time in whole or from time to time in part, at a redemption price equal to the sum of: (i) the principal amount of the notes (or portion of such notes) being redeemed plus accrued and unpaid interest thereon up to the redemption date and (ii) any "make-whole" amount due under the terms of the notes in connection with early redemptions. Redemptions and repurchases of debt, if any, will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors. At June 30, 2022, the annual principal payments due on these debt obligations were as follows (in thousands):

	Senior Unsecured Notes [1,2,3]	Secured Debt [1,4]	Totals
2022	$ —	$ 396,742	$ 396,742
2023	—	498,668	498,668
2024	1,350,000	243,347	1,593,347
2025	1,260,000	231,488	1,491,488
2026	700,000	130,410	830,410
Thereafter [5, 6, 7, 8]	9,304,327	699,971	10,004,298
Totals	$ 12,614,327	$ 2,200,626	$ 14,814,953

(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 Sheets.

(2) Annual interest rates range from 1.82% to 6.50%.

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

(4) Annual interest rates range from 0.82% to 6.67%. Carrying value of the properties securing the debt totaled 5,077,113,000 at June 30, 2022.

(5) Includes a $1,000,000,000 unsecured term loan and a $250,000,000 Canadian-denominated unsecured term loan (approximately $194,235,000 based on the Canadian/U.S. Dollar exchange rate on June 30, 2022). Both term loans mature on July 19, 2026 and may be extended for two successive terms of six months at our option. The loans bear interest at adjusted SOFR plus 0.85% (2.23% at June 30, 2022) and Canadian Dealer Offered Rate plus 0.85% (3.02% at June 30, 2022), respectively.

(6) Includes a $300,000,000 Canadian-denominated 2.95% senior unsecured notes due 2027 (approximately $233,082,000 based on the Canadian/U.S. Dollar exchange rate on June 30, 2022).

(7) Includes a £550,000,000 4.80% senior unsecured notes due 2028 (approximately $668,910,000 based on the Pounds Sterling/U.S. Dollar exchange rate in effect on June 30, 2022).

(8) Includes a £500,000,000 4.50% senior unsecured notes due 2034 (approximately $608,100,000 based on the Pounds Sterling/U.S. Dollar exchange rate in effect on June 30, 2022).

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

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

	Six Months Ended			
	June 30, 2022		June 30, 2021	
	Amount	Weighted Avg. Interest Rate	Amount	Weighted Avg. Interest Rate
Beginning balance	$ 11,707,961	3.67%	$ 11,509,533	3.67%
Debt issued	1,050,000	3.08%	1,250,000	2.50%
Debt extinguished	—	—%	(1,533,752)	2.42%
Foreign currency	(143,634)	4.14%	27,204	3.57%
Ending balance	$ 12,614,327	3.68%	$ 11,252,985	3.71%

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

	Six Months Ended			
	June 30, 2022		June 30, 2021	
	Amount	Weighted Avg. Interest Rate	Amount	Weighted Avg. Interest Rate
Beginning balance	$ 2,202,312	3.03%	$ 2,378,073	3.27%
Debt issued	10,344	3.23%	—	—%
Debt assumed	221,159	4.32%	—	—%
Debt extinguished	(196,504)	4.15%	(66,593)	6.01%
Principal payments	(30,350)	3.29%	(31,670)	3.48%
Foreign currency	(6,335)	2.97%	31,318	2.89%
Ending balance	$ 2,200,626	3.43%	$ 2,311,128	3.10%

Our debt agreements contain various covenants, restrictions and events of default. Certain agreements require us to maintain certain financial ratios and minimum net worth and impose certain limits on our ability to incur indebtedness, create liens and make investments or acquisitions. As of June 30, 2022, we were in compliance in all material respects with all of the covenants under our debt agreements.

12. Derivative Instruments

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

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 and Fair Value Hedges of Interest Rate Risk

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

Interest rate swaps designated as fair value hedges involve the receipt of fixed amounts from a counterparty in exchange for our variable-rate payments. These interest rate swap agreements hedge the exposure to changes in the fair value of fixed-rate debt attributable to changes in the designated benchmark interest rate. For derivative instruments that are designated and qualify as a fair value hedge, the gain or loss on the derivative instrument, as well as the offsetting loss or gain on the hedged item attributable to the hedged risk, are recognized in earnings. We record the gain or loss on the hedged items in interest expense, the same line item as the offsetting loss or gain on the related interest rate swaps. During the six months ended June 30, 2022, we entered into a $550,000,000 fixed to floating swap in connection with our March senior note issuance. The carrying amount of the notes, exclusive of the hedge, is $545,047,000. The fair value of the swap as of June 30, 2022 was ($27,645,000) and was recorded as a derivative liability with an offset to senior unsecured notes on our Consolidated Balance Sheets.

Periodically, we enter into and designate interest rate locks to partially hedge the risk of changes in interest payments attributable to increases in the benchmark interest rate during the period leading up to the probable issuance of fixed-rate debt. We designate our interest rate locks as cash flow hedges. Gains and losses when we settle our interest rate locks are amortized into earnings over the life of the related debt, except where a material amount is deemed to be ineffective, which would be immediately recognized in the Consolidated Statements of Comprehensive Income. Approximately $2,562,000 of losses, which are included in 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 six months ended June 30, 2022 and 2021, we settled certain net investment hedges generating cash proceeds of $27,267,000 and necessitating cash payments of $7,196,000, respectively. The balance of the cumulative translation adjustment will be reclassified to earnings if the hedged investment is sold or substantially liquidated.

Derivative Contracts Undesignated

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

Equity Warrants

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

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

	June 30, 2022	December 31, 2021
Derivatives designated as net investment hedges:		
Denominated in Canadian Dollars	$ 1,075,000	$ 675,000
Denominated in Pound Sterling	£ 1,890,708	£ 1,904,708
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)]	$ 25,000	$ 25,000
Interest rate swaps designated as fair value hedges:		
Denominated in U.S Dollars	$ 550,000	$ —
Derivative instruments not designated:		
Interest rate caps denominated in U.S. Dollars	$ 26,137	$ 26,137
Forward sales contracts denominated in Canadian Dollars	$ 80,000	$ 80,000

[(1)] At June 30, 2022 the maximum maturity date was November 1, 2023.

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

		Three Months Ended June 30,		Six Months Ended June 30,	
Description	Location	2022	2021	2022	2021
Gain (loss) on derivative instruments designated as hedges recognized in income	Interest expense	$ 9,042	$ 5,544	$ 15,026	$ 11,567
Gain (loss) on derivative instruments not designated as hedges recognized in income	Interest expense	$ 1,827	$ (936)	$ 1,134	$ (1,656)
Gain (loss) on equity warrants recognized in income	Gain (loss) on derivatives and financial instruments	$ 1,904	$ —	$ (520)	$ —
Gain (loss) on derivative and financial instruments designated as hedges recognized in OCI	OCI	$ 284,081	$ (9,808)	$ 336,021	$ (29,845)

13. Commitments and Contingencies

At June 30, 2022, we had 18 outstanding letter of credit obligations totaling $37,209,000 and expiring between 2022 and 2023. At June 30, 2022, we had outstanding construction in progress of $900,633,000 and were committed to providing additional funds of approximately $1,747,325,000 to complete construction. Additionally, at June 30, 2022, we had outstanding investments classified as in substance real estate of $503,473,000 and were committed to provide additional funds of $279,512,000 (see Note 8 for additional information). Purchase obligations include $72,338,000 of contingent purchase obligations to fund capital improvements. Rents due from the tenant are increased to reflect the additional investment in the property.

14. Stockholders' Equity

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

	June 30, 2022	December 31, 2021
Preferred Stock, $1.00 par value:		
Authorized shares	50,000,000	50,000,000
Issued shares	—	—
Outstanding shares	—	—
Common Stock, $1.00 par value:		
Authorized shares	700,000,000	700,000,000
Issued shares	465,163,874	448,998,438
Outstanding shares	463,369,237	447,239,477

Common Stock In April 2022, we entered into an amended and restated equity distribution agreement whereby we can offer and sell up to $3,000,000,000 aggregate amount of our common stock ("ATM Program"). The ATM Program also allows us to enter into forward sale agreements. As of June 30, 2022, we had $3,000,000,000 of remaining capacity under the ATM Program, which excludes forward sales agreements outstanding for the sale of 12,170,108 shares or approximately $1,091,064,000 with maturity dates in 2023. In addition, we have forward sale agreements for the sale of 5,466,182 shares or approximately $487,172,000 with maturity dates in 2023 under the July 30, 2021 ATM Program.

The following is a summary of our common stock issuances during the six months ended June 30, 2022 and 2021 (dollars in thousands, except shares and average price amounts):

	Shares Issued	Average Price	Gross Proceeds	Net Proceeds
2021 ATM Program issuances	5,015,673	$ 74.15	$ 371,937	$ 366,464
2021 Stock incentive plans, net of forfeitures	145,588		—	—
2021 Totals	5,161,261		$ 371,937	$ 366,464
2022 Option exercises	299	$ 66.89	$ 20	$ 20
2022 ATM Program issuances	15,986,251	86.26	1,379,002	1,357,541
2022 Stock incentive plans, net of forfeitures	143,210		—	—
2022 Totals	16,129,760		$ 1,379,022	$ 1,357,561

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

	Six Months Ended			
	June 30, 2022		June 30, 2021	
	Per Share	Amount	Per Share	Amount
Common stock	$ 1.22	$ 551,283	$ 1.22	$ 510,424

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

	June 30, 2022	December 31, 2021
Foreign currency translation	$ (1,034,207)	$ (674,306)
Derivative and financial instruments designated as hedges	889,011	552,990
Total accumulated other comprehensive income (loss)	$ (145,196)	$ (121,316)

15. Stock Incentive Plans

In March 2022, our Board of Directors approved the 2022 Long-Term Plan ("2022 Plan"), which 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. Awards granted after March 28, 2022 will be issued out of the 2022 Plan. The awards granted under the 2016 Long-Term Incentive Plan continue to vest and options expire ten years from the date of grant. Our non-employee directors, officers and key employees are eligible to participate in the 2022 Plan. The 2022 Plan allows for the issuance of, among other things, stock options, stock appreciation rights, restricted stock, deferred stock units, performance units and dividend equivalent rights. Vesting periods for options, deferred stock units and restricted shares generally range from three to four years. Options expire ten years from the date of grant. Stock-based compensation expense totaled $6,021,000 and $13,466,000 for the three and six months ended June 30, 2022, respectively, and $4,757,000 and $10,333,000 for the same periods in 2021.

16. Earnings Per Share

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Numerator for basic earnings per share - net income (loss) attributable to common stockholders	$ 89,784	$ 26,257	$ 151,709	$ 97,803
Adjustment for net income (loss) attributable to OP units[(1)]	228	(873)	106	(2,225)
Numerator for diluted earnings per share	$ 90,012	$ 25,384	$ 151,815	$ 95,578
Denominator for basic earnings per share - weighted average shares	454,327	417,452	450,865	417,360
Effect of dilutive securities:				
Employee stock options	40	—	36	—
Non-vested restricted shares	1,166	438	1,070	430
OP units[(1)]	1,526	1,396	1,461	1,396
Employee stock purchase program	23	19	23	19
Dilutive potential common shares	2,755	1,853	2,590	1,845
Denominator for diluted earnings per share - adjusted weighted average shares	457,082	419,305	453,455	419,205
Basic earnings per share	$ 0.20	$ 0.06	$ 0.34	$ 0.23
Diluted earnings per share	$ 0.20	$ 0.06	$ 0.33	$ 0.23

[(1)] OP units include both Welltower OP units owned by outside investors as well as OP units owned by outside investors in certain consolidated DownREIT subsidiaries.

As of June 30, 2022, and June 30, 2021, outstanding forward sales agreements for the sale of 17,636,290 shares and 13,052,375 shares, respectively, were not included in the computation of diluted earnings per share because such forward sales were anti-dilutive for the periods.

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, 2021 for additional information. The three levels are defined below:

- Level 1 - Quoted prices in active markets for identical assets or liabilities.
- Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

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

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

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

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

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

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.

