Risk Factors Comparison 2024-02-22 to 2023-02-21 Form: 10-K

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You should carefully consider these risk factors, together with all of the other information included in this Annual Report on Form 10- K, including our consolidated financial statements and the related notes thereto, before you decide whether to make an investment in our securities. The risks set out below are not the only risks we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially and adversely affect our business, prospects, financial condition, cash flows, liquidity, funds from operations, results of operations, share price, ability to service our indebtedness, and / or ability to make cash distributions to our security holders (including those necessary to maintain our REIT qualification). In such case, the value of our common shares and the trading price of our securities could decline, and you may lose all or a significant part of your investment. Some statements in the following risk factors constitute forward looking statements. Please refer to the explanation of the qualifications and limitations on forward- looking statements under " Forward- Looking Statements " of this Form 10- K. Economic Risk Factors Adverse economic and geopolitical conditions could have a material adverse effect on our results of operations, financial condition and our ability to pay distributions to our shareholders. Our business is affected by global, national and local economic conditions. Our portfolio consists primarily of office buildings (as compared to real estate companies with portfolios of multiple asset classes). Our financial performance and the value of our real estate assets, and consequently the value of our securities, are subject to the risk that if our properties do not generate revenues sufficient to meet our operating expenses, including debt service and capital expenditures, our cash flow, results of operations, financial condition and ability to make distributions to our security holders will be adversely affected. The following factors, among others, may materially and adversely affect the income generated by our properties and our performance generally: • adverse changes in international, national or local economic and demographic conditions; • increased vacancies or our inability to rent space on favorable terms, including market pressures to offer tenants rent abatements, increased tenant improvement packages, early termination rights, below market rental rates or below- market renewal options; • significant job losses in the financial and professional services industries may occur, which may decrease demand for office space, causing market rental rates and property values to be negatively impacted; • changes in space utilization by our tenants due to technology, economic conditions, impact of pandemics, and business culture may decrease demand for office space, causing market rental rates and property values to be negatively impacted; • deterioration in the financial condition of our tenants may result in tenant defaults under leases, including due to bankruptcy, and adversely impact our ability to collect rents from our tenants; • competition from other office and mixed- use properties, and increased supply of such properties; • increases in non- discretionary operating costs, including insurance expense, utilities, real estate taxes, state and local taxes, labor shortages and heightened security costs may not be offset by increased market rental rates; • increases in operating costs due to inflation may not be offset by increased market rental rates; • reduced values of our properties would limit our ability to dispose of assets at attractive prices, limit our access to debt financing secured by our properties and reduce the availability of unsecured loans; • increases in interest rates, reduced availability of financing and reduced liquidity in the capital markets may adversely affect our ability or the ability of potential buyers of properties and tenants of properties to obtain financing on favorable terms, or at all; • one or more lenders under our unsecured credit facility could refuse or be unable to fund their financing commitment to us and we may not be able to replace the financing commitment of any such lenders on favorable terms, or at all; and • civil disturbances, earthquakes and other natural disasters, or terrorist acts or acts of war may result in uninsured or underinsured losses. Our performance is dependent upon the economic conditions of the markets in which our properties are located. Our results of operations will be significantly influenced by the economies and other conditions of the real estate markets in which we operate, particularly in Philadelphia, Pennsylvania, the suburbs of Philadelphia, Pennsylvania, **and** Austin, Texas ~~, Washington, D. C., Northern Virginia and Southern Maryland~~ . Any adverse changes in economic conditions in any of these economies or real estate markets could negatively affect cash available for distribution and debt service. Our financial performance and ability to make distributions to our shareholders and pay debt service is particularly sensitive to the economic conditions in these markets. The local economic climate, which may be adversely impacted by business layoffs or downsizing, industry slowdowns, changing demographics and other factors, and local real estate conditions, such as demand for office space, operating expenses and real estate taxes, may affect revenues and the value of properties, including properties to be acquired or developed. We have incurred,and may in the future incur,impairment charges.We evaluate on a quarterly basis our real estate portfolios for indicators of impairment.Impairment charges reflect management' s judgment of the probability and severity of the decline in the value of real estate assets and investments we own.These charges and provisions may be required as a result of factors beyond our control,including,among other things,changes in our expected holding periods,changes in the economic environment and market conditions affecting the value of real property assets or natural or man- made disasters. **If** ~~During the year ended December 31,2023,~~ we ~~recognized aggregate~~ **are required to take additional** impairment charges **,our results** of ~~$ 168~~ **operations could be adversely impacted** . ~~8~~ We may suffer adverse consequences due to the financial difficulties, bankruptcy or insolvency of our tenants. Periodically, our tenants experience financial difficulties, including bankruptcy, insolvency or a general downturn in their business, and these difficulties may have an adverse effect on our cash flow, results of operations, financial condition and ability to make distributions to our shareholders. We cannot assure you that any tenant that files for bankruptcy protection will continue to pay us rent. A bankruptcy filing by or relating to one of our tenants or a lease guarantor would bar efforts by us to collect pre- bankruptcy debts from that tenant or lease guarantor, or its property, unless we receive an order permitting us to do so from the bankruptcy court. In addition, we cannot evict a tenant solely because of bankruptcy. The bankruptcy of a tenant or lease guarantor could delay our efforts to collect past due balances under the relevant leases, and could ultimately preclude collection of these sums. If a lease is assumed by the tenant in bankruptcy, all pre-bankruptcy balances due under the lease must be paid to us in full. If, however, a lease is rejected by a tenant in bankruptcy, we would have only a general, unsecured claim for damages. Any such unsecured claim would only be paid to the extent that funds are available and only in the same percentage as is paid to all other holders of general, unsecured claims. Restrictions under the bankruptcy laws further limit the amount of any other claims that we can make if a lease is rejected. As a result, it is likely that we would recover substantially less than the full value of the remaining rent during the term. See **Part II,** Item 7., " Management' s Discussion and Analysis of Financial Condition and Results of Operations- Factors that May Influence Future Results of Operations- Tenant Credit Risk. " Real Estate Industry Risk Factors We may experience increased operating costs, which might reduce our profitability. Our properties are subject to increases in operating expenses such as for insurance, real estate taxes, cleaning, electricity, heating, ventilation and air conditioning, administrative costs and other costs associated with security, landscaping and repairs and maintenance of our properties. In general, our tenant leases allow us to pass through all or a portion of these costs to them. We cannot assure you, however, that tenants will actually bear the full burden of these increased costs, or that such increased costs will not lead them, or other