Risk Factors Comparison 2024-02-12 to 2023-02-13 Form: 10-K

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

Material factors that may adversely affect our business, operations and financial condition are summarized below. The risks and uncertainties described herein may not be the only ones we face. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also adversely affect our business, operations and financial condition. See " Forward- Looking Statements " contained herein on page 4. RISKS RELATED TO OUR ~~PROPERTIES~~ **BUSINESS** AND ~~INDUSTRY~~ **OPERATIONS** We may be adversely affected by trends in office real estate, including work from home trends. In ~~2022~~ **2023** , approximately ~~56~~ **54** % of our rental revenue was from Bloomberg, the office tenant at our 731 Lexington Avenue office property. Work from home, flexible or hybrid work schedules, open workplaces, videoconferencing, and teleconferencing ~~are becoming more common~~ **remain prevalent in certain situations** , **following** ~~particularly as a result of~~ the COVID- 19 pandemic. Changes in tenant space utilization, including ~~increased acceptance~~ **from the continuation** of work from home and flexible work arrangement policies, may cause office tenants to reassess their long- term physical space needs, which could have an adverse effect on our business. All of our properties are in New York City and are affected by the economic cycles and risks inherent ~~in that~~ **to this** area. All of our revenues come from properties located in New York City. Real estate markets are ~~subject to~~ **affected by** economic downturns and we cannot predict how economic conditions will impact this market in either the short or long term. Declines in the economy ~~or~~ **and** declines in the real estate markets in New York City ~~, including the effects of the COVID- 19 pandemic,~~ have ~~hurt~~ **affected** and could **affect** ~~continue to hurt~~ our financial performance and the value of our properties. In addition to the factors affecting the national economic condition generally, the factors affecting economic conditions in this area include: • financial performance and productivity of the media, advertising, professional services, financial, technology, retail, insurance and real estate industries; • business layoffs or downsizing; • any oversupply of, or reduced demand for, real estate; • industry slowdowns; • the effects of inflation **; • rising interest rates** ; • relocations of businesses; • changing demographics; • increased work from home and use of alternative work places; • changes in the number of domestic and international tourists to our markets (including as a result of changes in the relative strengths of world currencies ~~and the COVID- 19 pandemic~~); • the fiscal health of New York State and New York City governments and local transit authorities ~~, particularly as a result of the impact of the COVID- 19 pandemic~~ ; • quality of life conditions; • infrastructure quality; • increased government regulation and costs of complying with such regulations; and • changes in rates or the treatment of the deductibility of state and local taxes. It is impossible for us to predict the future ~~or the effect~~ **effects** of trends in the economic and investment climates of the New York City metropolitan region, and more generally of the United States, on the real estate market in this area. Local, national or global economic downturns could negatively affect the value of **our** properties, our business and profitability. We are subject to risks that affect the general and New York City retail environments. Certain of our properties are New York City retail properties and thus are affected by the general and New York City retail environments, including ~~office and residential occupancy rates,~~ the level of consumer spending and consumer confidence, New York City tourism **, office and residential occupancy rates** , employer remote- working policies, the threat of terrorism or other criminal acts, increasing competition from ~~on- line~~ **online** retailers and other retail centers, and the impact of technological change upon the retail environment generally ~~. Furthermore, New York City tourism has not yet fully recovered from the effects of the COVID- 19 pandemic~~ . These factors could adversely affect the financial condition of our retail tenants, or result in the bankruptcy of such tenants, and the willingness of retailers to lease space in our retail locations, which could have an adverse effect on the value of our properties, our business and profitability. Our performance and the value of an investment in us are subject to risks associated with our real estate assets and with the real estate industry. The value of our real estate and the value of an investment in us fluctuates depending on conditions in the general economy and the real estate business. These conditions may also adversely affect our revenues and cash flows. The factors that affect the value of our real estate include, among other things: • global, national, regional and local economic conditions **and geopolitical events** ; • competition from other available space, including co- working space and ~~sub- leases~~ **subleases** ; • local conditions such as an oversupply of space or a reduction in demand for real estate in the area; • how well we manage our properties; • the development and / or redevelopment of our properties; • changes in market rental rates; • increased competition from online shopping and its impact on retail tenants and their demand for retail space; • the timing and costs associated with property improvements and rentals; • whether we are able to pass all or portions of any increases in operating costs through to tenants; • changes in real estate taxes and other expenses; • the ability of state and local governments to operate within their budgets; • whether tenants and users such as customers and shoppers consider a property attractive; • changes in consumer preferences adversely affecting retailers and retail store values; • changes in tenant space utilization; • the financial condition of our tenants, including the extent of tenant bankruptcies or defaults; • consequences of any armed conflict involving, or terrorist attacks against, the United States or individual acts of violence in public spaces; • trends in office real estate, including many tenants' preferences for space in modern amenitized buildings which may require the landlord to incur significant capital expenditures; • availability of financing on acceptable terms or at all; • inflation or deflation; • fluctuations in interest rates; • our ability to obtain adequate insurance; • **government regulation, including** changes in **fiscal policies, taxation, and** zoning laws ~~and taxation; • government regulation~~ ; • potential liability ~~under~~ **and compliance costs associated with** environmental or other laws or regulations; • natural disasters; • general competitive factors; • climate change; and • the impact of ~~the COVID- 19 pandemic~~ **pandemics** or outbreaks of other ~~highly~~ infectious diseases. The rents or sales proceeds we receive and the occupancy levels at our properties may decline as a result of adverse changes in any of these factors. If rental revenues, sales proceeds and / or occupancy levels decline, we generally would expect to have less cash available for operating costs, to pay indebtedness and for distribution to our stockholders. In addition, some of our major expenses, including mortgage interest payments, real estate taxes and maintenance costs generally do not decline when the related rents decline, and maintenance costs can increase substantially in an inflationary environment. These factors may cause the value of our real estate assets to decline, which may result in non- cash impairment charges and the impact could be material. Real estate is a competitive business and that competition may adversely affect us. We compete with a large number of real estate investors, property owners and developers, some of ~~which~~ **whom** may be willing to accept lower returns on their investments. Principal factors of competition are rents charged, ~~sales prices~~ **tenant concessions offered** , attractiveness of location, the quality of the property and the breadth and the quality of services provided. Substantially all of our properties face competition from similar properties in the same market, which may adversely affect the rents we can charge at those properties and our results of operations. We ~~depend