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

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

	June 30, 2022		December 31, 2021	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets:				
Mortgage loans receivable	$ 748,833	$ 914,562	$ 877,102	$ 932,552
Other real estate loans receivable	207,452	213,867	191,579	193,999
Equity securities	958	958	1,608	1,608
Cash and cash equivalents	363,339	363,339	269,265	269,265
Restricted cash	78,912	78,912	77,490	77,490
Non-real estate loans receivable	257,697	266,817	223,627	241,544
Foreign currency forward contracts, interest rate swaps and cross currency swaps	135,854	135,854	7,205	7,205
Equity warrants	37,404	37,404	41,909	41,909
Financial liabilities:				
Borrowings under unsecured credit facility and commercial paper program	$ 354,000	$ 354,000	$ 324,935	$ 324,935
Senior unsecured notes	12,488,718	11,987,673	11,613,758	13,139,748
Secured debt	2,191,826	2,153,353	2,192,261	2,252,107
Foreign currency forward contracts, interest rate swaps and cross currency swaps	27,698	27,698	39,296	39,296
Redeemable OP unitholder interests	$ 122,287	$ 122,287	$ 153,098	$ 153,098

Items Measured at Fair Value on a Recurring Basis

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

	Fair Value Measurements as of June 30, 2022			
	Total	Level 1	Level 2	Level 3
Equity securities	$ 958	$ 958	$ —	$ —
Equity warrants	37,404	—	—	37,404
Foreign currency forward contracts, interest rate swaps and cross currency swaps, net asset (liability) [1]	108,156	—	108,156	—
Totals	$ 146,518	$ 958	$ 108,156	$ 37,404

[1] Please see Note 12 for additional information.

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

	Six Months Ended	
	June 30, 2022	June 30, 2021
Beginning balance	$ 41,909	$ —
Warrants acquired	—	32,419
Mark-to-market adjustment	(520)	—
Foreign currency	(3,985)	—
Ending balance	$ 37,404	$ 32,419

The most significant assumptions utilized in the valuation of the equity warrants are the cash flows of the underlying HC-One Group enterprise, as well as the terminal capitalization rate of 9.5%.

Items Measured at Fair Value on a Nonrecurring Basis

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

18. Segment Reporting

We invest in seniors housing and health care real estate. We evaluate our business and make resource allocations on our three operating segments: Seniors Housing Operating, Triple-net and Outpatient Medical. Our Seniors Housing Operating properties include 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). In addition, Seniors Housing Operating properties include seniors apartments. Our Triple-net properties include the property types described above as well as long-term/post-acute care facilities. Under the Triple-net segment, we invest in seniors housing and health care real estate through acquisition and financing of primarily single tenant properties. Properties acquired are primarily leased under triple-net leases and we are not involved in the management of the property. Our Outpatient Medical properties are typically leased to multiple tenants and generally require a certain level of property management by us.

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

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

The accounting policies of the segments are the same as those described in the summary of significant accounting policies (see Note 2 to the financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2021). The results of operations for all acquisitions described in Note 3 are included in our consolidated results of operations from the acquisition dates and are components of the appropriate segments. All inter-segment transactions are eliminated.

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

Three Months Ended June 30, 2022:	Seniors Housing Operating	Triple-net	Outpatient Medical	Non-segment / Corporate	Total
Resident fees and services	$ 1,009,999	$ —	$ —	$ —	$ 1,009,999
Rental income	—	197,182	164,229	—	361,411
Interest income	1,683	35,392	65	—	37,140
Other income	59,528	1,786	2,028	644	63,986
Total revenues	1,071,210	234,360	166,322	644	1,472,536
Property operating expenses	789,299	11,491	50,648	2,645	854,083
Consolidated net operating income (loss)	281,911	222,869	115,674	(2,001)	618,453
Depreciation and amortization	201,178	49,561	59,556	—	310,295
Interest expense	7,481	320	4,531	115,418	127,750
General and administrative expenses	—	—	—	36,554	36,554
Loss (gain) on derivatives and financial instruments, net	—	(1,407)	—	—	(1,407)
Loss (gain) on extinguishment of debt, net	400	—	4	199	603
Provision for loan losses, net	342	(176)	(1)	—	165
Other expenses	29,249	463	207	5,247	35,166
Income (loss) from continuing operations before income taxes and other items	43,261	174,108	51,377	(159,419)	109,327
Income tax (expense) benefit	—	—	—	(3,065)	(3,065)
Income (loss) from unconsolidated entities	(12,669)	5,874	(263)	—	(7,058)
Gain (loss) on real estate dispositions, net	(1,224)	(2,129)	(179)	—	(3,532)
Income (loss) from continuing operations	29,368	177,853	50,935	(162,484)	95,672
Net income (loss)	$ 29,368	$ 177,853	$ 50,935	$ (162,484)	$ 95,672
Total assets	$ 20,972,302	$ 8,851,738	$ 6,451,415	$ 298,216	$ 36,573,671

Three Months Ended June 30, 2021:	Seniors Housing Operating	Triple-net	Outpatient Medical	Non-segment / Corporate	Total
Resident fees and services	$ 740,891	$ —	$ —	$ —	$ 740,891
Rental income	—	204,725	149,998	—	354,723
Interest income	856	32,861	4,731	—	38,448
Other income	802	1,355	4,343	430	6,930
Total revenues	742,549	238,941	159,072	430	1,140,992
Property operating expenses	582,361	12,627	45,495	2,174	642,657
Consolidated net operating income (loss)	160,188	226,314	113,577	(1,744)	498,335
Depreciation and amortization	131,035	54,406	55,444	—	240,885
Interest expense	10,553	1,704	3,907	106,177	122,341
General and administrative expenses	—	—	—	31,436	31,436
Loss (gain) on derivatives and financial instruments, net	—	(359)	—	—	(359)
Loss (gain) on extinguishment of debt, net	3,106	—	—	52,506	55,612
Provision for loan losses, net	(181)	10,019	(3,641)	—	6,197
Impairment of assets	17,713	3,768	2,211	—	23,692
Other expenses	3,709	4,110	1,098	2,770	11,687
Income (loss) from continuing operations before income taxes and other items	(5,747)	152,666	54,558	(194,633)	6,844
Income tax (expense) benefit	—	—	—	2,221	2,221
Income (loss) from unconsolidated entities	(12,938)	4,877	85	—	(7,976)
Gain (loss) on real estate dispositions, net	(28)	42,709	1,987	—	44,668
Income (loss) from continuing operations	(18,713)	200,252	56,630	(192,412)	45,757
Net income (loss)	$ (18,713)	$ 200,252	$ 56,630	$ (192,412)	$ 45,757

Six Months Ended June 30, 2022	Seniors Housing Operating	Triple-net	Outpatient Medical	Non-segment / Corporate	Total
Resident fees and services	$ 2,004,334	$ —	$ —	$ —	$ 2,004,334
Rental income	—	393,183	324,618	—	717,801
Interest income	3,100	72,898	136	—	76,134
Other income	60,388	3,442	4,891	1,250	69,971
Total revenues	2,067,822	469,523	329,645	1,250	2,868,240
Property operating expenses	1,579,227	22,702	100,563	5,260	1,707,752
Consolidated net operating income	488,595	446,821	229,082	(4,010)	1,160,488
Depreciation and amortization	393,971	103,065	117,347	—	614,383
Interest expense	15,131	634	9,098	224,583	249,446
General and administrative expenses	—	—	—	74,260	74,260
Loss (gain) on derivatives and financial instruments, net	—	1,171	—	—	1,171
Loss (gain) on extinguishment of debt, net	385	—	7	199	591
Provision for loan losses, net	609	(1,241)	(7)	—	(639)
Other expenses	37,440	11,507	996	11,292	61,235
Income (loss) from continuing operations before income taxes and other items	41,059	331,685	101,641	(314,344)	160,041
Income tax (expense) benefit	—	—	—	(8,078)	(8,078)
Income (loss) from unconsolidated entities	(30,451)	21,417	(908)	—	(9,942)
Gain (loss) on real estate dispositions, net	1,477	18,320	(395)	—	19,402
Income (loss) from continuing operations	12,085	371,422	100,338	(322,422)	161,423
Net income (loss)	$ 12,085	$ 371,422	$ 100,338	$ (322,422)	$ 161,423

Six Months Ended June 30, 2021	Seniors Housing Operating	Triple-net	Outpatient Medical	Non-segment / Corporate	Total
Resident fees and services	$ 1,464,355	$ —	$ —	$ —	$ 1,464,355
Rental income	—	357,188	300,378	—	657,566
Interest income	1,975	47,783	8,269	—	58,027
Other income	2,621	2,452	6,648	1,385	13,106
Total revenues	1,468,951	407,423	315,295	1,385	2,193,054
Property operating expenses	1,138,329	25,468	92,358	3,828	1,259,983
Consolidated net operating income	330,622	381,955	222,937	(2,443)	933,071
Depreciation and amortization	263,621	111,073	110,617	—	485,311
Interest expense	21,971	3,586	7,922	212,004	245,483
General and administrative expenses	—	—	—	61,362	61,362
Loss (gain) on derivatives and financial instruments, net	—	1,575	—	—	1,575
Loss (gain) on extinguishment of debt, net	(1,537)	—	—	52,506	50,969
Provision for loan losses, net	70 18.69	10,872 —	(3,362) 18.69	—	7,580
Impairment of assets	22,317	22,732	2,211	—	47,260
Other expenses	7,168	9,093	1,810	4,610	22,681
Income (loss) from continuing operations before income taxes and other items	17,012	223,024	103,739	(332,925)	10,850
Income tax (expense) benefit	—	—	—	(1,722)	(1,722)
Income (loss) from unconsolidated entities	(7,704)	9,784	2,993	—	5,073
Gain (loss) on real estate dispositions, net	5,167	44,751	53,830	—	103,748
Income (loss) from continuing operations	14,475	277,559	160,562	(334,647)	117,949
Net income (loss)	$ 14,475	$ 277,559	$ 160,562	$ (334,647)	$ 117,949

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

	Three Months Ended				Six Months Ended			
	June 30, 2022		June 30, 2021		June 30, 2022		June 30, 2021	
Revenues:	Amount(1)	%	Amount	%	Amount(1)	%	Amount	%
United States	$ 1,218,879	82.7 %	$ 893,672	78.4 %	$ 2,357,895	82.2 %	$ 1,719,320	78.4 %
United Kingdom	139,352	9.5 %	140,756	12.3 %	283,843	9.9 %	259,630	11.8 %
Canada	114,305	7.8 %	106,564	9.3 %	226,502	7.9 %	214,104	9.8 %
Total	$ 1,472,536	100.0 %	$ 1,140,992	100.0 %	$ 2,868,240	100.0 %	$ 2,193,054	100.0 %

	As of			
	June 30, 2022		December 31, 2021	
Assets:	Amount	%	Amount	%
United States	$ 30,181,095	82.5 %	$ 28,595,703	81.9 %
United Kingdom	3,519,917	9.6 %	3,938,258	11.3 %
Canada	2,872,659	7.9 %	2,376,364	6.8 %
Total	$ 36,573,671	100.0 %	$ 34,910,325	100.0 %

(1) The United States, United Kingdom and Canada represent 79%, 10% and 11% of our resident fees and services revenue for the three and six month periods ended June 30, 2022, respectively.

19. Income Taxes and Distributions

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

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

Income taxes reflected in the financial statements primarily represents U.S. federal, state and local income taxes as well as non-U.S. income based or withholding taxes on certain investments located in jurisdictions outside the U.S. The provision for income taxes for the six months ended June 30, 2022 and 2021, 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.

20. Variable Interest Entities

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

	June 30, 2022	December 31, 2021
Assets:		
Net real estate investments	$ 445,102	$ 445,776
Cash and cash equivalents	8,180	9,964
Receivables and other assets	9,856	7,617
Total assets [1]	$ 463,138	$ 463,357
Liabilities and equity:		
Secured debt	$ 162,515	$ 163,519
Lease liabilities	1,323	1,324
Accrued expenses and other liabilities	12,006	12,394
Total equity	287,294	286,120
Total liabilities and equity	$ 463,138	$ 463,357

[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 should be read together with the Consolidated Financial Statements and related Notes thereto included in Item 1 of this report. Other important factors are identified in our Annual Report on Form 10-K for the year ended December 31, 2021, including factors identified under the headings “Business,” “Risk Factors,” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations."

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

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

Executive Summary

Company Overview

Welltower Inc. (NYSE:WELL), 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 Inc., a real estate investment trust (“REIT”), owns interests in properties concentrated in major, high-growth markets in the United States ("U.S."), Canada and the United Kingdom ("U.K."), consisting of seniors housing and post-acute communities and outpatient medical properties.

