



HR'S PROPOSED ACQUISITION OF HTA: THE WRONG DEAL

JUNE 2022



THIS PRESENTATION, FURNISHED ON A CONFIDENTIAL BASIS TO THE RECIPIENT, IS NEITHER AN OFFER TO SELL NOR A SOLICITATION OF ANY OFFER TO BUY ANY SECURITIES, INVESTMENT PRODUCT OR INVESTMENT ADVISORY SERVICES. IT IS INTENDED EXCLUSIVELY FOR THE USE OF THE PERSON TO WHOM IT HAS BEEN DELIVERED BY LAND & BUILDINGS INVESTMENT MANAGEMENT LLC (THE "INVESTMENT MANAGER"), AND IT IS NOT TO BE REPRODUCED OR REDISTRIBUTED TO ANY OTHER PERSON WITHOUT THE PRIOR CONSENT OF THE INVESTMENT MANAGER. SEE "ADDITIONAL LEGAL DISCLOSURES" ON THE NEXT PAGE FOR ADDITIONAL LEGAL DISCLOSURES. THIS IS NOT A PROXY SOLICITATION. WE ARE NOT ASKING FOR YOUR PROXY CARD AND CANNOT ACCEPT YOUR PROXY CARD. PLEASE DO NOT SEND US YOUR PROXY CARD.

DISCLAIMER

The materials contained herein (the “Materials”) represent the opinions of Land & Buildings Investment Management, LLC (together with its affiliates, “Land & Buildings”) and are based on publicly available information with respect to Healthcare Realty Trust Incorporated (the “Company” or “HR”), including with respect to its proposed merger with Healthcare Trust of America, Inc. (“HTA”). Land & Buildings recognizes that there may be confidential information in the possession of the Company that could lead it or others to disagree with the Land & Buildings’ conclusions. Land & Buildings reserves the right to change any of its opinions expressed herein at any time as it deems appropriate and disclaims any obligation to notify the market or any other party of any such changes. Land & Buildings disclaims any obligation to update the information or opinions contained herein. Certain financial projections and statements made herein have been derived or obtained from filings made with the Securities and Exchange Commission (“SEC”) or other regulatory authorities and from other third party reports. There is no assurance or guarantee with respect to the prices at which any securities of the Company will trade, and such securities may not trade at prices that may be implied herein. The estimates, projections and potential impact of the opportunities identified by Land & Buildings herein are based on assumptions that Land & Buildings believes to be reasonable as of the date of the Materials, but there can be no assurance or guarantee that actual results or performance of the Company will not differ, and such differences may be material. The Materials are provided merely as information and are not intended to be, nor should they be construed as, an offer to sell or a solicitation of an offer to buy any security.

Certain members of Land & Buildings currently beneficially own, and/or have an economic interest in, securities of the Company. It is possible that there will be developments in the future (including changes in price of the Company’s securities) that cause one or more members of Land & Buildings from time to time to sell all or a portion of their holdings of the Company in open market transactions or otherwise (including via short sales), buy additional securities (in open market or privately negotiated transactions or otherwise), or trade in options, puts, calls or other derivative instruments relating to some or all of such securities. To the extent that Land & Buildings discloses information about its position or economic interest in the securities of the Company in the Materials, it is subject to change and Land & Buildings expressly disclaims any obligation to update such information.

The Materials contain forward-looking statements. All statements contained herein that are not clearly historical in nature or that necessarily depend on future events are forward-looking, and the words “anticipate,” “believe,” “expect,” “potential,” “opportunity,” “estimate,” “plan,” “may,” “will,” “projects,” “targets,” “forecasts,” “seeks,” “could,” and similar expressions are generally intended to identify forward-looking statements. The projected results and statements contained herein that are not historical facts are based on current expectations, speak only as of the date of the Materials and involve risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such projected results and statements. Assumptions relating to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of Land & Buildings. Although Land & Buildings believes that the assumptions underlying the projected results or forward-looking statements are reasonable as of the date of the Materials, any of the assumptions could be inaccurate and therefore, there can be no assurance that the projected results or forward-looking statements included herein will prove to be accurate. In light of the significant uncertainties inherent in the projected results and forward-looking statements included herein, the inclusion of such information should not be regarded as a representation as to future results or that the objectives and strategic initiatives expressed or implied by such projected results and forward-looking statements will be achieved. Land & Buildings will not undertake and specifically declines any obligation to disclose the results of any revisions that may be made to any projected results or forward-looking statements herein to reflect events or circumstances after the date of such projected results or statements or to reflect the occurrence of anticipated or unanticipated events.

Unless otherwise indicated herein, Land & Buildings has not sought or obtained consent from any third party to use any statements, photos or information indicated herein as having been obtained or derived from statements made or published by third parties. Any such statements or information should not be viewed as indicating the support of such third party for the views expressed herein. No warranty is made as to the accuracy of data or information obtained or derived from filings made with the SEC by the Company or from any third-party source. All trade names, trademarks, service marks, and logos herein are the property of their respective owners who retain all proprietary rights over their use.

