REFINITIV

DELTA REPORT

10-Q

HR - HEALTHCARE REALTY TRUST I

10-Q - JUNE 30, 2024 COMPARED TO 10-Q - MARCH 31, 2024

The following comparison report has been automatically generated

TOTAL DELTAS	815
CHANGES	189
DELETIONS	238
ADDITIONS	388

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended: March 31, June 30, 2024

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission File Number: 001-35568 (Healthcare Realty Trust Incorporated)

HEALTHCARE REALTY TRUST INCORPORATED

(Exact name of Registrant as specified in its charter)

Maryland	20-4738467
(State or other jurisdiction of Incorporation or organization)	*(I.R.S. Employer Identification No.)*

3310 West End Avenue, Suite 700
Nashville, Tennessee 37203
(Address of principal executive offices)
(615) 269-8175
(Registrant's telephone number, including area code)

www.healthcarerealty.com

(Internet address)

Securities Registered Pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Class A Common Stock, $0.01 par value per share	HR	New York Stock Exchange

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Sections 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer”, “smaller reporting company” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

☒ Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer

☐ Smaller reporting company ☐ Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

☐ Yes ☒ No

As of May 3, 2024 July 26, 2024, the Registrant had 378,544,088 363,030,249 shares of Common Stock outstanding.

HEALTHCARE REALTY TRUST INCORPORATED
FORM 10-Q
March 31, June 30, 2024

Table of Contents

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

Healthcare Realty Trust Incorporated
Condensed Consolidated Balance Sheets
Amounts in thousands, except per share data

ASSETS

	Unaudited **MARCH 31, 2024**	
	Unaudited **MARCH 31, 2024**	
	Unaudited **MARCH 31, 2024**	**DECEMBER 31, 2023**
	Unaudited **JUNE 30, 2024**	
	Unaudited **JUNE 30, 2024**	

	Unaudited JUNE 30, 2024	DECEMBER 31, 2023
Real estate properties		
Land		
Land		
Land		
Buildings and improvements		
Lease intangibles		
Personal property		
Investment in financing receivable, net		
Financing lease right-of-use assets		
Construction in progress		
Land held for development		
Total real estate properties		
Less accumulated depreciation and amortization		
Total real estate properties, net		
Cash and cash equivalents		
Assets held for sale, net		
Assets held for sale, net		
Assets held for sale, net		
Operating lease right-of-use assets		
Investments in unconsolidated joint ventures		
Goodwill		
Other assets, net		
Total assets		
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities		
Liabilities		
Liabilities		
Notes and bonds payable		
Notes and bonds payable		
Notes and bonds payable		
Accounts payable and accrued liabilities		
Liabilities of assets held for sale		
Operating lease liabilities		
Financing lease liabilities		
Other liabilities		
Total liabilities		
Commitments and contingencies	Commitments and contingencies	Commitments and contingencies
Redeemable non-controlling interests		
Stockholders' equity		
Preferred stock, $.01 par value per share; 200,000 shares authorized; none issued and outstanding		
Preferred stock, $.01 par value per share; 200,000 shares authorized; none issued and outstanding		
Preferred stock, $.01 par value per share; 200,000 shares authorized; none issued and outstanding		
Class A Common stock, $.01 par value per share; 1,000,000 shares authorized; 381,502 and 380,964 shares issued and outstanding at March 31, 2024 and December 31, 2023, respectively		
Class A Common stock, $.01 par value per share; 1,000,000 shares authorized; 364,327 and 380,964 shares issued and outstanding at June 30, 2024 and December 31, 2023, respectively		
Additional paid-in capital		
Accumulated other comprehensive income (loss)		
Cumulative net income attributable to common stockholders		

Cumulative dividends	
Total stockholders' equity	
Non-controlling interest	
Total equity	
Total liabilities and equity	

The accompanying notes, together with the Notes to the Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2023, are an integral part of these financial statements.

Healthcare Realty Trust Incorporated

Condensed Consolidated Statements of Operations

For the Three and Six Months Ended March 31, 2024 June 30, 2024 and 2023

Amounts in thousands, except per share data

Unaudited

THREE MONTHS ENDED

March 31,

THREE MONTHS ENDED

March 31,

THREE MONTHS ENDED

March 31,

	THREE MONTHS ENDED June 30,		SIX MONTHS ENDED June 30,	
	2024	2024 2023	2024	2023

2024

2024

Revenues

Revenues

Revenues

Rental income

Rental income

Rental income

Interest income

Interest income

Interest income

Other operating

Other operating

Other operating

326,805

326,805

326,805

Expenses

Expenses

316,322

Expenses

Property operating

Property operating

Property operating

General and administrative

General and administrative		
General and administrative		
Transaction costs		
Transaction costs		
Transaction costs		
Merger-related costs		
Merger-related costs		
Merger-related costs		
Depreciation and amortization		
Depreciation and amortization		
Depreciation and amortization		
		314,379
		305,629
		305,629
		314,379
		314,379
		305,629
Other income (expense)		
Other income (expense)		
Other income (expense)		
Gain on sales of real estate properties		
Gain on sales of real estate properties		
Gain on sales of real estate properties		
Interest expense		
Interest expense		
Gain on sales of real estate properties and other assets		
Gain on sales of real estate properties and other assets		
Gain on sales of real estate properties and other assets		
Interest expense		
Impairment of real estate properties and credit loss reserves		
Impairment of real estate properties and credit loss reserves		
Impairment of real estate properties and credit loss reserves		
Impairment of goodwill		
Impairment of goodwill		
Impairment of goodwill		
Equity loss from unconsolidated joint ventures		
Equity loss from unconsolidated joint ventures		
Equity loss from unconsolidated joint ventures		
Interest and other income, net		
Interest and other income, net		
Interest and other income, net		
		(327,646)
		(327,646)
		(327,646)
Interest and other (expense) income, net		
	(156,631)	
Net loss		
Net loss		
Net loss		
Net loss attributable to non-controlling interests		
Net loss attributable to non-controlling interests		

Net loss attributable to non-controlling interests
Net loss attributable to common stockholders
Net loss attributable to common stockholders
Net loss attributable to common stockholders
Basic earnings per common share
Basic earnings per common share
Basic earnings per common share
Diluted earnings per common share
Diluted earnings per common share
Diluted earnings per common share
Weighted average common shares outstanding - basic
Weighted average common shares outstanding - basic
Weighted average common shares outstanding - basic
Weighted average common shares outstanding - diluted
Weighted average common shares outstanding - diluted
Weighted average common shares outstanding - diluted

The accompanying notes, together with the Notes to the Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2023, are an integral part of these financial statements.

Healthcare Realty Trust Incorporated

Condensed Consolidated Statements of Comprehensive Loss

For the Three and Six Months Ended March 31, 2024 June 30, 2024 and 2023

Amounts in thousands

Unaudited

	THREE MONTHS ENDED March 31, THREE MONTHS ENDED March 31, THREE MONTHS ENDED March 31,					
	2024					
	2024					
	THREE MONTHS ENDED June 30,		SIX MONTHS ENDED June 30,			
	2024		2024	2023	2024	2023
Net loss						
Net loss						
Net loss						
Other comprehensive income						
Other comprehensive income						
Other comprehensive income						
Interest rate derivatives						
Interest rate derivatives						
Interest rate derivatives						
Reclassification adjustments for gains included in interest expense						
Reclassification adjustments for gains included in interest expense						

Reclassification adjustments for gains included in interest expense	
Gains (losses) arising during the period on interest rate swaps	
Gains (losses) arising during the period on interest rate swaps	
Gains (losses) arising during the period on interest rate swaps	
Gains arising during the period on interest rate swaps	
	15,746
	15,746
	15,746
Comprehensive loss	
Comprehensive loss	
	2,229
	2,229
	2,229
Comprehensive loss	
Less: comprehensive loss attributable to non-controlling interests	
Less: comprehensive loss attributable to non-controlling interests	
Less: comprehensive loss attributable to non-controlling interests	
Comprehensive loss attributable to common stockholders	
Comprehensive loss attributable to common stockholders	
Comprehensive loss attributable to common stockholders	

The accompanying notes, together with the Notes to the Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2023, are an integral part of these financial statements.

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Healthcare Realty Trust Incorporated

Condensed Consolidated Statements of Equity and Redeemable Non-Controlling Interests

For the Three Months Ended March 31, 2024 June 30, 2024 and 2023

Amounts in thousands, except per share data

Unaudited

	Common Stock		Common Stock	Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Cumulative Net Income	Cumulative Dividends	Total Stockholders' Equity	Non-controlling Interests	Total Equity	Redeemable Non-controlling Interests		Common Stock	Additional Paid-In Capital	Accumula Ot Comprehens Income (Lo
Balance at December 31, 2023															
Issuance of common stock, net of issuance costs															
Balance at March 31, 2024															
Common stock redemptions															
Common stock redemptions															

Common stock redemptions

Conversion of OP Units to common stock

Share-based compensation

Share-based compensation

Share-based compensation

Common stock repurchases

Net loss

Net loss

Net loss

Reclassification adjustments for gains included in net income (interest expense)

Gains arising during the period on interest rate swaps

Contributions from redeemable non-controlling interests

Adjustments to redemption value of redeemable non-controlling interests

Adjustments to redemption value of redeemable non-controlling interests

Adjustments to redemption value of redeemable non-controlling interests

Dividends to common stockholders and distributions to non-controlling interest holders ($0.31 per share)

Balance at March 31, 2024
Balance at June 30, 2024

Common Stock

Common Stock

	Common Stock	Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Cumulative Net Income	Cumulative Dividends	Total Stockholders' Equity	Non-controlling Interests	Total Equity	Redeemable Non-controlling Interests	Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Cumulative Net Income	Cumulative Dividends	Total Stockholders' Equity	Non-controll Intere
Balance at December 31, 2022															
Balance at March 31, 2023															
Issuance of common stock, net of issuance costs															
Common stock redemptions															
Common stock redemptions															
Common stock redemptions															
Share-based compensation															
Net loss															
Net loss															
Net loss															
Reclassification adjustments for gains included in net income (interest expense)															
Losses arising during the period on interest rate swaps															
Adjustments to redemption value of redeemable non-controlling interests															
Gains arising during the period on interest rate swaps															

Contributions from redeemable non-controlling interests
Dividends to common stockholders and distributions to non-controlling interest holders ($0.31 per share)
Balance at March 31, 2023
Dividends to common stockholders and distributions to non-controlling interest holders ($0.31 per share)
Dividends to common stockholders and distributions to non-controlling interest holders ($0.31 per share)
Balance at June 30, 2023

The accompanying notes, together with the Notes to the Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2023, are an integral part of these financial statements.

Healthcare Realty Trust Incorporated

Condensed Consolidated Statements of Equity and Redeemable Non-Controlling Interests
For the Six Months Ended June 30, 2024 and 2023

Amounts in thousands, except per share data
Unaudited

	Common Stock	Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Cumulative Net Income	Cumulative Dividends	Total Stockholders' Equity	Non-controlling Interests	Total Equity	Redeemable Non-controlling Interests
Balance at December 31, 2023	$ 3,810	$ 9,602,592	$ (10,741)	$ 1,028,794	$ (3,801,793)	$ 6,822,662	$ 96,252	$ 6,918,914	$ 3,868
Issuance of common stock, net of issuance costs	—	104	—	—	—	104	—	104	—
Common stock redemptions	—	(138)	—	—	—	(138)	—	(138)	—
Conversion of OP Units to common stock	2	3,410	—	—	—	3,412	(3,412)	—	—
Share-based compensation	3	6,941	—	—	—	6,944	—	6,944	—
Common stock repurchases	(172)	(272,881)	—	—	—	(273,053)	—	(273,053)	—
Net loss	—	—	—	(454,616)	—	(454,616)	(6,541)	(461,157)	—

Reclassification adjustments for gains included in net income (interest expense)	—	—	(7,424)	—	—	(7,424)	(104)	(7,528)	—
Gains arising during the period on interest rate swaps	—	—	25,151	—	—	25,151	350	25,501	—
Contributions from redeemable non-controlling interests	—	—	—	—	—	—	—	—	13
Adjustments to redemption value of redeemable non-controlling interests	—	—	—	—	—	—	—	—	(6)
Dividends to common stockholders and distributions to non-controlling interest holders (0.62 per share)	—	—	—	—	(235,900)	(235,900)	(2,870)	(238,770)	—
Balance at June 30, 2024	$ 3,643	$ 9,340,028	$ 6,986	$ 574,178	$ (4,037,693)	$ 5,887,142	$ 83,675	$ 5,970,817	$ 3,875

	Common Stock	Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Cumulative Net Income	Cumulative Dividends	Total Stockholders' Equity	Non-controlling Interests	Total Equity	Redeemable Non-controlling Interests
Balance at December 31, 2022	$ 3,806	$ 9,587,637	$ 2,140	$ 1,307,055	$ (3,329,562)	$ 7,571,076	$ 108,742	$ 7,679,818	$ 2,014
Issuance of common stock, net of issuance costs	—	78	—	—	—	78	—	78	—
Common stock redemptions	(1)	(1,595)	—	—	—	(1,596)	—	(1,596)	—
Share-based compensation	3	8,913	—	—	—	8,916	—	8,916	—
Net loss	—	—	—	(169,884)	—	(169,884)	(1,920)	(171,804)	—
Reclassification adjustments for gains included in net income (interest expense)	—	—	(5,635)	—	—	(5,635)	(68)	(5,703)	—
Gains arising during the period on interest rate swaps	—	—	12,823	—	—	12,823	158	12,981	—
Contributions from redeemable non-controlling interests	—	—	—	—	—	—	—	—	473
Dividends to common stockholders and distributions to non-controlling interest holders (0.62 per share)	—	—	—	—	(236,379)	(236,379)	(2,894)	(239,273)	—
Balance at June 30, 2023	$ 3,808	$ 9,595,033	$ 9,328	$ 1,137,171	$ (3,565,941)	$ 7,179,399	$ 104,018	$ 7,283,417	$ 2,487

The accompanying notes, together with the Notes to the Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2023, are an integral part of these financial statements.