Welltower Inc. is the initial member and majority owner of Welltower OP, with an approximate ownership interest of 99.8% as of June 30, 2022. All of our property ownership, development and related business operations are conducted through Welltower OP and Welltower Inc. has no material assets or liabilities other than its investment in Welltower OP. Welltower Inc. issues equity from time to time, the net proceeds of which it is obligated to contribute as additional capital to Welltower OP. All debt including credit facilities, senior notes and secured debt is incurred by Welltower OP, and Welltower Inc. has fully and conditionally guaranteed all existing and future senior unsecured notes.

The following table summarizes our consolidated portfolio for the three months ended June 30, 2022 (dollars in thousands):

Type of Property	NOI [1]	Percentage of NOI	Number of Properties
Seniors Housing Operating	$ 281,911	45.5 %	822
Triple-net	222,869	35.9 %	571
Outpatient Medical	115,674	18.6 %	318
Totals	$ 620,454	100.0 %	1,711

[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 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. 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 effectiveness of vaccines, the actions taken to contain the pandemic or mitigate its impact and the direct and indirect economic effects of the pandemic and containment measures, the overall pace of recovery, among others.

Our Seniors Housing Operating revenues are dependent on occupancy which has increased during the six months ended June 30, 2022. As of June 30, 2022, nearly all communities are open for new admissions and allowing visitors, in-person tours and communal dining and activities.

We have incurred increased operational costs as a result 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, personal protective equipment and sanitation. 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 trends related to occupancy and operating costs 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 and the Provider Relief Fund.

Business Strategy

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

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

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

For the six months ended June 30, 2022, resident fees and services and rental income represented 70% and 25%, respectively, of total revenues. Substantially all of our operating leases are designed with escalating rent structures. Leases with fixed annual rental escalators are generally recognized on a straight-line basis over the initial lease period, subject to a collectability assessment. Rental income related to leases with contingent rental escalators is generally recorded based on the contractual cash rental payments due for the period. Our yield on loans receivable depends upon a number of factors, including the stated interest rate, the average principal amount outstanding during the term of the loan and any interest rate adjustments.

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

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

Depending upon market conditions, we believe that new investments will be available in the future with spreads over our cost of capital that will generate appropriate returns to our stockholders. It is also likely that investment dispositions may occur in the future. To the extent that investment dispositions exceed new investments, our revenues and cash flows from operations could be adversely affected. We expect to reinvest the proceeds from any investment dispositions in new investments. To the extent that new investment requirements exceed our available cash on-hand, we expect to borrow under our unsecured revolving credit facility and commercial paper program. At June 30, 2022, we had $363,339,000 of cash and cash equivalents, $78,912,000 of restricted cash and $3,646,000,000 of available borrowing capacity under our unsecured revolving credit facility.

Key Transactions

Capital The following summarizes key capital transactions that occurred during the six months ended June 30, 2022:

- In March 2022, we completed the issuance of $550,000,000 senior unsecured notes bearing interest at 3.85% with a maturity date of June 2032.
- In April 2022, we entered into an amended and restated ATM Program (as defined below) pursuant to which we may offer and sell up to $3,000,000,000 of common stock from time to time. Since the beginning of the year, we sold 28,435,291 shares of common stock under our current and previous ATM Programs via forward sale agreements which are expected to generate gross proceeds of approximately $2,522,065,000, of which 15,986,251 shares have been settled resulting in $1,379,002,000 of gross proceeds during the six months ended June 30, 2022.
- In June 2022, we closed on an amended $5,200,000,000 unsecured credit facility with improved pricing across our term loans. The credit facility includes $4,000,000,000 of revolving credit capacity at a borrowing rate of 77.5 basis points over the adjusted SOFR rate, $1,000,000,000 of USD term loan capacity at a borrowing rate of 85.0 basis points over the adjusted SOFR rate and $250,000,000 CAD term loan capacity at 85.0 basis points over CDOR.
- During the six months ended June 30, 2022, we extinguished $196,504,000 of secured debt at a blended average interest rate of 4.15%.

Investments The following summarizes our property acquisitions and joint venture investments completed during the six months ended June 30, 2022 (dollars in thousands):

	Properties	Book Amount [1]	Capitalization Rates [2]
Seniors Housing Operating	40	$ 1,566,279	4.5 %
Triple-net	—	171	— %
Outpatient Medical	9	262,563	5.5 %
Totals	49	$ 1,829,013	4.7 %

[1] 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.

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

Dispositions The following summarizes property dispositions completed during the six months ended June 30, 2022 (dollars in thousands):

	Properties	Proceeds [1]	Book Amount [2]	Capitalization Rates [3]
Seniors Housing Operating	1	$ 13,750	$ 13,470	— %
Triple-net	9	90,154	70,571	6.6 %
Totals	10	$ 103,904	$ 84,041	6.6 %

[1] Represents net proceeds received upon disposition, including any seller financing.

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

[3] Represents annualized contractual income that was being received in cash at date of disposition divided by stated purchase price.

Dividends Our Board of Directors declared a cash dividend for the quarter ended June 30, 2022 of $0.61 per share. On August 31, 2022, we will pay our 205th consecutive quarterly cash dividend to stockholders of record on August 23, 2022.

Key Performance Indicators, Trends and Uncertainties

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

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

The following table reflects the recent historical trends of our operating performance measures for the periods presented (in thousands):

	Three Months Ended					
	June 30, 2022	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021	March 31, 2021
Net income (loss)	$ 95,672	$ 65,751	$ 66,194	$ 190,336	$ 45,757	$ 72,192
NICS	89,785	61,925	58,672	179,663	26,257	71,546
FFO	409,589	347,635	338,976	345,739	248,840	287,167
NOI	618,453	542,035	524,085	510,397	498,335	434,736

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

	Three Months Ended					
	June 30, 2022	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021	March 31, 2021
Net debt to book capitalization ratio	43%	43%	42%	42%	43%	41%
Net debt to undepreciated book capitalization ratio	35%	35%	35%	35%	35%	34%
Net debt to market capitalization ratio	27%	24%	26%	27%	26%	28%
Interest coverage ratio	4.21x	4.03x	3.89x	4.81x	3.30x	3.56x
Fixed charge coverage ratio	3.78x	3.57x	3.42x	4.22x	2.93x	3.16x

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

The following table reflects our recent historical trends of concentration risk by NOI for the periods indicated below:

	Three Months Ended					
	June 30, 2022	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021	March 31, 2021
Property mix:[1]						
Seniors Housing Operating	45%	38%	34%	34%	32%	39%
Triple-net	36%	41%	44%	45%	45%	36%
Outpatient Medical	19%	21%	22%	21%	23%	25%
Relationship mix: [1]						
Atria Senior Living[2]	12%	5%	4%	3%	—%	—%
ProMedica	10%	11%	11%	11%	12%	12%
Sunrise Senior Living	8%	6%	7%	9%	10%	14%
HC-One Group	3%	4%	5%	5%	3%	—%
Cogir Management Corporation	3%	2%	2%	2%	2%	2%
Remaining relationships	64%	72%	71%	70%	73%	72%
Geographic mix:[1]						
California	15%	13%	13%	12%	12%	15%
United Kingdom	9%	11%	13%	14%	13%	10%
Texas	7%	8%	9%	9%	9%	7%
Florida	6%	5%	5%	4%	5%	1%
New Jersey	5%	5%	5%	5%	5%	7%
Remaining geographic areas	58%	58%	55%	56%	56%	60%

[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] Inclusive of $58,621,000 of income recognized upon termination of lease. See Note 3 to our unaudited consolidated financial statements for further details.

Lease Expirations The following table sets forth information regarding lease expirations for certain portions of our portfolio as of June 30, 2022 (dollars in thousands):

	Expiration Year [1]										
	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	Thereafter
Triple-net:											
Properties	20	1	4	27	63	1	14	4	21	9	392
Base rent [2]	$ 1,319	$ 840	$ 12,110	$ 6,612	$ 67,826	$ —	$ 19,383	$ 3,972	$ 43,411	$ 21,007	$ 429,254
% of base rent	0.2 %	0.1 %	2.0 %	1.1 %	11.2 %	— %	3.2 %	0.7 %	7.2 %	3.5 %	70.8 %
Units/beds	2,912	70	692	1,725	4,878	80	1,474	219	2,279	896	40,056
% of Units/beds	5.3 %	0.1 %	1.3 %	3.1 %	8.8 %	0.1 %	2.7 %	0.4 %	4.1 %	1.6 %	72.5 %
Outpatient Medical:											
Square feet	1,008,657	1,709,294	1,991,461	1,114,858	1,438,037	1,379,053	968,966	820,496	1,137,474	1,700,753	4,834,444
Base rent [2]	$ 28,600	$ 48,944	$ 60,662	$ 31,762	$ 40,648	$ 36,547	$ 26,142	$ 22,836	$ 30,486	$ 44,812	$ 106,737
% of base rent	6.0 %	10.2 %	12.7 %	6.6 %	8.5 %	7.6 %	5.5 %	4.8 %	6.4 %	9.4 %	22.3 %
Leases	220	368	372	249	274	244	139	96	102	81	232
% of Leases	9.3 %	15.5 %	15.6 %	10.5 %	11.5 %	10.3 %	5.8 %	4.0 %	4.3 %	3.4 %	9.8 %

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

[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, 2021, under the headings “Business,” “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

Corporate Governance

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

Liquidity and Capital Resources

Sources and Uses of Cash

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

	Six Months Ended		Change	
	June 30, 2022	June 30, 2021	$	%
Cash, cash equivalents and restricted cash at beginning of period	$ 346,755	$ 2,021,043	$ (1,674,288)	(83)%
Cash provided from (used in) operating activities	719,331	638,913	80,418	13 %
Cash provided from (used in) investing activities	(2,085,261)	(1,205,134)	(880,127)	(73)%
Cash provided from (used in) financing activities	1,473,616	(648,114)	2,121,730	327 %
Effect of foreign currency translation	(12,190)	1,996	(14,186)	(711)%
Cash, cash equivalents and restricted cash at end of period	$ 442,251	$ 808,704	$ (366,453)	(45)%

Operating Activities The changes in net cash provided from operating activities was immaterial. Please see "Results of Operations" for discussion of net income fluctuations. For the six months ended June 30, 2022 and 2021, cash flows provided from operations exceeded cash distributions to stockholders.

Investing Activities The changes in net cash provided from/used in investing activities are primarily attributable to net changes in real property investments and dispositions, loans receivable and investments in unconsolidated entities, which are summarized above in "Key Transactions." Please refer to Notes 3 and 5 of our unaudited consolidated financial statements for additional information. The following is a summary of cash used in non-acquisition capital improvement activities for the periods presented (dollars in thousands):

	Six Months Ended		Change	
	June 30, 2022	June 30, 2021	$	%
New development	$ 286,427	$ 144,344	$ 142,083	98 %
Recurring capital expenditures, tenant improvements and lease commissions	72,103	30,171	41,932	139 %
Renovations, redevelopments and other capital improvements	127,966	64,312	63,654	99 %
Total	$ 486,496	$ 238,827	$ 247,669	104 %

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. The increase in recurring capital expenditures, tenant improvements and lease commissions is due primarily to portfolio growth and increased spending after a contraction during the pandemic.

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

In March 2022, we completed the issuance of $550,000,000 senior unsecured notes with a maturity date of June 2032. In April 2022, we closed on an amended $5,200,000,000 unsecured credit facility, increasing our term loan capacity by $500,000,000. As of June 30, 2022, we have total near-term available liquidity of approximately $4.1 billion.

Off-Balance Sheet Arrangements

At June 30, 2022, we had investments in unconsolidated entities with our ownership generally ranging from 10% to 88%. We use financial derivative instruments to hedge interest rate and foreign currency exchange rate exposure. At June 30, 2022, we had 18 outstanding letter of credit obligations. Please see Notes 8, 12 and 13 to our unaudited consolidated financial statements for additional information.

