

Risk Factors Comparison 2025-02-19 to 2024-02-20 Form: 10-K

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

Our business is subject to a number of risks and uncertainties. The following is a summary of the principal risk factors described in this section:

- we have a substantial amount of debt and we are subject to risks related to our debt, including our ability to refinance maturing debt and the cost of any such refinanced debt and our ability to reduce our debt leverage, which may remain at or above current levels for an indefinite period ; ~~covenants~~ **Covenants** and conditions contained in our debt agreements ~~which~~ may restrict our operations by increasing our interest expense and limiting our ability to make investments in our properties, sell properties securing our debt and pay distributions to our shareholders and other limitations on our ability to access capital at reasonable costs or at all ; ~~our potential future development or redevelopment projects or sales or acquisitions may not be successful or may not be executed on the terms or within the timing we expect as a result of limitations in our debt agreements on our ability to sell properties securing our debt, ongoing market and economic conditions, including capital market disruptions, high interest rates, prolonged high inflation, competition, or otherwise~~ ;
- we may be unable to renew our leases when they expire or lease our properties to new tenants without decreasing rents or incurring significant costs or at all ;
- our concentration of investments in industrial and logistics properties leased to single tenants and our concentration of properties leased to certain companies may result in us being adversely affected by economic downturns or a possible recession and subject us to greater risks of loss than if our properties had more industry sector and tenant diversity ;
- unfavorable market and commercial real estate industry conditions due to, among other things, **high uncertainties surrounding** interest rates **and** ; ~~prolonged high inflation ; labor market challenges~~ , supply chain disruptions, volatility in the public equity and debt markets, pandemics, geopolitical instability and tensions (such as the ongoing wars in Ukraine and the Middle East) , economic downturns or a possible recession , **labor market conditions** , changes in real estate utilization and other conditions beyond our control, may have a material adverse effect on our and our tenants' results of operations and financial conditions, and our tenants may be unable to satisfy their lease obligations to us ;
- **our existing and any future joint ventures may limit our flexibility with jointly owned investments and we may not realize the benefits we expect from these arrangements or our joint ventures could require us to provide additional capital** ;
- **property sales or acquisitions may not be successful or may not be executed on the terms or within the timing we expect as a result of limitations in our debt agreements on our ability to sell properties securing our debt, ongoing market and economic conditions, including capital market disruptions, uncertainties surrounding interest rates and inflation, competition, or otherwise** ;
- we are subject to risks related to our qualification for taxation as a REIT, including REIT distribution requirements ;
- our distributions to our shareholders may remain at \$ 0. 01 per share for an indefinite period or be eliminated and the form of payment could change ;
- ~~our existing and any future joint ventures may limit our flexibility with jointly owned investments and we may not realize the benefits we expect from these arrangements or our joint ventures could require us to provide additional capital~~ ;
- ownership of real estate is subject to environmental risks and liabilities, as well as risks from adverse weather, natural disasters and adverse impacts from global climate change ;
- insurance may not adequately cover our losses, and insurance costs may ~~continue to~~ increase ;
- we are subject to risks related to our dependence upon RMR to implement our business strategies and manage our day to day operations ;
- we are subject to risks related to the security of RMR' s information technology **and RMR' s use of artificial intelligence** ;
- our management structure and agreements with RMR and our relationships with our related parties, including our Managing Trustees, RMR and others affiliated with them, may create conflicts of interest ;
- sustainability initiatives, requirements and market expectations may impose additional costs and expose us to new risks ;
- we may change our operational, financing and investment policies without shareholder approval ; and
- provisions in our declaration of trust, bylaws and other agreements, as well as certain provisions of Maryland law, may deter, delay or prevent a change in our control or unsolicited acquisition proposals, limit our rights and the rights of our shareholders to take action against our Trustees and officers or limit our shareholders' ability to obtain a favorable judicial forum for certain disputes.

The risks described below may not be the only risks we face , but are risks we believe may be material at this time. Other risks of which we are not yet aware, or that we currently believe are not material, may also materially and adversely impact our business operations or financial results. If any of the events or circumstances described below occurs, our business, financial condition, liquidity, results of operations or ability to pay distributions to our shareholders could be adversely impacted and the value of an investment in our securities could decline. Investors and prospective investors should consider the risks described below and the information contained under the caption " Warning Concerning Forward- Looking Statements " and elsewhere in this Annual Report on Form 10- K before deciding whether to invest in our securities. We may update these risk factors in our future periodic reports.

Related to Our Business We have a substantial amount of debt and we are subject to risks related to our debt, including our ability to refinance maturing debt and the cost of any such refinanced debt. As of December 31, ~~2023~~ **2024** , our consolidated **principal amount of** debt was approximately \$ 4. 3 billion and our ratio of consolidated net debt to total gross assets (total assets plus accumulated depreciation) was 68. ~~4~~ **6** % . We are subject to numerous risks associated with our debt, including the risk that our cash flows could be insufficient for us to make required payments and risks associated with high interest rates for an extended period of time. There are no limits in our organizational documents on the amount of debt we may incur ; however, our current leverage effectively limits us from incurring additional debt at this time. Our debt may increase our vulnerability to adverse market and economic conditions, limit our flexibility in planning for changes in our business and place us at a disadvantage in relation to competitors that have lower debt levels. Our debt could increase our costs of capital, limit our ability to incur additional debt in the future and increase our exposure to floating interest rates. High interest rates have significantly

