Risk Factors Comparison 2024-02-27 to 2023-02-27 Form: 10-K

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

We are subject to numerous known and unknown risks, many of which are described below and elsewhere in this Annual Report. Any of the events described below could have a material adverse effect on our business, financial condition and results of operations. Additional risks and uncertainties that we are not aware of, or that we currently deem to be immaterial, could also impact our business and results of operations. ~~Risks Related to the COVID- 19 Pandemic COVID- 19 and other pandemics, epidemics, or public health threats may adversely affect the business of our tenants, our business, and our results of operations and financial condition. We are subject to risks associated with public health threats and epidemics, including the health concerns relating to the COVID- 19 pandemic. In March 2020, the World Health Organization declared the COVID- 19 outbreak a pandemic and the federal government declared COVID- 19 a national emergency. As a result of various policies implemented by the federal and state governments, and varying by individual state, many non- essential businesses in the nation were closed for varying time periods. Although COVID- 19 has not had a material adverse impact on our results of operations through December 31, 2022, we believe that the potentially adverse impact that the pandemic may have on the future operations and financial results of our tenants, and in turn ours, will depend upon many factors, most of which are beyond our, or our tenants', ability to control or predict. Such factors include, but are not limited to, the length of time and severity of the spread of the pandemic; the volume of canceled or rescheduled elective procedures and the volume of COVID- 19 patients treated by the operators of our hospitals and other healthcare facilities; measures our tenants are taking to respond to the COVID- 19 pandemic; the impact of government and administrative regulation, including travel bans and restrictions, shelter- in- place or stay- at- home orders, quarantines, the promotion of social distancing, business shutdowns and limitations on business activity; changes in patient volumes at our tenants' hospitals and other healthcare facilities due to patients' general concerns related to the risk of contracting COVID- 19 from interacting with the healthcare system; the impact of stimulus on the health care industry and our tenants; changes in patient volumes and payer mix caused by deteriorating macroeconomic conditions (including increases in uninsured and underinsured patients as the result of business closings and layoffs); potential disruptions to clinical staffing and shortages and disruptions related to supplies required for our tenants' employees and patients, including equipment, pharmaceuticals and medical supplies, particularly personal protective equipment, or PPE; potential increases to expenses incurred by our tenants related to staffing, supply chain or other expenditures; the impact of our indebtedness and the ability to refinance such indebtedness on acceptable terms; disruptions in the financial markets and the business of financial institutions as the result of the COVID- 19 pandemic which could impact our ability to access capital or increase associated borrowing costs; and changes in general economic conditions nationally and regionally in the markets our properties are located resulting from the COVID- 19 pandemic, including increased unemployment and underemployment levels and reduced consumer spending and confidence. These factors could have a material adverse effect on the future business, financial position and results of operations of the operators of our facilities, and in turn, ours as a result of its macroeconomic impact, including the risk of a global recession or a recession in one or more of our key markets, or key markets of the operators of our facilities, the impact that may have on us and our tenants and our assessment of that impact, and any disruptions and inefficiencies in the supply chain. In addition, the Centers for Medicare and Medicaid Services (" CMS ") issued an Interim Final Rule (" IFR ") effective November 5, 2021 mandating COVID- 19 vaccinations for all applicable staff at all Medicare and Medicaid certified facilities. Under the IFR, facilities covered by this regulation must establish a policy ensuring all eligible staff have received the first dose of a two- dose COVID- 19 vaccine or a one- dose COVID- 19 vaccine prior to providing any care, treatment, or other services by December 5, 2021. All eligible staff must have received the necessary shots to be fully vaccinated — either two doses of Pfizer or Moderna or one dose of Johnson & Johnson — by January 4, 2022. The regulation also provides for exemptions based on recognized medical conditions or religious beliefs, observances, or practices. Under the IFR, facilities must develop a similar process or plan for permitting exemptions in alignment with federal law. If facilities fail to comply with the IFR by the deadlines established, they are subject to potential termination from the Medicare and Medicaid program for non- compliance. In addition, the Occupational Safety and Health Administration also issued an Emergency Temporary Standard (" ETS ") requiring all businesses with 100 or more employees to be vaccinated by January 4, 2022. Pursuant to the ETS, those employees not vaccinated by that date will need to show a negative COVID- 19 test weekly and wear a face mask in the workplace. Legal challenges to these rules ensued, and the U. S. Supreme Court upheld a stay of the ETS requirements but permitted the IFR vaccination requirements to go into effect pending additional litigation. CMS has indicated that hospitals in states not involved in the Supreme Court litigation are expected to be in compliance with IFR vaccination requirements consistent with the dates referenced above. Hospitals in states that were involved in the Supreme Court litigation were required to come into compliance with first dose requirements by February 13, 2022 and second dose requirements by March 15, 2022. Hospitals in Texas were required to come into compliance with the first dose requirements by February 19, 2022 and the second dose requirements by March 21, 2022. We cannot predict at this time the potential viability or impact of any such additional litigation on us or the operators of our facilities. Implementation of these rules could have an impact on staffing at the operators of our facilities for those employees that are not vaccinated in accordance with IFR and ETS requirements, and associated loss of revenues and increased costs resulting from staffing issues could have a material adverse effect on our financial results or those of the operators. Pursuant to the lease on McAllen Medical Center, which is leased to wholly- owned subsidiary of UHS, we earn bonus rental revenue which is computed based upon a computation that compares the hospital' s current quarter revenue to the corresponding quarter in the base year. We could therefore experience significant decline in future bonus rental revenue earned~~

~~on this property should the hospital experience a significant decline in patient volumes and revenues. Certain factors may result in the inability or unwillingness on the part of some of our tenants to make timely payment of their rent to us at current levels or to seek to amend or terminate their leases which, in turn, would have an adverse effect on our occupancy levels and our revenue and cash flow and the value of our properties, and potentially, our ability to maintain our dividend at current levels. Due to COVID- 19 restrictions and its impact on the economy, we may experience a decrease in prospective tenants which could unfavorably impact the volume of new leases, as well as the renewal rate of existing leases. The COVID- 19 pandemic could also impact our indebtedness and the ability to refinance such indebtedness on acceptable terms, as well as risks associated with disruptions in the financial markets and the business of financial institutions as the result of the COVID- 19 pandemic which could impact us from a financing perspective; and changes in general economic conditions nationally and regionally in the markets our properties are located resulting from the COVID- 19 pandemic. Decreases in cash flows and results of operations may have an impact on the inputs and assumptions used in significant accounting estimates, including potential impairments of intangible and long- lived assets. There is a high degree of uncertainty regarding the implementation and impact of the Coronavirus Aid, Relief, and Economic Security Act (the " CARES Act "), the Paycheck Protection Program and Health Care Enhancement Act (the " PPPHCE Act ") and the American Rescue Plan Act of 2021 (the " ARPA "), which could impact the total amount and types of assistance and benefits our tenants will receive. Recent legislation, including the Coronavirus Aid, Relief, and Economic Security Act (the " CARES Act ") and the Paycheck Protection Program and Health Care Enhancement Act (the " PPPHCE Act ") and the American Rescue Plan Act of 2021 (the " ARPA "), has provided grant funding to hospitals and other healthcare providers to assist them during the COVID- 19 pandemic. There is a high degree of uncertainty surrounding the implementation of the CARES Act and the PPPHCE Act, and the federal government may consider additional stimulus and relief efforts, but we are unable to predict whether additional stimulus measures will be enacted or their impact. There can be no assurance as to the total amount of financial and other types of assistance our tenants will receive under the CARES Act, the PPPHCE Act and the ARPA, and it is difficult to predict the impact of such legislation on our tenants' operations or how they will affect operations of our tenants' competitors. There can be no assurance as to whether our tenants would be required to repay any previously granted funding, due to noncompliance with grant terms or otherwise. Moreover, we are unable to assess the extent to which anticipated negative impacts on our tenants (and, in turn, us) arising from the COVID- 19 pandemic will be offset by amounts or benefits received or to be received under the CARES Act, the PPPHCE Act and the ARPA. In addition, the U. S. Department of Health and Human Services (" HHS ") had adopted certain reimbursement policies and regulatory flexibilities favorable to providers during the Public Health Emergency (" PHE ") declared in response to the COVID- 19 pandemic. HHS has published guidance indicating its intent