Risk Factors Comparison 2024-02-16 to 2023-03-01 Form: 10-K

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

The following are some of the risks and uncertainties that could negatively affect the Company' s consolidated financial condition, results of operations, business and prospects. These risk factors are grouped into ~~four~~ **three** categories: ~~risks relating to the Company' s merger and integration of Legacy HR and Legacy HTA businesses;~~ risks relating to the Company' s business and operations; risks relating to the Company' s capital structure and financings; and risks relating to government regulations. These risks, as well as the risks described in Item 1 under the headings " Competition, " " Government Regulation, " " Legislative Developments, " and " Environmental Matters, " and in Item 7 under the heading " Disclosure Regarding Forward-Looking Statements, " should be carefully considered before making an investment decision regarding the Company. The risks and uncertainties described below are not the only ones facing the Company, and there may be additional risks that the Company does not presently know of or that the Company currently considers not likely to have a material impact. If any of the events underlying the following risks actually occurred, the Company' s business, consolidated financial condition, operating results and cash flows, including distributions to the Company' s stockholders, could suffer, and the trading price of its common stock could decline. ~~Merger and Integration~~ Risks ~~The Company incurred substantial expenses related to the Merger. The Company incurred substantial expenses in connection with completing the Merger and expects to incur substantial expenses integrating the business, operations, networks, systems, technologies, policies and procedures of the two companies, including severance costs. In addition, there are a large number of systems that must be integrated, including billing, management information, asset management, accounting and finance, payroll and benefits, lease administration and regulatory compliance. Although the Company assumed that a certain level of transaction and integration expenses would be incurred, there are a number of factors beyond its control that could affect the total amount or the timing of its integration expenses. The transaction and integration expenses associated with the Merger could, particularly in the near term, exceed the savings that the Company expects to achieve from the elimination of duplicative expenses and the realization of economies of scale and cost savings related to the integration of the businesses. The Company may be unable to integrate the businesses of Legacy HR and Legacy HTA successfully and realize the anticipated synergies and related benefits of the Merger or do so within the anticipated timeframe. The Merger involved the combination of two companies that operated as independent public companies. The Company is devoting significant management attention and resources to integrate the business practices and operations of Legacy HR and Legacy HTA. Potential difficulties the Company may encounter in the integration process include the following: 1. the inability to successfully combine the businesses of Legacy HR and Legacy HTA in a manner that permits the Company to achieve the cost savings anticipated to result from the Merger, which would result in the anticipated benefits of the Merger not being realized in the timeframe currently anticipated or at all; 2. the complexities associated with managing the combined businesses out of different locations and integrating personnel from the two companies; 3. the additional complexities of combining two companies with different histories, cultures, markets and tenant bases; 4. the failure to retain key employees of the Company; and 5. potential unknown liabilities and unforeseen increased expenses, delays or regulatory conditions associated with the Merger. For all these reasons, you should be aware that it is possible that the integration process could result in the distraction of the Company' s management, the disruption of the Company' s ongoing business or inconsistencies in the Company' s services, standards, controls, procedures and policies, any of which could adversely affect the ability of the Company to maintain relationships with tenants, health systems, vendors and employees or to achieve the anticipated benefits of the Merger, or could otherwise adversely affect the business and financial results of the Company. The Company may be unable to retain key employees. The success of the Company depends in part upon its ability to retain key employees. Key employees may depart because of issues relating to the uncertainty and difficulty of integration or a desire not to remain with the Company following the Merger or for other reasons. Accordingly, no assurance can be given that the Company will be able to retain key employees. The trading price of shares of common stock of the Company may be affected by factors different from those that affected the price of shares of Legacy HR' s common stock or Legacy HTA' s common stock before the Merger. The results of operations of the Company, as well as the trading price of the shares of common stock of the Company, may be affected by factors different from those that affected Legacy HR' s or Legacy HTA' s results of operations and the trading prices of their respective shares of common stock. These factors include: (i) a greater number of shares of common stock of the Company outstanding; (ii) different stockholders; (iii) different businesses; and (iv) different assets and capitalizations. In addition, the Company may take actions in the future — such as a share split, reverse share split, stock repurchases, or reclassification — that could affect the trading price of its shares of common stock. Accordingly, the historical trading prices and financial results of Legacy HR and Legacy HTA may not be indicative of these matters for the Company after the Merger. The Company cannot assure you that it will be able to continue paying dividends at or above the rates paid by Legacy HR and Legacy HTA. The stockholders of the Company may not receive dividends at the same rate they received dividends as stockholders of Legacy HR and stockholders of Legacy HTA for various reasons, including the following: (i) the Company may not have enough cash to pay such dividends due to changes in the Company' s cash requirements, capital spending plans, cash flow or financial position; (ii) decisions on whether, when and in which amounts to make any future distributions will remain at all times entirely at the discretion of the Board of Directors of the Company, which reserves the right to change the Company' s current dividend practices at any time and for any reason; (iii) the Company may desire to retain cash to maintain or improve its credit ratings; and (iv) the amount of dividends that the Company' s subsidiaries may distribute to the Company may be subject to restrictions imposed by state law, restrictions that may be imposed by state regulators, and restrictions imposed by the terms of any current~~

~~or future indebtedness that these subsidiaries may incur. Stockholders of the Company do not have contractual or other legal right to dividends that have not been authorized by the Board of Directors of the Company. Risk~~ relating to our business and operations The Company' s expected results may not be achieved. The Company' s expected results may not be achieved, and actual results may differ materially from expectations. This may be the result of various factors, including, but not limited to: changes in the economy; the availability and cost of capital at favorable rates; increases in property taxes, utilities and other operating expenses; changes to facility- related healthcare regulations; changes in interest rates; competition for quality assets; negative developments in the operating results or financial condition of the Company' s tenants, including, but not limited to, their ability to pay rent; the Company' s ability to reposition or sell facilities with profitable results; the Company' s ability to re-lease space at similar rates as vacancies occur; the Company' s ability to timely reinvest proceeds from the sale of assets at similar yields; government regulations affecting tenants' Medicare and Medicaid reimbursement rates and operational requirements; unanticipated difficulties and / or expenditures relating to future acquisitions and developments; changes in rules or practices governing the Company' s financial reporting; and other legal and operational