prospective tenants, to seek office space elsewhere. If operating expenses increase, the availability of other comparable office space in our core geographic markets might limit our ability to increase rents; if operating expenses increase without a corresponding increase in revenues, our profitability could diminish and limit our ability to make distributions to shareholders. Our investment in property development or redevelopment may be more costly or difficult to complete than we anticipate. We intend to continue to develop properties where market conditions warrant such investment. Once made, these investments may not produce results in accordance with our expectations. Risks associated with our development and construction activities include: • unavailability of favorable financing alternatives in the private and public debt markets; • insufficient capital to pay development costs; • dependence on the financial, technology and professional services sector as part of our tenant base; • construction costs exceeding original estimates due to ~~rising~~ **high** interest rates, inflation, diminished availability of materials and labor, and increases in the costs of materials and labor; • construction and lease- up delays resulting in increased debt service, fixed expenses and construction or renovation costs; • expenditure of funds and devotion of management' s time to projects that we do not complete; • occupancy rates and rents at newly completed properties may fluctuate depending on a number of factors, including market and economic conditions, resulting in lower than projected rental rates and a corresponding lower return on our investment; • complications (including building moratoriums and anti- growth legislation) in obtaining necessary zoning, occupancy and other governmental permits; • increased use restrictions by local zoning or planning authorities limiting our ability to develop and impacting the size of developments; and • limited experience in developing or redeveloping properties in certain of our geographic markets may lead us to incorrectly project development costs and returns on our investments. See **Part II,** Item 7, " Management' s Discussion and Analysis of Financial Condition and Results of Operations- Factors that May Influence Future Results of Operations- Development Risk. " Our development projects and third party property management business may subject us to certain liabilities. We may hire and supervise third party contractors to provide construction, engineering and various other services for wholly owned development projects, development projects undertaken by real estate ventures in which we hold an equity interest and manage or properties we are managing on behalf of unaffiliated third parties. Certain of these contracts may be structured such that we are the principal rather than the agent. As a result, we may assume liabilities in the course of the project and be subjected to, or become liable for, claims for construction defects, negligent performance of work or other similar actions by third parties we have engaged. Adverse outcomes of disputes or litigation could negatively impact our business, results of operations and financial condition, particularly if we have not limited the extent of the damages to which we may be liable, or if our liabilities exceed the amounts of the insurance that we carry. Moreover, our tenants and third party customers may seek to hold us accountable for the actions of contractors because of our role even if we have technically disclaimed liability as a legal matter, in which case we may determine it necessary to participate in a financial settlement for purposes of preserving the tenant or customer relationship. Acting as a principal may also mean that we pay a contractor before we have been reimbursed, which exposes us to additional risks of collection in the event of a bankruptcy or insolvency. Similarly, a contractor may file for bankruptcy or commit fraud before completing a project that we have funded in part or in full. As part of our project management business, we are responsible for managing various contractors required for a project, including general contractors, in order to ensure that the cost of a project does not exceed the contract amount and that the project is completed on time. In the event that one or more of the contractors involved does not, or cannot, perform as a result of bankruptcy or for another reason, we may be responsible for cost overruns, as well as the consequences of late delivery. In the event that we have not accurately estimated our own costs of providing services under guaranteed cost contracts, we may be exposed to losses on such contracts. Our development projects may be dependent on strategic alliances with unaffiliated third parties. We may face challenges in managing our strategic alliances. As our development projects become more complex, the need for trust, collaboration, and equitable risk- sharing is essential to the success of these projects. The alliances we engage in are driven by the complementary skills and capabilities of our partners. Despite the diligence performed establishing these alliances, our objectives may not fully align with those of our partners throughout the development project or projects. Disagreements with one or more third parties with whom we partner in the development of one or more of the development components may restrict our ability to act exclusively in our own interests. In addition, failure of one or more third parties with whom we partner to fulfill obligations to us could result in delays and increased costs to us associated with finding a suitable replacement partner. Increased costs could require us to revise or abandon our activities entirely with respect to one or more components of the project and, in such event, we would not recover, and would be required to write- off, costs we had capitalized in development. We face risks associated with the development of mixed- use commercial properties. We operate, are currently developing, and may in the future develop, properties either alone or through real estate ventures that are known as " mixed- use " developments. In addition to the development of office space, mixed- use projects may also include space for life science / lab, residential, hotel or other commercial purposes. If a development project consists of a non- office or non- retail use, we may seek to develop that component ourselves, assign the rights to that component to a third- party developer with experience in that use, or we may seek to partner with such a developer. If we do not assign the rights or partner with such a developer, or if we choose to develop the other component ourselves, we would be exposed not only to those risks typically associated with the development of properties for office and retail use generally, but also to specific risks associated with the development and ownership of non- office and non- retail real estate. In addition, even if we assign the rights to develop certain components or elect to participate in the development through a real estate venture, we may be exposed to the risks associated with the failure of the other party to complete the development as expected. These include the risk that the other party would default on its obligations, necessitating that we complete the other component ourselves (including providing any necessary financing). In the case of residential properties, these risks also include competition for prospective residents from other operators whose properties may be perceived to offer a better location or better amenities or whose rent may be perceived as a better value given the quality, location and amenities that the resident seeks. Because we have limited experience with residential properties, we expect to retain third parties to manage our residential properties. In the case of hotel properties, the risks also include increases in inflation and utilities that may not be offset by increases in room rates. We are also dependent on business and commercial travelers and tourism. If we decide not to sell or participate in a real estate venture and instead hire a third party manager, we would be dependent on their key personnel to provide services on our behalf and we may not find a suitable replacement if the management agreement is terminated, or if key personnel leave or otherwise become unavailable to us. We face risks associated with property acquisitions. We have acquired in the past and intend to continue to pursue the acquisition of properties, including large portfolios that would increase our size and potentially alter our capital structure. The success of such transactions is subject to a number of factors, including the risks that: • we may not be able to obtain financing for such acquisitions on favorable terms; • acquired properties may fail to perform as expected; • even if we enter into an acquisition agreement for