increased our borrowing costs. Although we have options to extend the maturity date of certain of our debt upon payment of a fee and meeting other conditions, the applicable conditions may not be met or we may incur significant costs complying with such conditions, including in connection with obtaining any required interest rate caps, and we may be required to repay or refinance the outstanding borrowings with new debt on less favorable terms. Excessive or expensive debt could reduce the available cash flow to fund, or limit our ability to obtain financing for, lease obligations, working capital, capital expenditures, refinancing, acquisitions, development or redevelopment projects or other purposes and hinder our ability to pay distributions to our shareholders. We may fail to comply with the terms of our debt agreements, which could adversely affect our business and prohibit us from paying distributions to our shareholders. Our debt agreements contain financial and / or operating covenants. Certain of these covenants limit our operational flexibility. For example, certain of our debt agreements require lender approval to sell the properties securing the debt, which approval is subject to us meeting certain financial thresholds that are difficult to achieve in light of current market conditions, among other things. These requirements therefore restrict our ability to reduce our leverage. We may not be able to satisfy all of these conditions or may default on some of these covenants for various reasons, including for reasons beyond our control. If any of the covenants in these debt agreements are breached and not cured within the applicable cure period, we could be required to repay the debt immediately, even in the absence of a payment default, or be prevented from refinancing maturing debt **or issuing new debt**. As a result, covenants which limit our operational flexibility or a default under applicable debt covenants could have an adverse effect on our business, financial condition and results of operations. In the future, we may obtain additional debt financing, and the covenants and conditions applicable to that debt may be more restrictive than the covenants and conditions that are contained in our existing debt agreements. Secured debt exposes us to the possibility of foreclosure, which could result in the loss of our investment in certain of our subsidiaries or in a property or group of properties or other assets that secure that debt. Our debt is secured by most of the properties that we or our joint ventures own. Secured debt, including mortgage debt, increases our risk of asset and property losses because defaults on debt secured by our assets may result in foreclosure actions initiated by lenders and ultimately our loss of the property or other assets securing any loans for which we are in default. Any foreclosure on a mortgaged property or group of properties could have a material adverse effect on the overall value of our portfolio of properties and more generally on us. For tax purposes, a foreclosure of any of our properties would be treated as a sale of the property for a purchase price equal to the outstanding balance of the debt secured by the mortgage. If the outstanding balance of the debt secured by the mortgage exceeds our tax basis in the property, we would recognize taxable income on foreclosure, but would not receive any cash proceeds, which could materially and adversely affect us. Unfavorable market and industry conditions may have a material adverse effect on our results of operations, financial condition and ability to pay distributions to our shareholders. Our business and operations may be adversely affected by market and economic volatility experienced by the **United States U.S.** and global economies, the commercial real estate industry and / or the local economies in the markets in which our properties are located. Unfavorable economic and industry conditions may be due to, among other things, **high uncertainties surrounding** interest rates **and**; **prolonged high** inflation, **labor market challenges**, supply chain disruptions, volatility in the public equity and debt markets, pandemics, geopolitical instability and tensions (such as the ongoing wars in Ukraine and the Middle East), economic downturns or a possible recession, **labor market conditions**, changes in real estate utilization and other conditions beyond our control. As economic conditions in the United States may affect the demand for industrial and logistics space, real estate values, occupancy levels and property income, current and future economic conditions in the United States, including slower growth or a possible recession and capital market volatility or disruptions, could have a material adverse impact on our earnings and financial condition. Economic conditions may be affected by numerous factors, including, but not limited to, the pace of economic growth and / or recessionary concerns, inflation, increases in the levels of unemployment, energy prices, uncertainty about government fiscal and tax policy, geopolitical events, the regulatory environment, the availability of credit and interest rates. **Current Unfavorable market** conditions have negatively impacted our ability to pay distributions to our shareholders and these or other conditions may continue to have similar impacts in the future and on our results of operations and financial condition. Our business depends upon our tenants satisfying their lease obligations, which depends, to a large degree, on our tenants' abilities to successfully operate their businesses. Our business depends on our tenants satisfying their lease obligations. The financial capacities of our tenants to pay us rent will depend upon their abilities to successfully operate their businesses, which may be adversely affected by factors over which we and they have no control, including market and economic conditions, such as **high uncertainties surrounding** interest rates **and**, **prolonged high** inflation and economic downturns or a possible recession. In addition, emerging technologies and changes in consumer behaviors could reduce the demand for industrial and logistics space. The failure of our tenants and any applicable parent guarantor to satisfy their lease obligations to us, whether due to a downturn in their business or otherwise, could materially and adversely affect us. The majority of our properties are industrial and logistics properties leased to single tenants and we have concentrations of properties leased to certain companies, which may subject us to greater risks of loss than if our properties had more industry sector and tenant diversity. Our properties are substantially all industrial and logistics properties leased to single tenants. This concentration may expose us to the risk of economic downturns in the industrial and logistics sector to a greater extent than if we were invested in other sectors of the commercial real estate industry. Further, as of December 31, **2023-2024**, subsidiaries of FedEx Corporation, or FedEx, and subsidiaries of Amazon.com Services, Inc., or Amazon, leased **21-22.76%** and **7-8.70%** of our total leased square feet, respectively, and represented **29.71%** and **6.78%** of our total annualized rental revenues, respectively. The value of single tenant properties is materially dependent on the performance of our tenants under their respective leases. Many of our single tenant leases require that certain property level operating expenses and capital expenditures, such as real estate taxes, insurance, utilities, maintenance and repairs, including increases with respect thereto, be paid, or reimbursed to us, by our tenants. Accordingly, in addition to our not receiving rental income, a tenant default on such leases could make us responsible for paying these expenses. Because most of our properties are leased to single tenants, the adverse impact of individual tenant defaults or

non-renewals is likely to be greater than would be the case if our properties were leased to multiple tenants. In addition, the default, financial distress or bankruptcy of a tenant could cause interruptions in the receipt of rental revenue and / or result in a vacancy, which is, in the case of a single tenant property, likely to result in the complete reduction in the operating cash flows generated by the property and may decrease the value of that property. We may be unable to lease our properties when our leases expire. Although we typically will seek to renew or extend the terms of leases for our properties with tenants when they expire, we cannot be sure that we will be successful in doing so. **Because of** **Due to** the capital many of our single tenants have invested in the properties they lease from us and because many of these properties appear to be of strategic importance to such tenants' businesses, we believe that it is likely that most of these tenants will renew or extend their leases prior to when they expire. However, economic conditions, ~~including prolonged high inflation,~~ may cause our tenants not to renew or extend their leases when they expire, or to seek to renew their leases for less space than they currently occupy. In addition, decreased demand for industrial and logistics space may impair our ability to extend or renew our leases. If we are unable to extend or renew our leases, or we renew leases for reduced space, it may be time consuming and expensive to relet some of these properties to new tenants. We may experience declining rents or incur significant costs to renew our leases with current tenants, lease our properties to new tenants or when our rents reset at our properties in Hawaii. When we renew our leases with current tenants or lease to new tenants, we may experience rent decreases, **and or** we may have to spend substantial amounts for tenant improvements, leasing commissions or other tenant inducements. Moreover, many of our properties have been specially designed for the particular businesses of our tenants; if the current leases for those properties are terminated or are not renewed, we may be required to renovate those properties at substantial costs, decrease the rents we charge or provide other concessions in order to lease those properties to new tenants. In addition, some of our Hawaii Properties require the rents to be reset periodically based on fair market values, which could result in rental increases or decreases. When we reset rents at our Hawaii Properties, our rents may decrease. Further, with respect to certain long-term leases, the contracted rent adjustments may not keep pace with inflation. 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 may seek to develop, redevelop or reposition certain of our properties, which could subject us to certain associated risks. These risks include cost overruns and untimely completion of construction due to, among other things, weather conditions, inflation, labor or material shortages or delays in receiving permits or other governmental approvals, as well as the availability and pricing of financing on favorable terms or at all. **The** **While the rate of inflation has declined significantly in 2024, it remains above historic levels, and the** global economy continues to experience commodity pricing and other inflation, including inflation impacting wages and employee benefits. ~~Although inflation rates have recently declined, they remain higher than pre-pandemic levels.~~ It is uncertain whether inflation will decline ~~further~~, remain relatively steady or increase; however, some market forecasts indicate that inflation rates may remain elevated for a prolonged period. These conditions have increased the costs for materials, other goods and labor, including construction materials, and caused some delays in construction activities, and these conditions may continue and worsen. These pricing increases, as well as increases in labor costs, could result in substantial unanticipated delays and increased development and renovation costs and could prevent the initiation or the completion of development, redevelopment or repositioning activities. In addition, decreased demand for industrial and logistics space, as well as current economic conditions and volatility in the commercial real estate markets, generally, may cause delays in leasing these properties or possible loss of tenancies and **may** negatively impact our ability to generate cash flows from these properties that meet or exceed our cost of investment. Any of these risks associated with our current or future development, redevelopment and repositioning activities could have a material adverse effect on our business, financial condition and results of operations. We face significant competition. We face significant competition for tenants at our properties. Some competing properties may be newer, better located or more attractive to tenants. Competing properties may have lower rates of occupancy than our properties, which may result in competing owners offering available space at lower rents than we offer at our properties. In addition, strong demand for industrial and logistics properties in recent years encouraged new development of these properties; however, such development has slowed. If the development of new industrial and logistics properties exceeds the increase in demand **for these properties**, our existing properties may be unable to successfully compete for tenants with newer developed buildings and our income and the values of our properties may decline. Competition may make it difficult for us to attract and retain tenants and may reduce the rents we are able to charge and the values of our properties. We also face competition for acquisition opportunities from other investors, including publicly traded and private REITs, numerous financial institutions, individuals, foreign investors and other public and private companies. We believe that the ~~rapid~~ growth in e-commerce sales will continue to result in strong demand and increase the competition for industrial real estate. Some of our competitors may have greater financial ~~and other~~ resources than us, and may be able to accept more risk than we can prudently manage, including risks with respect to the creditworthiness of tenants and guarantors and the extent of leverage used in their capital structure. **Because of** **Due to** competition for acquisitions, we may be unable to acquire desirable properties or we may pay higher prices for, and realize lower net cash flows than we hope to achieve from, acquisitions. REIT distribution requirements and limitations on our ability to access capital at reasonable costs or at all may adversely impact our ability to carry out our **business plan growth strategies**. To maintain our qualification for taxation as a REIT under the IRC, we are required to satisfy distribution requirements imposed by the IRC. See "Material United States Federal Income Tax Considerations — REIT Qualification Requirements — Annual Distribution Requirements" included in Part I, Item 1 of this Annual Report on Form 10-K. Accordingly, we may not be able to retain sufficient cash to fund our operations, repay our debts, invest in our properties or fund our acquisitions or development, redevelopment or repositioning efforts. Our business strategies therefore depend, in part, upon our ability to raise additional capital at reasonable costs. We may also be unable to raise capital at reasonable costs or at all because of reasons related to our business, market perceptions of our prospects, the terms of our debt, the extent of our leverage or for reasons beyond our control, such as capital market volatility, high interest rates and other market conditions. Because the

