Risk Factors Comparison 2024-02-21 to 2023-02-22 Form: 10-K

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

Our results from operations and ability to make distributions on our equity and debt service on our indebtedness may be affected by the risk factors set forth below. All investors should consider the following risk factors before deciding to purchase securities of the Company. The Company refers to itself as " **Veris, " "** we " or " our " in the following risk factors. OPERATING RISKS Adverse economic and geopolitical conditions in general...... continue or worsen in the future. Our performance is subject to risks associated with the ~~real estate industry~~ **operation of multifamily properties** . General: Our business and our ability to make distributions or payments to our investors depend on the ability of our properties to generate funds in excess of operating expenses (including scheduled principal payments on debt and capital expenditures). Events or conditions that are beyond our control may adversely affect our operations and the value of our **multifamily** properties. Such events or conditions could include: • ~~changes in the general economic climate and conditions; • changes in local conditions, such as~~ an oversupply of ~~office space, a reduction in demand for office space, or reductions in office market rental rates; • an oversupply~~ or reduced demand for multifamily ~~apartments~~ **properties** caused by a decline in household formation **or** ~~, decline in~~ employment **, a lack of employment growth** or otherwise; • ~~decreased attractiveness of~~ **corporate restructurings and /** ~~our~~ - **or layoffs,** ~~properties to tenants~~ and ~~residents~~ **industry slowdowns** ; • ~~competition from~~ **decreases in** ~~other~~ -- **the** ~~office~~ **demand for services or amenities, the convenience** and **attractiveness of the communities or neighborhoods in which our** multifamily **rental** properties **are located or the quality of local schools** ; • development by competitors of competing multifamily communities; • **the inability or** unwillingness of ~~tenants~~ **residents** to pay rent **or rent** increases **; • changes in the financial condition of Fannie Mae or Freddie Mac which provide a major source of financing to the multifamily rental sector** ; • rent control or rent stabilization laws, or other housing laws and regulations that could prevent us from raising multifamily rents to offset increases in operating costs; • our inability to provide adequate maintenance; • increased operating costs, including insurance premiums, utilities and real estate taxes, due to inflation and other factors which may not necessarily be offset by increased rents; • changes in laws and regulations (including tax, environmental, zoning and building codes, landlord / tenant and other housing laws and regulations) and agency or court interpretations of such laws and regulations and the related costs of compliance; • ~~changes in interest rate levels and the availability of financing; • the inability of a significant number of tenants or residents to pay rent; • our inability to rent multifamily or office rental space on favorable terms; and •~~ civil unrest, earthquakes **, pandemics** , acts of terrorism and other natural disasters or acts of God that may result in uninsured losses ~~without penalty,our rental revenues are impacted by declines in market rents more quickly than if our leases were for longer terms~~ .Competition ~~in the multifamily rental and residential housing markets~~ could limit our ability to lease multifamily ~~units~~ **properties** or increase or maintain rents ~~.~~ **:** Our multifamily properties compete with other ~~apartment~~ **multifamily property** operators as well as rental housing alternatives,such as ~~condominiums or~~ single- family homes for rent and short term furnished offerings such as those available from extended stay hotels or through ~~on- line~~ **online** listing services.In addition,our **multifamily** residents and prospective residents also consider,as an alternative to renting,the purchase of a new or existing condominium or single- family home.Competitive residential housing could adversely affect our ability to lease ~~apartment homes~~ **multifamily units** and to increase or maintain rental rates. **Short** ~~The ongoing coronavirus (" COVID~~ - **term leases expose us** ~~19") pandemic and measures intended~~ to **the** ~~prevent its spread present material uncertainty and risk and could have a material adverse effect~~ **effects** ~~on~~ **of declining market rents:Our multifamily leases are for an average term of 13 months.Because these leases generally permit the residents to leave at the end of the lease term without penalty,** our **rental revenues are impacted by declines in market rents more quickly than if our leases were for longer terms** . We may suffer adverse consequences if our revenues decline since our operating costs do not necessarily decline in proportion to our revenue: We earn a significant portion of our income from renting our **multifamily** properties. Our operating costs, however, do not necessarily fluctuate in relation to changes in our rental revenue. This means that our costs will not necessarily decline even if our revenues do. Our operating costs **also** could ~~also~~ increase while our revenues do not. If our operating costs increase ~~but~~ **significantly to the point that they exceed** our rental revenues ~~do not~~ , we may be forced to borrow to cover our costs and we may incur losses. Such losses may adversely affect our ability to make distributions or payments to our investors. **We face risks associated with the operation of our commercial office properties.** Financially distressed **commercial office** tenants may be unable to pay rent: If a **commercial office** tenant defaults, we may experience delays and incur substantial costs in enforcing our rights as landlord and protecting our investments. If a tenant files for bankruptcy, we cannot evict the tenant solely because of the bankruptcy and a potential court judgment rejecting and terminating such tenant' s lease (which would subject all future unpaid rent to a statutory cap) could adversely affect our ability to make distributions or payments to our investors as we may be unable to replace the defaulting tenant with a new tenant at a comparable rental rate without incurring significant expenses or a reduction in rental income. Renewing **commercial office** leases or re- letting **commercial office** space could be costly: If a **commercial office** tenant does not renew its lease upon expiration or terminates its lease early, we may not be able to re- lease the space on favorable terms or at all. If a tenant does renew its lease or we re- lease the space, the terms of the renewal or new lease, including the cost of required renovations or concessions to the tenant, may be less favorable than the current lease terms, which could adversely affect our ability to make distributions or payments to our investors. ~~Adverse developments concerning some~~ **We may not be able to dispose** of **remaining non- core assets within our anticipated timeframe** ~~our~~ - **or** ~~major tenants~~ **at favorable prices: The Company has determined to sell over time properties deemed non- core assets. While we intend to dispose of these properties opportunistically over time, there can be no assurance that these dispositions will be**

completed during the period of our strategic initiative. In addition, market conditions will impact our ability to dispose of these properties, and ~~industry concentrations~~ **there can be no assurance that we will be successful in disposing of these properties for their estimated sales prices. A failure to dispose of these properties for their estimated market values as planned, or unfavorable tax consequences of the disposition of these properties** could have a ~~negative impact~~ **material adverse effect** on our ~~revenue:~~ **ability to finance our acquisition and development plans and could adversely affect our ability to make distributions or payments to our investors.** We **face general market** ~~have tenants concentrated in various industries that may be experiencing adverse effects of current economic conditions. For instance, 7. 09 percent of our revenue is derived from tenants in the Securities, Commodity Contracts~~ and **operational risks associated with** ~~Other~~ -- **the** ~~Financial Services~~ **real estate** industry ~~. Our business could be adversely affected if any of these industries suffered a downturn and / or these tenants or any other tenants became insolvent, declared bankruptcy or otherwise refused to pay rent in a timely manner or at all~~ . Our insurance coverage on our properties may be inadequate or our insurance providers may default on their obligations to pay claims: We currently carry comprehensive insurance on all of our properties, including insurance for liability, fire and flood. We cannot guarantee that the limits of our current policies will be sufficient in the event of a catastrophe to our properties. We cannot guarantee that we will be able to renew or duplicate our current insurance coverage in adequate amounts or at reasonable prices. In addition, while our current insurance policies insure us against loss from **catastrophic loss, natural disasters,** terrorist acts and toxic mold, in the future, insurance companies may no longer offer coverage against these types of losses, or, if offered, these types of insurance may be prohibitively expensive. If any or all of the foregoing should occur, we may not have insurance coverage against certain types of losses and / or there may be decreases in the limits of insurance available. Should an uninsured loss or a loss in excess of our insured limits occur, we could lose all or a portion of the capital we have invested in a property or properties, as well as the anticipated future revenue from the property or properties. Nevertheless, we might remain obligated for any mortgage debt or other financial obligations related to the property or properties. **If any of our** properties were to experience a catastrophic loss,it could seriously disrupt our operations,delay revenue and result in large expenses to repair or rebuild the property.Such events could adversely affect our ability to make distributions or payments to our investors ~~.If one or more of our insurance providers were to fail to pay a claim as a result of insolvency,bankruptcy or otherwise,the nonpayment of such claims could have an adverse effect on our financial condition and results of operations~~ .In addition,if one or more of our insurance providers were to become subject to insolvency,bankruptcy or other proceedings and our insurance policies with the provider were terminated or canceled as a result of those proceedings,we cannot guarantee that we would be able to find alternative coverage in adequate amounts or at reasonable prices.In such case, **we could experience a lapse in any or adequate insurance coverage with respect to one or more properties and be exposed to potential losses relating to any claims that may arise during such period of lapsed or inadequate coverage.