on leasing space to tenants on economically favorable terms and collecting rent from tenants who may not be able to pay. Our financial results depend significantly on leasing space in our properties to tenants on economically favorable terms. In addition, because a majority of our income is derived from renting real property, our income, and funds available to pay indebtedness and for distributions to stockholders will decrease if certain of our tenants cannot pay their rent or if we are not able to maintain our occupancy levels on favorable terms. If a tenant does not pay its rent, we might not be able to enforce our rights as landlord without delays and may incur substantial legal and other costs. Even if we are able to enforce our rights, a tenant may not have recoverable assets. We~~ may be unable to renew leases **, lease vacant space** or relet space as leases expire **on favorable terms** . When our tenants decide not to renew their leases upon their expiration, we may not be able to relet the space. Even if tenants do renew or we can relet the space, the terms of renewal or reletting, considering among other things, rent and ~~other~~ concessions, the cost of improvements to the property and leasing commissions, may be **on** less **economically** favorable ~~than the~~ terms ~~in the expired leases~~ . In addition, changes in space utilization by our tenants may impact our ability to renew or relet space without the need to incur substantial costs in renovating or redesigning the internal configuration of the relevant property and / or space. If we are unable to promptly renew the leases or relet the space at similar rates **, lease vacant space,** or if we ~~incur substantial costs in renewing or reletting the space~~ **are otherwise not able to maintain occupancy on favorable terms** , our cash flow and ability to service debt obligations and pay dividends and distributions to stockholders could be adversely affected. 731 Lexington Avenue accounts for a **majority** ~~substantial portion~~ of our revenues. Loss of or damage to the building would adversely affect our financial condition and results of operations. 731 Lexington Avenue accounted for revenue of $ **148, 806, 000, $** 138, 778, 000 ~~,~~ **and** $ 140, 524 ~~, 000 and $ 137, 718~~ , 000 in the years ended December 31, **2023,** 2022 ~~,~~ **and** 2021 ~~and 2020~~ , respectively, representing approximately **66 %,** 67 % ~~,~~ **and** 68 ~~% and 69~~ % of our rental revenues in each year, respectively. Loss of or damage to the building in excess of our insurance coverage, including as a result of a terrorist attack, would adversely affect our results of operations and financial condition. Bloomberg represents a **majority** ~~significant portion~~ of our revenues. Loss of Bloomberg as a tenant or deterioration in Bloomberg' s credit quality could adversely affect our financial condition and results of operations. Bloomberg accounted for revenue of $ **120, 351, 000, $** 115, 129, 000 ~~,~~ **and** $ 113, 140 ~~, 000 and $ 109, 066~~ , 000 in the years ended December 31, **2023,** 2022 ~~,~~ **and** 2021 ~~and 2020~~ , respectively, representing approximately **54 %,** 56 ~~%, 55~~ % and 55 % of our rental revenues in each year, respectively. No other tenant accounted for more than 10 % of our rental revenues. If we were to lose Bloomberg as a tenant, or if Bloomberg were to be unable to fulfill its obligations under its lease, it would adversely affect our results of operations and financial condition. We depend upon anchor tenants to attract shoppers at our Rego Park I and II retail properties and decisions made by these tenants, or adverse developments in the businesses of these tenants, could materially affect our financial condition and results of operations. Our Rego Park I and II retail properties are anchored by well- known department stores and other tenants who generate shopping traffic. The value of these properties would be adversely affected if our anchor tenants failed to meet their contractual obligations, sought concessions in order to continue operations or ceased their operations, including as a result of bankruptcy. If the level of sales ~~of~~ **at** stores operating in our properties were to decline significantly due to economic conditions, increased competition from ~~on- line~~ **online** shopping, closing of anchors or for other reasons, tenants may be unable to pay their minimum rents or expense recovery charges. In the event of a default by a tenant or anchor, we may experience delays and costs in enforcing our rights as landlord. Additionally, closure of an anchor or major tenant could result in lease terminations by, or reductions of rent from ~~,~~ other tenants if the other tenants' leases have co- tenancy clauses. ~~On December 3, 2022, IKEA closed its 112, 000 square foot anchor store at Rego Park I. IKEA remains obligated under its lease which expires in December 2030. The lease includes a right to terminate effective no earlier than March 2026, subject to payment of rent through the termination date and an additional termination payment equal to the lesser of $ 10, 000, 000 or the amount of rent due under the remaining term.~~ Bankruptcy or insolvency of tenants may decrease our revenues, net income and available cash. From time- to- time, some of our tenants have declared bankruptcy, and other tenants may declare bankruptcy ~~or~~ **,** become insolvent **or experience a material business downturn adversely affecting their ability to make timely rental payments** in the future **. If a tenant does not pay its rent, we may face delays enforcing our rights as landlord and may incur substantial legal and other costs. Even if we are able to enforce our rights, a tenant may not have recoverable assets** . The bankruptcy or insolvency of **a major tenant may delay our efforts to collect past due balances under the relevant leases and could ultimately preclude collection of these amounts altogether. As a result, the bankruptcy or insolvency of, or nonpayment by,** a major tenant could cause us to suffer lower revenues and operational difficulties, including leasing the remainder of the property ~~. As a~~ **, which could in turn** result ~~, the bankruptcy or insolvency of a major tenant or multiple tenants could result~~ in decreased ~~revenues,~~ net income and funds available to pay our indebtedness ~~or~~ **and** make distributions to stockholders. Our business, financial condition, results of operations and cash flows have been and may continue to be adversely affected by **outbreaks of highly infectious or contagious diseases. Our business has been, and may continue to be, adversely affected by the economic and industry challenges created by highly infectious or contagious diseases, including** the COVID- 19 pandemic **. The** ~~, or future outbreaks of other highly infectious diseases, and the~~ impact **of** ~~could be~~

~~material to us. Our business has been, and may continue to be, adversely affected by the economic and industry challenges created by~~ the COVID- 19 pandemic ~~and preventive measures taken to curb the spread of the virus. While substantially all of the limitations and restrictions imposed during the onset of the pandemic have been lifted and / or eased and people have largely resumed pre- pandemic activities, economic conditions continue to negatively impact the financial health of our retail tenants. The impact of such conditions could cause~~ **caused** retailers to reduce the number and size of their physical locations and further increase reliance on e- commerce **, and future infectious or contagious diseases could have a similar impact** . Additionally, our office tenant may **adjust its** ~~see further delay in~~ employee ~~return- to- work plans as a result of the continued risks of the pandemic and further dependence on~~ work from home ~~and flexible work~~ arrangements **which** may lead ~~our office tenant~~ to **a** ~~reassess~~ **reassessment of** its long- term physical space needs. **Any future outbreak of a highly infectious** ~~Additionally, if the COVID- 19 virus~~ or ~~another more~~ contagious **disease** ~~variant were to spread, governmental agencies and other authorities may reorder closures or reimpose restrictions on businesses, which~~ could ~~further negatively~~ impact **how people live, work and travel in ways that have affected and may in** the **future affect** ~~financial condition of~~ our ~~tenants~~ **properties** . Over time, these factors could decrease the demand for office and retail space and ultimately decrease occupancy and / or rent levels across our portfolio, which may have a negative impact on our financial condition and / or access to capital. ~~There is no guarantee that the jurisdictions in which we operate will not reimpose restrictions in an effort to mitigate risks to public health. We may continue to experience material impacts to our business, financial condition, and operating results due to the COVID- 19 pandemic or variants or future outbreaks of other highly infectious diseases and those impacts may have the effect of heightening other risks described under this heading " Risk Factors. "~~ Some of our potential losses may not be covered by insurance. We maintain general liability insurance with limits of $ 300, 000, 000 per occurrence and per property, of which the first $ 30, 000, 000 includes communicable disease coverage, and all- risk property and rental value insurance coverage with limits of $ 1. 