Risk Factors Comparison 2024-02-15 to 2023-02-21 Form: 10-K

Legend: **New Text** ~~Removed Text~~ Unchanged Text Moved Text Section

The following summarizes the principal factors that make an investment in our company speculative or risky, all of which are more fully described in the Risk Factors section below. This summary should be read in conjunction with the Risk Factors section and should not be relied upon as an exhaustive summary of the material risks facing our business. The order of presentation is not necessarily indicative of the level of risk that each factor poses to us. Risks Arising from Our Business: Our business model and the operations of our business involve risks, including those related to: • investments in and acquisitions of health care and seniors housing properties; • unknown liability exposure related to acquired properties; • competition for acquisitions may result in increased prices; • our joint venture partners; • Seniors Housing Operating properties operational risks; • our ability to terminate our management agreements with Seniors Housing Operating managers; • operational and legal risks with respect to our properties managed in RIDEA structures; • the ability of operators and tenants to make payments to us; • the impacts of severe cold and flu seasons or other widespread illnesses on occupancy; • the insolvency or bankruptcy of our tenants, operators, borrowers, managers and other obligors; • our ability to timely reinvest our sale proceeds on terms acceptable to us; • any adverse developments in the business or financial condition of Sunrise ~~Senior Living~~ **and Integra; • any failure** , ~~LLC~~ **inability or unwillingness by Integra to satisfy obligations under their agreements with us** ; • ownership of property outside the U. S.; • our ability to lease or sell properties on favorable terms; • tenant, operator and manager insurance coverage; • loss of properties owned through ground leases upon breach or termination of the ground leases; • requirements of, or changes to governmental reimbursement programs, such as Medicare, Medicaid or government funding; • controls imposed on certain of our tenants who provide health care services that are reimbursed by Medicare, Medicaid and other third- party payors to reduce admissions and length of stay; • our operators' or tenants' failure to comply with federal, state, province, local, and industry-regulated licensure, certification and inspection laws, regulations, and standards; • development, redevelopment and construction; • **bank failures or other events affecting financial institutions; •** losses caused by severe weather conditions, natural disasters or the physical effects of climate change; • costs incurred to remediate environmental contamination at our properties; • our reliance on data and technology systems and the increasing risks of cybersecurity incidents **; • evolving privacy regulations; • ESG- related commitments and expectations** ; • our dependence on key personnel; and • Welltower' s holding company status. Risks Arising from Our Capital Structure Our capital structure involves exposure to risks, including those related to: • our future leverage; • the availability of cash for distributions to stockholders; • covenants in our debt agreements; • limitations on our ability to access capital; • any downgrades in our credit ratings; and • increases in interest rates. Risks Arising from Our Status as a REIT As a result of our status as a REIT, we are exposed to risks, including those related to: • our ability to remain qualified as a REIT; • Welltower OP' s ability to maintain status of a partnership; • the ability of our subsidiaries to qualify as a REIT; • the impact of tax imposed on any net income from" prohibited transactions" may limit our ability to engage in transactions which would be treated as sales for federal income tax purposes; • the impact of the 90 % annual distribution requirement on our liquidity and ability to engage in otherwise beneficial transactions; • our limited ability to use taxable REIT subsidiaries under the Code; • special requirements applicable to the lease of qualified health care properties to a taxable REIT subsidiary; • the tax imposed on any net income from" prohibited transactions"; • tax consequences if certain sale- leaseback transactions are not characterized by the IRS as " true leases"; • changes in our tax rate or exposure to additional tax liabilities; and • the impact to our TRSs of the Corporate Alternative Minimum Tax imposed by the Inflation Reduction Act of 2022. Risks Factors This section highlights significant factors, events and uncertainties that could create risk with an investment in our securities. The events and consequences discussed in these risk factors could, in circumstances we may not be able to accurately predict, recognize or control, have a material adverse effect on our business, growth, reputation, prospects, financial condition, operating results, cash flows, liquidity, ability to pay dividends and stock price. These risk factors do not identify all risks that we face: our operations could also be affected by factors, events or uncertainties that are not presently known to us or that we currently do not consider to present significant risks to our operations. We group these risk factors into three categories: • Risks arising from our business; • Risks arising from our capital structure; and • Risks arising from our status as a REIT. Our investments in and acquisitions of health care and seniors housing properties may be unsuccessful or fail to meet our expectations Some of our acquisitions may not prove to be successful. We could encounter unanticipated difficulties and expenditures relating to any acquired properties, including contingent liabilities, and acquired properties might require significant management attention that would otherwise be devoted to our ongoing business. If we agree to provide construction funding to an operator / tenant and the project is not completed, we may need to take steps to ensure completion of the project. Such expenditures may negatively affect our results of operations. Investments in and acquisitions of seniors housing and health care properties entail risks associated with real estate investments generally, including risks that the investment will not achieve expected returns, that the cost estimates for necessary property improvements will prove inaccurate or that the tenant, operator or manager will fail to meet performance expectations. Furthermore, there can be no assurance that our anticipated acquisitions and investments, the completion of which is subject to various conditions, will be consummated in accordance with anticipated timing, on anticipated terms, or at all. We may be unable to obtain or assume financing for acquisitions on favorable terms or at all. Health care properties are often highly customizable **,** and the development or redevelopment of such properties may require costly tenant- specific improvements **. The actual costs of development or redevelopment may be greater than our estimates** . We have experienced delays and disruptions to property redevelopment as a result of supply chain issues and construction material and labor shortages and may experience additional or more significant such delays in the future. We also may be unable to quickly and efficiently integrate new acquisitions, particularly acquisitions of portfolios of properties, into our existing operations, and this could have an adverse effect on our results of operations and financial condition. Acquired properties may be located in new markets, either within or outside the United States, where we may face risks associated with a lack of market knowledge or understanding of the local economy, lack of business relationships in the area, costs associated with opening a new regional office and unfamiliarity with local governmental and permitting procedures **. These risks may be exacerbated by the volume and complexity of such activity, as well as geopolitical tension or instability, inflationary pressures, interest rate fluctuations and supply chain disruptions** . As a result, we cannot assure you that we will achieve the economic benefit we expect from acquisitions, investment, development and redevelopment opportunities and may lead to impairment of such assets. Acquired properties may expose us to unknown liability We may acquire properties or invest in joint ventures that own properties subject to liabilities and without any recourse, or with only limited recourse, against the prior owners or other third parties with respect to unknown liabilities. As a result, if a liability were asserted against us based upon ownership of those properties, we might have to pay substantial sums to settle or contest it, which could adversely affect our results of operations and cash flow. Unknown liabilities with respect to acquired properties might include: liabilities for clean-up of undisclosed environmental contamination, claims by tenants, vendors or other persons against the former owners of the properties, liabilities incurred in the ordinary course of business and claims for indemnification by general partners, directors and others indemnified by the former owners of the properties. Competition for acquisitions may result in increased prices for properties In order to maintain current revenues and continue generating attractive returns, we seek to reinvest cash available from the proceeds of sales of our securities, principal payments on our loans receivable or the sale of properties, including non-elective dispositions in a timely manner. We face competition for acquisition opportunities from other well- capitalized investors, including publicly traded and privately held REITs, private real estate funds, domestic and foreign financial institutions, life insurance companies, sovereign wealth funds, pension trusts, partnerships and individual investors. In addition, limited development during the COVID- 19 pandemic has reduced the number of new properties becoming available. This competition may adversely affect us by subjecting us to the following risks: we may be unable to acquire a desired property because of competition from other well- capitalized real estate investors and, even if we are able to acquire a desired property, competition from other real estate investors may significantly increase the purchase price. Our investments in joint ventures could be adversely affected by our lack of exclusive control over these investments, our partners' insolvency or failure to meet their obligations, and disputes between us and our partners We have entered into, and may continue in the future to enter into, partnerships or joint ventures with other persons or entities ~~, including our 85 / 15 joint venture with Integra Healthcare Properties~~ . Joint venture investments involve risks that may not be present with other methods of ownership, including the possibility that our partner might become insolvent, refuse to make capital contributions when due or otherwise fail to meet its obligations, which may result in certain liabilities to us for guarantees and other commitments; that our partner might at any time have economic or other business interests or goals that are or become inconsistent with our interests or goals; that we could become engaged in a dispute with our partner, which could require us to expend additional resources to resolve such dispute and could have an adverse impact on the operations and profitability of the joint venture; that our partner may be in a position to take action or withhold consent contrary to our instructions or requests; and that our joint venture partners may be structured differently than us for tax purposes, which could create conflicts of interest and risks to our REIT status. In some instances, we and / or our partner may have the right to trigger a buy- sell, put right or forced sale arrangement, which could cause us to sell our interest, acquire our partner' s interest or sell the underlying asset at a time when we otherwise would not have initiated such a transaction. Our ability to acquire our partner' s interest may be limited if we do not have sufficient cash, available borrowing capacity or other capital resources. In such event, we may be forced to sell our interest in the joint venture when we would otherwise prefer to retain it. On the other hand, our ability to transfer our interest in a joint venture to a third party may be restricted and the market for our interest may be limited and / or valued lower than fair market value. Joint ventures may require us to share decision- making authority with our partners, which could limit our ability to control the properties in the joint ventures. Even when we have a controlling interest, certain major decisions may require partner approval, such as the sale, acquisition or financing of a property. We assume operational and legal risks with respect to our properties managed in RIDEA structures that could have a material adverse effect on our business, results of operations and financial condition We have entered into various joint ventures that were structured under the provisions of ~~the REIT Investment Diversification and Empowerment Act of 2007 ("~~ RIDEA ~~")~~ , which permits REITs to own or partially own " qualified health care properties " in a structure through which we can participate directly in the cash flow of the properties' operations (as compared to receiving only contractual rent payments) in compliance with REIT requirements. 