** We cannot guarantee that material losses in excess of insurance proceeds will not occur in the future . If any of our properties were...... such period of lapsed or inadequate coverage . Illiquidity of real estate limits our ability to act quickly: Real estate investments are relatively illiquid. Such illiquidity may limit our ability to react quickly in response to changes in economic and other conditions. If we want to sell an investment, we might not be able to dispose of that investment in the time period we desire, and the sales price of that investment ~~might~~ **may** not **be** ~~recoup~~ **recouped** or **may** exceed the amount of our investment. The prohibition in the Internal Revenue Code of 1986, as amended (the " IRS Code "), and related regulations on a real estate investment trust holding property for sale also may restrict our ability to sell property. The above limitations on our ability to sell our investments could adversely affect our ability to make distributions or payments to our investors. We may not be able to dispose...... (s) will replace LIBOR. Some of our costs, such as operating and general and administrative expenses, interest expense, and real estate acquisition and construction costs, are subject to inflation ~~.~~ **:** A portion of our operating expenses is sensitive to inflation. These include expenses for property- related contracted services such as janitorial and engineering services, utilities, repairs and maintenance, and insurance. Property taxes are also impacted by inflationary changes as taxes are regularly reassessed based on changes in the fair value of our properties. We also have ground lease expenses in certain of our properties. Ground lease costs are contractual, but in some cases, lease payments reset every few years based on changes of consumer price indexes. **Inflation and its related impacts, including increased prices for services and goods and higher interest rates and wages, and any policy interventions by the U. S. government, could negatively impact our resident' s ability to pay rents or our results of operations.** Our ~~operating expenses~~ **multifamily leases are for an average term of 13 months** , **which we believe mitigates our exposure to inflation, by permitting us to set rents commensurate** with **inflation (subject to rent regulations to the extent** ~~the~~ **they** ~~exception~~ **apply and assuming our current or prospective residents will accept and can pay commensurate increased rents,** of ~~ground lease~~ **which there can be no assurance). Inflation could outpace any increases in** ~~rental~~ -- **rent** ~~expenses~~ **and adversely affect us. We may not be able to mitigate the effects of inflation and related impacts, and the duration and extent of any prolonged periods of inflation, and any related adverse effects on our results of operations and financial condition** , are ~~typically recoverable through our lease arrangements~~ **unknown at this time. Inflation may also cause increased volatility in financial markets** , which ~~allow us~~ **could affect our ability** to **access** ~~pass through substantially all expenses associated with property taxes, insurance, utilities, repairs and maintenance, and other~~ -- **the capital markets** ~~operating expenses (including increases thereto) to our~~ - **or** ~~tenants. During inflationary periods,~~ **impact the cost or timing at which** we **are** ~~may not be~~ able to **do so** ~~recover the cost of increases in operating expenses that exceed the fixed amounts for these expenses pursuant to our leases with tenants in our commercial office properties~~ . Additionally, inflationary pricing may have a negative effect on the real estate acquisitions and construction costs necessary to complete our development and redevelopment projects, including, but not limited to, costs of construction materials, labor, and services from third- party contractors and suppliers. Higher acquisition and construction costs could adversely impact our net investments in real estate and expected yields on our development and redevelopment projects, which may make otherwise lucrative investment opportunities less profitable to us. Our commercial leases have fixed rent increases which may not increase in line with inflation, this causing our net operating income to decrease. As a result, our financial condition, results of operations, and cash flows, as well as our ability to pay dividends, could be adversely affected over time. **We face risks associated with property acquisitions:We intend to and may acquire new properties,primarily in the multifamily** rental **sector,assuming that we are able to obtain capital on favorable terms.Such newly acquired properties may not perform as expected and may subject us to unknown liability with respect to liabilities relating to such properties for clean- up of undisclosed environmental contamination or claims by tenants,residents,vendors or other persons against the former owners of the properties.Inaccurate assumptions regarding future rental or occupancy** rates **could result in overly optimistic estimates of future revenues.In addition,future operating expenses or the costs necessary to bring an acquired property up to standards established for its intended market position may be underestimated.The search for and process of acquiring such properties will also require a substantial amount of management' s time and attention.In addition,developers and other real estate companies may compete with us in seeking properties for acquisition,** ~~and~~ **land** ~~limits~~ **for development and prospective tenants.Such competition may adversely affect** our ability to ~~negotiate rental rates~~ **make distributions or payments to our investors by:• reducing the number of suitable investment opportunities offered to us** ; ~~and /~~ **• increasing the bargaining power of property owners;• interfering with** ~~or~~ **our ability to attract and retain tenants;and** • adversely affecting our ability to minimize expenses of operation.Our acquisition activities and their success are subject to the following risks:• adequate financing to complete acquisitions may not be available on favorable terms or at all as a result of the continuing volatility in the financial and credit markets;• even if we enter into an acquisition agreement for a property,we may be unable to complete that acquisition and risk the loss of certain non- refundable deposits and incurring certain other acquisition- related costs; **and** ~~• the actual costs of repositioning or redeveloping acquired properties may be greater than our estimates;~~ • any acquisition agreement will likely contain conditions to closing,including completion of due diligence investigations to our satisfaction or other conditions that are not within our control,which may not be satisfied ~~;and • we may~~ **.Americans with Disabilities Act compliance could** be **costly:Under the Americans with Disabilities Act** ~~unable to quickly and efficiently integrate new acquisitions,particularly acquisitions~~ of ~~portfolios~~ **1990 (" ADA "),all public accommodations and commercial facilities must meet certain federal requirements related to access and use by disabled persons.Compliance with the ADA requirements could involve removal** of **structural barriers from certain disabled persons' entrances.Other federal,state and local laws may require modifications to or restrict further renovations of our** properties ~~,into~~ **with respect to such accesses.Although we believe that** our ~~existing operations,and acquired~~ properties ~~may fail to perform as expected;which~~ **are substantially in compliance with present requirements,noncompliance with the ADA or related laws or regulations could result in the United States government imposing fines or private litigants being awarded damages against us.Such costs** may adversely affect our **ability to make distributions or payments to our investors.Environmental problems are possible and may be costly:Various federal,state and local laws and regulations subject property owners or operators to liability for the costs of removal or remediation of certain hazardous or toxic substances located on or in the property.These laws often impose liability without regard to whether the owner or operator was responsible for or even knew of the presence of such substances.The presence of or failure to properly remediate hazardous or toxic substances (such as toxic mold,lead paint and asbestos) may adversely affect our ability to rent,sell or borrow against contaminated property and may impose liability upon us for personal injury to persons exposed to such substances.Various laws and regulations also impose liability on persons who arrange for