for the PHE to expire on May 11, 2023. The end of the PHE status will result in the conclusion of those policies over various designated timeframes. We cannot predict whether the loss of any such favorable conditions available to providers during the declared PHE will ultimately have a negative financial impact on our tenants (and, in turn, us). Risks Related to the Regulatory Environment~~ The revenues and results of operations of the operators of our hospital facilities, including UHS, and our medical office buildings, are significantly affected by payments received from the government and other third- party payers. The operators of our hospital facilities, FEDs and tenants of our medical office buildings derive a significant portion of their revenue from third party payers, including the Medicare and Medicaid programs. Changes in these government programs in recent years have resulted in limitations on reimbursement and, in some cases, reduced levels of reimbursement for health care services. Payments from federal and state government programs are subject to statutory and regulatory changes, administrative rulings, interpretations and determinations, requirements for utilization review, and federal and state funding restrictions, all of which could materially increase or decrease program payments, as well as affect the cost of providing service to patients and the timing of payments to facilities. Our tenants are unable to predict the effect of recent and future policy changes on their operations. Three of our acute care hospitals, three of our behavioral health hospitals and two FEDs operated by wholly- owned subsidiaries or joint ventures of UHS, as well as two FEDs operated by unaffiliated third parties are located in Texas, Florida, Virginia, South Carolina and Iowa. We can provide no assurance that reductions to Medicaid revenues earned by operators of certain of our facilities, particularly our hospital operators in the above- mentioned states, will not have a material adverse effect on the future operating results of those operators which, in turn, could have a material adverse effect on us. In addition, the uncertainty and fiscal pressures placed upon federal and state governments as a result of, among other things, the funding requirements and other provisions of the Patient Protection and Affordable Care Act, may affect the availability of taxpayer funds for Medicare and Medicaid programs. If the rates paid or the scope of services covered by government payers are reduced, there could be a material adverse effect on the business, financial position and results of operations of the operators of our hospital facilities, and in turn, ours. In addition to changes in government reimbursement programs, the ability of our hospital operators to negotiate favorable contracts with private payers, including managed care organizations, significantly affects the revenues and operating results of those facilities. Private payers, including managed care organizations, increasingly are demanding that hospitals accept lower rates of payment. Our hospital operators expect continued third- party efforts to aggressively manage reimbursement levels and cost controls. Reductions in reimbursement amounts received from third party payers could have a material adverse effect on the financial position and results of operations of our hospital operators. Reductions or changes in Medicare and Medicaid funding could have a material adverse effect on the future operating results of the operators of our facilities, including UHS, which could, in turn, materially reduce our revenues and net income. The Budget Control Act of 2011 (the " Budget Control Act ") mandated significant reductions in federal spending for fiscal years 2012- 2021, including a reduction of 2 % on all Medicare payments during this period. Subsequent legislation enacted by Congress eliminated the 2 % reduction through 2021 but extended these reductions through 2030 in exchange. The payment reduction suspension was extended through March 31, 2022, with a 1 % payment reduction from then until June 30, 2022 and the full 2 % payment reduction thereafter. The most recent legislation extended these reductions through 2032. Beginning in 2024 and continuing through 2027, the Medicaid disproportionate share hospital ("

DSH ") allotment to the states from federal funds will be reduced. Such reductions have been delayed several times, most recently under the CAA, which further delays the DSH through 2024. During the reduction period, state Medicaid DSH allotments from federal funds will be reduced by $ 8 billion annually. Reductions are imposed on states based on percentage of uninsured individuals, Medicaid utilization and uncompensated care. We cannot predict the effect these payment policies will have on operators (including UHS), and, thus, our business. The uncertainties of health care reform could materially affect the business and future results of operations of the operators of our facilities, including UHS, which could, in turn, materially reduce our revenues and net income. On March 23, 2010 President Obama signed the Legislation into law. The Healthcare and Education Reconciliation Act of 2010 (the " Reconciliation Act "), which contains a number of amendments to the Legislation, was signed into law on March 30, 2010. Two primary goals of the Legislation, combined with the Reconciliation Act (collectively referred to as the " Legislation "), are to provide for increased access to coverage for healthcare and to reduce healthcare- related expenses. Although it was expected that the Legislation would result in a reduction in uninsured patients in the U. S., which would reduce the operators' of our facilities' expense from uncollectible accounts receivable, the Legislation made a number of other changes to Medicare and Medicaid which we believe may have an adverse impact on the operators of our facilities ~~. It has been projected that the Legislation will result in a net reduction in Medicare and Medicaid payments to hospitals totaling $ 155 billion over 10 years~~ . The Legislation revises reimbursement under the Medicare and Medicaid programs to emphasize the efficient delivery of high quality care and contains a number of incentives and penalties under these programs to achieve these goals. The Legislation provided for decreases in the annual market basket update for federal fiscal years 2010 through 2019, a productivity offset to the market basket update beginning October 1, 2011 for Medicare Part B reimbursable items and services and beginning October 1, 2012 for Medicare inpatient hospital services. The Legislation and subsequent revisions provide for reductions to both Medicare DSH and Medicaid DSH payments. The Medicare DSH reductions began in October, 2013 while Medicaid DSH reimbursements are scheduled to begin in 2024. The Legislation implements a value- based purchasing program, which will reward the delivery of efficient care. Conversely, certain facilities will receive reduced reimbursement for failing to meet quality parameters; such hospitals will include those with excessive readmission or hospital- acquired condition rates. A 2012 U. S. Supreme Court ruling limited the federal government' s ability to expand health insurance coverage by holding unconstitutional sections of the Legislation that sought to withdraw federal funding for state noncompliance with certain Medicaid coverage requirements. Pursuant to that decision, the federal government may not penalize states that choose not to participate in the Medicaid expansion program by reducing their existing Medicaid funding. Therefore, states can choose to accept or not to participate without risking the loss of federal Medicaid funding. As a result, many states, including Texas, have not expanded their Medicaid programs without the threat of loss of federal funding. The Centers for Medicare and Medicaid Services (" CMS ") had granted section 1115 demonstration waivers providing for work and community engagement requirements for certain Medicaid eligible individuals. However, most recently, the Biden Administration has expressed disfavor with Medicaid program work requirements, with the understanding that such requirements pose a substantial risk that many potential demonstration beneficiaries would be prevented from initially enrolling in coverage or that the requirements would lead to a sizable number of eligibility suspensions and eventual disenrollments among beneficiaries who are initially able to enroll. Accordingly, CMS has recently revoked certain State Medicaid program approvals including work requirements. The various provisions in the Legislation that directly or indirectly affect Medicare and Medicaid reimbursement are scheduled to take effect over a number of years. The impact of the Legislation on healthcare providers will be subject to implementing regulations, interpretive guidance and possible future legislation or legal challenges. Certain Legislation provisions, such as that creating the Medicare Shared Savings Program create uncertainty in how healthcare may be reimbursed by federal programs in the future. Thus, at this time, we cannot predict the impact of the Legislation on the future reimbursement of our hospital operators and we can provide no assurance that the Legislation will not have a material adverse effect on the future results of operations of the tenants / operators of our properties and, thus, our business. The Legislation also contained provisions aimed at reducing fraud and abuse in healthcare. The Legislation amended several existing laws, including the federal Anti- Kickback Statute and the False Claims Act, making it easier for government agencies and private plaintiffs to prevail in lawsuits brought against healthcare providers. While Congress had previously revised the intent requirement of the Anti- Kickback Statute to provide that a person is not required to " have actual knowledge or specific intent to commit a violation of " the Anti- Kickback Statute in order to be found in violation of such law, the Legislation also provides that any claims for items or services that violate the Anti- Kickback Statute are also considered false claims for purposes of the federal civil False Claims Act. The Legislation provides that a healthcare provider that retains an overpayment in excess of 60 days is subject to the federal civil False Claims Act, although certain final regulations implementing this statutory requirement remain pending. The Legislation also expands the Recovery Audit Contractor program to Medicaid. These amendments also make it easier for severe fines and penalties to be imposed on healthcare providers that violate applicable laws and regulations. The impact of the Legislation on hospitals may vary. ~~Because Legislation provisions are effective at various times over the next several years, we anticipate that many of the provisions in the Legislation may be subject to further revision.~~ Initiatives to repeal the Legislation, in whole or in part, to delay elements of implementation or funding, and to offer amendments or supplements to modify its provisions have been persistent. The ultimate outcomes of legislative attempts to repeal or amend the Legislation and legal challenges to the Legislation are unknown. Legislation has already been enacted that has eliminated the penalty for failing to maintain health coverage that was part of the original Legislation. In addition, Congress has considered legislation that would, if enacted, in material part (i) eliminate the large employer mandates to obtain or provide health insurance coverage, respectively; (ii) permit insurers to impose a surcharge up to 30 percent on individuals who go uninsured for more than two months and then purchase coverage; (iii) provide tax credits towards the purchase of health insurance, with a phase- out of tax credits according to income level; (iv) expand health savings accounts; (v) impose a per capita cap on federal funding of state Medicaid programs, or, if elected by a state, transition federal funding to block grants, and; (vi) permit states to seek a waiver of