PLEASE NOTE: This is NOT a proxy solicitation. Land & Buildings is not asking for your proxy card and cannot accept your proxy card. Please DO NOT send us your proxy card. Executed proxy cards should be returned according to the Company’s instructions.

TABLE OF CONTENTS



1.	Executive Summary	4
2.	The Flaws in the Process	6
3.	Risks and History of Underperformance	19
4.	Management Not Acting in Shareholders' Best Interests	23

1. EXECUTIVE SUMMARY





HTA ACQUISITION: BAD FOR SHAREHOLDERS, GOOD FOR MANAGEMENT



- Land & Buildings intends to vote against Healthcare Realty Trust's (HR) acquisition of Healthcare Trust of America (HTA), as it fails to maximize value for all HR shareholders
- HR will have more leverage following the merger and will likely trade at a lower valuation given the lower quality assets and historical trading valuations of HTA
- HR's on-campus portfolio of medical office buildings (MOBs) will be diluted by HTA's off-campus concentration in inferior markets, which generally garners lower valuations, materially diluting NAV and value of HR shares in our view
- HR's management team has a poor track record—underperforming its proxy peer group the past 1-, 3-, and 5-year time periods – and there is no compelling reason to see why that would change post merger
- Welltower's offer for HR is 28% higher than the share price prior to L&B activism and is in line with the fairness opinions in HR's proxy for its merger with HTA
- We have spoken to numerous other HR shareholders who plan to vote against the deal and believe it will be difficult to reach the 66.67% threshold necessary for approval at the July 15th Special Meeting

We urge HR shareholders to vote **AGAINST** the proposed merger with HTA at the upcoming Special Meeting

Note: HR share price prior to activism is as of 6/14/22, as defined in initial L&B presentation released 6/16/22

2. THE FLAWS IN THE PROCESS



CONFLICTS OF INTEREST PERMEATE THE PROCESS



HR MANAGEMENT AND BOARD APPEAR TO HAVE CHOSEN RETAINING THEIR POSITIONS OVER MAXIMIZING VALUE

- Despite HTA having a more than 50% larger enterprise value than HR, upon consummation of the merger HR's Todd Meredith will retain his positions as President and CEO and J. Christopher Douglas will retain his positions as EVP and CFO of the combined Company
- The other executive officers of HR each have employment agreements that will be assumed by HTA through the merger, providing for continued employment in their respective roles by the combined company
- HR CEO Meredith appears to have initiated contact with HTA and was involved extensively in the process, further highlighting his conflicted role in the process
- The negotiating process appears to have been focused nearly as much on securing favorable governance for HR's current management and directors as it was on economics
- Following consummation of the merger, the board of directors will have thirteen members, including all nine current HR Board members, each of whom will have the right to continued director indemnification and insurance coverage
- John Knox Singleton, the current independent chair of the HR Board, will be the chair of the board of directors of the combined Company

***We Believe Management and Board Interests Have Been Placed Ahead of
HR Shareholder Interests***

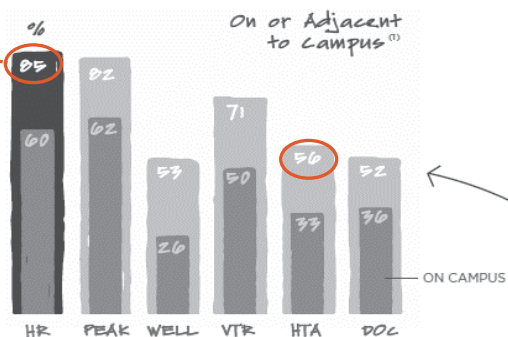
Source: Company filings

HR HIGHLIGHTED SUPERIOR ASSETS TO HTA PRE-MERGER

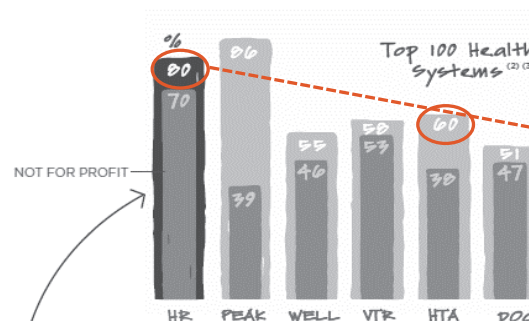


ON FEB 22ND, JUST 6 DAYS BEFORE THE MERGER WAS ANNOUNCED, HR HIGHLIGHTED HOW ITS PORTFOLIO IS SUPERIOR TO HTA'S

HR's portfolio is comprised of 85% on-campus/adjacent assets while HTA's is only 56%. The merger would reduce HR to 68%