matters. The Company may from time to time decide to sell properties and may be required under purchase options to sell certain properties. The Company may not be able to reinvest the proceeds from sales at rates of return equal to the return received on the properties sold. Uncertain market conditions could result in the Company selling properties at unfavorable prices or at losses in the future. The Company' s revenues depend on the ability of its tenants under its leases to generate sufficient income from their operations to make rental payments to the Company. The Company' s revenues are subject to the financial strength of its tenants and associated health systems. The Company has no operational control over the business of these tenants and associated health systems who face a wide range of economic, competitive, government reimbursement and regulatory pressures and constraints, including the loss of licensure or certification. Any slowdown in the economy, decline in the availability of financing from the capital markets, and changes in healthcare regulations may adversely affect the businesses of the Company' s tenants to varying degrees. Such conditions may further impact such tenants' abilities to meet their obligations to the Company and, in certain cases, could lead to restructurings, disruptions, or bankruptcies of such tenants. The Company leases to government tenants from time to time that may be subject to annual budget appropriations. If a government tenant fails to receive its annual budget appropriation, it might not be able to make its lease payments to the Company. In addition, defaults under leases with federal government tenants are governed by federal statute and not by state eviction or rent deficiency laws. These conditions could adversely affect the Company' s revenues and could increase allowances for losses and result in impairment charges, which could decrease net income attributable to common stockholders and equity ~~,~~ and reduce cash flows from operations . Pandemics, such as COVID- ...... which are uncertain and difficult to predict . Owning real estate and indirect interests in real estate is subject to inherent risks. The Company' s operating performance and the value of its real estate assets are subject to the risk that if its properties do not generate revenues sufficient to meet its operating expenses, including debt service, the Company' s cash flow and ability to pay dividends to stockholders will be adversely affected. The Company may incur impairment charges on its real estate properties or other assets. The Company performs an impairment review on its real estate properties every year. In addition, the Company assesses the potential for impairment of identifiable intangible assets and long- lived assets, including real estate properties **and goodwill** , whenever events occur or a change in circumstances indicates that the recorded value might not be fully recoverable. The decision to sell a property also requires the Company to assess the potential for impairment. The Company incurred impairment charges of $ ~~54~~ **149** . ~~4~~ **7** million in ~~2022~~ **2023** , associated with completed or planned disposition activity. The Company may determine in future periods that an impairment has occurred in the value of one or more of its real estate properties or other assets. In such an event, the Company may be required to recognize an impairment which could have a material adverse effect on the Company' s consolidated financial condition and results of operations. The Company has properties subject to purchase options that expose it to reinvestment risk and reduction in expected investment returns. The Company had approximately $ ~~100~~ **111** . ~~4~~ **1** million, or 0. ~~71~~ **83** %, of real estate property investments that were subject to purchase options held by lessees that were exercisable as of December 31, ~~2022~~ **2023** . Other properties have purchase options that will become exercisable after ~~2022~~ **2023** . Properties with purchase options exercisable in ~~2022~~ **2023** produced aggregate net operating income of approximately $ ~~9~~ **10** . 6 million in ~~2022~~ **2023** . The exercise of these purchase options exposes the Company to reinvestment risk and a reduction in investment return. Certain properties subject to purchase options may be purchased at rates of return above the rates of return the Company expects to achieve with new investments. If the Company is unable to reinvest the sale proceeds at rates of return equal to the return received on the properties that are sold, it may experience a decline in lease revenues and profitability and a corresponding material adverse effect on the Company' s consolidated financial condition and results of operations. For more specific information concerning the Company' s purchase options, see " Purchase Options " in the " Trends and Matters Impacting Operating Results " as a part of Item 7. Management' s Discussion and Analysis of Financial Condition and Results of Operations included in Part II of this report. If the Company is unable to promptly re- let its properties, if the rates upon such re- letting are significantly lower than the previous rates or if the Company is required to undertake significant expenditures or make significant leasing concessions to attract new tenants, then the Company' s business, consolidated financial condition and results of operations would be adversely affected. A portion of the Company' s leases will expire over the course of any year. For more specific information concerning the Company' s expiring leases, see" Expiring Leases" in the" Trends and Matters Impacting Operating Results" as part of Item 7. Management' s Discussion and Analysis of Financial Condition and Results of Operations included in Part II of this report. The Company may not be able to re- let space on terms that are favorable to the Company or at all. Further, the Company may be required to make significant capital expenditures to renovate or reconfigure space or make significant leasing concessions to attract new tenants. Certain of the Company' s properties are special purpose healthcare facilities and may not be easily adaptable to other uses. Some of the Company' s properties are specialized medical facilities. If the Company or the Company' s tenants terminate the leases for these properties or the Company' s tenants lose their regulatory authority to operate such properties, the Company may not be able to locate suitable replacement tenants to lease the properties for their specialized uses. Alternatively, the Company may be required to spend substantial amounts to adapt the properties to other uses. Any loss of revenues and / or additional capital expenditures occurring as a result may have a material adverse effect on the Company' s consolidated financial condition and results of operations. The Company has, and in the future may have more, exposure to fixed rent escalators, which could lag behind inflation and the growth in operating expenses such as real estate taxes, utilities, insurance, and maintenance expense. The Company receives a significant portion of its revenues by leasing assets subject to fixed rent escalations. Approximately ~~94~~ **95** % of leases have increases that are based upon fixed percentages and approximately ~~6~~ **5** % of leases have increases based on the Consumer Price Index. To the extent fixed percentage increases lag behind inflation and operating expense growth, the Company' s performance, growth, and profitability would be negatively impacted. As of December 31, ~~2022~~ **2023** , the Company had weighted average annual fixed rent escalators of 2. ~~77~~ **82** % **with its wholly-owned and consolidated properties** . The Company' s real estate investments are illiquid and the Company may not be able to sell properties strategically targeted for disposition. Because real estate investments are relatively illiquid, the Company' s ability to adjust its portfolio promptly in response to economic or other conditions is limited. Certain significant expenditures generally do not change in response to economic or other conditions, including debt service (if any), real estate taxes, and operating and maintenance costs. This combination of variable revenue and relatively fixed expenditures may result in reduced earnings and could have an adverse effect on the Company' s financial condition. In addition, the Company may not be able to sell properties targeted for disposition, including properties held for sale, due to adverse market conditions. This may negatively affect, among other things, the