certain federal requirements that would allow such state to define essential health benefits differently from federal standards and that would allow certain commercial health plans to take health status, including pre- existing conditions, into account in setting premiums. On March 11, 2021, President Biden signed the American Rescue Plan **Act of 2021** (" ~~ARP~~ **ARPA** ") into law. The ~~ARP~~ **ARPA** extends eligibility for Legislation health insurance subsidies to people buying their own health coverage on the Marketplace who have household incomes above 400 % of the federal poverty level. ~~ARP~~ **ARPA** also increased the amount of financial assistance for people at lower incomes who were already eligible under the Legislation. The Inflation Reduction Act of 2022 (" IRA ") was passed on August 16, 2022, which among other things, allows for CMS to negotiate prices for certain single- source drugs and biologics reimbursed under Medicare Part B and Part D, beginning with 10 high- cost drugs paid for by Medicare Part D starting in 2026, followed by 15 Part D drugs in 2027, 15 Part B or Part D drugs in 2028, and 20 Part B or Part D drugs in 2029 and beyond. The IRA also continued the expanded subsidies for individuals to obtain private health insurance under the Legislation through 2025. The effect of IRA on hospitals and the healthcare industry in general is not yet known. Under the Legislation, hospitals are required to make public a list of their standard charges, and effective January 1, 2019, CMS has required that this disclosure be in machine- readable format and include charges for all hospital items and services and average charges for diagnosis- related groups. On November 27, 2019, CMS published a final rule on " Price Transparency Requirements for Hospitals to Make Standard Charges Public. " This rule took effect on January 1, 2021 and requires all hospitals to also make public their payer- specific negotiated rates, minimum negotiated rates, maximum negotiated rates and cash for all items and services, including individual items and services and service packages, that could be provided by a hospital to a patient. **On April 26, 2023, CMS announced updated enforcement processes that requires a shortened timeline for coming into compliance when a violation has been identified and the automatic imposition of a civil monetary penalties in certain circumstances of noncompliance.** Failure to comply with these requirements may result in daily monetary penalties. As part of the CAA, Congress passed legislation aimed at preventing or limiting patient balance billing in certain circumstances. The CAA addresses surprise medical bills stemming from emergency services, out- of- network ancillary providers at in- network facilities, and air ambulance carriers. The legislation prohibits surprise billing when out- of- network emergency services or out- of- network services at an in- network facility are provided, unless informed consent is received. In these circumstances providers are prohibited from billing the patient for any amounts that exceed in- network cost- sharing requirements. ~~On July 13, 2021,~~ HHS, the Department of Labor and the Department of the Treasury issued ~~an~~ interim final ~~rule~~ **rules** , ~~which~~ **that** ~~begins~~ **begin** to implement this legislation. The rule would limit health care providers' ability to receive payment for services at usually higher out- of- network rates in certain circumstances and prohibit out- of- network payments in other circumstances **. COVID- 19 and other pandemics, epidemics, or public health threats may adversely affect the business of our tenants, our business, and our results of operations and financial condition. We are subject to risks associated with public health threats and epidemics, including the health concerns relating to the COVID- 19 pandemic. In March 2020, the World Health Organization declared the COVID- 19 outbreak a pandemic. Although the federal government had previously declared COVID- 19 a national emergency, that declaration expired on May 11, 2023 at which time the favorable payment provisions available to healthcare providers during the declared national emergency ended. Although COVID- 19 has not had a material adverse impact on our results of operations through December 31, 2023, we believe that the potentially adverse impact that the pandemic may have on the future operations and financial results of our tenants, and in turn ours, will depend upon many factors, most of which are beyond our, or our tenants', ability to control or predict. Since the future volumes and severity of COVID- 19 patients remain highly uncertain and subject to change, including potential increases in future COVID- 19 patient volumes caused by new variants of the virus, as well as related pressures on staffing and wage rates, we are not able to fully quantify the impact that these factors will have on our future financial results. Many of the federal and state legislative and regulatory measures allowing for flexibility in delivery of care and various financial supports for healthcare providers were available only for the duration of the public health emergency (" PHE "). Most states have ended their state- level emergency declarations. The end of the PHE status will result in the conclusion of those policies over various designated timeframes. We cannot predict whether the loss of any such favorable conditions available to providers during the declared PHE will ultimately have a negative financial impact on us Pursuant to the lease on McAllen Medical Center, which is leased to wholly- owned subsidiary of UHS, we earn bonus rental revenue which is computed based upon a computation that compares the hospital' s current quarter revenue to the corresponding quarter in the base year. We could therefore experience significant decline in future bonus rental revenue earned on this property should the hospital experience a significant decline in patient volumes and revenues. Certain factors may result in the inability or unwillingness on the part of some of our tenants to make timely payment of their rent to us at current levels or to seek to amend or terminate their leases which, in turn, would have an adverse effect on our occupancy levels and our revenue and cash flow and the value of our properties, and potentially, our ability to maintain our dividend at current levels. Due to COVID- 19 restrictions and its impact on the economy, we may experience a decrease in prospective tenants which could unfavorably impact the volume of new leases, as well as the renewal rate of existing leases. The COVID- 19 pandemic could also impact our indebtedness and the ability to refinance such indebtedness on acceptable terms, as well as risks associated with disruptions in the financial markets and the business of financial institutions as the result of the COVID- 19 pandemic which could impact us from a financing perspective; and changes in general economic conditions nationally and regionally in the markets our properties are located resulting from the COVID- 19 pandemic. Decreases in cash flows and results of operations may have an impact on the inputs and assumptions used in significant accounting estimates, including potential impairments of intangible and long- lived assets. There is a high degree of uncertainty regarding the implementation and impact of the Coronavirus Aid, Relief, and Economic Security Act, the Paycheck Protection Program and Health Care Enhancement Act and the American Rescue Plan Act of 2021, which could impact**

the total amount and types of assistance and benefits our tenants will receive. The federal Coronavirus Aid, Relief, and Economic Security Act (the " CARES Act ") created a $ 175 billion " Public Health and Social Services Emergency Fund " to reimburse eligible health care providers for " health care related expenses or lost revenues that are attributable to coronavirus " (the " PHSSEF "). The retention of funds from the PHSSEF is conditioned on eligibility and the acceptance of terms and conditions, and other guidelines or requirements that may change from time to time, including with respect to recordkeeping and repayment requirements. Our tenants received payments from the targeted distributions of the PHSSEF. The CARES Act also makes other forms of financial assistance available to healthcare providers, including through Medicare and Medicaid payment adjustments and an expansion of the Medicare Accelerated and Advance Payment Program, which made available accelerated payments of Medicare funds in order to increase cash flow to providers. Our tenants received accelerated payments under this program during 2020, and returned early all of those funds during the first quarter of 2021. Our tenants, and other providers, must report healthcare related expenses attributable to COVID- 19 that have not been reimbursed by another source, which may include general and administrative or healthcare related operating expenses. Funds may also be applied to lost revenues, represented as a negative change in year- over- year net patient care operating income. The U. S. Department of Health and Human Services (" HHS ") is actively auditing recipients of PHSSEF funds to ensure compliance with the terms and conditions