Healthcare Realty Trust Incorporated

Condensed Consolidated Statements of Cash Flows

For the Three Six Months Ended March 31, 2024 June 30, 2024 and 2023

Amounts in thousands

Unaudited

OPERATING ACTIVITIES	THREE MONTHS ENDED March 31, 2024	2023
Net loss	$ (315,220)	$ (88,078)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	178,119	184,479
Other amortization	11,829	11,104
Share-based compensation	3,562	4,992
Amortization of straight-line rent receivable (lessor)	(8,568)	(9,783)
Amortization of straight-line rent on operating leases (lessee)	935	1,537
Gain on sales of real estate properties	(22)	(1,007)

Impairment of real estate properties and credit loss reserves		15,937		31,422
Impairment of goodwill		250,530		—
Equity loss from unconsolidated joint ventures		422		780
Distributions from unconsolidated joint ventures		1,335		2,542
Non-cash interest from financing and notes receivable		(242)		(1,385)
Changes in operating assets and liabilities:				
Other assets, including right-of-use-assets		(14,989)		(8,360)
Accounts payable and accrued liabilities		(52,163)		(66,954)
Other liabilities		4,687		7,901
Net cash provided by operating activities		76,152		69,190
INVESTING ACTIVITIES				
Acquisitions of real estate		—		(30,725)
Development of real estate		(8,383)		(6,707)
Additional long-lived assets		(50,388)		(60,159)
Funding of mortgages and notes receivable		(1,052)		(6,230)
Investments in unconsolidated joint ventures		—		(3,824)
Investment in financing receivable		746		(302)
Contributions from redeemable non-controlling interests		13		—
Proceeds from sales of real estate properties and additional long-lived assets		226		149,171
Proceeds from notes receivable repayments		277		336
Net cash (used in) provided by investing activities		(58,561)		41,560
FINANCING ACTIVITIES				
Net borrowings on unsecured credit facility		120,000		—
Repayments of notes and bonds payable		(17,326)		(667)
Dividends paid		(118,269)		(118,052)
Net proceeds from issuance of common stock		104		51
Common stock redemptions		(318)		(1,729)
Distributions to non-controlling interest holders		(1,199)		(1,272)
Payments made on finance leases		(110)		(101)
Net cash used in financing activities		(17,118)		(121,770)
Increase (decrease) in cash and cash equivalents		473		(11,020)
Cash and cash equivalents at beginning of period		25,699		60,961
Cash and cash equivalents at end of period	$	26,172	$	49,941
Supplemental Cash Flow Information				
Interest paid	$	73,518	$	75,082
Mortgage note receivables taken in connection with sale of real estate	$	—	$	45,000
Invoices accrued for construction, tenant improvements and other capitalized costs	$	35,777	$	28,138
Capitalized interest	$	942	$	570

OPERATING ACTIVITIES

		SIX MONTHS ENDED June 30,		
		2024		2023
Net loss	$	(461,157)	$	(171,804)
Adjustments to reconcile net loss to net cash provided by operating activities:				
Depreciation and amortization		351,596		367,671
Other amortization		23,390		23,405
Share-based compensation		6,944		8,916
Amortization of straight-line rent receivable (lessor)		(14,198)		(19,313)
Amortization of straight-line rent on operating leases (lessee)		1,998		3,062
Gain on sales of real estate properties and other assets		(38,360)		(8,162)
Impairment of real estate properties and credit loss reserves		148,055		86,637
Impairment of goodwill		250,530		—

Equity loss from unconsolidated joint ventures	568	797
Distributions from unconsolidated joint ventures	2,649	3,031
Non-cash interest from financing and notes receivable	(478)	(488)
Changes in operating assets and liabilities:		
Other assets, including right-of-use-assets	(4,257)	(17,502)
Accounts payable and accrued liabilities	(23,131)	(38,601)
Other liabilities	155	16,673
Net cash provided by operating activities	244,304	254,322
INVESTING ACTIVITIES		
Acquisitions of real estate	—	(39,301)
Development of real estate	(31,901)	(17,594)
Additional long-lived assets	(117,775)	(94,013)
Funding of mortgages and notes receivable	(3,466)	(11,503)
Investments in unconsolidated joint ventures	—	(3,824)
Investment in financing receivable	475	(780)
Contributions from redeemable non-controlling interests	13	—
Proceeds from sales of real estate properties and additional long-lived assets	303,475	160,870
Proceeds from notes receivable repayments	567	—
Net cash provided by (used in) investing activities	151,388	(6,145)
FINANCING ACTIVITIES		
Net borrowings (repayments) on unsecured credit facility	250,000	(31,000)
Repayment on term loan	(100,000)	—
Repayments of notes and bonds payable	(17,746)	(1,340)
Dividends paid	(235,618)	(236,105)
Net proceeds from issuance of common stock	104	77
Common stock redemptions	(321)	(1,842)
Common stock repurchases	(273,053)	—
Distributions to non-controlling interest holders	(2,399)	(2,546)
Debt issuance and assumption costs	(563)	(438)
Payments made on finance leases	(30)	(40)
Net cash used in financing activities	(379,626)	(273,234)
Increase (decrease) in cash and cash equivalents	16,066	(25,057)
Cash and cash equivalents at beginning of period	25,699	60,961
Cash and cash equivalents at end of period	$ 41,765	$ 35,904

Supplemental Cash Flow Information	SIX MONTHS ENDED JUNE 30,	
	2024	2023
Interest paid	$ 103,708	$ 106,985
Mortgage note receivables taken in connection with sale of real estate	$ —	$ 45,000
Invoices accrued for construction, tenant improvements and other capitalized costs	$ 39,016	$ 30,956
Capitalized interest	$ 1,916	$ 1,282
Proceeds from dispositions held in escrow	$ 96,008	$ —
Contribution of real estate properties into unconsolidated joint venture	$ 66,547	$ —

The accompanying notes, together with the Notes to the Consolidated Financial Statements included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2023, are an integral part of these financial statements.

Note 1. Summary of Significant Accounting Policies

Business Overview

Healthcare Realty Trust Incorporated ("Company" (the "Company") is a real estate investment trust ("REIT") that owns, leases, manages, acquires, finances, develops and redevelops income-producing real estate properties associated primarily with the delivery of outpatient healthcare services throughout the United States. As of March 31, 2024 June 30, 2024, the Company had gross investments of approximately $13.4 $12.9 billion in 654 629 con consolidated solidated real estate properties, construction in progress, redevelopments, financing receivables, financing lease right-of-use assets, land held for development and corporate property, excluding held for sale assets. In addition, as of June 30, 2024, the Company had a weighted average ownership interest of approximately 36% in 44 real estate properties held in unconsolidated joint ventures. See Note 2 below for more details regarding the Company's unconsolidated joint ventures. The Company's real estate properties are located in 35 states and total approximately tel38.4 milliony 37.2 million square feet. The Company provided leasing and property management services to 92% of its portfolio nationwide as of March 31, 2024 June 30, 2024.

On July 20, 2022, pursuant to that certain Agreement and Plan of Merger dated as of February 28, 2022, by and among Healthcare Realty Trust Incorporated, a Maryland corporation (now known as HRTI, LLC, a Maryland limited liability company) ("Legacy HR"), Healthcare Trust of America, Inc., a Maryland corporation (now known as Healthcare Realty Trust Incorporated) ("Legacy HTA"), Healthcare Trust of America Holdings, LP, a Delaware limited partnership (now known as Healthcare Realty Holdings, L.P.) (the "OP"), and HR Acquisition 2, LLC, a Maryland limited liability company ("Merger Sub"), Merger Sub merged with and into Legacy HR, with Legacy HR continuing as the surviving entity and a wholly-owned subsidiary of Legacy HTA (the "Merger"). The combined company operates under the name "Healthcare Realty Trust Incorporated" and its shares of class A common stock, $0.01 par value per share, trade on the New York Stock Exchange under the ticker symbol "HR".

The Company is structured as an umbrella partnership REIT under which substantially all of its business is conducted through the OP, the day-to-day management of which is exclusively controlled by the Company. As of March 31, 2024 June 30, 2024, the Company owned 98.6% of the issued and outstanding units of the OP, with other investors owning the remaining 1.4% of the OP's issued and outstanding units.

In addition, as of March 31, 2024, the Company had a weighted average ownership interest of approximately 43% in 33 real estate properties held in unconsolidated joint ventures. See Note 2 below for more details regarding the Company's unconsolidated joint ventures.

Any references to square footage or occupancy percentage, and any amounts derived from these values in these notes to the Company's Condensed Consolidated Financial Statements, are outside the scope of our independent registered public accounting firm's review.

Basis of Presentation

The Condensed Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. They do not include all of the information and footnotes required by GAAP for complete financial statements. All material intercompany transactions and balances have been eliminated in consolidation.

This interim financial information should be read in conjunction with the consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2023. Management believes that all adjustments of a normal, recurring nature considered necessary for a fair presentation have been included. In addition, the interim financial information does not necessarily represent or indicate what the operating results will be for the year ending December 31, 2024 for many reasons including, but not limited to, acquisitions, dispositions, capital financing transactions, changes in interest rates and the effects of other trends, risks and uncertainties.

Principles of Consolidation

The Company's Condensed Consolidated Financial Statements include the accounts of the Company, its wholly owned subsidiaries, and joint ventures and partnerships where the Company controls the operating activities. GAAP requires us to identify entities for which control is achieved through means other than voting rights and to determine which business enterprise is the primary beneficiary of variable interest entities ("VIEs"). Accounting Standards Codification ("ASC") Topic 810, Consolidation broadly defines a VIE as an entity in which either (i) the equity investors as a group, if any, lack the power through voting or similar rights to direct the activities of such entity that most significantly impact such entity's economic performance or (ii) the equity investment at risk is insufficient to

finance that entity's activities without additional subordinated financial support. The Company identifies the primary beneficiary of a VIE as the enterprise that has both of the following characteristics: (i) the power to direct the

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS, cont.

activities of the VIE that most significantly impact the entity's economic performance and (ii) the obligation to absorb losses or receive benefits of the VIE that could potentially be significant to the entity. The Company consolidates its investment in a VIE when it determines that it is the VIE's primary beneficiary, with any minority interests reflected as non-controlling interests or redeemable non-controlling interests in the accompanying Condensed Consolidated Financial Statements.

The Company may change its original assessment of a VIE upon subsequent events, such as the modification of contractual arrangements that affect the characteristics or adequacy of the entity's equity investments at risk, the disposition of all or a portion of an interest held by the primary beneficiary, or changes in facts and circumstances that impact the power to direct activities of the VIE that most significantly impacts economic performance. The Company performs this analysis on an ongoing basis.

For property holding entities not determined to be VIEs, the Company consolidates such entities in which it owns 100% of the equity or has a controlling financial interest evidenced by ownership of a majority voting interest. All intercompany balances and transactions are eliminated in consolidation. For entities in which the Company owns less than 100% of the equity interest, the Company consolidates the entity if it has the direct or indirect ability to control the entities' activities based upon the terms of the respective entities' ownership agreements.

The OP is 98.6% owned by the Company. Holders Other holders of operating partnership units ("OP Units") are considered to be non-controlling interest holders in the OP and their ownership interests are reflected as equity on the accompanying Condensed Consolidated Balance Sheets. Further, a portion of the earnings and losses of the OP are allocated to non-controlling interest holders based on their respective ownership percentages. Upon conversion of OP Units to common stock, any difference between the fair value of the common stock issued and the carrying value of the OP Units converted to common stock is recorded as a component of equity. As of March 31, 2024 June 30, 2024, there were approximately 5.2 5.3 million OP Units, or 1.4% of OP Units issued and outstanding, held by non-controlling interest holders. Additionally, the Company is the primary beneficiary of this VIE. Accordingly, the Company consolidates its interests in the OP.

As of March 31, 2024 June 30, 2024, the Company had four consolidated VIEs, in addition to the OP, consisting of joint venture investments in which the Company is the primary beneficiary of the VIE based on the combination of operational control and the rights to receive residual returns or the obligation to absorb losses arising from the joint ventures. Accordingly, such joint ventures have been consolidated, and the table below summarizes the balance sheets of consolidated VIEs, excluding the OP, in the aggregate:

(dollars in thousands)		MARCH 31, JUNE 30, 2024
Assets:		
Net Total real estate investmentsproperties, net	$	92,028 112,694
Cash and cash equivalents		2,548 3,205
Receivables and other Other assets, net		2,687 2,556
Total assets	$	97,263 118,455
Liabilities:		
Accrued expenses and other liabilities		$5,681 7,848
Total liabilities		7,848
Redeemable non-controlling interests		3,194
Partners' equity		91,582 108,612
Cumulative net loss		(1,199)
Total partners' equity		107,413
Total liabilities and equity	$	97,263 118,455

As of March 31, 2024 June 30, 2024, the Company had three unconsolidated VIEs consisting of two notes receivables and one joint venture. The Company does not have the power or economic interests to direct the activities of the these VIEs on a

stand-alone basis, and therefore it was determined that the Company was not the primary beneficiary. As a result, the Company accounts for the two notes receivables as amortized cost and a joint venture arrangement under the equity method. See below for additional information regarding the Company's unconsolidated VIEs.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS, cont.

(dollars in thousands) ORIGINATION DATE	(dollars in thousands) ORIGINATION DATE	LOCATION SOURCE	CARRYING AMOUNT	MAXIMUM EXPOSURE TO LOSS	(dollars in thousands) ORIGINATION DATE	LOCATION SOURCE	CARRYING AMOUNT	MAXIMUM EXPOSURE TO LOSS
2021								
2021								
2022								

1 Assumed mortgage note receivable in connection with the Merger.

2 Includes investments in seven properties.

As of March 31, 2024 June 30, 2024, the Company's unconsolidated joint venture arrangements were accounted for using the equity method of accounting as the Company exercised significant influence over but did not control these entities. See Note 2 below for more details regarding the Company's unconsolidated joint ventures.

Use of Estimates in the Condensed Consolidated Financial Statements

Preparation of the Condensed Consolidated Financial Statements in accordance with GAAP requires management to make estimates and assumptions that affect amounts reported in the Condensed Consolidated Financial Statements and accompanying notes. Actual results may differ from those estimates.

Redeemable Non-Controlling Interests

The Company accounts for redeemable equity securities in accordance with ASC Topic 480: Accounting for Redeemable Equity Instruments, which requires that equity securities redeemable at the option of the holder, not solely within our control, be classified outside permanent stockholders' equity. The Company classifies redeemable equity securities as redeemable non-controlling interests in the accompanying Condensed Consolidated Balance Sheets. Accordingly, the Company records the carrying amount at the greater of the initial carrying amount (increased or decreased for the non-controlling interest's share of net income or loss and distributions) or the redemption value. We measure the redemption value and record an adjustment to the carrying value of the equity securities as a component of redeemable non-controlling interest. As of March 31, 2024 June 30, 2024, the Company had redeemable non-controlling interests of $3.9 million.

Asset Impairment

The Company assesses the potential for impairment of identifiable, definite-lived, intangible assets and long-lived assets, including real estate properties, whenever the occurrence of an event or a change in circumstances indicates that the carrying value might not be fully recoverable. Indicators of impairment may include significant underperformance of an asset relative to historical or expected operating results; significant changes in the Company's use of assets or the strategy for its overall business; plans to sell an asset before its depreciable life has ended; the expiration of a significant portion of leases in a property; or significant negative economic trends or negative industry trends for the Company or its tenants. During the three and six months ended March 31, 2024 June 30, 2024, the Company recognized real estate impairments totaling $15.9 $120.9 million and $136.9 million, respectively, as a result of completed and planned disposition activity.

As of March 31, 2024 June 30, 2024, three 16 real estate properties totaling $2.9 $265.6 million were measured at fair value using level 3 fair value hierarchy. The level 3 fair value techniques included brokerage estimates, letters of intent, and unexecuted purchase and sale agreements, less estimated closing costs.

Goodwill Impairment

During the first quarter of 2024, the Company experienced a sustained decline in the price per share of its common stock, which was identified as an indicator of goodwill impairment. As a result, a goodwill evaluation was performed. The Company's current operations are carried out through a single reporting unit with a carrying value of approximately $12.0 billion. The Company determined that the carrying value exceeded estimated fair value and therefore an impairment of goodwill was recorded. The Company recorded a $250.5 million full impairment of its goodwill, which is recorded as a non-cash charge in "Impairment of goodwill" in the Condensed Consolidated Statements of Operations.

Investments in Leases - Financing Receivables, Net

In accordance with ASC Topic 842: Leases, for transactions in which the Company enters into a contract to acquire an asset and leases it back to the seller (i.e., a sale leaseback transaction), control of the asset is not considered to have transferred when the seller-lessee has a purchase option. As a result, the Company does not recognize the underlying real estate asset but instead recognizes a financial asset in accordance with ASC Topic 310: Receivables. See below for additional information regarding the Company's financing receivables.