Company' s ability to sell properties on favorable terms, execute its operating strategy, repay debt, or pay dividends. The Company is subject to risks associated with the development and redevelopment of properties. The Company expects development and redevelopment of properties will continue to be a key component of its growth plans. The Company is subject to certain risks associated with the development and redevelopment of properties including the following: • The construction of properties generally requires various government and other approvals that may not be received when expected, or at all, which could delay or preclude commencement of construction; • Opportunities that the Company pursued but later abandoned could result in the expensing of pursuit costs, which could impact the Company' s consolidated results of operations; • Construction costs could exceed original estimates, which could impact the building' s profitability to the Company; • Operating expenses could be higher than forecasted; • Time required to initiate and complete the construction of a property and to lease up a completed property may be greater than originally anticipated, thereby adversely affecting the Company' s cash flow and liquidity; • Occupancy rates and rents of a completed development property may not be sufficient to make the property profitable to the Company; and • Favorable capital sources to fund the Company' s development and redevelopment activities may not be available when needed. The Company may make material acquisitions and undertake developments and redevelopments that may involve the expenditure of significant funds and may not perform in accordance with management' s expectations. The Company regularly pursues potential transactions to acquire, develop or redevelop real estate assets. Future acquisitions could require the Company to issue equity securities, incur debt or other contingent liabilities or amortize expenses related to other intangible assets, any of which could adversely impact the Company' s consolidated financial condition or results of operations. In addition, equity or debt financing required for such acquisitions may not be available at favorable times or rates. The Company' s acquired, developed, redeveloped and existing real estate properties may not perform in accordance with management' s expectations because of many factors including the following: • The Company' s purchase price for acquired facilities may be based upon a series of market or building- specific judgments which may be incorrect; • The costs of any maintenance or improvements for properties might exceed estimated costs; • The Company may incur unexpected costs in the acquisition, construction or maintenance of real estate assets that could impact its expected returns on such assets; and • Leasing may not occur at all, within expected time frames or at expected rental rates. Further, the Company can give no assurance that acquisition, development and redevelopment opportunities that meet management' s investment criteria will be available when needed or anticipated. The Company is exposed to risks associated with geographic concentration. As of December 31, ~~2022~~ **2023** , the Company had investment concentrations of greater than 5 % of its total investments in the Dallas, ~~Texas~~ **TX** (~~9~~ **8** . ~~2~~ **7** %), Houston, ~~Texas~~ **TX** (5. 6 %), and Seattle, ~~Washington~~ **WA** (5. ~~0~~ **3** %) markets. These concentrations increase the exposure to adverse conditions that might affect these markets, including natural disasters, local economic conditions, local real estate market conditions, increased competition, state and local regulation (including property taxes) and other localized events or conditions. Many of the Company' s leases are dependent on the viability of associated health systems. Revenue concentrations relating to these leases expose the Company to risks related to the financial condition of the associated health systems. Most of the Company' s properties on or adjacent to hospital campuses are largely dependent on the viability of the health system' s campus where they are located, whether or not the hospital or health system is a tenant in such properties. The viability of these health systems depends on factors such as the quality and mix of healthcare services provided, competition, **payor mix,** demographic trends in the surrounding community, market position and growth potential. If one of these hospitals is unable to meet its financial obligations, is unable to compete successfully, or is forced to close or relocate, the Company' s properties on or near such hospital campus could be adversely impacted. Many of the Company' s properties are held under ground leases. These ground leases contain provisions that may limit the Company' s ability to lease, sell, or finance these properties. As of December 31, ~~2022~~ **2023** , the Company had ~~242~~ **232** properties that were held under ground leases, representing an aggregate gross investment of approximately $ 5. ~~6~~ **4** billion. The weighted average remaining term of the Company' s ground leases is approximately 64. ~~4~~ **9** years, including renewal options. The Company' s ground lease agreements with hospitals and health systems typically contain restrictions that limit building occupancy to physicians on the medical staff of an affiliated hospital and prohibit tenants from providing services that compete with the services provided by the affiliated hospital. Ground leases may also contain consent requirements or other restrictions on sale or assignment of the Company' s leasehold interest, including rights of first offer and first refusal in favor of the lessor. These ground lease provisions may limit the Company’ s ability to lease, sell, or obtain mortgage financing secured by such properties which, in turn, could adversely affect the income from operations or the proceeds received from a sale. As a ground lessee, the Company is also exposed to the risk of reversion of the property upon expiration of the ground lease term, or an earlier breach by the Company of the ground lease, which may have a material adverse effect on the Company’ s consolidated financial condition and results of operations. The Company may experience uninsured or underinsured losses. The Company carries comprehensive liability insurance and property insurance covering its owned and managed properties. A portion of the property insurance is provided by a wholly- owned captive insurance company. In addition, tenants under single- tenant leases are required to carry property insurance covering the Company’ s interest in the buildings. Some types of losses may be uninsurable or too expensive to insure against. Insurance companies, including the captive insurance company, limit or exclude coverage against certain types of losses, such as losses due to named windstorms, terrorist acts, earthquakes, toxic mold, and losses without direct physical loss, such as business interruptions occurring from pandemics. Accordingly, the Company may not have sufficient insurance coverage against certain types of losses and may experience decreases in the insurance coverage available. Should an uninsured loss or a loss in excess of insured limits occur, the Company could lose all or a portion of the capital it has invested in a property, as well as the anticipated future revenue from the property. In such an event, the Company might remain obligated for any mortgage debt or other financial obligation related to the property. Further, if any of the Company' s insurance carriers were to become insolvent, the Company would be forced to replace the existing coverage with another suitable carrier, and any outstanding claims would be at risk for collection. In such an event, the Company cannot be certain that the Company would be able to replace the coverage at similar or otherwise favorable terms. The Company has obtained title insurance policies for each of its properties, typically in an amount equal to its original price. However, these policies may be for amounts less than the current or future values of our properties. In such an event, if there is a title defect relating to any of the Company' s properties, it could lose some of the capital invested in and anticipated profits from such property. The Company cannot give assurance that material losses in excess of insurance proceeds will not occur in the future. Damage from catastrophic weather and other natural events, whether caused by climate change or otherwise, could result in losses to the Company. Many of our properties are located in areas susceptible to