

Risk Factors Comparison 2025-03-12 to 2024-03-14 Form: 10-K

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

Set forth below is a discussion of certain risks affecting our business. The categorization of risks set forth below is meant to help you better understand the risks facing our business and is not intended to limit your consideration of the possible effects of these risks to the listed categories. Any adverse effects arising from the realization of any of the risks discussed, including our financial condition and results of operation, may, and likely will, adversely affect many aspects of our business. Risks Related to Real Estate Investments and Our Operations Unfavorable market and economic conditions could adversely affect rental revenues, occupancy levels and the value of our properties. General economic conditions in the U. S. have fluctuated significantly in recent quarters ~~with the U. S. experiencing negative macroeconomic conditions such as increasing inflationary and labor market concerns~~. Unfavorable market and economic conditions may significantly affect our occupancy levels, our rental rates and collections, the value of our properties and our ability to acquire or dispose of multifamily properties on economically favorable terms. Our ability to lease **units at** our multifamily properties at favorable rates is adversely affected by the increase in supply in the multifamily and other rental markets **and other housing alternatives**, and is dependent upon the overall level in the economy, which may continue to be adversely affected by, among other things, inflationary conditions, job losses and unemployment levels, personal debt levels, a downturn in the housing market, stock market volatility, and uncertainty about the future. Some of our major expenses generally do not decline when related rents decline. We would expect that declines in our occupancy levels, rental revenues and / or the values of our multi- family properties would cause us to have less cash available to make payments on our debt and to pay dividends, which could adversely affect our financial condition or the market value of our securities. We may be unable to compete to acquire, finance or dispose of our properties or to lease rental units. We compete with many third parties including other REITs, specialty finance companies, public and private investors, investment and pension funds, in acquiring, obtaining financing for, and disposing of multi- family properties. Many of these competitors have substantially greater financial and other resources than we do. Larger and more established competitors enjoy significant competitive advantages that result from, among other things, enhanced operating efficiencies and more extensive networks providing greater and more favorable access to capital, financing and tax credit allocations and more favorable acquisition opportunities. In attracting and retaining residents to occupy our multi- family properties, we compete with numerous other housing providers. Our multi- family properties compete directly with other rental apartments, as well as condominiums and single- family homes that are available for rent or purchase in the markets in which our properties are located. Principal factors of competition include rent or price charged, attractiveness of the location of multi- family properties, and the quality and breadth of services. The number of competitive properties relative to demand in a particular area has a material effect on our ability to lease our properties and on the rents we charge. Increasing real estate taxes, utilities and insurance premiums may negatively impact operating results The cost of real estate taxes, utilities and insurance is a significant component of real estate operating expense. These expenses are subject to significant increases and fluctuations, including the impact of inflation, which we may be unable to control. For example, our real estate taxes have increased and will continue to increase as our properties are reassessed by taxing authorities and as property tax rates increase. Further, our real estate taxes have fluctuated and may not be comparable year- over- year because of, among other things, (i) the timing difference as to when we accrue real estate taxes and the results of any tax appeals with respect to such accrued taxes and (ii) determinations, over which we have no control, by governmental authorities to increase tax rates, assessments or procedures. ~~We anticipate that our insurance costs will continue to increase because of our implementation, in 2022, of a master insurance program that directly covers our wholly- owned properties (as opposed to coverage obtained by our property managers), the casualty losses that we have sustained the past several years and general increases in the cost of insurance coverage for multi- family properties.~~ In addition, our share of the insurance premiums at joint venture properties is determined by our joint venture partner at such properties. If the costs associated with real estate taxes, utilities and insurance premiums should rise, without being offset by a corresponding increase in revenues, our results of operations could be negatively impacted, and our ability to make payments on our debt and to make distributions could be adversely affected. Most of our multi- family properties are located in the Southeast and Texas which makes us susceptible to adverse developments in such markets. The operating performance and value of our multi- family properties is impacted by the economic environment and other conditions of the specific markets in which our properties are concentrated. As of December 31, ~~2023~~ **2024**: (i) our wholly- owned properties generated approximately 75 % and 10 % of our ~~2023~~ **2024** revenues from properties located in the Southeast and Texas, respectively, and (ii) the properties owned by unconsolidated joint ventures at December 31, ~~2023~~ **2024**, generated ~~53~~ **54** % and ~~47~~ **46** % of our ~~2023~~ **2024** JV Rental and Other Revenues at properties located in ~~the Southeast and~~ **the Southeast** and ~~the Southeast~~, respectively. Accordingly, adverse developments in such markets, including economic developments, pandemics, or natural or man- made disasters, could adversely impact the cash flow and value of these properties. The concentration of our properties in the Southeast United States and Texas exposes us to risks of adverse developments which are greater than the risks of owning properties with a more geographically diverse portfolio. The failure of property management companies to properly manage our properties could adversely impact our results of operations. We rely on property management companies to manage our properties. These management companies are responsible for, among other things, leasing and marketing rental units, selecting tenants (including an evaluation of the creditworthiness of tenants), collecting rent, paying operating expenses and maintaining our properties. If these property management companies do not perform their duties properly, or, in the case of unconsolidated properties, we and / or our joint venture partners do not effectively supervise the activities of these managers, the occupancy rates and rental rates at