(dollars in thousands) ORIGINATION DATE	(dollars in thousands) ORIGINATION DATE	LOCATION	INTEREST RATE	CARRYING VALUE as of MARCH 31, 2024	(dollars in thousands) ORIGINATION DATE	LOCATION	INTEREST RATE	CARRYING VALUE as of JUNE 30, 2024
May 2021								
November 2021								
			$					

Real Estate Notes Receivable

Real estate notes receivable consists of mezzanine and other real estate loans, which are generally collateralized by a pledge of the borrower's ownership interest in the respective real estate owner, a mortgage or deed of trust, and/or corporate guarantees. Real estate notes receivable are intended to be held-to-maturity held to maturity and are recorded at amortized cost, net of unamortized loan origination costs and fees and allowance for credit losses. As of March 31, 2024 June 30, 2024, real estate notes receivable, net, which are included in Other assets on the Company's Condensed Consolidated Balance Sheets, totaled $174.4 $168.8 million.

(dollars in thousands)	(dollars in thousands)	ORIGINATION	MATURITY	STATED INTEREST RATE	MAXIMUM LOAN COMMITMENT	OUTSTANDING as of MAR 31, 2024	ALLOWANCE FOR CREDIT LOSSES	FAIR VALUE DISCOUNT AND FEES	CARRYING VALUE as of MAR 31, 2024	(dollars in thousands)	ORIGINATION	MATURITY	STATED INTEREST RATE	MAXIMUM LOAN COMMITMENT	OUTSTANDING as of JUN 30, 2024	INTEREST RECEIVABLE (OTHER ASSETS)	ALLOWANCE FOR CREDIT LOSSES	FAIR VALUE DISCOUNT AND FEES	CARRYING VALUE as of JUNE 30, 2024
Mezzanine loans																			
Texas																			
Texas																			

Texas		
Texas 1		
Texas 1		
Texas 1		
Arizona		
	60,119	
Mortgage loans		
Texas		
Texas		
Texas		
North Carolina		
Texas 2		
Texas 2		
Texas 2		
North Carolina 3		
Florida		
California		
Florida		
	154,850	
		$
		$
		$

1 As of the date of these financial statements, the outstanding principal and interest on these loans had not been repaid, and on July 15, 2024, the senior lender on the construction loans associated with the underlying projects provided notice of foreclosure proceedings to the borrower. The borrower is in negotiations with a third party to provide financing that will repay the senior lender.

2 During the second quarter of 2024, the Company determined that an allowance for credit loss of $11.2 million was needed on this mortgage loan. The reserve amount consists of approximately $10.7 million of principal and approximately $0.5 million of interest. Additionally, the maturity date on this mortgage loan was extended to December 2, 2024.

3 Outstanding principal and interest due upon maturity.

Allowance for Credit Losses

Pursuant to ASC Topic 326, 326: Financial Instruments - Credit Losses, the Company adopted a policy to evaluate current expected credit losses at the inception of loans qualifying for treatment under ASC Topic 326. The Company utilizes a probability of default method approach for estimating current expected credit losses and evaluates the liquidity and creditworthiness of its borrowers on a quarterly basis to determine whether any updates to the future expected losses recognized upon inception are necessary. The Company's evaluation considers industry and economic conditions, credit enhancements, liquidity, and other factors. The determination of the credit allowance is based on a quarterly

evaluation of all outstanding loans, including general economic conditions and estimated collectability of loan payments. The Company evaluates the collectability of loan receivables based on a combination of credit quality indicators, including, but not limited to, payment status, historical loan charge-offs, financial strength of the borrower and guarantors, and nature, extent, and value of the underlying collateral. A loan is considered to have deteriorated credit quality when, based on current information and events, it is probable that the Company will be unable to collect all amounts due as scheduled according to the contractual terms of the loan agreement. For those loans identified as having deteriorated credit quality, the amount of credit loss is determined on an individual basis. Placement on non-accrual status may be required. Consistent with this definition, all loans on non-accrual status are deemed to have deteriorated credit quality. To the extent circumstances improve and the risk of collectability is diminished, the loan may return to income accrual status. While a loan is on non-accrual status, any cash receipts are applied against the outstanding principal balance.

During the first quarter of 2023, the Company determined that the risk of credit loss on a few two of its mezzanine loans were no longer remote and recorded a credit loss reserve of $5.2 million. During the three and six months ended March 31, 2024 June 30, 2024, the Company determined that the risk of credit loss on one of its mortgage note receivables was no additional longer remote and recorded a credit loss reserve was needed for its real estate notes receivable.

$11.2 million. The Company utilized the level 3 fair value hierarchy, which included a brokerage estimate on the underlying collateral of the loan, to determine the amount of credit loss reserve.

The following table summarizes the Company's allowance for credit losses on real estate notes receivable:

Dollars in thousands
Dollars in thousands
Dollars in thousands
Allowance for credit losses, beginning of period
Allowance for credit losses, beginning of period
Allowance for credit losses, beginning of period
Credit loss reserves
Credit loss reserves
Credit loss reserves
Allowance for credit losses, end of period
Allowance for credit losses, end of period
Allowance for credit losses, end of period

Interest Income

Income from Lease Financing Receivables

The Company recognized the related income from two financing receivables totaling $2.1 million $2.1 million and $4.2 million, respectively, for each of the three and six months ended March 31, 2024 June 30, 2024, and 2023, $2.1 million and $4.2 million, respectively, for the three and six months ended June 30, 2023, based on an imputed interest rate over the terms of the applicable lease. As a result, the interest recognized from the financing receivable in any particular period will not equal the cash payments from the lease agreement in that period.

Acquisition costs incurred in connection with entering into the financing receivable are treated as loan origination fees. These costs are classified with the financing receivable and are included in the balance of the net investment. Amortization of these amounts will be recognized as a reduction to Interest income over the life of the lease.

Income from Real Estate Notes Receivable

During the three months ended March 31, 2024 and 2023, the The Company recognized interest income of $2.4 million and $2.1 million, respectively, related to real estate notes receivable. receivable of $1.8 million and $4.2 million, respectively, for the three and six months ended June 30, 2024, and $2.2 million and $4.3 million, respectively, for the three and six months ended June 30, 2023. The Company recognizes interest income on an accrual basis unless the Company has determined that collectability of contractual amounts is not reasonably assured, at which point the note is placed on non-accrual status and interest income is recognized on a cash basis. In 2023, the Company placed two of its real estate notes receivable with principal balances, net of credit loss, of $48.9 million on non-accrual status and accordingly did not recognize any interest income for the three months and six month periods ended March 31, 2024 June 30, 2024. In 2024, the Company placed one of its real estate notes receivable with a principal balance, net of credit loss, of $20.5 million on non-accrual status.

Revenue from Contracts with Customers (ASC Topic 606)

The Company recognizes certain revenue under the core principle of ASC Topic 606. This topic requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Lease revenue is not within the scope of ASC Topic 606. To achieve the core principle, the Company applies the five-step model specified in the guidance.

Revenue that is accounted for under ASC Topic 606 is segregated on the Company's Condensed Consolidated Statements of Operations in the Other operating line item. This line item includes parking income, management fee income and other miscellaneous income. Below is a detail of the amounts by category:

	THREE MONTHS ENDED March 31,		THREE MONTHS ENDED June 30,		SIX MONTHS ENDED June 30,	
	THREE MONTHS ENDED March 31,					
	THREE MONTHS ENDED March 31,					
in thousands	*in thousands*		2024	2023	2024	2023
in thousands						
in thousands						

Type of Revenue	
Type of Revenue	
Type of Revenue	
Parking income	
Parking income	
Parking income	
Management fee income/other [1]	
Management fee income/other [1]	
Management fee income/other [1]	
	$
	$
	$

1 Includes the recovery of certain expenses under the financing receivable as outlined in the management agreement.

The Company's major types of revenue that are accounted for under Topic 606 that are listed above are all accounted for as the performance obligation is satisfied. The performance obligations that are identified for each of these items are satisfied over time, and the Company recognizes revenue monthly based on this principle.

New Accounting Pronouncements

On November 27, 2023, the Financial Accounting Standards Board ("FASB") issued ASU 2023-07, Segment Reporting (*Topic 280)*. Some of the main provisions of this update to segment reporting include; (i) a requirement to disclose significant segment expenses, on an annual and interim basis, that are regularly provided to the chief operating decision maker ("CODM") and included within each reported measure of segment profit or loss; (ii) a requirement to

disclose the title and position of the CODM and an explanation of how the CODM uses the reported measures of segment profit or loss in assessing segment performance and deciding how to allocate resources, and (iii) a requirement that an entity that has a single reportable segment provide all the disclosures required by the amendments in this update.

The update is effective for annual reporting periods beginning after December 15, 2023, and interim periods beginning after December 15, 2024. Early adoption is permitted. At this time, the Company does not expect that the adoption of this ASU will have a material impact on its consolidated financial statements and other than compliance of with these new disclosure requirements, which will begin with the Company's Annual Report on Form 10-K for the year ending December 31, 2024.

Note 2. Real Estate Investments

2024 Acquisition Activity

The Company had no real estate acquisition activity for the three six months ended March 31, 2024 June 30, 2024.

Unconsolidated Joint Ventures

The Company's investment in and loss recognized for the three and six months ended March 31, 2024 June 30, 2024 and 2023 related to its unconsolidated joint ventures accounted for under the equity method are shown in the table below:

	THREE MONTHS ENDED March 31,			
	THREE MONTHS ENDED March 31,			
	THREE MONTHS ENDED March 31,			
Dollars in thousands				
Dollars in thousands				
	THREE MONTHS ENDED June 30,		SIX MONTHS ENDED June 30,	
Dollars in thousands	2024	2023	2024	2023
Investments in unconsolidated joint ventures, beginning of period				
Investments in unconsolidated joint ventures, beginning of period				
Investments in unconsolidated joint ventures, beginning of period				

New investment during the period [1]

New investment during the period [1]

New investment during the period [1]

Equity loss recognized during the period

Equity loss recognized during the period

Equity loss recognized during the period

Owner distributions

Owner distributions

Owner distributions

Investments in unconsolidated joint ventures, end of period

Investments in unconsolidated joint ventures, end of period

Investments in unconsolidated joint ventures, end of period

1 In the second quarter of 2024, the Company contributed 11 properties into a new joint venture in which it retained a 20% ownership interest. See 2024 "Real Estate Asset Dispositions" below for additional information. In 2023, this there was an additional investment in an existing joint venture in which the Company retained a 40% ownership interest. The investment consisted of the Company's sale contribution of a property in Dallas, Texas to the joint venture.

2024 Real Estate Asset Dispositions

The Company had no real estate dispositions for the three months ended March 31, 2024.

Subsequent to March 31, 2024, the Company disposed of two medical outpatient buildings totaling 39,000 square feet for an aggregate of $5.8 million. The two properties were classified as held for sale as of March 31, 2024.

2024 Real Estate Asset Dispositions

The following table details the Company's dispositions and joint venture contributions for the six months ended June 30, 2024.

Dollars in thousands	DATE DISPOSED	SALE PRICE	CLOSING ADJUSTMENTS	NET PROCEEDS	NET REAL ESTATE INVESTMENT	OTHER (INCLUDING RECEIVABLES)	GAIN/(IMPAIRMENT)	SQUARE FOOTAGE
Albany, NY	4/1/24	$ 725	$ (60)	$ 665	$ 765	$ (82)	$ (18)	14,800
San Angelo, TX	4/12/24	5,085	(128)	4,957	4,917	66	(26)	24,580
Houston, TX	5/20/24	250	(9)	241	713	(520)	48	37,040
Multiple [1]	5/23/24	284,348	(14,270)	270,078	254,176	25,836	(9,934)	556,274
Denver, CO	5/30/24	19,000	(628)	18,372	18,522	165	(315)	37,130
Austin, TX [1]	6/6/24	54,858	(1,575)	53,283	27,964	623	24,696	129,879
Minneapolis, MN	6/21/24	1,082	(144)	938	303	43	592	50,291
Greensboro/Raleigh, NC [2, 3]	6/28/24	99,518	(2,835)	96,683	86,810	906	8,967	309,424
Total dispositions		$ 464,866	$ (19,649)	$ 445,217	$ 394,170	$ 27,037	$ 24,010	1,159,418

1 The Company contributed the following medical outpatient properties to a joint venture in which the Company retained 20% ownership: one in each of Raleigh, NC, New York, NY, Philadelphia, PA, Atlanta, GA and Austin, TX; two medical outpatient properties in Los Angeles and four in Seattle, WA. Sale price and square footage reflect the total sale price paid by the joint venture and total square footage of the property. The net proceeds to the Company related to these dispositions totaled $256.8 million.

2 The Company sold seven medical outpatient properties in Greensboro, NC and two medical outpatient properties in Raleigh, NC to a single buyer in a single transaction.

3 The amount in the net proceeds column for this portfolio disposition includes the receivable for the cash held in escrow that closed on June 28, 2024 and was received by the Company on July 1, 2024. These proceeds were recorded as a receivable in other assets, net as of June 30, 2024.

Assets Held for Sale

The Company had three properties classified as assets held for sale as of June 30, 2024 and one property classified as assets held for sale as of December 31, 2023. The table below reflects the assets and liabilities classified as held for sale as of March 31, 2024 June 30, 2024 and December 31, 2023:

Dollars in thousands	*Dollars in thousands*	March 31, 2024	December 31, 2023	*Dollars in thousands*	June 30, 2024	December 31, 2023
Balance Sheet data:						
Land						

Land

Land

Building and improvements

Lease intangibles

	16,464
	46,689
	16,464
	46,689
	16,464
	46,689

Accumulated depreciation

Real estate assets held for sale, net [1]

Real estate assets held for sale, net

Cash and cash equivalents

Operating lease right-of-use assets

Other assets, net

Assets held for sale, net

Accounts payable and accrued liabilities

Accounts payable and accrued liabilities

Accounts payable and accrued liabilities

Operating lease liabilities

Other liabilities

Other liabilities

Other liabilities

Liabilities of assets held for sale

1 Net real estate assets held for sale includes the impact of $1.5 million of impairment charges for the three months ended March 31, 2024.

Note 3. Leases

Lessor Accounting

The Company's properties generally are leased pursuant to non-cancelable, fixed-term operating leases with expiration dates through 2052. Some leases provide tenants with fixed rent renewal terms while others have market rent renewal terms. Some leases provide the lessee, during the term of the lease, with an option or right of first refusal to purchase the leased property. The Company's single-tenant net leases generally require the lessee to pay

minimum rent and all taxes (including property tax), insurance, maintenance and other operating costs associated with the leased property.

The Company's leases typically have escalators that are either based on a stated percentage or an index such as the consumer price index Consumer Price Index ("CPI"). In addition, most of the Company's leases include nonlease components, such as reimbursement of operating expenses as additional rent, or include the reimbursement of expected operating expenses as part of the lease payment. The Company adopted an accounting policy to combine lease and nonlease components. Rent escalators based on indices and reimbursements of operating expenses that are not included in the lease rate are considered variable lease payments. Variable payments are recognized in the period earned. Lease income for the Company's operating leases recognized for the three and six months ended March 31, 2024 June 30, 2024 was $318.1 million. $308.1 million and $626.2 million, respectively. Lease income for the Company's operating leases recognized for the three and six months ended March 31, 2023 June 30, 2023 was $324.1 million. $329.7 million and $653.8 million, respectively.