7 billion per occurrence, including coverage for acts of terrorism, with sub- limits for certain perils such as floods and earthquakes on each of our properties and excluding communicable disease coverage. Fifty Ninth Street Insurance Company, LLC (" FNSIC "), our wholly owned consolidated subsidiary, acts as a direct insurer for coverage for acts of terrorism, including nuclear, biological, chemical and radiological (" NBCR ") acts, as defined by the Terrorism Risk Insurance Act of 2002, as amended to date and which has been extended through December 2027. Coverage for acts of terrorism (including NBCR acts) is up to $ 1. 7 billion per occurrence and in the aggregate. Coverage for acts of terrorism (excluding NBCR acts) is fully reinsured by third party insurance companies and the Federal government with no exposure to FNSIC. For NBCR acts, FNSIC is responsible for a $ ~~298~~ **316** , 000 deductible and 20 % of the balance of a covered loss, and the Federal government is responsible for the remaining 80 % of a covered loss. We are ultimately responsible for any loss incurred by FNSIC. We continue to monitor the state of the insurance market and the scope and costs of coverage for acts of terrorism or other events. However, we cannot anticipate what coverage will be available on commercially reasonable terms in the future. We are responsible for uninsured losses and for deductibles and losses in excess of our insurance coverage, which could be material and adversely affect our business, results of operations and financial condition. **Our** ~~The principal amounts of our mortgage loans are non- recourse to us and the~~ loans contain customary covenants requiring us to maintain insurance. Although we believe that we have adequate insurance coverage for purposes of these agreements, we may not be able to obtain an equivalent amount of coverage at reasonable costs in the future. If lenders insist on greater coverage than we are able to obtain, it could adversely affect our ability to finance or refinance our properties. Actual or threatened terrorist attacks **or other criminal acts** may adversely affect the value of our properties and our ability to generate cash flow. All of our properties are located in New York City, and our most significant property, 731 Lexington Avenue, is located on Lexington Avenue and 59th Street in Manhattan. In response to a terrorist attack, the perceived threat of terrorism or other criminal acts, tenants in this area may choose to relocate their businesses to less populated, lower- profile areas of the United States that may be perceived to be less likely targets of future terrorist activity or have lower rates of crime and fewer customers may choose to patronize businesses in this area. This, in turn, could trigger a decrease in the demand for space in ~~these~~ **this** ~~areas~~ **area** , which could increase vacancies in our properties and force us to lease **space at** our properties on less favorable terms. Furthermore, we may experience increased costs for security, equipment and personnel. As a result, the value of our properties and the level of our revenues and cash flows could decline materially. Natural disasters and the effects of climate change could have a concentrated impact on the area ~~which~~ **where** we operate and could adversely affect our results. Our ~~investments~~ **properties** are **located** in New York City. **Physical climate change and** ~~Natural~~ **natural** disasters, including earthquakes, storms **, storm surges** , tornados, floods and hurricanes, could cause significant damage to our properties and the surrounding environment or area. Potentially adverse consequences of **climate change** ~~" global warming~~ , ~~"~~ including rising sea levels **and increased temperature fluctuations** , could similarly have an impact on our properties and the economies of the metropolitan area in which we operate. Government efforts to combat climate change may impact the cost of operating our properties. Over time, these conditions could result in declining demand for space in our buildings or the inability of us to operate the buildings at all. Climate change may also have indirect effects on our business by increasing the cost of (or making unavailable) property insurance on terms we find acceptable, increasing the cost of energy at our properties and requiring us to expend funds as we seek to repair and protect our properties against such risks. The incurrence of these losses, costs or business interruptions may adversely affect our operating and financial results. Our properties are located in **an** urban ~~areas~~ **area** , which means the vitality of our properties is reliant on sound transportation and utility infrastructure. If that infrastructure is compromised in any way by an extreme weather event, such a compromise could have an adverse effect on our local economies and populations, as well as on our tenants' ability to do business in our buildings. Our properties are subject to transitional risks related to climate- related policy change. De- carbonization of grid- supplied energy could lead to increased energy costs and operating expenses for our buildings. Retrofitting our building systems to consume less energy could lead to increased capital costs. Buildings which consume fossil fuels onsite may be subject to penalties **in the future** . In addition, the full transition of grid- supplied energy to renewable sources (as has been mandated by the Climate Leadership and Community Protection Act in New York State) could lead to increased energy costs and operating expenses for our buildings. **Although these laws and regulations have not had any material adverse effects on our business to date, they could result in substantial costs, including compliance costs, increased energy costs, retrofit costs and construction costs.** We **cannot predict how future laws and regulations, or future interpretations of current laws and regulations, related to climate change will affect our business, results of operations and financial condition. We** may ~~also~~ become subject to costs, taxes or penalties, or increases therein, associated with natural resource or energy usage, such as a " carbon tax " and by local legislation such as New York City' s Local Law 97, which sets limits on carbon emissions in our buildings and imposes penalties if we exceed those limits, and New York City' s Intro 2317, or the " gas ban " bill, which limits any onsite fossil fuel combustion in new construction and major renovations. These costs, taxes or penalties could increase our operating costs and decrease the cash available to pay our indebtedness ~~or~~ **and** make distributions to our stockholders. Changes to tax laws could affect REITs generally, the trading of our shares and our results of operations, both positively and negatively, in ways that are difficult to anticipate. The rules dealing with U. S. federal, state and local income taxation are constantly under review by persons involved in the legislative process and by the IRS and the Treasury Department. Changes to tax laws (which changes may have retroactive application) could adversely affect the taxation of REITs and their shareholders. We cannot predict whether, when, in what form, or with what effective dates, tax laws, regulations and rulings may be enacted, promulgated or decided, or technical corrections made, which could result in an increase in our, or our stockholders', tax liability or require changes in the manner in which we operate in order to minimize increases in our tax liability. If such changes occur, we may be required to pay additional taxes on our assets or