a property, we may be unable to complete that acquisition after making a non- refundable deposit and incurring certain other acquisition- related costs; • the actual costs of repositioning, redeveloping or maintaining acquired properties may be higher than our estimates; • the acquired properties may be located in new markets where we may have limited knowledge and understanding of the local economy, an absence of business relationships in the area or unfamiliarity with local governmental and permitting procedures; and • we may not be able to efficiently integrate acquired properties, particularly portfolios of properties, into our organization and manage new properties in a way that allows us to realize anticipated cost savings and synergies. Acquired properties may subject us to known and unknown liabilities. Properties that we acquire may be subject to known and unknown liabilities for which we would have no recourse, or only limited recourse, to the former owners of such properties or otherwise. As a result, if a liability were asserted against us based upon ownership of acquired property, we might be required to pay significant sums to settle it, which could adversely affect our financial results and cash flow. Unknown liabilities relating to acquired properties could include: • liabilities for clean- up of pre- existing disclosed or undisclosed environmental contamination; • claims by tenants, vendors, municipalities or other persons arising on account of actions or omissions of the former owners or occupants of the properties; and • liabilities incurred in the ordinary course of business. We may be unable to renew leases or re- lease space as leases expire; certain leases may expire early. If tenants do not renew their leases upon expiration, we may be unable to re- lease the space. Even if the tenants do renew their leases or if we can re- lease the space, the terms of renewal or re- leasing (including the cost of required renovations) may be less favorable than the current lease terms. Certain leases grant the tenants an early termination right upon payment of a termination penalty or if we fail to comply with certain material lease terms. Our inability to renew or release spaces and the early termination of certain leases could adversely affect our ability to make distributions to shareholders. See Item 7., " Management' s Discussion and Analysis of Financial Condition and Results of Operations- Factors that May Influence Future Results of Operations- Tenant Rollover Risk. " We face significant competition from other real estate developers. We compete with real estate developers, operators and institutions for tenants and acquisition and development opportunities. Some of these competitors may have significantly greater financial resources than we have. Such competition may reduce the number of suitable investment opportunities available to us, may interfere with our ability to attract and retain tenants and may increase vacancies, which could result in increased supply and lower market rental rates, reducing our bargaining leverage and adversely affect our ability to improve our operating leverage. In addition, some of our competitors may be willing (e. g., because their properties may have vacancy rates higher than those for our properties) to make space available at lower rental rates or with higher tenant concession percentages than available space in our properties. We cannot assure you that this competition will not adversely affect our cash flow and our ability to make distributions to shareholders. Property ownership through unconsolidated real estate ventures may limit our ability to act exclusively in our interest. We develop, acquire, and contribute properties in unconsolidated real estate ventures with other persons or entities when we believe circumstances warrant the use of such structures. For information regarding our unconsolidated real estate ventures, see Note 4 " Investment in Unconsolidated Real Estate Ventures, " to our Consolidated Financial Statements. We could become engaged in a dispute with one or more of our venture partners that might affect our ability to operate a jointly- owned property. Moreover, our venture partners may, at any time, have business, economic or other objectives that are inconsistent with our objectives, including objectives that relate to the appropriate timing and terms of any sale or refinancing of a property. In some instances, our venture partners may have competing interests in our markets that could create conflicts of interest. If the objectives of our venture partners or the lenders to our unconsolidated real estate ventures are inconsistent with our own objectives, we may not be able to act exclusively in our interests and the value of our investment in the unconsolidated real estate ventures may be affected. Preferred equity, mezzanine loans, and other investments that are subordinated or otherwise junior in an issuer' s capital structure and that involve privately negotiated structures will expose us to greater risk of loss. We have previously made equity investments and may in the future make or acquire additional preferred equity investments, mezzanine loans and other investments that are subordinated or otherwise junior in an entity' s capital structure and that involve privately negotiated structures. To the extent we invest in subordinated debt or mezzanine tranches of an entity' s capital structure, or in preferred equity instruments, such investments and our remedies with respect thereto, including the ability to foreclose on collateral (if any) securing such investments, will be subject to the rights of holders of more senior tranches in the entity' s capital structure and, to the extent applicable, contractual intercreditor, co- lender and / or participation agreement provisions. Significant losses related to such investments or loans could adversely affect our results of operations and financial condition. Because real estate is illiquid, we may be unable to sell properties when in our best interest. Real estate investments generally, and in particular large office and mixed use properties like those that we own, often cannot be sold quickly. The capitalization rates at which properties may be sold could be higher than historical rates, thereby reducing our potential proceeds from sale. Consequently, we may not be able to alter our portfolio promptly in response to changes in economic or other conditions. In addition, the Internal Revenue Code **of 1986, as amended (the" Internal Revenue Code"),** limits our ability, as a REIT, to sell properties that we have held for fewer than two years without potential adverse consequences to us. Furthermore, properties that we have developed and have owned for a significant period of time or that we acquired in exchange for partnership interests in the Operating Partnership often have a low tax basis. If we were to dispose of any of these properties in a taxable transaction, we may be required under provisions of the Internal Revenue Code applicable to REITs to distribute a significant amount of the taxable gain to our shareholders and this could, in turn, impact our cash flow. In some cases, tax protection agreements with third parties will prevent us from selling certain properties in a taxable transaction without incurring substantial costs. In addition, purchase options and rights of first refusal held by tenants or partners in unconsolidated real estate ventures may also limit our ability to sell certain properties. All of these factors reduce our ability to respond to changes in the performance of our investments and could adversely affect our cash flow and ability to make distributions to shareholders as well as the ability of someone to purchase us, even if a purchase were in our shareholders' best interests. We have agreed not to sell certain of our properties and to maintain indebtedness subject to guarantees. We acquired in the past and in the future may acquire properties or portfolios of properties through tax deferred contribution transactions in exchange for partnership interests in our Operating Partnership. This acquisition structure has the effect, among other factors, of reducing the amount of tax depreciation we can deduct over the tax life of the acquired properties, and typically requires that we agree to protect the contributors' ability to defer recognition of taxable gain through restrictions on our ability to dispose of the acquired properties and / or the allocation of partnership debt to the contributors to maintain their tax bases. We have agreed not to sell some of our properties for varying periods of time, in transactions that would trigger taxable income to the former owners, and we may enter into similar arrangements as a part of future property acquisitions. These agreements generally provide that we may dispose of the subject properties only in transactions that qualify as tax- free exchanges under