earnings we are permitted to retain are limited by the rules governing REIT qualification and taxation, if we are unable to raise reasonably priced capital, we may not be able to carry out our ~~business plan~~ **growth strategies**. **We face challenges from uncertainties regarding interest rates, and sustained High-high** interest rates have significantly increased our interest expense and may otherwise materially and negatively affect us. In response to significant ~~and prolonged~~ increases in inflation, the U. S. Federal Reserve ~~has raised interest rates multiple times~~ **during since the beginning of 2022 and 2023**, which has significantly increased our interest expense. ~~The~~ **Although the U. S. Federal Reserve cut has indicated that it may lower interest rates three times in late 2024, and we cannot be sure that it may further reduce will do so, and interest rates may, increase interest rates or maintain current interest rates. Interest rates** remain at the current high **compared to historical** levels, **and or continue to increase. High-high** interest rates may materially and negatively affect us in several ways, including: • one of the factors that investors typically consider important in deciding whether to buy or sell our common shares is the distribution rate on our common shares relative to prevailing interest rates. ~~Our~~ **and our** quarterly cash distribution rate on our common shares is currently \$ 0. 01 per common share in order to enhance our liquidity until our leverage profile otherwise improves. At current interest rate levels, investors may expect a higher distribution rate than we are able to pay, which may increase our cost of capital, or they may sell our common shares and seek alternative investments with higher distribution rates. Sales of our common shares may cause a decline in the market price of our common shares; • amounts outstanding under certain of our debt require interest to be paid at floating interest rates. High interest rates have significantly increased our borrowing costs with respect to our floating rate debt, including the costs of any required interest rate caps, which adversely affects our cash flows, our ability to pay principal and interest on our debt, our cost of refinancing our ~~fixed rate~~ debts when they become due and our ability to pay distributions to our shareholders. Additionally, we cannot be sure that our current or any future interest rate risk hedges will be effective or that our hedging counterparties will meet their obligations to us; and • property values are often determined, in part, based upon a capitalization of rental income formula. When interest rates are high, such as they are currently, real estate transaction volumes slow due to increased borrowing costs and property investors often demand higher capitalization rates, which causes property values to decline. High interest rates could therefore lower the value of our properties and cause the value of our securities to decline. Failure to hedge effectively against interest rate changes may adversely affect our results of operations. We have purchased interest rate caps as required pursuant to the terms of certain of our debt, and we may elect or be required to use similar or other derivatives to manage our exposure to interest rate volatility on debt instruments in the future, including hedging for future debt issuances, as well as to increase our exposure to floating interest rates. There can be no assurance that any such hedging arrangements will have the desired beneficial impact, or that we will be able to purchase additional interest rate caps or similar or other derivatives in the future cost effectively or at all. Such arrangements, which can include a number of counterparties, may expose us to additional risks, including failure of any of our counterparties to perform under these contracts, and may involve extensive costs, such as transaction fees or breakage costs, if we terminate them. Hedging may reduce the overall returns on our investments, which could reduce our cash available for distribution to our shareholders. The REIT provisions of the IRC may limit our ability to utilize advantageous hedging techniques or cause us to implement some hedges through a TRS, which could further reduce our overall returns. In addition, under certain of our debt, failure to purchase an interest rate cap is an event of default, which would permit the lenders under such debt to demand immediate payment of such debt and sell the mortgaged properties securing such debt. Failure to hedge effectively against interest rate changes may materially adversely affect our financial condition, results of operations and cash flow. We may be unable to grow our business by acquiring additional properties, and we might encounter unanticipated difficulties and expenditures relating to our acquired properties. Our ~~business plan~~ **growth strategies includes- include** the acquisition of additional properties. Our ability to make profitable acquisitions is subject to risks, including, but not limited to, risks associated with: **• our liquidity;** • the extent of our debt leverage; • the availability, terms and cost of debt and equity capital; • competition from other investors; and • contingencies in our acquisition agreements. These risks may limit our ability to grow our business by acquiring additional properties. In addition, we might encounter unanticipated difficulties and expenditures relating to our acquired properties. For example: **• an acquired property may be located in a new market where we may face risks associated with investing in an unfamiliar market; • the market in which an acquired property is located may experience unexpected changes that adversely affect the property's value; • property operating costs for our acquired properties may be higher than anticipated and our acquired properties may not yield expected returns; and •** notwithstanding pre-acquisition due diligence, we could acquire a property that contains undisclosed defects in design or construction or unknown liabilities, including those related to undisclosed environmental contamination, or our analyses and assumptions for the properties may prove to be incorrect ~~;~~ **• an acquired property may be located in a new market where we may face risks associated with investing in an unfamiliar market; • the market in which an acquired property is located may experience unexpected changes that adversely affect the property's value; and • property operating costs for our acquired properties may be higher than anticipated and our acquired properties may not yield expected returns.** For these reasons, among others, we might not realize the anticipated benefits of our acquisitions, and our ~~business plan~~ **growth strategy** to acquire additional properties may not succeed or may cause us to experience losses. A significant number of our properties are located on the island of Oahu, Hawaii, and we are exposed to risks as a result of this geographic concentration. A significant number of our properties are located on the island of Oahu, Hawaii ~~. This,~~ **which creates** geographic concentration ~~creates~~ risks. ~~For example,~~ Oahu's remote location on a volcanic island makes our properties there vulnerable to certain risks from natural disasters, such as tsunamis, hurricanes, flooding, volcanic eruptions and earthquakes, as well as possible sea rise as a result of climate change, which could cause damage to our properties, affect our Hawaii tenants' abilities to pay rent to us and cause the values of our properties and our securities to decline. Further, the operating results and values of our Hawaii Properties ~~are~~ **can be** impacted by local market conditions, including economic downturns or a possible recession as a result of ~~current~~ inflationary conditions or otherwise, as well as possible government action that may limit our ability to increase rents. Ownership of real estate is subject