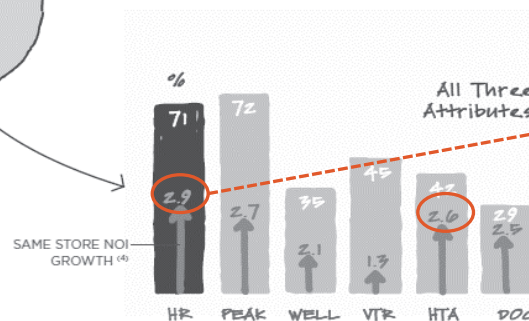
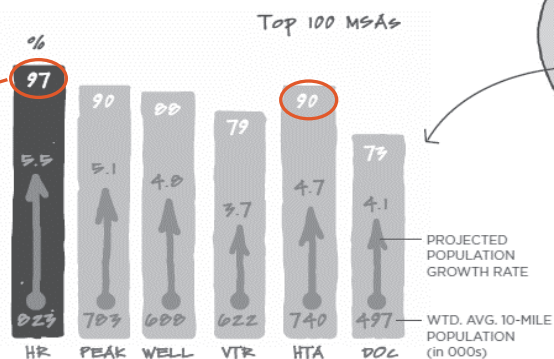


MOB Portfolio Comparison
% OF TOTAL MOB SF



HR's portfolio has greater concentration to the top 100 health systems than HTA's portfolio

HR's portfolio has greater concentration to the top 100 MSAs than HTA's portfolio



HR's same store NOI growth has exceeded HTA's growth

Source: Company filings

HR HIGHLIGHTED OFF-CAMPUS PORTFOLIO SUPERIOR TO HTA...



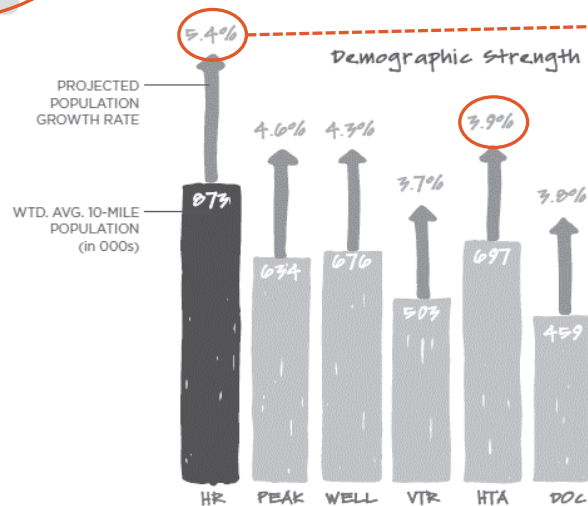
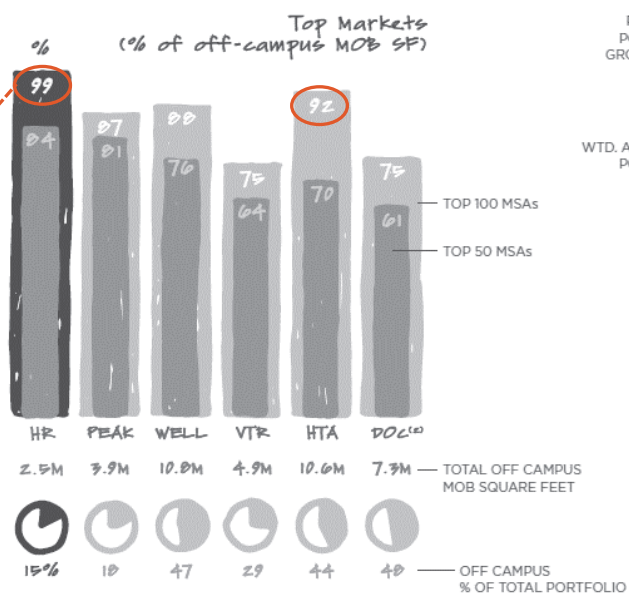
HR HIGHLIGHTED BETTER MARKETS AND BETTER DEMOGRAPHICS OF HR PORTFOLIO COMPARED TO HTA

Off Campus Portfolio Comparison ⁽¹⁾

HR diluting its portfolio based on its own investing criteria

Sizable, dense and fast growing markets are critical when investing in off campus MOBs.

Nearly all of HR's off-campus portfolio is situated in top markets, unlike HTA



HR's portfolio is expected to benefit for much stronger demographics than HTA's portfolio

Source: Company filings



SMBC

A Change of Heart

Over the years, HR and HTA have battled for investor interest, each proclaiming superiority to the other. The messaging has now changed to a certain degree to help flavor the combination. For example, *HR has always pounded the table for on-campus/ adjacent assets, which are currently 85% of the portfolio -- the merger would bring that down to 68%... The optics of HR suddenly being comfortable with 32% of the portfolio being off-campus aren't great (and also paying up for it), but we expect this change of heart to fade with the passage of time...*

...Massive Undertaking

The potential for a few cents of accretion by the end of 2023 tied primarily to G&A savings is not enough to justify the risk being taken, in our view. It is one thing to make a dilutive purchase of a single asset (i.e., value-add) or a small portfolio that doesn't rival the size of the acquiring company. In this case, HR is absorbing a negative spread for a portfolio that is 50%-60% larger than HR itself. That could make for a very difficult and potentially time-consuming process to produce an appropriate return for shareholders..."