revenue loss, cost increase, or damage caused by severe weather conditions or natural disasters such as wildfires, hurricanes, earthquakes, tornadoes and floods. The Company could experience losses to the extent that such damages exceed insurance coverage, cause an increase in insurance premiums, and / or a decrease in demand for properties located in such areas. In the event that climate change causes such catastrophic weather or other natural events to increase broadly or in localized areas, such costs and damages could increase above historic expectations. In addition, changes in federal and state legislation and regulation on climate change could result in increased capital expenditures to improve energy efficiency of our existing properties and could require the Company to spend more on development and redevelopment properties without a corresponding increase in revenue. The Company faces risks associated with security breaches through cyber attacks, cyber intrusions, or otherwise, as well as other significant disruptions of its information technology networks and related systems. The Company faces risks associated with security breaches, whether through cyber attacks or cyber intrusions over the Internet, malware, computer viruses, attachments to emails, persons inside the Company, or persons with access to systems inside the Company, and other significant disruptions of the Company' s information technology (" IT") networks and related systems. The risk of a security breach or disruption, particularly through cyber attack or cyber intrusion, including by computer hackers, foreign governments and cyber terrorists, has generally increased as the number, intensity, and sophistication of attempted attacks and intrusions from around the world have increased. The Company' s IT networks and related systems are essential to the operation of its business and its ability to perform day- to- day operations (including managing building systems) and, in some cases, may be critical to the operations of certain of our tenants. Although the Company makes efforts to maintain the security and integrity of these types of IT networks and related systems, it has experienced breaches. While breaches to date have not had a material impact, and we have implemented various measures to manage the risk of a security breach or disruption, there can be no assurance that these security measures will be effective or that future attempted security breaches or disruptions would not be successful or damaging. ~~Even the most well-protected information, networks, systems, and facilities remain potentially vulnerable because the techniques used in such attempted security breaches evolve and generally are not recognized until launched against a target, and in some cases are designed not to be detected and may not be detected. Accordingly, we may be unable to anticipate these techniques or to implement adequate security barriers or other preventive measures, and it is therefore impossible to entirely mitigate the risk.~~ A security breach or other significant disruption involving the Company' s IT network and related systems could: • disrupt the proper functioning of the Company' s networks and systems and therefore the Company' s operations and / or those of certain tenants; • result in misstated financial reports, violations of loan covenants, missed reporting deadlines, and / or missed permitting deadlines; • result in the Company' s inability to properly monitor its compliance with the rules and regulations regarding the Company' s 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 the Company or others, which others could use to compete against the Company or which could expose it to damage claims by third ~~-~~parties for disruption, destructive, or otherwise harmful purposes or outcomes; • result in the Company' s inability to maintain the building systems relied upon by ~~the~~ its tenants for the efficient use of their leased space; • require significant management attention and resources to remedy any damages that result; • subject the Company to claims for breach of contract, damages, credits, penalties, or termination of leases or other agreements; or • damage the Company' s reputation among its tenants and investors generally. Although the Company carries cyber risk insurance, losses could exceed insurance coverage available and any or all of the foregoing could have a material adverse effect on the Company' s consolidated financial condition and results of operations. The Company may structure acquisitions of property in exchange for limited partnership units of the OP on terms that could limit its liquidity or flexibility. The Company may acquire properties by issuing limited partnership units of the OP in exchange for a property owner contributing property to the Company. If the

Company continues to enter into such transactions in order to induce the contributors of such properties to accept units of the OP rather than cash in exchange for their properties, it may be necessary for the Company to provide additional incentives. For instance, the OP' s limited partnership agreement provides that any holder of units may exchange limited partnership units on a one- for- one basis for shares of common stock or, at the Company' s option, cash equal to the value of an equivalent number of shares of the Company' s common stock. The Company may, however, enter into additional contractual arrangements with contributors of property under which it would agree to repurchase a contributor' s units for shares of the Company' s common stock or cash, at the option of the contributor, at set times. If the contributor required the Company to repurchase units for cash pursuant to such a provision, it would limit the Company' s liquidity and, thus, its ability to use cash to make other investments, satisfy other obligations or make distributions to stockholders. Moreover, if the Company were required to repurchase units for cash at a time when it did not have sufficient cash to fund the repurchase, the Company might be required to sell one or more of its properties to raise funds to satisfy this obligation. Furthermore, the Company might agree that if distributions the contributor received as a limited partner in the OP did not provide the contributor with an established return level, then upon redemption of the contributor' s units the Company would pay the contributor an additional amount necessary to achieve that return. Such a provision could further negatively impact our liquidity and flexibility. Finally, in order to allow a contributor of a property to defer taxable gain on the contribution of property to the OP, the Company might agree not to sell a contributed property for a defined period of time or until the contributor exchanged the contributor' s units for cash or shares. Such an agreement would prevent the Company from selling those properties, even if market conditions would allow such a sale to be favorable to the Company. ~~could still incur significant expenses as it operates and refines the combined portfolios of the companies~~ .Pandemics,such as COVID- 19 **and other pandemics that may occur in the future** ,and measures intended to prevent their spread or mitigate their severity could have a material adverse effect on the Company' s business,results of operations,cash flows and financial condition.The COVID- 19 pandemic **has** had,and another pandemic in the future could have,repercussions across regional and global economies and financial markets.During 2020,all of the states and cities in which the Company owns properties,manages properties,and / or has development or redevelopment projects instituted quarantines,restrictions on travel," shelter in place " rules,restrictions on ~~the~~ types of businesses that may continue to operate,and / or restrictions on the types of construction projects that may continue.As a result,a number of the Company' s tenants temporarily closed their offices or clinical space or operated on a reduced basis in response to government requirements or recommendations.The COVID- 19 pandemic also caused **,and may continue to cause,** severe economic,market and other disruptions worldwide.There can be no assurance that the Company' s access to capital and other sources of funding will not become constrained,which could adversely affect the availability and terms of future borrowings,renewals or refinancings.In addition,the deterioration of economic conditions,including supply chain constraints,as a result of the pandemic may ultimately decrease occupancy levels and average rent per square foot across the Company' s portfolio as tenants reduce