to environmental risks and liabilities. Ownership of real estate is subject to risks associated with environmental hazards. Under various laws, owners as well as tenants of real estate may be required to investigate and clean up or remove hazardous substances present at or migrating from properties they own, lease or operate and may be held liable for property damage or personal injuries that result from hazardous substances. These laws also expose us to the possibility that we may become liable to government agencies or third parties for costs and damages they incur in connection with hazardous substances. The costs and damages that may arise from environmental hazards may be substantial and are difficult to assess and estimate for numerous reasons, including uncertainty about the extent of contamination, alternative treatment methods that may be applied, the location of the property which subjects it to differing local laws and regulations and their interpretations, as well as the time it may take to remediate contamination. In addition, these laws also impose various requirements regarding the operation and maintenance of properties and recordkeeping and reporting requirements relating to environmental matters that require us or the tenants of our properties to incur costs to comply with. Further, our debt agreements contain exceptions to the general non-recourse provisions that obligate us to indemnify the lenders for certain potential environmental losses relating to hazardous materials and violations of environmental law. While our leases generally require our tenants to operate in compliance with applicable laws and to indemnify us against any environmental liabilities arising from their activities on our properties, applicable laws may make us subject to strict liability by virtue of our ownership interests. Also, our tenants may have insufficient financial resources to satisfy their indemnification obligations under our leases or they may resist doing so. Furthermore, such liabilities or obligations may affect the ability of some tenants to pay their rents to us. As of December 31, ~~2023~~ **2024**, we had reserved approximately \$ 6.8 million for potential environmental liabilities arising at our properties. We may incur substantial liabilities and costs for environmental matters. We are subject to risks from adverse weather, natural disasters and adverse impacts from global climate change, and we incur significant costs and invest significant amounts with respect to these matters. We are subject to risks and could be exposed to additional costs from adverse weather, natural disasters and adverse impacts from global climate change. For example, our properties could be severely damaged or destroyed from either singular extreme weather events (such as floods, storms and wildfires) or through long-term impacts of climatic conditions (such as precipitation frequency, weather instability and rise of sea levels). **Such We own a significant number of properties in the southeastern United States which has been increasingly impacted by severe weather and rising sea levels in recent years. Severe weather events and climatic conditions** could also adversely impact us ~~or~~ **and** the tenants of our properties if we or they are unable to operate our or their businesses due to damage resulting from such events. Insurance may not adequately cover all losses sustained by us or the tenants of our properties. If we fail to adequately prepare for such events, our revenues, results of operations and financial condition may be impacted. In addition, we may incur significant costs in preparing for possible future climate change ~~or in response to our tenants' requests for such investments~~ and we may not realize desirable returns on those investments. Our existing and any future joint ventures may limit our flexibility with jointly owned investments and we may not realize the benefits we expect from these arrangements. We are party to joint ventures with institutional investors, and we may in the future sell or contribute additional properties to, or acquire, develop or recapitalize properties in, our existing or any future joint ventures. Our participation in joint ventures is subject to risks, including the following: • we share approval rights over major decisions affecting the ownership or operation of the joint ventures and any property owned by the joint ventures; • we may need to contribute additional capital in order to preserve, maintain or grow the joint ventures and their investments; • joint venture investors may have economic or other business interests or goals that are inconsistent with our business interests or goals, which could affect our ability to lease, relet or operate properties owned by the joint ventures; • our ability to sell our interest in, or sell additional properties to, the joint ventures, or the joint ventures' ability to sell additional interests of, or properties owned by, the joint ventures when we so desire are subject to the approval rights of the other joint venture investors under the terms of the agreements governing the joint ventures; • joint venture investors may be subject to different laws or regulations than us, or may be structured differently than us for tax purposes, which could create conflicts of interest and / or affect our ability to maintain our qualification for taxation as a REIT; and • disagreements with joint venture investors could result in litigation or arbitration that could be expensive and distracting to management and could delay important decisions. Any of the foregoing risks could have a material adverse effect on our business, financial condition and results of operations. Further, these, similar, enhanced or additional risks, including possible mandatory capital contribution requirements, may apply to any future additional or amended joint ventures. We may not succeed in selling properties or other assets we may identify for sale and any proceeds we may receive from sales we do complete may be less than expected, and we may incur losses with respect to any such sales. We plan to selectively sell certain properties or other assets from time to time to reduce our leverage, fund capital expenditures and future acquisitions and strategically update, rebalance and reposition our investment portfolio. Certain of our debt agreements require lender approval to sell the properties securing the debt ~~;~~ **;** ~~which~~ approval is subject to us meeting certain financial thresholds that are difficult to achieve in light of current market conditions, among other things. These requirements therefore restrict our ability to sell properties and reduce our leverage. Our ability to sell properties or other assets, including additional equity interests in our consolidated joint venture, and the prices we may receive for any such sales, may also be affected by various factors. In particular, these factors could arise from weaknesses in or a lack of established markets for the properties we may identify for sale, the availability of financing to potential purchasers on reasonable terms, changes in the financial condition of prospective purchasers for and the tenants of the properties, the terms of leases with tenants at certain of the properties, the characteristics, quality and prospects of the properties, the number of prospective purchasers, the number of competing properties in the market, unfavorable local, national or international economic conditions, such as **uncertainties surrounding high inflation, high interest rates and inflation**, labor market challenges, supply chain challenges **and**, economic downturns or a possible recession **and labor market conditions**, and changes in laws, regulations or fiscal policies of jurisdictions in which the properties are located. For example, current market conditions have caused, and may continue to cause, increased capitalization rates which, together with high interest rates, has resulted in reduced commercial real estate

transaction volume, and such conditions may continue or worsen. We may be prohibited from selling properties under provisions of our debt agreements or otherwise may not succeed in selling properties or other assets and any sales may be delayed or may not occur or, if sales do occur, the terms may not meet our expectations, and we may incur losses in connection with any sales. If we are unable to realize proceeds from the sale of assets sufficient to allow us to reduce our leverage to a level we, or possible financing sources, believe appropriate, we may be unable to fund capital expenditures or future acquisitions to grow our business. In addition, we may elect to change or abandon our strategy and forego or abandon property or other asset sales. Insurance may not adequately cover our losses, and insurance costs may ~~continue to~~ increase. Our tenants are generally responsible for the costs of insurance coverage for our properties and the operations conducted on them, including for casualty, liability, fire, extended coverage and rental or business interruption loss insurance. In the future, we may acquire properties for which we are responsible for the costs of insurance. ~~The In the past few years, the~~ costs of insurance ~~may increase which may~~ have ~~increased significantly, and these increased costs have had~~ an adverse effect on us and certain of our tenants. Increased insurance costs may adversely affect our applicable tenants' abilities to pay us rent or result in downward pressure on rents we can charge under new or renewed leases. Losses of a catastrophic nature, such as those caused by hurricanes, flooding, volcanic eruptions and earthquakes or losses as a result of outbreaks of pandemics or acts of terrorism, may be covered by insurance policies with limitations such as large deductibles or co- payments that we or a responsible tenant may not be able to pay. Insurance proceeds may not be adequate to restore an affected property to its condition prior to a loss or to compensate us for our losses, including lost revenues or other costs. Certain losses, such as losses we may incur as a result of known or unknown environmental conditions, are not covered by our insurance. Market conditions or our loss history may limit the scope of insurance or coverage available to us or our applicable tenants on economic terms. If we determine that an uninsured loss or a loss in excess of insured limits occurs and if we are not able to recover amounts from our applicable tenants for certain losses, we may have to incur uninsured costs to mitigate such losses or lose all or a portion of the capital invested in a property, as well as the anticipated future revenue from the property. Changes in global supply chain conditions and emerging technologies may result in reduced demand for industrial and logistics properties. In recent years, the global economy, including the U. S. economy, experienced supply chain disruptions ~~due to the COVID-19 pandemic and related factors~~, and these supply chain challenges reduced the availability of goods and materials, which caused price inflation and increased the time from order to receipt of goods and materials. Although supply chain conditions have since stabilized, we cannot assure that there will not be future, similar supply chain disruptions. In addition, increasing market and government concerns about climate change may cause changes in the process for manufacturing, producing and transporting of goods and materials. Market and governmental responses to supply chain challenges and climate change could result in reduced transporting of goods and lower demand for industrial and logistics properties. For example, if increased nearshoring of manufacturing, decreased global trade and increased localization of commercial ecosystems occur, there may be reduced volume of, and travel distance for, transporting goods, which may reduce demand for our properties. In addition, emerging technologies could reduce the demand for industrial and logistics properties. For example, if 3D printing technology, which allows for more localized manufacture and production of products, expands and gains wide market acceptance, the demand for transporting and storing goods at our properties may decrease and other technological changes could be developed and adopted in the future that have a similar effect. If so, our properties may decline in value and our business, operations and financial condition could be adversely impacted. Our quarterly cash distribution rate on our common shares is currently \$ 0. 01 per share and future distributions may remain at this level for an indefinite period or be eliminated and the form of payment could change. During 2022, we reduced our quarterly cash distribution rate on our common shares to \$ 0. 01 per common share to enhance our liquidity until our leverage profile otherwise improves, subject to applicable REIT tax requirements; however: • our ability to pay distributions to our shareholders or sustain the rate of distributions may continue to be adversely affected if any of the risks described in this Annual Report on Form 10- K occur, including any negative impact caused by current market and economic conditions, such as **high uncertainties surrounding** interest rates ~~and~~, ~~prolonged high~~ inflation and economic downturns or a possible recession, on our business, results of operations and liquidity; and • the timing and amount of any distributions will be determined at the discretion of our Board of Trustees and will depend on various factors that our Board of Trustees deems relevant, including, but not limited to, our funds from operations, or FFO, attributable to common shareholders, normalized funds from operations, or Normalized FFO, attributable to common shareholders, requirements to maintain our qualification for taxation as a REIT, **the then current and expected needs for and availability of cash to pay our obligations and fund our investments,** limitations in our debt agreements, the availability to us of debt and equity capital, our distribution rate as a percentage of the trading price of our common shares, or dividend yield, our dividend yield compared to the dividend yields of other ~~industrial~~ REITs, ~~and~~ our expectation of ~~our~~ future capital requirements and operating performance ~~and our expected needs for and availability of cash to pay our obligations~~. For these reasons, among others, our distribution rate may not increase for an indefinite period or we may cease paying distributions to our shareholders. Further, in order to preserve liquidity, we may elect to, in part, pay distributions to our shareholders in a form other than cash, such as issuing additional common shares to our shareholders, as permitted by the applicable tax rules. RMR relies on information technology and systems in providing services to us, and any material failure, inadequacy, interruption or security breach of that technology or those systems could materially harm us. RMR relies on information technology and systems, including the Internet and cloud- based infrastructures and services, commercially available software and its internally developed applications, to process, transmit, store and safeguard information and to manage or support a variety of its business processes (including managing our building systems), including financial transactions and maintenance of records, which may include personal identifying information of employees, tenants and guarantors and lease data. If we or our third party vendors experience material security or other failures, inadequacies or interruptions in our or their information technology ~~and~~ systems, we could incur material costs and losses and our operations could be disrupted. RMR takes various actions, and incurs significant costs, to maintain and protect the operation and security of information technology

