UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2025

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number 001-38342

INDUSTRIAL LOGISTICS PROPERTIES TRUST

(Exact Name of Registrant as Specified in Its Charter)

Maryland	**82-2809631**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

Two Newton Place, 255 Washington Street, Suite 300, Newton, Massachusetts 02458-1634
(Address of Principal Executive Offices) (Zip Code)

617-219-1460
(Registrant's Telephone Number, Including Area Code)

Securities Registered Pursuant to Section 12(b) of the Act:

Title of Each Class	**Trading Symbol(s)**	**Name Of Each Exchange On Which Registered**
Common Shares of Beneficial Interest	ILPT	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☒
Non-accelerated filer	☐	Smaller reporting company	☐
Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Number of registrant's common shares of beneficial interest, $.01 par value per share, outstanding as of July 25, 2025: 66,335,999.

INDUSTRIAL LOGISTICS PROPERTIES TRUST
FORM 10-Q

June 30, 2025

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References in this Quarterly Report on Form 10-Q to the Company, we, us or our include Industrial Logistics Properties Trust and its consolidated subsidiaries unless otherwise expressly stated or the context indicates otherwise.

PART I. Financial Information

Item 1. Financial Statements

INDUSTRIAL LOGISTICS PROPERTIES TRUST
CONDENSED CONSOLIDATED BALANCE SHEETS
(dollars in thousands, except per share data)
(unaudited)

	June 30, 2025	December 31, 2024
ASSETS		
Real estate properties:		
Land	$ 1,111,011	$ 1,113,711
Buildings and improvements	4,042,004	4,066,674
Total real estate properties, gross	5,153,015	5,180,385
Accumulated depreciation	(579,706)	(523,886)
Total real estate properties, net	4,573,309	4,656,499
Investment in unconsolidated joint venture	117,854	116,732
Assets of properties held for sale	25,726	—
Acquired real estate leases, net	180,977	199,193
Cash and cash equivalents	58,559	131,706
Restricted cash and cash equivalents	100,506	110,774
Rents receivable, including straight line rents of $110,055 and $104,730, respectively	130,893	129,162
Other assets, net	50,724	62,265
Total assets	$ 5,238,548	$ 5,406,331
LIABILITIES AND EQUITY		
Mortgages notes payable, net	$ 4,200,314	$ 4,300,537
Liabilities of properties held for sale	337	—
Accounts payable and other liabilities	70,283	76,753
Assumed real estate lease obligations, net	13,243	14,937
Due to related persons	6,607	4,774
Total liabilities	4,290,784	4,397,001
Commitments and contingencies		
Equity:		
Equity attributable to common shareholders:		
Common shares of beneficial interest, $.01 par value: 100,000,000 shares authorized; 66,335,999 and 66,144,308 shares issued and outstanding, respectively	663	661
Additional paid in capital	1,018,474	1,017,382
Cumulative net deficit	(129,315)	(86,473)
Cumulative other comprehensive loss	(899)	(1,065)
Cumulative common distributions	(369,809)	(368,486)
Total equity attributable to common shareholders	519,114	562,019
Noncontrolling interest	428,650	447,311
Total equity	947,764	1,009,330
Total liabilities and equity	$ 5,238,548	$ 5,406,331

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

INDUSTRIAL LOGISTICS PROPERTIES TRUST
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(amounts in thousands, except per share data)
(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	**2024**	**2025**	**2024**
Rental income	$ 112,097	$ 110,621	$ 224,002	$ 222,856
Expenses:				
Real estate taxes	15,662	15,149	29,816	31,010
Other operating expenses	8,878	9,207	19,127	19,529
Depreciation and amortization	41,443	43,421	82,961	86,998
General and administrative	9,662	7,939	17,900	15,628
Total expenses	75,645	75,716	149,804	153,165
Interest and other income	2,024	2,935	3,992	5,787
Interest expense	(67,914)	(73,631)	(137,727)	(146,861)
Loss on extinguishment of debt	(5,070)	—	(5,070)	—
Loss before income taxes and equity in earnings of unconsolidated joint venture	(34,508)	(35,791)	(64,607)	(71,383)
Income tax expense	(30)	(36)	(58)	(69)
Equity in earnings of unconsolidated joint venture	4,144	2,348	3,102	4,071
Net loss	(30,394)	(33,479)	(61,563)	(67,381)
Net loss attributable to noncontrolling interest	9,084	10,304	18,721	20,803
Net loss attributable to common shareholders	(21,310)	(23,175)	(42,842)	(46,578)
Other comprehensive loss:				
Unrealized gain (loss) on derivatives	1,058	(1,510)	256	(6,356)
Less: unrealized (gain) loss on derivatives attributable to noncontrolling interest	(346)	(468)	(90)	1,420
Other comprehensive gain (loss) attributable to common shareholders	712	(1,978)	166	(4,936)
Comprehensive loss attributable to common shareholders	$ (20,598)	$ (25,153)	$ (42,676)	$ (51,514)
Weighted average common shares outstanding (basic and diluted)	65,927	65,626	65,881	65,591
Net loss per share attributable to common shareholders (basic and diluted)	$ (0.32)	$ (0.35)	$ (0.65)	$ (0.71)

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

INDUSTRIAL LOGISTICS PROPERTIES TRUST
CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(dollars in thousands)
(unaudited)

	Number of Common Shares	Common Shares	Additional Paid In Capital	Cumulative Net (Deficit) Income	Cumulative Other Comprehensive (Loss) Income	Cumulative Common Distributions	Total Equity Attributable to Common Shareholders	Noncontrolling Interest	Total Equity
Balance at December 31, 2024	66,144,308	$ 661	$ 1,017,382	$ (86,473)	$ (1,065)	$ (368,486)	$ 562,019	$ 447,311	$ 1,009,330
Net loss	—	—	—	(21,532)	—	—	(21,532)	(9,637)	(31,169)
Share grants, repurchases and forfeitures	(604)	—	245	—	—	—	245	—	245
Distributions to common shareholders	—	—	—	—	—	(661)	(661)	—	(661)
Other comprehensive loss	—	—	—	—	(546)	—	(546)	(256)	(802)
Distributions to noncontrolling interest	—	—	—	—	—	—	—	(30)	(30)
Balance at March 31, 2025	66,143,704	661	1,017,627	(108,005)	(1,611)	(369,147)	539,525	437,388	976,913
Net loss	—	—	—	(21,310)	—	—	(21,310)	(9,084)	(30,394)
Share grants, repurchases and forfeitures	192,295	2	847	—	—	—	849	—	849
Distributions to common shareholders	—	—	—	—	—	(662)	(662)	—	(662)
Other comprehensive loss	—	—	—	—	712	—	712	346	1,058
Balance at June 30, 2025	66,335,999	$ 663	$ 1,018,474	$ (129,315)	$ (899)	$ (369,809)	$ 519,114	$ 428,650	$ 947,764
Balance at December 31, 2023	65,843,387	$ 658	$ 1,015,777	$ 9,196	$ 10,171	$ (365,848)	$ 669,954	$ 491,825	$ 1,161,779
Net loss	—	—	—	(23,403)	—	—	(23,403)	(10,499)	(33,902)
Share grants, repurchases and forfeitures	(11,857)	—	290	—	—	—	290	—	290
Distributions to common shareholders	—	—	—	—	—	(658)	(658)	—	(658)
Other comprehensive loss	—	—	—	—	(2,958)	—	(2,958)	(1,888)	(4,846)
Distributions to noncontrolling interest	—	—	—	—	—	—	—	(163)	(163)
Balance at March 31, 2024	65,831,530	658	1,016,067	(14,207)	7,213	(366,506)	643,225	479,275	1,122,500
Net loss	—	—	—	(23,175)	—	—	(23,175)	(10,304)	(33,479)
Share grants, repurchases and forfeitures	160,979	2	913	—	—	—	915	—	915
Distributions to common shareholders	—	—	—	—	—	(659)	(659)	—	(659)
Other comprehensive (loss) income	—	—	—	—	(1,978)	—	(1,978)	468	(1,510)
Balance at June 30, 2024	65,992,509	$ 660	$ 1,016,980	$ (37,382)	$ 5,235	$ (367,165)	$ 618,328	$ 469,439	$ 1,087,767