income and / or be subject to additional restrictions. These increased tax costs could, among other things, adversely affect the trading price for our common shares, our financial condition, our results of operations and the amount of cash available ~~for the payment of dividends~~ **to pay our indebtedness and make distributions to our stockholders** . ~~RISKS RELATED TO OUR OPERATIONS AND STRATEGIES~~ Significant inflation and continuing increases in the inflation rate could adversely affect our business and financial results. Recent substantial increases in the rate of inflation and potential future elevated rates of inflation, both real and anticipated, may impact our ~~investments~~ **business** and results of operations. In a highly inflationary environment, we may be unable to raise rental rates at or above the rate of inflation, which could reduce our profit margins. In addition, our cost of labor and materials could increase, which could have an adverse effect on our business or financial results. Increased inflation could also adversely affect us by increasing costs of construction and renovation. While increases in most operating expenses at our properties can be passed on to our office and retail tenants, some tenants have fixed reimbursement charges **,** and expenses at our residential property may not be able to be passed on to residential tenants. Unreimbursed increased operating expenses may reduce cash flow available to pay our indebtedness ~~or~~ **and** make distributions to our stockholders. We may acquire, develop, or redevelop properties and this may create risks. Although our ~~stated~~ **current** business strategy is not to engage in acquisitions, we may acquire, develop or redevelop properties when we believe that an acquisition, development or redevelopment project is otherwise consistent with our business strategy. We may not succeed in (i) **acquiring,** developing, **or** redeveloping ~~or acquiring~~ properties; (ii) completing these activities on time or within budget; and (iii) leasing or selling **acquired,** developed, **or** redeveloped ~~or acquired~~ properties at amounts sufficient to cover our costs. Competition in these activities could also significantly increase our costs. Difficulties in integrating acquisitions may prove costly or time- consuming and could divert management' s attention. Acquisitions, developments or redevelopments in new markets or types of properties where we do not have the same level of market knowledge may result in weaker than anticipated performance. We may also abandon acquisition, development or redevelopment opportunities that we have begun pursuing and consequently fail to recover expenses already incurred. Furthermore, we may be exposed to the liabilities of properties acquired, some of which we may not be aware of at the time of acquisition. We are exposed to risks associated with property development, redevelopment and repositioning that could adversely affect us, including our financial condition and results of operations. We continue to engage in development, redevelopment and repositioning activities with respect to our properties. We are subject to certain risks in connection with development and redevelopment activities, which could adversely affect us, including our financial condition and results of operations. These risks include, without limitation, (i) the availability and pricing of financing on favorable terms or at all; (ii) the availability and timely receipt of zoning and other regulatory approvals; (iii) ~~increased costs of construction and any~~ cost overruns, especially in an inflationary environment, and untimely completion of construction (including risks beyond our control, such as weather or labor conditions, material shortages or supply chain delays); (iv) the potential for the fluctuation of occupancy rates and rents at redeveloped properties, which may result in our investment not being profitable; (v) start up, repositioning and redevelopment costs may be higher than anticipated; (vi) the potential that we may fail to recover expenses already incurred if we abandon development or redevelopment opportunities after we begin to explore them; (vii) the potential that we may expend funds on and devote management **' s** time to projects which we do not complete; (viii) the inability to complete leasing of a property on schedule or at all, resulting in an increase in carrying or redevelopment costs; (ix) the possibility that properties will be leased at below expected rental rates ~~and (x) to the extent the redevelopment activities are conducted in partnership with third parties, the possibility of disputes with our joint venture development partners and the potential that we miss certain project milestone deadlines~~ . These risks could result in substantial unanticipated delays or expenses and could prevent the initiation or the completion of redevelopment activities or **reduce** the ultimate rents achieved on new developments **. These outcomes** ~~, any of which~~ could have an adverse effect on our financial condition, results of operations, cash flow, the market value of our common shares and ability to pay our indebtedness and ~~to~~ make distributions to our stockholders. It may be difficult to sell real estate on a timely basis, which may limit our flexibility. Real estate investments are relatively illiquid. Consequently, we may have limited ability to dispose of assets in our portfolio promptly in response to changes in economic or other conditions which could have an adverse effect on our sources of working capital and our ability to satisfy our indebtedness. RISKS RELATED TO OUR INDEBTEDNESS AND ACCESS TO CAPITAL **Significantly tighter**

~~Capital~~ **capital** markets and economic conditions can materially affect our liquidity, financial condition and results of operations as well as the value of an investment in our common stock. There are many factors that can affect the value of our equity securities and any debt securities we may issue in the future, including the state of the capital markets and **the** economy. Demand for office and retail space typically declines nationwide due to an economic downturn, bankruptcies, downsizing, layoffs and cost cutting. Government action or inaction may adversely affect the state of the capital markets. The cost and availability of credit may be adversely affected by illiquid credit markets and wider credit spreads, which may adversely affect our liquidity and financial condition, including our results of operations, and the liquidity and financial condition of our tenants. **Recently, domestic and international financial markets have experienced unusual volatility, significant interest rate increases and continuing uncertainty. Liquidity has significantly tightened in overall financial markets. Consequently, there is greater uncertainty regarding our ability to access the credit markets in order to obtain financing on reasonable terms. Additionally, the recent inflation environment has led to an increase in interest rates, which has had a direct and material increase on the interest expense of our borrowings.** Our inability or the inability of our tenants to timely refinance maturing liabilities and access the capital markets to meet liquidity needs may materially affect our financial condition and results of operations and the value of our common stock. We have outstanding debt, and the amount of debt and its cost may **continue to** increase and refinancing may not be available on acceptable terms **, which could affect our future operations** . As of December 31, ~~2022~~ **2023** , total **mortgages payable, excluding deferred** debt ~~outstanding~~ **issuance costs,** was $ 1, 096, 544, 000, ~~excluding deferred financing costs,~~ and our ~~ratio~~ **rate** of total debt to total enterprise value was ~~54~~ **66** %. “ Enterprise value ” means the market equity value of our common stock, plus debt, less cash and cash equivalents at such date ~~. In addition, we have significant debt service obligations. For the year ended December 31, 2022, our total cash payments for principal and interest was $ 25, 934, 000. In the future, we may incur additional debt, and thus increase the ratio of total debt to total enterprise value. If our level of indebtedness increases, there may be an increased risk of default which could adversely affect our financial condition and results of operations. In addition, in a rising interest rate environment, the cost of refinancing our existing debt and any new debt or market rate security or instrument may