SMBC Group – Tough Day at the Medical Office; HTA Merger Invites More Questions than Answers, 03/01/2022





...YET HR ASSERTS COMBINED THE VALUATION WILL BE HIGHER

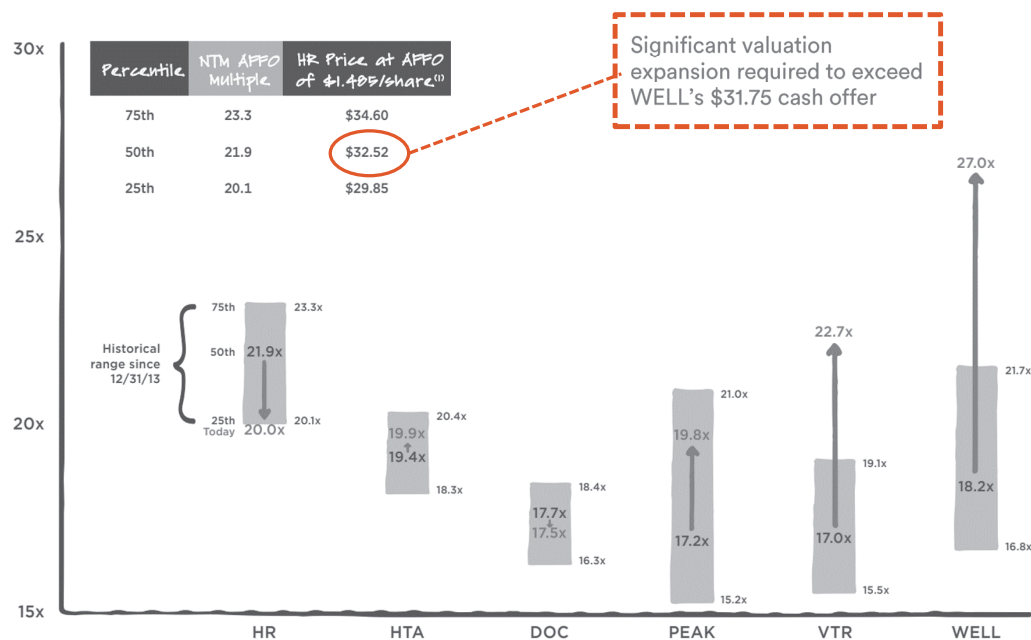


COMBINED COMPANY WOULD OPERATE LOWER QUALITY PORTFOLIO WITH HIGHER DEBT LEVELS THAN STANDALONE HR

- HR has historically traded at a higher multiple than HTA given HR's higher quality portfolio, asserted by both HR and Wall Street
- Management wants shareholders to believe the combined company will trade at a higher valuation than each has individually
- The combined company would operate with higher leverage than HR standalone (5.4x HR vs. 6-6.5x pro forma)
- HR's on-campus exposure, which trades at better valuations than off-campus, would decline by 17%

Valuation Potential

► Based on historical valuation ranges, New HR has the potential to reach attractive price levels before realizing the full growth potential of the combination with HTA.



Source: Company filings

▶ HR PAYING BIG PREMIUM FOR LOWER QUALITY PORTFOLIO



HR HISTORICALLY TRADED AT A PREMIUM TO HTA

- HR historically traded at premium valuation to HTA according to independent third-party research data, but HR is paying a substantial premium to its own valuation to acquire HTA
- HR/HTA combination should lead to an estimated 10%+ dilution to HR's NAV per share



Source: Green Street

Note: Data October 2018 – October 2021 (three years prior to initial corporate activism in HTA)

HR PAID UP FOR AN UNWANTED PORTFOLIO



FEW OTHER SUITORS EMERGED FOR HTA AND NONE AT SIMILAR VALUATIONS

- HTA shareholders are receiving a total implied value of \$35.08 per share based on HR's share price as of February 24, 2022
- The lack of other suitors and the significantly lower competing offers following a fulsome strategic review process led by J.P. Morgan clearly illustrates to us HR is overpaying for an unwanted asset
 - Party A, one of the world's largest alternative asset managers with broad access to capital, indicated that it would not be submitting a proposal due to its inability to reach a value at or exceeding the Company's then current share price
 - Party C, a publicly traded healthcare REIT, contemplated an all-stock proposal for an implied value of \$26.85 per share
 - Party G, an alternative investment manager and a large private owner of MOB's, submitted an all-cash proposal of \$32.50 per share
- Meanwhile, as detailed in HTA's Form S-4 filed on May 2nd, 2022, HR revised the terms and value of its offer multiples times to apparently make it more attractive to HTA shareholders