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

INDUSTRIAL LOGISTICS PROPERTIES TRUST
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(dollars in thousands)
(unaudited)

	Six Months Ended June 30,	
	2025	**2024**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (61,563)	$ (67,381)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation	63,731	63,111
Amortization of interest rate caps	17,468	19,473
Net amortization of debt issuance costs, premiums and discounts	750	9,748
Amortization of acquired real estate leases and assumed real estate lease obligations	16,199	21,704
Amortization of deferred leasing costs	2,112	1,458
Straight line rental income	(5,670)	(6,441)
Loss on extinguishment of debt	5,070	—
Proceeds from settlement of interest rate caps	(18,841)	(34,429)
General and administrative expenses paid in common shares	1,124	1,263
Distributions of earnings from unconsolidated joint venture	1,980	1,980
Equity in earnings of unconsolidated joint venture	(3,102)	(4,071)
Change in assets and liabilities:		
Rents receivable	3,589	7,438
Other assets	7,228	3,701
Accounts payable and other liabilities	(2,128)	1,495
Due to related persons	1,833	(210)
Net cash provided by operating activities	29,780	18,839
CASH FLOWS FROM INVESTING ACTIVITIES:		
Real estate improvements	(9,598)	(3,606)
Purchase of interest rate cap	(15,010)	(26,175)
Proceeds from settlement of interest rate caps	18,841	34,429
Net cash (used in) provided by investing activities	(5,767)	4,648
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of mortgage notes payable	1,160,000	—
Repayment of ILPT Floating Rate Loan and related costs	(1,240,070)	—
Repayment of mortgage notes payable	(9,310)	(8,974)
Payment of debt issuance costs	(16,663)	(129)
Distributions to common shareholders	(1,323)	(1,317)
Repurchase of common shares	(32)	(58)
Distributions to noncontrolling interest	(30)	(163)
Net cash used in financing activities	(107,428)	(10,641)
(Decrease) increase in cash and cash equivalents and restricted cash and cash equivalents	(83,415)	12,846
Cash and cash equivalents and restricted cash and cash equivalents at beginning of period	242,480	245,723
Cash and cash equivalents and restricted cash and cash equivalents at end of period	$ 159,065	$ 258,569
SUPPLEMENTAL DISCLOSURES:		
Interest paid	$ 114,755	$ 118,509
Income taxes received	$ —	$ 80
NON-CASH INVESTING ACTIVITIES:		
Real estate improvements accrued not paid	$ 2,455	$ 1,509

SUPPLEMENTAL DISCLOSURE OF CASH, CASH EQUIVALENTS AND RESTRICTED CASH AND CASH EQUIVALENTS:

The following table provides a reconciliation of cash and cash equivalents and restricted cash and cash equivalents reported within the condensed consolidated balance sheets to the amounts shown in the condensed consolidated statements of cash flows:

	As of June 30,	
	2025	**2024**
Cash and cash equivalents	$ 58,559	$ 146,150
Restricted cash and cash equivalents [1]	100,506	112,419
Total cash and cash equivalents and restricted cash	$ 159,065	$ 258,569

(1) Restricted cash and cash equivalents consist of cash held for the operations of our consolidated joint venture and amounts escrowed as required by the agreements governing certain of our mortgage debt.

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

INDUSTRIAL LOGISTICS PROPERTIES TRUST
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(dollars in thousands, except per share data)

Note 1. Basis of Presentation

The accompanying condensed consolidated financial statements of Industrial Logistics Properties Trust and its consolidated subsidiaries, or the Company, or ILPT, are unaudited. Certain information and disclosures required by U.S. generally accepted accounting principles, or GAAP, for complete financial statements have been condensed or omitted. We believe the disclosures made are adequate to make the information presented not misleading. However, the accompanying condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes contained in our Annual Report on Form 10-K for the year ended December 31, 2024, or our 2024 Annual Report. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair statement of results for the interim period have been included. All intercompany transactions and balances with or among our consolidated subsidiaries have been eliminated. Our operating results for interim periods are not necessarily indicative of the results that may be expected for the full year.

The preparation of financial statements in conformity with GAAP requires us to make estimates and assumptions that affect reported amounts. Actual results could differ from those estimates. Significant estimates in the condensed consolidated financial statements include purchase price allocations, useful lives of fixed assets and assumptions used in the evaluation of impairment of real estate and related intangibles.

Note 2. Recent Accounting Pronouncements

In November 2024, the Financial Accounting Standards Board, or the FASB, issued Accounting Standards Update, or ASU, 2024-03, *Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statements Expenses*, which requires public entities to disclose specific expense categories such as employee compensation, depreciation and intangible asset amortization. These details must be presented in a tabular format in the notes to condensed consolidated financial statements for both interim and annual reporting periods. ASU 2024-03 is required to be applied prospectively but can be applied retrospectively, and is effective for the first annual reporting periods beginning after December 15, 2026, and interim reporting periods within annual reporting periods beginning after December 15, 2027, with early adoption permitted. We are currently evaluating the impact that ASU 2024-03 will have on our condensed consolidated financial statements.

In May 2025, the FASB issued ASU 2025-03, *Business Combinations (Topic 805) and Consolidation (Topic 810): Determining the Accounting Acquirer in the Acquisition of a Variable Interest Entity,* which clarifies the guidance in determining the accounting acquirer in a business combination effected primarily by exchanging equity interests when the acquiree is a variable interest entity that meets the definition of a business. ASU 2025-03 is required to be applied prospectively, and is effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods within those annual reporting periods, with early adoption permitted. We have early adopted ASU 2025-03 as of June 30, 2025 and do not expect ASU 2025-03 to have a material impact on our condensed consolidated financial statements.

Note 3. Real Estate Investments

As of June 30, 2025, our portfolio was comprised of 411 properties containing approximately 59,890,000 rentable square feet located in 39 states, including 226 buildings, leasable land parcels and easements containing approximately 16,729,000 rentable square feet that were primarily industrial lands located on the island of Oahu, Hawaii, or our Hawaii Properties, and 185 properties containing approximately 43,161,000 rentable square feet that were industrial and logistics properties located in 38 other states, or our Mainland Properties, which included one property classified as held for sale, as well as 94 properties in 27 states totaling approximately 20,978,000 rentable square feet owned by Mountain Industrial REIT LLC, or our consolidated joint venture, or Mountain JV, in which we own a 61% equity interest. As of June 30, 2025, we also owned a 22% equity interest in The Industrial Fund REIT LLC, or the unconsolidated joint venture.

Disposition Activities

As of June 30, 2025, one mainland property, located in Groveport, OH and containing approximately 581,000 rentable square feet, met the held for sale criteria and was classified as held for sale in our condensed consolidated balance sheets.

Capital Expenditures

During the three and six months ended June 30, 2025 and 2024, amounts capitalized at certain of our properties for tenant improvements, leasing costs and building improvements were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Tenant improvements [1]	$ 2,393	$ 142	$ 2,396	$ 586
Leasing costs [1]	300	184	3,522	2,311
Building improvements [2]	2,458	2,506	3,192	3,308
Total capital expenditures	$ 5,151	$ 2,832	$ 9,110	$ 6,205

(1) Includes capital expenditures used to improve tenants' space or amounts paid directly to tenants to improve their space and leasing related costs, such as brokerage commissions and tenant inducements.
(2) Includes expenditures to replace obsolete building components and expenditures that extend the useful life of existing assets.

During the three and six months ended June 30, 2025 and 2024, recognized net loss attributable to noncontrolling interest in our condensed consolidated financial statements was as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Consolidated joint venture	$ 9,067	$ 10,314	$ 18,739	$ 20,828
Tenancy in common	17	(10)	(18)	(25)
Total net loss attributable to noncontrolling interest	$ 9,084	$ 10,304	$ 18,721	$ 20,803

Consolidated Joint Venture

We own a 61% equity interest in our consolidated joint venture. We control this consolidated joint venture and therefore account for the properties owned by this joint venture on a consolidated basis in our condensed consolidated financial statements.