increase. Continued uncertainty in the equity and credit markets may negatively impact our ability to obtain financing on reasonable terms or at all, which may negatively affect our ability to refinance our debt. We have a substantial amount of indebtedness that could affect our future operations. As of December 31, 2022, total debt outstanding was $ 1, 096, 544, 000, excluding deferred financing costs~~ . We are subject to the risks normally associated with debt financing, including the risk that our cash flow from operations will be insufficient to meet **our** required debt service. Our debt service costs generally will not be reduced if ~~developments~~ **conditions** in the market or at our properties, such as the entry of new competitors or the loss of major tenants, cause a reduction in the income from our properties. Should such events occur, our operations may be adversely affected. If a property is mortgaged to secure payment of indebtedness and income from such property is insufficient to pay that indebtedness, the property could be foreclosed upon by the mortgagee resulting in a loss of **the** ~~income and a decline in our total~~ asset ~~value~~ . **If we** ~~Substantially all of our assets~~ are **unable** ~~owned by subsidiaries. We depend on dividends and distributions from these subsidiaries. The creditors of these subsidiaries are entitled~~ to **obtain additional debt financing** ~~amounts payable to them by the subsidiaries before the subsidiaries may pay any dividends or distributions to us. Substantially all of our~~ - **or refinance existing indebtedness upon maturity,** ~~properties and assets are held through our subsidiaries. We depend on cash distributions and dividends from our subsidiaries for substantially all of our cash flow. The creditors of each of our direct and indirect subsidiaries are entitled to payment of that subsidiary’ s obligations to them when due and payable before that subsidiary may make distributions or~~ **our financial condition** ~~dividends to us. Thus, our ability to pay dividends, if any, to our security holders depends on our subsidiaries’ ability to first satisfy their obligations to their creditors~~ and **results of operations would likely be adversely affected** ~~our ability to satisfy our obligations, if any, to our creditors~~ . In addition, ~~our participation in~~ **the current rising interest rate environment has led to** ~~any~~ - **an increase in interest rates on** ~~distribution of the assets of any of our direct or~~ **our** ~~indirect subsidiaries upon~~ **variable rate debt and an increase in** the ~~liquidation, reorganization~~ **cost of refinancing** ~~or~~ **our existing debt** ~~insolvency of the subsidiary~~ , **entering into new debt and for interest rate hedge instruments, reducing our operating cash flows. While certain of our debt** is **fixed by** ~~only after the claims of the creditors, including trade creditors, and~~ - **an** ~~preferred security holders~~ **interest rate swap arrangement** , ~~if any, of~~ the ~~applicable direct~~ **arrangement expires earlier than the mortgage loan maturity, resulting in future exposure to rising interest rates, which could further reduce** ~~or~~ **our** ~~indirect subsidiaries~~ **available cash. If the cost or amount of our indebtedness continues to increase or we cannot refinance our debt in sufficient amounts or on acceptable terms, we** are ~~satisfied~~ **at risk of default on our obligations that could adversely affect our financial condition and results of operations** . Our existing financing documents contain covenants and restrictions that may restrict our operational and financial flexibility. As of December 31, ~~2022~~ **2023** , we had outstanding mortgage indebtedness of $ 1, 096, 544, 000, secured by three of our properties. These mortgages contain covenants that limit our ability to incur additional indebtedness on these properties, provide for lender approval of tenants’ leases in certain circumstances, and in certain cases provide for yield maintenance or defeasance premiums to prepay them. These mortgages may significantly restrict our operational and financial flexibility. In addition, if we were to fail to perform our obligations under existing indebtedness or become insolvent or were liquidated, secured creditors would be entitled to payment in full from the proceeds of the sale of the pledged assets prior to any proceeds being paid to other creditors or to any holders of our securities. In such an event, it is possible that we would have insufficient assets remaining to make payments to other creditors or to any holders of our securities. The hedge instruments we may use to manage our exposure to interest rate volatility involve risks. The interest rate hedge instruments we may use to manage some of our exposure to interest rate volatility involve risks, including the risk that counterparties may fail to perform under these arrangements. If interest rates were to fall, these arrangements may cause us to pay higher interest on our debt obligations than would otherwise be the case. In addition, the use of such instruments may generate income that may not be treated as qualifying REIT income for purposes of the 75 % gross income test or 95 %

gross income test. Furthermore, there can be no assurance that our hedging arrangements will qualify as " highly effective " cash flow hedges under applicable accounting standards. If our hedges do not qualify as " highly effective, " the changes in the fair value of these instruments would be reflected in our results of operations and could adversely affect our earnings. ~~We may be adversely affected by the discontinuation of London Interbank Offered Rate (" LIBOR "). On March 5, 2021, the Financial Conduct Authority (" FCA ") announced that USD LIBOR will no longer be published after June 30, 2023. The Secured Overnight Financing Rate (" SOFR ") has been identified by market participants as the preferred alternative to USD LIBOR in derivatives and other financial contracts. Our new floating rate loans entered into after December 31, 2021 will no longer reference LIBOR and will reference SOFR or another floating rate. As of December 31, 2022, we had variable debt indexed to LIBOR of $ 500, 000, 000, subject to an interest rate cap arrangement that caps LIBOR at a rate of 6. 00 % through June 2023. The transition of our LIBOR- based obligations to SOFR could affect all- in interest rates on our debt and interest rate swap and cap arrangements and could result in interest payable that does not correlate over time with the interest rates and / or payments that would have been made on our obligations if LIBOR was available in its current form.~~ RISKS RELATED TO OUR ORGANIZATION AND STRUCTURE **Substantially all of our assets are owned by subsidiaries. We depend on dividends and distributions from these subsidiaries. The creditors of these subsidiaries are entitled to amounts payable to them by the subsidiaries before the subsidiaries may pay any dividends or make distributions to us. Substantially all of our properties and assets are held through our subsidiaries. We depend on cash distributions and dividends from our subsidiaries for substantially all of our cash flow. The creditors of each of our subsidiaries are entitled to payment of that subsidiary' s obligations to them when due and payable before that subsidiary may pay dividends or make distributions to us. Thus, our ability to pay dividends, if any, to our security holders depends on our subsidiaries' ability to first satisfy their obligations to their creditors and our ability to satisfy our obligations, if any, to our creditors. In addition, our participation in any distribution of the assets of any of our subsidiaries upon the liquidation, reorganization or insolvency of the subsidiary, is only after the claims of the creditors, including trade creditors, and preferred security holders, if any, of the applicable subsidiary, are satisfied.