Contractual Obligations

The following table summarizes our payment requirements under contractual obligations as of June 30, 2022 (in thousands):

	Payments Due by Period				
Contractual Obligations	Total	2022	2023-2024	2025-2026	Thereafter
Unsecured credit facility and commercial paper [1,3]	$ 354,000	$ —	$ —	$ 354,000	$ —
Senior unsecured notes and term credit facilities: [1]					
U.S. Dollar senior unsecured notes	9,900,000	—	1,350,000	1,950,000	6,600,000
Canadian Dollar senior unsecured notes [2]	233,082	—	—	—	233,082
Pounds Sterling senior unsecured notes [2]	1,277,010	—	—	—	1,277,010
U.S. Dollar term credit facility	1,010,000	—	—	10,000	1,000,000
Canadian Dollar term credit facility [2]	194,235	—	—	—	194,235
Secured debt: [1,2]					
Consolidated	2,200,626	396,742	742,015	361,898	699,971
Unconsolidated	1,282,324	95,212	317,292	568,503	301,317
Contractual interest obligations: [3]					
Unsecured credit facility and commercial paper	32,781	4,098	16,390	12,293	—
Senior unsecured notes and term loans [2]	3,942,497	268,303	914,448	743,361	2,016,385
Consolidated secured debt [2]	262,334	39,679	99,858	58,432	64,365
Unconsolidated secured debt [2]	185,364	24,141	76,800	31,083	53,340
Financing lease liabilities [4]	207,079	4,920	71,634	3,354	127,171
Operating lease liabilities [4]	964,483	9,820	39,073	31,043	884,547
Purchase obligations [5]	2,099,174	794,544	1,226,754	77,876	—
Total contractual obligations	$ 24,144,989	$ 1,637,459	$ 4,854,264	$ 4,201,843	$ 13,451,423

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

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

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

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

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

Capital Structure

Please refer to "Credit Strength" above for a discussion of our leverage and coverage ratio trends. Our debt agreements contain various covenants, restrictions and events of default. Certain agreements require us to maintain financial ratios and minimum net worth and impose certain limits on our ability to incur indebtedness, create liens and make investments or acquisitions. As of June 30, 2022, we were in compliance in all material respects with the covenants under our debt agreements. None of our debt agreements contain provisions for acceleration which could be triggered by our debt ratings. However, under our primary unsecured credit facility, the ratings on our senior unsecured notes are used to determine the fees and interest charged. We plan to manage the company to maintain compliance with our debt covenants and with a capital structure consistent with our current profile. Any downgrades in terms of ratings or outlook by any or all of the rating agencies could have a material adverse impact on our cost and availability of capital, which could have a material adverse impact on our consolidated results of operations, liquidity and/or financial condition.

On April 1, 2022, Welltower Inc. and Welltower OP LLC jointly filed with the Securities and Exchange Commission (the "SEC") an open-ended automatic or "universal" shelf registration statement on Form S-3 covering an indeterminate amount of future offerings of Welltower Inc.'s debt securities, common stock, preferred stock, depositary shares, guarantees of debt securities issued by Welltower OP LLC's, warrants and units and Welltower OP LLC's debt securities and guarantees of debt securities issued by Welltower Inc. to replace Old Welltower's existing "universal" shelf registration statement filed with the SEC on May 4, 2021. On April 1, 2022, Welltower Inc. also filed with the SEC a registration statement in connection with its enhanced dividend reinvestment plan ("DRIP") under which it may issue up to 15,000,000 shares of common stock to replace Old Welltower's existing DRIP registration statement on Form S-3 filed with the SEC on May 4, 2021. As of August 5, 2022, 15,000,000 shares of common stock remained available for issuance under the DRIP registration statement. On April 4, 2022, Welltower Inc. entered into (i) a second amended and restated equity distribution agreement (the "EDA") with (i) Robert W.

Baird & Co. Incorporated, Barclays Capital Inc., BMO Capital Markets Corp., BNP Paribas Securities Corp., BNY Mellon Capital Markets, LLC, BofA Securities, Inc., BOK Financial Securities, Inc., Capital One Securities Inc., Citigroup Global Markets Inc., Comerica Securities, Inc., Credit Agricole Securities (USA) Inc., Deutsche Bank Securities Inc., Fifth Third Securities, Inc., Goldman Sachs & Co. LLC, Jefferies LLC, JMP Securities LLC, J.P. Morgan Securities LLC, KeyBanc Capital Markets Inc., Loop Capital Markets LLC, Mizuho Securities USA LLC, Morgan Stanley & Co. LLC, MUFG Securities Americas Inc., RBC Capital Markets, LLC, Regions Securities LLC, Scotia Capital (USA) Inc., SMBC Nikko Securities America, Inc., Synovus Securities, Inc., TD Securities (USA) LLC, Truist Securities, Inc. and Wells Fargo Securities, LLC as sales agents and forward sellers and (ii) the forward purchasers named therein relating to issuances, offers and sales from time to time of up to $3,000,000,000 aggregate amount of common stock of Welltower Inc. (together with the existing master forward sale confirmations relating thereto, the “ATM Program”), amending and restating the ATM Program entered into on July 30, 2021 to, among other amendments, increase the total amount of shares of common stock that may be offered and sold under the ATM Program from $2,500,000,000 to $3,000,000,000, which amount excludes shares Old Welltower had previously sold pursuant to the prior program. The ATM Program also allows Welltower Inc. to enter into forward sale agreements. As of August 5, 2022, we had $3,000,000,000 of remaining capacity under the ATM Program, which excludes forward sales agreements outstanding for the sale of 16,990,804 shares or approximately $1,481,131,000 with maturity dates in 2023. In addition, we have forward sale agreements for the sale of 5,466,182 shares or approximately $487,172,000 with maturity dates in 2023 under the July 30, 2021 ATM Program. We expect to physically settle the forward sales for cash proceeds. Depending upon market conditions, we anticipate issuing securities under our registration statements to invest in additional properties and to repay borrowings under our unsecured revolving credit facility and commercial paper program.

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

Supplemental Guarantor Information

Welltower OP has issued the unsecured notes described in Note 11 to our Consolidated Financial Statements. All unsecured notes are fully and unconditionally guaranteed by Welltower, and Welltower OP is 99.753% owned by Welltower. Effective January 4, 2021, the SEC adopted amendments to the financial disclosure requirements applicable to registered debt offerings that include certain credit enhancements. The Company has adopted these new rules, which permits subsidiary issuers of obligations guaranteed by the parent to omit separate financial statements if the consolidated financial statements of the parent company have been filed, the subsidiary obligor is a consolidated subsidiary of the parent company, the guaranteed security is debt or debt-like, and the security is guaranteed fully and unconditionally by the parent. Accordingly, separate consolidated financial statements of Welltower OP have not been presented. Furthermore, Welltower and Welltower OP have no material assets, liabilities, or operations other than financing activities and their investments in non-guarantor subsidiaries. Therefore, we meet the criteria in Rule 13-01 of Regulation S-X to omit the summarized financial information from our disclosures.

Results of Operations

Summary

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

	Three Months Ended		Change		Six Months Ended		Change	
	June 30, 2022	June 30, 2021	Amount	%	June 30, 2022	June 30, 2021	Amount	%
Net income	$ 95,672	$ 45,757	$ 49,915	109 %	$ 161,423	$ 117,949	$ 43,474	37 %
NICS	89,785	26,257	63,528	242 %	151,710	97,803	53,907	55 %
FFO	409,589	248,840	160,749	65 %	757,224	536,007	221,217	41 %
EBITDA	536,782	406,762	130,020	32 %	1,033,330	850,465	182,865	22 %
NOI	618,453	498,335	120,118	24 %	1,160,488	933,071	227,417	24 %
SSNOI	420,542	380,414	40,128	11 %	805,624	766,404	39,220	5 %
Per share data (fully diluted):								
NICS	$ 0.20	$ 0.06	$ 0.14	233 %	$ 0.33	$ 0.23	$ 0.10	43 %
FFO	$ 0.90	$ 0.59	$ 0.31	53 %	$ 1.67	$ 1.28	$ 0.39	30 %
Interest coverage ratio	4.21 x	3.30 x	0.91 x	28 %	4.12 x	3.43 x	0.69 x	20 %
Fixed charge coverage ratio	3.78 x	2.93 x	0.85 x	29 %	3.68 x	3.04 x	0.64 x	21 %

Seniors Housing Operating

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

	QTD Pool				YTD Pool			
	Three Months Ended		Change		Six Months Ended		Change	
	June 30, 2022	June 30, 2021	$	%	June 30, 2022	June 30, 2021	$	%
SSNOI [(1)]	$ 168,748	$ 140,720	$ 28,028	19.9 %	$ 314,141	$ 291,590	$ 22,551	7.7 %

[(1)] For the QTD and YTD Pools, amounts relate to 532 and 531 same store properties, respectively. Please see Non-GAAP Financial Measures for additional information and reconciliations.

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

	Three Months Ended		Change		Six Months Ended		Change	
	June 30, 2022	June 30, 2021	$	%	June 30, 2022	June 30, 2021	$	%
Revenues:								
Resident fees and services	$ 1,009,999	$ 740,891	$ 269,108	36 %	$ 2,004,334	$ 1,464,355	$ 539,979	37 %
Interest income	1,683	856	827	97 %	3,100	1,975	1,125	57 %
Other income	59,528	802	58,726	n/a	60,388	2,621	57,767	n/a
Total revenues	1,071,210	742,549	328,661	44 %	2,067,822	1,468,951	598,871	41 %
Property operating expenses	789,299	582,361	206,938	36 %	1,579,227	1,138,329	440,898	39 %
NOI [1]	281,911	160,188	121,723	76 %	488,595	330,622	157,973	48 %
Other expenses:								
Depreciation and amortization	201,178	131,035	70,143	54 %	393,971	263,621	130,350	49 %
Interest expense	7,481	10,553	(3,072)	(29)%	15,131	21,971	(6,840)	(31)%
Loss (gain) on extinguishment of debt, net	400	3,106	(2,706)	(87)%	385	(1,537)	1,922	125 %
Provision for loan losses, net	342	(181)	523	289 %	609	70	539	770 %
Impairment of assets	—	17,713	(17,713)	(100)%	—	22,317	(22,317)	(100)%
Other expenses	29,249	3,709	25,540	689 %	37,440	7,168	30,272	422 %
	238,650	165,935	72,715	44 %	447,536	313,610	133,926	43 %
Income (loss) from continuing operations before income taxes and other items	43,261	(5,747)	49,008	853 %	41,059	17,012	24,047	141 %
Income (loss) from unconsolidated entities	(12,669)	(12,938)	269	2 %	(30,451)	(7,704)	(22,747)	(295)%
Gain (loss) on real estate dispositions, net	(1,224)	(28)	(1,196)	n/a	1,477	5,167	(3,690)	(71)%
Income from continuing operations	29,368	(18,713)	48,081	257 %	12,085	14,475	(2,390)	(17)%
Net income (loss)	29,368	(18,713)	48,081	257 %	12,085	14,475	(2,390)	(17)%
Less: Net income (loss) attributable to noncontrolling interests	(2,857)	7,469	(10,326)	(138)%	(8,238)	2,545	(10,783)	(424)%
Net income (loss) attributable to common stockholders	$ 32,225	$ (26,182)	$ 58,407	223 %	$ 20,323	$ 11,930	$ 8,393	70 %

[1] See Non-GAAP Financial Measures below.

Resident fees and services and property operating expenses increased for the three and six month periods ended June 30, 2022 compared to the same periods in the prior year primarily due to increases acquisitions, including the acquisition of the Holiday Retirement portfolio on July 30, 2021 for a total purchase price of $1.6 billion. The increases were partially offset due to property dispositions.

Our Seniors Housing Operating revenues are dependent on occupancy, which has steadily increased in recent months. As of June 30, 2022, nearly all communities are open for new admissions and allowing visitors, in-person tours and communal dining and activities. Average occupancy, excluding land parcels and properties under development, is as follows:

	Three Months Ended			
	March 31,	June 30,	September 30,	December 31,
2021	72.7 %	73.0 %	74.9 %	76.3 %
2022	76.3 %	77.1 %		

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

Property-level operating expenses associated with the COVID-19 pandemic relating to our Seniors Housing Operating portfolio totaled $9,015,000 and $20,018,000 for the three and six months ended June 30, 2022, respectively, as compared to $16,948,000 and $44,924,000 during the three and six months ended June 30, 2021, respectively. 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 and supplies. 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 2021 and 2022, we received government grants under the CARES Act primarily to cover increased expenses and lost revenue during the COVID-19 pandemic, as well as under similar programs in the U.K. and Canada. In 2021 and 2022, we received government grants under the CARES Act primarily to cover increased expenses and lost revenue during the COVID-19 pandemic, as well as under similar programs in the U.K. and Canada. We recognized \$21,804,000 and \$27,564,000 during the three and six months ended June 30, 2022, respectively, as compared to \$18,525,000 and \$67,705,000 during the three and six months ended June 30, 2021, respectively. These grants represent a reduction to property operating expenses in our Consolidated Statements of Comprehensive Income.