Consolidated Tenancy in Common

An unrelated third party owns an approximate 33% tenancy in common interest in one property located in Somerset, New Jersey with approximately 64,000 rentable square feet, and we own the remaining approximate 67% tenancy in common interest in this property. The tenancy in common did not make any cash distributions to the unrelated third party investor during the three months ended June 30, 2025 or 2024 and made cash distributions of $30 and $163 during the six months ended June 30, 2025 and 2024, respectively.

Unconsolidated Joint Venture

We own a 22% equity interest in the unconsolidated joint venture, which owns 18 industrial properties located in 12 states totaling approximately 11,726,000 rentable square feet. We account for the unconsolidated joint venture using the equity method of accounting under the fair value option. We recognize changes in the fair value of our investment in the unconsolidated joint venture as equity in earnings of the unconsolidated joint venture in our condensed consolidated financial statements.

Note 4. Leases

We are a lessor of industrial and logistics properties. Our leases provide our tenants with the contractual right to use and economically benefit from the physical space specified in their respective leases and are generally classified as operating leases.

Our leases provide for base rent payments and may also include variable payments. Rental income from operating leases, including any payments derived by index or market-based indices, is recognized on a straight line basis over the lease term when we have determined that the collectability of substantially all of the lease payments is probable. Some of our leases have options to extend or terminate the lease exercisable at the option of our tenants, which are considered when determining the lease term.

We do not include in our measurement of our lease receivables certain variable payments, including payments determined by changes in the index or market-based indices after the inception of the lease, certain tenant reimbursements and other income until the specific events that trigger the variable payments have occurred. Such payments totaled $20,072 and $19,067 for the three months ended June 30, 2025 and 2024, respectively, and $39,929 and $40,242 for the six months ended June 30, 2025 and 2024, respectively.

Generally, payments of ground lease obligations are made by our tenants. However, if a tenant does not pay obligations under a ground lease or does not renew a ground lease, we may have to pay obligations under the ground lease in order to protect our investment in the affected property.

Right of Use Assets and Lease Liabilities

We are the lessee for three of our properties subject to ground leases and one office lease that we assumed in an acquisition. For leases with a term greater than 12 months under which we are the lessee, we recognize right of use assets and lease liabilities. The values of our right of use assets and related lease liabilities were $3,961 and $4,058, respectively, as of June 30, 2025, and $4,193 and $4,288, respectively, as of December 31, 2024. Our right of use assets and related lease liabilities are included in other assets, net and accounts payable and other liabilities, respectively, in our condensed consolidated balance sheets.

Geographic Concentration

We define annualized rental revenues as the annualized contractual base rents from our tenants pursuant to our lease agreements as of the measurement date, including straight line rent adjustments and estimated recurring expense reimbursements to be paid to us, and excluding amortization of deferred leasing costs.

Our Hawaii Properties represented 27.7% and 27.6% of our annualized rental revenues as of June 30, 2025 and 2024, respectively.

Tenant Concentration

FedEx Corporation and its subsidiaries, or FedEx, and Amazon.com Services, Inc. and its subsidiaries, or Amazon, represented 28.8% and 6.7% of our annualized rental revenues as of June 30, 2025, respectively, and 29.0% and 6.8% as of June 30, 2024, respectively.

Note 5. Indebtedness

Our outstanding indebtedness as of June 30, 2025 and December 31, 2024 is summarized below:

Entity	Number of Properties Secured By	Principal Balance	Interest Rate [1]	Type	Maturity	Carrying Value of Collateral
As of June 30, 2025						
ILPT	186	$ 650,000	4.31%	Fixed	02/07/2029	$ 490,115
ILPT	101	1,160,000	6.40%	Fixed	07/09/2030	1,002,066
ILPT	17	700,000	4.42%	Fixed	03/09/2032	488,492
Mountain JV	82	1,400,000	5.87%	Floating	03/09/2026	1,775,326
Mountain JV	4	91,000	6.25%	Fixed	06/10/2030	175,718
Mountain JV	1	9,321	3.67%	Fixed	05/01/2031	28,582
Mountain JV	1	10,976	4.14%	Fixed	07/01/2032	41,609
Mountain JV	1	24,952	4.02%	Fixed	10/01/2033	81,268
Mountain JV	1	34,965	4.13%	Fixed	11/01/2033	127,065
Mountain JV	1	21,717	3.10%	Fixed	06/01/2035	44,426
Mountain JV	1	35,247	2.95%	Fixed	01/01/2036	94,927
Mountain JV	1	40,274	4.27%	Fixed	11/01/2037	106,005
Mountain JV	1	45,067	3.25%	Fixed	01/01/2038	108,782
Total / weighted average		4,223,519	5.43%			$ 4,564,381
Unamortized debt issuance costs		(23,205)				
Total indebtedness, net		$ 4,200,314				
As of December 31, 2024						
ILPT	104	$ 1,235,000	6.71%	Floating	10/09/2025	$ 1,017,228
ILPT	186	650,000	4.31%	Fixed	02/07/2029	490,454
ILPT	17	700,000	4.42%	Fixed	03/09/2032	491,143
Mountain JV	82	1,400,000	5.81%	Floating	03/09/2025	1,802,396
Mountain JV	4	91,000	6.25%	Fixed	06/10/2030	178,465
Mountain JV	1	10,020	3.67%	Fixed	05/01/2031	28,363
Mountain JV	1	11,636	4.14%	Fixed	07/01/2032	42,242
Mountain JV	1	26,200	4.02%	Fixed	10/01/2033	82,443
Mountain JV	1	36,684	4.13%	Fixed	11/01/2033	127,960
Mountain JV	1	22,637	3.10%	Fixed	06/01/2035	45,070
Mountain JV	1	36,655	2.95%	Fixed	01/01/2036	96,321
Mountain JV	1	41,491	4.27%	Fixed	11/01/2037	107,606
Mountain JV	1	46,506	3.25%	Fixed	01/01/2038	110,346
Total / weighted average		4,307,829	5.51%			$ 4,620,037
Unamortized debt issuance costs		(7,292)				
Total indebtedness, net		$ 4,300,537				

(1) Interest rates reflect the impact of interest rate caps, if any, and exclude the impact of the amortization of debt issuance costs, premiums and discounts.

In June 2025, we obtained a $1,160,000 fixed rate, interest only mortgage loan secured by 101 of our properties. This mortgage loan matures in July 2030 and requires that interest be paid at an annual rate of 6.40%. Subject to the satisfaction of certain conditions, we have the option to prepay our $1,160,000 mortgage loan in full or in part with a premium prior to January 9, 2030 and at par with no premium on or after January 9, 2030. We used the net proceeds from our $1,160,000 mortgage loan and cash on hand to repay in full our $1,235,000 loan, or the ILPT Floating Rate Loan. The ILPT Floating Rate Loan was secured by 104 of our properties, was scheduled to mature in October 2025 and required that interest be paid at an annual rate of secured overnight financing rate, or SOFR, plus a weighted average premium of 3.93%. At the time of repayment of the ILPT Floating Rate Loan, we believe that we were in compliance with all of the covenants and other terms under the agreement governing such loan. During the three and six months ended June 30, 2025, we recognized a $5,070 loss on extinguishment of debt related to the repayment of the ILPT Floating Rate Loan.

Our consolidated joint venture's $1,400,000 loan, or the Mountain Floating Rate Loan, is secured by 82 properties, matures in March 2026, subject to one remaining one-year extension option, and requires that interest be paid at an annual rate of SOFR plus a premium of 2.77%. In March 2025, our consolidated joint venture exercised the second of its three, one-year extension options for the maturity date of this loan. In connection with the exercise of the extension, our consolidated joint venture purchased a one-year interest rate cap for $15,010 with a SOFR strike rate equal to 3.10%, which replaced the previous interest rate cap with a SOFR strike rate equal to 3.04%. Subject to the satisfaction of certain conditions, our consolidated joint venture has the option to prepay the Mountain Floating Rate Loan in full or in part at any time at par with no premium.