** Alexander' s charter documents and applicable ~~law~~ **laws** may hinder any attempt to acquire us. Provisions in Alexander' s certificate of incorporation and by laws, as well as provisions of the Code and Delaware corporate law, may delay or prevent a change in control of the Company or a tender offer, even if such action might be beneficial to stockholders, and limit the stockholders' opportunity to receive a potential premium for their shares of common stock over then prevailing market prices. In order to qualify as a REIT, five or fewer individuals, as defined in the Code, may not own, actually or constructively, more than 50 % in value of the issued and outstanding shares of our stock at any time during the last half of each taxable year. Additionally, at least 100 persons must beneficially own shares of our stock during at least 335 days of a taxable year for each taxable year. To help ensure that we meet these tests, among other purposes, our charter restricts the acquisition and ownership of shares of our stock. Primarily to facilitate maintenance of its qualification as a REIT, Alexander' s certificate of incorporation generally prohibits ownership, directly, indirectly or beneficially, by any single stockholder of more than 9. 9 % of the outstanding shares of preferred stock of any class or 4. 9 % of outstanding common stock of any class. The Board of Directors may waive or modify these ownership limits with respect to one or more persons if it is satisfied that ownership in excess of these limits will not jeopardize Alexander' s status as a REIT for federal income tax purposes. In addition, the Board of Directors has, subject to certain conditions and limitations, exempted Vornado and certain of its affiliates from these ownership limitations. Stock owned in violation of these ownership limits will be subject to the loss of rights and other restrictions. These ownership limits may have the effect of inhibiting or impeding a change in control. Alexander' s Board of Directors is divided into three classes of directors. Directors of each class are chosen for three- year staggered terms. Staggered terms of directors may have the effect of delaying or preventing changes in control or management, even though changes in management or a change in control might be in the best interest of our stockholders. In addition, Alexander' s charter documents authorize the Board of Directors to: • cause Alexander' s to issue additional authorized but unissued common stock or preferred stock; • classify or reclassify, in one or more series, any unissued preferred stock; and • set the preferences, rights and other terms of any classified or reclassified stock that Alexander' s issues. The Board of Directors could establish a series of preferred stock with terms that could delay, deter or prevent a change in control of Alexander' s or other transaction that might involve a premium price or otherwise be in the best interest of our stockholders, although the Board of Directors does not, at present, intend to establish a series of preferred stock of this kind. Alexander' s charter documents contain other provisions that may delay, deter or prevent a change in control of the Company or other transaction that might involve a premium price or otherwise be in the best interest of our stockholders. In addition, Vornado, Interstate and its three general partners (each of whom are both trustees of Vornado and Directors of Alexander' s) together beneficially own approximately 58. 4 % of our outstanding shares of common stock. This degree of ownership is likely to reduce the possibility of a tender offer or an attempt to change control of the Company by a third party. We may change our policies without obtaining the approval of our stockholders. Our operating and financial policies, including our policies with respect to acquisitions of real estate or other assets, growth, operations, indebtedness, capitalization and dividends, are exclusively determined by our Board of Directors. Accordingly, our stockholders do not control these policies. Steven Roth, Vornado and Interstate may exercise substantial influence over us. They and some of our other directors and officers have interests or positions in other entities that may compete with us. As of December 31, ~~2022~~ **2023** , Interstate and its partners owned approximately 7. 0 % of the common shares of beneficial interest of Vornado and approximately 26. 0 % of our outstanding common stock. Steven Roth, David Mandelbaum and Russell B. Wight, Jr. are the partners of Interstate. Mr. Roth is the Chairman of our Board of Directors and our Chief Executive Officer, the Chairman of the Board of Trustees and Chief Executive Officer of Vornado and the Managing General Partner of Interstate. Mr. Wight and Mr. Mandelbaum are both trustees of Vornado and members of our Board of Directors. In addition, Vornado manages and leases the real estate assets of Interstate. As of December 31, ~~2022~~ **2023** , Vornado owned 32. 4 % of our outstanding common stock, in addition to the 26. 0 % owned by Interstate and its partners. In addition to the relationships described in the immediately preceding paragraph, Ms. Mandakini Puri is a trustee of Vornado and a member of our Board of Directors. Additionally, personnel and services that we require are provided to us under contracts with Vornado. We depend on Vornado to manage our operations and to acquire and manage our portfolio of real estate assets. Vornado makes all decisions regarding the day- to- day management of our company, subject to the supervision of, and any guidelines established by, our ~~board~~ **Board** of ~~directors~~ **Directors** . Because of their overlapping interests, Vornado, Mr. Roth, Interstate and the other individuals noted in the preceding paragraphs may have substantial influence over Alexander' s, and on the outcome of any matters submitted to Alexander' s stockholders for approval. In addition, certain decisions concerning our operations or financial structure may present conflicts of interest among Vornado, Messrs. Roth, Mandelbaum and Wight and Interstate and other security holders. Vornado, Mr. Roth and Interstate may, in the future, engage in a wide variety of activities in the real estate business which may result in conflicts of interest with respect to matters affecting us, such as, which of these entities or persons, if any, may take advantage of potential business opportunities, the business focus of these entities, the types of properties and geographic locations in which these entities make investments, potential competition between business activities conducted, or sought to be conducted, by us, competition for properties and tenants, possible corporate transactions such as acquisitions, and other strategic decisions affecting the future of these entities. There may be conflicts of interest between Vornado, its affiliates and us. Vornado manages, develops and leases our properties under agreements that have one-year terms expiring in March of each year, which are automatically renewable. Because we share common senior management with Vornado and because four of the trustees of Vornado are on our Board of Directors, the terms of the foregoing agreements and any future agreements may not be comparable to those we could have negotiated with an unaffiliated third party. For a description of Interstate' s ownership of Vornado and Alexander' s ~~,~~ see " Steven Roth, Vornado and Interstate may exercise substantial influence over us. They and some of our other directors and officers have interests or positions in other entities that may compete with us. " above. For a description of our related party transactions with Vornado, see " Management' s Discussion and Analysis of Financial Condition and Results of Operations — Related Party Transactions. " **RISKS RELATED TO TECHNOLOGY, CYBERSECURITY AND DATA PROTECTION** The occurrence of cyber incidents, or a deficiency in our ~~cyber security~~ **cybersecurity** , as well as other disruptions ~~of~~ **to** our IT networks and related systems, could adversely affect our business by causing a disruption to our operations, a compromise or corruption of our confidential information, and / or damage to our business relationships or reputation, all of which could adversely affect our financial results **. Our IT networks and related systems are essential to the operation of our business and our ability to perform day- to- day operations (including managing our building systems) and, in some cases, may be critical to the operations of certain of our tenants** . We face risks associated with security breaches, whether through cyber attacks or cyber intrusions over the Internet, malware, ransomware, computer viruses, **phishing,** attachments to e- mails, persons who access our systems from inside or outside our organization, and other significant disruptions of our IT networks and related systems. The risk of a security breach or disruption, particularly through **a** cyber attack or cyber intrusion, including by computer hackers, foreign governments and cyber terrorists, has generally increased as the number, intensity and sophistication of attempted attacks and intrusions from around the world have increased **, including through the use of artificial intelligence** . Although we have not experienced cyber incidents that are individually, or in the aggregate, material, we have experienced cyber attacks in the past, which have thus far been mitigated by preventative, detective, and responsive measures that we have put in place. ~~Our IT networks and related systems are essential to the operation of our business and our ability to perform day- to- day operations (including managing our building systems) and, in some cases, may be critical to the operations of certain of our tenants.