the properties managed by such property managers may decline and the expenses at such properties may increase. At December 31, ~~2023~~ **2024**, one property manager manages ~~ten~~ **11** properties, a second property manager manages ~~seven~~ **eight** properties, and ~~five~~ **four** other property managers manage ~~four~~ **three** or fewer properties. ~~Four~~ **Three** properties are managed by a management company owned by or affiliated with a joint venture partner. The loss of our property managers, and in particular, the managers that manage multiple properties, could result in a decrease in occupancy rates, rental rates or both or an increase in expenses. Further, except for our multi-family properties covered by our master insurance program, property managers are also generally responsible for obtaining insurance coverage with respect to the properties they manage, which coverage is often obtained pursuant to blanket policies covering many properties in which we have no interest. Losses at properties managed by our property managers but in which we have no interest could reduce significantly the insurance coverage available at our properties managed by these property managers. It may be difficult to terminate a non-performing management company, particularly a management company owned or affiliated with a joint venture, because such termination may require the approval of the mortgagee, our joint venture partner or both. If we are unable to terminate an underperforming property manager on a timely basis, our occupancy and rental rates may decrease and our expenses may increase. Our efforts to buy properties directly may involve greater risks than buying properties with joint venture partners. Although historically we have acquired properties with joint venture partners with knowledge of the local markets in which we were acquiring properties, we are working to buy properties directly without joint venture partners. In buying properties directly, we do not have the benefit of a partner's understanding of the target markets nor the equity they would have contributed to the acquisition. We cannot provide any assurance that we will properly evaluate the acquisition opportunities we pursue in buying properties directly. Risks involved in conducting real estate activity through joint ventures. ~~Seven~~ **Eight** of our multi-family properties are owned through joint ventures with other persons or entities. Joint venture investments involve risks not otherwise present when acquiring real estate directly, including the following:

- our joint venture partners may have economic or business interests or objectives which are or become inconsistent with our business interests or objectives, including differing objectives relating to the sale or refinancing of properties held by the joint venture or the timing of the termination or liquidation of the joint venture;
- the more successful a joint venture project, the more likely that profits or distributions generated above a negotiated threshold will be allocated disproportionately in favor of our joint venture partner at a rate greater than that implied by our partner's equity interest in the venture;
- several of our joint venture partners have other competing real estate interests in the markets in which our properties are located that could influence such partners to take actions favoring their properties to the detriment of the jointly owned properties;
- our joint venture partners obtain blanket property casualty and business interruption insurance insuring properties we own jointly and other properties in which we have no ownership interest and as a result, claims or losses with respect to properties owned by our joint venture partners but in which we have no interest could significantly reduce or eliminate the insurance available to properties in which we have an interest;
- our joint venture partner might become bankrupt, insolvent or otherwise refuse or be unable to meet their obligations to us or the venture (including their obligation to make capital contributions or property distributions when due);
- we may incur liabilities as a result of action taken by our joint venture partner;
- our joint venture partner may not perform its property oversight responsibilities;
- our joint venture partner may be in a position to take action or withhold consent contrary to our instructions or requests, including actions that may make it more difficult to maintain our qualification as a REIT;
- our joint venture partner might engage in unlawful or fraudulent conduct with respect to our jointly owned properties or other properties in which they have an ownership interest;
- changes in personnel managing our joint venture partners have resulted in greater difficulty in working with the new personnel;
- our joint venture partner may trigger a buy-sell arrangement, which could cause us to sell our interest, or acquire our partner's interest, at a time when we otherwise would not have initiated such a transaction;
- disputes between us and our joint venture partners may result in litigation or arbitration that would increase our expenses and divert management's attention from operating our business; and
- disagreements with our joint venture partners with respect to property management (including with respect to whether a property should be sold, refinanced, or improved) could result in an impasse resulting in the inability to operate the property effectively. Joint venture partners have acted without our authorization (e. g., a partner modified a mortgage term without our consent). We also have had, and expect to continue to have, disagreements with joint venture partners over various issues including, among others, as to whether, and the extent to which, value add programs should be implemented at a property, whether a mortgage debt on a property should be refinanced and the terms and conditions of such refinancing, and, because our joint venture structure may incentivize our joint venture partner to sell the property sooner than we would otherwise desire, the timing and terms and conditions of property sales. Our operating results are significantly influenced by demand for multi-family properties generally, and a decrease in such demand will likely have a greater adverse effect on our revenues than if we owned a more diversified real estate portfolio. Our current portfolio is focused on multi-family properties, and we expect that going forward we will continue to focus on the acquisition **(including alternative investments such as bridge loans and preferred equity)**, disposition and operation of such properties. As a result, we are subject to risks inherent in investments in a single industry, and a decrease in the demand for multi-family properties would likely have a greater adverse effect on our rental revenues than if we owned a more diversified real estate portfolio. Our operating results and assets may be negatively affected if our insurance coverage is insufficient to compensate us for casualty events occurring at our properties. Our multi-family properties, including the properties owned by the joint ventures in which we are members, carry all risk property insurance covering the property and improvements thereto for the cost of replacement in the event of a casualty. Though we maintain insurance coverage, such coverage may be insufficient to compensate us for losses sustained as a result of a casualty because, among other things:
- the amount of insurance coverage maintained for a property may be insufficient to pay the full replacement cost following a casualty event;
- the rent loss coverage under a policy may not extend for the full period of time that a tenant or tenants may be entitled to a rent abatement that is a result of, or that may be required to complete restoration following, a casualty event;
- certain types of losses, such as those arising from earthquakes, floods, hurricanes and terrorist