The weighted average interest rates under our floating rate loans for the three and six months ended June 30, 2025 and 2024 were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
ILPT Floating Rate Loan [1]	6.71%	6.18%	6.71%	6.18%
Mountain Floating Rate Loan [2]	5.87%	5.81%	5.84%	5.95%

(1) Reflects the impact of interest rate caps, with a current SOFR strike rate equal to 2.78% which replaced the previous strike rate equal to 2.25% in October 2024. In June 2025, we repaid in full the ILPT Floating Rate Loan using proceeds from our $1,160,000 mortgage loan and cash on hand.
(2) Reflects the impact of interest rate caps, with a current SOFR strike rate equal to 3.10% which replaced the previous strike rate equal to 3.04% in March 2025.

The agreements governing certain of our indebtedness contain customary covenants and provide for acceleration of payment of all amounts due thereunder upon the occurrence and continuation of certain events of default. As of June 30, 2025, we believe that we were in compliance with all of the covenants and other terms under the agreements governing our debt obligations. See Note 10 for further information regarding our interest rate caps.

The required principal payments due during the next five years and thereafter, excluding extension options, under all our outstanding debt as of June 30, 2025 are as follows:

	Principal Payment
2025	$ 9,483
2026	1,419,499
2027	20,224
2028	20,989
2029	671,778
Thereafter	2,081,546
Total	$ 4,223,519

Note 6. Fair Value of Assets and Liabilities

Our financial instruments include cash and cash equivalents, restricted cash and cash equivalents, mortgages notes payable, accounts payable and interest rate caps. We remeasure our interest rate caps at fair value on a quarterly basis. As of June 30, 2025 and December 31, 2024, the fair value of our other financial instruments approximated their carrying values in our condensed consolidated financial statements due to their short term nature or floating interest rates, except for our fixed rate mortgage notes payable.

Our fixed rate mortgage notes payable had an aggregate carrying value of $2,800,439 and $1,665,649 as of June 30, 2025 and December 31, 2024, respectively, and a fair value of $2,711,609 and $1,535,640 as of June 30, 2025 and December 31, 2024, respectively. We estimate the fair value of our fixed rate mortgage notes payable using significant unobservable inputs, including discounted cash flow analyses and prevailing market interest rates.

The table below presents certain of our assets measured on a recurring basis at fair value as of June 30, 2025 and December 31, 2024, categorized by the level of inputs, as defined in the fair value hierarchy under GAAP, used in the valuation of each asset:

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
As of June 30, 2025				
Investment in unconsolidated joint venture	$ 117,854	$ —	$ —	$ 117,854
Interest rate caps	$ 14,450	$ —	$ 14,450	$ —
As of December 31, 2024				
Investment in unconsolidated joint venture	$ 116,732	$ —	$ —	$ 116,732
Interest rate caps	$ 16,916	$ —	$ 16,916	$ —

The fair value of our investment in the unconsolidated joint venture is determined by applying our ownership percentage to the net asset value of the entity. The net asset value of the unconsolidated joint venture uses similar estimation techniques as those used for consolidated real estate properties, including discounting expected future cash flows of the underlying real estate investments based on prevailing market rents over a holding period and including an exit capitalization rate to determine the final year of cash flows.

The fair values of our interest rate cap derivatives are based on prevailing market prices in secondary markets for similar derivative contracts as of the measurement date.

The discount rates, exit capitalization rates and holding periods used to determine the fair value of our investment in the unconsolidated joint venture are significant unobservable inputs and are shown in the table below:

	Valuation Technique	Discount Rates	Exit Capitalization Rates	Holding Periods
As of June 30, 2025				
Investment in unconsolidated joint venture	Discounted cash flow	6.25% - 8.00%	5.25% - 6.50%	10 - 11 years
As of December 31, 2024				
Investment in unconsolidated joint venture	Discounted cash flow	6.25% - 8.25%	5.25% - 6.50%	10 - 12 years

The table below presents a summary of the changes in fair value for our investment in the unconsolidated joint venture:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Beginning balance	$ 114,700	$ 116,093	$ 116,732	$ 115,360
Equity in earnings of unconsolidated joint venture	4,144	2,348	3,102	4,071
Distributions from unconsolidated joint venture	(990)	(990)	(1,980)	(1,980)
Ending balance	$ 117,854	$ 117,451	$ 117,854	$ 117,451

Note 7. Shareholders' Equity

Common Share Awards

On May 28, 2025, in accordance with our Trustee compensation arrangements, we awarded to each of our seven Trustees 28,875 of our common shares, valued at $3.29 per share, the closing price of our common shares on The Nasdaq Stock Market LLC, or Nasdaq, on that day.

Common Share Purchases

During the three and six months ended June 30, 2025, we purchased an aggregate of 9,095 and 9,699 of our common shares, respectively, valued at a weighted average price of $3.17 and $3.20 per common share, respectively, from a former officer of ours and certain other former officers and employees of The RMR Group LLC, or RMR, in satisfaction of tax withholding and payment obligations in connection with the vesting of prior awards of our common shares. We withheld and purchased these common shares at their fair market values based upon the trading prices of our common shares at the close of trading on Nasdaq on the applicable purchase dates.

Distributions

During the six months ended June 30, 2025, we declared and paid a regular quarterly distribution to common shareholders as follows:

Declaration Date	Record Date	Payment Date	Distribution Per Share	Total Distribution
January 16, 2025	January 27, 2025	February 20, 2025	$ 0.01	$ 661
April 10, 2025	April 22, 2025	May 15, 2025	0.01	662
			$ 0.02	$ 1,323

On July 10, 2025, we declared a regular quarterly distribution to common shareholders of record on July 21, 2025 of $0.05 per share, or approximately $3,317. We expect to pay this distribution on or about August 14, 2025 using cash on hand.

Note 8. Business and Property Management Agreements with RMR

We have no employees. The personnel and various services we require to operate our business are provided to us by RMR. We have two agreements with RMR to provide management services to us: (1) a business management agreement, which relates to our business generally; and (2) a property management agreement, which relates to our property level operations.

Business Management Agreement. Pursuant to our business management agreement and in accordance with GAAP, we accrued estimated incentive management fees during the three and six months ended June 30, 2025. The actual amount of incentive management fees incurred for 2025, if any, will be based on our common share total return, as defined in our business management agreement, for the three year period ending December 31, 2025, and will be payable to RMR in January 2026. We did not incur any incentive management fees for the year ended December 31, 2024.

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Property Management Agreement. We are generally responsible for all of our operating expenses, including certain expenses incurred or arranged by RMR on our behalf. We are generally not responsible for payment of RMR's employment, office or administrative expenses incurred to provide management services to us, except for the 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. Our property level operating expenses are generally incorporated into rents charged to our tenants, including certain payroll and related costs incurred by RMR which are included in other operating expenses and general and administrative expenses, as applicable, in our condensed consolidated statements of comprehensive income (loss).

For the three and six months ended June 30, 2025 and 2024, the business management fees, incentive management fees, property management fees, construction supervision fees and expense reimbursements recognized in our condensed consolidated financial statements were as follows:

	Financial Statement Line Item	Three Months Ended June 30,		Six Months Ended June 30,	
		2025	2024	2025	2024
Pursuant to business management agreement:					
Business management fees	General and administrative expenses	$ 5,754	$ 5,809	$ 11,489	$ 11,639
Incentive management fees	General and administrative expenses	1,311	—	2,278	—
Total		$ 7,065	$ 5,809	$ 13,767	$ 11,639
Pursuant to property management agreement:					
Property management fees	Other operating expenses	$ 3,238	$ 3,116	$ 6,505	$ 6,446
Construction supervision fees	Buildings and improvements [1]	87	115	117	188
Total		$ 3,325	$ 3,231	$ 6,622	$ 6,634
Expense reimbursement:					
Other expenses	General and administrative expenses	$ 51	$ 82	$ 101	$ 164
Property level expenses	Other operating expenses	1,736	1,565	3,306	3,170
Total		$ 1,787	$ 1,647	$ 3,407	$ 3,334

(1) Amounts capitalized as buildings and improvements are depreciated over the estimated useful lives of the related assets.