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. Under a RIDEA structure, we are required to rely on our operator to manage and operate the property, including complying with laws and providing resident care. However, as the owner of the property under a RIDEA structure, we are responsible for operational and legal risks and liabilities of the property, including, those relating to employment matters of our operators, compliance with health care fraud and abuse and other laws, governmental reimbursement matters **, data privacy and security laws** , compliance with federal, state, local and industry- related licensure, certification and inspection laws, regulations, and standards, and litigation involving our properties or residents / patients, even though we have limited ability to control or influence our operators' management of these risks. Further, our taxable REIT subsidiary (" TRS ") is generally required to hold the applicable health care license and enroll in the applicable government health care programs (e. g., Medicare ~~-~~ and Medicaid), which subjects us to potential liability under various health care laws. Penalties for failure to comply with applicable laws may include loss or suspension of licenses and certificates of need, certification or accreditation, exclusion from government health care programs (e. g., Medicare and Medicaid), administrative sanctions and civil monetary penalties. Although we have some general oversight approval rights and the right to review operational and financial reporting information, our operators are ultimately in control of the day- to- day business of the property, including clinical decision-making, and we rely on them to operate the properties in a manner that complies with applicable law. We are exposed to operational risks with respect to our Seniors Housing Operating properties that could adversely affect our revenue and operations We are exposed to various operational risks with respect to our Seniors Housing Operating properties that may increase our costs or adversely affect our ability to generate revenues. ~~In addition to operational challenges that continue to impact us as a result of the COVID- 19 pandemic, these~~ **These** risks include fluctuations in occupancy experienced during the normal course of business, Medicare and Medicaid reimbursement, if applicable, and private pay rates; economic conditions; the availability and increases in the cost of labor (as a result of unionization or otherwise); competition; federal, state, local, and industry- regulated licensure, certification and inspection laws, regulations, and standards; the availability and increases in cost of general and professional liability insurance coverage; increases in property taxes; state regulation and rights of residents related to entrance fees; and federal and state housing laws and regulations ~~, including rent and eviction restrictions imposed during the COVID- 19 pandemic~~ . Any one or a combination of these factors may adversely affect our revenue and operations and could eventually lead to impairment of our properties. We have rights to terminate our management agreements with operators, in whole or with respect to specific properties under certain circumstances, and we may be unable to replace operators if our management agreements are terminated or not renewed We are party to long- term management agreements with our Seniors Housing Operating managers pursuant to which they provide comprehensive property management, accounting and other services with respect to our Seniors Housing Operating properties. We have the ability to terminate any of our management agreements upon the occurrence of certain events such as insolvency relating to such manager, and in some cases, **upon** the failure to meet specific NOI targets without curing **(to** ~~, as well as~~ the **extent** ~~occurrence of other~~ **there** ~~events~~ **is an ability to cure). In addition, many of** ~~or~~ **our** ~~certain conditions~~ **management agreements are terminable by us for no cause upon a reasonable notice period and in some cases, upon payment of a termination fee** . We regularly monitor and review our rights and remedies under our management agreements. When determining if we will take significant action under those agreements, including terminating a manager, we consider numerous legal, contractual, regulatory, business and other relevant factors. In exercising our rights to terminate or not renew a management agreement, we would work with our existing seniors housing operators or potentially new operators to manage the properties; however, there is no assurance that we would be able to timely source a replacement or that any replacement manager would be effective. Any transition to a new manager would most likely require regulatory approval and potentially the approval of the holders of any liens on the property. The failure to replace on a timely basis, as well as the failure to receive these approvals, either at all or in a timely manner, could have an adverse effect on the properties and our revenue. Decreases in our operators’ or tenants' revenues or increases in our operators’ or tenants' expenses, including as a result of increased labor costs, could affect their ability to make payments to us We have very limited control over the success or failure of our operators' or tenants' businesses and, at any time, an operator or tenant may experience a downturn in their business that weakens their financial condition. Our operators’ and tenants' revenues are primarily driven by occupancy, private pay rates, and Medicare and Medicaid reimbursement, if applicable. Expenses are primarily driven by the costs of labor, supplies, food, utilities, taxes, insurance and rent or debt service. Revenues from government reimbursement have, and may continue to, come under pressure due to reimbursement cuts and state budget shortfalls. Operating and borrowing costs have increased, and are expected to continue to increase, for our operators and tenants. In particular, our operators' and tenants' businesses have experienced increases in labor costs resulting from shortages of medical and non- medical staff. A number of factors have adversely affected the labor force available to our operators and tenants or labor costs, including increased industry competition, high employment levels, increased wages offered by other employers, and government regulations. In many geographic areas the scarcity of specialized medical personnel, experienced senior care professionals and other workers has been a significant operating issue affecting a wide range of healthcare providers and senior care and housing facilities. Such shortages have and may continue to impact the operations of our operators and tenants, resulting in increased labor and operating costs. Continued labor shortages or cost inflation may impact our operators' and tenants' abilities to comply with minimum staffing requirements under applicable federal and state regulations. Failure to comply with these requirements can, among other things, jeopardize a facility' s compliance with the conditions of participation under relevant state and federal healthcare programs. In addition, if a facility is determined to be out of compliance with these requirements, it may be subject to fines and other regulatory penalties, including the suspension of patient admissions, the termination of Medicaid participation or the suspension or revocation of licenses. To the extent that any decrease in revenues and / or any increase in operating expenses result in an operator or tenant not generating enough cash to make payments to us, the credit of our operator or tenant and the value of other collateral would have to be relied upon. To the extent the value of such property is reduced, we may need to record an impairment for such asset. Furthermore, if we determine to dispose of an underperforming property, such sale may result in a loss. Any such impairment or loss on sale would negatively affect our financial results. These risks are magnified where we lease multiple properties to a single operator or tenant under a master lease, as a failure or default under a master lease would expose us to these risks across multiple properties. Although our lease agreements give us the right to exercise certain remedies in the event of default on the obligations owing to us, we may determine not to do so if we believe that enforcement of our rights would be more detrimental to our business than seeking alternative approaches. Increased competition and oversupply may affect our operators’ and managers' ability to meet their obligations to us The operators and managers of our properties compete on a local and regional basis with operators and managers of properties and other health care providers that provide comparable services for residents and patients, including on the basis of the scope and quality of care and services provided, reputation and financial condition, physical appearance of the properties, price, and location. In addition, in light of labor shortages for medical and non- medical workers in many geographic areas, our operators and tenants increasingly compete to attract qualified and experienced employees. Our operators and managers are expected to encounter increased competition in the future that could limit their ability to attract residents and employees or expand their businesses. In addition, we expect that there will continue to be a more than adequate inventory of seniors housing facilities. We cannot be certain that the operators of all of our facilities will be able to achieve and maintain occupancy and rate levels that meet our expected yields and fulfill their obligations to us. If our operators and managers cannot compete effectively or if there is an oversupply of facilities, their financial performance could have a material adverse effect on our financial results. A severe cold and flu season, epidemics or any other widespread illnesses could adversely affect the occupancy of our Seniors Housing Operating and Triple- net properties Our business and operations ~~were significantly impacted by the COVID- 19 pandemic and~~ are exposed to risks from COVID- 19, severe cold and flu seasons or the occurrence of other epidemics **, pandemics** or other widespread illnesses. Our revenues and our operators' revenues are dependent on occupancy and the occupancy of our Seniors Housing Operating and Triple- net properties could significantly decrease in the event of a severe cold and flu season, a resurgence of COVID- 19 or other **epidemics, pandemics,** widespread illness **or public health crises** . Such a decrease would affect the operating income of our Seniors Housing Operating properties and the ability of our Triple- net operators to make payments to us. As we experienced during the COVID- 19 pandemic, a future flu or other pandemic could significantly increase the cost burdens faced by our operators, including if they are required to implement quarantines for residents or see a reduction in occupancy, and adversely affect their ability to meet their obligations to us, which would have a material adverse effect on our financial results. ~~In particular, the ongoing COVID~~ **The impacts of such events could be severe and far** - **reaching** ~~19 pandemic may continue to adversely affect our business~~ , ~~results of~~ **and may impact our** operations **in several ways** ~~, growth, reputation, prospects, financial condition, operating results, cash flows, liquidity, ability to pay dividends and stock price. The COVID- 19 pandemic has had adverse effects on our business, operations and financial condition~~ , including: ~~• a decline in spot occupancy in~~ **(i) operators and tenants could experience deteriorating financial conditions and be unable** ~~our~~ **or unwilling** ~~Seniors Housing Operating portfolio from 85. 8 % at February 29, 2020~~ to **pay payments to us** ~~the pandemic- low of 72. 