Section 1031 of the Internal Revenue Code or in other tax deferred transactions. Such transactions can be difficult to complete and can result in the property acquired in exchange for the disposed of property inheriting the tax attributes (including tax protection covenants) of the sold property. Violation of such tax protection agreements may impose significant costs on us. As a result, we are restricted with respect to decisions related to financing, encumbering, expanding or selling these properties. These restrictions on dispositions could limit our ability to sell an asset or pay down partnership debt during a specified time, or on terms, that would be favorable absent such restrictions. We have also entered into agreements that provide prior owners of properties with the right to guarantee specific amounts of indebtedness and, in the event that the specific indebtedness that they guarantee is repaid or reduced, we would be required to provide substitute indebtedness for them to guarantee. These agreements may hinder actions that we may otherwise desire to take to repay or refinance guaranteed indebtedness because we would be required to make payments to the beneficiaries of such agreements if we violate these agreements. Our property taxes could increase due to property tax rate changes or reassessment, which would adversely impact our cash flows. Even if we continue to qualify as a REIT for federal income tax purposes, we will be required to pay some state and local taxes on our properties. The real property taxes on our properties may increase as property tax rates change or as our properties are assessed or reassessed by taxing authorities. If the property taxes we pay increase, our cash flow would be adversely impacted, and our ability to pay any expected dividends to our stockholders and unitholders could be adversely affected. Regulatory Risk Factors Changes in tax rates and regulatory requirements may adversely affect our cash flow and results of operations. Because increases in income and service taxes are generally not passed through to tenants under leases, such increases may adversely affect our cash flow and ability to make expected distributions to shareholders. Our properties are also subject to various regulatory requirements, such as those relating to the environment, fire and safety. Our failure to comply with these requirements could result in the imposition of fines and damage awards and could result in a default under some of our tenant leases. Moreover, the costs to comply with any new or different regulations could adversely affect our cash flow and our ability to make distributions to shareholders. We cannot assure you that these requirements will not change or that newly imposed conditions will not require significant expenditures in order to be compliant. Potential liability for environmental contamination could result in substantial costs. Under various federal, state and local laws, ordinances and regulations, we may be liable for the costs to investigate and remove or remediate hazardous or toxic substances on or in our properties, often regardless of whether we know of or are responsible for the presence of these substances. These costs may be substantial. While we do maintain environmental insurance, we cannot be assured that our insurance coverage will be sufficient to protect us from all of the aforesaid remediation costs. Also, if hazardous or toxic substances are present on a property, or if we fail to adequately remediate such substances, our ability to sell or rent the property or to borrow using that property as collateral may be adversely affected. Other laws and regulations govern indoor and outdoor air quality including those that can require the abatement or removal of asbestos- containing materials in the event of damage, demolition, renovation or remodeling and also govern emissions of and exposure to asbestos fibers in the air. The maintenance and removal of lead paint and certain electrical equipment containing polychlorinated biphenyls (PCBs) and underground storage tanks are also regulated by federal and state laws. We are also subject to risks associated with human exposure to chemical or biological contaminants such as molds, pollens, viruses and bacteria which, above certain levels, can be alleged to be connected to allergic or other health effects and symptoms in susceptible individuals. We could incur fines for environmental compliance and be held liable for the costs of remedial action with respect to the foregoing regulated substances or tanks or related claims arising out of environmental contamination or human exposure to contamination at or from our properties. Additionally, we develop, manage, lease and / or operate various properties for third parties. Consequently, we may be considered to have been or to be an operator of these properties and, therefore, potentially liable for removal or remediation costs or other potential costs that could relate to hazardous or toxic substances. Americans with Disabilities Act compliance could be costly. The Americans with Disabilities Act of 1990, or the ADA, requires that all public accommodations and commercial facilities, including office buildings, meet certain federal requirements related to access and use by disabled persons. Compliance with ADA requirements could involve the removal of structural barriers from certain disabled persons' entrances which could adversely affect our financial condition and results of operations. Other federal, state and local laws may require modifications to or restrict further renovations of our properties with respect to such accesses. Noncompliance by us with the ADA or similar or related laws or regulations could result in the imposition on us of governmental fines or in awards of damages against us in favor of private litigants. In addition, changes to existing requirements or enactments of new requirements could require significant expenditures. Such costs may adversely affect our cash flow and ability to make distributions to shareholders. REIT Risk Factors Failure to qualify as a REIT would subject us to U. S. federal income tax which would reduce the cash available for distribution to our shareholders. We operate our business to qualify to be taxed as a REIT for federal income tax purposes. We have not requested and do not plan to request a ruling from the IRS that we qualify as a REIT, and the statements in this ~~Report~~ **report** are not binding on the IRS or any court. As a REIT, we generally will not be subject to federal income tax on the income that we distribute currently to our shareholders. Many of the REIT requirements, however, are highly technical and complex. The determination that we are a REIT requires an analysis of various factual matters and circumstances that may not be entirely within our control. For example, to qualify as a REIT, at least 95 % of our gross income must come from specific passive sources, such as rent, that are itemized in the REIT tax laws. In addition, to qualify as a REIT, we cannot own specified amounts of debt and equity securities of some issuers. We also are required to distribute to our shareholders with respect to each year at least 90 % of our REIT taxable income (excluding net capital gains). The fact that we hold substantially all of our assets through the Operating Partnership and its subsidiaries and unconsolidated real estate ventures further complicates the application of the REIT requirements for us. Even a technical or inadvertent mistake could jeopardize our REIT status and, given the highly complex nature of the rules governing REITs and the ongoing importance of factual determinations, we cannot provide any assurance that we will continue to qualify as a REIT. Congress and the IRS might make changes to the tax laws and regulations, and the courts might issue new rulings or interpretations of tax law, that make it more difficult, or impossible, for us to remain qualified as a REIT. If we fail to qualify as a REIT for federal income tax purposes and are able to avail ourselves of one or more of the statutory savings provisions in order to maintain our REIT status, we would nevertheless be required to pay penalty taxes of $ 50, 000 or more for each such failure. If we fail to qualify as a REIT for federal income tax purposes, and are unable to avail ourselves of certain savings provisions set forth in the Internal Revenue Code, we would be subject to federal income tax at regular corporate rates on all of our income. As a taxable corporation, we would not be allowed to take a deduction for distributions to shareholders in computing our taxable income or pass through long term capital gains to individual shareholders at favorable rates. For tax years beginning before January 1, 2018, we also could be subject to the federal alternative minimum tax and possibly increased state and local taxes. We would not be able to elect to be taxed as a REIT for four years following the year we first failed to qualify unless the IRS were to grant us relief under certain statutory provisions. **In addition, for tax years beginning after December 31, 2022, we would possibly also be subject to certain taxes enacted by the Inflation Reduction Act of 2022 that are applicable to non- REIT corporations, such as the nondeductible one percent excise tax on certain stock repurchases.