and systems, including the data maintained in those systems. However, these measures may not prevent the systems' improper functioning or a compromise in security, such as in the event of a cyberattack or the improper disclosure of personally identifiable information. Security breaches, computer viruses, attacks by hackers, online fraud schemes and similar breaches have created and can create significant system disruptions, shutdowns, fraudulent transfer of assets or unauthorized disclosure of confidential information. The risk of a security breach or disruption, particularly through cyberattack or cyber intrusion, including by computer hackers, foreign governments and cyber terrorists, has generally increased as the intensity and sophistication of attempted attacks and intrusions from around the world have increased. The cybersecurity risks to us or our third party vendors are heightened by, among other things, the evolving nature of the threats faced, advances in computer capabilities, new discoveries in the field of cryptography and new and increasingly sophisticated methods used to perpetrate illegal or fraudulent activities, including cyberattacks, email or wire fraud and other attacks exploiting security vulnerabilities in RMR's or other third parties' information technology networks and systems or operations. Although most of RMR's staff returned to work from its offices during for a majority of the pandemic work week, flexible working arrangements have resulted in increased a higher extent of remote working than it experienced prior to the pandemic. This and other possible changing work practices have adversely impacted, and may in the future adversely impact, RMR's ability to maintain the security, proper function and availability of its information technology and systems since remote working by its employees could strain its technology resources and introduce operational risk, including heightened cybersecurity risk. Remote working environments may be less secure and more susceptible to hacking attacks, including phishing and social engineering attempts that have sought, and may seek, to exploit remote working environments. In addition, RMR's data security, data privacy, investor reporting and business continuity processes could be impacted by a third party's inability to perform in a remote work environment or by the failure of, or attack on, their information systems and technology. **The SEC has adopted rules requiring public companies to disclose material cybersecurity incidents on Form 8-K and periodic disclosure of a registrant's cybersecurity risk management, strategy and governance in annual reports. With the SEC particularly focused on cybersecurity, we expect increased scrutiny of RMR's policies and systems designed to manage our cybersecurity risks and our related disclosures. In addition, the SEC has indicated that one of its examination priorities for the Office of Compliance Inspections and Examinations is to continue to examine cybersecurity procedures and controls, including testing the implementation of these procedures and controls.** Any failure by RMR or other third party vendors to maintain the security, proper function and availability of **their respective information technology and systems could result in financial losses, interrupt our operations, damage our reputation, cause us to be in default of material contracts and subject us to liability claims or regulatory penalties, any of which could materially and adversely affect our business and the value of our securities. RMR is incorporating artificial intelligence, or AI, into some of its business workflows and processes, and challenges with properly managing its use could result in reputational harm, competitive harm, legal liability and increased regulatory costs and adversely affect our results of operations. RMR has begun using AI and machine learning technologies to enhance certain workflows and processes used in its business, and its research into and continued deployment of such capabilities remain ongoing. AI is still in its early stages, and the introduction and incorporation of AI technologies may result in unintended consequences or other new or expanded risks and liabilities. If the content, analyses or recommendations that AI applications assist in producing are, or are alleged to be, deficient, inaccurate or biased, such as due to limitations in AI algorithms, insufficient or biased base data or flawed training methodologies, our business, financial condition, results of operations and reputation may be adversely affected. Additionally, AI technology is continuously evolving, and RMR may adopt and deploy AI technologies that could become obsolete earlier than expected, and there can be no assurance that we will realize the desired or anticipated benefits from AI. Also, our competitors or other third parties may incorporate AI into their products and services more quickly or more successfully than RMR, which could impair our ability to compete effectively and adversely affect our results of operations. The use of AI applications to support business processes carries inherent risks related to data privacy and security, such as unintended or inadvertent transmission of proprietary or sensitive information, including personal data. AI presents emerging ethical issues, and RMR may be unsuccessful in identifying and resolving these issues before they arise. If RMR's information technology use of AI becomes controversial, it may experience and brand systems or reputational harm, competitive harm or legal liability. There is uncertainty in the legal and regulatory landscape for AI, which is not fully developed, and any laws, regulations or industry standards adopted in response to the emergence of AI may be burdensome, could result in financial losses, interrupt or impede RMR's operations, damage our reputation, cause us to be in default of material contracts and subject us to liability, or impede RMR's ability to successfully develop claims or regulatory penalties, adopt any of which could materially and adversely affect our business, deploy AI technologies efficiently and effectively the value of our securities.** Sustainability initiatives, requirements and market expectations may impose additional costs and expose us to new risks. There **remains a continued focus from regulators, investors, tenants and other stakeholders concerning corporate sustainability. For example, the SEC is considering has adopted climate change related regulations and certain states have enacted climate focused disclosure laws and we may incur significant costs in compliance with such rules if and when such regulations become effective.** Some investors may use ESG factors to guide their investment strategies and, in some cases, may choose not to invest in us, or otherwise do business with us, if they believe our or RMR's policies relating to corporate sustainability are inadequate. Third party providers of corporate sustainability ratings and reports on companies have increased in number, resulting in varied and, in some cases, inconsistent standards. In addition, the criteria by which companies' corporate sustainability practices are assessed are evolving, which could result in greater expectations of us and RMR and cause us and RMR to undertake costly initiatives to satisfy such new criteria. Alternatively, if we or RMR elect not to or are unable to satisfy such new criteria or do not meet the criteria of a specific third party provider, some investors may conclude that our or RMR's

policies with respect to corporate sustainability are inadequate. Pursuant to RMR's zero emissions goal, RMR has pledged to reduce its Scope 1 and 2 emissions to net zero by 2050 with a 50 % reduction commitment by ~~2030~~ **2029** from a 2019 baseline. We and RMR may face reputational damage in the event that our or their corporate sustainability procedures or standards do not meet the goals that we or RMR have set or the standards set by various constituencies. If we and RMR fail to comply with ESG related regulations and to satisfy the expectations of investors and our tenants and other stakeholders or our or RMR's announced goals and other initiatives are not executed as planned, our and RMR's reputation could be adversely affected, and our revenues, results of operations and ability to grow our business may be negatively impacted. In addition, we may incur significant costs in attempting to comply with regulatory requirements, ESG policies or third party expectations or demands.