attacks, and losses arising out of claims for exemplary or punitive damages, may be uninsurable or may not be economically feasible to insure; • changes in zoning, building codes and ordinances, environmental considerations and other factors may make it impossible or impracticable, to use insurance proceeds to replace damaged or destroyed improvements at a property; • insurance coverage is part of blanket insurance policies in which losses on properties in which we have no ownership interest could reduce significantly or eliminate the coverage available on our properties; and • the deductibles applicable to one or more buildings at a property may be greater than the losses sustained at such buildings. If our insurance coverage is insufficient to cover losses sustained as a result of one or more casualty events, our operating results and the value of our portfolio will be adversely affected. We may be adversely effected if we are unable to maintain a satisfactory working relationship with any one or more of our joint venture partners. Two of our joint venture partners or their affiliates own an aggregate of six of the eight properties we own through unconsolidated joint ventures. This concentration of ownership of properties with a limited number of joint venture partners exposes us to risks of adverse developments, and in particular, disputes or disagreements with such joint venture partners, which are greater than the risks of owning properties with a more diverse group of joint venture partners. Short- term leases expose us to the effects of declining market rents and we may be unable to renew leases or relet units as leases expire. Our multi- family leases are generally for a term of one year or less. The short- term nature of these leases generally serves to reduce our risk to adverse effects of inflation as our leases allow for adjustments in the rental rate at the time of renewal, which may enable us to seek rent increases. However, since our leases typically permit the residents to leave at the end of the lease term without penalty, our revenues are impacted by declines in market rents more quickly than if our leases were for longer terms. If we are unable to promptly renew the leases or relet the units, or if the rental rates upon renewal or reletting are significantly lower than expected rates, then our financial condition and results of operations may be adversely affected. Risks Related to Our Financing Activities, Indebtedness and Capital Resources If we are unable to refinance **our \$138.5 million in balloon payments on mortgage debt at maturing maturity through 2026 on acceptable terms**, we may be forced to sell properties on disadvantageous terms. **As The following table sets forth, as of December 31, 2023-2024, we have balloon the principal balance of the mortgage payments due at maturity of \$138.5 million on our wholly mortgage debt (including \$53.5 million of mortgage debt on properties owned by and unconsolidated joint ventures - venture properties) due in 2025 and the 2026 (i. e., \$15.3 million and \$123.0 million due in 2025 and 2026, respectively). The weighted average interest rate thereon (dollars in thousands):**

	Consolidated Properties	Unconsolidated Properties	Year	Principal Balances Due at Maturity	Weighted Average Interest Rate
2025	\$ 15,375	\$ 4,42	%	—	—
2026	2669,531	4.12	%	60,835	5.64
2027	742,795	3.96	%	23,108	4.15
2028	2837,951	4.47	%	67,631	4.26
2029	53,817	3.94	%	—	—
2030 and thereafter	193,266	4.10	%	86,132	3.46
Total	\$ 412,735	\$ 237,706	(1)		

Includes our joint venture partner' s" share" of this such debt is 4.85%. We have a significant amount of mortgage debt maturing over the next several years. Our operating cash flow and funds available under our credit facility will be insufficient to discharge all of this debt when due. Accordingly, we will seek to refinance this debt **or sell the related property prior to the its maturity of such debt.** Increases in **Because current** interest rates **are significantly higher than the interest rates on the maturing mortgage debt (or if or our reduced access to credit markets is reduced** due, among other things, to more stringent lending requirements **due to or our our high level of leverage)**, we may **be unable** make it difficult for us to refinance this mortgage debt on **acceptable terms or at all as favorable as the current debt.** If we are unsuccessful in refinancing such debt, or if the terms of the refinanced debt are less favorable than the current debt, we may be forced to **(i) refinance such mortgage debt on unfavorable terms or (ii) dispose of properties on disadvantageous unfavorable terms or convey properties secured by such mortgages to the mortgagees, which would , in each case, reduce our income and impair the value of our portfolio.** Our acquisition, development and value- add activities are limited by the funds available to us. Our ability to acquire additional multi- family properties, develop new properties and improve the properties in our portfolio is limited by the funds available to us (including funds available pursuant to our credit facility) and our ability to obtain, on acceptable terms, mortgage debt. At **March 1 February 28, 2024 2025**, we had approximately **\$ 21-62. 2-7** million of cash and cash equivalents (of which a significant portion is at the property level for day- to- day operating expenses) and up to **\$ 60-40** million available to us under our credit facility. Our multi- family acquisition and value- add activities are constrained by funds available to us which will limit growth in our revenues and operating results. Our failure to comply with our obligations under our debt instruments may reduce our stockholders' equity, and adversely affect our net income and ability to pay dividends. Several of our debt instruments include covenants that require us to maintain certain financial ratios, including various coverage ratios, and comply with other requirements. Failure to meet interest and other payment obligations under our debt instruments or a breach by us of the covenants to comply with certain financial ratios would place us in non- compliance under such instruments. If the lender called a default and required us to repay the full amount outstanding under such instrument, we might be required to rapidly dispose of our properties, including properties securing such debt instruments, which could have an adverse impact on the amounts we receive on such disposition. From time to time we have failed to comply with certain debt covenants. If we are unable to satisfy the covenants of our debt obligations, the lender could exercise remedies available to it under the applicable debt instrument and as otherwise provided by law, including the possible appointment of a receiver to manage the property, application of deposits or reserves maintained under the debt instrument for payment of the debt, or foreclose and / or cause the forced sale of the property or asset securing such debt. A foreclosure or other forced disposition of our assets could result in the disposition of same at below the carrying value of such asset. The disposition of our properties or assets at below our carrying value may adversely affect our net income, reduce our stockholders' equity and adversely affect our ability to pay dividends. We may not have sufficient funds to make required or desired capital improvements. Our multi- family properties face competition from newer and updated properties. At December 31, **2023-2024** the weighted average age (based on the number of units) of our multi- family properties is approximately 20 years. To remain competitive and increase occupancy at these properties and / or make them attractive to potential tenants or purchasers, we may have to make significant capital improvements and / or incur