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

During the six months ended June 30, 2021, we recorded impairment charges of \$22,317,000 related to two held for use properties in which the carrying values exceeded the estimated fair value. Transaction costs related to asset acquisitions are capitalized as a component of the purchase price. The fluctuation in other expenses is primarily due to the timing of noncapitalizable transaction costs associated with acquisitions and operator transitions. Changes in the gain on sales of properties are related to the volume and timing of property sales and the sales prices.

During the six months ended June 30, 2022, we completed two conversions representing \$134,562,000 or \$666,149 per unit. The following is a summary of our Seniors Housing Operating construction projects, excluding expansions, pending as of June 30, 2022 (dollars in thousands):

Location	Units/Beds	Commitment	Balance	Est. Completion
London, UK	82	$ 42,567	$ 21,155	3Q22
Sachse, TX	193	38,054	25,035	3Q22
Princeton, NJ	80	29,780	30,333	3Q22
Berea, OH	120	14,975	13,657	3Q22
Painesville, OH	119	14,721	12,496	3Q22
Beaver, PA	116	14,892	12,116	3Q22
New Rochelle, NY	72	42,669	21,650	4Q22
Pflugerville, TX	196	39,500	20,063	4Q22
Georgetown, TX	188	36,215	23,899	4Q22
Denton, TX	65	20,194	8,604	4Q22
Wombourne, UK	66	14,594	13,018	4Q22
Leicester, UK	60	13,621	11,069	4Q22
Rugby, UK	76	18,624	11,811	1Q23
Meadville, PA	128	13,716	13,716	1Q23
Brookline, MA	159	148,590	49,445	2Q23
Buzzards Bay, MA	120	31,126	31,126	2Q23
Manchester, CT	128	21,915	21,915	2Q23
East Windsor, CT	122	20,530	20,530	2Q23
Lake Jackson, TX	130	32,075	5,943	2Q23
Washington, DC	137	121,200	34,825	3Q23
Charlotte, NC	328	91,836	48,795	3Q23
White Marsh, MD	188	78,610	9,769	3Q23
Weymouth, MA	165	77,578	19,615	3Q23
Queen Creek, AZ	199	54,754	8,491	3Q23
Glendale, AZ	204	53,400	15,233	3Q23
Blue Springs, MO	134	20,854	20,854	4Q23
Miami Twp, OH	122	18,206	3,664	4Q23
Melissa, TX	52	16,531	2,273	1Q24
Gaithersburg, MD	302	173,548	46,670	2Q24
Leander, TX	72	26,179	3,547	2Q24
Temple, TX	256	66,265	5,943	4Q24
Kyle, TX	225	62,864	4,888	1Q25
	4,604	$ 1,470,183	592,148	
Anna, TX[1]			3,615	
Boise, ID[1]			33,945	
Boise, ID[1]			12,603	
Kuna, ID[1]			5,565	
Columbus, OH[1]			14,695	
Kansas City, MO[1]			13,046	
Raleigh, NC[1]			3,590	
Toronto, ON[1]			51,290	
Wellesley, MA[1]			9,709	
			$ 740,206	

[1] Final units/beds, commitment amount and expected conversion date not yet known.

Interest expense represents secured debt interest expense which fluctuates based on the net effect and timing of assumptions, segment transitions, fluctuations in foreign currency rates, extinguishments and principal amortizations. The fluctuations in loss (gain) on extinguishment of debt is primarily attributable to the volume of extinguishments and terms of the related secured debt. The following is a summary of our Seniors Housing Operating segment property secured debt principal activity (dollars in thousands):

	Three Months Ended				Six Months Ended			
	June 30, 2022		June 30, 2021		June 30, 2022		June 30, 2021	
	Amount	Weighted Average Interest Rate	Amount	Weighted Average Interest Rate	Amount	Interest Rate	Amount	Interest Rate
Beginning balance	$ 1,554,473	2.83 %	$ 1,667,278	2.89 %	$ 1,599,522	2.81 %	$ 1,706,189	3.05 %
Debt transferred	—	— %	—	— %	32,478	4.79 %	—	— %
Debt issued	4,959	3.40 %	—	— %	10,344	3.23 %	—	— %
Debt assumed	221,159	4.32 %	—	— %	221,159	4.32 %	—	— %
Debt extinguished	(60,916)	4.26 %	(24,660)	3.31 %	(155,563)	4.23 %	(66,593)	6.01 %
Principal payments	(11,515)	3.11 %	(11,986)	3.06 %	(24,513)	3.03 %	(24,246)	3.11 %
Foreign currency	(31,068)	3.01 %	14,658	2.74 %	(6,335)	2.97 %	29,940	2.77 %
Ending balance	$ 1,677,092	3.34 %	$ 1,645,290	2.83 %	$ 1,677,092	3.34 %	$ 1,645,290	2.83 %
Monthly averages	$ 1,605,163	2.92 %	$ 1,670,234	2.86 %	$ 1,605,943	2.88 %	$ 1,679,223	2.94 %

The majority of our Seniors Housing Operating properties are formed through partnership interests. Income from unconsolidated entities recognized during the six months ended June 30, 2021 includes a gain recognized from the sale of a home health business owned by one of our unconsolidated entities. Net income attributable to noncontrolling interests represents our partners’ share of net income (loss) related to joint ventures. The fluctuation during the three and six month periods relates primarily to our partners' share of reserves for previously recognized straight-line receivables.

Triple-net

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

	QTD Pool				YTD Pool			
	Three Months Ended		Change		Six Months Ended		Change	
	June 30, 2022	June 30, 2021	$	%	June 30, 2022	June 30, 2021	$	%
SSNOI [(1)]	$ 149,684	$ 139,974	$ 9,710	6.9 %	$ 286,624	$ 275,904	$ 10,720	3.9 %

[(1)] For the QTD and YTD Pools, amounts relate to 558 and 532 same store properties, respectively. Please see Non-GAAP Financial Measures for additional information and reconciliations.

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

	Three Months Ended		Change		Six Months Ended		Change	
	June 30, 2022	June 30, 2021	$	%	June 30, 2022	June 30, 2021	$	%
Revenues:								
Rental income	$ 197,182	$ 204,725	$ (7,543)	(4)%	$ 393,183	$ 357,188	$ 35,995	10 %
Interest income	35,392	32,861	2,531	8 %	72,898	47,783	25,115	53 %
Other income	1,786	1,355	431	32 %	3,442	2,452	990	40 %
Total revenues	234,360	238,941	(4,581)	(2)%	469,523	407,423	62,100	15 %
Property operating expenses	11,491	12,627	(1,136)	(9)%	22,702	25,468	(2,766)	(11)%
NOI [(1)]	222,869	226,314	(3,445)	(2)%	446,821	381,955	64,866	17 %
Other expenses:								
Depreciation and amortization	49,561	54,406	(4,845)	(9)%	103,065	111,073	(8,008)	(7)%
Interest expense	320	1,704	(1,384)	(81)%	634	3,586	(2,952)	(82)%
Loss (gain) on derivatives and financial instruments, net	(1,407)	(359)	(1,048)	(292)%	1,171	1,575	(404)	(26)%
Provision for loan losses, net	(176)	10,019	(10,195)	(102)%	(1,241)	10,872	(12,113)	(111)%
Impairment of assets	—	3,768	(3,768)	(100)%	—	22,732	(22,732)	(100)%
Other expenses	463	4,110	(3,647)	(89)%	11,507	9,093	2,414	27 %
	48,761	73,648	(24,887)	(34)%	115,136	158,931	(43,795)	(28)%
Income (loss) from continuing operations before income taxes and other items	174,108	152,666	21,442	14 %	331,685	223,024	108,661	49 %
Income (loss) from unconsolidated entities	5,874	4,877	997	20 %	21,417	9,784	11,633	119 %
Gain (loss) on real estate dispositions, net	(2,129)	42,709	(44,838)	(105)%	18,320	44,751	(26,431)	(59)%
Income from continuing operations	177,853	200,252	(22,399)	(11)%	371,422	277,559	93,863	34 %
Net income	177,853	200,252	(22,399)	(11)%	371,422	277,559	93,863	34 %
Less: Net income (loss) attributable to noncontrolling interests	7,241	11,405	(4,164)	(37)%	14,306	14,805	(499)	(3)%
Net income attributable to common stockholders	$ 170,612	$ 188,847	$ (18,235)	(10)%	$ 357,116	$ 262,754	$ 94,362	36 %

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

Rental income has decreased primarily due to property dispositions during 2021 and 2022, including 51 properties during the year ended December 31, 2021 with a book amount of $486 million and nine properties during the six months ended June 30, 2022 with a book amount of $71 million. Additionally, during the six months ended June 30, 2021, we recorded reserves of previously recognized straight-line receivables of $49,241,000.

Certain of our leases contain annual rental escalators that are contingent upon changes in the Consumer Price Index and/or changes in the gross operating revenues of the tenant's properties. These escalators are not fixed, so no straight-line rent is recorded; however, rental income is recorded based on the contractual cash rental payments due for the period. If gross operating revenues at our facilities and/or the Consumer Price Index do not increase, a portion of our revenues may not continue to increase. For the three months ended June 30, 2022, we had 12 leases with rental rate increases ranging from 2.00% to 33.39% in our Triple-net portfolio. Our Triple-net operators are experiencing similar impacts on occupancy and operating costs due to the COVID-19 pandemic to our Seniors Housing Operating properties. Long-term/post-acute facilities have generally experienced a higher degree of occupancy declines which in some cases impacted the ability of our Triple-net operators to make contractual rent payments to us. However, many of our Triple-net operators received funds under the CARES Act Paycheck Protection Program and the Provider Relief Fund.

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

The increase to interest income is primarily driven by interest recognized on senior loan financings of £540,000,000 made to affiliates of Safanad as part of the recapitalization of its investment in HC-One Group during the second quarter 2021. Additionally during the six months ended June 30, 2021, we recognized a provision for loan losses under the current expected credit losses accounting standard, primarily related to the initial recognition of that loan.

During the six months ended June 30, 2021, we recorded impairment charges of $22,732,000 related to three held for sale properties and two held for use properties. Transaction costs related to asset acquisitions are capitalized as a component of purchase price. The fluctuation in other expenses is primarily due to noncapitalizable transaction costs from acquisitions and segment transitions. Changes in the gain on sales of properties are related to the volume and timing of property sales and the sales prices.

During the six months ended June 30, 2022, there were no Triple-net projects completed; however, four projects transitioned out of the Triple-net segment and into the Seniors Housing Operating segment. The following is a summary of our consolidated Triple-net construction projects, excluding expansions, pending as of June 30, 2022 (dollars in thousands):

Location	Units/Beds	Commitment	Balance	Est. Completion
Redhill, UK	76	$ 19,338	$ 17,759	3Q22
Raleigh, NC	191	154,142	87,027	2Q23
	267	$ 173,480	$ 104,786	

During the six months ended June 30, 2022, loss (gain) on derivatives and financial instruments, net is primarily attributable to the mark-to-market of the equity warrants received as part of the Safanad/HC-One transaction that closed in the second quarter of 2021. In addition, the mark-to-market adjustment on our Genesis Healthcare available-for-sale investment is reflected in all periods.

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

	Three Months Ended				Six Months Ended			
	June 30, 2022		June 30, 2021		June 30, 2022		June 30, 2021	
	Amount	Weighted Average Interest Rate	Amount	Weighted Average Interest Rate	Amount	Interest Rate	Amount	Interest Rate
Beginning balance	$ 39,837	4.39 %	$ 123,139	4.91 %	$ 72,536	4.57 %	$ 123,652	4.91 %
Debt transferred	—	— %	—	— %	(32,478)	4.79 %	—	— %
Principal payments	(215)	4.37 %	(1,246)	5.16 %	(436)	4.37 %	(2,467)	5.16 %
Foreign currency	—	— %	673	5.43 %	—	— %	1,381	5.43 %
Ending balance	$ 39,622	4.39 %	$ 122,566	4.91 %	$ 39,622	4.39 %	$ 122,566	4.91 %
Monthly averages	$ 39,693	4.39 %	$ 123,570	4.92 %	$ 39,804	4.39 %	$ 123,348	4.92 %

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 increase in income from unconsolidated entities during the six months ended June 30, 2022 is primarily related to the write off of straight-line rent payable balances on an unconsolidated joint venture that was restructured during the quarter. Net income attributable to noncontrolling interests represents our partners' share of net income relating to those partnerships where we are the controlling partner.