Future lease payments under the non-cancelable operating leases, excluding any reimbursements and one sale-type lease, as of March 31, 2024 June 30, 2024 were as follows:

Dollars in thousands		OPERATING
2024	$	680,129
2025		831,775
2026		734,080
2027		611,277
2028		497,470

2029 and thereafter		1,665,663
	$	5,020,394

Dollars in thousands		OPERATING
2024	$	441,170
2025		827,950
2026		734,851
2027		614,428
2028		500,591
2029 and thereafter		1,629,794
	$	4,748,784

Lessee Accounting

As of March 31, 2024 June 30, 2024, the Company was obligated, as the lessee, under operating lease agreements consisting primarily of the Company's ground leases. As of March 31, 2024 June 30, 2024, the Company had 231 221 properties totaling 16.9 million 16.5 million square feet that were held under ground leases. Some of the Company's ground lease renewal terms are based on fixed rent renewal terms, and others have market rent renewal terms. These ground leases typically have initial terms of 40 to 99 years with expiration dates through 2119. Any rental increases related to the Company's ground leases are generally either stated in the lease or based on CPI. The Company had 75 73 prepaid ground leases as of March 31, 2024 June 30, 2024. The amortization of the prepaid rent, included in the operating lease right-of-use asset, represented approximately $0.3 million $0.5 million and $0.3 million of the Company's Company's rental expense for the three months ended March 31, 2024 June 30, 2024 and March 31, 2023. 2023, respectively, and $0.9 million and $0.7 million for the six months ended June 30, 2024 and 2023, respectively.

The Company's future lease payments (primarily for its 156 148 non-prepaid ground leases) as of March 31, 2024 June 30, 2024 were as follows:

Dollars in thousands		OPERATING		FINANCING
2024	$	8,760	$	1,523
2025		12,415		2,218
2026		12,503		2,255
2027		12,689		2,294
2028		12,809		2,326
2029 and thereafter		698,464		394,072
Total undiscounted lease payments		757,640		404,688
Discount		(528,417)		(329,919)
Lease liabilities	$	229,223	$	74,769

The following table provides details of the Company's total lease expense for the three months ended March 31, 2024 and 2023:

	THREE MONTHS ENDED March 31,			
Dollars in thousands		2024		2023
Operating lease cost				
Operating lease expense	$	4,465	$	5,107
Variable lease expense		1,228		2,136
Finance lease cost				
Amortization of right-of-use assets		387		388
Interest on lease liabilities		937		918
Total lease expense	$	7,017	$	8,549
Other information				
Operating cash flows outflows related to operating leases	$	4,040	$	5,960
Operating cash flows outflows related to financing leases	$	563	$	553
Financing cash flows outflows related to financing leases	$	110	$	101
Weighted-average years remaining lease term (excluding renewal options) - operating leases		45.8		47.4

Weighted-average years remaining lease term (excluding renewal options) - finance leases	57.7	58.7
Weighted-average discount rate - operating leases	5.7 %	5.8 %
Weighted-average discount rate - finance leases	5.0 %	5.0 %

Dollars in thousands	OPERATING	FINANCING
2024	$ 5,912	$ 1,013
2025	12,644	2,218
2026	12,739	2,255
2027	12,934	2,294
2028	13,061	2,326
2029 and thereafter	693,556	394,072
Total undiscounted lease payments	750,846	404,178
Discount	(520,245)	(328,979)
Lease liabilities	$ 230,601	$ 75,199

The following table provides details of the Company's total lease expense for the three and six months ended June 30, 2024 and 2023:

	THREE MONTHS ENDED June 30,		SIX MONTHS ENDED June 30,	
Dollars in thousands	2024	2023	2024	2023
Operating lease cost				
Operating lease expense	$ 4,599	$ 5,329	$ 9,065	$ 10,436
Variable lease expense	1,315	2,235	2,542	4,371
Finance lease cost				
Amortization of right-of-use assets	392	387	779	774
Interest on lease liabilities	942	923	1,880	1,841
Total lease expense	$ 7,248	$ 8,874	$ 14,266	$ 17,422
Other information				
Operating cash flows outflows related to operating leases	$ 4,889	$ 5,230	$ 8,929	$ 11,190
Operating cash flows outflows related to financing leases	$ 591	$ 541	$ 1,154	$ 1,094
Financing cash flows outflows related to financing leases	$ 4	$ 6	$ 30	$ 17
Right-of-use assets obtained in exchange for new operating lease liabilities	$ 2,561	$ —	$ 2,561	$ —
Weighted-average years remaining lease term (excluding renewal options) - operating leases	45.9	47.3		
Weighted-average years remaining lease term (excluding renewal options) - finance leases	57.4	58.4		
Weighted-average discount rate - operating leases	5.7 %	5.8 %		
Weighted-average discount rate - finance leases	5.0 %	5.0 %		

Note 4. Notes and Bonds Payable

The table below details the Company’s notes and bonds payable as of March 31, 2024 June 30, 2024 and December 31, 2023.

		BALANCE 1 AS OF		EFFECTIVE INTEREST RATE
Dollars in thousands	MATURITY DATES	3/31/2024	12/31/2023	as of 3/31/2024
$1.5 billion Unsecured Credit Facility	10/25	$ 120,000	$ —	6.27 %

$200 million Unsecured Term Loan [2]	5/24	199,961	199,903	6.36 %
$350 million Unsecured Term Loan	7/24	349,885	349,798	6.36 %
$300 million Unsecured Term Loan	10/25	299,964	299,958	6.36 %
$150 million Unsecured Term Loan	6/26	149,679	149,643	6.36 %
$200 million Unsecured Term Loan	7/27	199,536	199,502	6.36 %
$300 million Unsecured Term Loan	1/28	298,393	298,288	6.36 %
Senior Notes due 2025	5/25	249,579	249,484	4.12 %
Senior Notes due 2026	8/26	580,933	579,017	4.94 %
Senior Notes due 2027	7/27	484,802	483,727	4.76 %
Senior Notes due 2028	1/28	297,577	297,429	3.85 %
Senior Notes due 2030	2/30	578,038	575,443	5.30 %
Senior Notes due 2030	3/30	296,881	296,780	2.72 %
Senior Notes due 2031	3/31	295,958	295,832	2.25 %
Senior Notes due 2031	3/31	653,864	649,521	5.13 %
Mortgage notes payable	9/24-12/26	53,229	70,534	3.57%-6.88%
		$ 5,108,279	$ 4,994,859	

		BALANCE [1] AS OF		EFFECTIVE INTEREST RATE
Dollars in thousands	MATURITY DATE	6/30/2024	12/31/2023	as of 6/30/2024
$1.5 billion Unsecured Credit Facility [2]	10/25	$ 250,000	$ —	6.28 %
$200 million Unsecured Term Loan [3]	5/25	199,750	199,903	6.37 %
$250 million Unsecured Term Loan [4]	7/25	249,659	349,798	6.37 %
$300 million Unsecured Term Loan	10/25	299,970	299,958	6.37 %
$150 million Unsecured Term Loan	6/26	149,716	149,643	6.37 %
$200 million Unsecured Term Loan	7/27	199,571	199,502	6.37 %
$300 million Unsecured Term Loan	1/28	298,498	298,288	6.37 %
Senior Notes due 2025	5/25	249,674	249,484	4.12 %
Senior Notes due 2026	8/26	582,873	579,017	4.94 %
Senior Notes due 2027	7/27	485,889	483,727	4.76 %
Senior Notes due 2028	1/28	297,726	297,429	3.85 %
Senior Notes due 2030	2/30	580,667	575,443	5.30 %
Senior Notes due 2030	3/30	296,983	296,780	2.72 %
Senior Notes due 2031	3/31	296,086	295,832	2.25 %
Senior Notes due 2031	3/31	658,263	649,521	5.13 %
Mortgage notes payable	9/24-12/26	52,828	70,534	3.57% - 6.88%
		$ 5,148,153	$ 4,994,859	

1 Balance is presented net of discounts and issuance costs and inclusive of premiums, where applicable.

2 As of June 30, 2024, the Company had $1.3 billion available to be drawn on its $1.5 billion Unsecured Credit Facility.

3 In April 2024, the Company exercised its option to extend the maturity date for one year to May 2025 for a fee of approximately $0.3 million.

4 In June 2024, the Company repaid $100 million of the initial $350 million Unsecured Term Loan and exercised its second option to extend the maturity date for one year to July 2025 for a fee of approximately $0.3 million.

Changes in Mortgage Notes Payable Debt Structure

On January 6, 2024, the Company repaid in full at maturity a mortgage note payable bearing interest at a rate of 4.77% per annum with an outstanding principal balance of $11.3 million. The mortgage note encumbered a 63,012 square foot property in California.

On February 1, 2024, the Company repaid in full at maturity a mortgage note payable bearing interest at a rate of 4.12% per annum with an outstanding principal balance of $5.6 million. The mortgage note encumbered a 40,324 square foot property in Georgia.

Note 5. Derivative Financial Instruments

Risk Management Objective of Using Derivatives

The Company is exposed to certain risks arising from both its business operations and economic conditions. The Company principally manages its exposures to a wide variety of business and operational risks through management of its core business activities. The Company manages economic risks, including interest rate, liquidity, and credit risk, primarily by managing the amount, sources, and duration of its assets and liabilities and the use of derivative financial instruments. Specifically, the Company enters into derivative financial instruments to manage exposures that arise from business activities that result in the receipt or payment of future known and uncertain cash amounts, the value of which are determined by interest rates. The Company's derivative financial instruments are used to manage differences in the amount, timing, and duration of the Company's known or expected cash receipts and its known or expected cash payments principally related to the Company's borrowings.

Cash Flow Hedges of Interest Rate Risk

The Company's objectives in using interest rate derivatives are to add stability to interest expense and to manage its exposure to interest rate movements. To accomplish this objective, the Company primarily uses interest rate swaps as part of its interest rate risk management strategy. Interest rate swaps designated as cash flow hedges involve the receipt of variable amounts from a counterparty in exchange for the Company making fixed-rate payments over the

life of the agreements without exchange of the underlying notional amount. Such derivatives were used to hedge the variable cash flows associated with existing variable-rate debt.

For derivatives designated, and that qualify, as cash flow hedges of interest rate risk, the gain or loss on the derivative is recorded in Accumulated Other Comprehensive Income (Loss) ("AOCI") and subsequently reclassified into interest expense in the same period(s) during which the hedged transaction affects earnings. Amounts reported in AOCI related to derivatives will be reclassified to interest expense as interest payments are made on the Company's variable-rate debt.

As of March 31, 2024 June 30, 2024, the Company had 15 outstanding interest rate derivatives that were designated as cash flow hedges of interest rate risk:

		AMOUNT					AMOUNT	WEIGHTED AVERAGE RATE					AMOUNT			WEIGHTED AVERAGE RATE
May 2026	May 2026	275,000	3.74	3.74	%	May 2026	$	275,000	3.74	3.74	%					
June 2026	June 2026	150,000	3.83	3.83	%	June 2026		150,000	3.83	3.83	%					
December 2026	December 2026	150,000	3.84	3.84	%	December 2026		150,000	3.84	3.84	%					
June 2027	June 2027	200,000	4.27	4.27	%	June 2027		200,000	4.27	4.27	%					
December 2027	December 2027	300,000	3.93	3.93	%	December 2027		300,000	3.93	3.93	%					
	$		$	1,075,000		3.92	3.92 %					$	1,075,000	3.92	3.92	%

Tabular Disclosure of Fair Values of Derivative Instruments on the Balance Sheet

The table below presents the fair value of the Company's derivative financial instruments as well as and their classification on the Condensed Consolidated Balance Sheet as of March 31, 2024 June 30, 2024.

	BALANCE AT MARCH 31, JUNE 30, 2024		
In thousands	BALANCE SHEET LOCATION		FAIR VALUE
Derivatives designated as hedging instruments			
Interest rate swaps	Other liabilities	$	(2,973) (1,839)
Interest rate swaps	Other assets	$	10,603 11,538
Total derivatives designated as hedging instruments		$	7,630 9,699

Tabular Disclosure of the Effect of Cash Flow Hedge Accounting on Accumulated Other Comprehensive Income (Loss)

The table below presents the effect of cash flow hedge accounting on AOCI during the three and six months ended March 31, 2024 June 30, 2024 and 2023 related to the Company's outstanding interest rate swaps.

		(GAIN)/LOSS RECOGNIZED IN AOCI ON DERIVATIVE three months ended March 31,		(GAIN)/LOSS RECLASSIFIED FROM AOCI INTO INCOME three months ended March 31,				
		(GAIN)/LOSS RECOGNIZED IN AOCI ON DERIVATIVE three months ended June 30,						
In thousands	*In thousands*	(GAIN)/LOSS RECLASSIFIED FROM AOCI INTO INCOME three months ended March 31,	2024	2023	2024	2023	*In thousands*	(GAIN)/LOSS RECLASSIFIED FROM AOCI INTO INCOME three months ended June 30,	2024 2023 2024 2023
Interest rate swaps								
Settled treasury hedges								
Settled interest rate swaps								

In thousands	(GAIN)/LOSS RECOGNIZED IN AOCI ON DERIVATIVE six months ended June 30, 2024	2023		(GAIN)/LOSS RECLASSIFIED FROM AOCI INTO INCOME six months ended June 30, 2024	2023
Interest rate swaps	$ (25,501) $	(12,981)	Interest expense	$ (7,825) $	(6,000)
Settled treasury hedges	—	—	Interest expense	213	213
Settled interest rate swaps	—	—	Interest expense	84	84
	$ (25,501) $	(12,981)	**Total interest expense**	$ (7,528) $	(5,703)

The Company estimates that an additional $10.5 million related to active interest rate swaps will be reclassified from AOCI as a decrease to interest expense over the next 12 months, and that an additional $0.6 million related to settled interest rate swaps will be amortized from AOCI as an increase to interest expense over the next 12 months.

Credit-risk-related Contingent Features

The Company's agreements with each of its derivative counterparties contain a cross-default provision under which the Company could be declared in default of its derivative obligations if repayment of the underlying indebtedness is accelerated by the lender due to should the Company's Company default on the indebtedness.

As of March 31, 2024 June 30, 2024, the fair value of derivatives in a net asset liability position including accrued interest but excluding any adjustment for nonperformance risk related to these agreements was $7.6 $0.3 million. As of March 31, 2024 June 30, 2024, the Company had not posted any collateral related to these agreements and was not in breach of any agreement.

Note 6. Commitments and Contingencies

Legal Proceedings

The Company is, from From time to time, the Company is involved in litigation arising in the ordinary course of business. The Company is not aware of any pending or threatened litigation that, if resolved against the Company, would have a material adverse effect on the Company’s consolidated financial position, results of operations or cash flows.

Development and Redevelopment Activity

For the three six months ended March 31, 2024 June 30, 2024, the Company invested $7.7 million $35.6 million and $2.8 million $8.5 million toward active development and redevelopment of properties, respectively, and $11.1 million $22.3 million toward recently completed development and redevelopment projects.

Note 7. Stockholders' Equity

Common Stock

The following table provides a reconciliation of the beginning and ending shares of common stock outstanding for the three six months ended March 31, 2024 June 30, 2024 and the twelve months ended December 31, 2023:

	THREE MONTHS ENDED MARCH 31, 2024	TWELVE MONTHS ENDED DECEMBER 31, 2023
	SIX MONTHS ENDED JUNE 30, 2024	TWELVE MONTHS ENDED DECEMBER 31, 2023
Balance, beginning of period		
Issuance of common stock		
Conversion of OP unit to Common stock		
Conversion of OP units to common stock		
Shares Repurchased		
Non-vested share-based awards, net of withheld shares and forfeitures		
Balance, end of period		

Common Stock Dividends

During the three six months ended March 31, 2024 June 30, 2024, the Company declared and paid common stock dividends totaling $0.31 $0.62 per share. On April 30, 2024, July 30, 2024, the Company declared a quarterly common stock dividend in the amount of $0.31 per share payable on May 23, 2024 August 28, 2024 to stockholders of record on May 13, 2024 August 12, 2024.