Risks Related to Our Relationships with RMR We are dependent upon RMR to manage our business and implement our growth strategy. We have no employees. Personnel and services that we require are provided to us by RMR pursuant to our management agreements with RMR. Our ability to achieve our business objectives depends on RMR and its ability to effectively manage our properties, to appropriately identify and complete our acquisitions and dispositions and to execute our growth strategy. Accordingly, our business is dependent upon RMR's business contacts, its ability to successfully hire, train, supervise and manage its personnel and its ability to maintain its operating systems. If we lose the services provided by RMR or its key personnel, our business and growth prospects may decline. We may be unable to duplicate the quality and depth of management available to us by becoming internally managed or by hiring another manager. In the event RMR is unwilling or unable to continue to provide management services to us, our cost of obtaining substitute services may be greater than the fees we pay RMR under our management agreements, and as a result our expenses may increase. RMR has broad discretion in operating our day to day business. Our manager, RMR, is authorized to follow broad operating and investment guidelines and, therefore, has discretion in identifying the properties that will be appropriate investments for us, as well as our individual operating and investment decisions. Our Board of Trustees periodically reviews our operating and investment guidelines and our operating activities and investments, but it does not review or approve each decision made by RMR on our behalf. In addition, in conducting periodic reviews, our Board of Trustees relies primarily on information provided to it by RMR. RMR may exercise its discretion in a manner that results in investment returns that are substantially below expectations or that results in losses. Our management structure and agreements and relationships with RMR and RMR's and its controlling shareholder's relationships with others may create conflicts of interest, or the perception of such conflicts, and may restrict our investment activities. RMR is a majority owned subsidiary of RMR Inc. The Chair of our Board of Trustees and one of our Managing Trustees, Adam D. Portnoy, is the sole trustee, an officer and the controlling shareholder of ABP Trust, which is the controlling shareholder of RMR Inc., **the** chair of the board of directors, a managing director and the president and chief executive officer of RMR Inc. and an officer and employee of RMR. RMR or its subsidiaries also act as the manager to certain other Nasdaq listed companies and private companies, and Mr. Portnoy serves as a managing trustee, director or trustee, as applicable, of those companies, and as chair of the board of trustees of those Nasdaq listed companies. Matthew P. Jordan, our other Managing Trustee, is an executive vice president and the chief financial officer and treasurer of RMR Inc. and an officer and employee of RMR, and Yael Duffy, our President and Chief Operating Officer, and Tiffany R. Sy, our Chief Financial Officer and Treasurer, **and Marc Krohn, our Vice President**, are also officers and employees of RMR. Mr. Jordan is also a managing trustee of Seven Hills Realty Trust, or SEVN, and Ms. Duffy is also the president and chief operating officer of Office Properties Income Trust, or OPI. Messrs. Portnoy and Jordan and Mses. Duffy and Sy have duties to RMR, Mr. Jordan has duties to SEVN and Ms. Duffy has duties to OPI, as well as to us, and we do not have their undivided attention. They and other RMR personnel may have conflicts in allocating their time and resources between us and RMR and other companies to which RMR or its subsidiaries provide services. Some of our Independent Trustees also serve as independent trustees of other public companies to which RMR or its subsidiaries provide management services. In addition, we may in the future enter into additional transactions with RMR, its affiliates or entities managed by it or its subsidiaries. In addition to his investments in RMR Inc. and RMR, Mr. Portnoy holds equity investments in other companies to which RMR or its subsidiaries provide management services and some of these companies have significant cross ownership interests. Our executive officers also own equity investments in other companies to which RMR or its subsidiaries provide management services. These multiple responsibilities, relationships and cross ownerships may give rise to conflicts of interest or the perception of such conflicts of interest with respect to matters involving us, RMR Inc., RMR, our Managing Trustees, the other companies to which RMR or its subsidiaries provide management services and their related parties. Conflicts of interest or the perception of conflicts of interest could have a material adverse impact on our reputation, business and the market price of our common shares and other securities and we may be subject to increased risk of litigation as a result. In our management agreements with RMR, we acknowledge that RMR may engage in other activities or businesses and act as the manager to any other person or entity (including other REITs) even though such person or entity has investment policies and objectives similar to our policies and objectives and we are not entitled to preferential treatment in receiving information, recommendations and other services from RMR. Accordingly, we may lose investment opportunities to, and may compete for tenants with, other businesses managed by RMR or its subsidiaries, including our existing and any future joint ventures. We cannot be sure that our Code of Conduct or our governance guidelines, or other procedural protections we adopt will be sufficient to enable us to identify, adequately address or mitigate actual or alleged conflicts of interest or ensure that our transactions with related persons are made on terms that are at least as favorable to us as those that would have been obtained with an unrelated person. Our management agreements with RMR were not negotiated on an arm's length basis and their fee and expense structure may not create proper incentives for RMR, which may increase the risk of an investment in our common shares. As a result of our relationships with RMR and its current and former controlling shareholder (s), our management agreements with RMR were not negotiated on an arm's length basis between unrelated parties, and therefore the terms, including the fees payable to RMR, may be different from those negotiated on an arm's length basis between unrelated parties. Our property management fees are calculated based on rents we receive and we also pay RMR construction supervision