Outpatient Medical

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

	QTD Pool				YTD Pool			
	Three Months Ended		Change		Six Months Ended		Change	
	June 30, 2022	June 30, 2021	$	%	June 30, 2022	June 30, 2021	$	%
SSNOI [1]	$ 102,110	$ 99,720	$ 2,390	2.4 %	$ 204,859	$ 198,910	$ 5,949	3.0 %

[1] For the QTD and YTD Pools, amounts relate to 351 and 350 same store properties, respectively. Please see Non-GAAP Financial Measures for additional information and reconciliations.

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

	Three Months Ended		Change		Six Months Ended		Change	
	June 30, 2022	June 30, 2021	$	%	June 30, 2022	June 30, 2021	$	%
Revenues:								
Rental income	$ 164,229	$ 149,998	$ 14,231	9 %	$ 324,618	$ 300,378	$ 24,240	8 %
Interest income	65	4,731	(4,666)	(99)%	136	8,269	(8,133)	(98)%
Other income	2,028	4,343	(2,315)	(53)%	4,891	6,648	(1,757)	(26)%
Total revenues	166,322	159,072	7,250	5 %	329,645	315,295	14,350	5 %
Property operating expenses	50,648	45,495	5,153	11 %	100,563	92,358	8,205	9 %
NOI [1]	115,674	113,577	2,097	2 %	229,082	222,937	6,145	3 %
Other expenses:								
Depreciation and amortization	59,556	55,444	4,112	7 %	117,347	110,617	6,730	6 %
Interest expense	4,531	3,907	624	16 %	9,098	7,922	1,176	15 %
Loss (gain) on extinguishment of debt, net	4	—	4	n/a	7	—	7	n/a
Provision for loan losses, net	(1)	(3,641)	3,640	100 %	(7)	(3,362)	3,355	100 %
Impairment of assets	—	2,211	(2,211)	(100)%	—	2,211	(2,211)	(100)%
Other expenses	207	1,098	(891)	(81)%	996	1,810	(814)	(45)%
	64,297	59,019	5,278	9 %	127,441	119,198	8,243	7 %
Income (loss) from continuing operations before income taxes and other items	51,377	54,558	(3,181)	(6)%	101,641	103,739	(2,098)	(2)%
Income (loss) from unconsolidated entities	(263)	85	(348)	(409)%	(908)	2,993	(3,901)	(130)%
Gain (loss) on real estate dispositions, net	(179)	1,987	(2,166)	(109)%	(395)	53,830	(54,225)	(101)%
Income from continuing operations	50,935	56,630	(5,695)	(10)%	100,338	160,562	(60,224)	(38)%
Net income (loss)	50,935	56,630	(5,695)	(10)%	100,338	160,562	(60,224)	(38)%
Less: Net income (loss) attributable to noncontrolling interests	1,498	629	869	138 %	3,640	2,799	841	30 %
Net income (loss) attributable to common stockholders	$ 49,437	$ 56,001	$ (6,564)	(12)%	$ 96,698	$ 157,763	$ (61,065)	(39)%

[1] See Non-GAAP Financial Measures.

Rental income has increased due primarily to acquisitions and construction conversions that occurred during 2021 and the first half of 2022. Certain of our leases contain annual rental escalators that are contingent upon changes in the Consumer Price Index. These escalators are not fixed, so no straight-line rent is recorded; however, rental income is recorded based on the contractual cash rental payments due for the period. If the Consumer Price Index does not increase, a portion of our revenues may not continue to increase. Our leases could renew above or below current rental rates, resulting in an increase or decrease in rental income. For the three months ended June 30, 2022, our consolidated outpatient medical portfolio signed 108,076 square feet of new leases and 395,653 square feet of renewals. The weighted-average term of these leases was eight years, with a rate of $46.32 per square foot and tenant improvement and lease commission costs of $20.42 per square foot. Substantially all of these leases contain an annual fixed or contingent escalation rent structure ranging from 1.0% to 4.0%.

The decrease in interest income for the three and six months ended June 30, 2022 is due primarily to a $178,207,000 first mortgage loan initiated in August 2020, which was subsequently repaid in full in June of 2021, resulting in the reversal of the previously established allowance for credit losses.

The fluctuation in property operating expenses and depreciation and amortization are primarily attributable to acquisitions and construction conversions that occurred during 2021 and the first half of 2022. To the extent that we acquire or dispose of additional properties in the future, these amounts will change accordingly. During the six months ended June 30, 2021, we recognized an impairment charge of $2,211,000 related to one held for sale property. 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. Changes in gains/losses on sales of properties are related to volume of property sales and the sales prices.

During the six months ended June 30, 2022, there were no Outpatient Medical projects completed. The following is a summary of the consolidated Outpatient Medical construction projects, excluding expansions, pending as of June 30, 2022 (dollars in thousands):

Location	Square Feet	Commitment	Balance	Est. Completion
Tyler, TX	85,214	$ 35,369	$ 24,621	4Q22
Stafford, TX	36,788	18,031	10,549	4Q22
League City, TX	16,835	9,935	1,493	1Q23
Beaumont, TX	35,831	11,822	1,256	2Q23
Total	174,668	$ 75,157	$ 37,919	

Total interest expense represents secured debt interest expense. The change in secured debt interest expense is primarily due to the net effect and timing of assumptions, extinguishments and principal amortizations. The following is a summary of our outpatient medical secured debt principal activity (dollars in thousands):

	Three Months Ended				Six Months Ended			
	June 30, 2022		June 30, 2021		June 30, 2022		June 30, 2021	
	Amount	Weighted Average Interest Rate	Amount	Weighted Average Interest Rate	Amount	Interest Rate	Amount	Interest Rate
Beginning balance	$ 521,331	3.51 %	$ 545,755	3.54 %	$ 530,254	3.49 %	$ 548,229	3.55 %
Debt extinguished	(34,767)	3.79 %	—	— %	(40,941)	3.84 %	—	— %
Principal payments	(2,652)	4.37 %	(2,483)	4.47 %	(5,401)	4.39 %	(4,957)	4.47 %
Ending balance	$ 483,912	3.68 %	$ 543,272	3.52 %	$ 483,912	3.68 %	$ 543,272	3.52 %
Monthly averages	$ 507,966	3.64 %	$ 544,109	3.53 %	$ 517,179	3.57 %	$ 545,361	3.54 %

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

Non-Segment/Corporate

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

	Three Months Ended		Change		Six Months Ended		Change	
	June 30, 2022	June 30, 2021	$	%	June 30, 2022	June 30, 2021	$	%
Revenues:								
Other income	$ 644	$ 430	$ 214	50 %	$ 1,250	$ 1,385	$ (135)	(10)%
Total revenues	644	430	214	50 %	1,250	1,385	(135)	(10)%
Property operating expenses	2,645	2,174	471	22 %	5,260	3,828	1,432	37 %
NOI [1]	(2,001)	(1,744)	(257)	(15)%	(4,010)	(2,443)	(1,567)	(64)%
Expenses:								
Interest expense	115,418	106,177	9,241	9 %	224,583	212,004	12,579	6 %
General and administrative expenses	36,554	31,436	5,118	16 %	74,260	61,362	12,898	21 %
Loss (gain) on extinguishment of debt, net	199	52,506	(52,307)	(100)%	199	52,506	(52,307)	(100)%
Other expenses	5,247	2,770	2,477	89 %	11,292	4,610	6,682	145 %
	157,418	192,889	(35,471)	(18)%	310,334	330,482	(20,148)	(6)%
Loss from continuing operations before income taxes and other items	(159,419)	(194,633)	35,214	18 %	(314,344)	(332,925)	18,581	6 %
Income tax benefit (expense)	(3,065)	2,221	(5,286)	(238)%	(8,078)	(1,722)	(6,356)	(369)%
Loss from continuing operations	(162,484)	(192,412)	29,928	16 %	(322,422)	(334,647)	12,225	4 %
Net loss attributable to common stockholders	$ (162,484)	$ (192,412)	$ 29,928	16 %	$ (322,422)	$ (334,647)	$ 12,225	4 %

[1] See Non-GAAP Financial Measures.

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

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

	Three Months Ended		Change		Six Months Ended		Change	
	June 30, 2022	June 30, 2021	$	%	June 30, 2022	June 30, 2021	$	%
Senior unsecured notes	$ 106,431	$ 99,923	$ 6,508	7 %	$ 207,670	$ 200,136	$ 7,534	4 %
Unsecured credit facility and commercial paper program	4,088	1,940	2,148	111 %	6,866	3,120	3,746	120 %
Loan expense	4,899	4,314	585	14 %	10,047	8,748	1,299	15 %
Totals	$ 115,418	$ 106,177	$ 9,241	9 %	$ 224,583	$ 212,004	$ 12,579	6 %

The change in interest expense on senior unsecured notes is due to the net effect of issuances and extinguishments, as well as the movement in foreign exchange rates and related hedge activity. Please refer to Note 11 for additional information. The change in interest expense on our unsecured revolving credit facility and commercial paper program is due primarily to the net effect and timing of draws, paydowns and variable interest rate changes. Please refer to Note 10 for additional information regarding our unsecured revolving credit facility and commercial paper program. Loan expenses represent the amortization of costs incurred in connection with senior unsecured notes issuances. The loss on extinguishment recognized during the six months ended June 20, 2021 is due primarily to the early extinguishment of $339,128,000 of our 3.75% senior unsecured notes due March 2023 and $334,624,000 of our 3.95% senior unsecured notes due September 2023.

General and administrative expenses as a percentage of consolidated revenues for the six months ended June 30, 2022 and 2021 were 2.59% and 2.80%, 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. The fluctuation in the provision for income taxes is primarily related to a revaluation of deferred taxes due to a change in the U.K. tax rate and an adjustment to a deferred tax liability due to the recognition of an impairment charge.

Other

Non-GAAP Financial Measures

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

Consolidated net operating income (“NOI”) is used to evaluate the operating performance of our properties. We define NOI as total revenues, including tenant reimbursements, less property operating expenses. Property operating expenses represent costs associated with managing, maintaining and servicing tenants for our properties. These expenses include, but are not limited to, property-related payroll and benefits, property management fees paid to operators, marketing, housekeeping, food service, maintenance, utilities, property taxes and insurance. General and administrative expenses represent costs unrelated to property operations. These expenses include, but are not limited to, payroll and benefits, professional services, office expenses and depreciation of corporate fixed assets. Same store NOI (“SSNOI”) is used to evaluate the operating performance of our properties using a consistent population which controls for changes in the composition of our portfolio. We believe the drivers of property level NOI for both consolidated properties and unconsolidated properties are generally the same and therefore, we evaluate SSNOI based on our ownership interest in each property ("Welltower Share"). To arrive at Welltower's Share, NOI is adjusted by adding our minority ownership share related to unconsolidated properties and by subtracting the minority partners' noncontrolling ownership interests for consolidated properties. We do not control investments in unconsolidated properties and while we consider disclosures at Welltower Share to be useful, they may not accurately depict the legal and economic implications of our joint venture arrangements and should be used with caution. As used herein, same store is generally defined as those revenue-generating properties in the portfolio for the relevant year-over-year reporting periods. Acquisitions and development conversions are included in SSNOI five full quarters or six full quarter after acquisition or being placed into service for the QTD Pool and YTD Pool, respectively. Land parcels, loans and sub-leases, as well as any properties sold or classified as held for sale during the respective periods are excluded from SSNOI. Redeveloped properties (including major refurbishments of a Seniors Housing Operating property where 20% or more of units are simultaneously taken out of commission for 30 days or more or Outpatient Medical properties undergoing a change in intended use) are excluded from SSNOI until five full quarters or six full quarters post completion of the redevelopment for the QTD Pool and YTD Pool, respectively. Properties undergoing operator transitions and/or segment transitions are also excluded from SSNOI until five full quarters or six full quarters post completion of the transition for the QTD Pool and YTD Pool, respectively. In addition, properties significantly impacted by force majeure, acts of God, or other extraordinary adverse events are excluded from SSNOI until five full quarters or six full quarters after the properties are placed back into service for the QTD Pool and YTD Pool, respectively. SSNOI excludes non-cash NOI and includes adjustments to present consistent ownership percentages and to translate Canadian properties and U.K. properties using a consistent exchange rate. We believe NOI and SSNOI provide investors relevant and useful information because they measure the operating performance of our properties at the property level on an unleveraged basis. We use NOI and SSNOI to make decisions about resource allocations and to assess the property level performance of our properties.