thereof. Failure to comply with such terms and conditions could result in recoupment, False Claims Act liability, or other penalty to our tenants . The trend toward value- based purchasing may negatively impact the revenues of our hospital operators. We believe that value- based purchasing initiatives of both governmental and private payers tying financial incentives to quality and efficiency of care will increasingly affect the results of operations of our hospitals and other healthcare facilities and may negatively impact their revenues if they are unable to meet expected quality standards. The Legislation contains a number of provisions intended to promote value- based purchasing in federal healthcare programs. Medicare now requires providers to report certain quality measures in order to receive full reimbursement increases for inpatient and outpatient procedures that were previously awarded automatically. In addition, hospitals that meet or exceed certain quality performance standards will receive increased reimbursement payments, and hospitals that have " excess readmissions " for specified conditions will receive reduced reimbursement. Furthermore, Medicare no longer pays hospitals additional amounts for the treatment of certain hospital- acquired conditions unless the conditions were present at admission. Beginning in Federal Fiscal Year (FFY) 2015, hospitals that rank in the worst 25 % of all hospitals nationally for hospital acquired conditions in the previous year will receive reduced Medicare reimbursements. The Legislation also prohibits the use of federal funds under the Medicaid program to reimburse providers for treating certain provider- preventable conditions. There is a trend among private payers toward value- based purchasing of healthcare services, as well. Many large commercial payers require hospitals to report quality data, and several of these payers will not reimburse hospitals for certain preventable adverse events. We expect value-based purchasing programs, including programs that condition reimbursement on patient outcome measures, to become more common and to involve a higher percentage of reimbursement amounts. We are unable at this time to predict how this trend will affect the results of operations of the operators of our hospitals, but it could negatively impact their revenues if they are unable to meet **or maintain high** quality standards established by both governmental and private payers. Operators that fail to comply with governmental reimbursement programs such as Medicare or Medicaid, licensing and certification requirements, fraud and abuse regulations or new legislative developments may be unable to meet their obligations to us. Our operators, including UHS and its subsidiaries, are subject to numerous federal, state and local laws and regulations that are subject to frequent and substantial changes (sometimes applied retroactively) resulting from legislation, adoption of rules and regulations, and administrative and judicial interpretations of existing law. The ultimate timing or effect of these changes cannot be predicted. Government regulation may have a dramatic effect on our operators' costs of doing business and the amount of reimbursement received by both government and other third- party payers. The failure of any of our operators to comply with these laws, requirements and regulations could adversely affect their ability to meet their obligations to us. These regulations include, among other items: hospital billing practices and prices for service; relationships with physicians and other referral sources; adequacy of medical care; quality of medical equipment and services; qualifications of medical and support personnel; the implementation of, and continued compliance with, electronic health records' regulations; confidentiality, maintenance and security issues associated with health- related information and patient medical records; the screening, stabilization and transfer, by hospitals with an emergency department, of patients who have emergency medical conditions; certification, licensure and accreditation of our facilities; operating policies and procedures, and; construction or expansion of facilities and services. If our operators fail to comply with applicable laws and regulations, they could be subjected to liabilities, including criminal penalties, civil penalties (including the loss of their licenses to operate one or more facilities), and exclusion of one or more facilities from participation in the Medicare, Medicaid and other federal and state health care programs. The imposition of such penalties could jeopardize that operator' s ability to make lease or mortgage payments to us or to continue operating its facility. In addition, our bonus rent is based on the net revenues of the UHS hospital facility, which in turn is affected by the amount of reimbursement that such lessee receives from the government. Although UHS and the other operators of our acute care facilities believe that their policies, procedures and practices comply with governmental regulations, no assurance can be given that they will not be subjected to governmental inquiries or actions, or that they would not be faced with sanctions, fines or penalties if so subjected. Because many of these laws and regulations are relatively new, in many cases, our operators don' t have the benefit of regulatory or judicial interpretation. In the future, it is possible that different interpretations or enforcement of these laws and regulations could subject their current or past practices to allegations of impropriety or illegality or could require them to make changes in the facilities, equipment, personnel, services, capital expenditure programs and operating expenses. Even if they were to ultimately prevail, a significant governmental inquiry or action under one of the above laws, regulations or rules could have a material adverse effect upon them, and in turn, us. U. S. federal tax reform legislation now and in the future could affect

REITs, both positively and negatively, in ways that are difficult to anticipate. The Tax Cuts and Jobs Act of 2017 (the " 2017 Tax Act "), signed into law on December 22, 2017, made significant changes to corporate and individual tax rates and the calculation of taxes. While the 2017 Tax Act has not had a significant direct impact on us, it may impact us indirectly as our tenants and the jurisdictions in which we do business as well as the overall investment thesis for REITs may be impacted both positively and negatively. Additionally, the overall impact of the 2017 Tax Act depends on future interpretations and regulations that may be issued by federal tax authorities, as well as changes in state and local taxation in response to the 2017 Tax Act, and it is possible that such future interpretations, regulations and other changes could adversely impact us. On March 27, 2020, federal legislation intended to ameliorate the economic impact of the COVID- 19 pandemic, the CARES Act, was signed into law. The CARES Act makes technical corrections to, or modifies on a temporary basis, certain of the provisions of the 2017 Tax Act, and it is possible that additional such legislation may be enacted in the future. In addition, further changes to the tax laws, unrelated to the 2017 Tax Act or the COVID- 19 pandemic, are possible. In particular, the federal income taxation of REITs may be modified, possible with retroactive effect, by legislative, administrative or judicial action at any time. UHS and its subsidiaries are subject to pending legal actions, purported stockholder class actions, governmental investigations and regulatory actions. UHS and its subsidiaries are subject to pending legal actions, governmental investigations and regulatory actions. Since UHS comprised approximately **41 %,** 40 % ~~,~~ **and** 37 ~~% and 33~~ % of our consolidated revenues for the years ended December 31, **2023,** 2022 ~~,~~ **and** 2021 ~~and 2020~~, respectively, and since a subsidiary of UHS is our Advisor, you are encouraged to obtain and review the disclosures contained in the Legal Proceedings section of Universal Health Services, Inc.' s Forms 10- K and 10- Q, as publicly filed with the Securities and Exchange Commission. These filings are the sole responsibility of UHS and are not incorporated by reference herein. Defending itself against the allegations in the lawsuits and governmental investigations, or similar matters and any related publicity, could potentially entail significant costs and could require significant attention from UHS management and UHS' reputation could suffer significantly. UHS has stated that it is unable to predict the outcome of these matters or to reasonably estimate the amount or range of any such loss; however, the outcome of these lawsuits and the related investigations, publicity and news articles that have been published concerning these matters, could have a material adverse effect on their business, financial condition, results of operations and / or cash flows. UHS is and may become subject to other loss contingencies, both known and unknown, which may relate to past, present and future facts, events, circumstances and occurrences. Should an unfavorable outcome occur in some or all of the legal proceedings or other loss contingencies, or if successful claims and other actions are brought against UHS in the future, there could be a material adverse impact on their financial position, results of operations and liquidity, which in turn could have a material adverse effect on us. In particular, government investigations, as well as qui tam and stockholder lawsuits, may lead to material fines, penalties, damages payments or other sanctions, including exclusion from government healthcare programs. Settlements of lawsuits involving Medicare and Medicaid issues routinely require both monetary payments and corporate integrity agreements, each of which could have a material adverse effect on UHS' s business, financial condition, results of operations and / or cash flows, which in turn could have a material adverse effect on us. Required regulatory approvals can delay or prohibit transfers of our healthcare facilities. Transfers of healthcare facilities to successor tenants or operators may be subject to regulatory approvals or ratifications, including, but not limited to, change of ownership approvals under certificate of need laws and Medicare and Medicaid provider arrangements that are not required for transfers of other types of commercial operations and other types of real estate. The replacement of any tenant or operator could be delayed by the regulatory approval process of any federal, state or local government agency necessary