deferred maintenance costs with respect to these properties. The cost of future improvements and deferred maintenance is uncertain and the amounts earmarked for specific properties may be insufficient to effectuate needed improvements. Our results of operations and financial conditions may be adversely affected if we are required to expend significant funds (other than funds earmarked for such purposes) to repair or improve our properties. If we are required to make payments under any “bad boy” carve out guarantees that we have provided in connection with certain mortgages and related loans, our business and financial results could be materially adversely affected. In obtaining certain non-recourse loans, we have provided our lenders with standard carve out guarantees. These guarantees are only applicable if and when the borrower directly, or indirectly through an agreement with an affiliate, joint venture partner or other third party, voluntarily files a bankruptcy or similar liquidation or reorganization action or takes other actions that are fraudulent or improper (commonly referred to as “bad boy” guarantees). Although we believe that “bad boy” carve out guarantees are not guarantees of payment in the event of foreclosure or other actions of the foreclosing lender that are beyond the borrower’s control, some lenders in the real estate industry have recently sought to make claims for payment under such guarantees. In the event such a claim were made against us under a “bad boy” carve out guarantee, following foreclosure on mortgages or related loans, and such claim were successful, our business and financial results could be materially adversely affected. We could be negatively impacted by changes in our relationship with Fannie Mae or Freddie Mac, changes in the condition of Fannie Mae or Freddie Mac and by changes in government support for multi-family housing. Fannie Mae and Freddie Mac have been a major source of financing for multi-family real estate in the United States and we have used loan programs sponsored by these agencies to finance most of our acquisitions of multi-family properties. There have been ongoing discussion by the government and other interested parties with regard to the long term structure and viability of Fannie Mae and Freddie Mac, which could result in adjustments to guidelines for their loan products. Should these agencies have their mandates changed or reduced, lose key personnel, be disbanded or reorganized by the government or otherwise discontinue providing liquidity for the multi-family sector, our ability to obtain financing through loan programs sponsored by the agencies could be negatively impacted. In addition, changes in our relationships with Fannie Mae and Freddie Mac, and the lenders that participate in these loan programs, with respect to our existing mortgage financing could impact our ability to obtain comparable financing for new acquisitions or refinancing for our existing multi-family real estate investments. Should our access to financing provided through Fannie Mae and Freddie Mac loan programs be reduced or impaired, it would significantly reduce our access to debt capital and / or increase borrowing costs and could significantly limit our ability to acquire properties on acceptable terms and reduce the values to be realized upon property sales. We depend on our subsidiaries for cash flow and will be adversely impacted if these subsidiaries are prohibited from distributing cash to us. We conduct, and intend to conduct, substantially all of our business operations through our subsidiaries, including our unconsolidated subsidiaries. Accordingly, our only source of cash to fund our operations and pay our obligations are distributions from our subsidiaries. We cannot assure you that our subsidiaries will be able to, or be permitted to, make distributions to us that will enable us to fund our operations. Each of our subsidiaries is or will be a distinct legal entity and, under certain circumstances, legal and contractual restrictions (e. g., restrictions imposed pursuant to mortgage debt on a property), limit our ability to obtain cash from such entities. In addition, because we operate through our subsidiaries, your claims as stockholders will be structurally subordinated to all existing and future liabilities and obligations of our subsidiaries. Therefore, in the event of our bankruptcy, liquidation or reorganization, our assets and those of our subsidiaries will be able to satisfy your claims as stockholders only after all our and our subsidiaries’ liabilities and obligations have been paid in full.