In January 2025, in connection with a $100,000 credit agreement and related security agreement entered into by RMR and certain of its subsidiaries with Citibank, N.A., or Citibank, and the other lenders party thereto, we consented to the pledge and assignment of RMR's interest in our management agreements under the security agreement. Pursuant to the consent, we agreed, among other things, that upon notice that an event of default under the RMR credit agreement has occurred and is continuing, we will continue to make all payments under our management agreements in accordance with the instructions of Citibank, and that if there is an event of default by RMR under our management agreements that would allow us to terminate or suspend our obligations, we will not terminate or suspend without notice to Citibank and provide Citibank 30 days to cure the default on RMR's behalf. The consent was approved by our Independent Trustees.

Management Agreements Between Our Joint Ventures and RMR. We have two separate joint venture arrangements, our consolidated joint venture and the unconsolidated joint venture. RMR provides management services to both of these joint ventures. We are not obligated to pay management fees to RMR under our management agreements with RMR for the services it provides to the unconsolidated joint venture. We are obligated to pay management fees to RMR under our management agreements with RMR for the services it provides to our consolidated joint venture; however, our consolidated joint venture pays management fees directly to RMR, and any such fees paid by our consolidated joint venture are credited against the fees payable by us to RMR.

See Note 9 for further information regarding our relationships, agreements and transactions with RMR.

Note 9. Related Person Transactions

We have relationships and historical and continuing transactions with RMR, The RMR Group Inc., or RMR Inc., and others related to them, including other companies to which RMR or its subsidiaries provide management services and some of which have trustees, directors or officers who are also our Trustees or officers. RMR is a majority owned subsidiary of RMR Inc. The Chair of our Board of Trustees and one of our Managing Trustees, Adam 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. Matthew P. Jordan, our other Managing Trustee, is an executive vice president and the chief financial officer and treasurer of RMR Inc., an officer and employee of RMR and an officer of ABP Trust. Each of our officers is also an officer and employee of RMR. Some of our Independent Trustees also serve as independent trustees of other public companies to which RMR or its subsidiaries provide management services. Mr. Portnoy serves as chair of the boards and as a managing trustee of these public companies. Yael Duffy, our President and Chief Operating Officer, is also the president and chief operating officer of Office Properties Income Trust, one of the other public companies managed by RMR. Other officers of RMR, including Mr. Jordan, serve as managing trustees or officers of certain of these public companies.

Our Manager, RMR. We have two agreements with RMR to provide management services to us. See Note 8 for further information regarding our management agreements with RMR.

Joint Ventures. We have two separate joint venture arrangements. RMR provides management services to each of these joint ventures. See Note 3 for further information regarding our joint ventures.

For further information about these and other such relationships and certain other related person transactions, see our 2024 Annual Report.

Note 10. Derivatives and Hedging Activities

We are exposed to certain risks relating to our ongoing business operations, including the impact of changes in interest rates. The only risk currently managed by us using derivative instruments is our interest rate risk. As required under the loan agreement, we have an interest rate cap agreement to manage our interest rate risk exposure on the Mountain Floating Rate Loan, with interest payable at a rate equal to SOFR plus a premium. Additionally, we maintain another interest rate cap that has been designated as a standalone derivative instrument. The use of derivative financial instruments carries certain risks, including the risk that the counterparties to these contractual arrangements are not able to perform under the agreements. To mitigate this risk, we only enter into derivative financial instruments with counterparties with high credit ratings and with major financial institutions with which we or our related parties may also have other financial relationships. We do not anticipate that any of the counterparties will fail to meet their obligations.

Our interest rate cap agreement for the Mountain Floating Rate Loan is designated as a cash flow hedge of interest rate risk and is measured on a recurring basis at fair value.

Interest rate caps designated as cash flow hedges involve the receipt of variable amounts from a counterparty if interest rates rise above the strike rate on the contract in exchange for an up-front premium. For derivatives designated and qualifying as cash flow hedges of interest rate risk, the gain or loss on the derivative is recorded in cumulative other comprehensive loss and subsequently reclassified into interest expense in the same period during which the hedged transaction affects earnings. Gains and losses on the derivative representing hedge components excluded from the assessment of effectiveness are recognized over the life of the hedge on a systematic and rational basis, as documented at hedge inception in accordance with our accounting policy election. The earnings recognition of excluded components is presented in interest expense. Amounts reported in cumulative other comprehensive loss related to derivatives will be reclassified to interest expense as interest payments are made on our applicable debt.

On June 26, 2025, we obtained a $1,160,000 mortgage loan and used the net proceeds from such loan and cash on hand to repay in full the ILPT Floating Rate Loan. As of June 26, 2025, we discontinued hedge accounting for the derivative associated with this underlying instrument, which was previously designated as a cash flow hedge of variable interest payments on our ILPT Floating Rate Loan. As a result of the discontinuation of hedge accounting, the derivative is now accounted for as a standalone instrument, and all subsequent changes in the fair value and proceeds from settlements of the interest rate cap will be recognized in interest and other income in our condensed consolidated statements of comprehensive income (loss).

The following table summarizes the terms of our outstanding interest rate cap agreements as of June 30, 2025 and December 31, 2024:

Balance Sheet Line Item	Underlying Instrument	Maturity Date	Strike Rate	Notional Amount	Fair Value at June 30, 2025	Fair Value at December 31, 2024
Other assets, net	ILPT Floating Rate Loan	10/15/2025	2.78%	$ 1,235,000	$ 5,365	$ 13,302
Other assets, net	Mountain Floating Rate Loan	03/15/2025	3.04%	$ 1,400,000	—	3,614
Other assets, net	Mountain Floating Rate Loan	03/15/2026	3.10%	$ 1,400,000	9,085	—
Total					$ 14,450	$ 16,916

The following table summarizes the activity related to our cash flow hedges within cumulative other comprehensive loss for the periods shown:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Amount of gain recognized on derivatives in other comprehensive loss	$ 2,673	$ 3,926	$ 914	$ 8,600
Amount of gain (loss) reclassified from cumulative other comprehensive loss into interest expense	$ 1,615	$ (5,436)	$ 658	$ (14,956)
Total amount of interest expense presented in the condensed consolidated statements of comprehensive income (loss)	$ (67,914)	$ (73,631)	$ (137,727)	$ (146,861)

See Notes 5 and 6 for further information regarding the debt our interest rate caps are related to and the fair value of our interest rate caps.

Note 11. Segment Reporting

We manage our business on a consolidated basis and therefore have one reportable segment: ownership and leasing of properties that include industrial and logistics buildings and leased industrial lands. The chief operating decision maker, or CODM, is our President and Chief Operating Officer. The CODM assesses performance, allocates resources and makes strategic decisions based on net income (loss) as shown in our condensed consolidated statements of comprehensive income (loss). The CODM is also regularly provided with information on expenses related to our management agreements with RMR, which are detailed in Note 8. The measure of segment assets is reported as total assets in our condensed consolidated balance sheets.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following information should be read in conjunction with our condensed consolidated financial statements and accompanying notes included in Part I, Item 1 of this Quarterly Report on Form 10-Q and with our 2024 Annual Report.

OVERVIEW *(dollars in thousands, except per square foot data)*

We are a real estate investment trust, or REIT, organized under Maryland law. As of June 30, 2025, our portfolio was comprised of 411 properties containing approximately 59,890,000 rentable square feet located in 39 states with 94.3% occupancy, leased to approximately 300 different tenants, including one property classified as held for sale. As of June 30, 2025, we also owned a 22% equity interest in the unconsolidated joint venture.