6 %~~ on **time** ~~March 12, 2021~~ and **in full; (ii) we may have to restructure** ~~a possibility of continued decline, which could affect the net operating income of our Seniors Housing Operating properties and the ability of our Triple- net~~ operators **' or tenants' obligations and may not be able** to ~~make contractual payments~~ **do so on terms that are favorable** to us; ~~•~~ **(iii) we may experience increased operational challenges and costs resulting from logistical challenges such as supply chain interruptions, business closures, restrictions on the movement of people and remote or hybrid work schedules, which introduce additional operational risks including cybersecurity risks; (iv)** increased operational costs incurred by us and our operators across all of our properties as a result of public health measures and other regulations affecting our properties and operations, as well as additional health and safety measures adopted by us and our operators and tenants, unique pressures on seniors housing and medical practice employees during **pandemics like** the COVID- 19 pandemic including labor shortages resulting from macroeconomic trends ~~, decreased employee morale and productivity as a result of difficult conditions and stress related to the COVID- 19 pandemic, and higher operator and tenant cost of insurance and such insurance may not cover certain claims related to COVID- 19~~ ; and **(v)** ~~• increased operational challenges and~~ costs ~~resulting from logistical challenges such as supply chain interruptions, business closures, restrictions on the movement~~ of **development** ~~people and remote or hybrid work schedules, which adversely impact employee productivity and morale and introduce additional operations risk,~~ including **expenditures** ~~cybersecurity risks. We remain subject to a number of other risks relating to COVID- 19, including a decline in the rental income in our Outpatient Medical segment if our tenants do not renew leases or~~ **for materials utilized** ~~do not make timely or full lease payments as a result of medical practice closures or decreases~~ in **construction** ~~revenue due to government imposed restrictions on elective medical procedures or decisions by patients to delay treatments; concessions such as rent deferrals or rent abatements that we may offer certain tenants across our Triple- net~~ and ~~Outpatient Medical segments; and our~~ **labor essential to complete existing developments in progress, may** ~~increased~~ **increase substantially** ~~exposure to COVID- 19 related litigation and publicity risks if the operators or tenants of the relevant facilities are subject to bankruptcy or insolvency. Although the COVID- 19 pandemic has subsided from its peaks, any resurgence of the pandemic, outbreaks of new variants, changes in the effectiveness of vaccines, boosters and treatments, and adoptions of new public health measures may reintroduce the risks relating to the potential impact of the COVID- 19 pandemic on us. Additionally, there remains uncertainty regarding the implementation and impact of COVID- 19 relief legislation, such as the Coronavirus Aid Relief, and Economic Security Act and the Paycheck Protection Program and Health Care Enhancement Act, and possible government audits and investigations related to our receipt and use of such relief funds~~ . The insolvency or bankruptcy of our tenants, operators, borrowers, managers and other obligors may adversely affect our business, results of operations and financial condition We are exposed to the risk that our tenants, operators, borrowers, managers or other obligors may not be able to meet the rent, principal and interest or other payments due us, which may result in a tenant, operator, borrower, manager or other obligor bankruptcy or insolvency, or that a tenant, operator, borrower, manager or other obligor might become subject to bankruptcy or insolvency proceedings for other reasons. Although our operating lease agreements provide us with the right to evict a tenant, demand immediate payment of rent and exercise other remedies, and our loans provide us with the right to terminate any funding obligation, demand immediate repayment of principal and unpaid interest, foreclose on the collateral and exercise other remedies, the bankruptcy and insolvency laws afford certain rights to a party that has filed for bankruptcy or reorganization. A tenant, operator, borrower, manager or other obligor in bankruptcy or subject to insolvency proceedings may be able to limit or delay our ability to collect unpaid rent in the case of a lease or to receive unpaid principal and interest in the case of a loan, and to exercise other rights and remedies. In addition, if a lease is rejected in a tenant bankruptcy, our claim against the tenant may be limited by applicable provisions of the bankruptcy law. We may be required to fund certain expenses (e. g., real estate taxes and maintenance) to preserve the value of an investment property, avoid the imposition of liens on a property and / or transition a property to a new tenant. In some instances, we have terminated our lease with a tenant and relet the property to another tenant. In some of those situations, we have provided working capital loans to and limited indemnification of the new obligor. If we cannot transition a leased property to a new tenant, we may take possession of that property, which may expose us to certain successor liabilities. Publicity about the operator' s financial condition and insolvency proceedings may also negatively impact their and our reputations, decreasing customer demand and revenues. Should such events occur, our revenue and operating cash flow may be adversely affected. The properties managed by Sunrise ~~Senior Living, LLC (" Sunrise ")~~ account for a significant portion of our revenues and net operating income and any adverse developments in its business or financial condition could adversely affect us As of December 31, ~~2022~~ **2023** , Sunrise managed ~~109~~ **88** of our Seniors Housing Operating properties. These properties account for a significant portion of our revenues and net operating income. Under our management agreements, we rely on Sunrise' s personnel, expertise, technical resources and information systems, proprietary information, good faith and judgment to manage our Seniors Housing Operating properties efficiently and effectively. We also rely on Sunrise to set appropriate resident fees, to provide accurate property- level financial results for our properties in a timely manner and to otherwise operate them in compliance with the terms of our management agreements and all applicable laws and regulations. Any adverse developments in Sunrise' s business or financial condition could impair its ability to manage our properties efficiently and effectively, which could adversely affect our business, results of operations, and financial condition. For example, we depend on Sunrise' s ability to attract and retain skilled management personnel who are responsible for the day- to- day operations of our Seniors Housing Operating properties. A shortage of nurses or other trained personnel or general inflationary pressures may force Sunrise to enhance its pay and benefits packages to compete effectively for such personnel, but it may not be able to offset these added costs by increasing the rates charged to residents. Any increase in labor costs and other property operating expenses, any failure by Sunrise to attract and retain qualified personnel, or significant changes in Sunrise' s senior management or equity ownership could adversely affect the income we receive from our Seniors Housing Operating properties and have a material adverse effect on us. Also, if Sunrise experiences any significant financial, legal, accounting or regulatory difficulties, such difficulties could result in, among other things, acceleration of its indebtedness, impairment of its continued access to capital or the commencement of insolvency proceedings by or against it under the U. S. Bankruptcy Code, which, in turn, could adversely affect our business, results of operations and financial condition. If we determine to sell or transition properties currently managed by Sunrise, we may experience operational challenges and / or significantly declining financial performance for those properties. **We depend on Integra for a significant portion of our revenues and any failure, inability or unwillingness by them to satisfy obligations under their agreements with us could adversely affect us As of December 31, 2023, we lease 147 properties to Integra under a triple-net master lease, which account for a significant portion of our revenues. Integra subleases these properties to various regional operators who manage the property operations. We depend on Integra to pay all insurance, taxes, utilities and maintenance and repair expenses in connection with the leased properties. We cannot assure you that Integra will have sufficient assets, income and access to financing to enable them to make rental payments to us or to otherwise satisfy their respective obligations under our lease, and any failure, inability or unwillingness by Integra to do so could have an adverse effect on our business, results of operations and financial condition. Integra has also agreed to indemnify, defend and hold us harmless from and against various claims, litigation and liabilities arising in connection with the facilities, and we cannot assure you that Integra will have sufficient assets, income, access to financing and insurance coverage to enable them to satisfy their respective indemnification obligations. Integra' s failure to effectively oversee the operations of their subtenants or their obligation to maintain and improve our properties could adversely affect the subtenant operators' business reputations and the subtenant operators' ability to attract and retain patients and residents in our properties, which in turn, could adversely affect our business, results of operations and financial condition.** Ownership of property outside the U. S. may subject us to different or greater risks than those associated with our domestic operations We have operations in the U. K. and Canada which represent 9. ~~5~~ **1** % and 7. ~~9~~ **7** % of total Welltower revenues, respectively ~~. As of December 31, 2022, Revera managed 78 of our Seniors Housing Operating properties in Canada, representing a significant portion of our revenues in Canada, and also owned a controlling interest in Sunrise~~ . International development, ownership, and operating activities involve risks that are different from those we face with respect to our domestic properties and operations. These risks include, but are not limited to, any international currency gain or loss recognized with respect to changes in exchange rates, which may not qualify under the 75 % gross income test or the 95 % gross income test required for us to satisfy annually in order to qualify and maintain our status as a REIT; challenges with respect to the repatriation of foreign earnings and cash; impact from international trade disputes and the associated impact on our tenants' supply chain and consumer spending levels; changes in foreign political, regulatory, and economic conditions (regionally, nationally and locally) including, challenges in managing international operations; challenges of complying with a wide variety of foreign laws and regulations, including those relating to real estate, corporate governance, operations, taxes, employment and other civil and criminal legal proceedings; foreign ownership restrictions with respect to operations in foreign countries; local businesses and cultural factors that differ from our usual standards and practices; differences in lending practices and the willingness of domestic or foreign lenders to provide financing; regional or country- specific business cycles and political and economic instability; and failure to comply with applicable laws and regulations in the U. S. that affect foreign operations, including, but not limited to, the U. S. Foreign Corrupt Practices Act. Further, our operations in the U. K. may be adversely impacted by global and local economic volatility experienced as a result of geopolitical tensions or conflicts, such as the ongoing conflict between Russia and Ukraine, rising inflation and interest rates, the energy crisis that has seen supply shortages and higher oil, gas and electricity prices, **volatility in commodity prices, credit and capital markets, an increase in cybersecurity incidents, as well as** labor market challenges affecting the recruitment and retention of employees. If our tenants do not renew their existing leases, or if we are required to sell properties for liquidity reasons, we may be unable to lease or sell the properties on favorable terms, or at all We cannot predict whether our tenants will renew existing leases at the end of their lease terms, which expire at various times. If these leases are not renewed, we would be required to find other tenants to occupy those properties, or sell them. There can be no assurance that we would be able to identify suitable replacement tenants or enter into leases with new tenants on terms as favorable to us as the current leases or that we would