Authorization to Repurchase Common Stock Repurchases

On May 31, 2023, the Company's Board of Directors authorized the repurchase of up to $500.0 million $500.0 million of outstanding shares of the Company's common stock either in the open market or through privately negotiated transactions, subject to market conditions, regulatory constraints, and other customary conditions. The Company is not obligated under this authorization to repurchase any specific number of shares. This authorization supersedes all previous stock repurchase authorizations. In April 2024, the Company repurchased 2,966,764 shares of its common stock at a weighted average price of $14.07 for a total of $41.7 million under this authorization.

On April 30, 2024, the Company's Board of directors Directors authorized the repurchase of up to $500.0 million $500.0 million of outstanding shares of the Company's common stock, superseding the previous stock repurchase authorization. The stock repurchase authorization expires on April 29, 2025, and the Company may suspend or terminate repurchases at any time without prior notice. Under the Maryland General Corporation Law, outstanding shares of common stock acquired by a corporation become authorized but unissued shares, which may be re-issued. In May and June 2024, the Company repurchased an aggregate of 14,275,473 shares of its common stock at a weighted average price of $16.18 for a total of $231.0 million under this authorization. As of June 30, 2024, the Company was authorized to repurchase an additional $269.0 million of the Company's common stock.

Subsequent to June 30, 2024, the Company repurchased 1,296,985 shares of its common stock for a total of $21.8 million.

Earnings Per Common Share

The Company uses the two-class method of computing net earnings per common shares. The Company's non-vested share-based awards are considered participating securities pursuant to the two-class method.

The following table sets forth the computation of basic and diluted earnings per common share for the three and six months ended March 31, 2024 June 30, 2024 and 2023.

	THREE MONTHS ENDED MARCH 31,			
	THREE MONTHS ENDED MARCH 31,			
	THREE MONTHS ENDED MARCH 31,			
Dollars in thousands, except per share data				
Dollars in thousands, except per share data				
	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
Dollars in thousands, except per share data	2024	2023	2024	2023
Weighted average common shares outstanding				
Weighted average common shares outstanding				
Weighted average common shares outstanding				
Weighted average common shares outstanding				
Weighted average common shares outstanding				
Weighted average common shares outstanding				
Non-vested shares				
Non-vested shares				
Non-vested shares				
Weighted average common shares outstanding - basic				

Weighted average common shares outstanding - basic
Weighted average common shares outstanding - basic
Weighted average common shares outstanding - basic
Weighted average common shares outstanding - basic
Weighted average common shares outstanding - basic
Weighted average common shares outstanding - basic
Dilutive effect of forward equity shares
Dilutive effect of forward equity shares
Dilutive effect of forward equity shares
Dilutive effect of OP Units
Dilutive effect of OP Units
Dilutive effect of OP Units
Dilutive effect of employee stock purchase plan
Dilutive effect of employee stock purchase plan
Dilutive effect of employee stock purchase plan
Weighted average common shares outstanding - diluted
Weighted average common shares outstanding - diluted
Weighted average common shares outstanding - diluted
Net loss
Net loss
Net loss
Income allocated to participating securities
Income allocated to participating securities
Income allocated to participating securities
Loss attributable to non-controlling interest
Loss attributable to non-controlling interest
Loss attributable to non-controlling interest
Adjustment to loss attributable to non-controlling interest for legally outstanding restricted units
Adjustment to loss attributable to non-controlling interest for legally outstanding restricted units
Adjustment to loss attributable to non-controlling interest for legally outstanding restricted units
Net loss applicable to common stockholders - basic
Net loss applicable to common stockholders - basic
Net loss applicable to common stockholders - basic
Basic earnings per common share - net loss
Basic earnings per common share - net loss
Basic earnings per common share - net loss
Diluted earnings per common share - net loss
Diluted earnings per common share - net loss
Diluted earnings per common share - net loss
Diluted earnings per common share - net loss

The effect of OP Units redeemable for 3,681,2253,657,682 shares and options under the Company's Employee Stock Purchase Plan (the "ESPP") to purchase 23,140 3,669,454 shares of the Company's common stock for the three and six months ended March 31, 2024 June 30, 2024, respectively, were excluded from the calculation of diluted loss per common share because the effect was anti-dilutive due to the loss from continuing operations incurred during that period.those periods.

Stock Incentive Plan

The Company's stock incentive plan ("Incentive Plan") permits the grant of incentive awards to its employees and directors in any of the following forms: options, stock appreciation rights, restricted stock, restricted or deferred stock units, performance awards, dividend equivalents, or other stock-based awards, including units in the OP.

Equity Incentive Plans

During the three six months ended March 31, 2024 June 30, 2024, the Company made the following equity awards:

- ***Restricted Stock***
  - During the first quarter of 2024, the Company granted non-vested stock awards to its named executive officers and other members of senior management and employees with an aggregate grant date fair value of $5.6 million, which consisted of an aggregate of 361,712 non-vested shares with vesting periods ranging from three to eight years.
  - During the second quarter of 2024, the Company granted to independent directors an aggregate of 58,910 shares of non-vested stock awards with a grant date fair value of $0.9 million, and an aggregate of 45,982 LTIP Series D units with a grant date fair value of $0.7 million. The Company also granted non-vested stock awards to other members of

senior management with an aggregate grant date fair value of $0.1 million, which consisted of an aggregate of 9,350 non-vested shares.

- ***Restricted Stock Units ("RSUs")***
  - On February 13, 2024, the Company granted an aggregate of 208,055 RSUs to members of senior management, with an aggregate grant date fair value of $3.5 million and a five-year vesting period.

  - On April 30, 2024, the Company granted an aggregate of 21,816 RSUs to members of senior management, with an aggregate grant date fair value of $0.3 million and a five-year vesting period.

Approximately 36% of the RSUs vest based on relative total shareholder return ("TSR") and were valued using independent specialists. The Company utilized a Monte Carlo simulation to calculate the weighted

average grant date fair value of $19.10 for the relative TSR component for the February 2024 grant using the following assumptions:

Volatility	28.0 %
Dividend assumption	Accrued
Expected term	3 years
Risk-free rate	4.44 %
Stock price (per share)	$15.22

The remaining 64% of the RSUs vest based upon certain operating performance conditions. With respect to the operating performance conditions of the February 13, 2024 grant, the grant date fair value was $15.22 based on the Company's share price on the date of grant.

- ***LTIP Series C Units***

On February 13, 2024, the Company granted an aggregate of 906,044 LTIP Series C units ("LTIP-C units) in the OP to its named executive officers with three-year forward-looking performance targets, a five-year vesting period and an aggregate grant date fair value of $7.5 million.

Approximately 36% of the LTIP-C units vest based on relative TSR and were valued using independent specialists. The Company utilized a Monte Carlo simulation to calculate the weighted average grant date fair value of $9.62 for the relative TSR component for the February 2024 grant using the following assumptions:

Volatility	28.0 %
Dividend assumption	Accrued
Expected term	3 years
Risk-free rate	4.44 %
Stock price (per share)	$15.22

The remaining 64% of the LTIP-C units vest based upon certain operating performance conditions. With respect to the operating performance conditions of the February 13, 2024 grant, the grant date fair value was $15.22 based on the Company's share price on the date of grant. The Company records amortization expense based on the probability of achieving certain operating performance conditions, which is evaluated throughout the performance period.

The following table represents the summary of non-vested share-based awards under the Incentive Plans Plan for the three and six months ended March 31, 2024 June 30, 2024 and 2023:

	THREE MONTHS ENDED MARCH 31,
	THREE MONTHS ENDED MARCH 31,
	THREE MONTHS ENDED MARCH 31,

	THREE MONTHS ENDED JUNE 30,	SIX MONTHS ENDED JUNE 30,

	2024	2023	2024	2023
Share-based awards, beginning of period				
Share-based awards, beginning of period				
Share-based awards, beginning of period				
Granted [1]				
Granted [1]				
Granted [1]				
Vested				
Vested				
Vested				
Forfeited				
Forfeited				
Change in awards based on performance assessment				
Forfeited				
Share-based awards, end of period				
Share-based awards, end of period				
Share-based awards, end of period				

1. 1 LTIP-C units are issued at the maximum possible value of the award and are reflected as such in this table until the performance period has conditions have been satisfied and the exact number of awards are determinable.

During the three months ended March 31, 2024 and 2023, the Company withheld 8,228 and 38,632 shares of common stock, respectively, from participants to pay estimated withholding taxes related to shares that vested.

The following table represents expected amortization of the Company's non-vested shares awards issued as of March 31, 2024 June 30, 2024:

Dollars in millions	*Dollars in millions*	FUTURE AMORTIZATION of non-vested shares	*Dollars in millions*	FUTURE AMORTIZATION of non-vested shares
2024				
2025				
2026				
2027				
2028 and thereafter				
Total				

Note 8. Fair Value of Financial Instruments

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practical to estimate that value.

- **Cash and cash equivalents** - The carrying amount approximates fair value (level 1 inputs) due to the short-term maturity of these investments.
- **Real estate notes receivable** - Real estate notes receivable are recorded in other assets on the Company's Condensed Consolidated Balance Sheets. Fair value is estimated using cash flow analyses, based on current interest rates for similar types of arrangements.**arrangements using level 2 inputs in the hierarchy. However, the fair value of one note receivable was determined utilizing the fair value of the receivables' collateral, as the receivables are collateral-dependent, and were classified as level 3 inputs in the hierarchy.**
- **Borrowings under the Unsecured Credit Facility and the Term Loans Due 2024 and 2026** - The carrying amount approximates fair value because the borrowings are based on variable market interest rates.
- **Senior Notes and Mortgage Notes payable** - The fair value of notes and bonds payable is estimated using cash flow analyses, based on the Company's current interest rates for similar types of borrowing arrangements.
- **Interest rate swap agreements** - Interest rate swap agreements are recorded in other liabilities on the Company's Condensed Consolidated Balance Sheets at fair value. Fair value is estimated by utilizing pricing models, level 2 inputs, which consider forward yield curves and discount rates. See Note 5 for additional information.

The table below details the fair values and carrying values for notes and bonds payable and real estate notes receivable at March 31, 2024 June 30, 2024 and December 31, 2023.:

Dollars in millions

Dollars in millions

Dollars in millions

Notes and bonds payable [1]	
Notes and bonds payable [1]	
Notes and bonds payable [1]	
Real estate notes receivable [1]	
Real estate notes receivable [1]	
Real estate notes receivable [1]	
Real estate notes receivable	
Real estate notes receivable	
Real estate notes receivable	

1 Level 2 – model-derived valuations in which significant inputs and significant value drivers are observable in active markets.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis should be read together with the Consolidated Financial Statements and related Notes thereto included in Item 1 of this Quarterly Report on Form 10-Q. Other important factors are identified in our Annual Report on Form 10-K for the year ended December 31, 2023, including factors identified under the headings “Business,” “Risk Factors,” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations."

Unless stated otherwise or the context otherwise requires, references to "Healthcare Realty Trust" are to Legacy HTA after giving effect to the Merger and references to the "Company," "we," "us," and "our" are to Healthcare Realty Trust and, unless the context requires otherwise, its consolidated subsidiaries, including the OP.

Disclosure Regarding Forward-Looking Statements

This report and other materials the Company has filed or may file with the SEC, as well as information included in oral statements or other written statements made, or to be made, by management of the Company, contain, or will contain, disclosures that are “forward-looking statements.” Forward-looking statements include all statements that do not relate solely to historical or current facts and can be identified by the use of words such as “may,” “will,” “expect,” “believe,” “anticipate,” “target,” “intend,” “plan,” “estimate,” “project,” “continue,” “should,” “could," "budget" and other comparable terms. These forward-looking statements are based on the Company's current plans, objectives, estimates, expectations and intentions and inherently involve significant risks and uncertainties. Such risks and uncertainties include, among other things, the following: the Company’s expected results may not be achieved; failure to realize the expected benefits of the Merger; risks related to future opportunities and plans for the Company, including the uncertainty of expected future financial performance and results of the Company; the possibility that, if the Company does not achieve the perceived benefits of the Merger as rapidly or to the extent anticipated by financial analysts or investors, the market price of the Company’s common stock could decline; pandemics or other health crises, such as COVID-19; increases in interest rates; the availability and cost of capital at expected 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 release space at similar rates as vacancies occur; the Company's ability to renew expiring leases; 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; the Company may be required under purchase options to sell properties and may not be able to reinvest the proceeds from such sales at rates of return equal to the return received on the properties sold; uninsured or underinsured losses related to casualty or liability; the incurrence of impairment charges on its real estate properties or other assets; other legal and operational matters; and other risks and uncertainties affecting the Company, including those described from time to time under the caption “Risk Factors” and elsewhere in the Company’s filings and reports with the SEC, including the Company's Annual Report on Form 10-K for the year ended December 31, 2023. Moreover, other risks and uncertainties of which the Company is not currently aware may also affect the Company's forward-looking statements and may cause actual results and the timing of events to differ materially from those anticipated. The forward-looking statements made in this communication are made only as of the date hereof or as of the dates indicated in the forward-looking statements, even if they are subsequently made available by the Company on its website or otherwise. The Company undertakes no obligation to update or supplement any forward-looking statements to reflect actual results, new information, future events, changes in its expectations or other circumstances that exist after the date as of which the forward-looking statements were made, except as required by law.

Stockholders and investors are cautioned not to unduly rely on such forward-looking statements when evaluating the information presented in the Company’s filings and reports, including, without limitation, estimates and projections regarding the performance of development projects the Company is pursuing.

For a detailed discussion of the Company’s risk factors, please refer to the Company's filings with the SEC, including this report and the Company’s Annual Report on Form 10-K for the year ended December 31, 2023.

Liquidity and Capital Resources

Sources and Uses of Cash

The Company's primary sources of cash include rent receipts from its real estate portfolio based on contractual arrangements with its tenants, proceeds from the sales of real estate properties, joint ventures, and proceeds from public or private debt or equity offerings. As of March 31, 2024 June 30, 2024, the Company had $1.4 billion $1.3 billion available to be drawn on its unsecured credit facility ("Unsecured Credit Facility") and available cash.

The Company expects to continue to meet its liquidity needs, including funding additional investments, paying dividends, and funding debt service, through cash flows from operations and liquidity sources, including the

Unsecured Credit Facility. Management believes that the Company's liquidity and sources of capital are adequate to

satisfy its cash requirements. The Company cannot, however, be certain that these sources of funds will be available at a time and upon terms acceptable to the Company in sufficient amounts to meet its liquidity needs.

Dividends paid by the Company for the three months ended March 31, 2024 were funded from cash flows from operations and the Unsecured Credit Facility, as cash flows from operations were not adequate to fully fund dividends, primarily as a result of the timing of interest payments. The Company expects that cash flows from property operations will generate sufficient cash flows such that dividends for the full year 2024 can be funded by cash flows from operations or other sources of liquidity described above.

Investing Activities

Cash flows used in provided by investing activities for the three six months ended March 31, 2024 June 30, 2024 were approximately $58.6 million $151.4 million. Below is a summary of the investing activities.

Acquisitions

The Company had no acquisitions for the three months ended March 31, 2024.