We believe consumer expectations, growth in the number of households and demand for supply chain resiliency will keep demand for industrial properties strong for the foreseeable future. However, uncertainties surrounding interest rates and inflation globally and in the United States, wars or other global geopolitical hostilities and tensions and the impacts of or changes to tariffs and trade policies, have given rise to economic uncertainty and have caused, and may continue to cause, disruptions in the financial markets. For example, there have been significant changes to U.S. and foreign trade policies, treaties and tariffs, which have led to, and may continue to cause, the disruption of global supply chains, additional or increased tariffs and other import-export barriers, sudden fluctuations in commodity prices and costs, greater political instability and the implementation of sanctions and heightened cybersecurity concerns, any or all of which may create long-term macroeconomic challenges, limit liquidity opportunities or lead to higher costs, for us and our tenants. These conditions, if continued, could adversely affect our financial condition and that of our tenants, could adversely impact the ability or willingness of our tenants to renew our leases or pay rent to us, may restrict our access to, and would likely increase our cost of, capital, may impact our ability to sell properties and may cause the values of our properties and of our common shares or other securities to decline.

Our portfolio as of June 30, 2025 is summarized below (square feet in thousands):

	Ownership Vehicle	Ownership	Number of Properties	Location	Rentable Square Feet	Occupancy	% of Annualized Rental Revenues	Weighted Average Remaining Lease Term [1]
Mainland Properties	ILPT	100%	90	34 states	22,119	95.6%	34.3%	4.9
Hawaii Properties	ILPT	100%	226	Hawaii	16,729	85.8%	27.7%	12.8
Mainland Properties	Mountain JV	61%	94	27 states	20,978	99.8%	37.7%	6.2
Mainland Properties	Tenancy in common	67%	1	New Jersey	64	98.1%	0.3%	4.6
Total / weighted average			411		59,890	94.3%	100.0%	7.6

(1) Based on annualized rental revenues as of June 30, 2025.

Property Operations

Occupancy data for our portfolio as of June 30, 2025 and 2024 were as follows (square feet in thousands):

	All Properties As of June 30,		Comparable Properties [1] as of June 30,	
	2025	2024	2025	2024
Total properties	411	411	410	410
Total rentable square feet [2]	59,890	59,893	59,308	59,312
Percent leased [3]	94.3 %	95.4 %	94.3 %	95.3 %

(1) Consists of properties that we have owned continuously since April 1, 2024 and excludes one property classified as held for sale as of June 30, 2025.
(2) Subject to modest adjustments when space is remeasured or reconfigured for new tenants and when land leases are converted to building leases.
(3) Leased square feet is pursuant to existing leases as of June 30, 2025, and includes space being fitted out for occupancy, if any, and space which is leased but is not occupied, if any.

The average effective rental rates per square foot represents total rental income divided by the average rentable square feet leased during the periods specified for our properties. For the three and six months ended June 30, 2025 and 2024, the average effective rental rates per square foot of our properties were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
All properties	$ 7.94	$ 7.76	$ 7.93	$ 7.67
Comparable properties [1] [2]	$ 7.97	$ 7.79	$ 7.96	$ 7.69

(1) For the three months ended June 30, 2025 and 2024, consists of properties that we have owned continuously since April 1, 2024 and excludes one property classified as held for sale as of June 30, 2025.
(2) For the six months ended June 30, 2025 and 2024, consists of properties that we have owned continuously since January 1, 2024 and excludes one property classified as held for sale as of June 30, 2025.

Mainland Properties. We generally will seek to renew or extend the terms of leases for our Mainland Properties as their expirations approach. A majority of the leases for our Mainland Properties include periodic set dollar amount or percentage increases that increase the cash rent payable to us. Due to the capital that many of the tenants in our Mainland Properties have invested in these properties and because many of these properties appear to be of strategic importance to the tenants' businesses, we believe that it is likely that these tenants will renew or extend their leases prior to their expirations. If we are unable to extend or renew our leases, it may be time consuming and expensive to relet some of these properties and the terms of any new leases we enter into may be less favorable to us than the terms of our existing leases for those properties.

Hawaii Properties. Revenues from our Hawaii Properties have generally increased as rents under the leases for those properties have been reset or renewed. Lease renewals, lease extensions, new leases and rental rates for our Hawaii Properties in the future will depend on prevailing market conditions when these lease renewals, lease extensions, new leases and rental rates are set. As rent reset dates or lease expirations approach at our Hawaii Properties, we generally negotiate with existing or new tenants for new lease terms. If we are unable to reach an agreement with a tenant on a rent reset, our Hawaii Properties' leases typically provide that rent is reset based on an appraisal process. Due to the limited availability of land suitable for industrial uses that might compete with our Hawaii Properties, we believe that our Hawaii Properties offer the potential for future rent growth as a result of periodic rent resets, lease extensions and new leasing. Certain of our Hawaii Properties are lands leased for rents that periodically reset based on fair market values, generally every 10 years.

During the three and six months ended June 30, 2025, we entered into new and renewal leases as summarized in the following table, excluding the impact of rent resets (square feet in thousands):

	Three Months Ended June 30, 2025		
	New Leases	Renewals	Totals
Square feet leased during the period	44	127	171
Weighted average rental rate change (by rentable square feet)	83.4 %	16.4 %	21.1 %
Weighted average lease term by square feet (years)	5.0	5.5	5.4
Total leasing costs and concession commitments [1]	$ 9	$ 54	$ 63
Total leasing costs and concession commitments per square foot [1]	$ 0.21	$ 0.42	$ 0.37
Total leasing costs and concession commitments per square foot per year [1]	$ 0.04	$ 0.08	$ 0.07

	Six Months Ended June 30, 2025		
	New Leases	Renewals	Totals
Square feet leased during the period	481	1,865	2,346
Weighted average rental rate change (by rentable square feet)	24.3 %	17.5 %	18.7 %
Weighted average lease term by square feet (years)	5.7	6.2	6.1
Total leasing costs and concession commitments [1]	$ 2,859	$ 3,676	$ 6,535
Total leasing costs and concession commitments per square foot [1]	$ 5.95	$ 1.97	$ 2.79
Total leasing costs and concession commitments per square foot per year [1]	$ 1.04	$ 0.32	$ 0.46

(1) Includes commitments made for leasing expenditures and concessions, such as leasing commissions, tenant improvements or other tenant inducements.

During the six months ended June 30, 2025, we completed rent resets for approximately 144,000 square feet of land at our Hawaii Properties at rental rates that were 34.6% higher than prior rental rates.

The following table provides the annualized rental revenues scheduled to reset at our Hawaii Properties as of June 30, 2025:

	Annualized Rental Revenues Scheduled to Reset
2025	$ 596
2026	1,316
2027	805
2028	—
2029	8,536
Thereafter	11,595
Total	$ 22,848

As of June 30, 2025, our remaining lease expirations by year were as follows (square feet in thousands):

Year	No. of Leases	Leased Square Feet Expiring (1)	% of Total Leased Square Feet Expiring (1)	Cumulative % of Total Leased Square Feet Expiring (1)	Annualized Rental Revenues Expiring	% of Total Annualized Rental Revenues Expiring	Cumulative % of Total Annualized Rental Revenues Expiring
2025	9	825	1.5 %	1.5 %	$ 3,012	0.7 %	0.7 %
2026	30	3,142	5.6 %	7.1 %	19,548	4.4 %	5.1 %
2027	44	8,312	14.7 %	21.8 %	51,977	11.7 %	16.8 %
2028	44	6,239	11.0 %	32.8 %	47,716	10.8 %	27.6 %
2029	38	6,903	12.2 %	45.0 %	45,344	10.2 %	37.8 %
Thereafter	220	31,084	55.0 %	100.0 %	276,121	62.2 %	100.0 %
Total	385	56,505	100.0 %		$ 443,718	100.0 %	
Weighted average remaining lease term (in years)		6.8			7.6		

(1) Leased square feet is pursuant to existing leases as of June 30, 2025, and includes space being fitted out for occupancy, if any, and space which is leased but is not occupied, if any.

As of June 30, 2025, FedEx and Amazon leased 22.6% and 8.1% of our total leased square feet, respectively, and represented 28.8% and 6.7% of our total annualized rental revenues, respectively.