be able to lease those properties at all. Our competitors may offer space at rental rates below current market rates or below the rental rates we currently charge our customers, we may lose potential customers, and we may be pressured to reduce our rental rates below those we currently charge to retain customers when leases expire. In addition, our ability to reposition our properties with a suitable replacement tenant or operator could be significantly delayed or limited by state licensing, receivership, CON or other laws, as well as by the Medicare and Medicaid change- of- ownership rules, and we could incur substantial additional expenses in connection with any licensing, receivership or change- of- ownership proceedings. Even if tenants decide to renew or lease new space, the terms of renewals or new leases, including the cost of required renovations or concessions to tenants, may be less favorable to us than current lease terms. Real estate investments are relatively illiquid and most of the property we own is highly customized for specific uses. Our ability to quickly sell or exchange any of our properties in response to changes in operator, economic and other conditions will be limited. Although our properties are less affected by the commercial real estate market trends, this limitation could be exacerbated by the current decline of commercial real estate as a result of high interest rates, inflation and declining property values across sectors. No assurances can be given that we will recognize full value for any property that we are required to sell. Our inability to respond rapidly to changes in the performance of our investments could adversely affect our financial condition and results of operations. In addition, we are exposed to the risks inherent in concentrating investments in real estate, and in particular, the seniors housing and health care industries. A downturn in the real estate industry could adversely affect the value of our properties and our ability to sell properties for a price or on terms acceptable to us. Our tenants, operators and managers may not have the necessary insurance coverage to insure adequately against losses We maintain or require our tenants, operators and managers to maintain comprehensive insurance coverage on our properties and their operations with terms, conditions, limits and deductibles that we believe are customary for similarly situated companies in our industry and we frequently review our insurance programs and requirements. Our tenants, operators and managers may not be able to maintain adequate levels of insurance and required coverages. Also, we may not be able to require the same levels of insurance coverage under our lease, management and other agreements, which could adversely affect us in the event of a significant uninsured loss. We cannot make any guarantee as to the future financial viability of the insurers that underwrite our policies and the policies maintained by our tenants, operators and managers. Insurance may not be available at a reasonable cost in the future or policies may not be maintained at a level that will fully cover all losses on our properties upon the occurrence of a catastrophic event. This may be especially the case due to increases in property insurance costs. In addition, in recent years, long- term / post- acute care and seniors housing operators and managers have experienced substantial increases in both the number and size of patient care liability claims. As a result, general and professional liability costs have increased in some markets ~~. Due to the uncertainty of the long term effects of the COVID- 19 pandemic, general and professional liability insurance coverage may be restricted or very costly, which may adversely affect the tenants', operators' and managers' future operations, cash flows and financial conditions, and may have a material adverse effect on the tenants', operators' and managers' ability to meet their obligations to us~~ . Finally, our use, and the usage by some of our tenants, operators and managers of self- insurance and / or use of a wholly owned captive insurance company, if not adequately funded, could have a material adverse effect on our liquidity and that of our tenants, operators and managers. Our ownership of properties through ground leases exposes us to the loss of such properties upon breach or termination of the ground leases We have acquired an interest in certain of our properties by acquiring a leasehold interest in the property on which the building is located, and we may acquire additional properties in the future through the purchase of interests in ground leases. Many of these ground leases impose significant limitations on our uses of the subject properties, restrict our ability to sell or otherwise transfer our interests in the properties or restrict the leasing of the properties. These restrictions may limit our ability to timely sell or exchange the properties, impair the properties' value or negatively impact our ability to find suitable tenants for the properties. As the lessee under a ground lease, we are exposed to the possibility of losing the property upon termination of the ground lease or an earlier breach of the ground lease by us. The requirements of, or changes to, governmental reimbursement programs, such as Medicare, Medicaid or government funding, could have a material adverse effect on our obligors' liquidity, financial condition and results of operations, which could adversely affect our obligors' ability to meet their obligations to us Some of our obligors' businesses are affected by government reimbursement. To the extent that an operator / tenant receives a significant portion of its revenues from government payors, primarily Medicare and Medicaid, such revenues may be subject to statutory and regulatory changes, retroactive rate adjustments, recovery of program overpayments or set- offs, court decisions, administrative rulings, policy interpretations, payment or other delays by fiscal intermediaries or carriers, change- of- ownership rules, government funding restrictions (at a program level or with respect to specific facilities), any lapse in Congressional funding of the Centers for Medicare and Medicaid Services and interruption or delays in payments due to any ongoing government investigations and audits at such property. Federal and state authorities may continue seeking to implement new or modified reimbursement methodologies that may negatively impact health care property operations. See " Item 1- Business- Certain Government Regulations- United States- Reimbursement " above for additional information. Health care reimbursement will likely continue to be of paramount importance to federal and state authorities. We cannot make any assessment as to the ultimate timing or effect any future legislative reforms may have on the financial condition of our obligors and properties. There can be no assurance that adequate reimbursement levels will be available for services provided by any property operator, whether the property receives reimbursement from Medicare, Medicaid or private payors. Significant limits on the scope of services reimbursed and on reimbursement rates and fees could have a material adverse effect on an obligor' s liquidity, financial condition and results of operations, which could adversely affect the ability of an obligor to meet its obligations to us. In addition, if a partial or total federal government shutdown were to occur for a prolonged period of time, federal government payment obligations, including its obligations under Medicaid and Medicare, may be delayed. Similarly, if state government shutdowns were to occur, state payment obligations may be delayed. If the federal or state governments fail to make payments under these programs on a timely basis, our business could suffer, and our financial position, results of operations or cash flows may be materially affected. Since January 1, 2014, the Health Reform Laws have provided those states that expand their Medicaid coverage to otherwise ineligible state residents with incomes at or below 138 % of the federal poverty level with an increased federal medical assistance percentage, effective January 1, 2014, when certain conditions are met. The federal government substantially funds the Medicaid expansion and as of December ~~2022~~ **2023** , the number of states implementing expansion has grown to more than ~~75~~ **80** % of all states. The participation by states in the Medicaid expansion could have the dual effect of increasing our tenants' revenues, through new patients, but further straining state budgets and their ability to pay our tenants. ~~The status of the~~ Health ~~Reform Laws may be subject to change and other health~~ reform measures could be implemented as a result of political, legislative, regulatory, and administrative developments and judicial proceedings. Further the impact that the recent change of control of the House and future changes in the federal government may have on health reform (including through new legislative, executive or regulatory efforts) remains uncertain, and any changes will likely take time to unfold and could have an impact on coverage and reimbursement for health care items and services covered by plans that were authorized by the Health Reform Laws. If the operations, cash flows or financial condition of our operators and tenants are materially adversely impacted by the Health Reform Laws or future legislation, our revenue and operations may be adversely affected as well. More generally, and because of the dynamic nature of the legislative and regulatory environment for health care products and services, and in light of existing federal deficit and budgetary concerns, we cannot predict the impact that broad- based, far- reaching legislative or regulatory changes could have on the U. S. economy, our business, or that of our operators and tenants. If controls imposed on certain of our tenants who provide health care services that are reimbursed by Medicare, Medicaid and other third- party payors to reduce admissions and length of stay affect inpatient volumes at our health care facilities, the financial condition or results of operations of those tenants could be adversely affected Controls imposed by Medicare, Medicaid and commercial third- party payors designed to reduce admissions and lengths of stay, commonly referred to as " utilization reviews, " have affected and are expected to continue to affect certain of our health care facilities, specifically our acute care hospitals and post- acute facilities. Utilization review entails the review of the admission and course of treatment of a patient by managed care plans. Inpatient utilization, average lengths of stay and occupancy rates continue to be negatively affected by payor- required pre- admission authorization and utilization review and by payor pressures to maximize outpatient and alternative health care delivery services for less acutely ill patients. Efforts to impose more stringent cost controls and reductions are expected to continue, which could negatively impact the financial condition of our tenants who provide health care services in our hospitals and post- acute facilities. If so, this could adversely affect these tenants' ability and willingness to comply with the terms of their leases with us and / or renew those leases upon expiration, which could have a material adverse effect on us. Our operators' or tenants' failure to comply with federal, state, province, local, and industry- regulated licensure, certification and inspection laws, regulations, and standards could adversely affect such operators' or tenants' operations, which could adversely affect our operators' and tenants' ability to meet their obligations to us Our operators and tenants generally are subject to or impacted by varying levels of federal, state, local, and industry- regulated licensure, certification and inspection laws, regulations, and standards. These laws and regulations include, among others: laws protecting consumers against deceptive practices; laws relating to the operation of our ~~properties~~ **facilities** and how our tenants and operators conduct their business, such as fire, health and safety, data security and privacy laws; federal and state laws affecting hospitals, clinics and other health care communities that participate in both Medicare and Medicaid that specify reimbursement rates, pricing, reimbursement procedures and limitations, quality of services and care, background checks, food service and physical plants, and similar foreign laws regulating the health care industry; resident rights laws (including abuse and neglect laws) and fraud laws; anti- kickback and physician referral laws; the Americans with Disabilities Act of 1990 and similar state and local laws; and safety and health standards set by the Occupational Safety and Health Administration or similar foreign agencies. Our operators' or tenants' failure to comply with any of these laws, regulations, or standards could result in loss of accreditation, denial of reimbursement, imposition of fines, suspension, decertification or exclusion from federal and state health care programs, civil liability, and in certain limited instances, criminal penalties, material restrictions on or loss of license, closure of the facility and / or the incurrence of considerable costs arising from an investigation or regulatory action. ~~The likelihood of these actions may increase due to the uncertainty of the long term effects of the COVID- 19 pandemic.