the disposal or treatment of hazardous or toxic substances at another location for the costs of removal or remediation of such substances at the disposal or treatment facility.These laws often impose liability whether or not the person arranging for such disposal ever owned or operated the disposal facility.Certain other environmental laws and regulations impose liability on owners or operators of property for injuries relating to the release of asbestos- containing or other materials into the air,water or otherwise into the environment.As owners and operators of property and as potential arrangers for hazardous substance disposal,we may be liable under such laws and regulations for removal or remediation costs,governmental penalties,property damage,personal injuries and related expenses.Payment of such costs and expenses could adversely affect our ability to make distributions or payments to our investors.Environmental,Social and Governance factors may impose additional costs and / or expose us to new risks:Certain investors,customers,regulators and other stakeholders have focused more on corporate responsibility,specifically related to environmental,social and governance (" ESG ") factors.Additionally,there is increased attention on these matters by various regulatory authorities,including the SEC,and the expense and activities necessary to comply with new regulations or standards may be significant.Third- party providers of corporate responsibility ratings and reports on companies have also increased in number,resulting in varied,and in some cases,inconsistent standards.Some investors use these factors to guide their investment strategies and,in some cases,may choose not to invest in us if they believe our policies relating to ESG are inadequate or objectionable.The regulations and criteria for assessing corporate responsibility practices are evolving,which could result in our undertaking costly initiatives and activities to meet any new regulations or criteria.Additionally,if we are unable to or elect not to satisfy any new regulation or criteria,or do not meet the criteria of a specific third- party provider,some investors may conclude our policies with respect to ESG are inadequate,and we may face reputational damage.We have communicated certain initiatives and goals regarding ESG matters in our 2022 ESG Report on our website,and we may communicate revised or additional initiatives or goals in the future.We could be unsuccessful or perceived to be unsuccessful in the achievement of our ESG initiatives or goals,or we could be criticized for the scope of our initiatives or goals.If we fail to meet the expectations of investors,customers,regulators,and other stakeholders;our initiatives are not executed as planned;or we do not achieve our goals,our reputation and financial** results **could be adversely impacted** ~~of operations and financial condition~~ .Development of real estate,including the development of multifamily rental real estate could be costly:As part of our operating strategy,we may acquire land for development or construct on owned land,under certain conditions.Included among the risks of the real estate development business are the following,which may adversely affect our ability to make distributions or payments to our investors:• financing for development projects may not be available on favorable terms;• long- term financing may not be available upon completion of construction;• failure to complete construction and lease- up on schedule or within budget may increase debt service expense and construction and other costs;and • failure to rent the development at all or at rent levels originally contemplated.Property ownership through joint ventures could subject us to the contrary business objectives of our co- venturers:We ~~,from time to time,~~ invest in joint ventures or partnerships in which we do not hold a controlling interest in the assets underlying the entities in which we invest,including joint ventures in which (i) we own a direct interest in an entity which controls such assets,or (ii) we own a direct interest in an entity which owns indirect interests,through one or more intermediaries,of such assets.These investments involve risks that do not exist with properties in which we own a controlling interest with respect to the underlying assets,including the possibility that (i) our co- venturers or partners may **control the joint venture and we may not be able to prevent them from taking certain actions;(ii) we may have limited rights to terminate or liquidate our investment;(iii) the distribution preferences of our co- venturers or partners may limit operating,liquidating and disposition distributions to us;(iv) our co- venturers or partners may** ,at any time,become insolvent or otherwise refuse to make capital contributions when due,(~~ii~~ **v**) we may be responsible to our co- venturers or partners for indemnifiable losses,(~~iii~~ **vi**) we may become liable with respect to guarantees of payment or performance by the joint ventures,(~~iv~~ **vii**) we may become subject to buy- sell arrangements which could cause us to sell our interests or acquire our co- venturer' s or partner' s interests in a joint venture,or (~~v~~ **viii**) our co- venturers or partners may,at any time,have business,economic or other objectives that are inconsistent with our objectives.Because we lack a controlling interest,our co- venturers or partners may be in a position to take action contrary to our instructions or requests or contrary to our policies or objectives.While we seek protective rights against such contrary actions,there can be no assurance that we will be successful in procuring any such protective rights,or if procured,that the rights will be sufficient to fully protect us against contrary actions.Our organizational documents do not limit the amount of available funds that we may invest in joint ventures or partnerships.If the objectives of our co- venturers or partners are inconsistent with ours,it may adversely affect our ability to make distributions or payments to our investors.We may face increased risks and costs associated with volatility in commodity and labor prices or as a result of supply chain or procurement disruptions,which may adversely affect the status of our construction projects ~~.~~ **:** The price of commodities and skilled labor for our construction projects may increase unpredictably due to external factors,including,but not limited to,performance of third- party suppliers and contractors;overall market supply and demand;government regulation;international trade;and changes in general business,economic,or political conditions.As a result,the costs of raw construction materials and skilled labor required for the completion of our development and redevelopment projects may fluctuate significantly from time to time.We rely on a number of third- party suppliers and contractors to supply raw materials and skilled labor for our construction projects.While we do not rely on any single supplier or vendor for the majority of our materials and skilled labor,we may experience difficulties obtaining necessary materials from suppliers or vendors whose supply chains might become impacted by economic or political changes,or difficulties obtaining adequate skilled labor from third- party contractors in a tightening labor market.It is uncertain whether we would be able to source the essential commodities,supplies,materials,and skilled labor timely or at all without incurring significant costs or delays,particularly during times of economic uncertainty resulting from events outside of our control ~~,including,but not limited to,effects of COVID- 19~~ .We may be forced to purchase supplies and materials in larger quantities or in advance of when we would typically purchase them.This may cause us to require use of capital sooner than anticipated.Alternatively,we may also be forced to seek new third- party suppliers or contractors,whom we have not worked with in the past,and it is uncertain whether these new suppliers will be able to adequately meet our materials or labor needs.Our dependence on unfamiliar supply chains or relatively small supply partners may adversely affect the cost and timely completion of our construction projects.In addition,we may be unable to compete with entities that may have more favorable relationships with their suppliers and contractors or greater access to the required construction materials and skilled labor. ~~During 2022,industry prices for certain construction materials,including steel,copper,lumber,plywood,electrical materials,and HVAC materials,experienced significant increases as a result of low inventories;surging demand fueled by the U.S.economy rebounding from the effects of COVID- 19;tariffs imposed on imports of foreign steel,including on products from key competitors in the European Union (" EU ") and China;and significant changes in the U.S.steel production landscape stemming from the consolidation of certain steel- producing companies.Price surges on construction materials may result in corresponding increases in our development costs.Short- term multifamily leases expose us to the effects of declining market rents.Substantially all of our multifamily apartment leases are for a term of one year or less.Because these leases generally permit the residents to leave at the end of the lease term without penalty,our rental revenues are impacted by declines in market rents more quickly than if our leases were for longer terms.Competition in the multifamily rental and residential housing markets could limit our ability to lease multifamily units or increase or maintain rents.Our multifamily properties compete with other apartment operators as well as rental housing alternatives,such as condominiums or single- family homes for rent and short term furnished offerings such as those available from extended stay hotels or through on- line listing services.In addition,our residents and prospective residents also consider,as an alternative to renting,the purchase of a new or existing condominium or single- family home.Competitive residential housing could adversely affect our ability to lease apartment homes and to increase or maintain rental rates.The ongoing coronavirus (" COVID- 19") pandemic and measures intended to prevent its spread present material uncertainty and risk and could have a material adverse effect on our business,results of operations,cash flows and financial condition.The global outbreak of COVID- 19 across many countries around the globe,including the United States,has significantly slowed global economic activity and caused significant volatility in financial markets.Although the U.S.Food and Drug Administration has approved therapies and vaccines for distribution,there remain uncertainties as to the overall efficacy of the vaccines,especially as new strains of the coronavirus continue to emerge,and the level of resistance these new strains have to the existing vaccines,if any.Certain states~~