As of June 30, 2025, $10,079, or 2.3%, of our annualized rental revenues was included in leases scheduled to expire by June 30, 2026 and 5.7% of our rentable square feet was vacant. Rental rates for which available space may be leased in the future will depend on prevailing market conditions when lease extensions, lease renewals or new leases are negotiated. Whenever we extend, renew or enter new leases for our properties, we intend to seek rents that are equal to or higher than our historical rents for the same properties. Despite our prior experience with rent resets, lease extensions and new leases in Hawaii, our ability to increase rents when rents reset, leases are extended or leases expire depends upon market conditions, which are beyond our control. Accordingly, we cannot be sure that the historical increases achieved at our Hawaii Properties will continue in the future.

Tenant Review Process. Our manager, RMR, conducts a tenant review process for us. RMR assesses tenants on an individual basis based on various applicable credit criteria. Depending on facts and circumstances, RMR evaluates the creditworthiness of a tenant based on information that is provided by the tenant and, in some cases, information that is publicly available or obtained from third party sources. RMR also may use a third party service to monitor the credit ratings of debt securities of our existing tenants whose debt securities are rated by a nationally recognized credit rating agency.

In October 2024, OldCo Tire Distributors, Inc., formerly known as American Tire Distributors, Inc., or ATD, filed for Chapter 11 bankruptcy. Under ATD's bankruptcy plan, which became effective on May 20, 2025, ATD will not vacate or modify the terms of any of its existing leases with us. As of June 30, 2025, ATD represented 1.7% of our total annualized rental revenues and had no outstanding lease obligations due to us.

RESULTS OF OPERATIONS

Three Months Ended June 30, 2025 Compared to Three Months Ended June 30, 2024 (dollars and share amounts in thousands, except per share data)

	Comparable [1] Properties Results Three Months Ended June 30,				Non-Comparable Properties Results Three Months Ended June 30,			Consolidated Properties Results Three Months Ended June 30,			
	2025	2024	$ Change	% Change	2025	2024	$ Change	2025	2024	$ Change	% Change
Rental income	$ 111,343	$ 109,864	$ 1,479	1.3%	$ 754	$ 757	$ (3)	$ 112,097	$ 110,621	$ 1,476	1.3%
Operating expenses:											
Real estate taxes	15,646	15,124	522	3.5%	16	25	(9)	15,662	15,149	513	3.4%
Other operating expenses	8,804	9,133	(329)	(3.6)%	74	74	—	8,878	9,207	(329)	(3.6)%
Total operating expenses	24,450	24,257	193	0.8%	90	99	(9)	24,540	24,356	184	0.8%
Net operating income [2]	$ 86,893	$ 85,607	$ 1,286	1.5%	$ 664	$ 658	$ 6	87,557	86,265	1,292	1.5%
Other expenses:											
Depreciation and amortization								41,443	43,421	(1,978)	(4.6)%
General and administrative								9,662	7,939	1,723	21.7%
Total other expenses								51,105	51,360	(255)	(0.5)%
Interest and other income								2,024	2,935	(911)	(31.0)%
Interest expense								(67,914)	(73,631)	5,717	(7.8)%
Loss on extinguishment of debt								(5,070)	—	(5,070)	n/m
Loss before income taxes and equity in earnings of unconsolidated joint venture								(34,508)	(35,791)	1,283	3.6%
Income tax expense								(30)	(36)	6	(16.7)%
Equity in earnings of unconsolidated joint venture								4,144	2,348	1,796	76.5%
Net loss								(30,394)	(33,479)	3,085	9.2%
Net loss attributable to noncontrolling interest								9,084	10,304	(1,220)	(11.8)%
Net loss attributable to common shareholders								$ (21,310)	$ (23,175)	$ 1,865	8.0%
Weighted average common shares outstanding (basic and diluted)								65,927	65,626	301	0.5%
Net loss per share attributable to common shareholders (basic and diluted)								$ (0.32)	$ (0.35)	$ 0.03	8.6%

n/m - not meaningful

(1) Consists of properties that we have owned continuously since April 1, 2024 and excludes one property classified as held for sale as of June 30, 2025.
(2) See our definition of net operating income, or NOI, and our reconciliation of net loss to NOI below under the heading "Non-GAAP Financial Measures".

References to changes in the income and expense categories below relate to the comparison of results for the three months ended June 30, 2025 compared to the three months ended June 30, 2024.

Rental income. Rental income increased primarily due to increases from our net leasing activity and rent resets, partially offset by vacancies at certain of our properties.

Real estate taxes. Real estate taxes increased primarily due to higher assessed values at certain of our properties.

Other operating expenses. The decrease in other operating expenses is primarily due to decreases in professional fees and insurance expenses, partially offset by increases in payroll costs reimbursable to RMR.

Depreciation and amortization. The decrease in depreciation and amortization primarily reflects the impact of certain acquired real estate leases fully amortizing since July 1, 2024, partially offset by increased depreciation related to improvements made to certain of our properties since July 1, 2024.

General and administrative. The increase in general and administrative expenses is primarily due to an increase in accrued incentive management fees of $1,311 and increases in legal fees during the three months ended June 30, 2025.

Interest and other income. The decrease in interest and other income is primarily due to lower interest rates and average cash balances during the 2025 period as compared to the 2024 period.

Interest expense. The decrease in interest expense is primarily due to decreased amortization of debt issuance and interest rate cap costs related to our floating rate loans, partially offset by higher average strike rates on our interest rate caps designated as cash flow hedges compared to the 2024 period.

Loss on extinguishment of debt. During the three months ended June 30, 2025, we recognized a loss on extinguishment of debt in connection with the repayment of the ILPT Floating Rate Loan.

Income tax expense. Income tax expense reflects state income taxes payable in certain jurisdictions.

Equity in earnings of unconsolidated joint venture. Equity in earnings of unconsolidated joint venture represents the change in the fair value of our investment in the unconsolidated joint venture.

Six Months Ended June 30, 2025 Compared to Six Months Ended June 30, 2024 (dollars and share amounts in thousands, except per share data)

	Comparable [1] Properties Results Six Months Ended June 30,				Non-Comparable Properties Results Six Months Ended June 30,			Consolidated Properties Results Six Months Ended June 30,			
	2025	2024	$ Change	% Change	2025	2024	$ Change	2025	2024	$ Change	% Change
Rental income	$ 222,485	$ 221,314	$ 1,171	0.5%	$ 1,517	$ 1,542	$ (25)	$ 224,002	$ 222,856	$ 1,146	0.5%
Operating expenses:											
Real estate taxes	29,774	30,962	(1,188)	(3.8)%	42	48	(6)	29,816	31,010	(1,194)	(3.9)%
Other operating expenses	18,958	19,326	(368)	(1.9)%	169	203	(34)	19,127	19,529	(402)	(2.1)%
Total operating expenses	48,732	50,288	(1,556)	(3.1)%	211	251	(40)	48,943	50,539	(1,596)	(3.2)%
Net operating income [2]	$ 173,753	$ 171,026	$ 2,727	1.6%	$ 1,306	$ 1,291	$ 15	175,059	172,317	2,742	1.6%
Other expenses:											
Depreciation and amortization								82,961	86,998	(4,037)	(4.6)%
General and administrative								17,900	15,628	2,272	14.5%
Total other expenses								100,861	102,626	(1,765)	(1.7)%
Interest and other income								3,992	5,787	(1,795)	(31.0)%
Interest expense								(137,727)	(146,861)	9,134	(6.2)%
Loss on extinguishment of debt								(5,070)	—	(5,070)	n/m
Loss before income taxes and equity in earnings of unconsolidated joint venture								(64,607)	(71,383)	6,776	(9.5)%
Income tax expense								(58)	(69)	11	(15.9)%
Equity in earnings of unconsolidated joint venture								3,102	4,071	(969)	(23.8)%
Net loss								(61,563)	(67,381)	5,818	(8.6)%
Net loss attributable to noncontrolling interest								18,721	20,803	(2,082)	(10.0)%
Net loss attributable to common shareholders								$ (42,842)	$ (46,578)	$ 3,736	(8.0)%
Weighted average common shares outstanding (basic and diluted)								65,881	65,591	290	0.4%
Net loss per share attributable to common shareholders (basic and diluted)								$ (0.65)	$ (0.71)	$ 0.06	(8.5)%

n/m - not meaningful

(1) Consists of properties that we have owned continuously since January 1, 2024 and excludes one property classified as held for sale as of June 30, 2025.
(2) See our definition of NOI and our reconciliation of net loss to NOI below under the heading "Non-GAAP Financial Measures".