or defer their spending.The extent of the COVID- 19 pandemic' s effect,or the effect of new virus variants or of another pandemic in the future,on the Company' s operational and financial performance will depend on future developments,including the duration,spread and intensity of the outbreak,the availability and effectiveness of vaccines,and the effect of government requirements or recommendations,all of which are uncertain and difficult to predict Risks relating to our capital structure and financings The Company has incurred significant debt obligations and may incur additional debt and increase leverage in the future. As of December 31, ~~2022~~ **2023** , the Company had approximately $ 5. ~~7~~ **3** billion of outstanding indebtedness excluding discounts, premiums and debt issuance costs. Covenants under the Fourth Amended and Restated Revolving Credit and Term Loan Agreement dated as of July 20, 2022, among ~~the Company~~ **Healthcare Realty Trust** , the OP, and Wells Fargo Bank, National Association, as Administrative Agent, and the other lenders that are party thereto, as amended (" Unsecured Credit Facility"), and the indentures governing the ~~Company~~ **OP** ' s senior notes permit the Company to incur substantial, additional debt, and the Company may borrow additional funds, which may include secured borrowings **or additional instances of notes by the OP that are fully guaranteed by Healthcare Realty Trust** . A high level of indebtedness would require the Company to dedicate a substantial portion of its cash flows from operations to service debt, thereby reducing the funds available to implement the Company' s business strategy and to make distributions to stockholders. A high level of indebtedness could also: • limit the Company' ~~s ability to adjust rapidly to changing market conditions in the event of a downturn in general economic conditions or in the real estate and / or healthcare industries; • limit the Company'~~ s ability to adjust rapidly to changing market conditions in the event of a downturn in general economic conditions or in the real estate and / or healthcare industries; • impair the Company' s ability to obtain additional debt financing or require potentially dilutive equity to fund obligations and carry out its business strategy; and • result in a downgrade of the rating of the Company' s debt securities by one or more rating agencies, which would increase the costs of borrowing under the Unsecured Credit Facility and the cost of issuance of new debt securities, among other things. In addition, from time to time, the Company secures mortgage financing or assumes mortgages to partially fund its investments. If the Company is unable to meet its mortgage payments, then the encumbered properties could be foreclosed upon or transferred to the mortgagee with a consequent loss of income and asset value. A foreclosure on one or more of the Company' s properties could have a material adverse effect on the Company' s consolidated financial condition and results of operations. The Company generally does not intend to reserve funds to retire existing debt upon maturity. The Company may not be able to repay, refinance, or extend any or all of our debt at maturity or upon any acceleration. If any refinancing is done at higher interest rates, the increased interest expense could adversely affect the Company' s financial condition and results of operations. Any such refinancing could also impose tighter financial ratios and other covenants that restrict the Company' s ability to take actions that could otherwise be in its best interest, such as funding new development activity, making opportunistic acquisitions, or paying dividends. Covenants in the Company' s debt instruments limit its operational flexibility, and a breach of these covenants could materially affect the Company' s consolidated financial condition and results of operations. The terms of the Unsecured Credit Facility, the indentures governing the ~~Company~~ **OP** ' s outstanding senior notes **(which are fully and unconditionally**

guaranteed by Healthcare Realty Trust) and other debt instruments that the Company may enter into in the future are subject to customary financial and operational covenants. These provisions include, among other things: a limitation on the incurrence of additional indebtedness; limitations on mergers, investments, acquisitions, redemptions of capital stock, and transactions with affiliates; and maintenance of specified financial ratios. The Company' s continued ability to incur debt and operate its business is subject to compliance with these covenants, which limit operational flexibility. Breaches of these covenants could result in defaults under applicable debt instruments, even if payment obligations are satisfied. Financial and other covenants that limit the Company' s operational flexibility, as well as defaults resulting from a breach of any of these covenants in its debt instruments, could have a material adverse effect on the Company' s consolidated financial condition and results of operations. If lenders under the Unsecured Credit Facility fail to meet their funding commitments, the Company' s operations and consolidated financial position would be negatively impacted. Access to external capital on favorable terms is critical to the Company' s success in growing and maintaining its portfolio. If financial institutions within the Unsecured Credit Facility were unwilling or unable to meet their respective funding commitments to the Company, any such failure would have a negative impact on the Company' s operations, consolidated financial condition and ability to meet its obligations, including the payment of dividends to stockholders. The unavailability of equity and debt capital, volatility in the credit markets, increases in interest rates, or changes in the Company' s debt ratings could have an adverse effect on the Company' s ability to meet its debt payments, make dividend payments to stockholders or engage in acquisition and development activity. A REIT is required by the Internal Revenue Code of 1986, as amended (the " Internal Revenue Code "), to make dividend distributions, thereby retaining less of its capital for growth. As a result, a REIT typically requires new capital to invest in real estate assets. However, there may be times when the Company will have limited access to capital from the equity and / or debt markets. Changes in the Company' s debt ratings could have a material adverse effect on its interest costs and financing sources. The Company' s debt rating can be materially influenced by a number of factors including, but not limited to, acquisitions, investment decisions, and capital management activities. In recent years, the capital and credit markets have experienced volatility and at times have limited the availability of funds. The Company' s ability to access the capital and credit markets may be limited by these or other factors, which could have an impact on its ability to refinance maturing debt, fund dividend payments and operations, acquire healthcare properties and complete development and redevelopment projects. If the Company is unable to refinance or extend principal payments due at maturity of its various debt instruments, its cash flow may not be sufficient to repay maturing debt or make dividend payments to stockholders. If the Company defaults in paying any of its debts or satisfying its debt covenants, it could experience cross- defaults among debt instruments, the debts could be accelerated **,** and the Company could be forced to liquidate assets for less than the values it would otherwise receive. Further, the Company obtains credit ratings from various credit- rating agencies based on their evaluation of the Company' s credit. These agencies' ratings are based on a number of factors, some of which are not within the Company' s control. In addition to factors specific to the Company' s financial strength and performance, the rating agencies also consider conditions affecting REITs generally. The Company' s credit ratings could be downgraded. If the Company' s credit ratings are downgraded or other negative action is taken, the Company could be required, among other things, to pay additional interest and fees on borrowings under the Unsecured Credit Facility. Increases in interest rates could have a material adverse effect on the Company' s cost of capital. During ~~2022~~ **2023** , the Federal Reserve ~~began, and is expected to continue~~ **continued** ~~,~~ to raise interest rates in an effort to curb inflation. **Further** ~~Increases~~ **increases** in interest rates will increase interest ~~cost~~ **costs** on **any** new **debt** and existing variable rate debt. Such increases in the cost of capital could adversely impact our ability to finance operations, acquire and develop properties, and refinance existing debt. Additionally, increased interest rates may also result in less liquid property markets, limiting our ability to sell existing assets. The Company' s swap agreements may not effectively reduce its exposure to changes in interest rates. The Company enters into swap agreements from time to time to manage some of its exposure to interest rate volatility. These swap agreements involve risks, such as the risk that counterparties may fail to honor their obligations under these arrangements. In addition, these arrangements may not be effective in reducing the Company' s exposure to changes in interest rates. When the Company uses forward- starting interest rate swaps, there is a risk that it will not complete the long- term borrowing against which the swap is intended to hedge. If such events occur, the Company' s consolidated financial condition and results of operations may be adversely affected. See Note 11 to the Consolidated Financial Statements for additional information on the Company' s interest rate swaps. The Company has entered into joint venture agreements that limit its flexibility with respect to jointly owned properties and expects to enter into additional such agreements in the future. As of December 31, ~~2022~~ **2023** , the Company had investments of $ ~~327~~ **311** . ~~2~~ **5** million in unconsolidated joint ventures with unrelated third parties comprised of 33 properties and two parking garages **. In addition, the Company had an investment of $ 30. 1 million in one operating consolidated joint venture, as well as investments of $ 58. 1 million in three consolidated joint ventures with developments in various stages of construction** . The Company may acquire, develop, or redevelop additional properties in joint ventures with unrelated third parties. In such investments, the Company is subject to risks that may not be present in its other forms of ownership, including: • joint venture partners could have financing and investment goals or strategies that are different than those of the Company, including terms and strategies for such investment and what levels of debt place on the venture; • the parties to a joint venture could reach an impasse on certain decisions, which could result in unexpected costs, including costs associated with litigation or arbitration; • a joint venture partner' s actions might have the result of subjecting the property or the Company to liabilities in excess of those contemplated; • joint venture partners could have investments that are competitive with the Company' s properties in certain markets; • interests in joint ventures are often illiquid and the Company may have difficulty exiting such an investment, or may have to exit at less than fair market value; • joint venture partners may be structured differently than the Company for tax purposes and there could be conflicts relating to the Company' s REIT status; and • joint venture partners could become insolvent, fail to fund capital contributions, or otherwise fail to fulfill their obligations as a partner, which could require the Company to invest more capital into such ventures than anticipated. The U. S. federal income tax treatment of the cash that the

Company might receive from cash settlement of a forward equity agreement is unclear and could jeopardize the Company' s ability to meet the REIT qualification requirements. **The Company has utilized and, in the future, may utilize forward equity agreements to secure pricing for equity capital needed at a later time. The Company currently has no forward equity agreements outstanding.** In the event that we **enter into forward equity agreements in the future and** elect to settle any **such** forward equity agreement for cash and the settlement price is below the applicable forward equity price, we would be entitled to receive a cash payment from the relevant forward purchaser. Under Section 1032 of the Internal Revenue Code, generally, no gains and losses are recognized by a corporation in dealing in its own shares, including pursuant to a" securities futures contract" (as defined in the Internal Revenue Code, by reference to the Exchange Act). Although we believe that any amount received by us in exchange for our stock would qualify for the exemption under Section 1032 of the Internal Revenue Code, because it is not entirely clear whether a forward equity agreement qualifies as a" securities futures contract," the U. S. federal income tax treatment of any cash settlement payment we receive is uncertain. In the event that we recognize a significant gain from the cash settlement of a forward equity agreement, we might be unable to satisfy the gross income requirements applicable to REITs under the Internal Revenue Code. In that case, we may be able to rely upon the relief provisions under the Internal Revenue Code in order to avoid the loss of our REIT status. Even if the relief provisions apply, we will be subject to a 100 % tax on the greater of (i) the excess of 75 % of our gross income (excluding gross income from prohibited transactions) over the amount of such income attributable to sources that qualify under the 75 % test or (ii) the excess of 95 % of our gross income (excluding gross income from prohibited transactions) over the amount of such gross income attributable to sources that qualify under the 95 % test, multiplied in either case by a fraction intended to reflect our profitability. In the event that these relief provisions were not available, we could lose our REIT status under the Internal Revenue Code. In case of our bankruptcy or insolvency, any forward equity agreements will automatically terminate, and the Company would not receive the expected proceeds from any forward sale of shares of its common stock. If we file for or consent to a proceeding seeking a judgment in bankruptcy or insolvency or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or we or a regulatory authority with jurisdiction over us presents a petition for our winding- up or liquidation, and we consent to such a petition, any forward equity agreements that are then in effect will automatically terminate. If any such forward equity agreement so terminates under these circumstances, we would not be obligated to deliver to the relevant forward purchaser any shares of common stock not previously delivered, and the relevant forward purchaser would be discharged from its obligation to pay the applicable forward equity price per share in respect of any shares of common stock not previously settled under the applicable forward equity agreement. Therefore, to the extent that there are any shares of common stock with respect to which any forward equity agreement has not been settled at the time of the commencement of any such bankruptcy or insolvency proceedings, we would not receive the relevant forward equity price per share in respect of those shares of common stock. Risks relating to government regulations The Company' s property taxes could increase due to reassessment or property tax rate changes. Real property taxes on the Company' s properties may increase as its properties are reassessed by taxing authorities or as property tax rates change. For example, a current California law commonly referred to as Proposition 13 generally limits annual real estate tax increases on California properties to 2 % of assessed value **at the date of acquisition** . Accordingly, the assessed value and resulting property tax the Company pays is less than it would be if the properties were assessed at current values. The Company owns ~~39~~ **36** properties in California, representing ~~11~~ **7** . 