~~ Such actions may have an effect on our operators' or tenants' ability to make lease payments to us and, therefore, adversely impact us. In addition, we may be directly subject to these laws, regulations and standards, as well as potential investigation or enforcement **and liability** , as a result of our RIDEA- structured arrangements, and certain other arrangements we may pursue with healthcare entities who are directly subject to these laws. See " Item 1- Business- Certain Government Regulations- United States- Fraud & Abuse Enforcement " and " Item 1- Business- Certain Government Regulations- United States- Health Care Matters- Generally " above. Many of our properties may require a license, registration, and / or CON to operate. Failure to obtain a license, registration, or CON, or loss of a required license, registration, or CON would prevent a facility from operating in the manner intended by the operators or tenants. These events could materially adversely affect our operators' or tenants' ability to make **a profit or our operators' or tenants' ability to make** rent or other obligatory payments to us. State and local laws also may regulate the expansion, including the addition of new beds or services or acquisition of medical equipment, and the construction or renovation of health care facilities, by requiring a CON or other similar approval from a state agency. See " Item 1 — Business — Certain Government Regulations — United States — Licensing and Certification " above. In addition, we cannot assure you that future changes in government regulation will not adversely affect the health care industry, including our tenants and operators, nor can we be certain that our tenants and operators will achieve and maintain occupancy and rate levels or labor cost levels that will enable them to satisfy their obligations to us. Unfavorable resolution of pending and future litigation matters and disputes could have a material adverse effect on our financial condition From time to time, we are directly involved or named as a party in ~~in~~

legal proceedings, lawsuits and other claims that involve class actions, disputes regarding property damage, care matters and other issues. We also are named as defendants in lawsuits allegedly arising out of our actions or the actions of our operators / tenants or managers in which such operators / tenants or managers have agreed to indemnify, defend and hold us harmless from and against various claims, litigation and liabilities arising in connection with their respective businesses. Employment related class action lawsuits have increased in recent years, including class action lawsuits brought against our operators in certain states regarding employee and government requirements regarding wage and hour claims and fair housing complaints, as well as class action lawsuits related to ~~COVID- 19~~ **staffing and care** . There can be no assurance that we will be able to prevail in, or achieve a favorable settlement of, pending or future litigation. In addition, pending litigation or future litigation, government proceedings or environmental matters could lead to increased costs or interruption of our normal business operations. An unfavorable resolution of pending or future litigation or legal proceedings may have a material adverse effect on our business, results of operations and financial condition. Regardless of its outcome, litigation may result in substantial costs and expenses, significantly divert the attention of management, and could damage our reputation and our brand. In addition, any such resolution could involve our agreement to terms that restrict the operation of our business. We cannot guarantee losses incurred in connection with any current or future legal or regulatory proceedings or actions will not exceed any provisions we may have set aside in respect of such proceedings or actions or will not exceed any available insurance coverage. Development, redevelopment and construction risks could affect our profitability We invest in various development and redevelopment projects. In deciding whether to acquire or develop a particular property, we make assumptions regarding the expected future performance of that property. In particular, we estimate the return on our investment based on expected construction costs, lease up velocity, occupancy, rental rates, operating expenses, capital costs and future competition. If our financial projections with respect to a new property are inaccurate, the property may fail to perform as we expected in analyzing our investment. Our estimate of the costs of repositioning or redeveloping an acquired property may prove to be inaccurate, which may result in our failure to meet our profitability goals. Our development / redevelopment and construction projects are vulnerable to the impact of material shortages and inflation. For example, shortages and fluctuations in the price of lumber or in other important raw materials have resulted in and could continue to result in delays in the start or completion of, or increase the cost of, developing one or more of our projects. Pricing for labor and raw materials can be affected by various national, regional, local, economic and political factors, including changes to immigration laws that impact the availability of labor or tariffs on imported construction materials. **Additional conditions and risks affecting our development / redevelopment and construction projects include: (i) liability if our communities are not constructed in compliance with the accessibility provisions of the Americans with Disabilities Acts, the Fair Housing Act or other federal, state or local requirements, which noncompliance could result in imposition of fines, an award of damage to private litigants and a requirement that we undertake structural modifications to remedy the noncompliance; (ii) cost overruns, especially in the current inflationary environment, and untimely completion of construction (including risks beyond our control, such as weather or labor conditions, material shortages or supply chain delays); (iii) the potential for fluctuation of occupancy rates and rents at redeveloped properties, which may result in our investment not being profitable; (iv) the potential that we may expend funds and management time, or fail to recover expenses already incurred, if we do not complete projects already started or abandon development or redevelopment opportunities after we begin to explore them; (v) the inability to complete leasing of a property on schedule or at all, resulting in an increase in carrying or development or redevelopment costs; (vi) the possibility that properties will be leased at below expected rental rates and (vii) to the extent the development or redevelopment activities are conducted in partnership with third parties, the possibility of disputes with our joint venture partners and the potential that we miss certain project management deadlines.** In connection with our renovation, redevelopment, development and related construction activities, we may be unable to obtain, or suffer delays in obtaining, necessary zoning, land- use, building, occupancy and other required governmental permits and authorizations, or satisfactory tax rates, incentives or abatements. Operators of new facilities we construct may need to obtain Medicare and Medicaid certification and enter into Medicare and Medicaid provider agreements and / or third- party payor contracts. In the event that the operator is unable to obtain the necessary licensure, certification, provider agreements or contracts after the completion of construction, there is a risk that we will not be able to earn any revenues on the facility until either the initial operator obtains a license or certification to operate the new facility and the necessary provider agreements or contracts or we find and contract with a new operator that is able to obtain a license to operate the facility for its intended use and the necessary provider agreements or contracts. We have experienced such delays in obtaining necessary licensing for constructed properties and may experience additional or more significant delays in the future. We rely on our development managers, general contractors and subcontractors to oversee and manage day- to- day construction activities. If any such party underperforms or experiences financial or other problems during the construction process, we could experience significant delays, increased costs to complete the project and / or other negative impacts to our expected returns and may need to exercise contractual remedies against such party, which may include termination of the applicable underlying service contract. In the event such termination occurs mid- construction, we would likely need to engage a new service provider, which would likely result in additional costs and delays as the transition between providers occurs. The above- described factors could result in increased costs or our abandonment of these projects. In addition, we may abandon opportunities we have begun to investigate, for a range of reasons, including changes in expected financing or construction costs, adverse changes in expected rents or expenses, adverse environmental and / or geotechnical findings, conditions to zoning approval, legal and regulatory hurdles, including moratoriums on development and redevelopment activities, changes in market and economic conditions, natural disasters and other catastrophic events; damage, vandalism or accidents, higher requirements for capital improvements; decreased demand due to competition or other market and economic conditions, or defects that we do not discover through the inspection processes, which would result in additional expenses beyond those originally expected. In addition, we may not be able to obtain financing on favorable terms, or at all, which may render us unable to proceed with our development activities. We may not be able to complete construction and lease- up of a property on budget and on schedule, which could result in increased debt service expense or construction costs. Additionally, the time frame required for development, construction and lease- up of these properties means that we may have to wait years for significant cash returns. Because we are required to make cash distributions to our stockholders, if the cash flow from operations or refinancing is not sufficient, we may be forced to borrow additional money to fund such distributions. Newly developed and acquired properties may not produce the cash flow that we expect, which could adversely affect our overall financial performance. **Bank failures or other events affecting financial institutions could have a material adverse effect on our and our operators' and tenants' liquidity, results of operations and financial condition The failure of a bank, or events involving limited liquidity, defaults, non- performance or other adverse conditions in the financial or credit markets impacting financial institutions, or concerns or rumors about such events, may adversely impact us, either directly or through an adverse impact on our tenants, operators and borrowers. A bank failure or other event affecting financial institutions could lead to disruptions in our or our tenants', operators' and borrowers' access to bank deposits or borrowing capacity, including access to letters of credit from certain of our tenants relating to lease obligations. In addition, our or our tenants', operators' and borrowers' deposits in excess of the Federal Deposit Insurance Corporation limits may not be backstopped by the U. S. government, and banks or financial institutions with which we or our tenants, operators and borrowers do business may be unable to obtain needed liquidity from other banks, government institutions or by acquisition in the event of a failure or liquidity crisis. Any adverse effects to our tenants', operators' or borrowers' liquidity or financial performance could affect their ability to meet their financial and other contractual obligations to us, which could have a material adverse effect on our business, results of operations and financial condition.