~~and cities,including all of the jurisdictions in which our properties are located,have taken and may re- institute measures to prevent or slow the spread of COVID- 19,and its variants including by instituting quarantines,vaccination mandates,and testing requirements restrictions on travel," stay- at- home" rules,restrictions on types of business that may continue to operate and / or restrictions on the types of construction projects that may continue.While vaccine availability and uptake has increased,the longer- term macro- economic effects on global supply chains,inflation,labor shortages and wage increases continue to impact many industries.The COVID- 19 pandemic presents material uncertainty and risk with respect to our financial condition,results of operations,cash flows and performance.The COVID- 19 pandemic could negatively impact our business in a number of ways,including:• a complete or partial closure of,or other operational issues at,one or more of our properties resulting from government or customer action;• declining household incomes and wealth or the deterioration in the financial condition or liquidity of our tenants,customers or other counterparties,which could result in their inability to pay rents or failure to meet their contractual obligations to us;• the potential negative impact on our ability to complete planned acquisitions or dispositions of assets on expected terms or timelines,or at all;• reduced demand for space at our office properties and units at our multifamily residential properties,which could have a negative impact on our prospects for leasing current or additional space and / or renewing leases with existing tenants;• difficulty accessing debt and equity capital on attractive terms,or at all,which could result in reduced availability and increased cost of capital necessary to fund business operations,finance our development pipeline or address maturing liabilities on a timely basis;• costs associated with construction delays and cost overruns at our development and redevelopment projects;• unanticipated costs and operating expenses associated with remote work arrangements,sanitation measures performed at each of our properties,and other measures to protect the welfare of our employees and tenants ; and • the potential negative impact on the health of our employees,particularly if a significant number of them are impacted,which could result in a deterioration in our ability to ensure business continuity during this disruption.The extent to which the COVID- 19 pandemic may adversely affect our business will depend on future developments,including,among others,the severity and duration of the pandemic,the effectiveness of COVID- 19 vaccines in curbing the spread of the virus,the nature and duration of other measures taken to contain the pandemic or mitigate its impact,and the direct and indirect economic impact of the pandemic and containment measures on the industries in which we and our customers operate.Moreover,with the potential for continued new strains of COVID- 19 to emerge,governments and businesses may re- impose aggressive measures to help slow its spread in the future.Among other things COVID- 19 and government and our responses to the virus could (1) adversely affect the ability of our suppliers and vendors to provide products and services to us;(2) make it more difficult for us to serve our tenants,including as a result of delays or suspensions in the issuance of permits or other authorizations needed to conduct our business;(3) cause labor shortages in the available labor force due to quarantine requirements thereby making it more difficult for us to attract,hire and retain qualified personnel;and (4) increase our cost of capital and adversely impact our access to capital.Due to factors beyond our knowledge or control,including the duration and severity of COVID- 19,as well as third- party actions taken to contain its spread and mitigate its public health effects,at this time we cannot estimate or predict with certainty the impact of COVID- 19 or the measures the government and we take in response thereto on our financial position,results of operations and cash flows.~~ CAPITAL AND FINANCING RISKS **We are subject to financial and credit risks associated with general economic and market conditions.Our business may be affected by volatility in the financial and credit markets,the general global economic conditions and other market or economic challenges experienced by the U.S.economy or the real estate industry as a whole or in the Northeast where our properties are located.Our results of operations,financial condition and ability to service current debt and to pay distributions to our shareholders may be adversely affected by the following,among other potential conditions:• our ability to borrow on terms and conditions that we find acceptable,or at all,may be limited,which could reduce our ability to pursue acquisition and development opportunities and refinance existing debt,reduce our returns from both our existing operations and our acquisition and development activities and increase our future interest expense;• reduced values of our properties may limit our ability to dispose of assets at attractive prices or to obtain debt financing secured by our properties and may reduce the availability of unsecured loans;• the value and liquidity of our short- term investments and cash deposits could be reduced as a result of a deterioration of the financial condition of the institutions that hold our cash deposits or the institutions or assets in which we have made short- term investments,the dislocation of the markets for our short- term investments,increased volatility in market rates for such investments or other factors;• reduced liquidity in debt markets and increased credit risk premiums for certain market participants may impair our ability to access capital;and • one or more lenders under our line of credit could refuse or be unable to fund their financing commitment to us and we may not be able to replace the financing commitment of any such lenders on favorable terms,or at all.** Our performance is subject to risks associated with **the anticipated completion of our** repositioning ~~a significant portion~~ of the Company' s portfolio from ~~office~~ **diversified asset classes** to **exclusively** multifamily rental properties.Repositioning the Company' s office portfolio may result in ~~impairment charges or~~ less than expected returns on office properties and could adversely affect our ability to make distributions or payments to our investors:There can be no assurance that the Company,as it seeks to **complete the** ~~reposition~~ **repositioning of** a portion of its portfolio from office to the multifamily rental sector,will be able to sell office properties and purchase multifamily rental properties at prices that in the aggregate are profitable for the Company or are efficient uses of its capital or that would not result in a reduction of the Company' s cash flow,and such transactions could adversely affect our ability to make distributions or payments to our investors.Because real estate investments are relatively illiquid,it also may be difficult for the Company to promptly sell its office properties that are held or may be designated for sale promptly or on favorable terms,which could have a material adverse effect on the Company' s financial condition. ~~In addition,as the Company identifies non- core office properties that may be held for sale or that it intends to hold for a shorter period of time than previously,it may determine that the carrying value of a property is not recoverable over the anticipated holding period of the property.As a result,the Company may incur impairment~~