for the transfer of the facility or the replacement of the operator licensed to manage the facility. If we are unable to find a suitable replacement tenant or operator upon favorable terms, or at all, we may take possession of a facility, which might expose us to successor liability or require us to indemnify subsequent operators to whom we might transfer the operating rights and licenses, all of which may materially adversely affect our business, results of operations, and financial condition. Our business is subject to evolving corporate governance and public disclosure regulations and expectations, including with respect to environmental, social and governance (" ESG ") matters, that could expose us to numerous risks. Recently, there has been growing concern from advocacy groups, government agencies and the general public on ESG matters and increasingly regulators, customers, investors, employees and other stakeholders are focusing on ESG matters and related disclosures. Such governmental, investor and societal attention to ESG matters, including expanding mandatory and voluntary reporting, diligence, and disclosure on topics such as climate change, human capital, labor and risk oversight, could expand the nature, scope, and complexity of matters that we are required to manage, assess and report. We also face climate- and ESG- related business trends. Investors are increasingly taking into account ESG factors, including climate risks, diversity, equity and inclusion policies, and corporate governance in determining whether to invest in companies. Additionally, our reputation and investor relationships could be damaged as a result of our involvement with certain industries or assets associated with activities perceived to be causing or exacerbating climate change, or other ESG- related issues, as well as any decisions we make to continue to conduct or change our activities in response to considerations relating to climate change or other ESG- related issues. Conversely, if we avoid involvement with such industries or activities, we may limit our capital deployment opportunities to an extent that adversely affects our business. Risks Related to Business Operations Increased competition in the health care industry has resulted in lower revenues and higher costs for our operators, including UHS, and may affect our revenues, property values and lease renewal terms. The healthcare industry is highly competitive and competition among hospitals and other health care providers for patients and physicians has intensified in recent years. In most geographical areas in which our facilities are operated, there are other facilities that provide services comparable to those offered by our facilities. In addition, some competing facilities are owned by tax- supported governmental agencies or by nonprofit corporations and may be supported by endowments and charitable contributions and exempt from property, sales and income taxes. Such exemptions and support are not available to certain operators of our facilities, including UHS. In some markets, certain competing facilities may have greater financial resources, be better equipped and offer a broader range of services than those available at our facilities. Certain

hospitals that are located in the areas served by our facilities are specialty hospitals that provide medical, surgical and behavioral health services that may not be provided by the operators of our hospitals. The increase in outpatient treatment and diagnostic facilities, outpatient surgical centers and freestanding ambulatory surgical centers also increases competition for our operators. In addition, the operators of our facilities face competition from other health care providers, including physician owned facilities and other competing facilities, including certain facilities operated by UHS but the real property of which is not owned by us. Such competition is experienced in markets including, but not limited to, McAllen, Texas, the site of our McAllen Medical Center, a 370- bed acute care hospital. In addition, the number and quality of the physicians on a hospital' s staff are important factors in determining a hospital' s competitive advantage. Typically, physicians are responsible for making hospital admission decisions and for directing the course of patient treatment. Since the operators of our facilities also compete with other health care providers, they may experience difficulties in recruiting and retaining qualified hospital management, nurses and other medical personnel. We anticipate that our operators, including UHS, will continue to encounter increased competition in the future that could lead to a decline in patient volumes and harm their businesses, which in turn, could harm our business. A substantial portion of our revenues are dependent upon one operator. If UHS experiences financial difficulties, or otherwise fails to make payments to us, or elects not to renew the leases on our three acute care hospitals, our revenues could be materially reduced. For the year ended December 31, ~~2022~~ **2023**, lease payments from UHS comprised approximately ~~40~~ **41** % of our consolidated revenues. In addition, as of December 31, ~~2022~~ **2023**, subsidiaries of UHS leased six hospital facilities owned by us with current lease terms expiring at various times from 2026 to 2040. We cannot assure you that UHS will continue to satisfy its obligations to us or renew existing leases upon their scheduled maturity. In addition, if subsidiaries of UHS exercise their options to purchase any of the six hospitals or two FEDs leased from us, our future revenues could decrease if we were unable to earn a favorable rate of return on the sale proceeds received, as compared to the rental revenue currently earned pursuant to the leases on the facilities. The failure or inability of UHS to satisfy its obligations to us, or should UHS elect not to renew the leases on the six hospitals or two FEDs, our revenues and net income could be materially reduced, which could in turn reduce the amount of dividends we pay and cause our stock price to decline. Please see Note 4 to the consolidated financial statements – Lease Accounting, for additional information. Our relationship with UHS may create conflicts of interest. In addition to being dependent upon UHS for a substantial portion of our revenues and leases, since 1986, UHS of Delaware, Inc. (the " Advisor "), a wholly- owned subsidiary of UHS, has served as our Advisor. Pursuant to our Advisory Agreement, as amended and restated effective January 1, 2019, the Advisor is obligated to present an investment program to us, to use its best efforts to obtain investments suitable for such program (although it is not obligated to present any particular investment opportunity to us), to provide administrative services to us and to conduct our day- to- day affairs. Further, all of our officers are employees of the Advisor. We have no salaried employees although our officers do typically receive annual stock- based compensation awards in the form of restricted stock. In special circumstances, if warranted and deemed appropriate by the Compensation Committee of the Board of Trustees, our officers may also receive one- time compensation awards in the form of restricted stock and / or cash bonuses. We believe that the quality and depth of the management and advisory services provided to us by our Advisor and UHS could not be replicated by contracting with unrelated third parties or by being self- advised without considerable cost increases. We believe that these relationships have been beneficial to us in the past, but we cannot guarantee that they will not become detrimental to us in the future. All transactions with UHS must be approved by a majority of our Independent Trustees. Because of our historical and continuing relationship with UHS and its subsidiaries, in the future, our business dealings may not be on the same or as favorable terms as we might achieve with a third party with whom we do not have such a relationship. Disputes may arise between us and UHS that we are unable to resolve or the resolution of these disputes may not be as favorable to us as a resolution we might achieve with a third party. We hold non- controlling equity ownership interests in various joint-ventures. For the year ended December 31, ~~2022~~ **2023**, 8 % of our consolidated and unconsolidated revenues were generated by four jointly- owned LLCs / LPs in which we hold non- controlling equity ownership interests ranging from 33 % to 95 %. Our level of investment and lack of control exposes us to potential losses of our investments and revenues. Although our ownership arrangements have been beneficial to us in the past, we cannot guarantee that they will continue to be beneficial in the future. Pursuant to the operating and / or partnership agreements of the four LLCs / LPs in which we continue to hold non- controlling ownership interests, the third- party member and the Trust, at any time, potentially subject to certain conditions, have the right to make an offer (" Offering Member ") to the other member (s) (" Non- Offering Member ") in which it either agrees to: (i) sell the entire ownership interest of the Offering Member to the Non- Offering Member (" Offer to Sell ") at a price as determined by the Offering Member (" Transfer Price "), or; (ii) purchase the entire ownership interest of the Non- Offering Member (" Offer to Purchase ") at the equivalent proportionate Transfer Price. The Non- Offering Member has 60 to 90 days to either: (i) purchase the entire ownership interest of the Offering Member at the Transfer Price, or; (ii) sell its entire ownership interest to the Offering Member at the equivalent proportionate Transfer Price. The closing of the transfer must occur within 60 to 90 days of the acceptance by the Non- Offering Member. In addition to the above- mentioned rights of the third- party members, from time to time, we have had discussions with third- party members about purchasing or selling the interests or the underlying property to each other or a third party. If we were to sell our interests or underlying property, we may not be able to redeploy the proceeds into assets at the same or greater return as we currently receive. During any such time that we were not able to do so, our ability to increase or maintain our dividend at current levels could be adversely affected which could cause our stock price to decline. The bankruptcy, default, insolvency or financial deterioration of our tenants could significantly delay our ability to collect unpaid rents or require us to find new operators. Our financial position and our ability to make distributions to our shareholders may be adversely affected by financial difficulties experienced by any of our major tenants, including bankruptcy, insolvency or a general downturn in the business. We are exposed to the risk that our operators may not be able to meet their obligations, which may result in their bankruptcy or insolvency. Although our leases and loans provide us the right to terminate an investment, evict an operator, demand immediate repayment and other remedies, the bankruptcy laws afford certain rights to