Regulatory and Tax Risks Changes to the U. S. federal income tax laws could have an adverse impact on our business and financial results. 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 when or if any new U. S. federal income tax law, regulation or administrative interpretation, or any amendment to any existing U. S. federal income tax law, regulation or administrative interpretation, will be adopted, promulgated or become effective and any such law, regulation, or interpretation may take effect retroactively. We and our stockholders could be adversely affected by any such change in the U. S. federal income tax laws, regulations or administrative interpretations. Liabilities relating to environmental matters may impact the value of our properties. We may be subject to environmental liabilities arising from the ownership of properties. Under various federal, state and local laws, an owner or operator of real property may become liable for the costs of removal of certain hazardous substances released on its property. These laws often impose liability without regard to whether the owner or operator knew of, or was responsible for, the release of such hazardous substances. The presence of hazardous substances on our properties may adversely affect our ability to finance or sell the property and we may incur substantial remediation costs. The discovery of material environmental liabilities attached to such properties could have a material adverse effect on our results of operations and financial condition. Compliance or failure to comply with the ADA or other safety regulations and requirements could result in substantial costs. The ADA generally requires that public buildings, including the public areas at our properties, be made accessible to disabled persons. Non-compliance could result in the imposition of fines by governmental authorities or the award of damages to private litigants. From time-to-time claims may be asserted against us with respect to some of our properties under the ADA. If, under the ADA, we are required to make substantial alterations and capital expenditures in one or more of our properties, it could adversely affect our financial condition and results of operations. 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.**

Provisions for credit losses are difficult to estimate Our provision for credit losses is evaluated on a quarterly basis in accordance with current accounting guidance which uses the Current Expected Credit Loss model, or CECL. Under CECL, we are required to present certain financial assets such as loans held for investment, at the net amount expected to be collected. The determination of our provision for credit losses requires us to make highly subjective estimates and

judgments. Our estimates and judgments are based on a number of factors, including projected cash flow from the collateral securing our loans, debt structure, including the availability of reserves and recourse guarantees, likelihood of repayment in full at the maturity of a loan, potential for refinancing and expected market discount rates for varying property types, and other macro economic data, all of which are uncertain and highly subjective. If our estimates and judgments are incorrect, our results of operations and financial condition could be materially and adversely impacted. The adoption of CECL affects how we determine our allowance for loan losses and requires us to recognize provisions for credit losses earlier in the lending cycle, including at the time we enter into the transaction. Moreover, CECL may create more volatility in the level of our allowance for credit losses. If we are required to materially increase our level of allowance for credit losses for any reason, such increase could adversely affect our business, financial condition and

results of operations. Risks Associated with the Real Estate Industry and REITs. We face numerous risks associated with the real estate industry that could adversely affect our results of operations through decreased revenues or increased costs. As a real estate company, we are subject to various changes in real estate conditions, and any negative trends in such real estate conditions may adversely affect our results of operations through decreased revenues or increased costs. These conditions include: • changes in national, regional and local economic conditions, which may be negatively impacted by concerns about inflation, deflation, government deficits, unemployment rates and decreased consumer confidence particularly in markets in which we have a high concentration of properties; • increases in interest rates, which could adversely affect our ability to obtain financing or to buy or sell properties on favorable terms or at all; • the inability of tenants to pay rent; • the existence and quality of the competition, such as the attractiveness of our properties as compared to our competitors' properties based on considerations such as convenience of location, rental rates, amenities and safety record; • increased operating costs, including increased real property taxes, maintenance, insurance and utility costs (including increased prices for fossil fuels); • weather conditions that may increase or decrease energy costs and other weather- related expenses; • oversupply of apartments or single- family housing or a reduction in demand for real estate in the markets in which our properties are located; • a favorable interest rate environment that may result in a significant number of residents or potential residents of our multi- family properties deciding to purchase homes instead of renting; • changes in, or increased costs of compliance with, laws and / or governmental regulations, including those governing usage, zoning, the environment and taxes; and • rent control or stabilization laws, or other laws regulating rental housing, which could prevent us from raising rents to offset increases in operating costs. Moreover, other factors may adversely affect our results of operations, including potential liability under environmental and other laws and other unforeseen events, many of which are discussed elsewhere in the following risk factors. Any or all of these factors could materially adversely affect our results of operations through decreased revenues or increased costs. Compliance with REIT requirements may hinder our ability to maximize profits. We must continually satisfy tests concerning, among other things, our sources of income, the amounts we distribute to our stockholders and the ownership of our common stock, to qualify as a REIT for Federal income tax purposes. We may also be required to make distributions to stockholders at disadvantageous times or when we do not have funds readily available for distribution. Accordingly, compliance with REIT requirements may hinder our ability to operate solely on the basis of maximizing profits. To qualify as a REIT, we must also ensure that at the end of each calendar quarter at least 75 % of the value of our assets consists of cash, cash items, government securities and qualified REIT real estate assets. The remainder of our investment in securities cannot include more than 10 % of the outstanding voting securities of any one issuer or more than 10 % of the total value of the outstanding securities of such issuer. In addition, no more than 5 % of the value of our assets can consist of the securities of any one issuer, other than a qualified REIT security. If we fail to comply with these requirements, we must dispose of the portion of our assets in excess of such amounts within 30 days after the end of the calendar quarter in order to avoid losing our REIT status and suffering adverse tax consequences. This requirement could cause us to dispose of assets for consideration of less than their true value and could lead to a material adverse impact on our results of operations and financial condition. Because real estate investments are illiquid, we may not be able to reconfigure our portfolio on a timely basis. Real estate investments generally cannot be sold quickly. We may not be able to reconfigure our portfolio promptly in response to economic or other conditions. Further, even if we are able to sell properties, we may be unable to reinvest the proceeds of such sales in opportunities that are as favorable as the properties sold. Our inability to reconfigure our portfolio to profitably reinvest the proceeds of property sales promptly could adversely affect our financial condition and results of operations. We may incur impairment charges in 2024-2025. We evaluate on a quarterly basis our real estate portfolio for indicators of impairment. Impairment charges reflect management' s judgment of the probability and severity of the decline in the value of real estate assets we own. These charges and provisions may be required in the future as a result of factors beyond our control, including, among other things, changes in the economic environment and market conditions affecting the value of real property assets or natural or man- made disasters. If we do not continue to pay cash dividends, the price of our common stock may decline. REIT REITs are generally required to distribute annually at least 90 % of their ordinary taxable income to maintain our REIT status under the Internal Revenue Code of 1986, as amended, and the rules and regulations promulgated thereunder, which we refer to as the Code. Because we continue to generate operating losses primarily due to the impact of depreciation, we are not currently required, and may not be required in the future, to pay dividends to maintain our REIT status. Accordingly, we cannot assure you that we will pay dividends in the future. If we do not continue to pay cash dividends, the price of our common stock will decline. Our business and operations are subject to physical and transition risks related to climate change. Several of our multi- family properties are located along or near coastal areas that have historically been subject to the risk of extreme weather events. To the extent climate change causes changes in weather patterns, areas where many of our properties are located could experience more frequent and intense extreme weather events and rising sea levels, which may cause significant damage to our properties, disrupt our operations and adversely impact our residents. Over time, such conditions could result in reduced demand for housing in areas where our properties are located and increased costs related to further developing our properties to mitigate the effects of climate change or repairing damage related to the