We urge HR shareholders to vote AGAINST the ill-proposed merger with HTA at the upcoming Special Meeting

Source: Company filings

A MELTING ICE CUBE



SINCE THE MERGER WAS ANNOUNCED, HTA'S PERFORMANCE HAS MISSED EXPECTATIONS

- First quarter 2022 earnings miss:
 - FFO missed estimates by 2%
 - Occupancy declined 70bps from a year ago
 - Same store NOI was 210bps worse than HR's 2.9% growth
 - 2022 consensus FFO estimates declined by 1%
- Proceeds of \$1.6 billion from asset sales and joint ventures have not closed and may be re-cut or abandoned given deteriorating debt financing market
- The modest earnings accretion HR cited would largely come from operating with more debt – which could be more than offset from declines in HTA's operating performance

“Weak 1Q22 Earnings Results Should Add Fuel To The Fire Regarding The Proposed Merger With Healthcare Realty (HR):

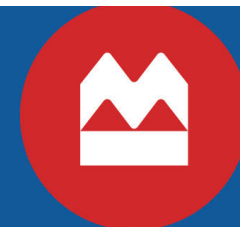
The poor performance of both HTA and HR stock post the announced stock-for-stock merger agreement (plus \$4.82 in a special cash dividend to HTA shareholders) on February 28th suggests HR shareholders are questioning the merits of the transaction. **We believe that weak 1Q22 results from HTA will make HR shareholders question the transaction further... HTA's operational results have been lagging the medical office building peer group for an extended period of time...”**

Credit Suisse – HTA: 1Q22 Earnings Miss; Operating Trends Heading The Wrong Way Ahead of Proposed Merger with Healthcare Realty (HR), 05/05/2022

CREDIT SUISSE 

Source: Company filings; Bloomberg

BMO



HTA Inferior Portfolio Dilutive to HR Earnings

“...we estimate 5% slippage in HTA's '23 targeted AFFO (\$390M) due to operational deterioration and a +30bp increase in the cap rate on \$1.6B of targeted dispositions would cause the HTA merger to be -0.4% dilutive to '23 AFFO/sh vs guidance of +2.5% accretion with leverage increasing 0.5x to 6.3x net debt/EBITDA....HTA's 1Q results were disappointing with some slippage as it took its eyes off the ball. We wouldn't be surprised to see further deterioration amidst a still-hot job market with employee turnover a challenge given pending M&A.”

...and HTA Dilutive to HR NAV

“Stand-alone, we estimate HR is trading at a 6.2% implied cap rate vs. DOC at 6.0%. Historically HR has traded at a 30-40bps tighter yield vs. DOC. Pro forma for M&A, we estimate HR's implied cap-rate is a less compelling 5.6%.”

BMO Capital Markets – HR / HTA Merger Math Revisited Amidst Higher Rates & Fluid Market, 06/22/2022



▶ THE INADEQUATE PROCESS OF EVALUATING WELL'S OFFER



IT IS HIGHLY TROUBLING THAT HR DID NOT ENGAGE WITH WELLTOWER

- During Welltower's 1Q22 earnings call on May 11, Welltower expressed its disappointment that HR Board and management did not engage with them following submission of Welltower's offer

"Number one,
We're a fair win-win people, we offer to buy on public information at \$31.75 per share plus a breakup fee of \$163M... **we believe that our cash offer provided better value to HR shareholders...**"

"Number two,
Welltower always had and always will honor its agreement with third parties including that with HTA... our NDA with them does not contain a standstill that will apply us to making an offer for HR... **our proposal was expressly conditioned on HR not completing the HTA merger...**"

