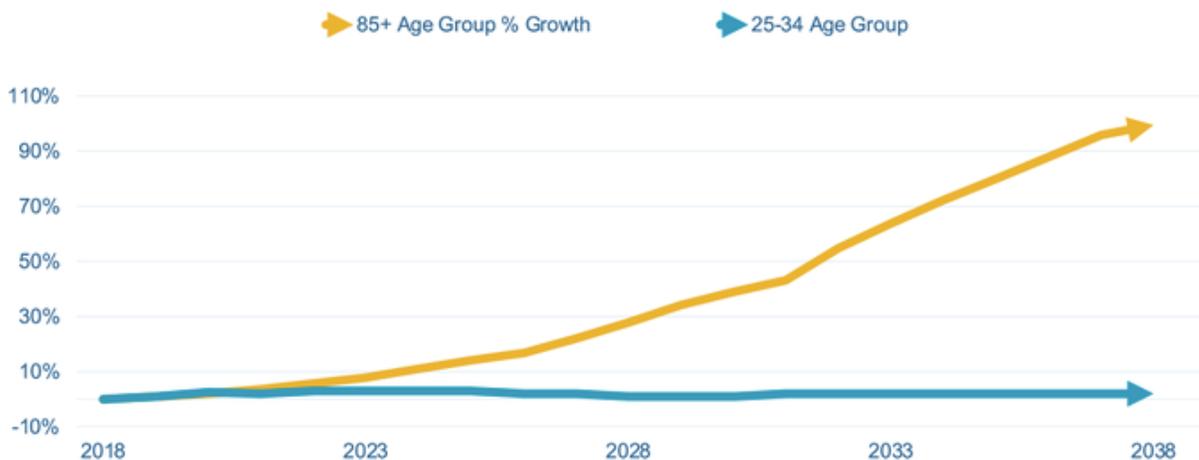


before, Welltower partners with some of the best operators in the industry and they work to ensure these are long-lasting, positive partnerships.

Strategic position of Welltower-owned facilities also sets them apart from their competition. Welltower does extensive research when deciding where to add more facilities. They aim to position themselves in more underserved communities, where they can act as a “monopoly” in the sense that they are the only option available in the community. When deciding where to position themselves, they also must take into consideration the population they are aiming to serve. The population must be able to afford the products and services that Welltower offers in order for them to be successful in that area.

Welltower thrives in maintaining market leadership. Being the very first REIT, they know what it takes to be successful in the industry. They continue to grow through new developments and acquisitions. This helps Welltower maintain their position as one of the largest healthcare REITs worldwide.

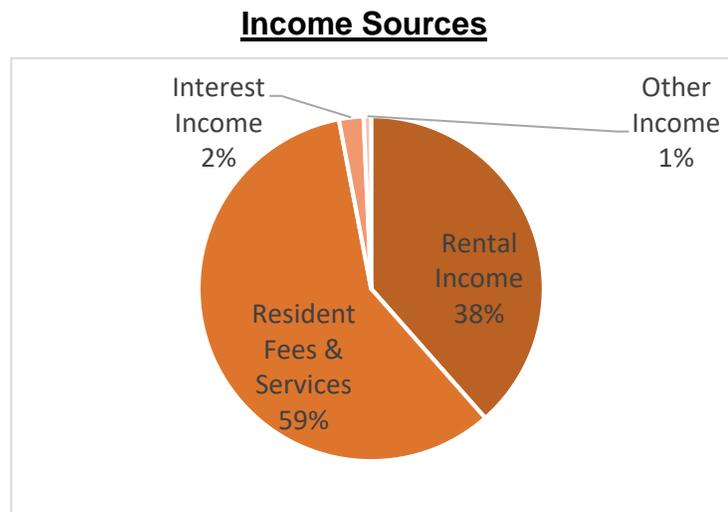
The potential for growth for Welltower is as large as it ever has been. Welltower is in the process of expanding the number of properties both through acquisitions and developments. With the rising number of properties, Welltower is preparing themselves for the future. The future includes an aging population, particularly because the baby boomer generation is entering retiring age. The amount of people who are 85 and older is expected to surge and to double from where it is now between 2040 and 2050 (see below). In addition to the life expectancy getting longer, the poverty rate entering retirement age has decreased significantly for Americans. This means that the elderly have a more likely chance to be able to pay for the products and services that Welltower offers. Welltower is sure to benefit from the aging population and they have set themselves up for future success through the acquisitions and developments.