~~ Although we make efforts to maintain the security and integrity of these types of IT networks and related systems, and we have implemented various measures to manage the risk of a security breach or disruption, there can be no assurance that our security efforts and measures will be effective or that attempted security breaches or disruptions would not be successful or damaging. Unauthorized parties, whether within or outside our company, may disrupt or gain access to our systems, or those of third parties with whom we do business, through human error, misfeasance, fraud, trickery, or other forms of deceit, including break- ins, use of stolen credentials, social engineering, phishing, computer viruses or other malicious codes, and similar means of unauthorized and destructive tampering. Even the most well protected information, networks, systems and facilities remain potentially vulnerable because the techniques used in such attempted security breaches evolve and generally are not recognized until launched against a target, and in some cases are designed to not be detected and, in fact, may not be detected. Accordingly, we may be unable to anticipate these techniques or to implement adequate security barriers or other preventative measures, and thus it is impossible for us to entirely mitigate this risk. A security breach or other significant disruption involving our IT networks and related systems could disrupt the proper functioning of our networks and systems and therefore our operations and / or those of certain of our tenants; result in the unauthorized access to, and destruction, loss, theft, misappropriation or release of, proprietary, confidential, sensitive or otherwise valuable information of ours or others, which others could use to compete against us or which could expose us to damage claims by third- parties for disruptive, destructive or otherwise harmful purposes and outcomes; result in our inability to maintain the building systems relied upon by our tenants for the efficient use of their leased space; require significant management attention and resources to remedy any damages that result; may require payments to the attackers; subject us to litigation claims for breach of contract, damages, credits, fines, penalties, governmental investigations and enforcement actions or termination of leases or other agreements; or damage our reputation among our tenants and investors generally. Any or all of the foregoing could have a material adverse effect on our results of operations, financial condition and cash flows. A cyber attack or systems failure could interfere with our ability to comply with financial reporting requirements, which could adversely affect us. A cyber attack could also compromise the confidential information of our employees, tenants, customers and vendors. A successful attack could disrupt and materially affect our business operations, including damaging relationships with tenants, customers and vendors. Any compromise of our information security systems could also result in a violation of applicable privacy and other laws, significant legal and financial exposure, damage to our reputation, loss or misuse of the information (which may be confidential, proprietary and / or commercially sensitive in nature) and a loss of confidence in our security measures, which could harm our business. **For additional information on our cybersecurity risk management process, see " Item 1C. Cybersecurity " in this Annual Report on Form 10- K.** RISKS RELATED TO OUR COMMON STOCK The trading price of our common stock has been volatile and may continue to fluctuate. The trading price of our common stock has been volatile and may continue to fluctuate widely as a result of several factors, many of which are outside of our control. ~~In addition, the stock market is subject to fluctuations in the share prices and trading volumes that affect the market prices of the shares of many companies.~~ These ~~broad market fluctuations have in the past and may in the future adversely affect the market price of our common stock. In particular, the market price of our common shares has been further adversely impacted since March 2020 due to the COVID- 19 pandemic. Among the~~ factors **include** ~~that could affect the price of our common stock are~~ : • our financial condition and performance; • actual or anticipated quarterly fluctuations in our operating results and financial condition; • our dividend policy; • the reputation of REITs and real estate investments generally and the attractiveness of REIT equity securities in comparison to other equity securities, including securities issued by other real estate companies, and fixed income securities; • uncertainty and volatility in the equity and credit markets; • changes in revenue or earnings estimates or publication of research reports and recommendations by financial analysts or actions taken by rating agencies with respect to our securities or those of other REITs; • failure to meet analysts' revenue or earnings estimates; • speculation in the press or investment community; • strategic actions by us or our competitors, such as acquisitions or restructurings; • the extent of institutional investor interest in us; • the extent of short- selling of our common stock and the shares of our competitors; • fluctuations in the stock price and operating results of our competitors; • general financial and economic market conditions and, in particular, developments related to market conditions for office REITs and other real estate related companies and the New York City real estate market; • **the impact of inflation; • local,** domestic and international economic factors unrelated to our performance (including the macro- economic impact of ~~the~~ **geopolitical** conflict ~~between Russia and Ukraine~~) **; • fiscal policies or inaction at the U. S. federal government level that may lead to federal government shutdowns or negative impacts on the U. S. economy** ; • changes in tax laws and rules; and • all other risk factors addressed elsewhere in this Annual Report on Form 10- K **. In addition, the stock market is subject to fluctuations in the share prices and trading volumes that affect the market prices of the shares of many companies. These broad market fluctuations have in the past and may in the future adversely affect the market price of our common stock** . A significant decline in our stock price could result in substantial losses for stockholders. Alexander' s has additional shares of its common stock available for future issuance, which could decrease the market price of the common stock currently outstanding. The interest of our current stockholders could be diluted if we issue additional equity securities. As of December 31, ~~2022~~ **2023** , we had authorized but unissued 4, 826, 550 shares of common stock, par value of $ 1. 00 per share and 3, 000, 000 shares of preferred stock, par value $ 1. 