fees for construction at our properties overseen and managed by RMR, and our base business management fee is calculated based upon the lower of the historical costs of our real estate investments and our market capitalization. We pay RMR substantial base management fees regardless of our financial results. These fee arrangements could incentivize RMR to pursue acquisitions, capital transactions, tenancies and construction projects or to avoid disposing of our assets in order to increase or maintain its management fees and might reduce RMR's incentive to devote its time and effort to seeking investments that provide attractive returns for us. If we do not effectively manage our investment, disposition and capital transactions and leasing, construction and other property management activities, we may pay increased management fees without proportional benefits to us. In addition, we are obligated under our management agreements to reimburse RMR for employment and related expenses of RMR's employees assigned to work exclusively or partly at our properties, our share of the wages, benefits and other related costs of RMR's centralized accounting personnel, our share of RMR's costs for providing our internal audit function and as otherwise agreed. We are also required to pay for third party costs incurred with respect to us. Our obligation to reimburse RMR for certain of its costs and to pay third party costs may reduce RMR's incentive to efficiently manage those costs, which may increase our costs. The termination of our management agreements with RMR may require us to pay a substantial termination fee, including in the case of a termination for unsatisfactory performance, which may limit our ability to end our relationship with RMR. The terms of our management agreements with RMR automatically extend on December 31 of each year so that such terms thereafter end on the 20th anniversary of the date of the extension. We have the right to terminate these agreements: (1) at any time on 60 days' written notice for convenience, (2) immediately upon written notice for cause, as defined in the agreements, (3) on written notice given within 60 days after the end of any applicable calendar year for a performance reason, as defined in the agreements, and (4) by written notice during the 12 months following a manager change of control, as defined in the agreements. However, if we terminate a management agreement for convenience, or if RMR terminates a management agreement with us for good reason, as defined in such agreement, we are obligated to pay RMR a termination fee in an amount equal to the sum of the present values of the monthly future fees, as defined in the applicable agreement, payable to RMR for the term that was remaining before such termination, which, depending on the time of termination, would be between 19 and 20 years. Additionally, if we terminate a management agreement for a performance reason, as defined in the agreement, we are obligated to pay RMR the termination fee calculated as described above, but assuming a remaining term of 10 years. These provisions substantially increase the cost to us of terminating the management agreements without cause, which may limit our ability to end our relationship with RMR as our manager. The payment of the termination fee could have a material adverse effect on our financial condition, including our ability to pay distributions to our shareholders. Our management arrangements with RMR may discourage a change of control of us. Our management agreements with RMR have continuing 20 year terms that renew annually. As noted in the preceding risk factor, if we terminate either of these management agreements other than for cause or upon a change of control of our manager, we are obligated to pay RMR a substantial termination fee. For these reasons, our management agreements with RMR may discourage a change of control of us, including a change of control which might result in payment of a premium for our common shares. We are party to transactions with related parties that may increase the risk of allegations of conflicts of interest. We are party to transactions with related parties, including with entities controlled by Adam D. Portnoy or to which RMR or its subsidiaries provide management services. Our agreements with related parties or in respect of transactions among related parties may not be on terms as favorable to us as they would have been if they had been negotiated among unrelated parties. Our shareholders or the shareholders of RMR Inc. or other related parties may challenge such related party transactions. If any challenges to related party transactions were to be successful, we might not realize the benefits expected from the transactions being challenged. Moreover, any such challenge could result in substantial costs and a diversion of our management's attention, could have a material adverse effect on our reputation, business and growth and could adversely affect our ability to realize the benefits expected from the transactions, whether or not the allegations have merit or are substantiated. We may be at an increased risk for dissident shareholder activities due to perceived conflicts of interest arising from our management structure and relationships. Companies with business dealings with related persons and entities may more often be the target of dissident shareholder trustee nominations, dissident shareholder proposals and shareholder litigation alleging conflicts of interest in their business dealings. The various relationships noted above may precipitate such activities. Certain proxy advisory firms which have significant influence over the voting by shareholders of public companies have, in the past, recommended, and in the future may recommend, that shareholders withhold votes for the election of our incumbent Trustees, vote against other management proposals or vote for shareholder proposals that we oppose. These recommendations by proxy advisory firms have affected past Board of Trustees elections, and similar recommendations in the future would likely affect the outcome of future Board of Trustees elections or other shareholder votes, which may increase shareholder activism and litigation. These activities, if instituted against us, could result in substantial costs and diversion of our management's attention and could have a material adverse impact on our reputation and business. Risks Related to Our Organization and Structure We may change our operational, financing and investment policies without shareholder approval, which may increase our risk of default under our debt obligations. Our Board of Trustees determines our operational, financing and investment policies and may amend or revise our policies, including our policies with respect to our intention to remain qualified for taxation as a REIT, acquisitions, dispositions, growth, operations, indebtedness, capitalization and distributions, or approve transactions that deviate from these policies, without a vote of, or notice to, our shareholders. Policy changes could adversely affect the market price of our common shares and our ability to pay distributions to our shareholders. Further, our organizational documents do not limit the amount or percentage of indebtedness, funded or otherwise, that we may incur; however, our current leverage effectively limits us from incurring additional debt at this time. Our Board of Trustees may alter or eliminate our current policy on borrowing at any time without shareholder approval. Higher leverage results in increased debt service costs and also increases the risk of default on our obligations. In addition, a change in our investment policies, including the manner in which we allocate our resources across our portfolio or the types of assets in which we seek to invest, may increase our exposure

to interest rate risk, real estate market fluctuations and liquidity risk. Ownership limitations and certain provisions in our declaration of trust, bylaws and agreements, as well as certain provisions of Maryland law, may deter, delay or prevent a change in our control or unsolicited acquisition proposals. Our declaration of trust prohibits any shareholder, other than RMR and its affiliates (as defined under Maryland law) and certain persons who have been exempted by our Board of Trustees, from owning, directly and by attribution, more than 9.8% of the number or value of shares (whichever is more restrictive) of any class or series of our outstanding shares of beneficial interest, including our common shares. This **restriction provision of our declaration of trust** is intended to, among other purposes, assist with our REIT compliance under the IRC. **Further, our bylaws contain provisions that generally prohibit shareholders from owning more than 5% (in value or in number of shares, whichever is more restrictive) of any class or series of our outstanding shares, including our common shares. This ownership limitation in our bylaws is intended to help us preserve our ability to use our net operating losses and otherwise other tax benefits to reduce our future taxable income. We also believe these restrictions in our declaration of trust and bylaws** promote our orderly governance. However, **this provision these restrictions** may also inhibit acquisitions of a significant stake in us and may deter, delay or prevent a change in control of us or unsolicited acquisition proposals that a shareholder may consider favorable. Additionally, provisions contained in our declaration of trust and bylaws or under Maryland law may have a similar impact, including, for example, provisions relating to: • limitations on shareholder voting rights with respect to certain actions that are not approved by our Board of Trustees; • the authority of our Board of Trustees, and not our shareholders, to adopt, amend or repeal our bylaws and to fill vacancies on our Board of Trustees; • shareholder voting standards which require a supermajority of shares for approval of certain actions; • the fact that only our Board of Trustees, or, if there are no Trustees, our officers, may call shareholder meetings and that shareholders are not entitled to act without a meeting; • required qualifications for an individual to serve as a Trustee and a requirement that certain of our Trustees be “Managing Trustees” and other Trustees be “Independent Trustees”, as defined in our governing documents; • limitations on the ability of our shareholders to propose nominees for election as Trustees and propose other business to be considered at a meeting of our shareholders; • limitations on the ability of our shareholders to remove our Trustees; • the authority of our Board of Trustees to create and issue new classes or series of shares (including shares with voting rights and other rights and privileges that may deter a change in control) and issue additional common shares; • restrictions on business combinations between us and an interested shareholder that have not first been approved by our Board of Trustees (including a majority of Trustees not related to the interested shareholder); and • the authority of our Board of Trustees, without shareholder approval, to implement certain takeover defenses. As changes occur in the marketplace for corporate governance policies, the above provisions may change, be removed, or new ones may be added. Our rights and the rights of our shareholders to take action against our Trustees and officers are limited. Our declaration of trust limits the liability of our Trustees and officers to us and our shareholders for money damages to the maximum extent permitted under Maryland law. Under current Maryland law, our Trustees and officers will not have any liability to us and our shareholders for money damages other than liability resulting from: • actual receipt of an improper benefit or profit in money, property or services; or • active and deliberate dishonesty by the Trustee or officer that was established by a final judgment as being material to the cause of action adjudicated. Our declaration of trust and indemnification agreements require us to indemnify to the maximum extent permitted by Maryland law, any present or former Trustee or officer who is made or threatened to be made a party to a proceeding by reason of his or her service in these and certain other capacities. In addition, we may be obligated to pay or reimburse the expenses incurred by our present and former Trustees and officers without requiring a preliminary determination of their ultimate entitlement to indemnification. As a result of these limitations on liability and indemnification obligations, we and our shareholders may have more limited rights against our present and former Trustees and officers than might exist with other companies, which could limit shareholder recourse in the event of actions which some shareholders may believe are not in our best interest. Disputes with RMR may be referred to mandatory arbitration proceedings, which follow different procedures than in-court litigation and may be more restrictive to those asserting claims than in-court litigation. Our agreements with RMR provide that any dispute arising thereunder will be referred to mandatory, binding and final arbitration proceedings if we, or any other party to such dispute, unilaterally so demands. As a result, we and our shareholders would not be able to pursue litigation in state or federal court against RMR if we or any other parties against whom the claim is made unilaterally demands the matter be resolved by arbitration. In addition, the ability to collect attorneys’ fees or other damages may be limited in the arbitration proceedings, which may discourage attorneys from agreeing to represent parties wishing to bring such litigation. Our bylaws designate the Circuit Court for Baltimore City, Maryland as the sole and exclusive forum for certain actions and proceedings that may be initiated by our shareholders, which could limit our shareholders’ ability to obtain a favorable judicial forum for disputes with us or our Trustees, officers, manager or other agents. Our bylaws currently provide that **other than any action arising under the Securities Act**, the Circuit Court for Baltimore City, Maryland will be the sole and exclusive forum for: (1) any **derivative action or proceeding brought on our behalf Internal Corporate Claim, as such term is defined under the Maryland General Corporation Law**; (2) any **derivative** action asserting a claim for **or proceeding brought on** breach of a fiduciary duty owed by any of our Trustees, officers, manager or our behalf other agents to us or our shareholders; (3) any action asserting a claim **for breach of a fiduciary duty owed by any of our Trustees, officers, manager or other agents to us or our shareholders**; (4) any action **asserting a claim** against us or any of our Trustees, officers, manager or other agents arising pursuant to Maryland law, our declaration of trust or bylaws, **including any disputes, claims or controversies** brought by or on behalf of a shareholder, either on such shareholder’s own behalf, on our behalf or on behalf of any series or class of shares of beneficial interest of ours or by our shareholders against us or any of our Trustees, officers, manager or other agents, including any disputes, claims or controversies relating to the meaning, interpretation, effect, validity, performance or enforcement of our declaration of trust or bylaws; **or and (4-5)** any action asserting a claim against us or any of our Trustees, officers, manager or other agents that is governed by the internal affairs doctrine of the State of Maryland. **Our** The exclusive forum provision of our bylaws **currently**