1 % of its total revenue. From time to time, proposals have been made to reduce the beneficial impact of Proposition 13, particularly with respect to commercial property, which would include medical office buildings. Most recently, an initiative qualified for California' s November 2020 statewide ballot that would generally limit Proposition 13' s protections to residential real estate. If this initiative had passed, it would have ended the beneficial effect of Proposition 13 for the Company' s properties, and property tax expense could have increase substantially, adversely affecting the Company' s cash flow from operations and net income. While this initiative did not pass, the Company cannot predict whether other changes to Proposition 13 may be proposed or adopted in the future. Trends in the healthcare service industry may negatively affect the demand for the Company' s properties, lease revenues and the values of its investments. The healthcare service industry may be affected by the following: ~~• disruption in patient volume and revenue from pandemics, such as COVID- 19; • trends in the method of delivery of healthcare services, such as telehealth;~~ • transition to value- based care and reimbursement of providers; • competition among healthcare providers; • consolidation among healthcare providers, health insurers, hospitals and health systems; • a rise in government- funded health insurance coverage; • pressure on providers' operating profit margins from lower reimbursement rates, lower admissions growth, and higher expense growth; • availability of capital; • credit downgrades; • liability insurance expense; • rising pharmaceutical drug expense; • regulatory and government reimbursement uncertainty related to the Medicare and Medicaid programs; • a trend toward government regulation of pharmaceutical pricing; • government regulation of hospitals' and health insurers' pricing transparency; • federal court decisions on cases challenging the legality of the Affordable Care Act, in whole or in part; • site- neutral rate- setting for Medicare services across different care settings; • **disruption in patient volume and revenue from pandemics, such as COVID- 19; • trends in the method of delivery of healthcare services, such as telehealth; •** heightened health information technology security standards and the meaningful use of electronic health records by healthcare providers; and • potential tax law changes affecting providers. These trends, among others, can adversely affect the economic performance of some or all of the tenants and, in turn, negatively affect the lease revenues and the value of the Company' s property investments. The costs of complying with governmental laws and regulations may adversely affect the Company' s results of operations. All real property and the operations conducted on real property are subject to federal, state, and local laws and regulations relating to environmental protection and human health and safety. Some of these laws and regulations may impose joint and several liability on tenants, owners, or operators for the costs to investigate or remediate contaminated properties, regardless of fault or whether the acts causing the contamination were legal. In addition, the presence of hazardous substances, or the failure to properly remediate these substances, may hinder the Company' s ability to sell, rent, or pledge such property as collateral for future borrowings. Compliance with new laws or regulations or stricter interpretation of existing laws may require the Company to incur significant expenditures. For example, proposed legislation to address climate change could increase utility and other costs of operating the Company' s properties. Future laws or regulations may impose significant environmental liability. Additionally, tenant or other operations in the vicinity of the Company' s properties, such as the presence of underground storage tanks, or activities of unrelated third parties may affect the Company' s properties. There are various local, state, and federal fire, health, life- safety, and similar regulations with which the Company may be required to comply and that may subject us to liability in the form of fines or damages for noncompliance. Any expenditures, fines, or damages that the Company must pay would adversely affect its results of operations. Discovery of previously undetected environmentally hazardous conditions may adversely affect the Company' s financial condition and results of operations. Under various federal, state, and local environmental laws and regulations, a current or previous property owner or operator may be liable for the cost to remove or remediate hazardous or toxic substances on such property. These costs could be significant. Such laws often impose liability whether or not the owner or operator knew of, or was responsible for, the presence of such hazardous or toxic substances. Environmental laws also may impose restrictions on the manner in which property may be used or businesses may be operated, and these restrictions may require significant expenditures or prevent the Company from entering into leases with prospective tenants that may be impacted by such laws. Environmental laws provide for sanctions for noncompliance and may be enforced by governmental agencies or private parties. Certain environmental laws and common law principles could be used to impose liability for **the** release of and exposure to hazardous substances, including asbestos- containing materials. Third parties may seek recovery from real property owners or operators for personal injury or property damage associated with exposure to released hazardous substances. The cost of defending against claims of liability, of complying with environmental regulatory requirements, of remediating any contaminated property, or of paying personal injury claims could adversely affect the Company' s financial condition and results of operations. Qualifying as a REIT involves highly technical and complex provisions of the Internal Revenue Code. Qualification as a REIT involves the application of highly technical and complex provisions of the Internal Revenue Code for which only limited judicial and administrative authorities exist. Even a technical or inadvertent violation could jeopardize the Company’ s REIT qualification. The Company’ s continued qualification as a REIT will depend on the Company’ s satisfaction of certain asset, income, organizational, distribution, stockholder ownership and other requirements on a continuing basis. In addition, the Company’ s ability to satisfy the requirements to qualify as a REIT depends in part on the actions of third parties over which the Company has no control or only limited influence, including in cases where the Company owns an equity interest in an entity that is classified as a partnership for U. S. federal income tax purposes. If the Company fails to remain qualified as a REIT, the Company will be subject to significant adverse consequences, including adversely affecting the value of its common stock. The Company intends to operate in a manner that will allow it to continue to qualify as a REIT for federal income tax purposes. Although the Company believes that it qualifies as a REIT, it cannot provide any assurance that it will continue to qualify as a REIT for federal income tax purposes. The Company’ s continued qualification as a REIT will depend on the satisfaction of certain asset, income, organizational, distribution, stockholder ownership and other requirements on a continuing basis. The Company’ s ability to satisfy the asset tests depends upon the characterization and fair market values of its assets. The Company’ s compliance with the REIT income and quarterly asset requirements also depends upon the Company’ s ability to successfully manage the composition of the Company’ s income and assets on an ongoing basis. Accordingly, there can be no assurance that the Internal Revenue Service (“ IRS ”) will not contend that the Company has operated in a manner that violates any of the REIT requirements. If the Company were to fail to qualify as a REIT in any taxable year, the Company would be subject to federal income tax on its taxable income at regular corporate rates and possibly increased state and local taxes (and the Company might need to borrow money or sell assets in order to pay any such tax). Further, dividends paid to the Company’ s stockholders would not be deductible by the Company in computing its taxable income. Any resulting corporate tax liability could be substantial and would reduce the amount of cash available for distribution to the Company’ s stockholders, which in turn could have an adverse impact on the value of ~~, and trading prices for,~~ the Company’ s common stock. In addition, in such **an** event the Company would no longer be required to pay dividends to maintain REIT status, which could adversely affect the value of the Company’ s common stock. Unless the Company were entitled to relief under certain provisions of the Internal Revenue Code, the Company also would continue to be disqualified from taxation as a REIT for the four taxable years following the year in which the Company failed to qualify as a REIT. Even if the Company remains qualified for taxation as a REIT, the Company is subject to certain federal, state and local taxes on its income and assets, including taxes on any undistributed taxable income, and state or local income, franchise, property and transfer taxes. These tax liabilities would reduce the Company’ s cash flow and could adversely affect the value of the Company’ s common stock. For more specific information on state income taxes paid, see Note 16 to the Consolidated Financial Statements. The Company’ s articles of incorporation, as well as provisions of the ~~Maryland General Corporation Law (“~~ MGCL ~~”)~~, contain limits and restrictions on transferability of the Company’ s common stock which may have adverse effects on the value of the Company’ s common stock. In order to qualify as a REIT, no more than 50 % of the value of the Company’ s outstanding shares may be owned, directly or indirectly, by five or fewer individuals (as defined in the Internal Revenue Code to include certain entities) during the last half of a taxable year. To assist in complying with this REIT requirement, the Company’ s articles of incorporation contain provisions restricting share transfers where the transferee would, after such transfer, own more than 9. 