Dispositions

The Company had no real estate dispositions disposed of or contributed to a joint venture 25 properties during the three six months ended March 31, 2024 June 30, 2024 for a total sales price of $464.9 million, generating cash proceeds of $378.7 million, net of joint venture contributions, including $96.0 million of proceeds that were held in escrow at June 30, 2024. The following table details these dispositions for the six months ended June 30, 2024:

Subsequent

Dollars in thousands	Date Disposed	Sale Price	Square Footage
Albany, NY	4/1/24 $	725	14,800
San Angelo, TX	4/12/24	5,085	24,580
Houston, TX	5/20/24	250	37,040
Multiple [1]	5/23/24	284,348	556,274
Denver, CO	5/30/24	19,000	37,130
Austin, TX [1]	6/6/24	54,858	129,879
Minneapolis, MN	6/21/24	1,082	50,291
Greensboro/Raleigh, NC [2]	6/28/24	99,518	309,424
Total	$	464,866 $	1,159,418

1 The Company contributed the following medical outpatient properties to March 31, 2024, a joint venture in which the Company disposed retained 20% ownership: one in each of Raleigh, NC, New York, NY, Philadelphia, PA, Atlanta, GA and Austin, TX; two medical outpatient buildings totaling 39,000 properties in Los Angeles and four in Seattle, WA. Sale price and square feet for $5.8 million. footage reflect the total sale price paid by the joint venture and total square footage of the property.

2 The Company sold seven MOB properties in Greensboro, NC and two MOB properties were held for sale as of March 31, 2024. in Raleigh, NC to a single buyer in a single transaction.

Investment in Unconsolidated Joint Venture

During the six months ended June 30, 2024, the Company's investment in an unconsolidated joint venture in which it holds a 20% interest increased by $66.5 million relating to the retained ownership from the MOB properties contributed to the joint venture.

Capital Expenditures

During the three six months ended March 31, 2024 June 30, 2024, the Company incurred capital expenditures costs totaling $58.6 million $140.7 million for the following:

- $10.5 44.1 million toward active development and redevelopment of properties;
- $11.1 22.3 million toward completed development and redevelopment of properties;
- $11.8 24.4 million toward first generation tenant improvements and planned capital expenditures for acquisitions;
- $19.9 32.0 million toward second generation tenant improvements; and
- $5.3 17.9 million toward capital expenditures. building capital.

Real Estate Notes Receivable

On June 24, 2024, the Company's mezzanine loans totaling $54.1 million in Texas matured. As of the date of these financial statements, the outstanding principal and interest on these loans had not been repaid. On July 15, 2024, the senior lender on the construction loan associated with the underlying project provided notice of foreclosure proceedings to the borrower. The borrower is in negotiations with a third party to provide financing that will repay the senior lender. The Company expects to extend the maturity of the mezzanine loans concurrent with this arrangement.

Additionally, during the three months ended June 30, 2024, the Company placed one of its real estate notes receivable with a principal balance of $20.5 million on non-accrual status. The Company determined that the risk of credit loss was no longer remote and recorded a credit loss reserve of $11.2 million.

Financing Activities

Cash flows used in financing activities for the three six months ended March 31, 2024 June 30, 2024 were approximately $17.1 million $379.6 million. See Notes 4 and 7 to the Condensed Consolidated Financial Statements accompanying this report for more information about capital markets and financing activities.

Debt Activity

As of March 31, 2024 June 30, 2024, the Company had outstanding interest rate derivatives totaling $1.1 billion to hedge the one-month Term SOFR. term Secured Overnight Financing Rate ("SOFR"). The following details the amount and rate of each swap (dollars in thousands):

EXPIRATION DATE		AMOUNT	WEIGHTED AVERAGE RATE
May 2026	$	275,000	3.74 %
June 2026		150,000	3.83 %
December 2026		150,000	3.84 %
June 2027		200,000	4.27 %
December 2027		300,000	3.93 %
	$	1,075,000	3.92 %

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Changes in Mortgage Notes Payable Debt Structure

During the first quarter of 2024, the Company repaid in full at maturity a mortgage note payable bearing interest at a rate of 4.77% per annum with an outstanding principal balance of $11.3 million. The mortgage note encumbered a 63,012 square foot property in California. Additionally, the Company repaid in full at maturity a mortgage note payable bearing interest at a rate of 4.12% per annum with an outstanding principal balance of $5.6 million. The The mortgage note encumbered a 40,324square foot property in Georgia.

In June 2024, the Company repaid $100 million of the $350 million Unsecured Term Loan and exercised its second option to extend the maturity date for one year to July 2025 for a fee of approximately $0.3 million.

Supplemental Guarantor Information

The OP has issued unsecured notes described in Note 4 to the Company's Condensed Consolidated Financial Statements included in this report. All unsecured notes are fully and unconditionally guaranteed by the Company, and the OP is 98.6% owned by the Company. Effective January 4, 2021, the Securities and Exchange Commission (the “SEC”) adopted amendments to the financial disclosure requirements which permit subsidiary issuers of obligations guaranteed by the parent to omit separate financial statements if the consolidated financial statements of the parent company have been filed, the subsidiary obligor is a consolidated subsidiary of the parent company, the guaranteed security is debt or debt-like, and the security is guaranteed fully and unconditionally by the parent.

Accordingly, as permitted under Rule 13-01(a)(4)(vi) of Regulation S-X, the Company has excluded the summarized financial information for the OP because the assets, liabilities, and results of operations of the OP are not materially different than the corresponding amounts in the Company's consolidated financial statements and management believes such summarized financial information would be repetitive and would not provide incremental value to investors.

Operating Activities

Cash flows provided by operating activities increased decreased from $69.2 million $254.3 million for the three six months ended March 31, 2023 June 30, 2023 to $76.2 million $244.3 million for the three six months ended March 31, 2024 June 30, 2024. Items impacting cash flows from operations include, but are not limited to, cash generated from property operations, interest payments and the timing related to of the payment of invoices and other expenses.

The Company may, from time to time, sell properties and redeploy cash from property sales into new investments or to repay indebtedness. The income from the new investments or reduction in interest expense could be less than the income from properties sold which would adversely affect the Company's results of operations and cash flows.

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Trends and Matters Impacting Operating Results
Management monitors factors and trends important to the Company and the REIT industry to gauge the potential impact on the operations of the Company. Company operations. In addition to the matters discussed in the Company's Annual Report on Form 10-K for the year ended December 31, 2023, below are some of the factors and trends that management believes may impact future operations of the Company. Company are outlined below.

Economic and Market Conditions
Rising interest rates and increased volatility in the capital markets have increased the Company's cost and availability of debt and equity capital. Limited availability and increases in the cost of capital could adversely impact the Company's ability to finance operations and acquire and develop properties. To the extent the Company's tenants experience increased costs or financing difficulties due to the economic and market conditions, they may be unable or unwilling to make payments or perform their obligations when due. Additionally, increased interest rates may also result in less liquid property markets, limiting the Company's ability to sell existing assets or obtain joint venture capital.

Expiring Leases
The Company expects that approximately 15% of its leases will expire each year in the ordinary course of business. There are 1,146 793 multi-tenant leases totaling 3.5 million 2.5 million square feet that will expire during the remainder of 2024. Approximately 75% 70.1% of the the leases expiring during the remainder of 2024 are for space in buildings located on or adjacent to hospital campuses, are distributed throughout the portfolio, and are not concentrated with any one tenant, health system or market area. The Company typically expects to retain 75% to 90% of tenants upon expiration, and the retention ratio for the first three six months of the year was within this range.

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Operating Expenses
The Company historically has experienced increases in property taxes throughout its portfolio as a result of increasing assessments and tax rates levied across the country. The Company continues its efforts to appeal property tax increases and manage the impact of the increases. In addition, the Company historically has incurred variability in portfolio utilities expense based on seasonality, with the first and third quarters usually reflecting greater amounts. The effects of these operating expense increases are mitigated in leases that have provisions for operating expense reimbursement. As of March 31, 2024 June 30, 2024, leases for approximatel approximately 92% oy 92% of f the Company's total leased square footage allow for some recovery of operating expenses, with approximately 28% h haaving ving modified gross lease structures and approximately 64% h havaving ing net lease structures.

Purchase Options
Information about the Company's unexercised purchase options and the amount and basis for determination of the purchase price is detailed in the table below (dollars in thousands):

YEAR EXERCISABLE	YEAR EXERCISABLE	NUMBER OF PROPERTIES	GROSS REAL ESTATE INVESTMENT AS OF MARCH 31, 2024 [1]	YEAR EXERCISABLE	NUMBER OF PROPERTIES	GROSS REAL ESTATE INVESTMENT AS OF JUNE 30, 2024 [1]
Current [2]						
2025						
2026						
2027						
2028						
2029						
2030						
2031						
2032						
2033						
2034 and thereafter [3]						
Total						

1 Includes three properties totaling $45.4 million$45.4 million with stated purchase prices or prices based on fixed capitalization rates.

2 These purchase options have been exercisable for an average of 14.114.4 years.

3 Includes two medical office buildings that are recorded in the line item Investment in financing receivable, net on the Company's Condensed Consolidated Balance Sheet. Sheets.

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Non-GAAP Financial Measures and Key Performance Indicators
Management considers certain non-GAAP financial measures and key performance indicators to be useful supplemental measures of the Company's operating performance. A non-GAAP financial measure is generally defined as one that purports to measure financial performance, financial position or cash flows, but excludes or includes amounts that would not be so adjusted in the most

comparable measure determined in accordance with GAAP. Set forth below are descriptions of the non-GAAP financial measures management considers relevant to the Company's business and useful to investors, as well as reconciliations of these measures to the most directly comparable GAAP financial measures.

The non-GAAP financial measures and key performance indicators presented herein are not necessarily identical to those presented by other real estate companies due to the fact that not all real estate companies use the same definitions. These measures should not be considered as alternatives to net income, as indicators of the Company's financial performance, or as alternatives to cash flow from operating activities as measures of the Company's liquidity, nor are these measures necessarily indicative of sufficient cash flow to fund all of the Company's needs. Management believes that in order to facilitate a clear understanding of the Company's historical consolidated operating results, these measures should be examined in conjunction with net income and cash flows from operations as presented in the Condensed Consolidated Financial Statements and other financial data included elsewhere in this Quarterly Report on Form 10-Q.

Funds from Operations ("FFO"), Normalized FFO and Funds Available for Distribution ("FAD")

FFO and FFO per share are operating performance measures adopted by the National Association of Real Estate Investment Trusts ("NAREIT"). NAREIT defines FFO as the most commonly accepted and reported measure of a REIT's operating performance equal to "net income (computed in accordance with GAAP), excluding gains (or losses) from sales of property, plus depreciation and amortization, impairment, and after adjustments for unconsolidated partnerships and joint ventures."

In addition to FFO, the Company presents Normalized FFO and FAD. Normalized FFO is presented by adding to FFO acquisition-related costs, acceleration of debt issuance costs, debt extinguishment costs and other Company-defined normalizing items to evaluate operating performance. FAD is presented by adding to Normalized FFO non-real estate depreciation and amortization, non-cash financing receivable amortization, loan origination cost amortization, deferred financing fees amortization, stock-based compensation expense and rent reserves, net; and subtracting maintenance capital expenditures, including second generation tenant improvements and leasing commissions paid and straight-line rent income, net of expense. The Company's definition of these terms may not be comparable to that of other real estate companies as they may have different methodologies for computing these amounts. FFO, Normalized FFO and FAD should not be considered as an alternative to net income as an indicator of the Company's financial performance or to cash flow from operating activities as an indicator of the Company's liquidity. FFO, Normalized FFO and FAD should be reviewed in connection with GAAP financial measures.

Management believes FFO, Normalized FFO, FFO per common share, Normalized FFO per share and FAD ("Non-GAAP Measures") provide an understanding of the operating performance of the Company's properties without giving effect to certain significant non-cash items, primarily depreciation and amortization expense. Historical cost accounting for real estate assets in accordance with GAAP assumes that the value of real estate assets diminishes predictably over time. However, real estate values instead have historically risen or fallen with market conditions. The Company believes that by excluding the effect of depreciation, amortization, impairments and gains or losses from sales of real estate, all of which are based on historical costs, and which may be of limited relevance in evaluating current performance, Non-GAAP Measures can facilitate comparisons of operating performance between periods. The Company reports Non-GAAP Measures because these measures are observed by management to also be the predominant measures used by the REIT industry and by industry analysts to evaluate REITs. For these reasons, management deems it appropriate to disclose and discuss these Non-GAAP Measures. However, none of these measures represent cash generated from operating activities determined in accordance with GAAP and are not necessarily indicative of cash available to fund cash needs. Further, these measures should not be considered as an alternative to net income as an indicator of the Company's operating performance or as an alternative to cash flow from operating activities as a measure of liquidity.

The table below reconciles net income to FFO, Normalized FFO and FAD for the three and six months ended March 31, 2024 June 30, 2024 and 2023. 2023:

	THREE MONTHS ENDED MARCH 31,				
	THREE MONTHS ENDED MARCH 31,				
	THREE MONTHS ENDED MARCH 31,				
Amounts in thousands, except per share data					
Amounts in thousands, except per share data					
		THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
Amounts in thousands, except per share data	*Amounts in thousands, except per share data*	**2024**	**2023**	**2024**	**2023**
Net loss attributable to common stockholders					
Net loss attributable to common stockholders					
Net loss attributable to common stockholders					
Net loss attributable to common stockholders per diluted share [1]					
Net loss attributable to common stockholders per diluted share [1]					
Net loss attributable to common stockholders per diluted share [1]					
Gain on sales of real estate properties					

Gain on sales of real estate properties
Gain on sales of real estate properties
Impairment of real estate properties
Impairment of real estate properties
Impairment of real estate properties
Real estate depreciation and amortization
Real estate depreciation and amortization
Real estate depreciation and amortization
Non-controlling loss from operating partnership units
Non-controlling loss from operating partnership units
Non-controlling loss from operating partnership units
Proportionate share of unconsolidated joint ventures
Proportionate share of unconsolidated joint ventures
Proportionate share of unconsolidated joint ventures
FFO adjustments
FFO adjustments
FFO adjustments
FFO adjustments per common share - diluted
FFO adjustments per common share - diluted
FFO adjustments per common share - diluted
FFO attributable to common stockholders
FFO attributable to common stockholders
FFO attributable to common stockholders
FFO attributable to common stockholders per common share - diluted [2]
FFO attributable to common stockholders per common share - diluted [2]
FFO attributable to common stockholders per common share - diluted [2]
FFO attributable to common stockholders per common share - diluted
Transaction costs
Transaction costs
Transaction costs
Merger-related costs [3]
Merger-related costs [3]
Merger-related costs [3]
Merger-related fair value of debt instruments
Merger-related fair value of debt instruments
Merger-related costs
Merger-related fair value of debt instruments
Lease intangible amortization
Lease intangible amortization
Lease intangible amortization
Allowance for credit losses [4]
Allowance for credit losses [4]
Allowance for credit losses [4]
Impairment of goodwill
Impairment of goodwill
Non-routine legal costs/forfeited earnest money received
Credit losses and gains on other assets, net [2]
Impairment of goodwill
Unconsolidated JV normalizing items [5]
Unconsolidated JV normalizing items [5]
Unconsolidated JV normalizing items [5]
Unconsolidated JV normalizing items [3]

Unconsolidated JV normalizing items [3]
Unconsolidated JV normalizing items [3]
Normalized FFO adjustments
Normalized FFO adjustments
Normalized FFO adjustments
Normalized FFO adjustments per common share - diluted
Normalized FFO adjustments per common share - diluted
Normalized FFO adjustments per common share - diluted
Normalized FFO attributable to common stockholders
Normalized FFO attributable to common stockholders
Normalized FFO attributable to common stockholders
Normalized FFO attributable to common stockholders per common share - diluted
Normalized FFO attributable to common stockholders per common share - diluted
Normalized FFO attributable to common stockholders per common share - diluted
Non-real estate depreciation and amortization
Non-real estate depreciation and amortization
Non-real estate depreciation and amortization
Non-cash interest amortization [6]
Non-cash interest amortization [6]
Non-cash interest amortization [6]
Rent reserves, net
Rent reserves, net
Non-cash interest amortization [4]
Rent reserves, net
Straight-line rent, net
Straight-line rent, net
Straight-line rent, net
Share-based compensation
Share-based compensation
Share-based compensation
Unconsolidated JV non-cash items [7]
Unconsolidated JV non-cash items [7]
Unconsolidated JV non-cash items [7]
Normalized FFO adjusted for non-cash items
Normalized FFO adjusted for non-cash items
Stock-based compensation
Unconsolidated JV non-cash items [5]
Normalized FFO adjusted for non-cash items
2nd generation TI
2nd generation TI
2nd generation TI
Leasing commissions paid
Leasing commissions paid
Leasing commissions paid
Capital additions
Capital additions
Capital additions
FAD
FAD
Building capital
FAD
FFO weighted average common shares outstanding - diluted [8]

FFO weighted average common shares outstanding - diluted 6

FFO weighted average common shares outstanding - diluted 6

FFO weighted average common shares outstanding - diluted 8

FFO weighted average common shares outstanding - diluted 8

FFO weighted average common shares outstanding - diluted 6

1 Potential common shares are not included in the computation of diluted earnings per share when a loss exists as the effect would be an antidilutive per share amount. antidilutive.