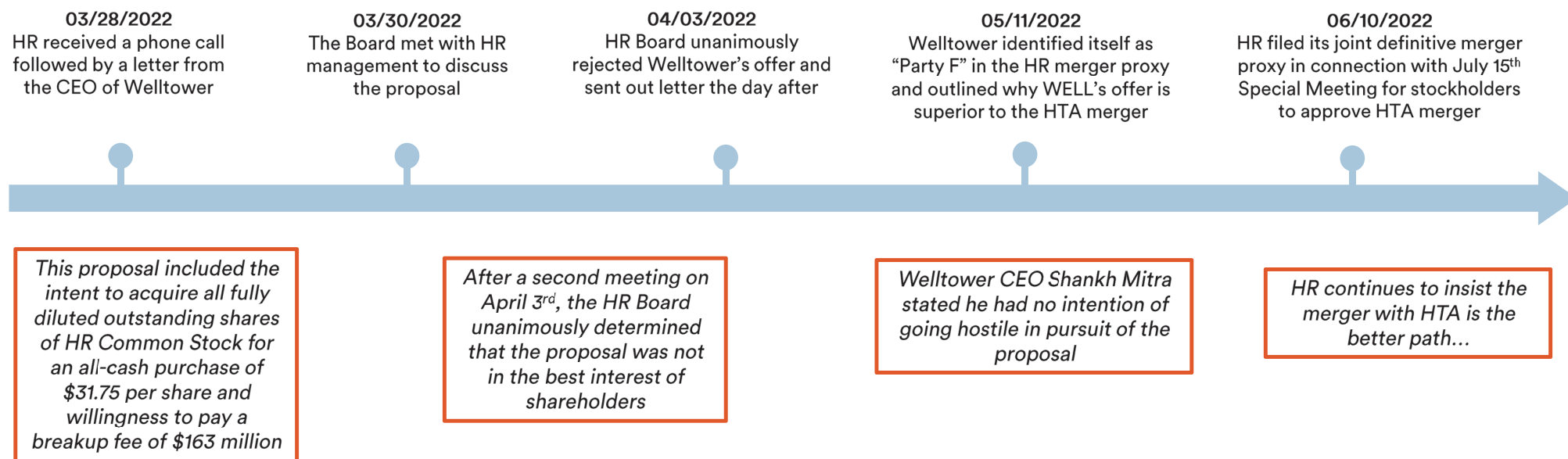
"Number three,
We have never chased a deal, and never will. We buy everything at a price and sell everything at a price. Although **I'm disappointed that HR did not engage with us...** we thought our offer would result into a superior outcome for HR shareholders..."

"Number four,
Contrary to what some analysts may have written **this deal would not have been diluted to our senior housing growth**. You don't know what part of equity, debt of joint ventures we might have contemplated for the transaction..."

"Number five,
We're not disappointed nor we are concerned about our growth for senior housing business, while the contrary... same-store NOI growth [is] expected to meaningfully accelerate in the second half of the year..."

Source: Company filings

HR BOARD AND MANAGEMENT TOOK JUST 6 DAYS TO EVALUATE AND REJECT WELLTOWER'S OFFER

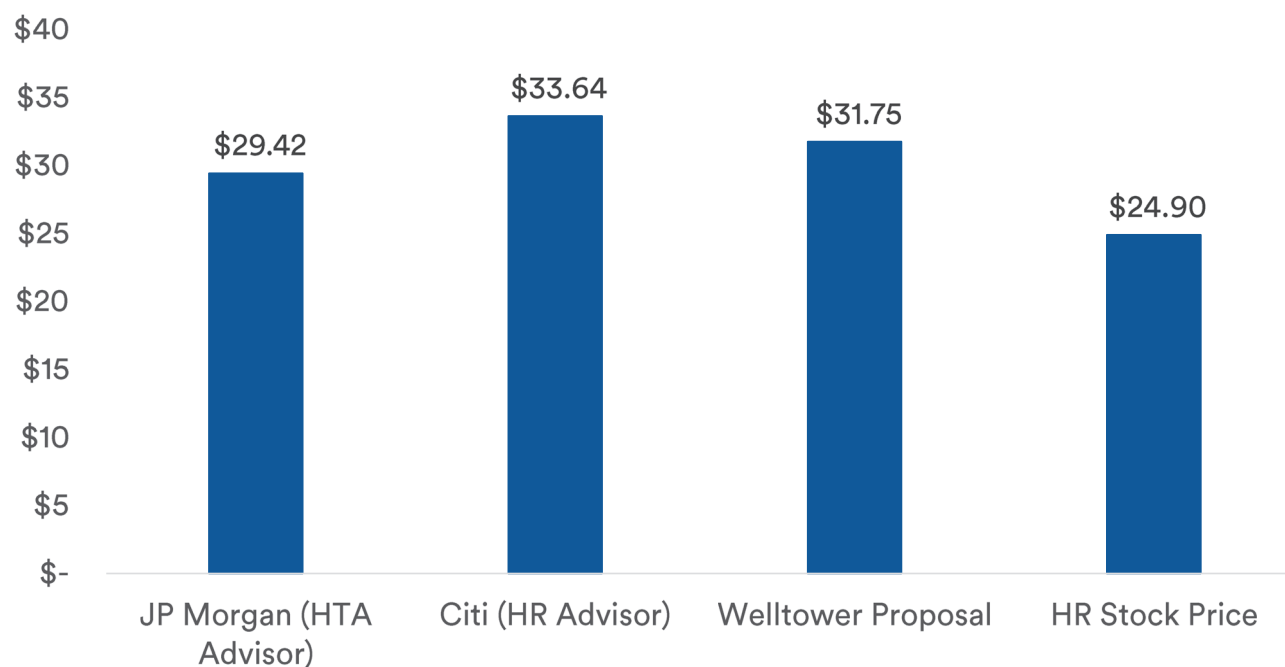


Source: Company filings

▶ WELLTOWER'S OFFER IS IN LINE WITH FAIRNESS OPINIONS



FAIRNESS OPINIONS VALUE HR AROUND \$31, SO WHY NOT TAKE THE DEAL?