** If we failed to qualify as a REIT, we would have to pay significant income taxes, which would reduce our net earnings available for investment or distribution to our shareholders. This likely would have a significant adverse effect on our earnings and likely would adversely affect the value of our securities. In addition, we would no longer be required to pay any distributions to shareholders. Failure of the Operating Partnership (or a subsidiary partnership or unconsolidated real estate venture) to be treated as a partnership would have serious adverse consequences to our shareholders. If the IRS were to successfully challenge the tax status of the Operating Partnership or any of its subsidiary partnerships or unconsolidated real estate ventures for federal income tax purposes, the Operating Partnership or the affected subsidiary partnership or unconsolidated real estate venture would be taxable as a corporation. In such event, we would cease to qualify as a REIT and the imposition of a corporate tax on the Operating Partnership, subsidiary partnership or unconsolidated real estate venture would reduce the amount of cash available for distribution from the Operating Partnership to us and ultimately to our shareholders. If any subsidiary REIT failed to qualify as a REIT, we could be directly or indirectly subject to higher taxes and could fail to remain qualified as a REIT. We directly or indirectly (through disregarded subsidiaries or pass- through entities) own shares of certain subsidiaries that have elected to be taxed as ~~a REIT~~ **REITs** for U. S. federal income tax purposes. Any such subsidiary REIT is subject to the REIT qualification requirements and other limitations described herein that are applicable to us. If any such subsidiary REIT were to fail to qualify as a REIT, then (i) such subsidiary REIT would become subject to U. S. federal income tax and applicable state and local taxes on its taxable income at regular corporate rates and (ii) our ownership of shares in such subsidiary REIT would cease to be a qualifying asset for purposes of the asset tests applicable to REITs. In that case, it is possible that we would fail certain of the asset tests applicable to REITs, in which event we would fail to qualify as a REIT unless we could avail ourselves of certain relief provisions. To maintain our REIT status, we may be forced to borrow funds on a short- term basis during unfavorable market conditions. As a REIT, we are subject to certain distribution requirements, including the requirement to distribute 90 % of our REIT taxable income. These requirements may result in our having to make distributions at a disadvantageous time or to borrow funds at unfavorable rates. Compliance with this requirement may hinder our ability to operate solely on the basis of maximizing profits. We may pay some taxes even if we qualify as a REIT, which will reduce the cash available for distribution to our shareholders. Even if we qualify as a REIT for federal income tax purposes, we may be required to pay certain federal, state and local taxes on our income and properties. For example, we will be subject to income tax to the extent we distribute less than 100 % of our REIT taxable income, including capital gains. Additionally, we will be subject to a 4 % nondeductible excise tax on the amount, if any, by which dividends paid by us in any calendar year are less than the sum of 85 % of our ordinary income, 95 % of our capital gain net income and 100 % of our undistributed income from prior years. Moreover, if we have net income from " prohibited transactions, " that income will be subject to a 100 % penalty tax. In general, prohibited transactions are sales or other dispositions of property held primarily for sale to customers in the ordinary course of business. The determination as to whether a particular sale or series of sales is / are a prohibited transaction depends on the facts and circumstances related to that sale. We cannot guarantee that sales of our properties would not be prohibited transactions unless we comply with certain statutory safe- harbor provisions. In addition, any net taxable income earned directly by our taxable REIT subsidiaries, or through entities that are disregarded for federal income tax purposes as entities separate from our taxable REIT subsidiaries, will be subject to federal and possibly state corporate income tax. In this regard, several provisions of the laws applicable to REITs and their subsidiaries ensure that a taxable REIT subsidiary will be subject to an appropriate level of federal income taxation. For example, a taxable REIT subsidiary is limited in its ability to deduct certain interest payments made to an affiliated REIT. In addition, the REIT has to pay a 100 % penalty tax on some payments that it receives or on some deductions taken by a taxable REIT subsidiary if the economic arrangements between the REIT, the REIT' s customers, and the taxable REIT subsidiary are not comparable to similar arrangements between unrelated parties. Finally, even if we continue to qualify as a REIT for federal income tax purposes, we will be required to pay some state and local real property taxes on our properties, and some state and local jurisdictions may tax some of our income even though as a REIT we are not subject to federal income tax on that income because not all states and localities follow the federal income tax treatment of REITs. To the extent that we and our affiliates are required to pay federal, state and local taxes, we will have less cash available for distributions to our shareholders. Partnership tax audit rules could have a material adverse effect on us. Under the rules applicable to U. S. federal income tax audits of partnerships, subject to certain exceptions, any audit adjustment to items of income, gain, loss, deduction, or credit of a partnership (and any partner' s distributive share thereof) is determined, and taxes, interest, or penalties attributable thereto could be assessed and collected, at the partnership level. Absent available elections, it is possible that the Operating Partnership, and any other partnership in which we directly or indirectly invest, could be required to pay additional taxes, interest and penalties as a result of an audit adjustment, and we, as a direct or indirect partner of a partnership, could be required to bear the economic burden of those taxes, interest, and penalties even though we may not otherwise have been required to pay additional taxes had we owned the assets of these partnerships directly. There can be no assurance that these rules will not have a material adverse effect on us. Legislative or regulatory tax changes related to REITs could materially and adversely affect our business. At any time, the federal income tax laws or regulations governing REITs or the other administrative interpretations of those laws or regulations may be changed, possibly with retroactive effect. We cannot predict if or when any new federal income tax law, regulation or administrative interpretation, or any amendment to any existing federal income tax law, regulation or administrative interpretation, will be adopted, promulgated or become effective or whether any such law, regulation or interpretation may take effect retroactively. We and our shareholders could be adversely affected by any such change in, or any new, federal income tax law, regulation or administrative interpretation. If a transaction intended to qualify as a Section 1031 Exchange is later determined to be taxable, or if we are unable to identify and complete the acquisition of suitable replacement property to effect a Section 1031 Exchange, we may face adverse consequences. From time to time we seek to dispose of properties in transactions that are intended to qualify as tax- deferred " like kind exchanges " under Section 1031 of the Internal Revenue Code ~~of 1986, as amended~~ (a " Section 1031 Exchange "). It is possible that the qualification of a transaction as a Section 1031 Exchange could be successfully challenged and determined to be currently taxable. It is also possible that we are unable to identify and complete the acquisition of suitable replacement property to effect a Section 1031 Exchange. In any such case, our taxable income and earnings and profits would increase. This could increase the dividend income to our shareholders by reducing any return of capital they received. In some circumstances, we may be required to pay additional dividends or, in lieu of that, corporate income tax, possibly including