** We may experience losses caused by severe weather conditions, natural disasters or the physical effects of climate change, which could result in an increase of our or our tenants' cost of insurance, unanticipated costs associated with evacuation, a decrease in our anticipated revenues or a significant loss of the capital we have invested in a property We maintain or require our tenants to maintain comprehensive insurance coverage on our properties with terms, conditions, limits and deductibles that we believe are appropriate given the relative risk and costs of such coverage. However, a large number of our properties are located in areas particularly susceptible to revenue loss, cost increase or damage caused by severe weather conditions or natural disasters such as hurricanes, earthquakes, tornadoes and floods, as well as the effects of climate change **. For example, in 2023, the weather phenomenon known as El Niño returned. This phenomenon generally results in an increase in storms, flooding and landslides in Southern California, heavier precipitation along the Gulf of Mexico and an increase in severe weather in Florida** . We believe, given current industry practice and analysis prepared by outside consultants, that our and our tenants' insurance coverage is appropriate to cover reasonably anticipated losses that may be caused by hurricanes, earthquakes, tornadoes, floods, wildfires and other severe weather conditions and natural disasters, including the effects of climate change. Nevertheless, we are always subject to the risk that such insurance will not fully cover all losses and, depending on the severity of the event and the impact on our properties, such insurance may not cover a significant portion of the losses including the costs associated with evacuation. Moreover, an increase in volatility and difficulty predicting adverse weather events, such as the changes in tornado patterns in recent years, may result in additional losses. These losses may lead to an increase of our and our tenants' cost of insurance, a decrease in our anticipated revenues from an affected property and a loss of all or a portion of the capital we have invested in an affected property. In addition, we or our tenants may not purchase insurance under certain circumstances if the cost of insurance exceeds, in our or our tenants' judgment, the value of the coverage relative to the risk of loss. Also, changes in federal and state legislation and regulation relating to climate change could result in increased capital expenditures to improve the energy efficiency and resiliency of our existing properties and could also necessitate us to spend more on our new development properties without a corresponding increase in revenue. To the extent that significant changes in the climate occur in areas where our communities are located, we may experience extreme weather and changes in precipitation and temperature, all of which may result in physical damage to or a decrease in demand for properties located in these areas or affected by these conditions. Should the impact of climate change be material, including significant property damage to or destruction of our communities, or occur for lengthy periods of time, our financial condition or results of operations may be adversely affected. In addition, changes in federal, state and local legislation and regulation based on concerns about climate change could result in increased capital expenditures on our existing properties and our new development properties without a corresponding increase in revenue, resulting in adverse impacts to our ~~net income~~ **results of operations** . We may incur costs to remediate environmental contamination at our properties, which could have an adverse effect on our or our obligors' business or financial condition Under various laws, owners or operators of real estate may be required to respond to the presence or release of hazardous substances on the property and may be held liable for property damage, personal injuries or penalties that result from environmental contamination or exposure to hazardous substances. These laws often impose liability without regard to whether the owner or operator knew of the release of the substances or caused the release. We may become liable to reimburse the government for damages and costs it incurs in connection with the contamination. Generally, such liability attaches to a person based on the person' s relationship to the property. Our tenants or borrowers are primarily responsible for the condition of the property. Moreover, we review environmental site assessments of the properties that we own or encumber prior to taking an interest in them. Those assessments are designed to meet the " all appropriate inquiry " standard, which we believe qualifies us for the innocent purchaser defense if environmental liabilities arise. Based upon such assessments, we do not believe that any of our properties are subject to material environmental contamination. However, environmental liabilities may be present in our properties and we may incur costs to remediate contamination, which could have a material adverse effect on our business or financial condition or the business or financial condition of our obligors. Cybersecurity incidents could disrupt our business and result in the loss of confidential information and legal liability Our business is at risk from and may be impacted by cybersecurity attacks, including attempts to gain unauthorized access to our confidential data through phishing or other malicious activity, attempts to interrupt our access to, or use of information technology systems through distributed denial- of- service or ransomware attacks, breaches related to our increased receipt and use of data from multiple sources, and other electronic security breaches or other cybersecurity incidents within our environment or our business partners' environments, including those resulting from human error, product defects and technology failures. Such cyber- attacks can range from individual attempts to gain unauthorized access to our or our business partners' information technology systems to more sophisticated security threats and may be specifically targeted to our business or more general industry wide risks. Our information technology networks, and those of our business partners are ~~essential~~ **important enablers** to our ability to perform day- to- day operations of our business. While we employ a number of measures to prevent, detect and mitigate these threats, there is no guarantee such efforts will be successful in preventing or detecting a cyber- attack. Even the most well- protected information, networks, systems and facilities remain vulnerable because the techniques used in such attempted cybersecurity breaches evolve and generally are not recognized until launched against a target, and in some cases are designed not to be detected and, in fact, may not be detected. Accordingly, we may be unable to anticipate these techniques, implement adequate cybersecurity barriers or other preventative measures, or respond, mitigate the risks from and recover from an attack without operational impact, and thus it is impossible for us to entirely mitigate this risk. We regularly defend against, respond to and mitigate risks from cybersecurity breaches, which to date have not had a material impact on our operations; however, there is no assurance that such impacts will not be material in the future. Cybersecurity incidents could disrupt our or our critical business partners' business, damage our reputation, cause us to incur significant remediation expense and **expose us to** ~~have a materially adverse effect on our business, financial condition and results of operations. Cybersecurity breaches that compromise proprietary, personal identifying or confidential information of our employees, operators, tenants and partners, or result in operational disruptions, could result in~~ legal **or regulatory** claims or proceedings, including enforcement actions ~~by regulators~~ under data privacy **or disclosure** regulations. Evolving privacy regulations could expose our business to reputational harm and losses Regulatory authorities around the world have implemented or are considering implementing a number of legislative changes or regulations concerning data protection, which have required or may require us to incur additional expenses and may expose us to additional risks. We **and our operators and managers** are subject to numerous laws and regulations governing the protection of personal and confidential information of our clients **, residents and /** or employees, including U. S. federal and state laws (including the **CCPA** ~~State of California~~ and HIPAA), and non- U. S. laws, such as the U. K. General Data Protection Regulation and the ~~EU General Data Protection Regulation~~ **E. U. GDPR** , which impose a number of obligations on us. These obligations vary from state to state and country to country, but generally have accountability and transparency ~~including consent, detailed information and data removal and security~~ requirements. Some jurisdictions **(including the EU and U. K.)** impose ~~the same requirements and~~ restrictions on transfers of data from their jurisdictions to jurisdictions that they do not consider adequate. This may have implications for our cross- border data flows and may result in additional compliance costs. Many jurisdictions assess fines, the magnitude of which may depend on the annual global revenue of the ~~noncompliant~~ company ~~,~~ **and** the nature, gravity and duration of, ~~and~~ the violation. Additionally, in some jurisdictions, data subjects may have a right to compensation for financial or non- financial losses. Complying with these laws may cause us **or our operators and managers** to incur substantial operational and compliance costs or require us to change our business practices. Despite efforts to bring our practices into compliance with these laws, we **or our operators and managers** may not be successful either due to internal or external factors such as resource allocation limitations or a lack of cooperation among our business partners. **Such laws may be interpreted and applied differently depending on the jurisdiction and continue to evolve, making it difficult to predict how they may develop and apply to us.** Non- compliance **or alleged non- compliance with laws, contractual agreements or industry standards** could result in **scrutiny or** proceedings against us by governmental entities, regulators, our business partners, residents of our communities, data subjects, suppliers, vendors or other parties. Further, there is a risk that compliance measures we undertake will not be implemented correctly or that individuals within our business or ~~that~~ **those** of our business partners will not be fully compliant with **legal obligations** ~~the new procedures~~ . If there are breaches of these measures, we could face significant administrative and monetary sanctions, as well as reputational damage, which may have a material adverse effect on our operations, financial condition and prospects **. ESG- related commitments and expectations expose us to numerous risks We have made, and expect to continue to make, commitments and disclosures related to ESG initiatives and goals. Statements related to ESG goals, targets and objectives reflect our current plans and do not constitute a guarantee that they will be achieved. Our ability to achieve any stated goal, target, or objective, including with respect to emissions reduction, is subject to numerous factors and conditions, some of which are outside of our control. In addition, standards for tracking and reporting on ESG matters, including emissions, have not been harmonized and continue to evolve. Similarly, our failure or perceived failure to pursue or fulfill our ESG goals, targets, and objectives, to comply with ethical, environmental, or other standards, regulations, or expectations, or to satisfy various reporting standards with respect to these matters, within the timelines we announce, or at all, could adversely affect our business or reputation, as well as expose us to government enforcement actions and private litigation. Investors and other stakeholders have become increasingly focused on understanding how companies address a variety of ESG factors. Investors may consider a company' s ESG- related business practices, scores and reporting, including the company' s disclosures and ESG rating systems developed by third parties, as they evaluate investment decisions. The criteria used in these rating systems may conflict and change frequently, and we cannot predict how these third parties will score us, nor can we have any assurance that they score us or other companies accurately. We supplement our participation in ratings systems with published disclosures of our ESG activities, but some investors may desire other disclosures that we do not provide. Failure to participate in certain of the third- party ratings systems, score well in third- party rating systems or provide certain ESG disclosures could result in reputational harm when investors compare us to other companies, and could cause certain investors to be unwilling to invest in our common stock, which could adversely affect**