~~charges for certain of these properties to reduce their carrying values to the estimated fair market values.~~ Moreover,as the Company seeks to **complete the** ~~reposition~~ **repositioning of** a portion of its portfolio from office to the multifamily rental sector,the Company may be subject to a Federal income tax on gain from sales of properties due to limitations in the IRS Code and related regulations on a real estate investment trust' s ability to sell properties.The Company intends to structure its property dispositions in a tax- efficient manner and avoid the prohibition in the IRS Code against a real estate investment trust holding properties for sale.There is no guaranty,however,that such dispositions can be achieved without the imposition of federal income tax on any gain recognized. ~~Unfavorable changes in market and economic conditions could adversely affect multifamily rental occupancy,rental rates,operating expenses,and the overall market value of our assets,including joint ventures.Local conditions that may adversely affect conditions in multifamily residential markets include the following:• plant closings,industry slowdowns and other factors that adversely affect the local economy;• an oversupply of,or a reduced demand for,apartment units;• a decline in household formation or employment or lack of employment growth;• the inability or unwillingness of residents to pay rent increases;• rent control or rent stabilization laws,or other laws regulating housing,that could prevent us from raising rents to offset increases in operating costs;and • economic conditions that could cause an increase in our operating expenses,such as increases in property taxes,utilities,compensation of on- site associates and routine maintenance.~~ Changes in applicable laws,or noncompliance with applicable laws,could adversely affect our operations or expose us to liability:We must develop,construct and operate our communities in compliance with numerous federal,state and local laws and regulations,some of which may conflict with one another or be subject to limited judicial or regulatory interpretations.These laws and regulations may include zoning laws,building codes,landlord tenant laws and other laws generally applicable to business operations.Noncompliance with applicable laws could expose us to liability.Lower revenue growth or significant unanticipated expenditures may result from our need to comply with changes in (i) laws imposing remediation requirements and the potential liability for environmental conditions existing on properties or the restrictions on discharges or other conditions,(ii) rent control or rent stabilization laws or other residential landlord / tenant laws,or (iii) other governmental rules and regulations or enforcement policies affecting the development,use and operation of our communities,including changes to building codes and fire and life- safety codes. ~~Failure to succeed in new markets,or with new brands and community formats,or in activities other than the development,ownership and operation of residential rental communities may have adverse consequences:We are actively engaged in development and acquisition activity in new submarkets within our core,Northeast markets where we have owned and operated our historical portfolio of office properties.Our historical experience with properties in our core,Northeast markets in developing,owning and operating properties does not ensure that we will be able to operate successfully in the new multifamily submarkets.We will be exposed to a variety of risks in the multifamily submarkets,including:• an inability to accurately evaluate local apartment market conditions;• an inability to obtain land for development or to identify appropriate acquisition opportunities;• an acquired property may fail to perform as we expected in analyzing our investment;• our estimate of the costs of repositioning or developing an acquired property may prove inaccurate;and • lack of familiarity with local governmental and permitting procedures.~~ Debt financing could adversely affect our economic performance.Scheduled debt payments and refinancing could adversely affect our financial condition:We are subject to the risks normally associated with debt financing.These risks,including the following,may adversely affect our ability to make distributions or payments to our investors:• **market interest rates on loans to refinance indebtedness on our properties at maturity may be significantly higher than the interest rates on that existing indebtedness;•** our cash flow may be insufficient to meet required payments of principal and interest;• payments of principal and interest on borrowings may leave us with insufficient cash resources to pay operating expenses;• we may not be able to refinance indebtedness on our properties at maturity;and • if refinanced,the terms of refinancing may not be as favorable as the original terms of the related indebtedness.As of December 31, ~~2022~~ **2023** ,we had total outstanding indebtedness of $ 1.9 billion,comprised of no outstanding borrowings under our revolving credit facility and approximately $ 1.9 billion of mortgages,loans payable and other obligations.We may have to refinance the principal due on our current or future indebtedness at maturity,and we may not be able to do so.If we are unable to refinance our indebtedness on acceptable terms,or at all,events or conditions that may adversely affect our ability to make distributions or payments to our investors include the following:• we may need to dispose of one or more of our properties upon disadvantageous terms or adjust our capital expenditures in general or with respect to our strategy of acquiring multifamily residential properties and development opportunities in particular;• prevailing interest rates or other factors at the time of refinancing could increase interest rates and,therefore,our interest expense;• we may be subject to an event of default pursuant to covenants for our indebtedness;• if we mortgage property to secure payment of indebtedness and are unable to meet mortgage payments,the mortgagee could foreclose upon such property or appoint a receiver to receive an assignment of our rents and leases;and • foreclosures upon mortgaged property could create taxable income without accompanying cash proceeds and,therefore,hinder our ability to meet the real estate investment trust distribution requirements of the IRS Code.We are obligated to comply with financial covenants in our indebtedness that could restrict our range of operating activities: ~~The~~ **Some of the** mortgages on our properties contain customary negative covenants,including limitations on our ability,without the prior consent of the lender,to further mortgage the property,to enter into new leases outside of stipulated guidelines or to materially modify existing leases.In addition,our revolving credit **and term loan** ~~facility~~ **facilities** ~~contains~~ - **contain** customary requirements,including restrictions and other limitations on our ability to incur debt,debt to assets ratios and interest coverage ratios.These **revolving credit and term loan** covenants **may** limit our flexibility in conducting our operations and create a risk of default on our indebtedness if we cannot continue to satisfy them.Some of our debt instruments ~~are cross- collateralized and~~ contain cross default provisions with other debt instruments.Due to this cross- collateralization,a failure or default with respect to certain debt instruments or properties could have an adverse impact on us or our properties that are subject to the cross- collateralization under the applicable debt instrument.Failure to comply with these covenants could cause a default under the agreements and,in certain circumstances,our lenders may be entitled to accelerate our debt obligations.Defaults under our debt agreements could materially and adversely affect our financial condition and results of operations.Rising interest rates may adversely affect our cash flow:As of December 31, ~~2022~~ **2023** ,we have no outstanding borrowings under our revolving credit facility ~~,~~ **and** approximately $ ~~147~~ **304** . **5** ~~0 million of our unhedged mortgage indebtedness bearing interest at variable rates and approximately $ 482.3~~ million of our hedged mortgage indebtedness ~~bearing~~ **bears** interest at variable rates.We may incur additional indebtedness in the future that bears interest at variable rates.Variable rate debt creates higher debt service requirements if market interest rates increase.Higher debt service requirements could adversely affect our ability to make distributions or payments to our investors and / or cause us to default under certain debt covenants.Our degree of leverage could adversely affect our cash flow:We fund acquisition opportunities and development partially through short- term borrowings (including our revolving credit facility),as well as from proceeds from property sales and undistributed cash.We expect to refinance projects purchased with short- term debt either with long- term indebtedness or equity financing depending upon the economic conditions at the time of refinancing. ~~The Board of Directors has a general policy of limiting the ratio of our indebtedness to total undepreciated assets (total debt as a percentage of total undepreciated assets) to 50 percent or less,although there is no limit in our organizational documents on the amount of indebtedness that we may incur.~~ However,we have entered into certain financial agreements which contain financial and operating covenants that limit our ability under certain circumstances to incur additional secured and unsecured indebtedness.The Board of Directors could alter or eliminate its current policy on borrowing at any time at its discretion.If this policy were changed,we could become more highly leveraged,resulting in an increase in debt service that could adversely affect our cash flow and our ability to make distributions or payments to our investors and / or could cause an increased risk of default on our obligations.We are dependent on external sources of capital for future growth:To qualify as a real estate investment trust under the IRS Code,the General Partner must distribute to its shareholders each year at least 90 percent of its net taxable income,excluding any net capital gain.Because of this distribution requirement,it is not likely that we will be able to fund all future capital needs,including for acquisitions and developments,from income from operations.Therefore,we will have to rely on third- party sources of capital,which may or may not be available on favorable terms or at all.Our access to third- party sources of capital depends on a number of things,including the market' s perception of our growth potential and our current and potential future earnings.Moreover,additional equity offerings,including sales of the General Partner' s common stock pursuant to its $ ~~200~~ **100** million At- The- Market equity offering commenced in ~~December~~ **November** ~~2021~~ **2023** ,may result in substantial dilution of our shareholders' interests,and additional debt financing may substantially increase our leverage. ~~Adverse changes in~~ **We may originate mezzanine loans** ~~our~~ - **or** ~~credit