effects of climate change that may or may not be fully covered by insurance. Likewise, such conditions also may negatively impact the types and pricing of insurance we are able to procure. Changes in federal, state and local laws and regulations on climate change could result in increased operating costs and / or capital expenditures to improve the energy efficiency of our existing properties without a corresponding increase in rental revenues. The imposition of such requirements could increase the costs of maintaining or improving our existing properties (for example by requiring retrofits of existing multi- family properties to improve their energy efficiency and / or resistance to inclement weather) without creating corresponding increases in rental revenues, which would have an adverse impact on our operating results.

Risks Related to BRT' s Organization, Structure and Ownership of its Stock Our transactions with affiliated entities involve conflicts of interest Entities affiliated with us and with certain of our executive officers provide services to us and on our behalf. Among other things, we retain certain executive officers and others to provide the Services. The aggregate fees to be paid for the Services in **2025, and paid in 2024**, and ~~paid in 2023 and 2022~~, are \$ 1. **7 million, \$ 1. 62 million**, and ~~\$ 1. 54 million and \$ 1. 47 million~~, respectively. We obtain certain executive, administrative, legal, accounting and clerical personnel and the use of certain facilities pursuant to the shared services agreement. During **2024 and 2023** and ~~2022~~, we reimbursed Gould Investors \$ **698, 000 and \$ 642, 000** and ~~\$ 739, 000~~, respectively, for the personnel and facilities provided pursuant to the shared services agreement. We also obtain certain insurance in conjunction with Gould Investors and reimbursed Gould Investors \$ **28, 000 and \$ 22, 000** and ~~\$ 67, 000~~, in **2024 and 2023** and ~~2022~~, respectively, for our share of the insurance cost. These transactions may not be on terms as favorable as those that we would receive if the transactions were entered into with unaffiliated entities and persons. Gould Investors from time- to time buys multi- family properties, including properties located in the Southeast United States. Although the properties purchased by Gould Investors are much smaller than the properties in which we are interested, a conflict of interest could arise should Gould Investors or we decide to pursue the acquisition of similar sized properties in such regions. See" Item 1- Business- Our Acquisition Approach" Senior management and other key personnel are critical to our business and our future success may depend on our ability to retain them. We depend on the services of Jeffrey A. Gould, our president and chief executive officer, and other members of senior management to carry out our business and investment strategies. Although Jeffrey A. Gould devotes substantially all of his business time to our affairs, he devotes a portion of his business time to entities affiliated with us. In addition to Jeffrey A. Gould, only ~~three two~~ other executive officers, Mitchell Gould, our executive vice president, **Ryan Baltimore, chief operating officer**, and George Zweier, vice president and chief financial officer, devote all or substantially all of their business time to us. **Beginning January 2025, Mitchell Gould is working for us four days per week and George Zweier has advised that he intends to relocate to North Carolina by June 2026 and resign**. Many of our executives (i) also provide the Services (see" Item 1. Business- Human Capital Resources") and (ii) provide their services on a part- time basis pursuant to the shared services agreement. We rely on part- time executive officers to provide certain services to us, including legal and certain **accounting financial reporting** services, since we do not employ full- time executive officers to handle all of these services. If the shared services agreement is terminated or the executives performing Services are unwilling to continue to do so, we will have to obtain such services from other sources or hire employees to perform them. We may not be able to replace these services or hire such employees in a timely manner or on terms, including cost and level of expertise, that are equivalent to or better than those we receive pursuant to the Services and the shared services agreement. In addition, in the future we may need to attract and retain qualified senior management and other key personnel, both on a full- time and part- time basis. The loss of the services of any of our senior management or other key personnel or our inability to recruit and retain qualified personnel in the future, could impair our ability to carry out our business and our investment strategies. We do not carry key man life insurance on members of our senior management. Certain provisions of our Articles of Incorporation, our Bylaws and Maryland law may inhibit a change in control that stockholders consider favorable and could also limit the market price of our common stock Certain provisions of our Articles of Incorporation (the" Charter"), our Bylaws and Maryland law may impede, or prevent, a third party from acquiring control of us without the approval of our board of directors. These provisions: • provide for a staggered board of directors consisting of three classes, with one class of directors being elected each year and each class being elected for three- year terms and until their successors are duly elected and qualify; • impose restrictions on ownership and transfer of our stock (such provisions being intended to, among other purposes, facilitate our compliance with certain requirements under the Internal Revenue Code of 1986, as amended (the" Code"), relating to our qualification as a REIT under the Code); • prevent our stockholders from amending the Bylaws; • limit who may call special meetings of stockholders; • establish advance notice and informational requirements and time limitations on any director nomination or proposal that a stockholder wishes to make at a meeting of stockholders; • provide that directors may be removed only for cause and only by the vote of at least two- thirds of all votes generally entitled to be cast in the election of directors; • do not permit cumulative voting in the election of our board of directors, which would otherwise permit holders of less than a majority of outstanding shares to elect one or more directors; and • authorize our board of directors, without stockholder approval, to amend the Charter to increase or decrease the aggregate number of shares of our stock or the number of shares of stock of any class or series that we have authority to issue and classify or reclassify any unissued shares of common or preferred stock and set the preferences, rights and other terms of the classified or reclassified shares. Certain provisions of the Maryland General Corporation Law (the " MGCL ") may impede a third party from making a proposal to acquire us or inhibit a change of control under circumstances that otherwise could be in the best interest of holders of shares of our common stock, including: • " business combination " provisions that, subject to certain exceptions and limitations, prohibit certain business combinations between us and an " interested stockholder " (defined generally as any person who beneficially owns 10 % or more of the voting power of our outstanding voting stock or an affiliate or associate of BRT who, at any time within the two- year period immediately prior to the date in question, was the beneficial owner of 10 % or more of the voting power of our then outstanding voting stock) or an affiliate thereof for five years after the most recent date on which the stockholder becomes an interested stockholder, and thereafter impose two super- majority stockholder voting requirements on these combinations; • " control share " provisions that