also provide that does not apply to any action for which the Circuit Court for Baltimore City, Maryland does not have jurisdiction will be the sole and exclusive forum for any dispute, or portion thereof, regarding the meaning, interpretation or validity of any provision of our declaration of trust or bylaws. The exclusive forum provision of our bylaws does not establish exclusive jurisdiction in apply to any action for which the Circuit Court for Baltimore City, Maryland **does not have jurisdiction. Unless we otherwise consent in writing, the sole and exclusive forum** for claims that arise under the Securities Act **is**, the Exchange Act or other -- **the federal district securities laws if there is exclusive or concurrent jurisdiction in the federal courts of the United States, to the fullest extent permitted by law.** Any person or entity purchasing or otherwise acquiring or holding any interest in our shares of beneficial interest shall be deemed to have notice of and to have consented to these provisions of our bylaws, as they may be amended from time to time. The exclusive forum **provision provisions** of our bylaws may limit a shareholder's ability to bring a claim in a judicial forum that the shareholder believes is favorable for disputes with us or our Trustees, officers, manager or other agents, which may discourage lawsuits against us and our Trustees, officers, manager or other agents. Risks Related to Our Taxation Our failure to remain qualified for taxation as a REIT under the IRC could have significant adverse consequences. As a REIT, we generally do not pay federal or most state income taxes as long as we distribute all of our REIT taxable income and meet other qualifications set forth in the IRC. However, actual qualification for taxation as a REIT under the IRC depends on our satisfying complex statutory requirements, for which there are only limited judicial and administrative interpretations. We believe that we have been organized and have operated, and will continue to be organized and to operate, in a manner that qualified and will continue to qualify us to be taxed as a REIT under the IRC. However, we cannot be sure that the IRS, upon review or audit, will agree with this conclusion. Furthermore, we cannot be sure that the federal government, or any state or other taxation authority, will continue to afford favorable income tax treatment to REITs and their shareholders. Maintaining our qualification for taxation as a REIT under the IRC will require us to continue to satisfy tests concerning, among other things, the nature of our assets, the sources of our income and the amounts we distribute to our shareholders. In order to meet these requirements, it may be necessary for us to sell or forgo attractive investments. If we cease to qualify for taxation as a REIT under the IRC, then our ability to raise capital might be adversely affected, we will be in breach under our credit agreement, we may be subject to material amounts of federal and state income taxes, our cash available for distribution to our shareholders could be reduced, and the market price of our common shares could decline. In addition, if we lose or revoke our qualification for taxation as a REIT under the IRC for a taxable year, we will generally be prevented from requalifying for taxation as a REIT for the next four taxable years. Distributions to shareholders generally will not qualify for reduced tax rates applicable to "qualified dividends."

Dividends payable by U. S. corporations to noncorporate shareholders, such as individuals, trusts and estates, are generally eligible for reduced federal income tax rates applicable to "qualified dividends." Distributions paid by REITs generally are not treated as "qualified dividends" under the IRC and the reduced rates applicable to such dividends do not generally apply. However, for tax years beginning before 2026, REIT dividends paid to noncorporate shareholders are generally taxed at an effective tax rate lower than applicable ordinary income tax rates due to the availability of a deduction under the IRC for specified forms of income from passthrough entities. More favorable rates will nevertheless continue to apply to regular corporate "qualified" dividends, which may cause some investors to perceive that an investment in a REIT is less attractive than an investment in a non-REIT entity that pays dividends, thereby reducing the demand and market price of our common shares. REIT distribution requirements could adversely affect us and our shareholders. We generally must distribute annually at least 90 % of our REIT taxable income, subject to specified adjustments and excluding any net capital gain, in order to maintain our qualification for taxation as a REIT under the IRC. To the extent that we satisfy this distribution requirement, federal corporate income tax will not apply to the earnings that we distribute, but if we distribute less than 100 % of our REIT taxable income, then we will be subject to federal corporate income tax on our undistributed taxable income. We intend to pay distributions to our shareholders to comply with the REIT requirements of the IRC. In addition, we will be subject to a 4 % nondeductible excise tax if the actual amount that we pay to our shareholders in a calendar year is less than a minimum amount specified under federal tax laws. From time to time, we may generate taxable income greater than our income for financial reporting purposes prepared in accordance with U. S. generally accepted accounting principles, or GAAP, or differences in timing between the recognition of taxable income and the actual receipt of cash may occur. If we do not have other funds available in these situations, among other things, we may borrow funds on unfavorable terms, sell investments at disadvantageous prices or distribute amounts that would otherwise be invested in future acquisitions in order to pay distributions sufficient to enable us to distribute enough of our taxable income to satisfy the REIT distribution requirement and to avoid corporate income tax and the 4 % excise tax in a particular year. These alternatives could increase our costs or reduce our shareholders' equity. Thus, compliance with the REIT distribution requirements may hinder our ability to grow, which could cause the market price of our common shares to decline. Even if we remain qualified for taxation as a REIT under the IRC, we may face other tax liabilities that reduce our cash flow. Even if we remain qualified for taxation as a REIT under the IRC, we may be subject to federal, state and local taxes on our income and assets, including taxes on any undistributed income, excise taxes, state or local income, property and transfer taxes, and other taxes. Also, some jurisdictions may in the future limit or eliminate favorable income tax deductions, including the dividends paid deduction, which could increase our income tax expense. In addition, in order to meet the requirements for qualification and taxation as a REIT under the IRC, prevent the recognition of particular types of non-cash income, or avert the imposition of a 100 % tax that applies to specified gains derived by a REIT from dealer property or inventory, we may hold or dispose of some of our assets and conduct some of our operations through our TRSs or other subsidiary corporations that will be subject to corporate level income tax at regular rates. In addition, while we intend that our transactions with our TRSs will be conducted on arm's length bases, we may be subject to a 100 % excise tax on a transaction that the IRS or a court determines was not conducted at arm's length. Any of these taxes would decrease cash available for distribution to our shareholders. We may incur adverse tax consequences as a result of our

acquisition of MNR. As a successor to MNR, we or one of our joint ventures may face liability stemming from the tax liabilities (including penalties and interest) of MNR and its subsidiaries. These liabilities and our efforts to remedy any tax dispute relating to these acquired entities could have a material adverse effect on our financial condition and results of operations. Legislative or other actions affecting REITs could materially and adversely affect us and our shareholders. The rules dealing with U. S. federal, state, and local taxation are constantly under review by persons involved in the legislative process and by the IRS, the U. S. Department of the Treasury and other taxation authorities. Changes to the tax laws, with or without retroactive application, could materially and adversely affect us and our shareholders. We cannot predict how changes in the tax laws might affect us or our shareholders. New legislation, Treasury regulations, administrative interpretations or court decisions could significantly and negatively affect our ability to remain qualified for taxation as a REIT or the tax consequences of such qualification to us and our shareholders.