ratings could adversely affect~~ **make preferred equity investments in the future that may subject the Company to a greater risk of loss than traditional mortgage loans.We may in the future originate mezzanine loans,which take the form of subordinated loans secured by second mortgages on the underlying property** ~~our~~ - **or** ~~business and financial condition:The credit ratings previously assigned to~~ **subordinated loans secured by a pledge of the ownership interests of either the entity owning the property** ~~our~~ - **or a pledge of the ownership interests of the entity that owns the interest in the entity owning the property.Mezzanine loans may involve a higher degree of risk than a** senior **mortgage** ~~unsecured~~ -- **secured** ~~notes~~ by ~~nationally recognized statistical rating organizations (~~ **real property,because the security for the loan may lose all or substantially all of its value as a result of foreclosure by the senior lender and because it is in second position and** ~~the~~ **there** ~~" NRSROs ") were based~~ **may not be adequate equity in the property.In the event of a bankruptcy of the entity providing the pledge of its ownership interests as security,we may not have full recourse to the assets of such entity,or the assets of the entity may not be sufficient to satisfy our mezzanine loan.If a borrower defaults** on our ~~operating performance~~ **mezzanine loan or debt senior to our loan** , ~~liquidity and leverage~~ **or in the event of a borrower bankruptcy,our mezzanine loan will be satisfied only after the senior debt.As a result,we may not recover some of or all our investment.In addition,mezzanine loans typically have higher loan- to- value** ratios **than conventional mortgage loans** , ~~overall financial position~~ **resulting in less equity in the property** and **increasing the risk of loss of principal.We may in the future make preferred equity investments in corporations,limited partnerships,limited liability companies or** other **entities** ~~factors employed by the NRSROs in their rating analyses of us.These ratings and similar ratings of us and any debt or preferred securities we may issue are subject to ongoing evaluation by the NRSROs,and we cannot assure you~~ that ~~any such ratings~~ **have been formed for the purpose of directly or indirectly acquiring,developing or managing real property.Generally,we** will not **have** ~~be changed by~~ the ~~NRSROs~~ **ability to control the daily operations of the entity,and we will not have the ability to select or remove a majority of the members of the board of directors,managers,general partner or partners or similar governing body of the entity or otherwise control its operations.Although we would seek to maintain sufficient influence over the entity to achieve our objectives,our partners may have interests that differ from ours and may be in a position to take actions without our consent that are inconsistent with our interests.Further,** if ~~,~~ **our partners were to fail to invest additional capital** in ~~their~~ -- **the** ~~judgment~~ **entity when required** , ~~circumstances warrant~~ **we may have to invest additional capital to protect our investment** .Our **partners have in** ~~credit ratings can affect~~ the **past failed** ~~amount of capital we can access~~ , **and** ~~as well as the terms of any financings we~~ may **in the future fail,** ~~obtain.There can be no assurance that we will be able~~ to ~~maintain~~ **develop** ~~our~~ - **or operate** ~~current credit ratings,and in~~ the ~~event~~ **real property,operate the entity,refinance property indebtedness** ~~our~~ - **or sell the real property** ~~current credit ratings are downgraded,we would likely incur higher borrowing costs and may encounter difficulty~~ in **the manner intended** ~~obtaining additional financing.The phase- out of LIBOR~~ and ~~transition to SOFR~~ as a ~~benchmark interest rate will have uncertain and possibly adverse effects:~~ **result the entity may not be able to redeem our investment or pay the return expected to us in a timely manner if at all.** In ~~2018~~ **addition** , **we may not be able to dispose of our investment in** the ~~Alternative Reference Rate Committee (~~ **entity in a timely manner or at** the ~~" AARC") recommended~~ **price at which we would want to divest.In** the ~~Secured Overnight~~ **event that such an entity fails to meet expectations or becomes insolvent,we may lose our entire investment in the entity.** MANAGEMENT RISKS We may not be able to attract, integrate **,** manage and retain personnel to execute our business strategy, and competition for skilled personnel could increase our labor costs. Our success depends upon our ability to attract, integrate, manage and retain personnel who possess the skills and experience necessary to execute our acquisition, development, management and leasing strategies. We compete with various other companies in attracting and retaining qualified and skilled personnel. Our ability to hire and retain qualified personnel could be impaired by a lack of qualified candidates in the available labor force, ~~the ongoing effects of the COVID- 19 pandemic, including vaccination mandates,~~ any diminution of our reputation, decrease in compensation levels relative to our competitors or modifications to our total compensation philosophy or competitor hiring programs. Competitive pressures may require that we enhance our pay and benefits package to compete effectively for such personnel. We may not be able to offset such added costs by increasing the rates we charge our ~~tenants~~ **residents** . If we cannot attract, hire and retain qualified personnel, our business, financial condition and results of operations would be negatively impacted. Our future success also depends upon our ability to manage the performance of our personnel. Failure to successfully manage the performance of our personnel could affect our profitability by causing operating inefficiencies that could increase operating expenses and reduce operating income. We are dependent on our key personnel whose continued service is not guaranteed. We are dependent upon key personnel for strategic business direction and real estate experience, including our chief executive officer, chief operating officer, chief financial officer, chief investments officer and general counsel. While we believe that we could find replacements for these key personnel, loss of their services could adversely affect our operations. We do not have key man life insurance for our key personnel. In addition, as the Company seeks to **complete the** ~~reposition~~ **repositioning of** a portion of its portfolio from office to the multifamily rental sector, the Company may become increasingly dependent on non- executive personnel with residential development and leasing expertise to effectively execute the Company’ s long- term strategy. ~~units~~ . ~~The~~ **In addition,the** consent of the holders of at least 85 percent of the Operating Partnership’ s partnership units is required:(i) to merge (or permit the merger of) the Operating Partnership with another unrelated person,pursuant to a transaction in which the Operating Partnership is not the surviving entity;(ii) to dissolve,liquidate or wind up the Operating Partnership;or (iii) to convey or otherwise transfer all or substantially all of the Operating Partnership’ s assets. ~~If~~ **As of February 15,2023,** the General Partner ~~’ s ownership interest in~~ **owned approximately 90.7 percent of** the Operating Partnership **’ s outstanding common** ~~were to drop below 85 percent as the result of future issuances of~~ partnership units ~~,~~ INVESTMENT RISKS Certain provisions of Maryland law and the General Partner’ s charter and bylaws could hinder, delay or prevent changes in control. Certain provisions of Maryland law and General Partner' s charter and bylaws have the effect of discouraging, delaying or preventing transactions that involve an actual or threatened change in control. These provisions include the following: Removal of Directors: Under the General Partner ~~'~~ **’** s charter, **as amended,** subject to the rights of one or more classes or series of preferred stock to elect one or more directors, a director may be removed ~~only~~ **from office at any time, with** ~~for~~ - **or without** cause **,** ~~and only~~ by the affirmative vote of **a majority** ~~at least two- thirds~~ of ~~all~~ **the** votes entitled to be cast by our stockholders generally in the election of directors ~~. Neither the Maryland General Corporation Law nor the General Partner' s charter define the term “ cause. ” As a result, removal for “ cause ” is subject to Maryland common law and to judicial interpretation and review in the context of the facts and circumstances of any particular situation~~ . Number of Directors, Board Vacancies, Terms of Office: The General Partner has, in its bylaws, elected to be subject to **a** certain ~~provisions~~ - **provision** of Maryland law which vest in the Board of Directors the exclusive right to determine the number of directors ~~and the exclusive right, by the affirmative vote of a majority of the remaining directors, even if the remaining directors do not constitute a quorum, to fill vacancies on the board~~ . ~~These~~ **This** ~~provisions~~ - **provision** of Maryland law **is** ~~, which are~~ applicable even if other provisions of Maryland law ~~or~~ **,** the charter or **the** bylaws provide to the contrary **. The General Partner revoked its election to be subject to a certain other provision of Maryland law which vests in the Board of Directors the exclusive right** , ~~also provide~~ **by the affirmative vote of a majority of the remaining directors, to fill vacancies on the board. Thus under the General Partner’ s bylaws, as amended, and Maryland law, any vacancy on the Board of Directors for any cause other than an increase in the number of directors may be filled by a majority of the remaining directors