our stock price. Our business may also face increased scrutiny from investors and other stakeholders related to our ESG activities, including the goals, targets, and objectives that we announce, and our methodologies and timelines for pursuing them. If our ESG practices do not meet investor or other stakeholder expectations and standards, which continue to evolve, our reputation, our ability to attract or retain employees, and our attractiveness as an investment or business partner could be negatively affected. At the same time, some stakeholders and regulators have expressed or pursued contrary views, legislation, and investment expectations with respect to ESG ratings and commitments, including the enactment or proposal of " anti- ESG " legislation or policies, which may expose us to additional legal or reputational risks based upon our ESG commitments and disclosures . Our success and the success of our operators and managers depends on key personnel whose continued service is not guaranteed Our success and the success of our operators and managers depends on the continued availability and service of key personnel, including executive officers and other highly qualified employees, and competition for their talents is intense. There is substantial competition for qualified personnel. We cannot assure you that we will retain our key personnel or that we will be able to recruit and retain other highly qualified employees in the future. Losing any key personnel could, at least temporarily, have a material adverse effect on our business and that of our operators and managers', financial position and results of operations. Welltower is a holding company with no direct operations, and it relies on funds received from Welltower OP to pay its obligations and make distributions to stockholders Welltower is a holding company with no direct operations. All of Welltower' s property ownership, development and related business operations are conducted through Welltower OP and Welltower has no material assets or liabilities other than its investment in Welltower OP. As a result, Welltower relies on distributions from Welltower OP to make dividend payments and meet its obligations, including any tax liability on taxable income allocated to Welltower from Welltower OP. Welltower exercises exclusive control over Welltower OP, including the authority to cause Welltower OP to make distributions, subject to certain limited approval and voting rights of Welltower OP' s other members as described in the Limited Liability Agreement. In addition, because Welltower is a holding company, your claims as stockholders are structurally subordinated to all existing and future liabilities and obligations to preferred equity holders of Welltower OP and its subsidiaries. Therefore, in the event of a bankruptcy, insolvency, liquidation or reorganization of Welltower OP or its subsidiaries, assets of Welltower OP or the applicable subsidiary will be available to satisfy any claims of our stockholders only after such liabilities and obligations have been satisfied in full. Welltower is the initial member and majority owner of Welltower OP, with an approximate ownership interest of 99. ~~751~~ **765** % as of December 31, ~~2022~~ **2023** . In connection with our future acquisition activities or otherwise, Welltower OP may issue additional Class A Common Units (" OP Units") to third parties and admit additional members. Such issuances would reduce Welltower' s percentage ownership in Welltower OP. We may become more leveraged Permanent financing for our investments is typically provided through a combination of public offerings of debt and equity securities and the incurrence or assumption of secured debt. The incurrence or assumption of indebtedness may cause us to become more leveraged, which could (1) require us to dedicate a greater portion of our cash flow to the payment of debt service, (2) make us more vulnerable to a downturn in the economy, (3) limit our ability to obtain additional financing, (4) negatively affect our credit ratings or outlook by one or more of the rating agencies or (5) make us more vulnerable to increases in interest rates because of the variable interest rates on some of our borrowings to the extent we have not entirely hedged such variable rate debt. In addition, any changes to benchmark rates may have an uncertain impact on our cost of funds and our access to the capital markets, which could impact our results of operations and cash flows. Uncertainty as to the nature of such potential changes may also adversely affect the trading market for our securities. Additional financing, therefore, may be unavailable, more expensive or restricted by the terms of our outstanding indebtedness. Cash available for distributions to stockholders may be insufficient to make dividend contributions at expected levels and are made at the discretion of the Board of Directors If cash available for distribution generated by our assets decreases due to dispositions or otherwise, we may be unable to make dividend distributions at expected levels. Our inability to make expected distributions would likely result in a decrease in the market price of our common stock. All distributions are made at the discretion of our Board of Directors in accordance with Delaware law and depend on our earnings, our financial condition, debt and equity capital available to us, our expectation of our future capital requirements and operating performance, restrictive covenants in our financial and other contractual arrangements, maintenance of our REIT qualification, restrictions under Delaware law and other factors as our Board of Directors may deem relevant from time to time. Additionally, our ability to make distributions will be adversely affected if any of the risks described herein, or other significant adverse events, occur. We are subject to covenants in our debt agreements that could have a material adverse effect on our business, results of operations and financial condition Our debt agreements contain various covenants, restrictions and events of default. Among other things, these provisions 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. Breaches of these covenants could result in defaults under the instruments governing the applicable indebtedness, in addition to any other indebtedness cross- defaulted against such instruments. These defaults could have a material adverse effect on our business, results of operations and financial condition. Limitations on our ability to access capital could have an adverse effect on our ability to make future investments or to meet our obligations and commitments We cannot assure you that we will be able to raise the capital necessary to make future investments or to meet our obligations and commitments as they mature. Our access to capital depends upon a number of factors over which we have little or no control, including rising interest rates, inflation and other general market conditions; the market' s perception of our growth potential and our current and potential future earnings and cash distributions; the market price of the shares of our common stock and the credit ratings of our debt securities; changes in the credit ratings on U. S. government debt securities; uncertainty from the transition to Secured Overnight Financing Rate (" SOFR") or any other interest rate benchmark; and default or delay in payment by the U. S. of its obligations. We also rely on the financial institutions that are parties to our revolving credit facilities. If these institutions become capital constrained, tighten their lending standards or become insolvent or if they experience excessive volumes of borrowing requests from other borrowers within a short period of time, they may be unable or unwilling to honor their funding commitments to us, which would adversely affect our ability to draw on our revolving credit facilities and, over time, could negatively impact our ability to consummate acquisitions, repay indebtedness as it matures, fund capital expenditures or make distributions to our stockholders. If our access to capital is limited by these factors or other factors, it could negatively impact our ability to acquire properties, repay or refinance our indebtedness, fund operations or make distributions to our stockholders. Downgrades in our credit ratings could have a material adverse effect on our cost and availability of capital We plan to manage the company to maintain a capital structure consistent with our current profile, but there can be no assurance that we will be able to maintain our current credit ratings. Any downgrades in terms of ratings or outlook by any or all of the rating agencies could have a material adverse effect on our cost and availability of capital, which could in turn have a material adverse effect on our results of operations, liquidity, cash flows, the trading / redemption price of our securities and our ability to satisfy our debt service obligations and to pay dividends and distributions to our equity holders. Increases in interest rates could have a material adverse effect on our cost of capital, and our decision to hedge against interest rate risk might not be effective The current high interest rate environment has been increasing interest cost on new and existing variable rate debt. Such increases in the cost of capital, and any further increases resulting from future interest rate hikes, could adversely impact our ability to finance operations, acquire and develop properties, and refinance existing debt. **Specifically, rate increases have corresponding impacts to our costs of borrowing and may have adverse impacts on our ability to raise funds through the offering of our securities or through the issuance of debt due to higher debt capital costs, diminished credit availability and less favorable equity markets.** Additionally, increased interest rates may also result in less liquid property markets, limiting our ability to sell existing assets. Higher interest rates may also lead purchasers of our common stock to demand a greater annual dividend yield, which could adversely affect the market price of our common stock and could result in increased capitalization rates, which may lead to reduced valuation of our assets. We may from time to time seek to manage our exposure to interest rate volatility with hedging arrangements, which involve additional risks, including the risks that counterparties may fail to honor their obligations under these arrangements, that these arrangements may not be effective in reducing our exposure to interest rate changes, that the amount of income we earn from hedging transactions may be limited by federal tax provisions governing REITs, and that these arrangements may reduce the benefits to us if interest rates decline. Developing and implementing an interest rate risk strategy is complex and no strategy can completely insulate us from risks associated with interest rate fluctuations and there can be no assurance that our hedging activities will be effective. Failure to hedge effectively against interest rate risk, if we choose to engage in such activities, could adversely affect our business, financial condition and results of operations. We might fail to qualify or remain qualified as a REIT We intend to operate as a REIT under the Code, and believe we have operated and will continue to operate in such a manner. If we lose our status as a REIT, we will face serious income tax consequences that will substantially reduce the funds available for satisfying our obligations and for distribution to our stockholders because: • Welltower would not be allowed a deduction for distributions to stockholders in computing our taxable income and would be subject to U. S. federal income tax at regular corporate rates; • Welltower would be subject to increased state and local taxes; and • unless Welltower is entitled to relief under statutory provisions, it could not elect to be subject to tax as a REIT for four taxable years following the year during which it was disqualified. Since REIT qualification requires us to meet a number of complex requirements, it is possible that we may fail to fulfill them, and if we do, our earnings will be reduced by the amount of U. S. federal and other income taxes owed. A reduction in our earnings would affect the amount we could distribute to our stockholders. If we do not qualify as a REIT, we will not be required to make distributions to stockholders, since a non- REIT is not required to pay dividends to stockholders in order to maintain REIT status or avoid an excise tax. In addition, if we fail to qualify as a REIT, all distributions to stockholders will continue to be treated as dividends to the extent of our current and accumulated earnings