2 For the three and six months ended March 31, 2024 June 30, 2024, basic weighted average common shares outstanding was includes a $4.9 million gain on sale of corporate assets included in "Gains on sales of real estate and other assets" on the denominator used Statement of Operations, a $2.2 million straight line rent reversed included in "Rental income" on the per share calculation.

3 Includes costs incurred related to Statement of Operations, and a $11.2 million credit loss reserve on a note receivable included in "Impairment of real estate properties and credit loss reserves" on the Merger.

4 Statement of Operations. For the three six months ended March 31, 2023 June 30, 2023, includes a $5.2 million credit allowance for a mezzanine loan included in "Impairment of real estate properties and credit loss reserves" on the Statement of Operations and $3.4 million reserve included in “Rental Income” on the Statement of Operations for previously deferred rent and straight line rent for three skilled nursing facilities.

5 3 Includes the Company's proportionate share of acquisition and pursuit costs lease intangible amortization related to unconsolidated joint ventures.

6 4 Includes the amortization of deferred financing costs, discounts and premiums, and non-cash financing receivable amortization.

7 5 Includes the Company's proportionate share of straight-line rent, net related to unconsolidated joint ventures.

8 6 The Company utilizes the treasury stock method which includes the dilutive effect of nonvested share-based awards outstanding of 254,261 420,687 and 401,937, 442,263, respectively, for the three months ended March 31, 2024 June 30, 2024 and 2023, and the diluted dilutive impact of 3,681,225 3,657,682 and 3,669,454 OP Units units outstanding for the three and six months ended March 31, 2024. June 30, 2024, respectively.

Cash Net Operating Income ("NOI") and Same Store Cash NOI

Cash NOI and Same Store Cash NOI are key performance indicators. Management considers these to be supplemental measures that allow investors, analysts and Company management to measure unlevered property-level operating results. The Company defines Cash NOI as rental income, interest from financing receivables less property operating expenses. Cash NOI excludes non-cash items such as above and below market lease intangibles, straight-line rent, lease inducements, financing receivable amortization, tenant improvement amortization and leasing commission amortization. The Company also excludes cash lease termination fees. Cash NOI is historical and not necessarily indicative of future results.

Same Store Cash NOI compares Cash NOI for stabilized properties. Stabilized properties are properties that have been included in operations for the duration of the year-over-year comparison period presented. Accordingly, stabilized properties exclude properties that were recently acquired or disposed of, properties classified as held for sale or intended for sale, properties undergoing redevelopment, and newly redeveloped newly-redeveloped or developed properties.

The Company utilizes the redevelopment classification for properties where management has approved a change in strategic direction for such properties through the application of additional resources including an amount of capital expenditures significantly above routine maintenance and capital improvement expenditures.

Any recently acquired property will be included in the same store pool once the Company has owned the property for five full quarters. Newly developed Newly-developed or redeveloped properties will be included in the same store pool five full quarters after substantial completion.

The following table reflects the Company's Same Store Cash NOI for the three six months ended March 31, 2024 June 30, 2024 and 2023. 2023:

Dollars in thousands	NUMBER OF PROPERTIES	*Dollars in thousands*	NUMBER OF PROPERTIES	GROSS INVESTMENT at March 31, 2024	SAME STORE CASH NOI for the three months ended March 31, 2024	2023	*Dollars in thousands*	2024	NUMBER OF PROPERTIES	GROSS INVESTMENT at June 30, 2024	SAME STORE CASH NOI for the six months ended June 30, 2024	2023
Same store properties												
Joint venture same store properties												

The following tables reconcile net income loss to Same Store NOI and the same store property metrics to the total owned real estate portfolio for the three six months ended March 31, 2024 June 30, 2024 and 2023:

Reconciliation of Same Store Cash NOI

SAME STORE RECONCILIATION							THREE MONTHS ENDED MARCH 31,	SIX MONTHS ENDED JUNE 30,
Dollars in thousands	*Dollars in thousands*	2024	2023	*Dollars in thousands*	2024	2023		
Net loss								
Other expense								
Other expense								
Other expense								
General and administrative expense								
Depreciation and amortization expense								

Other expenses [1]	
Straight-line rent, net	
Joint venture properties	
Other revenue [2]	
Cash NOI	
Cash NOI not included in same store	
Same store cash NOI	
Same store joint venture properties	
Same store cash NOI (excluding JVs)	

1. Includes transaction costs, Merger-related costs, rent reserves, above and below market ground lease intangible amortization, leasing commission amortization and ground lease straight-line rent expense.

2. Includes management fee income, interest, above and below market lease intangible amortization, lease inducement amortization, lease terminations and tenant improvement overage amortization.

Reconciliation of Same Store Properties

		AS OF MARCH 31, 2024								AS OF JUNE 30, 2024						
Dollars and square feet in thousands	*Dollars and square feet in thousands*	PROPERTY COUNT	GROSS INVESTMENT [1]		SQUARE FEET		OCCUPANCY		*Dollars and square feet in thousands*	PROPERTY COUNT	GROSS INVESTMENT [1]		SQUARE FEET		OCCUPANCY	
Same store properties	Same store properties	624	$	12,512,764	36,101	36,101	89.5	89.5 %	Same store properties	600	$	11,932,206	34,906	34,906	89.6	89.6 %
Joint venture same store properties	Joint venture same store properties	33	352,845	352,845	1,913	1,913	86.2	86.2 %	Joint venture same store properties	33	353,727	353,727	1,913	1,913	86.0	86.0 %
Wholly owned and joint venture acquisitions	Wholly owned and joint venture acquisitions	3	50,838	50,838	195	195	97.8	97.8 %	Wholly owned and joint venture acquisitions	14	114,104	114,104	882	882	98.8	98.8 %
Development completions	Development completions	4	95,195	95,195	335	335	64.5	64.5 %	Development completions	4	97,968	97,968	335	335	66.9	66.9 %
Redevelopments	Redevelopments	18	440,632	440,632	1,503	1,503	51.7	51.7 %	Redevelopments	18	445,754	445,754	1,503	1,503	53.5	53.5 %
Planned Dispositions		5		61,505		228		25.9 %								
Planned dispositions		4		60,076		191		29.8 %								
Total	**Total**	687	$	13,513,779	40,275	40,275	87.4	87.4 %	**Total**	673	$	13,003,835	39,730	39,730	87.8	87.8 %
Joint venture properties	Joint venture properties	34	360,501	360,501	1,949	1,949	86.5	86.5 %	Joint venture properties	45	424,284	424,284	2,636	2,636	89.6	89.6 %
Total owned real estate properties	**Total owned real estate properties**	653	$	13,153,278	38,326	38,326	87.5	87.5 %	**Total owned real estate properties**	628	$	12,579,551	37,094	37,094	87.6	87.6 %

1 Excludes assets held for sale, construction in progress, land held for development, corporate property and financing lease right-of-use assets unrelated to an imputed lease arrangement as a result of a sale leaseback transaction.

Results of Operations

Three Months Ended March 31, 2024 June 30, 2024 Compared to Three Months Ended March 31, 2023 June 30, 2023

The Company's results of operations for the three months ended March 31, 2024 June 30, 2024 compared to the same period in 2023 were impacted by acquisitions, developments, dispositions, gains on sale, and capital markets transactions.

Revenues

Rental income decreased $6.0 million $21.5 million, or 1.9% 6.5%, for the three months ended March 31, 2024 June 30, 2024 compared to the prior year period. This decrease is primarily comprised of the following:

- Dispositions in 2023 and 2024 resulted in a decrease of $18.8 million.
- Acquisitions in 2023 contributed $1.1 million $0.3 million.
- Leasing activity, including contractual rent increases, contributed $8.3 million $2.5 million.
- Dispositions in 2023 Reversed revenue related to the Steward Health Care System LLC ("Steward") bankruptcy resulted in a decrease of $15.4 million.

Other operating income decreased $0.4 million $5.5 million, or 9.2%, for the three months ended March 31, 2024 compared to the prior year period primarily as a result including $2.6 million of variable parking and management fees. straight-line rent.

Expenses

Property operating expenses decreased $1.0 million $7.7 million, or 0.8% 6.1%, for the three months ended March 31, 2024 June 30, 2024 compared to the prior year period primarily as a result of the following activity:

- Dispositions in 2023 and 2024 resulted in a decrease of $8.3 million.
- Acquisitions in 2023 resulted in an increase of $0.5 million $0.1 million.
- Increases in portfolio operating expenses as follows:
  - Utilities expense of $2.0 million;
  - Administrative, leasing commissions, and other legal expense of $3.0 million $2.3 million;
  - Maintenance and repair expense of $2.2 million;
  - Property taxes of $0.3 million;
  - Janitorial expense of $0.7 million; and
  - Insurance expense of $0.2 million.
- Decrease Decreases in compensation expense of $1.5 million. portfolio operating expenses as follows:
  - Dispositions in 2023 resulted in a decrease Utilities expense of $8.4 million $0.8 million;
  - Maintenance and repair expense of $1.0 million; and
  - Property taxes of $0.2 million.

General and administrative expenses decreased approximately $0.1 million $1.5 million, or 1.0% 9.5%, for the three months ended March 31, 2024 June 30, 2024 compared to the prior year period primarily as a result of the following activity:

- Decrease in payroll and payroll related expenses of approximately $0.9 million $0.5 million.
- Decrease in non-cash compensation incentive expense of $0.4 million.
- Decrease in travel expense of $0.5 million.
- Increase in cash compensation incentive expense of $0.5 million.

- Increase in cash compensation incentive expense of $0.7 million.
- Increase in non-cash compensation incentive expense of $0.5 million.
- Other decreases included including legal and other administrative costs of $0.4 million $0.6 million.

Merger-related costs decreased $4.9 million for the three months ended March 31, 2024 compared to the prior year period primarily due to 2023 June 30, 2023 included a net reduction in legal and consulting services in connection with the Merger. fees as a result of a refund related to state transfer taxes.

Depreciation and amortization expense decreased $6.4 million $9.7 million, or 3.4% 5.3%, for the three months ended March 31, 2024 June 30, 2024 compared to the prior year period primarily as a result of the following activity:

- Acquisitions in 2023 resulted in an increase of $0.7 million $0.2 million.
- Various building and tenant improvement expenditures resulted in an increase of $13.0 million $11.6 million.
- Dispositions in 2023 and 2024 resulted in a decrease of $11.5 million.
- Assets that became fully depreciated resulted in a decrease of $8.6 million $10.0 million.

Other Income (Expense)

Gains on sale of real estate properties and other assets.

The In the second quarter of 2024, the Company had no recognized gains on sale of real estate dispositions in the first quarter properties and other assets of 2024. approximately $38.3 million. In the first second quarter of 2023, the Company recognized gains on sale of real estate properties of approximately $1.0 million primarily on the disposition of one property. $7.2 million.

Interest expense

Interest expense decreased $2.7 million $2.9 million, or 4.2% 4.4%, for the three months ended March 31, 2024 June 30, 2024 compared to the prior year period. The components of interest expense are as follows:

		THREE MONTHS ENDED MARCH 31,			CHANGE											
		THREE MONTHS ENDED JUNE 30,			CHANGE											
Dollars in thousands	*Dollars in thousands*	2024		2023		$		%	*Dollars in thousands*	2024		2023		$		%
Contractual interest	Contractual interest	$49,458	$	50,766	$	(1,308)	(2.6)	(2.6)%	Contractual interest	$50,956	$	52,766	$	(1,810)	(3.4)	(3.4)%
Net discount/premium accretion	Net discount/premium accretion	10,067	9,591	9,591	476	476	5.0	5.0 %	Net discount/premium accretion	10,198	9,649	9,649	549	549	5.7	5.7 %
Debt issuance costs amortization	Debt issuance costs amortization	1,207	1,476	1,476	(269)	(269)	(18.2)	(18.2)%	Debt issuance costs amortization	1,186	1,562	1,562	(376)	(376)	(24.1)	(24.1)%
Amortization of interest rate swap settlement	Amortization of interest rate swap settlement	42	42	42	—	—	—	— %	Amortization of interest rate swap settlement	42	42	42	—	—	—	— %

Amortization of treasury hedge settlement	Amortization of treasury hedge settlement	107	107	107	—	—	—	— %	Amortization of treasury hedge settlement	107	107	107	—	—	—	— %
Fair value derivative	Fair value derivative	177	1,429	1,429	(1,252)	(1,252)	(87.6)	(87.6)%	Fair value derivative	—	997	997	(997)	(997)	(100.0)	(100.0)%
Interest cost capitalization	Interest cost capitalization	(942)	(570)	(570)	(372)	(372)	65.3	65.3 %	Interest cost capitalization	(974)	(712)	(712)	(262)	(262)	36.8	36.8 %
Interest on lease liabilities	Interest on lease liabilities	938	918	918	20	20	2.2	2.2 %	Interest on lease liabilities	942	923	923	19	19	2.1	2.1 %
Total interest expense	**Total interest expense**	$61,054	$	63,759	$	(2,705)	(4.2)	(4.2)%	**Total interest expense**	$62,457	$	65,334	$	(2,877)	(4.4)	(4.4)%

Contractual interest expense decreased $1.3 million $1.8 million, or 2.6% 3.4%, for the three months ended March 31, 2024 June 30, 2024 compared to the prior year period primarily as a result of the following activity:

- The Unsecured Term Loans accounted for an increase of approximately $3.3 million $1.1 million.
- The Unsecured Credit Facility accounted for a decrease of approximately $4.0 million due to $3.3 million as a result of a decreased weighted average balance outstanding.
- Active interest rate derivatives accounted for a decrease of $0.3 million $1.2 million, while expired interest rate derivatives accounted for an increase of $1.9 million.
- Mortgage note repayments, net of assumptions, accounted for a decrease of approximately $0.3 million.

Impairment of Real Estate Properties real estate properties and credit loss reserves

In the first second quarter of 2024, the Company recognized impairments totaling $15.9 million $10.2 million on 15 properties sold and $110.7 million on 17 properties with changes in the expected holding periods. In addition, the Company recorded $11.2 million in credit loss reserves relates to notes receivables. In the second quarter of 2023, the Company recognized impairments totaling $55.2 million primarily as a result of four properties with changes in the expected holding periods.

Equity loss from unconsolidated joint ventures

The Company recognized its proportionate share of losses from its unconsolidated joint ventures. These losses are primarily attributable to non-cash depreciation expense. See Note 2 to the Condensed Consolidated Financial Statements accompanying this report for more details regarding the Company's unconsolidated joint ventures.