except** that **the stockholders have right to fill any vacancy resulting from removal of a director; and any vacancy on the Board of Directors created by an increase in the number of directors may be filled by a majority of the entire Board of Directors. Any director elected by the Board of Directors to fill a vacancy serves until the next annual meeting of stockholders and until such director’ s successor is elected and qualifies, and** any director elected **by the stockholders** to fill a vacancy ~~shall hold office~~ **resulting from removal of a director serves** for the ~~remainder~~ **balance** of the ~~full~~ term of the **removed** ~~class of directors~~ - **director** ~~in which the vacancy occurred, rather than the next annual meeting of stockholders as would otherwise be the case, and until his or her successor is elected and qualifies~~ . The General Partner has, in its corporate governance principles, adopted a mandatory retirement age of 80 years ~~old~~ for directors. Stockholder Requested Special Meetings: The General Partner’ s bylaws **, as amended,** provide that its stockholders have the right to call a special meeting only upon the written request of the stockholders entitled to cast not less than ~~a majority~~ **25 %** of all ~~the~~ votes entitled to be cast ~~by the stockholders~~ at such meeting **, provided that unless requested by the stockholders entitled to cast a majority of all votes entitled to be cast at such meeting, a special meeting need not be called to consider any matter which is substantially the same as a matter voted on at any special meeting of stockholders held during the preceding 12 months** . Advance Notice Provisions for Stockholder Nominations and Proposals: The General Partner' s bylaws require advance written notice for stockholders to nominate persons for election as directors at, or to bring other business before, any meeting of stockholders. This bylaw provision limits the ability of stockholders to make nominations of persons for election as directors or to introduce other proposals unless we are notified in a timely manner prior to the meeting. Preferred Stock: Under the General Partner' s charter, its Board of Directors has authority to issue preferred stock from time to time in one or more series and to establish the terms, preferences and rights of any such series of preferred stock, all without approval of its stockholders. As a result, its Board of Directors may establish a series of preferred stock that could delay or prevent a transaction or a change in control. Duties of Directors with Respect to Unsolicited Takeovers: Maryland law provides protection for Maryland corporations against unsolicited takeovers by limiting, among other things, the duties of the directors in unsolicited takeover situations. The duties of directors of Maryland corporations do not require them to (a) accept, recommend or respond to any proposal by a person seeking to acquire control of the corporation, (b) authorize the corporation to redeem any rights under, or modify or render inapplicable, any stockholders rights plan, (c) make a determination under the Maryland Business Combination Act or the Maryland Control Share Acquisition Act, or (d) act or fail to act solely because of the effect the act or failure to act may have on an acquisition or potential acquisition of control of the corporation or the amount or type of consideration that may be offered or paid to the stockholders in an acquisition. Maryland law also contains a statutory presumption that an act of a director of a Maryland corporation satisfies the applicable standards of conduct for directors under Maryland law. Ownership Limit: In order to preserve the General Partner' s status as a real estate investment trust under the IRS Code, its charter generally prohibits any single stockholder, or any group of affiliated stockholders, from beneficially owning more than 9. 8 percent of its outstanding capital stock unless its Board of Directors waives or modifies this ownership limit. Maryland Business Combination Act: The Maryland Business Combination Act provides that unless exempted, a Maryland corporation may not engage in certain business combinations, including mergers, consolidations, share exchanges or, in circumstances specified in the statute, asset transfers, issuances or reclassifications of shares of stock and other specified transactions, with an " interested stockholder " or an affiliate of an interested stockholder, for five years after the most recent date on which the interested stockholder became an interested stockholder, and thereafter unless specified criteria are met. An interested stockholder is generally a person owning or controlling, directly or indirectly, 10 percent or more of the voting power of the outstanding stock of the Maryland corporation. The General Partner' s board of directors has exempted from this statute business combinations between the Company and certain affiliated individuals and entities. However, unless its board adopts other exemptions, the provisions of the Maryland Business Combination Act will be applicable to business combinations with other persons. Maryland Control Share Acquisition Act: Maryland law provides that holders of " control shares " of a corporation acquired in a " control share acquisition " shall have no voting rights with respect to the control shares except to the extent approved by a vote of two- thirds of the votes eligible to cast on the matter under the Maryland Control Share Acquisition Act. " Control shares " means shares of stock that, if aggregated with all other shares of stock previously acquired by the acquirer, would entitle the acquirer to exercise voting power in electing directors within one of the following ranges of the voting power: one- tenth or more but less than one- third, one- third or more but less than a majority or a majority or more of all voting power. A " control share acquisition " means the acquisition of control shares, subject to certain exceptions. If voting rights of control shares acquired in a control share acquisition are not approved at a stockholder' s meeting, then subject to certain conditions and limitations, the issuer may redeem any or all of the control shares for fair value. If voting rights of such control shares are approved at a stockholder' s meeting and the acquirer becomes entitled to vote a majority of the shares of stock entitled to vote, all other stockholders may exercise appraisal rights. In 2018, the General Partner' s bylaws were amended to exempt any acquisition of the General Partner' s shares from the Maryland Control Share Acquisition Act. If the General Partner' s bylaws are amended to repeal or limit the exemption from the Maryland Control Share Acquisition Act, it may make it more difficult for a third party to obtain control of us and increase the difficulty of consummating a change in control. Changes in market conditions could adversely affect the market price of the **Company** ~~General Partner~~' s common stock. As with other publicly traded equity securities, the value of the **Company** ~~General Partner~~' s common stock depends on various market conditions, which may change from time to time. The market price of the **Company** ~~General Partner~~' s common stock could change in ways that may or may not be related to our business, the **Company** ~~General Partner~~' s industry or our operating performance and financial condition. Among the market conditions that may affect the value of the **Company** ~~General Partner~~' s common stock are the following: • the general reputation of REITs and the attractiveness of the **Company** ~~General Partner~~' s equity securities in comparison to other equity securities, including securities issued by other real estate- based companies; • our financial performance; and • general stock and bond market conditions. The market value of the **Company** ~~General Partner~~' s common stock is based primarily upon the market' s perception of our growth potential and our current and potential future earnings and cash dividends. Consequently, the **Company** ~~General Partner~~' s common stock may trade at prices that are higher or lower than its net asset value per share of common stock. REIT STATUS RISKS ~~The enactment of significant new tax legislation, generally effective for tax years beginning after December 31, 2017, could have a material and adverse effect on us and the market price of our shares. On December 22, 2017, Pub. L. No. 15- 97 (informally known as the Tax Cuts and Jobs Act (the " Act ")) was enacted into law. The Act made major changes to the Code, including a number of provisions of the Code that affect the taxation of REITs and their stockholders. The long- term effect of the significant changes made by the Act remains uncertain, and additional administrative guidance will be required in order to fully evaluate the effect of many provisions. The effect of any technical corrections with respect to the Act could have an adverse effect on us or our stockholders or holders of our debt securities. "~~ Consequences of the General Partner' s failure to qualify as a real estate investment trust could adversely affect our financial condition. Failure to maintain ownership limits could cause the General Partner to lose its qualification as a real estate investment trust: In order for the General Partner to maintain its qualification as a real estate investment trust under the IRS Code, not more than 50 percent in value of its outstanding stock may be actually and / or constructively owned by five or fewer individuals (as defined in the IRS Code to include certain entities). The General Partner has limited the ownership of its outstanding shares of common stock by any single stockholder to 9. 