and profits, although corporate stockholders may be eligible for the dividends received deduction, and individual stockholders may be eligible for taxation at the rates generally applicable to long- term capital gains with respect to distributions. As a result of all these factors, our failure to qualify as a REIT also could impair our ability to implement our business strategy and would adversely affect the value of our common stock. Qualification as a REIT involves the application of highly technical and complex Code provisions for which there are only limited judicial and administrative interpretations. The determination of various factual matters and circumstances not entirely within our control may affect our ability to remain qualified as a REIT. Although we believe that we qualify as a REIT, we cannot assure you that we will remain qualified as a REIT for U. S. federal income tax purposes. Failure of Welltower OP to maintain status as a partnership for U. S. federal income tax purposes We believe Welltower OP qualifies as a partnership for U. S. federal income tax purposes. As a partnership, Welltower OP is generally not subject to U. S. federal income tax on its income. Instead, each of the partners is allocated its share of Welltower OP' s income. We cannot assure you, however, that the IRS will not challenge the status of Welltower OP as a partnership for U. S. federal income tax purposes. If the IRS were to successfully challenge the status of Welltower OP as a partnership, it would be taxable as a corporation. In such event, this would reduce the amount of distributions that Welltower OP could make. The treatment of Welltower OP as a corporation would also cause us to fail to qualify as a REIT. This would substantially reduce our cash available to pay distributions and the return on a unitholder and / or shareholder' s investment. Certain subsidiaries might fail to qualify or remain qualified as a REIT We own interests in a number of entities which intend to operate as REITs for U. S. federal income tax purposes, some of which we consolidate for financial reporting purposes but each of which is treated as a separate REIT for federal income tax purposes (each a " Subsidiary REIT "). To qualify as a REIT, each Subsidiary REIT must independently satisfy all of the REIT qualification requirements under the Code, together with all other rules applicable to REITs. Provided that each Subsidiary REIT qualifies as a REIT, our interests in the Subsidiary REITs will be treated as qualifying real estate assets for purposes of the REIT asset tests. If a Subsidiary REIT fails to qualify as a REIT in any taxable year, such Subsidiary REIT would be subject to federal and state income taxes and would not be able to qualify as a REIT for the four subsequent taxable years following the year during which it was disqualified. Any such failure could have an adverse effect on our ability to comply with the REIT income and asset tests, and thus our ability to qualify as a REIT, unless we are able to avail ourselves of certain **relief provisions and pay any tax required by such** relief provisions. The tax imposed on any net income from" prohibited transactions" may limit our ability to engage in transactions which would be treated as sales for federal income tax purposes Any net income of a REIT from prohibited transactions (which are, in general, sales or other dispositions of property held primarily for sale to customers in the ordinary course of business, other than dispositions of foreclosure property) is subject to a 100 % tax, unless certain safe harbor exceptions apply. Although we do not intend to hold any properties that would be characterized as held for sale to customers in the ordinary course of our business (other than through a TRS), such characterizations is a factual determination and no guarantee can be given that the IRS would agree with our characterization of our properties or that we will always be able to make use of the available safe harbors. The 90 % annual distribution requirement will decrease our liquidity and may limit our ability to engage in otherwise beneficial transactions To comply with the 90 % distribution requirement applicable to REITs and to avoid the nondeductible excise tax, we must make distributions to our stockholders. Although we anticipate that we generally will have sufficient cash or liquid assets to enable us to satisfy the REIT distribution requirement, it is possible that, from time to time, we may not have sufficient cash or other liquid assets to meet the 90 % distribution requirement. This may be due to timing differences between the actual receipt of income and actual payment of deductible expenses, on the one hand, and the inclusion of that income and deduction of those expenses in arriving at our taxable income, on the other hand. In addition, non- deductible expenses such as principal amortization or repayments or capital expenditures in excess of non- cash deductions may cause us to fail to have sufficient cash or liquid assets to enable us to satisfy the 90 % distribution requirement. In the event that timing differences occur, or we deem it appropriate to retain cash, we may borrow funds, even if the then- prevailing market conditions are not favorable for these borrowings, issue additional equity securities (although we cannot assure you that we will be able to do so), pay taxable stock dividends, if possible, distribute other property or securities or engage in other transactions intended to enable us to meet the REIT distribution requirements. This may require us to raise additional capital to meet our obligations. Our use of TRSs is limited under the Code Under the Code, no more than 20 % of the value of the gross assets of a REIT may be represented by securities of one or more TRSs. This limitation may affect our ability to increase the size of our TRSs' operations and assets, and there can be no assurance that we will be able to comply with the applicable limitation, or that such compliance will not adversely affect our business. Also, our TRSs may not, among other things, operate or manage certain health care facilities, which may cause us to forgo investments we might otherwise make. Finally, we may be subject to a 100 % excise tax on the income derived from certain transactions with our TRSs that are not on an arm' s- length basis. We believe our arrangements with our TRSs are on arm' s- length terms and intend to continue to operate in a manner that allows us to avoid incurring the 100 % excise tax described above, but there can be no assurance that we will be able to avoid application of that tax. The lease of qualified health care properties to a TRS is subject to special requirements We lease certain qualified health care properties to TRSs (or subsidiaries of TRSs), which lessees contract with managers (or related parties) to manage the health care operations at these properties. The rents from this TRS lessee structure are treated as qualifying rents from real property if (1) they are paid pursuant to an arm' s- length lease of a qualified health care property with a TRS and (2) the manager qualifies as an eligible independent contractor (as defined in the Code). If any of these conditions are not satisfied, then the rents will not be qualifying rents. If certain sale- leaseback transactions are not characterized by the ~~Internal Revenue Service ("~~ IRS ~~")~~ as " true leases, " we may be subject to adverse tax consequences We have purchased certain properties and leased them back to the sellers of such properties, and we may enter into similar transactions in the future. We intend for any such sale- leaseback transaction to be structured in such a manner that the lease will be characterized as a " true lease, " thereby allowing us to be treated as the owner of the property for U. S. federal income tax purposes. However, depending on the terms of any specific transaction, the IRS might take the position that the transaction is not a " true lease " but is more properly treated in some other manner. In the event any sale- leaseback transaction is challenged and successfully re- characterized by the IRS, we would not be entitled to claim the deductions for depreciation and cost recovery generally available to an owner of property. Furthermore, if a sale- leaseback transaction were so re- characterized, we might fail to satisfy the REIT asset tests or income tests and, consequently, could lose our REIT status effective with the year of re- characterization. Alternatively, the amount of our REIT taxable income could be recalculated, which may cause us to fail to meet the REIT annual distribution requirements for a taxable year. We could be subject to changes in our tax rates, the adoption of new U. S. or international tax legislation, or exposure to additional tax liabilities We are subject to taxes in the U. S. and foreign jurisdictions. Because the U. S. maintains a worldwide corporate tax system, the foreign and U. S. tax systems are somewhat interdependent. Longstanding international norms that determine each country' s jurisdiction to tax cross- border international trade are evolving and could reduce the ability of our foreign subsidiaries to deduct for foreign tax purposes the interest they pay on loans from us, thereby increasing the foreign tax liability of the subsidiaries; it is also possible that foreign countries could increase their withholding taxes on dividends and interest. Our effective tax rates could be affected by changes in the mix of earnings in countries with differing statutory tax rates or changes in tax laws or their interpretation. We are also subject to the examination of our tax returns and other tax matters by the IRS and other tax authorities and governmental bodies. We regularly assess the likelihood of an adverse outcome resulting from these examinations to determine the adequacy of our provision for taxes. There can be no assurance as to the outcome of these examinations. If we were subject to review or examination by the IRS or applicable foreign jurisdiction as the result of any new tax law changes, the ultimate determination of which may change our taxes owed for an amount in excess of amounts previously accrued or recorded, our financial condition, operating results, and cash flows could be adversely affected. The present federal income tax treatment of REITs may be modified, possibly with retroactive effect, by legislative, judicial or administrative action at any time, which could affect the federal income tax treatment of an investment in us. The federal income tax rules dealing with U. S. federal income taxation and REITs are constantly under review by persons involved in the legislative process, the IRS and the U. S. Treasury Department, which results in statutory changes as well as frequent revisions to regulations and interpretations. **Also, the law relating to the**

tax treatment of other entities or an investment in other entities could change, making an investment in such other entities more attractive relative to an investment in a REIT. We cannot predict how changes in the tax laws in the U. S. or foreign jurisdictions might affect our investors or us. Revisions in tax laws and interpretations thereof could significantly and negatively affect our ability to qualify as a REIT, as well as the tax considerations relevant to an investment in us, could **require us to pay additional taxes on our assets or income and / or be subject to additional restrictions, could** cause us to change our investments and commitments, and **could** adversely affect our earnings and cash flow **. These changes could, among other things, adversely affect the trading price for our common stock, our financial condition, our results of operations and the amount of cash available for the payment of dividends** . The impact to our TRSs of the Corporate Alternative Minimum Tax imposed by the Inflation Reduction Act of 2022 is uncertain and may be adverse For tax years beginning after December 31, 2022, the Inflation Reduction Act of 2022 (" IRA") imposes among other things, a 15 % Corporate Alternative Minimum Tax (" Corporate AMT") on certain U. S. corporations with average adjusted financial statement income in excess of $ 1 billion. Although, by its terms, the Corporate AMT is not applicable to REITs, it is not certain whether or how the Corporate AMT would apply to our TRSs. **The IRS has** ~~In December 2022, the U. S. Department of the Treasury~~ issued **a number of rulings** ~~Notice 2023- 7,~~ indicating its intention to propose regulations ~~and provide~~ **providing** ~~other~~ guidance regarding the Corporate AMT and issuing certain interim rules on which taxpayers may rely. Until further regulations and guidance from the IRS and Treasury are released, the impact of the Corporate AMT on our TRSs is uncertain and it is possible that our TRSs will be subject to material U. S. federal income taxes under the Corporate AMT.