interest and penalties. As a result, we may be required to borrow funds in order to pay additional dividends or taxes, and the payment of such taxes could cause us to have less cash available to distribute to our shareholders. In addition, if a Section 1031 Exchange were later to be determined to be taxable, we may be required to amend our tax returns for the applicable year in question, including any information reports we sent our shareholders. Moreover, it is possible that legislation could be enacted that could modify or repeal the laws with respect to Section 1031 Exchanges, which could make it more difficult or not possible for us to dispose of properties on a tax deferred basis. Failure to obtain the tax benefits and remain compliant within Qualified Opportunity Zones and Keystone Opportunity Zones may have adverse consequences. Certain of our properties have the benefit of governmental tax incentives for development in areas and neighborhoods which have not historically seen robust commercial development. These incentives typically have specific sunset provisions and may be subject to governmental discretion in the eligibility or award of the applicable incentives. We **have** ~~invest~~ **invested** and **may** ~~plan to~~ continue to ~~heavily~~ invest in Qualified Opportunity Zones as part of the federal program and Keystone Opportunity Zones in Pennsylvania due to the related tax benefits. The expiration of these incentive programs or the inability of potential tenants or users to be eligible for or to obtain governmental approval of the incentives may have an adverse effect on the value of our Properties and on our cash flow and net income, and may result in impairment charges. In addition, the failure to remain compliant with such programs may result in significant tax burdens. Certain limitations will exist with respect to a third party' s ability to acquire us or effectuate a change in control. Limitations imposed to protect our REIT status. In order to protect us against the loss of our REIT status, our Declaration of Trust limits any shareholder from owning more than 9. 8 % in value of our outstanding shares, although we have granted in the past, and may continue to grant in the future certain waivers of this limitation to certain shareholders under certain conditions. The ownership limit may have the effect of precluding acquisition of control of us. If anyone acquires shares in excess of the ownership limit, we may: • consider the transfer to be null and void; • not reflect the transaction on our books; • institute legal action to stop the transaction; • not pay dividends or other distributions with respect to those shares; • not recognize any voting rights for those shares; and • consider the shares held in trust for the benefit of a person to whom such shares may be transferred. Limitation due to our ability to issue preferred shares. Our Declaration of Trust authorizes our Board of Trustees to cause us to issue preferred shares, without limitation as to amount and without shareholder consent. Our Board of Trustees is able to establish the preferences and rights of any preferred shares issued and these shares could have the effect of delaying or preventing someone from taking control of us, even if a change in control were in our shareholders' best interests. Advance Notice Provisions for Shareholder Nominations and Proposals. Our bylaws require advance notice for shareholders to nominate persons for election as trustees at, or to bring other business before, any meeting of our shareholders. This bylaw provision limits the ability of shareholders to make nominations of persons for election as trustees or to introduce other proposals unless we are notified in a timely manner prior to the meeting. Disaster Risk Factors A pandemic, epidemic or outbreak of a contagious disease ~~, such as the ongoing COVID- 19 pandemic,~~ could adversely affect us. Pandemics, epidemics, and other public health crises ~~, including the ongoing COVID- 19 pandemic,~~ have impacted, and could continue to impact many countries around the globe, including the U. S. ~~The COVID- 19 pandemic' s long- term impact on global economics, financial markets, and the job market remain uncertain and could result in prolonged economic downturns and recessions that adversely impact us and our tenants. The global impact of the outbreak has been rapidly evolving and there is significant uncertainty regarding its continued impact on the U. S. economy and consumer confidence.~~ Demand for space at our properties is dependent on a variety of macroeconomic factors, such as employment levels, inflation, interest rates, changes in stock market valuations, rent levels and availability of competing space. These factors can be significantly adversely affected by a variety of factors beyond our control. The ~~extent to which the COVID- 19 pandemic continues to~~ impact ~~our results will depend on future developments, many~~ of ~~which are highly uncertain and cannot be predicted. The impact of the COVID- 19 pandemic~~ **pandemics , epidemics and other public health crises** could negatively impact our business in a number of ways, including: (i) deterioration in the financial condition of our tenants and in their ability to pay rents; (ii) reduction in demand for space in our portfolio; (iii) costs associated with construction delays and cost overruns at our development and redevelopment projects; (iv) costs associated with higher inflation rates; (v) reduction in availability of, and increased costs of, capital; and (vi) failure of our contract counterparties, including partners in unconsolidated real estate ventures, to meet their obligations. We face possible risks associated with the physical effects of climate change. The physical effects of climate change could have a material adverse effect on our properties, operations and business. For example, many of our properties are located along the East Coast, particularly those in the central business districts of Philadelphia, Pennsylvania and Washington, D. C. To the extent climate change causes variations in weather patterns, our markets could experience increases in storm intensity and rising sea- levels. Over time, these conditions could result in declining demand for office space in our buildings or our inability to operate the buildings at all. Climate change may also have indirect effects on our business by increasing the cost of (or making unavailable) property insurance on terms we find acceptable, increasing the cost of energy and increasing the cost of snow removal at our properties. While we maintain insurance coverage for flooding, we may not have adequate insurance to cover the associated costs of repair or reconstruction of sites for a major future event, lost revenue, including from new tenants that could have been added to our properties but for the event, or other costs to remediate the impact of a significant event. There can be no assurance that climate change will not have a material adverse effect on our properties, operations or business. General Risk Factors We are dependent upon our key personnel. We are dependent upon our key personnel, particularly Gerard H. Sweeney- President and Chief Executive Officer, Thomas Wirth- Executive Vice President and Chief Financial Officer, Jeffrey DeVuono- Executive Vice President and Senior Managing Director, William Redd – Executive Vice President and Senior Managing Director and George Johnstone- Executive Vice President, Operations. Among the reasons that Messrs. Sweeney, Wirth, DeVuono, Redd and Johnstone are important to our success is that each has a favorable reputation, which attracts business and investment opportunities and assists us in negotiations with lenders, unconsolidated real estate venture partners and other investors. If we lost their services, our relationships with lenders, potential tenants and industry personnel could be affected. We are dependent on our other executive officers for strategic business direction and real estate experience. Loss of their services could adversely affect our operations. Our ability to make distributions is subject to various risks. Historically, we have paid quarterly distributions to our shareholders. Our ability to make distributions in the future will depend upon: • the operational and financial performance of our properties; • capital expenditures with respect to existing, developed and newly acquired properties; • the amount of, and the interest rates on, our debt; • capital needs of our unconsolidated real estate ventures; • general and administrative costs associated with our operation as a publicly- held REIT; and • the absence of significant expenditures relating to environmental and other regulatory matters. Certain of these matters are beyond our control and any adverse changes could have a material adverse effect on our cash flow and our ability to make distributions to shareholders. We face possible federal, state