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

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

The table below reflects the reconciliation of FFO to NICS, the most directly comparable U.S. GAAP measure, for the periods presented. Noncontrolling interest and unconsolidated entity amounts represent adjustments to reflect our share of depreciation and amortization, gains/loss on real estate dispositions and impairment of assets. Amounts are in thousands except for per share data.

	Three Months Ended					
FFO Reconciliation:	June 30, 2022	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021	March 31, 2021
Net income attributable to common stockholders	$ 89,785	$ 61,925	$ 58,672	$ 179,663	$ 26,257	$ 71,546
Depreciation and amortization	310,295	304,088	284,501	267,754	240,885	244,426
Impairment of assets	—	—	2,357	1,490	23,692	23,568
Loss (gain) on real estate dispositions, net	3,532	(22,934)	(11,673)	(119,954)	(44,668)	(59,080)
Noncontrolling interests	(13,173)	(14,753)	(13,988)	(11,095)	(16,591)	(12,516)
Unconsolidated entities	19,150	19,309	19,107	27,881	19,265	19,223
FFO	$ 409,589	$ 347,635	$ 338,976	$ 345,739	$ 248,840	$ 287,167
Average diluted shares outstanding	457,082	449,802	438,719	429,983	419,305	419,079
Per diluted share data:						
Net income attributable to common stockholders[(1)]	$ 0.20	$ 0.14	$ 0.13	$ 0.42	$ 0.06	$ 0.17
FFO	$ 0.90	$ 0.77	$ 0.77	$ 0.80	$ 0.59	$ 0.69

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

	Six Months Ended	
FFO Reconciliations:	June 30, 2022	June 30, 2021
Net income attributable to common stockholders	$ 151,710	$ 97,803
Depreciation and amortization	614,383	485,311
Impairment of assets	—	47,260
Loss (gain) on real estate dispositions, net	(19,402)	(103,748)
Noncontrolling interests	(27,926)	(29,107)
Unconsolidated entities	38,459	38,488
FFO	$ 757,224	$ 536,007
Average diluted common shares outstanding:	453,455	419,205
Per diluted share data:		
Net income attributable to common stockholders[(1)]	$ 0.33	$ 0.23
FFO	$ 1.67	$ 1.28

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

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

	Three Months Ended					
NOI Reconciliations:	June 30, 2022	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021	March 31, 2021
Net income (loss)	$ 95,672	$ 65,751	$ 66,194	$ 190,336	$ 45,757	$ 72,192
Loss (gain) on real estate dispositions, net	3,532	(22,934)	(11,673)	(119,954)	(44,668)	(59,080)
Loss (income) from unconsolidated entities	7,058	2,884	12,174	15,832	7,976	(13,049)
Income tax expense (benefit)	3,065	5,013	2,051	4,940	(2,221)	3,943
Other expenses	35,166	26,069	15,483	3,575	11,687	10,994
Impairment of assets	—	—	2,357	1,490	23,692	23,568
Provision for loan losses, net	165	(804)	(39)	(271)	6,197	1,383
Loss (gain) on extinguishment of debt, net	603	(12)	(1,090)	(5)	55,612	(4,643)
Loss (gain) on derivatives and financial instruments, net	(1,407)	2,578	(830)	(8,078)	(359)	1,934
General and administrative expenses	36,554	37,706	33,109	32,256	31,436	29,926
Depreciation and amortization	310,295	304,088	284,501	267,754	240,885	244,426
Interest expense	127,750	121,696	121,848	122,522	122,341	123,142
Consolidated net operating income (NOI)	$ 618,453	$ 542,035	$ 524,085	$ 510,397	$ 498,335	$ 434,736
NOI by segment:						
Seniors Housing Operating	$ 281,911	$ 206,684	$ 180,375	$ 172,909	$ 160,188	$ 170,434
Triple-net	222,869	223,952	230,846	228,321	226,314	155,641
Outpatient Medical	115,674	113,408	113,982	111,431	113,577	109,360
Non-segment/corporate	(2,001)	(2,009)	(1,118)	(2,264)	(1,744)	(699)
Total NOI	$ 618,453	$ 542,035	$ 524,085	$ 510,397	$ 498,335	$ 434,736

	Six Months Ended	
	June 30, 2022	June 30, 2021
NOI Reconciliations:		
Net income (loss)	$ 161,423	$ 117,949
Loss (gain) on real estate dispositions, net	(19,402)	(103,748)
Loss (income) from unconsolidated entities	9,942	(5,073)
Income tax expense (benefit)	8,078	1,722
Other expenses	61,235	22,681
Impairment of assets	—	47,260
Provision for loan losses, net	(639)	7,580
Loss (gain) on extinguishment of debt, net	591	50,969
Loss (gain) on derivatives and financial instruments, net	1,171	1,575
General and administrative expenses	74,260	61,362
Depreciation and amortization	614,383	485,311
Interest expense	249,446	245,483
Consolidated net operating income (NOI)	$ 1,160,488	$ 933,071
NOI by segment:		
Seniors Housing Operating	$ 488,595	$ 330,622
Triple-net	446,821	381,955
Outpatient Medical	229,082	222,937
Non-segment/corporate	(4,010)	(2,443)
Total NOI	$ 1,160,488	$ 933,071

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

	QTD Pool				YTD Pool			
SSNOI Property Reconciliations:	Seniors Housing Operating	Triple-net	Outpatient Medical	Total	Seniors Housing Operating	Triple-net	Outpatient Medical	Total
Consolidated properties	822	571	318	1,711	822	571	318	1,711
Unconsolidated properties	82	39	79	200	82	39	79	200
Total properties	904	610	397	1,911	904	610	397	1,911
Recent acquisitions/development conversions[1]	(203)	(19)	(30)	(252)	(204)	(30)	(31)	(265)
Under development	(49)	(1)	(6)	(56)	(49)	(1)	(6)	(56)
Under redevelopment[2]	(4)	(4)	(3)	(11)	(4)	(3)	(3)	(10)
Current held for sale	(2)	(11)	(1)	(14)	(2)	(11)	(1)	(14)
Land parcels, loans and subleases	(13)	(10)	(6)	(29)	(13)	(10)	(6)	(29)
Transitions[3]	(99)	(4)	—	(103)	(99)	(20)	—	(119)
Other[4]	(2)	(3)	—	(5)	(2)	(3)	—	(5)
Same store properties	532	558	351	1,441	531	532	350	1,413

(1) Acquisitions and development conversions will enter the QTD Pool and YTD Pool after five full quarters and six full quarters after acquisition or certificate of occupancy, respectively.
(2) Redevelopment properties will enter the QTD Pool and YTD Pool after five full quarters and six full quarters of operations post redevelopment completion, respectively.
(3) Transitioned properties will enter the QTD Pool and YTD Pool after five full quarters and six full quarters of operations with the new operator in place or under the new structure, respectively.
(4) Represents properties that are either closed or being closed.

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

	QTD Pool		YTD Pool	
	Three Months Ended		Six Months Ended	
SSNOI Reconciliations:	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Seniors Housing Operating:				
Consolidated NOI	$ 281,911	$ 160,188	$ 488,595	$ 330,622
NOI attributable to unconsolidated investments	11,947	11,289	21,536	23,199
NOI attributable to noncontrolling interests	(70,074)	(27,726)	(88,826)	(38,020)
NOI attributable to non-same store properties	(55,167)	(13,661)	(107,168)	(33,252)
Non-cash NOI attributable to same store properties	(204)	12,268	(278)	11,403
Currency and ownership adjustments [1]	335	(1,638)	282	(2,362)
SSNOI at Welltower Share	168,748	140,720	314,141	291,590
Triple-net:				
Consolidated NOI	222,869	226,314	446,821	381,955
NOI attributable to unconsolidated investments	6,788	4,889	12,511	9,779
NOI attributable to noncontrolling interests	(10,207)	(14,053)	(21,407)	(22,081)
NOI attributable to non-same store properties	(51,229)	(65,070)	(125,535)	(77,770)
Non-cash NOI attributable to same store properties	(19,956)	(14,001)	(28,506)	(20,594)
Currency and ownership adjustments [1]	1,419	1,895	2,740	4,615
SSNOI at Welltower Share	149,684	139,974	286,624	275,904
Outpatient Medical:				
Consolidated NOI	115,674	113,577	229,082	222,937
NOI attributable to unconsolidated investments	4,910	4,988	9,740	9,712
NOI attributable to noncontrolling interests	(5,541)	(4,235)	(10,557)	(9,188)
NOI attributable to non-same store properties	(10,407)	(11,865)	(18,918)	(18,022)
Non-cash NOI attributable to same store properties	(2,468)	(2,744)	(4,548)	(5,441)
Currency and ownership adjustments [1]	(58)	(1)	60	(1,088)
SSNOI at Welltower Share	102,110	99,720	204,859	198,910
SSNOI at Welltower Share:				
Seniors Housing Operating	168,748	140,720	314,141	291,590
Triple-net	149,684	139,974	286,624	275,904
Outpatient Medical	102,110	99,720	204,859	198,910
Total	$ 420,542	$ 380,414	$ 805,624	$ 766,404

[1] Includes adjustments to reflect consistent property ownership percentages, to translate Canadian properties at a USD/CAD rate of 1.2738 and to translate U.K. properties at a GBP/USD rate of 1.3501.

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

	Three Months Ended					
EBITDA Reconciliations:	June 30, 2022	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021	March 31, 2021
Net income (loss)	$ 95,672	$ 65,751	$ 66,194	$ 190,336	$ 45,757	$ 72,192
Interest expense	127,750	121,696	121,848	122,522	122,341	123,142
Income tax expense (benefit)	3,065	5,013	2,051	4,940	(2,221)	3,943
Depreciation and amortization	310,295	304,088	284,501	267,754	240,885	244,426
EBITDA	$ 536,782	$ 496,548	$ 474,594	$ 585,552	$ 406,762	$ 443,703
Interest Coverage Ratio:						
Interest expense	$ 127,750	$ 121,696	$ 121,848	$ 122,522	$ 122,341	$ 123,142
Non-cash interest expense	(6,606)	(4,109)	(5,082)	(5,461)	(3,972)	(2,991)
Capitalized interest	6,387	5,479	5,325	4,669	4,862	4,496
Total interest	127,531	123,066	122,091	121,730	123,231	124,647
EBITDA	$ 536,782	$ 496,548	$ 474,594	$ 585,552	$ 406,762	$ 443,703
Interest coverage ratio	4.21 x	4.03 x	3.89 x	4.81 x	3.30 x	3.56 x
Fixed Charge Coverage Ratio:						
Total interest	$ 127,531	$ 123,066	$ 122,091	$ 121,730	$ 123,231	$ 124,647
Secured debt principal payments	14,382	15,968	16,877	17,040	15,715	15,955
Total fixed charges	141,913	139,034	138,968	138,770	138,946	140,602
EBITDA	$ 536,782	$ 496,548	$ 474,594	$ 585,552	$ 406,762	$ 443,703
Fixed charge coverage ratio	3.78 x	3.57 x	3.42 x	4.22 x	2.93 x	3.16 x

	Six Months Ended	
EBITDA Reconciliations:	June 30, 2022	June 30, 2021
Net income (loss)	$ 161,423	$ 117,949
Interest expense	249,446	245,483
Income tax expense (benefit)	8,078	1,722
Depreciation and amortization	614,383	485,311
EBITDA	$ 1,033,330	$ 850,465
Interest Coverage Ratio:		
Interest expense	$ 249,446	$ 245,483
Non-cash interest expense	(10,715)	(6,963)
Capitalized interest	11,866	9,358
Total interest	250,597	247,878
EBITDA	$ 1,033,330	$ 850,465
Interest coverage ratio	4.12 x	3.43 x
Fixed Charge Coverage Ratio:		
Total interest	$ 250,597	$ 247,878
Secured debt principal payments	30,350	31,670
Total fixed charges	280,947	279,548
EBITDA	$ 1,033,330	$ 850,465
Fixed charge coverage ratio	3.68 x	3.04 x