Six Months Ended June 30, 2024 Compared to Six Months Ended June 30, 2023

The Company's results of operations for the six months ended June 30, 2024 compared to the same period in 2023 were impacted by acquisitions, developments, dispositions, gains on sale, and capital markets transactions.

Revenues

Rental income decreased $27.6 million, or 4.2%, for the six months ended June 30, 2024 compared to the prior year period. This decrease is primarily comprised of the following:

- Dispositions in 2023 and 2024 resulted in a decrease of $34.0 million.
- Acquisitions in 2023 contributed $1.4 million.
- Leasing activity, including contractual rent increases, contributed $11.2 million.
- Reversed revenue related to the Steward bankruptcy resulted in a decrease of $6.2 million, including straight-line rent of $2.7 million.

Expenses

Property operating expenses decreased $8.6 million, or 3.5%, for the six months ended June 30, 2024 compared to the prior year period primarily as a result of the following activity:

- Dispositions in 2023 and 2024 resulted in a decrease of $16.1 million.
- Acquisitions in 2023 resulted in an increase of $0.7 million.
- Increases in portfolio operating expenses as follows:
  - Administrative, leasing commissions, and other legal expense of $2.6 million;
  - Maintenance and repair expense of $1.1 million;
  - Utilities expense of $1.0 million;
  - Compensation expense of $1.0 million;
  - Janitorial expense of $0.9 million; and
  - Security expense of $0.2 million.

General and administrative expenses decreased approximately $1.6 million, or 5.3%, for the six months ended June 30, 2024 compared to the prior year period primarily as a result of the following activity:

- Decrease in payroll and payroll related expenses of approximately $1.7 million.
- Increase in non-cash compensation incentive expense of $1.2 million.
- Other decreases including legal and other administrative costs of $1.1 million.

Merger-related costs for the six months ended June 30, 2023 included a net reduction in legal and consulting fees as a result of a refund related to state transfer taxes.

Depreciation and amortization expense decreased $16.1 million, or 4.4%, for the six months ended June 30, 2024 compared to the prior year period primarily as a result of the following activity:

- Dispositions in 2023 and 2024 resulted in a decrease of $23.3 million.
- Acquisitions in 2023 resulted in an increase of $0.9 million.
- Various building and tenant improvement expenditures resulted in an increase of $24.3 million.
- Assets that became fully depreciated resulted in a decrease of $18.0 million.

Other Income (Expense)

Gains on sale of real estate properties and other assets

Gains on the sale of real estate properties and other assets for the six months ended June 30, 2024 and 2023 totaled $38.4 million and $8.2 million, respectively.

Interest expense

Interest expense decreased $5.6 million, or 4.3%, for the six months ended June 30, 2024 compared to the prior year period. The components of interest expense are as follows:

	SIX MONTHS ENDED JUNE 30,		CHANGE	
Dollars in thousands	2024	2023	$	%
Contractual interest	$ 100,414	$ 103,533	$ (3,119)	(3.0)%
Net discount/premium accretion	20,265	19,240	1,025	5.3 %
Debt issuance costs amortization	2,392	3,037	(645)	(21.2)%
Amortization of interest rate swap settlement	84	84	—	— %
Amortization of treasury hedge settlement	213	213	—	— %
Fair value derivative	178	2,426	(2,248)	(92.7)%
Interest cost capitalization	(1,916)	(1,282)	(634)	49.5 %
Interest on lease liabilities	1,880	1,841	39	2.1 %
Total interest expense	$ 123,510	$ 129,092	$ (5,582)	(4.3)%

Contractual interest expense decreased $3.1 million, or 3.0%, for the six months ended June 30, 2024 compared to the prior year period primarily as a result of the following activity:

- The Unsecured Term Loans accounted for an increase of approximately $4.4 million.
- The Unsecured Credit Facility accounted for a decrease of approximately $7.3 million as a result of a decreased weighted average balance outstanding.
- Active interest rate derivatives accounted for a decrease of $3.5 million, while expired interest rate derivatives accounted for an increase of $4.0 million.
- Mortgage note repayments, net of assumptions, accounted for a decrease of approximately $0.7 million.

Impairment of real estate properties and credit loss reserves

During the six months ended June 30, 2024, the Company recognized impairments totaling $136.9 million on 15 properties sold and 18 properties with changes in the expected holding periods, including one property reclassified to held for sale. In addition, the Company recorded $11.2 million in credit loss reserves relates to notes receivables. During the six months ended June 30, 2023, the Company recognized impairments totaling $86.6 million relating to five properties that were sold, one land parcel that was sold, three properties reclassified to held for sale and four additional properties with changes in the expected holding periods. In addition, the Company recorded $5.2 million in credit loss reserves related to notes receivables.

Impairment of Goodwill

The During the three months ended March 31, 2024, the Company determined that the carrying value if of its single reporting unit exceeded estimated fair value and therefore recorded a $250.5 million full impairment of its goodwill, which is recorded as a non-cash charge in “Impairment of goodwill” in the consolidated statements of operations. See Note 1 to the Condensed Consolidated Financial Statements accompanying this report for more details.

Equity loss from unconsolidated joint ventures

The Company recognized its proportionate share of losses from its unconsolidated joint ventures. These losses are primarily attributable to non-cash depreciation expense. See Note 2 to the Condensed Consolidated Financial Statements accompanying this report for more details regarding the Company's unconsolidated joint ventures.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

The Company is exposed to market risk in the form of changing interest rates on its debt and mortgage notes. Management uses regular monitoring of market conditions and analysis techniques to manage this risk. During the three six months ended March 31, 2024 June 30, 2024, there were no material changes in the quantitative and qualitative disclosures about market risks presented in the

Company's Annual Report on Form 10-K for the year ended December 31, 2023.

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Item 4. Controls and Procedures

Disclosure Controls and Procedures

The Company's management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")), as of the end of the period covered by this report. Based on this evaluation, the Company's Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of such period, the Company's disclosure controls and procedures were effective in recording, processing, summarizing and reporting, on a timely basis, information required to be disclosed by the Company in the reports it files or submits under the Exchange Act.

Changes in Internal Control over Financial Reporting

There have not been any changes in the Company's internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the fiscal quarter to which this report relates that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

The Company is, from time to time, involved in litigation arising in the ordinary course of business. The Company is not aware of any pending or threatened litigation that, if resolved against the Company, would have a material adverse effect on the Company's consolidated financial position, results of operations or cash flows.

Item 1A. Risk Factors

In addition to the other information set forth in this report and the risk factor discussed below, an investor should carefully consider the factors discussed in Part I, "Item 1A. Risk Factors" in the Company's Annual Report on Form 10-K for the year ended December 31, 2023, which could materially affect the Company's business, financial condition or future results. The risks, as described in the Company's Annual Report on Form 10-K for the year ended December 31, 2023, are not the only risks facing the Company. Additional risks and uncertainties not currently known to management or that management currently deems immaterial also may materially adversely affect the Company's business, financial condition, operating results or cash flows.

Risk Factors Relating to the Company

Operational Risks

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 that face a wide range of economic, competitive, government reimbursement and regulatory pressures and constraints, including the

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loss of licensure or certification. Any slowdown in the economy, decline in the availability of financing from the capital markets, and or 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

The conditions described above 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

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equity and reduce cash flows from operations. For example, Steward Health Care System LLC ("Steward"), leases approximately 580,000 square feet of space from the Company, accounting for approximately 1.6% of the Company's total in-place annualized base rent at March 31, 2024. rent. On May 6, 2024, Steward announced that it had filed petitions for relief under Chapter 11 of the U.S. Bankruptcy Code in the U.S. Bankruptcy Court for the Southern District of Texas. The bankruptcy filing by Steward could delay has delayed the Company's efforts to collect past due balances under the its leases or with Steward and may ultimately preclude collection of these amounts. As Further, two of April 30, 2024, the leases have been rejected in bankruptcy and additional leases could be rejected. Steward owes the Company approximately $2.6 million $3.0 million in prepetition rent. There can be no assurance that Steward will meet its financial obligations to the Company.

Company or that the Company will be able to timely re-let spaces for which leases have been rejected.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

During the three six months ended March 31, 2024 June 30, 2024, the Company withheld and canceled repurchased shares of its common stock as follows:

PERIOD	TOTAL NUMBER OF SHARES PURCHASED (1) (2)	AVERAGE PRICE PAID per share	TOTAL NUMBER OF SHARES purchased as part of publicly announced plans or programs (2)	MAXIMUM NUMBER (or Approximate DOLLAR VALUE) OF SHARES that may yet be purchased under the plans or programs (2)
May 31, 2023 Authorized Shares				$ 500,000,000
January 1 - January 31	—	$ —	—	500,000,000
February 1 - February 29	8,228	16.31	—	500,000,000
March 1 - March 31	—	—	—	500,000,000
April 1 - April 30 (3)	2,966,764	14.07	2,966,764	458,191,783
April 30, 2024 Authorized Shares				500,000,000
May 1 - May 31 (3)	7,536,692	15.94	7,536,692	379,829,237
June 1 - June 30 (3)	6,738,781	16.44	6,738,781	269,040,536
Total	17,250,465	$ 15.81	17,242,237	$ 269,040,536

1 Share purchases in February 2024 represent shares of Company common stock withheld and cancelled to satisfy employee tax withholding obligations payable upon the vesting of non-vested shares.

2 On May 31, 2023, the Company's Board of Directors authorized the repurchase of up to $500 million of outstanding shares as follows: of the Company's common stock either in the open market or through privately negotiated transactions, subject to market conditions, regulatory constraints, and other customary conditions. On April 30, 2024, the Company's Board of Directors authorized the repurchase of up to $500 million of outstanding shares of the Company's common stock, superseding the previous stock repurchase authorization. The stock repurchase authorization expires on April 29, 2025. The Company may suspend or terminate at any time without prior notice. The Company is not obligated under this authorization to repurchase any specific number of shares.

PERIOD	TOTAL NUMBER OF SHARES PURCHASED	AVERAGE PRICE PAID per share	TOTAL NUMBER OF SHARES purchased as part of publicly announced plans or programs	MAXIMUM NUMBER OF SHARES that may yet be purchased under the plans or programs
January 1 - January 31	—	$ —	—	—
February 1 - February 29	8,228	16.31	—	—
March 1 - March 31	—	—	—	—
Total	8,228	$ 16.31		

In3 Repurchases of common stock in April 2024 were made under the $500 million stock repurchase authorization on May 31, 2023. All repurchases of common stock made after April 30, 2024 were repurchased under the $500 million stock repurchase authorization on April 30, 2024. As of June 30, 2024, the Company repurchased 2,966,764 shares was authorized to repurchase an additional $269 million of its the Company's common stock at a weighted-average price of $14.07 for a total of $41.7 million. stock.

Item 5. Other Information

During the three six months ended March 31, 2024 June 30, 2024, no director or officer of the Company adopted or terminated a "Rule 10b5-1 trading agreement" or "non-Rule 10b5-1 trading agreement," as each term is defined in Item 408(a) of Regulation S-K.

Item 6. Exhibits

EXHIBIT	DESCRIPTION
Exhibit 3.1	Fifth Articles of Amendment and Restatement of the Company, as amended.1
Exhibit 3.2	Fourth Amended and Restated Bylaws of the Company.2
Exhibit 3.4 3.3	Certificate of Limited Partnership of Healthcare Realty Holdings, L.P.3
Exhibit 3.5 3.4	Second Amended and Restated Agreement of Limited Partnership of Healthcare Realty Holdings, L.P.3
Exhibit 4.1	Description of the Registrant's securities registered pursuant to Section 12 of the Securities and Exchange Act of 1934.

Exhibit 22	Subsidiary Issuers of Guaranteed Securities (filed herewith).
Exhibit 31.1	Certification of the Chief Executive Officer of Healthcare Realty Trust Incorporated pursuant to Rule 13a-14 of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).
Exhibit 31.2	Certification of the Chief Financial Officer of Healthcare Realty Trust Incorporated pursuant to Rule 13a-14 of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).
Exhibit 32	Certifications pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).
Exhibit 101.INS	The instance document does not appear in the interactive data file because its XBRL tags are embedded within the Inline XBRL document.
Exhibit 101.SCH	XBRL Taxonomy Extension Schema Document (furnished electronically herewith)
Exhibit 101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document (furnished electronically herewith)
Exhibit 101.LAB	XBRL Taxonomy Extension Labels Linkbase Document (furnished electronically herewith)
Exhibit 101.DEF	XBRL Taxonomy Extension Definition Linkbase Document (furnished electronically herewith)
Exhibit 101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document (furnished electronically herewith)

1 Filed as an exhibit to the Company's (File No. 001-35568) Quarterly Report on Form 10-Q filed with the SEC on August 8, 2023 and hereby incorporated by reference.
2 Filed as an exhibit to Legacy HTA's (File No. 001-35568) Current Report on Form 8-K filed with the SEC on April 29, 2020 and hereby incorporated by reference.
3 Filed as an exhibit to the Company's (File No. 001-35568) Current Report on Form 8-K filed with the SEC on July 26, 2022 and hereby incorporated by reference.

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

HEALTHCARE REALTY TRUST INCORPORATED

By: /s/ J. CHRISTOPHER DOUGLAS

J. Christopher Douglas

Executive Vice President and Chief Financial Officer

May 7, August 2, 2024

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Exhibit 22

LIST OF SUBSIDIARY ISSUERS OF GUARANTEED SECURITIES

As of March 31, 2024 June 30, 2024, Healthcare Realty Trust Incorporated is the guarantor of the outstanding debt securities of its subsidiaries, as listed below.

Debt Instrument	Issuer
3.88% Senior Notes due 2025	Healthcare Realty Holdings, L.P.
3.50% Senior Notes due 2026	Healthcare Realty Holdings, L.P.
3.75% Senior Notes due 2027	Healthcare Realty Holdings, L.P.
3.63% Senior Notes due 2028	Healthcare Realty Holdings, L.P.
3.10% Senior Notes due 2030	Healthcare Realty Holdings, L.P.
2.40% Senior Notes due 2030	Healthcare Realty Holdings, L.P.
2.05% Senior Notes due 2031	Healthcare Realty Holdings, L.P.
2.00% Senior Notes due 2031	Healthcare Realty Holdings, L.P.

CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER PURSUANT TO SECTION 302

Exhibit 31.1

Healthcare Realty Trust Incorporated

Certification

Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Todd J. Meredith, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Healthcare Realty Trust Incorporated;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 7, August 2, 2024

/s/ TODD J. MEREDITH

Todd J. Meredith

President and Chief Executive Officer

CERTIFICATION OF THE CHIEF FINANCIAL OFFICER PURSUANT TO SECTION 302

Exhibit 31.2

Healthcare Realty Trust Incorporated

Certification

Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, J. Christopher Douglas, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Healthcare Realty Trust Incorporated;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 7, August 2, 2024

/s/ J. CHRISTOPHER DOUGLAS

J. Christopher Douglas

Executive Vice President and Chief Financial Officer

CERTIFICATIONS PURSUANT TO 18 U.S.C. SECTION 1350 SECTION 906

Exhibit 32

Healthcare Realty Trust Incorporated

Certification Pursuant to

18 U.S.C. Section 1350,

as Adopted Pursuant to

Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Healthcare Realty Trust Incorporated (the "Company") on Form 10-Q for the quarter ended March 31, 2024 June 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Todd J. Meredith, President and Chief Executive Officer of the Company, and I, J. Christopher Douglas, Executive Vice President and Chief Financial Officer of the Company, each certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. Information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 7, August 2, 2024

/s/ TODD J. MEREDITH
Todd J. Meredith
President and Chief Executive Officer

/s/ J. CHRISTOPHER DOUGLAS
J. Christopher Douglas
Executive Vice President and Chief Financial Officer

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