provide that, subject to certain exceptions, holders of “ control shares ” of BRT (defined as voting shares which, when aggregated with other shares controlled by the stockholder, entitle the holder to exercise voting power in the election of directors within one of three increasing ranges) acquired in a “ control share acquisition ” (defined as the direct or indirect acquisition of ownership or control of issued and outstanding “ control shares, ” subject to certain exceptions) have no voting rights with respect to the control shares except to the extent approved by our stockholders by the affirmative vote of at least two-thirds of all the votes entitled to be cast on the matter, excluding all interested shares; and • additionally, Title 3, Subtitle 8 of the MGCL permits our board of directors, without stockholder approval and regardless of what is currently provided in the Charter or the Bylaws, to implement certain corporate governance provisions. We have (1) exempted all business combinations between us and any other person, provided that each such business combination is first approved by our board of directors (including a majority of directors who are not affiliates or associates of such other person), from the Maryland Business Combination Act and (2) opted out of the Maryland Control Share Acquisition Act. Ownership of less than 6.0 % of our outstanding shares or less than 6.0 % of the aggregate outstanding shares of all classes and series of our stock could violate the restrictions on ownership and transfer in our Charter, which would result in the transfer of the shares owned or acquired in violation of such restrictions to a trust for the benefit of a charitable beneficiary and loss of the right to receive dividends and other distributions on, and the economic benefit of any appreciation of, such shares, and you may not have sufficient information to determine at any particular time whether an acquisition of our shares will result in the loss of the economic benefit of such shares. In order for us to qualify as a real estate investment trust under the Code, no more than 50 % of the value of the outstanding shares of our stock may be owned, directly or indirectly or through application of certain attribution rules, by five or fewer “ individuals ” (as defined in the Code) at any time during the last half of a taxable year. To facilitate our qualification as a REIT under the Code, among other purposes, the Charter generally prohibits any person from actually or constructively owning more than 6.0 %, in value or number of shares, whichever is more restrictive, of our outstanding shares of common stock, or more than 6.0 % in value of the aggregate outstanding shares of all classes and series of our stock, which we refer to as the “ ownership limits, ” unless our board of directors exempts the person from such ownership limit. In addition, the Charter prohibits any person from beneficially or constructively owning shares of our stock that would result in more than 50 % of the value of the outstanding shares of our stock to be beneficially owned by five or fewer individuals, regardless of whether such ownership is during the last half of any taxable year, which we refer to as the “ Five or Fewer Limit. ” Shares owned or acquired in violation of either of these restrictions will be transferred automatically to a trust for the benefit of a charitable beneficiary selected by us. The person that owned or acquired our stock in violation of the restrictions in the Charter will not be entitled to any dividends or distributions paid after the date of the transfer to the trust and, upon a sale of such shares by the trust, will generally be entitled to receive only the lesser of the market value on the date of the event that resulted in the transfer to the trust or the net proceeds of the sale by the trust to a person who could own the shares without violating the ownership limits. Our board of directors has exempted Gould Investors, Fredric H. Gould, Matthew J. Gould and Jeffrey A. Gould from the ownership limits and has not established a limitation on ownership for such persons. Based on information supplied to us, as of December 31, **2023-2024**, Gould Investors owns approximately **19-20.1-5** % of the outstanding shares of common stock and, by virtue of the applicable attribution rules under the Code, these individuals beneficially own approximately **23-24.3-9** % of outstanding shares of common stock. As a result, the acquisition by each of four other individuals of 6.0 % of our outstanding common stock, when combined with the ownership of our common stock of Gould Investors, Fredric H. Gould, Matthew J. Gould and Jeffrey A. Gould, generally would not result in a violation of the Five or Fewer Limit. However, there is no limitation on Gould Investors, Fredric H. Gould, Matthew J. Gould or Jeffrey A. Gould acquiring additional shares of our common stock or otherwise increasing their percentage of ownership of our common stock, meaning that the amount of our stock that other persons or entities may acquire without violating the Five or Fewer Limit could be reduced in the future and without notice. To the extent that Gould Investors, Fredric H. Gould, Matthew J. Gould and Jeffrey A. Gould, or their affiliates, acquire additional shares or our stock, or any other event occurs (including a repurchase of shares of our stock), that results in an individual beneficially or constructively owning 26.0 % or more of the outstanding shares of our stock within the meaning of the Charter, the acquisition by four other individuals of 6.0 % or less of our outstanding stock would violate the Five or Fewer Limit and, therefore, could cause the stock acquired by one or more of these other individuals to be transferred to the charitable trust, despite their compliance with the 6.0 % ownership limits. If any of the foregoing occurs, compliance with the 6.0 % ownership limit will not ensure that your ownership of our stock does not cause a violation of the Five or Fewer Limit or that your shares of our stock are not transferred to the charitable trust. Gould Investors, Fredric H. Gould, Matthew J. Gould and Jeffrey A. Gould will be required by the Exchange Act and regulations promulgated thereunder to report, with certain exceptions, their acquisition of additional shares of our stock within two days of such acquisitions, and all holders of our stock will be required to file reports of their acquisition of beneficial ownership (as defined in the Exchange Act) of more than 5 % of our outstanding stock. However, beneficial ownership for purposes of the reporting requirements under the Exchange Act is calculated differently than beneficial ownership for purposes of determining compliance with the Five or Fewer Limit. Further, to the extent that any one or more of Gould Investors, Fredric H. Gould, Matthew J. Gould or Jeffrey A. Gould acquires 30 % or more of our outstanding stock, ownership of five percent or less of our outstanding stock could still result in a violation of the Five or Fewer Limit and, therefore, cause newly- acquired stock in our company to be transferred to the charitable trust. As a result, you may not have enough information currently available to you at any time to determine the percentage of ownership of our stock that you can acquire without violating the Five or Fewer Limit and losing the economic benefit of the ownership of such newly- acquired shares. The stock market is volatile, and fluctuations in our operating results, removal from various indices and other factors could cause our stock price to decline. The stock market has experienced, and may continue to experience, fluctuations that significantly impact the market prices of securities issued by many companies. Market fluctuations could adversely affect our stock price. These fluctuations have often been unrelated or disproportionate to the operating performance of particular