8 percent of the outstanding shares of its common stock. Its Board of Directors could waive this restriction if it was satisfied, based upon the advice of tax counsel or otherwise, that such action would be in the best interests of the General Partner and its stockholders and would not affect its qualification as a real estate investment trust under the IRS Code. Common stock acquired or transferred in breach of the limitation may be redeemed by us for the lesser of the price paid and the average closing price for the 10 trading days immediately preceding redemption or sold at the direction of the General Partner. The General Partner may elect to redeem such shares of common stock for Units, which are nontransferable except in very limited circumstances. Any transfer of shares of common stock which, as a result of such transfer, causes the General Partner to be in violation of any ownership limit, will be deemed void. Although the General Partner currently intends to continue to operate in a manner which will enable it to continue to qualify as a real estate investment trust under the IRS Code, it is possible that future economic, market, legal, tax or other considerations may cause its Board of Directors to revoke the election for the General Partner' s to qualify as a real estate investment trust. Under the General Partner' s organizational documents, its Board of Directors can make such revocation without the consent of its stockholders . In addition, the consent of...... Partnership' s outstanding common partnership units . Tax liabilities as a consequence of failure to qualify as a real estate investment trust: The General Partner has elected to be treated and has operated so as to qualify as a real estate investment trust for federal income tax purposes since the General Partner' s taxable year ended December 31, 1994. Although the General Partner believes it will continue to operate in such manner, it cannot guarantee that it will do so. Qualification as a real estate investment trust involves the satisfaction of various requirements (some on an annual and some on a quarterly basis) established under highly technical and complex tax provisions of the IRS Code. Because few judicial or administrative interpretations of such provisions exist and qualification determinations are fact sensitive, the General Partner cannot assure you that it will qualify as a real estate investment trust for any taxable year. If the General Partner fails to qualify as a real estate investment trust in any taxable year, it will be subject to the following: • it will not be allowed a deduction for dividends paid to shareholders; • it will be subject to federal income tax at regular corporate rates, including any alternative minimum tax, if applicable; and • unless it is entitled to relief under certain statutory provisions, it will not be permitted to qualify as a real estate investment trust for the four taxable years following the year during which was disqualified. A loss **of** the General Partner' s status as a real estate investment trust could have an adverse effect on us. Failure to qualify as a real estate investment trust also would eliminate the requirement that the General Partner pay dividends to its stockholders. In addition, any such dividends that the General Partner does pay to its stockholders would not constitute qualified REIT dividends and would accordingly not qualify for a deduction of up to 20 percent. Other tax liabilities: Even if the General Partner qualifies as a real estate investment trust under the IRS Code, its subject to certain federal, state and local taxes on our income and property and, in some circumstances, certain other state and local taxes. From time to time changes in state and local tax laws or regulations are enacted, which may result in an increase in our tax liability. A shortfall in tax revenues for states and municipalities in which we operate may lead to an increase in the frequency and amount of such increase. These actions could adversely affect our financial condition and results of operations. In addition, our taxable REIT subsidiaries will be subject to federal, state and local income tax for income received in connection with certain non- customary services performed for tenants and / or third parties. Risk of changes in the tax law applicable to real estate investment trusts: Since the Internal Revenue Service, the United States Treasury Department and Congress frequently review federal income tax legislation, we cannot predict whether, when or to what extent new federal tax laws, regulations, interpretations or rulings will be adopted. Any such legislative action may prospectively or retroactively modify our tax treatment and, therefore, may adversely affect taxation of us, and / or our investors. OTHER RISKS Security breaches and other disruptions could compromise our information and expose us to liability, which would cause our business and reputation to suffer. In the ordinary course of our business, we collect and store sensitive data, including intellectual property, our proprietary business information and that of our tenants and business partners, including personally identifiable information of our tenants and employees, in our data centers and on our networks and our business is at risk from and may be impacted by cybersecurity attacks. These attacks could include attempts to gain unauthorized access to our data and computer systems. Attacks can be both individual and / or highly organized attempts organized by very sophisticated hacking organizations. We employ a number of measures to prevent, detect and mitigate these threats, which include data encryption, frequent password change events, firewall detection systems, anti- virus software and frequent backups; however, there is no guarantee such efforts will be successful in preventing a cyber- attack, and we consult with outside cybersecurity firms to advise on our cybersecurity measures. We also have implemented internal controls around our treasury function, including enhanced payment authorization procedures, verification requirements for new vendor setup and vendor information changes, and bolstered outgoing payment notification process and account reconciliation procedures. We have policies and procedures in place in order to identify cybersecurity incidents and elevate such incidents to senior management in order to appropriately address and remediate any cyber- attack. Despite our security measures, our information technology and infrastructure may be vulnerable to attacks by hackers or breached due to employee error, malfeasance or other disruptions, and there can be no assurance that our actions, security measures, and controls designed to prevent, detect, or respond to intrusion; to limit access to data; to prevent loss, destruction, alteration, or exfiltration of business information; or to limit the negative impact from such attacks can provide absolute security against a cybersecurity incident. Any such breach could compromise our networks and the information stored there could be accessed, publicly disclosed, lost or stolen. Any such access, disclosure or other loss of information could result in legal claims or proceedings, liability under laws that protect the privacy of personal information, disrupt our operations, increased cybersecurity insurance premiums and damage our reputation, which could adversely affect our business. We face possible risks associated with the physical effects of climate change. We cannot predict with certainty whether climate change is occurring and, if so, at what rate. However, the physical effects of climate change could have a material adverse effect on our properties, operations, and business. To the extent climate change causes changes in weather patterns or severity, our markets could experience increase in storm intensity (including floods, tornadoes, hurricanes, or snow and ice storms), rising sea- levels, and changes in precipitation, temperature, air quality, and quality and availability of water. Over time, these conditions could result in physical damage to, or declining demand for, our properties or our inability to operate the buildings efficiently or at all. Climate change may also indirectly affect our business by increasing the cost of (or making unavailable) property insurance on terms we find acceptable, increasing the cost of required resources, including energy, other fuel sources, water, and waste and snow removal services, and increasing the risk and severity of flood and earthquakes at our properties. Should the impact of climate change be severe or occur for lengthy periods of time, our financial condition or results of operations could be adversely impacted. In addition, compliance with new or more stringent laws or regulations or stricter interpretations of existing laws may require material expenditure by us. For example, various federal, state, and local laws and regulations have been implemented or are under consideration to mitigate the effects of climate change caused by greenhouse gas emissions. Among other things," green" building codes may seek to reduce emissions through the imposition of standards for design, construction materials, water and energy usage and efficiency, and waste management. Such codes could require us to make improvements to our existing properties, increase the costs of maintaining or improving our existing properties or developing new properties, or increase taxes and fees assessed on us or our properties. Expenditures required for compliance with such codes may affect our cash flow and results of operations. **We may be subject to risks associated with the use of social media. The use of social media could cause us to suffer brand damage or unintended information disclosure. Negative posts or communications about us or one of our properties on a social networking website could damage our reputation. Further, employees or others may disclose non- public information regarding us or our business or otherwise make negative comments regarding us on social networking or other websites, which could adversely affect our business and results of operations. As social media evolves, we will be presented with new risks and challenges.**