a party that has filed for bankruptcy or reorganization. An operator in bankruptcy may be able to restrict our ability to collect unpaid rents or interest during the bankruptcy proceeding. Real estate ownership creates risks and liabilities that may result in unanticipated losses or expenses. Our business is subject to risks associated with real estate acquisitions and ownership, including: • general liability, property and casualty losses, some of which may be uninsured; • the illiquid nature of real estate and the real estate market that impairs our ability to purchase or sell our assets rapidly to respond to changing economic conditions; • real estate market factors, such as the supply and demand of office space and market rental rates, changes in interest rates as well as an increase in the development of medical office condominiums in certain markets; • costs that may be incurred relating to maintenance and repair, and the need to make expenditures due to changes in governmental regulations, including the Americans with Disabilities Act; • environmental hazards at our properties for which we may be liable, including those created by prior owners or occupants, existing tenants, mortgagors or other persons; • large- scale fire, earthquake or severe weather- related damage to, or the effect of climate change on, the property and / or its operations, and; • defaults and bankruptcies by our tenants. In addition to the foregoing risks, we cannot predict whether the leases on our properties, including the leases on the six hospitals leased to subsidiaries of UHS, which have options to purchase the respective leased facilities at fair market value, as discussed herein, will be renewed at the rates as stipulated in the lease, or fair market value lease rates, at the end of the current lease terms which expire at various times in 2026 to 2040. If the leases are not renewed, we may be required to find other operators for these hospitals and / or enter into leases with less favorable terms. The exercise of purchase options for our hospitals may result in a less favorable rate of return for us than the rental revenue currently earned on such facilities. Further, the purchase options and rights of first refusal granted to the respective lessees to purchase or lease the respective leased hospitals, after the expiration of the lease term, may adversely affect our ability to sell or lease a hospital, and may present a potential conflict of interest between us and UHS since the price and terms offered by a third- party are likely to be dependent, in part, upon the financial performance of the facility during the final years of the lease term. If we fail to maintain our REIT status, we will become subject to federal income tax on our taxable income at regular corporate rates. In order to qualify as a REIT, we must comply with certain highly technical and complex Internal Revenue Code provisions. Although we believe we have been qualified as a REIT since our inception, there can be no assurance that we have been so qualified or will remain qualified in the future. Failure to qualify as a REIT may subject us to income tax liabilities, including federal income tax at regular corporate rates. The additional income tax incurred may significantly reduce the cash flow available for distribution to shareholders and for debt service. In addition, if disqualified, we might be barred from qualification as a REIT for four years following disqualification. Also, if disqualified, we will not be allowed a deduction for distributions to stockholders in computing our taxable income and we could be subject to increased state and local income taxes. Even if we remain qualified as a REIT, we may face other tax liabilities that reduce our cash flow. Even if we remain qualified for taxation as a REIT, we may be subject to certain federal, state and local taxes on our income and assets, including taxes on any undistributed income, tax on income from some activities conducted as a result of a foreclosure, and state or local income, property and transfer taxes. Any of these taxes would decrease cash available for the payment of our debt obligations. Dividends paid by REITs generally do not qualify for reduced tax rates. In general, dividends (qualified) paid by a U. S. corporation to individual U. S. shareholders are subject to Federal income tax at a maximum rate of 20 % for ~~2022~~ **2023** (subject to certain additional taxes for certain taxpayers). In contrast, since we are a REIT, our distributions to individual U. S. shareholders are not eligible for the reduced rates which apply to distributions from regular corporations, and thus may be subject to Federal income tax at a rate as high as 37 % for ~~2022~~ **2023** (subject to certain additional taxes for certain taxpayers). The differing treatment of dividends received from REITs and other corporations might cause individual investors to view an investment in REITs as less attractive relative to other corporations, which might negatively affect the value of our shares. Should we be unable to comply with the strict income distribution requirements applicable to REITs utilizing only cash generated by operating activities, we would be required to generate cash from other sources which could adversely affect our financial condition. To obtain the favorable tax treatment associated with qualifying as a REIT, in general, we are required each year to distribute to our shareholders at least 90 % of our net taxable income. In addition, we are subject to a tax on any undistributed portion of our income at regular corporate rates and might also be subject to a 4 % excise tax on this undistributed income. To meet the distribution requirements necessary to achieve the tax benefits associated with qualifying as a REIT, we could be required to: (i) seek borrowed funds even if conditions are not favorable for borrowing; (ii) issue equity which could have a dilutive effect on the future dividends and share value of our existing shareholders, and / or; (iii) divest assets that we might have otherwise decided to retain. Securing funds through these other non- operating means could adversely affect our financial condition and future results of operations. Complying with REIT requirements may cause us to forego otherwise attractive opportunities. To qualify as a REIT for federal income tax purposes, we continually must satisfy tests concerning, among other things, the sources of our income, the nature and diversification of our assets, the amounts we distribute to our stockholders and the ownership of our stock. We may be unable to pursue investments that would be otherwise advantageous to us in order to satisfy the source- of- income, asset- diversification or distribution requirements for qualifying as a REIT. Thus, compliance with the REIT requirements may hinder our ability to make certain attractive investments. Significant potential liabilities and rising insurance costs and availability may have an adverse effect on the operations of our operators, which may negatively impact their ability to meet their obligations to us. As is typical in the healthcare industry, in the ordinary course of business, our operators, including UHS, are subject to medical malpractice lawsuits, product liability lawsuits, class action lawsuits and other legal actions. Some of these actions may involve large claims, as well as significant defense costs. If their ultimate liability for professional and general liability claims could change materially from current estimates, if such policy limitations should be partially or fully exhausted in the future, or payments of claims exceed estimates or are not covered by insurance, it could have a material adverse effect on the operations of our operators and, in turn, us. Property insurance rates, particularly for earthquake insurance in California, have also continued to increase. Our tenants and operators, including UHS, may be unable to fulfill their

insurance, indemnification and other obligations to us under their leases and mortgages and thereby potentially expose us to those risks. In addition, our tenants and operators may be unable to pay their lease or mortgage payments, which could potentially decrease our revenues and increase our collection and litigation costs. Moreover, to the extent we are required to foreclose on the affected facilities, our revenues from those facilities could be reduced or eliminated for an extended period of time. In addition, we may in some circumstances be named as a defendant in litigation involving the actions of our operators. Although we have no involvement in the activities of our operators and our standard leases generally require our operators to carry insurance to cover us in certain cases, a significant judgment against us in such litigation could exceed our and our operators' insurance coverage, which would require us to make payments to cover the judgment. We depend heavily on key management personnel and the departure of one or more of our key executives or a significant portion of our operators' local hospital management personnel could harm our business. The expertise and efforts of our senior executives and key members of our operators' local hospital management personnel are critical to the success of our business. The loss of the services of one or more of our senior executives or of a significant portion of our operators' local hospital management personnel could significantly undermine our management expertise and our operators' ability to provide efficient, quality health care services at our facilities, which could harm their business, and in turn, harm our business. Increasing investor interest in our sector and consolidation at the operator or REIT level could increase competition and reduce our profitability. Our business is highly competitive and we expect that it may become more competitive in the future. We compete for the acquisition, leasing and financing of health care related facilities. Our competitors include, but are not limited to, other REITs, banks and other companies, including UHS, some of which are larger and may have a lower cost of capital than we do. These developments could result in fewer