companies. These broad market fluctuations, as well as general economic, systemic, political and market conditions, such as pandemics, recessions, loss of investor confidence, interest rate changes, government shutdowns, or trade wars, may negatively affect the market price of our common stock. Moreover, our operating results may fluctuate and vary from period to period due to the risk factors set forth herein. Although our common stock is quoted on the New York Stock Exchange, the volume of trades on any given day has been limited historically, as a result of which stockholders might not have been able to sell or purchase our common stock at the volume, price or time desired. ~~Our In June 2018, our common stock was added to is a~~ **component of** the Russell 3000 ® Index. If our common stock is removed from the Russell 3000 ® Index because it does not meet the criteria for continued inclusion in such index, index funds, institutional investors, or other holders attempting to track the composition of that index may be required to sell our common stock, which would adversely impact the price and frequency at which it trades. General Business Risks Breaches of information technology systems could materially harm our business and reputation. We, our joint venture partners and the property managers managing our properties, collect and retain, through information technology systems, financial, personal and other sensitive information provided by third parties, including tenants, vendors and employees. Such persons also rely on information technology systems for the collection and distribution of funds. Our information technology systems have been breached though, to our knowledge, none of our properties nor tenants have suffered any material damages therefrom. There can be no assurance that we, our joint venture partners or property managers will be able to prevent unauthorized access to sensitive information or the unauthorized distribution of funds. Any loss of this information or unauthorized distribution of funds as a result of a breach of information technology systems may result in loss of funds to which we are entitled, legal liability and costs (including damages and penalties), as well as damage to our reputation, that could materially and adversely affect our business and financial performance.