Welltower's all cash offer is 28% above HR's share price prior to L&B activism and essentially in-line with HR's and HTA's advisor valuations

Source: Company filings; Bloomberg

3. RISKS AND HISTORY OF UNDERPERFORMANCE



HR MANAGEMENT HAS A HISTORY OF UNDERPERFORMANCE



UNDER HR LEADERSHIP, SHAREHOLDERS HAVE ENDURED INFERIOR TOTAL RETURNS

- HR's Board and management have a poor track record of underperforming their proxy peer group, medical office building REIT peers, REITs, and S&P 500 for the past 1-, 3-, and 5-year time periods
- There is no compelling reason to see why that would change post-merger

Total Shareholder Returns	Trailing 5 Years	Trailing 3 Years	Trailing 1 Year
Healthcare Realty Trust Inc (NYSE: HR)	-7%	-8%	-16%
<i>Proxy Peers</i>	18%	-2%	-14%
HR Performance vs. Proxy Peers	-25%	-6%	-2%
HR Performance vs. MOB Peers	-21%	-26%	-15%
HR Performance vs. REITs	-38%	-21%	-7%
HR Performance vs. S&P 500	-83%	-50%	-9%

Source: Company Filings; Bloomberg

Note: Data through 6/10/2022; Proxy peers defined as healthcare REITs in the FTSE NAREIT Index; MOB peers defined as DOC & HTA; REIT Index defined as RMSG Index; S&P 500 defined as SPXT Index

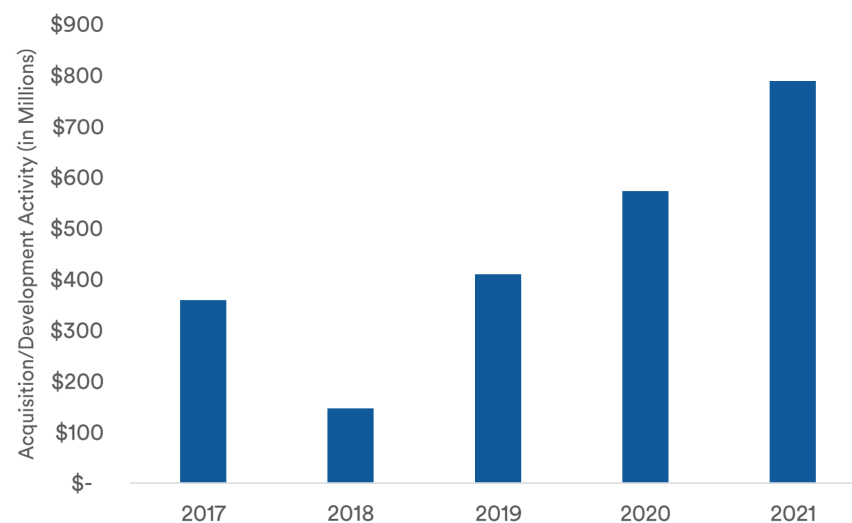
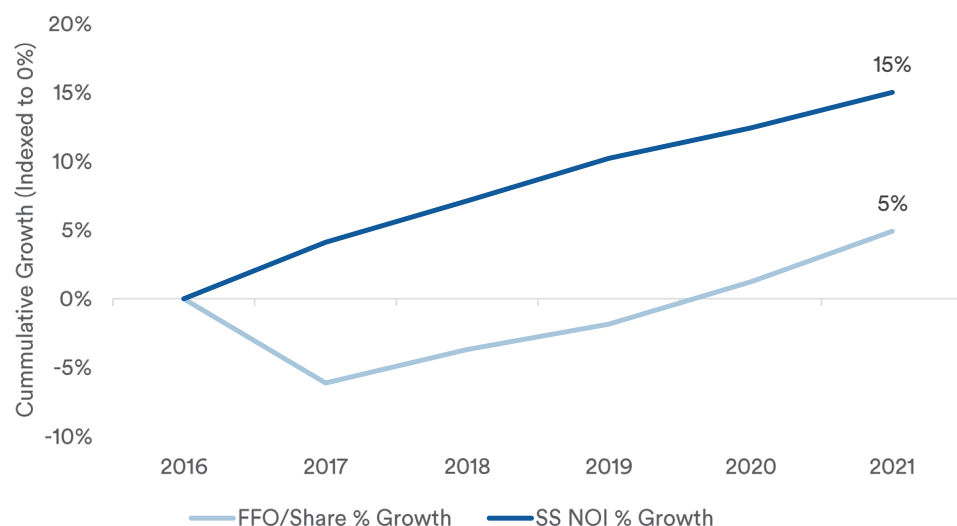