investment opportunities for us and lower spreads over our cost of our capital, which would hurt our growth. Increased competition makes it more challenging for us to identify and successfully capitalize on opportunities that meet our business goals and could improve the bargaining power of property owners seeking to sell, thereby impeding our investment, acquisition and development activities. If we cannot capitalize on our development pipeline, identify and purchase a sufficient quantity of healthcare facilities at favorable prices or if we are unable to finance acquisitions on commercially favorable terms, our business, results of operations and financial condition may be materially adversely affected. We may be required to incur substantial renovation costs to make certain of our healthcare properties suitable for other operators and tenants. Healthcare facilities are typically highly customized and may not be easily adapted to non- healthcare- related uses. The improvements generally required to conform a property to healthcare use, such as upgrading electrical, gas and plumbing infrastructure, are costly and at times tenant- specific. A new or replacement operator or tenant may require different features in a property, depending on that operator' s or tenant' s particular operations. If a current operator or tenant is unable to pay rent and vacates a property, we may incur substantial expenditures to modify a property before we are able to secure another operator or tenant. Also, if the property needs to be renovated to accommodate multiple operators or tenants, we may incur substantial expenditures before we are able to re- lease the space. These expenditures or renovations may materially adversely affect our business, results of operations and financial condition. A cyber security incident could cause a violation of HIPAA, breach of member privacy, or other negative impacts. We ~~and ,~~ UHS **and our third- party property managers** rely extensively on our information technology (" IT ") systems to manage clinical and financial data, communicate with our patients, payers, vendors and other third parties and summarize and analyze operating results. In addition, UHS has made significant investments in technology to adopt and utilize electronic health records and to become a meaningful user of health information technology pursuant to the American Recovery and Reinvestment Act of 2009. Our IT systems **, and the networks and information systems of third parties that we rely on,** are subject to damage or interruption from power outages, facility damage, computer and telecommunications failures, computer viruses, security breaches including credit card or personally identifiable information breaches, vandalism, theft, natural disasters, catastrophic events, human error and potential cyber threats, including malicious codes, worms, phishing attacks, denial of service attacks, ransomware and other sophisticated cyber- attacks, and our disaster recovery planning cannot account for all eventualities. **Our systems, in turn, interface with and rely on third- party systems that we do not control. Third parties to whom we outsource certain of our functions, or with whom our systems interface and who may, in some instances, store our sensitive and confidential data, are also subject to the risks outlined above and may not have or use controls effective to protect such information. An attack, breach or other system disruption affecting any of these third parties could similarly harm our business.** As cyber criminals continue to become more sophisticated through evolution of their tactics, techniques and procedures, we have taken, and will continue to take, additional preventive measures to strengthen the cyber defenses of our networks and data. However, if any of our **, our tenants', or our or their respective third- party service providers'** systems are damaged, fail to function properly or otherwise become unavailable, we **or our tenants** may incur substantial costs to repair or replace them **. We** , ~~and~~ **our tenants or their third- party service providers** may experience loss or corruption of critical data such as protected health information or other data subject to privacy laws and proprietary business information ~~and .~~ ~~interruptions~~ **Interruptions** or disruptions and delays in our **or their** ability to perform critical functions ~~, which~~ could materially and adversely affect our **or their** businesses and results of operations and could result in significant penalties or fines, litigation, loss of customers, significant damage to ~~our reputation~~ **reputations** and ~~business~~ **businesses** , and other losses. In addition, our **and our tenants'** future results of operations, as well as our ~~reputation~~ **reputations** , could be adversely impacted by theft, destruction, loss, or misappropriation of public health information, other confidential data or proprietary business information. In September, 2020, UHS had experienced an information technology security incident which led UHS to suspend user access to its information technology applications related to operations located in the United States. While its information technology applications were offline, patient care was delivered safely and effectively at its facilities across the country utilizing established back- up processes, including offline documentation methods. UHS has investigated the nature and potential impact of the security incident and engaged third- party information technology and forensic vendors to assist. No evidence of unauthorized access, copying or misuse of any patient or

employee data has been identified to date. Promptly after the incident, its information technology applications were restored at its acute care and behavioral health hospitals, as well as at the corporate level, thereby re- establishing connections to all major systems and applications, including electronic medical records, laboratory and pharmacy systems and its hospitals resumed normal operations. Risks Related to the Market Conditions and Liquidity ~~A~~ **Continuing inflationary pressures and a** worsening of the economic and employment conditions in the United States could materially affect our business and future results of operations of the operators of our facilities which could, in turn, materially reduce our revenues and net income. **In 2021, the rate of inflation in the United States began to increase and has since risen to levels not experienced in over 40 years. Our tenants are experiencing inflationary pressures, primarily in personnel costs, and we anticipate impacts on other cost areas within the next twelve months. The extent of any future impacts from inflation on our tenants' businesses and results of operations will be dependent upon how long the elevated inflation levels persist and the extent to which the rate of inflation further increases, if at all, neither of which we are able to predict. If elevated levels of inflation were to persist or if the rate of inflation were to accelerate, expenses of our tenants, and our direct operating expenses that are not passed on to our tenants, could increase faster than anticipated and may require utilization of our and our tenants' capital resources sooner than expected. Further, given the complexities of the reimbursement landscape in which our tenants operate, their payers may be unwilling or unable to increase reimbursement rates to compensate for inflationary impacts. This may impact their ability and willingness to make rental payments.** Our future results of operations could **also** be unfavorably impacted by deterioration in general economic conditions which could result in increases in the number of people unemployed and / or uninsured. Our operators' patient volumes, revenues and financial results depend significantly on the universe of patients with health insurance, which to a large extent is dependent on the employment status of individuals in certain markets. A worsening of economic conditions, including inflation and rising interest rates, may result in a higher unemployment rate which will likely increase the number of individuals without health insurance. As a result, the operators of our facilities may experience a decrease in patient volumes. Should that occur, it may result in decreased occupancy rates at our medical office buildings as well as a reduction in the revenues earned by the operators of our hospital facilities which would unfavorably impact our future bonus rental revenue (on the UHS hospital facility) and may potentially have a negative impact on the future lease renewal terms and the underlying value of the hospital properties. The deterioration of credit and capital markets may adversely affect our access to sources of funding and we cannot be certain of the availability and terms of capital to fund the growth of our business when needed. To retain our status as a REIT, we are required to distribute 90 % of our taxable income to shareholders and, therefore, we generally cannot use income from operations to fund our growth. Accordingly, our growth strategy depends, in part, upon our ability to raise additional capital at reasonable costs to fund new investments. We believe we will be able to raise additional debt and equity capital at reasonable costs to refinance our debts (including third- party debt held by various LLCs in which we own non- controlling equity interests) at or prior to their maturities and to invest at yields which exceed our cost of capital. We can provide no assurance that financing will be available to us on satisfactory terms when needed, which could harm our business. Given these uncertainties, our growth strategy is not assured and may fail. To fund all or a portion of our future financing needs, we rely on borrowings from various sources including fixed rate, long- term debt as well as borrowings pursuant to our revolving credit agreement. If any of the lenders were unable to fulfill their future commitments, our liquidity could be impacted, which could have a material unfavorable impact on our results of operations and financial condition. The increase in interest rates has substantially increased our borrowing costs and reduced our ability to access the capital markets on favorable terms. Additional increases in interest rates and the effect on capital markets could adversely affect our ability to carry out our strategy. In addition, the degree to which we are, or in the future may become, leveraged, our ability to obtain financing could be adversely impacted and could make us more vulnerable to competitive pressures. Our ability to meet existing and future debt obligations depends upon our future performance and our ability to secure additional financing on satisfactory terms, each of which is subject to financial, business and other factors that are beyond our control. Any failure by us to meet our financial obligations would harm our business. In the event we need to access the capital markets or other sources of financing, there can be no assurance that we will be able to obtain financing on acceptable terms or within an acceptable time. Our inability to obtain financing on terms acceptable to us could have a material unfavorable impact on our results of operations, financial condition and liquidity. **We continue to see rising costs in construction materials and labor. Such increased costs could have an adverse effect on the cash flow return on investment relating to our capital projects.