8 % either in number or value of the outstanding stock of the Company. If, despite this prohibition, stock is acquired increasing a transferee’ s ownership to over 9. 8 % in value of the outstanding stock, the stock in excess of this 9. 8 % in value is deemed to be held in trust for transfer at a price that does not exceed what the purported transferee paid for the stock, and, while held in trust, the stock is not entitled to receive dividends or to vote. In addition, under these circumstances, the Company has the right to redeem such stock. In addition, certain provisions of the MGCL applicable to the Company may have the effect of inhibiting or deterring a third party from making a proposal to acquire the Company or of delaying or preventing a change of control under circumstances that otherwise could provide Company stockholders with the opportunity to realize a premium over the then- prevailing market price of such shares, including: • provisions under Subtitle 8 of Title 3 of the MGCL that permit the Board of Directors, without stockholders' approval and regardless of what is currently provided in the Company' s Articles of Incorporation or bylaws, to implement certain takeover defenses; • " business combination " provisions that, subject to limitations, prohibit certain business combinations, asset transfers and equity security issuances or reclassifications between the Company and an " interested stockholder " (defined generally as any person who beneficially owns, directly or indirectly, 10 % or more of the voting power of the Company' s outstanding voting stock or an affiliate or associate of the Company who, at any time within the two- year period immediately prior to the date in question, was the beneficial owner, directly or indirectly, of 10 % or more of the Company' s then outstanding stock) or an affiliate of an interested stockholder for five years after the most recent date on which the stockholder becomes an interested stockholder, and thereafter may impose supermajority voting requirements unless certain minimum price conditions are satisfied; and • " control share " provisions that provide that holders of " control shares " of the Company (defined as shares which, when aggregated with other shares controlled by the stockholder, entitle the stockholder to exercise one of three increasing ranges of voting power in electing directors) acquired in a " control share acquisition " (defined as the direct or indirect acquisition of ownership or control of issued and outstanding " control shares ") have no voting rights except to the extent approved by Company stockholders by the affirmative vote of at least two-thirds of all the votes entitled to be cast on the matter, excluding all interested shares. Pursuant to a resolution adopted by the Board of Directors, the Company is prohibited from classifying the Board **of Directors** under Subtitle 8 unless stockholders entitled to vote generally in the election of directors approve a proposal to repeal such resolution by the affirmative of a majority of the votes cast on the matter. In the case of the business combination provisions of the MGCL, the Board of Directors has adopted a resolution providing that any business combination between the Company and any other person is exempted from this statute, provided that such business combination is first approved by the Board of Directors. This resolution, however, may be altered or repealed in whole or in part at any time. In the case of the control share provisions of the MGCL, the Company has opted out of these provisions pursuant to a provision in its bylaws. The Company may, however, by amendment to its bylaws, opt **into** ~~in to~~ the control share provisions of the MGCL. The Company may also choose to adopt other takeover defenses in the future. Any such actions could deter a transaction that may otherwise be in the interest of Company stockholders. These restrictions on **the** transfer of the Company' s shares could have adverse effects on the value of the Company' s common stock. Complying with the REIT requirements may cause the Company to forego otherwise attractive opportunities. To qualify as a REIT for federal income tax purposes, the Company must continually satisfy tests concerning, among other things, the sources of its income, the nature of its assets, the amounts it distributes to its stockholders and the ownership of its stock. The Company may be unable to pursue investments that would be otherwise advantageous to the Company in order to satisfy the source- of-income or distribution requirements for qualifying as a REIT. Thus, compliance with the REIT requirements may hinder the Company' s ability to make certain attractive investments. The prohibited transactions tax may limit the Company' s ability to sell properties. A REIT' s net gain from prohibited transactions is subject to a 100 % 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 Company may be subject to the prohibited transaction tax equal to 100 % of net gain upon ~~a~~ **the** disposition of real property. Although a safe harbor to the characterization of the sale of real property by a REIT as a prohibited transaction is available, there can be no assurance that the Company can comply in all cases with the safe harbor or that it will avoid owning property that may be characterized as held primarily for sale to customers in the ordinary course of business. Consequently, the Company may choose not to engage in certain sales of its properties or may conduct such sales through a taxable REIT subsidiary, which would be subject to federal and state income taxation. New legislation or administrative or judicial action, in each instance potentially with retroactive effect, could make it more difficult or impossible for the Company to qualify as a REIT. 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 the Company. The federal income tax rules that affect 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. Revisions in federal tax laws and interpretations thereof could cause the Company to change its investments and commitments and affect the tax considerations of an investment in the Company. There can be no assurance that new legislation, regulations, administrative interpretations or court decisions will not change the tax laws significantly with respect to the Company' s qualification as a REIT or with respect to the federal income tax consequences of qualification. New and increased transfer tax rates may reduce the value of the Company' s properties. In recent years, several cities in which the Company owns assets have increased transfer tax rates. These include Boston, Los Angeles, San Francisco, Seattle, and Washington, D. C. In 2022, Los Angeles increased its transfer tax rate from 0. 45 % to 5. 5 % on sales of real properties greater than $ 10 million in value, effective April 1, 2023. In 2020, San Francisco increased it transfer tax rate to 6 % for sales in excess of $ 25 million in value. Also in 2020, the State of Washington increased its transfer tax rate from 1. 28 % to 3 % on sales in excess of $ 3 million in value; the combined state and local transfer tax rate in Seattle / King County, Washington is 3. 5 % on sales above $ 3 million. As state and municipal governments seek new ways to raise revenue, other jurisdictions may implement new real estate transfer taxes or increase existing transfer tax rates. Increases in such tax rates can impose significant additional transaction costs on sales of commercial real estate and may reduce the value of the Company' s properties ~~at~~ **for** sale by the amount of the new or increased tax.