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

	Twelve Months Ended					
Adjusted EBITDA Reconciliations:	June 30, 2022	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021	March 31, 2021
Net income	$ 417,953	$ 368,038	$ 374,479	$ 463,563	$ 668,205	$ 781,664
Interest expense	493,816	488,407	489,853	489,178	491,507	495,523
Income tax expense (benefit)	15,069	9,783	8,713	6,952	4,015	8,469
Depreciation and amortization	1,166,638	1,097,228	1,037,566	995,798	983,576	1,008,062
EBITDA	2,093,476	1,963,456	1,910,611	1,955,491	2,147,303	2,293,718
Loss (income) from unconsolidated entities	37,948	38,866	22,933	10,501	650	(8,658)
Stock-based compensation expense [(1)]	20,945	19,681	17,812	22,248	24,278	26,811
Loss (gain) on extinguishment of debt, net	(504)	54,505	49,874	64,760	97,769	42,406
Loss (gain) on real estate dispositions, net	(151,029)	(199,229)	(235,375)	(409,166)	(773,516)	(884,711)
Impairment of assets	3,847	27,539	51,107	58,067	79,890	131,349
Provision for loan losses, net	(949)	5,083	7,270	90,394	93,522	88,747
Loss (gain) on derivatives and financial instruments, net	(7,737)	(6,689)	(7,333)	(5,934)	3,539	5,332
Other expenses [(1)]	80,114	56,127	40,860	52,960	60,985	68,939
Lease termination and leasehold interest adjustment [(2)]	(64,094)	(7,697)	760	(640)	—	—
Casualty losses, net of recoveries [(3)]	8,472	5,799	5,786	998	—	—
Other impairment [(4)]	(620)	—	49,241	49,241	161,639	163,481
Adjusted EBITDA	$ 2,019,869	$ 1,957,441	$ 1,913,546	$ 1,888,920	$ 1,896,059	$ 1,927,414
Adjusted Interest Coverage Ratio:						
Interest expense	$ 493,816	$ 488,407	$ 489,853	$ 489,178	$ 491,507	$ 495,523
Capitalized interest	21,860	20,335	19,352	18,265	17,543	17,222
Non-cash interest expense	(21,258)	(18,624)	(17,506)	(14,163)	(12,675)	(10,617)
Total interest	494,418	490,118	491,699	493,280	496,375	502,128
Adjusted EBITDA	$ 2,019,869	$ 1,957,441	$ 1,913,546	$ 1,888,920	$ 1,896,059	$ 1,927,414
Adjusted interest coverage ratio	4.09 x	3.99 x	3.89 x	3.83 x	3.82 x	3.84 x
Adjusted Fixed Charge Coverage Ratio:						
Total interest	$ 494,418	$ 490,118	$ 491,699	$ 493,280	$ 496,375	$ 502,128
Secured debt principal payments	64,267	65,600	65,587	64,832	63,668	63,136
Total fixed charges	558,685	555,718	557,286	558,112	560,043	565,264
Adjusted EBITDA	$ 2,019,869	$ 1,957,441	$ 1,913,546	$ 1,888,920	$ 1,896,059	$ 1,927,414
Adjusted fixed charge coverage ratio	3.62 x	3.52 x	3.43 x	3.38 x	3.39 x	3.41 x

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

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

(3) Represents casualty losses net of any insurance recoveries.

(4) Represents changes in the reserve for straight-line rent receivable balances relating to leases placed on cash recognition.

Our leverage ratios include book capitalization, undepreciated book capitalization and market capitalization. Book capitalization represents the sum of net debt (defined as total long-term debt less cash and cash equivalents and restricted cash), total equity and redeemable noncontrolling interests. Undepreciated book capitalization represents book capitalization adjusted for accumulated depreciation and amortization. Market capitalization represents book capitalization adjusted for the fair market value of our common stock. Our leverage ratios are defined as the proportion of net debt to total capitalization.

The table below reflects the reconciliation of our leverage ratios to our balance sheets for the periods presented. Amounts are in thousands, except share price.

	As of					
	June 30, 2022	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021	March 31, 2021
Book capitalization:						
Unsecured credit facility and commercial paper	$ 354,000	$ 299,968	$ 324,935	$ 290,996	$ —	$ —
Long-term debt obligations [1]	14,790,432	14,352,529	13,917,702	13,488,656	13,572,816	14,618,713
Cash and cash equivalents and restricted cash	(442,251)	(367,043)	(346,755)	(362,645)	(808,705)	(2,558,822)
Total net debt	14,702,181	14,285,454	13,895,882	13,417,007	12,764,111	12,059,891
Total equity and noncontrolling interests[2]	19,873,913	19,178,026	18,997,873	18,172,111	17,243,208	17,046,932
Book capitalization	$ 34,576,094	$ 33,463,480	$ 32,893,755	$ 31,589,118	$ 30,007,319	$ 29,106,823
Net debt to book capitalization ratio	43%	43%	42%	42%	43%	41%
Undepreciated book capitalization:						
Total net debt	$ 14,702,181	$ 14,285,454	$ 13,895,882	$ 13,417,007	$ 12,764,111	$ 12,059,891
Accumulated depreciation and amortization	7,437,779	7,215,622	6,910,114	6,634,061	6,415,676	6,212,432
Total equity and noncontrolling interests[2]	19,873,913	19,178,026	18,997,873	18,172,111	17,243,208	17,046,932
Undepreciated book capitalization	$ 42,013,873	$ 40,679,102	$ 39,803,869	$ 38,223,179	$ 36,422,995	$ 35,319,255
Net debt to undepreciated book capitalization ratio	35%	35%	35%	35%	35%	34%
Market capitalization:						
Common shares outstanding	463,369	453,948	447,239	435,274	422,562	417,520
Period end share price	$ 82.35	$ 96.14	$ 85.77	$ 82.40	$ 83.10	$ 71.63
Common equity market capitalization	$ 38,158,437	$ 43,642,561	$ 38,359,689	$ 35,866,578	$ 35,114,902	$ 29,906,958
Total net debt	14,702,181	14,285,454	13,895,882	13,417,007	12,764,111	12,059,891
Noncontrolling interests[2]	1,317,733	1,282,450	1,361,872	1,308,908	1,322,762	1,248,054
Market capitalization	$ 54,178,351	$ 59,210,465	$ 53,617,443	$ 50,592,493	$ 49,201,775	$ 43,214,903
Net debt to market capitalization ratio	27%	24%	26%	27%	26%	28%

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

[2] Includes amounts attributable to both redeemable noncontrolling interests and noncontrolling interests as reflected on our Consolidated Balance Sheets.

Critical Accounting Policies and Estimates

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

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

Management has discussed the development and selection of its critical accounting policies and estimates with the Audit Committee of the Board of Directors. Management believes the current assumptions and other considerations used to estimate amounts reflected in our unaudited consolidated financial statements are appropriate and are not reasonably likely to change in the future. However, since these estimates require assumptions to be made that were uncertain at the time the estimate was made, they bear the risk of change. If actual experience differs from the assumptions and other considerations used in estimating amounts reflected in our unaudited consolidated financial statements, the resulting changes could have a material adverse effect on our consolidated results of operations, liquidity and/or financial condition. Please refer to Note 2 to our financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2021 for further information on significant accounting policies that impact us. There have been no material changes to these policies in 2022.

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; uncertainty regarding the implementation and impact of the CARES Act and future stimulus or other COVID-19 relief legislation; 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, 2021, 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 after considering the effects of interest rate swaps, whereby we modeled the change in net present values arising from a hypothetical 1% increase in interest rates to determine the instruments' change in fair value. The following table summarizes the analysis performed as of the dates indicated (in thousands):

	June 30, 2022		December 31, 2021	
	Principal balance	Change in fair value	Principal balance	Change in fair value
Senior unsecured notes	$ 10,860,092	$ (575,932)	$ 11,002,297	$ (1,059,031)
Secured debt	1,523,315	(40,559)	1,490,708	(44,222)
Totals	$ 12,383,407	$ (616,491)	$ 12,493,005	$ (1,103,253)

Our variable rate debt, including our unsecured revolving credit facility and commercial paper program, is reflected at fair value. At June 30, 2022, we had $2,785,546,000 outstanding related to our variable rate debt after considering the effects of interest rate swaps. Assuming no changes in outstanding balances, a 1% increase in interest rates would result in increased annual interest expense of $27,855,000. At December 31, 2021, we had $1,742,268,000 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 $17,423,000.

We are subject to currency fluctuations that may, from time to time, affect our financial condition and results of operations. Increases or decreases in the value of the Canadian Dollar or British Pounds Sterling relative to the U.S. Dollar impact the amount of net income we earn from our investments in Canada and the United Kingdom. Based solely on our results for the three months ended June 30, 2022, 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 $8,000,000. We will continue to mitigate these underlying foreign currency exposures with non-U.S. denominated borrowings and gains and losses on derivative contracts. If we increase our international presence through investments in, or acquisitions or development of, seniors housing and health care properties outside the U.S., we may also decide to transact additional business or borrow funds in currencies other than U.S. Dollars, Canadian Dollars or British Pounds Sterling. To illustrate the impact of changes in foreign currency markets, we performed a sensitivity analysis on our derivative portfolio whereby we modeled the change in net present values arising from a hypothetical 1% increase in foreign currency exchange rates to determine the instruments' change in fair value. The following table summarizes the results of the analysis performed (dollars in thousands):

	June 30, 2022		December 31, 2021	
	Carrying Value	Change in fair value	Carrying Value	Change in fair value
Foreign currency exchange contracts	$ 134,880	$ 13,962	$ 32,280	$ 19,740
Debt designated as hedges	1,471,245	14,712	1,613,164	16,132
Totals	$ 1,606,125	$ 28,674	$ 1,645,444	$ 35,872

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, 2021.

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

During the three months ended June 30, 2022, we acquired shares of our common stock held by employees who tendered shares to satisfy tax withholding obligations upon the vesting of previously issued restricted stock awards. Specifically, the number of shares of common stock acquired from employees and the average prices paid per share for each month in the second quarter ended June 30, 2022 are as shown in the table below.

Issuer Purchases of Equity Securities

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Repurchase Program	Maximum Dollar Value of Shares that May Yet Be Purchased Under the Repurchase Program
April 1, 2022 through April 30, 2022	21	$ 96.50	—	$ —
May 1, 2022 through May 31, 2022	—	—	—	—
June 1, 2022 through June 30, 2022	—	—	—	—
Totals	21	$ 96.50	—	$ —

Item 5. *Other Information*

None.

Item 6. ***Exhibits***

3.1	Limited Liability Company Agreement of Welltower OP LLC, dated as of May 24, 2022 (filed with the Commission as Exhibit 3.2 to the Company's Form 8-K filed May 25, 2022 (File No. 001-08923) and incorporated by reference herein).
10.1	Amendment No. 2 to Credit Agreement, dated June 15, 2022, by and among Welltower Inc., Welltower OP LLC, the lenders and other financial institutions listed therein and KeyBank National Association, as administrative agent (filed with the Commission as Exhibit 10.1 to the Company's Form 8-K filed June 16, 2022 (File No. 001-08923) and incorporated by reference herein).
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 June 30, 2022, formatted in Inline XBRL

* Management contract or Compensatory Plan or Arrangement.

SIGNATURES

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

		WELLTOWER INC.
Date:	August 9, 2022	By: /s/ SHANKH MITRA Shankh Mitra, Chief Executive Officer and Chief Investment Officer (Principal Executive Officer)
Date:	August 9, 2022	By: /s/ TIMOTHY G. MCHUGH Timothy G. McHugh, Executive Vice President and Chief Financial Officer (Principal Financial Officer)
Date:	August 9, 2022	By: /s/ JOSHUA T. FIEWEGER Joshua T. Fieweger, Chief Accounting Officer (Principal Accounting Officer)

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: August 9, 2022

/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: August 9, 2022

/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 June 30, 2022 (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: August 9, 2022

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

EXHIBIT 32.2

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

I, Timothy G. McHugh, the Chief Financial Officer of Welltower Inc. (the "Company"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350), that (i) the Quarterly Report on Form 10-Q for the Company for the quarter ended June 30, 2022 (the "Report"), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ TIMOTHY G. MCHUGH
Timothy G. McHugh,
Executive Vice President and Chief Financial Officer
Date: August 9, 2022

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.