** The **cost of construction materials and labor** ~~phase~~ **has** ~~out~~ **significantly increased. As we continue to invest in new facilities, including the construction of new medical office buildings, we spend large amounts of money generated from our operating cash flow or borrowed funds. Although we evaluate the financial feasibility of such projects by determining whether the projected cash flow return on investment exceeds our cost of capital, such returns may not be achieved if the cost of construction continues to rise significantly. The discontinuation** of LIBOR ~~on January 1, 2022~~ **and the transition from LIBOR to** ~~and~~ **an** ~~June 30, 2023~~ **alternative reference rate may adversely impact us or our borrowing costs** . In 2017, the U. K. Financial Conduct Authority (" FCA ") that regulates LIBOR announced it intends to phase out LIBOR and stop compelling banks to submit rates for its calculation. In 2021, the FCA further announced that effective January 1, 2022, the one week and two- month USD LIBOR tenors are no longer being published **. Additionally** , ~~and~~ **effective July 1, 2023** all other USD LIBOR tenors **are no longer** ~~will cease to be~~ published ~~after June 30, 2023~~ . The Federal Reserve Board and the Federal Reserve Bank of New York organized the Alternative Reference Rates Committee which identified the Secured Overnight Financing Rate (" SOFR") as its preferred alternative to USD- LIBOR in derivatives and other financial contracts. **As a result, on May 15, 2023, we amended our Amended and Restated Credit Agreement, dated as of July 2, 2021, among the Trust, the lenders party thereto and Wells Fargo Bank, National Association, as Administrative Agent, Bank of America, N. A., as Syndication Agent and Fifth Third Bank, N. A., JPMorgan Chase Bank, N. A. and Truist Bank as Co- Documentation Agents, and Wells Fargo Securities, LLC and**

BOFA Securities, Inc., as Joint Lead Arrangers and Joint Bookrunners (as so amended, the " Credit Agreement ") to provide for a transition from a LIBOR- based rate to the Adjusted Term SOFR as an alternative benchmark rate for purposes under the Credit Agreement. We are not able to predict ~~how the markets will respond to SOFR or any other -- the~~ **full effect that the discontinuance of LIBOR, or the establishment of** alternative reference **rates such as SOFR, will have on us or our borrowing costs. SOFR is a relatively new reference** rate **and its composition and characteristics are not the same** as ~~the transition away from~~ LIBOR ~~continues . Any changes adopted by FCA or~~ **Given the limited history of this rate and potential volatility as compared to** other **benchmark** ~~governing bodies in the method used for -- or market rates determining LIBOR may result in a sudden or prolonged increase or decrease in reported LIBOR. If that were to occur , our interest payments could change. In addition, uncertainty about~~ the ~~extent and manner of~~ future ~~changes~~ **performance of this rate cannot be predicted based on historical performance. Using SOFR as the alternative benchmark rate** may result in interest rates and / or payments that are higher or lower than if LIBOR were to remain available ~~in its current form. At December 31, 2022, we had contracts that are indexed to LIBOR, such as our unsecured revolving credit facility and interest rate derivatives. We are monitoring and evaluating the related risks, which include interest on loans or amounts received and paid on derivative instruments. These risks arise in connection with transitioning contracts to a new alternative rate, including any resulting value transfer that may occur. The value of loans, securities, or derivative instruments tied to LIBOR could also be impacted if LIBOR is limited or discontinued. For some instruments, the method of transitioning to an alternative rate may be challenging, as they may require negotiation with the respective counterparty. Our unsecured revolving credit facility contains provisions specifying alternative interest rate calculations to be employed when LIBOR ceases to be available as a benchmark. We currently expect the LIBOR- indexed rates included in our debt agreements to be available until June 30, 2023. We anticipate managing the transition to a preferred alternative rate using the language set out in our agreements, however, future market conditions may not allow immediate implementation of desired modifications and we may incur significant associated costs in doing so .~~ Catastrophic weather and other natural events, whether caused by climate change or otherwise, could result in damage to our properties. 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. We 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 us to spend more on development and redevelopment properties without a corresponding increase in revenue. Risks Related to Our Securities The market value of our common stock could be substantially affected by various factors. Many factors, certain of which are outside of our control, could have an adverse effect on the share price of our common stock. These factors include certain of the risks discussed herein, our financial condition, performance and prospects, the market for similar securities issued by REITs, demographic changes, operating results of our operators and other hospital companies, changes in our financial estimates or recommendations of securities analysts, speculation in the press or investment community, the possible effects of war, terrorist and other hostilities, adverse weather conditions (whether caused by climate change or otherwise), the level of seasonal illnesses, changes in general conditions in the economy, financial markets or overall interest rate environment, or other developments affecting the health care industry. When interest rates increase, our common stock may decline in price. Our common stock, like other dividend stocks, is sensitive to changes in market interest rates. In response to changing interest rates the price of our common stock may behave like a long- term fixed- income security and, compared to shorter- term instruments, may have more volatility. A wide variety of market factors can cause interest rates to rise, including central bank monetary policy, an uptick in inflation and changes in general economic conditions. The risks associated with increasing rates **can** ~~are intensified given that interest rates~~ have ~~been near historic lows but may be expected to increase in the future, with~~ unpredictable effects on the markets and on the price of our common stock. Consequential effects of a general rise in interest rates may hamper our access to capital markets, affect the liquidity of our underlying investments in real estate, and, by extension, limit management' s effective range of responses to changing tenant circumstances or in answer to investment opportunities. Limited operational alternatives may further hinder our ability to maintain or increase our dividend, and the market price of our common stock may experience further declines as the result. In addition, a further increase in market interest rates may lead holders of shares of our common stock to sell our common stock and seek alternative investments that offer higher yield. Sales of our common stock may cause a decline in the value of our common stock. Ownership limitations and anti- takeover provisions in our declaration of trust and bylaws and under Maryland law and in our leases with UHS may delay, defer or prevent a change in control or other transactions that could provide shareholders with a take- over premium. We are subject to significant anti- takeover provisions. In order to protect us against the risk of losing our REIT status for federal income tax purposes, our declaration of trust permits our Trustees to redeem shares acquired or held in excess of 9. 8 % of the issued and outstanding shares of our voting stock and, which in the opinion of the Trustees, would jeopardize our REIT status. In addition, any acquisition of our common or preferred shares that would result in our disqualification as a REIT is null and void. The right of redemption may have the effect of delaying, deferring or preventing a change in control of our company and could adversely affect our shareholders' ability to realize a premium over the market price for the shares of our common stock. Our declaration of trust authorizes our Board of Trustees to issue additional shares of common and preferred stock and to establish the preferences, rights and other terms of any series of preferred stock that we issue. Although our Board of Trustees has no intention to do so at the present time, it could establish a series of preferred stock that could delay, defer or prevent a transaction or a change in control that might involve the payment of a premium over the market price for our common stock or otherwise be in the best interests of our shareholders. Both Master Leases by and among us and certain subsidiaries of UHS, which together govern the three acute care hospital properties, three

behavioral healthcare hospitals and the freestanding emergency departments leased to subsidiaries of UHS, includes a change of control provision. The change of control provision grants UHS the right, upon one month' s notice should a change of control of the Trust occur, to purchase any or all of the leased hospital properties at their appraised fair market values. The exercise of this purchase option may result in a less favorable rate of return earned on the sales proceeds received than the rental revenue currently earned on such facilities. These provisions could discourage unsolicited acquisition proposals or make it more difficult for a third- party to gain control of us, which could adversely affect the market price of our securities and prevent shareholders from receiving a take- over premium.