and local tax audits. Because we are organized and qualify as a REIT, we are generally not subject to federal income taxes on our income that we distribute currently to our shareholders, but are subject to certain state and local taxes. Certain entities through which we own real estate have undergone tax audits. There can be no assurance that future audits will not have a material adverse effect on our results of operations. Many factors can have an adverse effect on the market value of our securities. A number of factors might adversely affect the price of our securities, many of which are beyond our control. These factors include: • increases in market interest rates, relative to the dividend yield on our securities. If market interest rates go up, prospective purchasers of our securities may require a higher yield. Higher market interest rates would not, however, result in more funds for us to distribute and, to the contrary, would likely increase our borrowing costs and potentially decrease funds available for distribution. Thus, higher market interest rates could cause the market price of our common shares to go down; • anticipated benefit of an investment in our securities as compared to investment in securities of companies in other industries (including benefits associated with the tax treatment of dividends and distributions); • perception by market professionals of REITs generally and REITs comparable to us in particular; • level of institutional investor interest in our securities; • relatively low trading volumes in securities of REITs; • our results of operations and financial condition; and • investor confidence in the stock market generally. The market value of our common shares is based primarily upon the market' s perception of our growth potential and our current and potential future earnings and cash distributions. Consequently, our common shares may trade at prices that are higher or lower than our net asset value per common share. If our future earnings or cash distributions are less than expected, it is likely that the market price of our common shares will diminish. Additional issuances of equity securities may be dilutive to shareholders. The interests of our shareholders could be diluted if we issue additional equity securities to finance future developments or acquisitions or to repay indebtedness. Our Board of Trustees may authorize the issuance of additional equity securities without shareholder approval. In addition, in the past we have maintained a continuous offering program, which, when such program was effective, allowed us to issue shares in at- the- market offerings. We may in the future enter into a similar continuous offering program. Our ability to execute our business strategy depends upon our access to an appropriate blend of debt financing, including unsecured lines of credit and other forms of secured and unsecured debt, and equity financing, including the issuance of common and preferred equity. The issuance of preferred securities may adversely affect the rights of holders of our common shares. Because our Board of Trustees has the power to establish the preferences and rights of each class or series of preferred shares, we may afford the holders in any series or class of preferred shares preferences, distributions, powers and rights, voting or otherwise, senior to the rights of holders of common shares. Our Board of Trustees also has the power to establish the preferences and rights of each class or series of units in the Operating Partnership, and may afford the holders in any series or class of preferred units preferences, distributions, powers and rights, voting or otherwise, senior to the rights of holders of common units. We have incurred, and may in...... of operations could be adversely impacted. An increase in interest rates would increase our interest costs on variable rate debt and could adversely impact our ability to refinance existing debt or sell assets on favorable terms or at all. Rising interest rates could limit our ability to refinance existing debt when it matures or significantly increase our future interest expense. From time to time, we enter into interest rate swap agreements and other interest rate hedging contracts. While these agreements are intended to lessen the impact of rising interest rates on us, they also expose us to the risk that the other parties to the agreements will not perform, we could incur significant costs associated with the settlement or termination of the agreements, the agreements will be unenforceable and the underlying transactions will fail to qualify as highly- effective cash flow hedges under the applicable accounting guidance. In addition, an increase in interest rates could decrease the amounts third parties are willing or able to pay for our assets, thereby limiting our ability to recycle capital and change our portfolio promptly in response to changes in economic or other conditions. **For more information about our interest costs on variable rate debt see Part II, Item 7." Management' s Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources."** Our degree of leverage could limit our ability to obtain additional financing or affect the market price of our equity shares or debt securities. Our organizational documents do not contain any limitation on the amount of indebtedness we may incur. We are subject to risks associated with debt financing, such as the insufficiency of cash flow to meet required debt service payment obligations and the inability to refinance existing indebtedness. If our debt cannot be paid, refinanced or extended at maturity, we may not be able to make distributions to shareholders at expected levels or at all. Furthermore, an increase in our interest expense could adversely affect our cash flow and ability to make distributions to shareholders. If we do not meet our debt service obligations, any properties securing such indebtedness could be foreclosed on, which would have a material adverse effect on our cash flow and ability to make distributions and, depending on the number of properties foreclosed on, could threaten our continued viability. Our degree of leverage could also make us more vulnerable to a downturn in business or the economy in general. The terms and covenants relating to our indebtedness could adversely impact our economic performance. Our credit facilities, term loans and the indenture governing our unsecured public debt securities contain (and any new or amended facility and term loans may contain) restrictions, requirements and other limitations on our ability to incur indebtedness, including total debt to asset ratios, secured debt to total asset ratios, debt service coverage ratios and minimum ratios of unencumbered assets to unsecured debt which we must maintain. Our ability to borrow under our credit facilities is subject to compliance with such financial and other covenants. In the event that we fail to satisfy these covenants, we would be in default under the credit facilities, the term loans and the indenture and may be required to repay such debt with capital from other sources. Under such circumstances, other sources of capital may not be available to us, or may be available only at unattractive terms. In addition, the mortgages on our properties, including mortgages encumbering our unconsolidated real estate ventures, contain customary covenants such as those that limit our ability, without the prior consent of the lender, to further mortgage the applicable property or to discontinue insurance coverage. If we breach covenants in our secured debt agreements, the lenders can declare a default and take possession of the property securing the defaulted loan. **For more information about the terms and covenants relating to our indebtedness see Part II, Item 7." Management' s Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources."** Certain of our mortgages include restrictive covenants and default provisions, which could limit our flexibility, limit our ability to sell the encumbered properties and require us to repay the indebtedness prior to its maturity. Certain mortgages on our properties contain customary negative covenants that, among other things, limit our ability, without the prior consent of the lender, to further mortgage or sell the encumbered property. The loan documents also contain customary financial, leasing and environmental covenants, cash management and reserve requirements, requirements regarding the management and maintenance of the encumbered properties and maintenance of insurance on the properties. The lenders under our mortgage loans may exercise certain rights under the loan documents, including the right to accelerate payment of the entire balance of the loans upon events of default. A downgrading of our debt could subject us to higher borrowing costs. In the event that our unsecured debt is downgraded by Moody' s Investor Services or Standard & Poor' s from the current ratings, we would likely incur higher borrowing costs and the market prices of our common shares and debt securities might decline ~~.