



welltower

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**WELLTOWER AGREES TO PURCHASE 55 MEDICAL BUILDINGS FROM CNL
HEALTHCARE PROPERTIES**

(TOLEDO, Ohio and ORLANDO, Florida) Jan. 2, 2019 —Welltower Inc. (NYSE:WELL) and CNL Healthcare Properties announced today that they have entered into a definitive agreement under which Welltower will acquire a Class A medical office and outpatient facilities portfolio comprised of 55 buildings from CNL Healthcare Properties for \$1.25 billion. The sale is expected to close during the first half of 2019, subject to customary closing conditions, governmental and other third-party consents.

Welltower will be acquiring 55 assets out of the 63 properties (medical office buildings, post-acute care facilities and specialty hospitals) initially marketed by CNL Healthcare Properties through its strategic financial advisors. The 55 properties have a current occupancy of 94 percent and average annual rent increases of 2.4 percent. The properties are strategically located and 92 percent are affiliated with some of the nation's premier health systems including Novant (Moody's: A1), Memorial Hermann (Moody's: A1) and Cleveland Clinic (Moody's: Aa2). With 3.3 million rentable square feet in major metropolitan markets across 16 states, the acquisition portfolio will have significant overlap and synergies with Welltower's existing outpatient medical footprint. Welltower's proprietary data science and analytics platform has identified this Class A portfolio to have above average market potential defined by opportunity metrics such as market prioritization rank, predictive annual gross rent, insurance/payor mix and physician net need score. At the same time, the portfolio is affiliated with strong hospitals and health systems, none of which are "at risk" hospitals based on Welltower's proprietary hospital risk analysis.

“Through the strategic acquisition of 55 high-quality medical office buildings from CNL Healthcare Properties, we continue to accretively expand our outpatient medical and health system portfolio,” said Shankh Mitra, Welltower’s chief investment officer. “Welltower was able to act quickly and definitively when the opportunity presented itself, leveraging our proprietary data science platform and deep local presence through our real estate services platform to come to an agreement with CNL as a high quality and reputable sponsor. With market potential metrics and low risk factors, along with a healthy initial cash yield, good escalators and low capital expenditure requirements, this investment will provide an excellent total return for our shareholders.”

CNL Healthcare Properties, a public, non-listed real estate investment trust (REIT) focused on seniors housing and healthcare facilities with a highly respected and seasoned management team, is monetizing this medical office portfolio as part of its ongoing process to pursue strategic alternatives to provide liquidity for its shareholders. The company plans to use the proceeds from the sale to repay debt, pay closing costs and other related expenses. The company, with approval from its board of directors, may use proceeds to rebalance corporate borrowings to further bolster its balance sheet as it pursues additional liquidity alternatives. Post-closing, the company expects to make a special distribution to shareholders, also subject to approval of its board of directors.

CNL Healthcare Properties will continue to own and actively manage a sizeable private-pay, seniors housing centric portfolio of 87 communities located in 31 states.

“Since CNL Healthcare Properties made our first investment in early 2012, we have worked swiftly and thoughtfully to construct and nurture a leading national portfolio of seniors housing and healthcare assets,” said Stephen H. Mauldin, president and CEO of CNL Healthcare Properties. “The sale of our Class A medical office assets to Welltower underscores both the high quality of these properties and our focused work to drive investment performance and value for our investors. Welltower’s deep knowledge of the sector, the CNL platform’s positive experience in past dealings with Welltower, along with its reputation of certainty in delivering on commitments will realize significant value for our shareholders in today’s volatile capital market environment. While we are in the early phases of our strategic liquidity process for the fund, we are confident that this transaction is a strong first step to begin returning capital to our shareholders.”

In June 2018, CNL Healthcare Properties engaged the real estate investment banking groups of HFF Securities L.P. and KeyBanc Capital Markets Inc. to act as strategic financial advisors in exploring and executing potential liquidity alternatives.

Over the last 15 years, CNL Financial Group has been especially active in the seniors housing and healthcare sectors. As of Dec. 31, 2018, CNL-sponsored companies have invested in seniors housing and healthcare real estate investments valued at more than \$10 billion, collectively.

About CNL Healthcare Properties

CNL Healthcare Properties, Inc., is a real estate investment trust (REIT) that focuses on investing in institutional quality properties in the seniors housing and healthcare sectors, including stabilized, value-add and ground-up development assets, as well as other income-producing properties, real-estate related securities and loans. CNL Financial Group, LLC is the sponsor of CNL Healthcare Properties. For more information, visit cnlhealthcareproperties.com.

About CNL Financial Group

CNL Financial Group (CNL) is a private investment management firm providing real estate and alternative investments. Since inception in 1973, CNL and/or its affiliates have formed or acquired companies with more than \$34 billion in assets. CNL is headquartered in Orlando, Florida. For more information, visit cnl.com.

About Welltower

Welltower Inc. (NYSE: WELL), an S&P 500 company headquartered in Toledo, Ohio, is driving the transformation of health care infrastructure. The company invests with leading seniors housing operators, post-acute providers and health systems to fund the real estate infrastructure needed to scale innovative care delivery models and improve people's wellness and overall health care experience. Welltower™, a real estate investment trust ("REIT"), owns interests in properties concentrated in major, high-growth markets in the United States, Canada and the United Kingdom, consisting of seniors housing and post-acute communities and outpatient medical properties. More information is available at welltower.com. We routinely post important information on our website at welltower.com in the "Investors" section, including corporate and investor presentations and financial information. We intend to use our website as a means of disclosing material, non-public information and for complying with our disclosure obligations under Regulation FD. Such disclosures will be included on our website under the heading "Investors." Accordingly, investors should monitor such portion of the company's website in addition to following our press releases, public conference calls and filings with the Securities and Exchange Commission. The information on our website is not incorporated by reference in this press release, and our web address is included as an inactive textual reference only.

Forward-Looking Statements

This press release contains "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. When Welltower and CNL Healthcare Properties use words such as "may," "will," "intend," "should," "believe," "expect," "anticipate," "project," "estimate," or similar expressions that do not relate solely to historical matters, they are making forward-looking statements. In particular, these forward-looking statements include, but are not limited to, those relating to Welltower and CNL Healthcare Properties' ability to close the portfolio acquisition transaction on currently anticipated terms, or within currently anticipated timeframes; the expected performance of operators/tenants and properties; and expected occupancy rates. Forward-looking statements are not guarantees of future performance and involve risks and uncertainties that may cause Welltower and CNL Healthcare Properties' actual results to differ materially from their expectations discussed in the forward-looking statements. This may be a result of various factors, including, but not limited to: the satisfaction of closing conditions to the portfolio acquisition transaction, including the receipt of regulatory approvals and lender or third-party consents; the respective parties' performance of their obligations under the transaction agreements; the receipt of applicable healthcare licenses and governmental approvals; unanticipated difficulties and/or expenditures relating to the portfolio acquisition transaction; the status of the economy; the status of capital markets, including availability and cost of capital; changes in financing terms; competition within the health care and seniors housing industries; negative developments in the operating results or financial condition of operators/tenants, including, but not limited to, their ability to pay rent and repay loans; operator/tenant or joint venture partner bankruptcies or insolvencies; and other risks described in Welltower's reports filed from time to time with the Securities and Exchange Commission. Finally, Welltower and CNL Healthcare Properties undertake no obligation to update or revise publicly any forward-looking statements, whether

because of new information, future events, or otherwise, or to update the reasons why actual results could differ from those projected in any forward-looking statements.

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