POOR TRACK RECORD OF DRIVING ACCRETIVE EXTERNAL GROWTH



HR CORE GROWTH SHOULD HAVE TRANSLATED INTO SUPERIOR FFO GROWTH

- In the past five years, HR's same store NOI grew 15%, while FFO only grew 5% likely due to \$2.2 billion in dilutive acquisitions
- We see no compelling reason to believe a larger, more expensive acquisition could lead to future growth



Source: Company filings



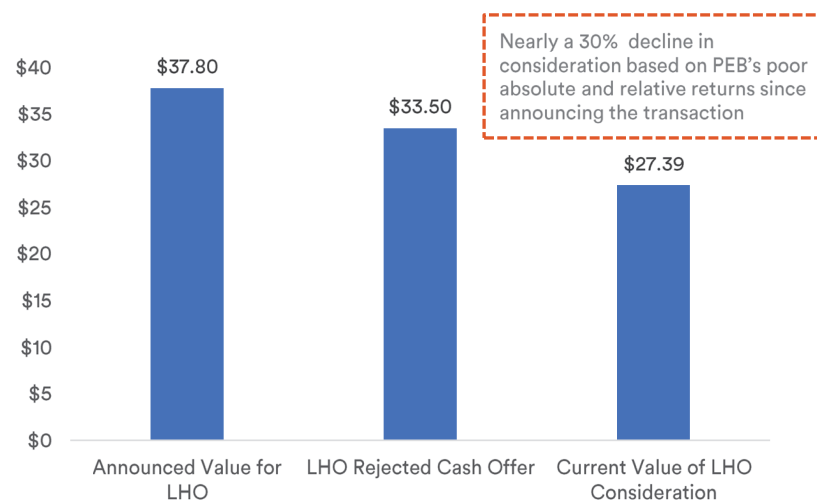
INDUSTRY MERGERS FINANCED LARGELY WITH STOCK HAVE A POOR TRACK RECORD



PAST STOCK MERGERS HAVE MIXED HISTORIES

- In 2018, Pebblebrook acquired LaSalle largely for stock, turning down an all-cash offer of \$33.50 from Blackstone for LaSalle, leaving LaSalle shareholders worse off within a year and today
- Pebblebrook has underperformed its lodging peers over various time periods since announcing the merger
- Both Pebblebrook (the acquirer) and LaSalle (the seller) shareholders are worse off after the merger when compared to the lodging REIT Index

Total Shareholder Returns	1 Year After LHO	3 Years After LHO	Since LHO
Pebblebrook Hotel Trust (NYSE: PEB)	-25%	-39%	-40%
Nareit Lodging Index	-16%	-22%	-19%
PEB Performance vs. Nareit Lodging Index	-9%	-17%	-21%
PEB Performance vs. REITs	-38%	-80%	-62%
PEB Performance vs. S&P 500	-30%	-105%	-85%



Source: Company Filings; Bloomberg

Note: Data since PEB/LHO transaction announcement date of 9/06/2018 through 6/10/2022; REIT Index defined as RMSG Index; S&P 500 defined as SPXT Index

4. MANAGEMENT NOT ACTING IN SHAREHOLDERS' BEST INTERESTS



ANALYST OPINIONS



HR ANALYSTS SQUARELY OPPOSE THE HEAD SCRATCHING MERGER WITH HTA



Green Street

02/28/2022

“...While the deal has strategic merits (i.e., combining similar portfolios and cutting G&A to create a more efficient company), **the financial merits are skeptical from an HR shareholder perspective, as the value of estimated synergies do not appear to offset the large upfront transfer of wealth to HTA shareholders.** HR’s pro-forma leverage after considering joint venture and dispositions will increase ~0.8x to the low-6.0X debt/EBITDA range...”

Source: Bloomberg



SMBC

03/01/2022

“...We will see if HR can flip the script over the coming quarters, as **investors are currently focused on the deal's minimal accretion potential, higher leverage, and misaligned operating strategies.** The clock now restarts for HR to prove out what we would characterize as a bold move aimed at creating a dominant MOB REIT to reignite investor attention to HR stock...”



02/28/2022

“...HTA Agrees to a Strategic Combination with HR to Create Largest MOB REIT, But Is There Value?... While depending on HR's share price, HTA shareholders are set to receive a premium to where the shares traded when deal speculation began in August of last year. However, **we think this deal could raise more questions about MOBs than answers...** HTA was already the largest MOB REIT...”



INVESTORS VOTED WITH THEIR FEET AFTER MERGER ANNOUNCEMENT



HR STOCK APPEARS TO ONLY OUTPERFORM WHEN ODDS OF THE HR/HTA MERGER DECLINE



Source: Company Filings; Bloomberg
Note: Data through 6/17/2022

FOR ADDITIONAL INFORMATION



Dan Zacchei
Longacre Square Partners
dzacchei@longacresquare.com



John Ferguson
Saratoga Proxy Consulting
jferguson@saratogaproxy.com
(212) 257-1311