~~ ~~Discontinuation of the London interbank offered rate and transition to an alternative benchmark could adversely affect our operating results In March 2021, the Chief Executive of the U. K. Financial Conduct Authority (the " FCA "), which regulates the London interbank offered rate (" LIBOR "), announced that the FCA will no longer persuade or compel banks to submit rates for the calculation of the LIBOR benchmark after June 30, 2023. Due to the cessation of LIBOR, we have entered into financial transactions, including the 2022 Credit Agreement, that use the Secured Overnight Financing Rate (" SOFR ") as an interest rate benchmark. SOFT is calculated differently from LIBOR and has inherent differences, which could give rise to uncertainties, including the limited historical data and volatility in the benchmark rate. The full effects of the transition to SOFR, or any other benchmark rate, remains uncertain. Any other unforeseen impacts of the discontinuation of LIBOR and subsequent transition to SOFR, or any other benchmark rate, could have a negative impact on our results of operations and our variable rate debt~~ . Data security breaches may cause damage to our business and reputation. In the ordinary course of our business, we maintain sensitive data, including our proprietary business information and the information of our tenants and business partners, in our data centers and on our networks. The risk of a security breach or disruption, mainly through cyber- attack or cyber intrusion, including by computer hackers, foreign governments and cyber terrorists, has generally increased in number, intensity and sophistication. Notwithstanding the security measures undertaken, our information technology may be vulnerable to attacks or breaches resulting in proprietary information being publicly disclosed, lost or stolen. There can be no assurance that our security efforts and measures will be effective or that attempted security breaches or disruptions would not be successful or damaging. Protected information, networks, systems and facilities remain vulnerable because the techniques used in such attempted security breaches evolve and may not be recognized or detected until launched against a target. Accordingly, we may be unable to anticipate these techniques or to implement adequate security barriers or other preventative measures. Data and security breaches could: • disrupt the proper functioning of our networks and systems and therefore our operations and / or those of our client tenants; • result in misstated financial reports, violations of loan covenants, missed reporting deadlines, and / or missed permitting deadlines; • result in our inability to properly monitor our compliance with the rules and regulations regarding our qualification as a REIT; • result in the unauthorized access to, and destruction, loss, theft, misappropriation, or release of proprietary, confidential, sensitive, or otherwise valuable information of ours or others, which others could use to compete against us or for disruptive, destructive, or otherwise harmful purposes and outcomes; • result in our inability to maintain the building systems relied upon by our client tenants for the efficient use of their leased space; • require significant management attention and resources to remedy any damages that result; • subject us to claims and lawsuits for breach of contract, damages, credits, penalties, or termination of leases or other agreements; and / or • damage our reputation among our client tenants and investors generally. While we maintain insurance coverage that may, subject to policy terms and conditions including deductibles, cover specific aspects of cyber risks, such insurance coverage may be insufficient to cover all losses. Third parties to whom we outsource certain of our functions are also subject to the risks outlined above. We review and assess the cybersecurity controls of our third party service providers and vendors, as appropriate, and make changes to our business processes to manage these risks. Data breaches and / or the insolvency of such third parties and vendors may result in us incurring costs and may have other negative consequences. Terrorist attacks and other acts of violence or war may adversely impact our performance and may affect the markets on which our securities are traded. Terrorist attacks against our properties, or against the United States or our interests, may negatively impact our operations and the value of our securities. Attacks or armed conflicts could result in increased operating costs; for example, it might cost more in the future for building security, property and casualty insurance, and property maintenance. As a result of terrorist activities and other market conditions, the cost of insurance coverage for our properties could also increase. In addition, our insurance policies may not recover all of our property replacement costs and lost revenue resulting from an attack. We might not be able to pass through the increased costs associated with such increased security measures and insurance to our tenants, which could reduce our profitability and cash flow. Furthermore, any terrorist attacks or armed conflicts could result in increased volatility in or damage to the United States and worldwide financial markets and economy. Such adverse economic conditions could affect the ability of our tenants to pay rent and our cost of capital, which could have a negative impact on our results. Some potential losses are not covered by insurance. We currently carry property insurance against all- risks of physical loss or damage (unless otherwise excluded in the policy) including time element and commercial general liability coverage on all of our properties. There are, however, types of losses, such as lease and other contract claims, biological, radiological and nuclear hazards and acts of war that generally are not insured. We cannot assure you that we will be able to renew insurance coverage in an adequate amount or at reasonable prices. In addition, insurance companies may no longer offer coverage against certain types of losses, such as losses due to earthquakes, terrorist acts and mold, flood, or, if offered, these types of insurance may be prohibitively expensive. Should an uninsured loss or a loss in excess of insured limits occur, we could lose all or a portion of the capital we have invested in a property, as well as the anticipated future revenue from the property. In such an event, we might nevertheless remain obligated for any mortgage debt or other financial obligations related to the property. We cannot assure you that material losses in excess of insurance proceeds will not occur in the future. If any of our properties were to experience a catastrophic loss, it could seriously disrupt our operations, delay revenue and result in large expenses to repair or rebuild the property. Such events could adversely affect our cash flow and ability to make distributions to shareholders. If one or more of our insurance providers were to fail to pay a claim as a result of insolvency, bankruptcy or otherwise, the nonpayment of such claims could have an adverse effect on our financial condition and results of operations. In addition, if one or more of our insurance providers were to become subject to insolvency, bankruptcy or other proceedings and our insurance policies with the provider were terminated or cancelled as a result of those proceedings, we cannot guarantee that we would be able to find alternative coverage in adequate amounts or at reasonable prices. In such case, we could experience a lapse in any or adequate insurance coverage with respect to one or more properties and be exposed to potential losses relating to any claims that may arise during such period of lapsed or inadequate coverage. In addition to property and casualty insurance, we use a combination of insurance products, some of which include deductibles and self- insured retention amounts, to provide risk mitigation for the potential liabilities associated with various liabilities, including workers’ compensation, general contractors, directors and officers and employee health- care benefits. Liabilities associated with the risks that are retained by us are estimated, in part, by considering historical claims experience and actuarial assumptions. While we carry general liability and umbrella policies to mitigate such losses on our general liability risks, our results could be materially impacted by claims and other expenses related to such insurance plans if future occurrences and claims differ from these assumptions and historical trends or if employee health- care claims which we self- insure up to a set limit per employee (and which are insured above such self- insured retention amount) exceed our expectations or historical trends.