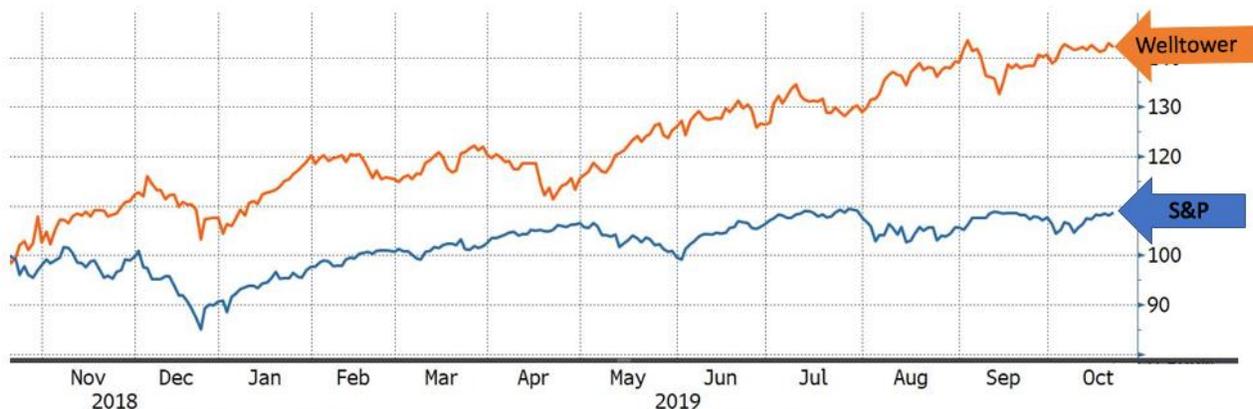
Income Sources

Welltower is different than the average REIT in that the majority of their income derives from resident fees & services. The average REIT earns most of its income from Rental Income. The reason that Welltower does not operate that way, is because they primarily operate in partnerships rather than as landlords.

Welltower works in conjunction with other companies in every aspect of the business while many other REITs rent their buildings or properties to companies, earning a majority of their income through the rental costs.



Stock History & Performance



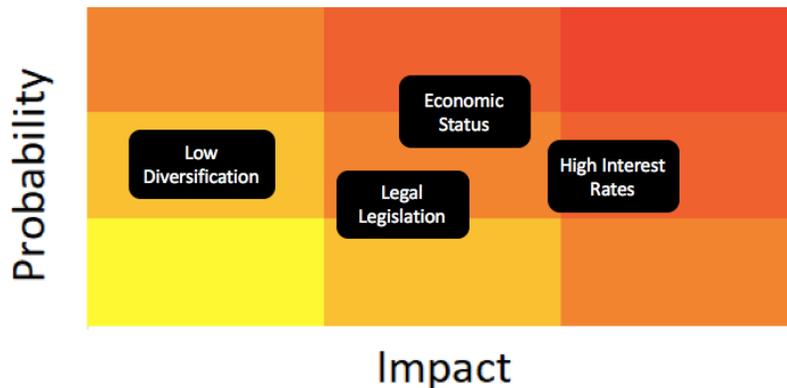
Welltower has outperformed the S&P500 over the past year. Research shows that there should be steady growth within the company to continue to outperform the S&P500 in the upcoming years.

Management

The top management help guides Welltower in the right direction. All of the top three executives have expertise knowledge in the healthcare industry in addition to, real estate which really drives the business. The CEO has increased the enterprise value of Welltower to over \$40 billion. The CEO strives for EDI within Welltower because he has stated that it is important to have diverse perspectives when making business

decisions. Welltower's vision and goal is to provide affordable healthcare to the global aging population. Every year Welltower releases a Social Responsibility Report. In the report, they discuss what sustainability, EDI efforts and growth the company had within the past year. Welltower cares about the wellbeing of their workers and society. The company gives back to local communities where Welltower's headquarters are. Lastly, the company has also created their own charity for the aging population.

Risks



A few risks that can arise from investing in Welltower includes legal legislation, economic status, high interest rates and low diversification. With the 2020 election approaching, legal legislation can change depending on who is elected to office. In the US government, an appeal of the Affordable Care Act could have an affect the growth of Welltower. Lately, in the news there has been a large discussion about a recession approaching. The real estate sector tends to struggle during an economic period of recession. Recessions also tend to have higher Interest rates, which in the past the real estate sector tends to underperform. Lastly, low diversification is another risk that can affect investing in Welltower. Low diversification within Welltower's assets can affect the growth of the business. This risk has a lower probability of occurring because there are prerequisites of events that would occur before Welltower would make significant changes to their assets.

Valuation

For Valuation of Welltower, we used the methods of discounted cash flow (DCF) and multiple valuation. The DCF was calculated using a WACC of 4.6% (taken from Bloomberg) and a perpetuity growth rate of 3.5%, which gave us a price of \$131.33.

The multiple valuation (MV) was calculated using the price to funds from operations (P/FFO). The P/FFO of Welltower is 21.24 with the median being 19.82. This results in a stock price of \$86.05. We decided to weigh the methods as follows: DCF-70% and

MV-30%. We believe the DCF gives a more accurate and complete forecast than the MV. This is because Welltower is very different than the average REIT. With the weights enforced, our target price for Welltower is \$117.75, which is an upside of 27.93%.

Peer Analysis

Company	Revenue	EPS	Price Per Share	EBITDA
Welltower	\$4.701 Billion	\$2.02	\$92.04	\$2.133 Billion
Global Medical REIT	\$.53 Billion	\$0.35	\$11.99	\$.42 Billion
Community Healthcare Trust	\$.48 Billion	\$0.19	\$46.58	\$.34 Billion
Sabra Healthcare REIT	\$.623 Billion	\$1.51	\$23.87	\$.503 Billion

Relative to their peers, Welltower has had considerably stronger numbers. Part of that is due to them being around for a long time with constant growth, but the other part is the successful execution of their business plan in maintaining strong relationships with their partners. Their numbers are healthy along the board and are continuing to increase each year, which is promising to current and potential stockholders of the company.

Ownership