00 per share; of which ~~19~~ **23** , ~~796~~ **388** shares of common stock are reserved for issuance upon redemption of the deferred stock units previously granted to our Board of Directors. In addition, ~~485~~ **482** , ~~991~~ **399** shares are available for future grant under the terms of our 2016 Omnibus Stock Plan. These awards may be granted in the form of options, restricted stock, stock appreciation rights, deferred stock units, or other equity- based interests, and if granted, would reduce that number of shares available for future grants, provided however that an award that may be settled only in cash, would not reduce the number of shares available under the plan. We cannot predict the impact that future issuances of common or preferred stock or any exercise of outstanding options or grants of additional equity- based interests would have on the market price of our common stock. Loss of our key personnel could harm our operations and adversely affect the value of our common stock. We are dependent on the efforts of Steven Roth, **the Chairman of our Board of Directors and** our Chief Executive Officer. Although we believe that we could find a replacement, the loss of his services could harm our operations and adversely affect the value of our common stock. RISKS RELATED TO REGULATORY COMPLIANCE We might fail to qualify or remain qualified as a REIT, and may be required to pay federal income taxes at corporate rates **, which could adversely affect the value of our common stock** . Although we believe that we will remain organized and will continue to operate so as to qualify as a REIT for federal income tax purposes, we might fail to remain qualified. Qualification are governed by highly technical and complex provisions of the Internal Revenue Code for which there are only limited judicial or administrative interpretations and depends on various facts and circumstances that are not entirely within our control. In addition, legislation, new regulations, administrative interpretations or court decisions may significantly change the relevant tax laws and / or the federal income tax consequences of qualifying as a REIT. If, with respect to any taxable year, we fail to maintain our qualification as a REIT and do not qualify under statutory relief provisions, we could not deduct distributions to stockholders in computing our taxable income and would have to pay federal income tax on our taxable income at regular corporate rates. The federal income tax payable would include any applicable alternative minimum tax. If we had to pay federal income tax, the amount of money available to distribute to stockholders and pay our indebtedness would be reduced for the year or years involved, and we would not be required to make distributions to stockholders in that taxable year and in future years until ~~it was~~ **we were** able to qualify as a REIT and did so. In addition, we would also be disqualified from treatment as a REIT for the four taxable years following the year during which qualification was lost, unless we were entitled to relief under the relevant statutory provisions. **Our failure to qualify as a REIT could adversely affect our business and the value of our common stock.** We may face possible adverse **federal tax audits and** changes in federal tax laws, which may result in an increase in our tax liability. In the normal course of business, certain entities through which we own real estate either have undergone or may undergo tax audits. Although we believe that we have substantial arguments in favor of our positions, in some instances there is no controlling precedent or interpretive guidance. There can be no assurance that audits will not occur with increased frequency or that the ultimate result of such audits will not have a material adverse effect on our results of operations. At any time, the U. S. federal income tax laws governing REITs or the administrative interpretations of those laws may be amended. We cannot predict if or when any new U. S. federal income tax law, regulation, or administrative interpretation, or any amendment to any existing U. S. federal income tax law, Treasury regulation or administrative interpretation, will be adopted, promulgated or become effective and any such law, regulation, or interpretation may take effect retroactively. Alexander' s, its taxable REIT subsidiaries, and our security holders could be adversely affected by any such change in, or any new, U. S. federal income tax law, Treasury regulation or administrative interpretation. We may face possible adverse state and local tax audits and changes in state and local tax law. Because we are organized and qualify as a REIT, we are generally not subject to federal income taxes, but we are subject to certain state and local taxes. In the normal course of business, certain entities through which we own real estate have undergone **,** tax audits. There can be no assurance that future audits will not occur with increased frequency or that the ultimate result of such audits will not have a material adverse effect on our results of operations. From time- to- time changes in state and local tax laws or regulations are enacted, which may result in an increase in our tax liability. A shortfall in tax revenues for states and municipalities in which we operate may lead to an increase in the frequency and size of such changes **in laws, regulations and administration of property and transfer taxes** . If such changes occur, we may be required to pay additional taxes on our assets or income. These increased tax costs could adversely affect our financial condition and results of operations and the amount of cash available **to pay** ~~for the payment of~~ our indebtedness and make distributions to our stockholders. Compliance or failure to comply with the Americans with Disabilities Act (" ADA ") or other safety regulations and requirements could result in substantial costs. The ADA generally requires that public buildings, including our properties, meet certain Federal requirements related to access and use by disabled persons. Noncompliance could result in the imposition of fines by the Federal government or the award of damages to private litigants and / or legal fees to their counsel. If, under the ADA, we are required to make substantial alterations and capital expenditures in one or more of our properties, including the removal of access barriers, it could adversely affect our financial condition and results of operations, as well as the amount of cash available for distribution to stockholders. Our properties are subject to various federal, state and local regulatory requirements, such as state and local fire and life safety requirements. If we fail to comply with these requirements, we could incur fines or private damage awards. We do not know whether existing requirements will change or whether compliance with future requirements will require significant unanticipated expenditures that will affect our cash flow and results of operations. We may incur significant costs to comply with environmental laws and environmental contamination may impair our ability to lease and / or sell real estate. Our operations and properties are subject to various federal, state and local laws and regulations concerning the protection of the environment, including air and water quality, hazardous or toxic substances and health and safety. Under some environmental laws, a current or previous owner or operator of real estate may be required to investigate and clean up hazardous or toxic substances released at a property. The owner or operator may also be held liable to a governmental entity or to third parties for property damage or personal injuries and for investigation and clean- up costs incurred by those parties because of the contamination. These laws often impose liability without regard to whether the owner or operator knew of the release of the substances or caused the release. The presence of contamination or the failure to remediate contamination may also impair our ability to sell or lease real estate or to borrow using the real estate as collateral. Other laws and regulations govern indoor and outdoor air quality including those that can require the abatement or removal of asbestos- containing materials in the event of damage, demolition, renovation or remodeling and govern emissions of and exposure to asbestos fibers in the air. The maintenance and removal of lead paint and certain electrical equipment containing polychlorinated biphenyls (PCBs) are also regulated by federal and state laws. We are also subject to risks associated with human exposure to chemical or biological contaminants such as molds, pollens, viruses and bacteria which, above certain levels, can be alleged to be connected to allergic or other health effects and symptoms in susceptible individuals. We could incur fines for environmental compliance and be held liable for the costs of remedial action with respect to the foregoing regulated substances or related claims arising out of environmental contamination or human exposure to contamination at or from our properties. Each of our properties has been subjected to varying degrees of environmental assessment. To date, these environmental assessments have not revealed any environmental condition material to our business. However, identification of new compliance concerns or undiscovered areas of contamination, changes in the extent or known scope of contamination, human exposure to contamination or changes in clean- up or compliance requirements could result in significant costs to us.