

Risk Factors Comparison 2024-02-07 to 2023-02-08 Form: 10-K

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

Set forth below are the risks that we believe are material to our investors and they should be carefully considered. If any of the following risks occur, our business, financial condition, results of operations, ~~and~~ cash flows, **our ability to satisfy our debt service obligations** and our ability to pay distributions on, and the per share trading price of, our common stock could be adversely affected. These risks are not all of the risks we face and other factors not presently known to us or that we currently believe are immaterial may also affect our business if they occur. Investors should refer to the explanation of the qualifications and limitations on forward- looking statements beginning on page 2 and should also refer to our quarterly reports on Form 10- Q and current reports on Form 8- K for any material updates to these risk factors. Risks Related to Our Business and Our Properties Our long- term growth will depend, in part, upon future acquisitions of properties, and we may acquire properties that pose integration and other risks that could harm our business. We intend to continue to acquire industrial properties in our six target markets. The acquisition of properties entails various risks, including the risks that our investments may not perform as well as we had expected, that we may be unable to quickly and efficiently integrate our new acquisitions into our existing operations and that our cost estimates for bringing an acquired property up to market standards may prove inaccurate. We may also own or acquire properties that are subject to contingent or pre- existing undisclosed liabilities including, but not limited to, liabilities for adverse environmental conditions, accrued but unpaid liabilities incurred in the ordinary course of business or tax liabilities. We may have no recourse, or only limited recourse, with respect to such unknown liabilities or may be unable to secure insurance coverage on the property in a sufficient amount ~~of to~~ cover the liability, or at all. As a result, if a liability were asserted against us based upon ownership of any of these entities or properties, we might have to pay substantial sums to settle it, which could adversely affect our cash flows. There is no assurance we would successfully overcome these risks or any other problems encountered with these acquisitions. In addition, we cannot assure you of the availability of investment opportunities in our targeted markets at attractive pricing levels, or at all. As a result of competition in our targeted markets, we may be unable to acquire properties as we desire or the purchase price may be significantly elevated. In the event that such opportunities are not available in our targeted markets as we expect, our ability to execute our business plan and realize our projections for growth may be materially adversely affected. The availability and timing of cash distributions is uncertain and is limited by the requirements of Maryland law. We have made regular quarterly cash distributions (which we also refer to as dividends) to our stockholders, and we intend to continue to pay regular quarterly cash distributions. Our corporate strategy is to fund the payment of quarterly distributions entirely from distributable cash flows. However, our board of directors has the sole discretion to determine the timing, form and amount of any cash distributions and may fund our quarterly distributions from a combination of available cash flows, net of recurring capital expenditures and / or proceeds from borrowings and property dispositions or may retain any portion of our distributable cash flows for working capital. We cannot assure our stockholders that sufficient funds will be available to pay distributions or that the level of any distributions we do make will increase or even be maintained over time, any of which could materially and adversely affect the market price of our shares of common stock. Our ability to pay distributions on our stock is also limited by applicable Maryland law, under which we generally may not make a distribution on our stock if, after giving effect to the distribution, we would not be able to pay our debts as they become due in the usual course of business or our total assets would be less than the sum of our total liabilities plus, unless the terms of such class or series provide otherwise, the amount that would be needed to satisfy the preferential rights upon dissolution of the holders of shares of any class or series of preferred stock then outstanding, if any, with preferences senior to those of our outstanding stock. Our investments are concentrated in the industrial real estate sector, and our business would be adversely affected by an economic downturn in that sector. Our investments in real estate assets are concentrated in the industrial real estate sector. This concentration may expose us to the risk of economic downturns in this sector to a greater extent than if our business activities included a more significant portion of other sectors of the real estate industry. **Any COVID-19 or any** future pandemic, epidemic or outbreak of any ~~other~~ highly infectious disease could have an adverse effect on our business, financial condition, results of operations and cash flows and the business, financial condition, results of operations and cash flows of our tenants. ~~The global COVID-19 pandemic, including the emergence of various variants, has caused, and could continue to cause, significant disruptions to the U. S. and global economies and has contributed, and may continue to contribute, to significant volatility and negative pressure in financial markets. The extent to which COVID-19, or any future pandemic, epidemic or outbreak of any other highly infectious disease, impacts our operations will depend on future developments, which are highly uncertain and cannot be predicted accurately, including the scope, severity and duration of such pandemic, the emergence and characteristics of new variants, the actions taken to contain the pandemic or mitigate its impact, including the adoption, administration and effectiveness of available COVID-19 vaccines, and the direct and indirect economic effects of the pandemic and containment measures, among others. Any COVID-19, or any~~ future pandemic, epidemic or outbreak of any ~~other~~ highly infectious disease, ~~may~~ materially and adversely affect our businesses, financial condition, results of operations and cash flows and may also have the effect of heightening many of the risks described below and within this “ Risk Factors ” section, including: • the complete or partial closure of, or other operational restrictions or other issues at, one or more of our properties resulting from government or tenant action ~~has had, and~~ could continue to have, a material adverse impact on our operations and those of our tenants and third- party property managers; • reduced economic activity impacting the businesses, financial condition and liquidity of our tenants, ~~has caused, and~~ could continue to cause, one or more of our tenants, including certain significant tenants, or one or more of our third- party managers, to be unable to meet their rent payment or other obligations to us

in full, or at all, to otherwise seek modifications of such obligations, including rent payment deferrals, or to file for bankruptcy protection; • our inability to renew leases, lease vacant space, including vacant space from tenant defaults, or re-lease space as leases expire on favorable terms, or at all, ~~including in the current slowing leasing environment~~, which could result in lower rental revenues or cause interruptions or delays in the receipt, or non-receipt, of rental payments; • severe disruption and instability in the U. S. and global financial markets or deteriorations in credit and financing conditions could make it difficult for us to access debt and equity capital on attractive terms, or at all, and impact our ability to fund business activities and repay debt on a timely basis; and • disruptions in the supply of materials or products or the inability of contractors to perform on a timely basis, or at all, including as a result of restrictions on construction activity, could cause delays in completing ongoing or future construction or re-development projects. Events or occurrences that affect areas in which our properties are located may materially adversely impact our financial results. In addition to general regional, national and international economic conditions that may materially adversely affect our business and financial results, our operating performance may be materially adversely impacted by adverse economic conditions in the specific markets in which we operate and particularly in the markets in which we have significant concentrations of properties. For example, as of December 31, ~~2022~~ **2023**, approximately ~~17.16~~ **16.73** % of our rentable square feet and approximately ~~42.44~~ **26** % of our improved land parcels were located in Northern New Jersey / New York City, representing a combined percentage of approximately 24. ~~9.6~~ % of our total annualized base rent. See “ Item 2- Properties ” in this Annual Report on Form 10- K for additional information regarding our ownership of properties in our markets. Any downturn in the economy in the real estate market or any of ~~our the~~ markets **in which we own properties** and any failure to accurately predict the timing of any economic improvement in these markets could cause our operations and our revenue and cash available for distribution to our stockholders to be materially adversely affected.