References to changes in the income and expense categories below relate to the comparison of results for the six months ended June 30, 2025 compared to the six months ended June 30, 2024.

Rental income. Rental income increased primarily due to increases from our net leasing activity and rent resets, partially offset by vacancies at certain of our properties.

Real estate taxes. Real estate taxes decreased primarily due to a lowered assessed value as a result of a successful real estate tax appeal at one of our Mainland Properties.

Other operating expenses. The decrease in other operating expenses is primarily due to decreases in insurance expenses and professional fees, partially offset by increases in snow removal and electricity expenses at certain of our properties.

Depreciation and amortization. The decrease in depreciation and amortization primarily reflects the impact of certain acquired real estate leases fully amortizing since July 1, 2024, partially offset by increased depreciation related to improvements made to certain of our properties since July 1, 2024.

General and administrative. The increase in general and administrative expenses is primarily due to an increase in accrued incentive management fees of $2,278 during the six months ended June 30, 2025.

Interest and other income. The decrease in interest and other income is primarily due to lower interest rates and average cash balances during the 2025 period as compared to the 2024 period.

Interest expense. The decrease in interest expense is primarily due to decreased amortization of debt issuance and interest rate cap costs related to our floating rate loans, partially offset by higher average strike rates on our interest rate caps designated as cash flow hedges compared to the 2024 period.

Loss on extinguishment of debt. During the six months ended June 30, 2025, we recognized a loss on extinguishment of debt in connection with the repayment of the ILPT Floating Rate Loan.

Income tax expense. Income tax expense reflects state income taxes payable in certain jurisdictions.

Equity in earnings of unconsolidated joint venture. Equity in earnings of unconsolidated joint venture represents the change in the fair value of our investment in the unconsolidated joint venture.

Non-GAAP Financial Measures ***(dollars in thousands, except per share data)***

We present certain "non-GAAP financial measures" within the meaning of the applicable rules of the Securities and Exchange Commission, or the SEC, including NOI, funds from operations, or FFO, attributable to common shareholders and normalized funds from operations, or Normalized FFO, attributable to common shareholders. These measures do not represent cash generated by operating activities in accordance with GAAP and should not be considered as alternatives to net loss or net loss attributable to common shareholders, as indicators of our operating performance or as measures of our liquidity. These measures should be considered in conjunction with net loss and net loss attributable to common shareholders as presented in our condensed consolidated statements of comprehensive income (loss). We consider these non-GAAP measures to be appropriate supplemental measures of operating performance for a REIT, along with net loss and net loss attributable to common shareholders. We believe these measures provide useful information to investors because by excluding the effects of certain historical amounts, such as depreciation and amortization expense, they may facilitate a comparison of our operating performance between periods and with other REITs and, in the case of NOI, reflecting only those income and expense items that are generated and incurred at the property level may help both investors and management to understand the operations of our properties.

Net Operating Income

We calculate NOI as shown below. We define NOI as income from our rental of real estate less our property operating expenses. The calculation of NOI excludes certain components of net loss in order to provide results that are more closely related to our property level results of operations. NOI excludes depreciation and amortization. We use NOI to evaluate individual and company-wide property level performance. Other real estate companies and REITs may calculate NOI differently than we do.

The following table presents the reconciliation of net loss to NOI for the three and six months ended June 30, 2025 and 2024:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Net loss	$ (30,394)	$ (33,479)	$ (61,563)	$ (67,381)
Equity in earnings of unconsolidated joint venture	(4,144)	(2,348)	(3,102)	(4,071)
Income tax expense	30	36	58	69
Loss before income taxes and equity in earnings of unconsolidated joint venture	(34,508)	(35,791)	(64,607)	(71,383)
Loss on extinguishment of debt	5,070	—	5,070	—
Interest expense	67,914	73,631	137,727	146,861
Interest and other income	(2,024)	(2,935)	(3,992)	(5,787)
General and administrative	9,662	7,939	17,900	15,628
Depreciation and amortization	41,443	43,421	82,961	86,998
NOI	$ 87,557	$ 86,265	$ 175,059	$ 172,317

Funds From Operations Attributable to Common Shareholders and Normalized Funds From Operations Attributable to Common Shareholders

We calculate FFO attributable to common shareholders and Normalized FFO attributable to common shareholders as shown below. FFO attributable to common shareholders is calculated on the basis defined by The National Association of Real Estate Investment Trusts, which is: (1) net loss attributable to common shareholders calculated in accordance with GAAP, excluding (i) any recovery or loss on impairment of real estate, (ii) any gain or loss on sale of real estate and (iii) equity in earnings or losses of unconsolidated joint venture; (2) plus (i) real estate depreciation and amortization and (ii) our proportionate share of FFO from unconsolidated joint venture properties; (3) minus FFO adjustments attributable to noncontrolling interest; and (4) certain other adjustments currently not applicable to us. In calculating Normalized FFO attributable to common shareholders, we adjust for certain nonrecurring items shown below, including adjustments for such items related to the unconsolidated joint venture, if any, loss on extinguishment of debt, if any, and incentive management fees, if any.

FFO attributable to common shareholders and Normalized FFO attributable to common shareholders are among the factors considered by our Board of Trustees when determining the amount of distributions to our shareholders. Other factors include, but are not limited to, 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 the agreements governing our debt, 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, and our dividend yield compared to the dividend yields of other REITs and our expectation of future capital requirements and operating performance. Other real estate companies and REITs may calculate FFO attributable to common shareholders and Normalized FFO attributable to common shareholders differently than we do.

The following table presents our calculation of FFO attributable to common shareholders and Normalized FFO attributable to common shareholders and reconciliations of net loss attributable to common shareholders to FFO attributable to common shareholders and Normalized FFO attributable to common shareholders for the three and six months ended June 30, 2025 and 2024:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Net loss attributable to common shareholders	$ (21,310)	$ (23,175)	$ (42,842)	$ (46,578)
Equity in earnings of unconsolidated joint venture	(4,144)	(2,348)	(3,102)	(4,071)
Depreciation and amortization	41,443	43,421	82,961	86,998
Share of FFO from unconsolidated joint venture	1,475	1,484	2,980	2,943
FFO adjustments attributable to noncontrolling interest	(10,037)	(10,417)	(20,047)	(20,877)
FFO attributable to common shareholders	7,427	8,965	19,950	18,415
Incentive management fees [1]	1,311	—	2,278	—
Loss on extinguishment of debt	5,070	—	5,070	—
Normalized FFO attributable to common shareholders	$ 13,808	$ 8,965	$ 27,298	$ 18,415
Weighted average common shares outstanding (basic and diluted)	65,927	65,626	65,881	65,591
Per common share data (basic and diluted):				
Net loss attributable to common shareholders	$ (0.32)	$ (0.35)	$ (0.65)	$ (0.71)
FFO attributable to common shareholders	$ 0.11	$ 0.14	$ 0.30	$ 0.28
Normalized FFO attributable to common shareholders	$ 0.21	$ 0.14	$ 0.41	$ 0.28

(1) Incentive management fees are estimated and accrued during the applicable measurement period. Actual incentive management fees will be calculated based on common share total return, as defined in our business management agreement, for the three year period ending December 31 of the applicable calendar year, are included in general and administrative expenses in our condensed consolidated statements of comprehensive income (loss) and will be payable to RMR in January of the following calendar year.

LIQUIDITY AND CAPITAL RESOURCES ***(dollars in thousands, except per share and per square foot data)***

Our principal sources of funds to meet our operating and capital obligations, pay our debt service obligations and make distributions to our shareholders are rents from tenants at our properties. As of June 30, 2025, investment grade rated tenants, subsidiaries of investment grade rated parent entities or our Hawaii land leases represented 76.2% of our annualized rental revenues and only 2.3% of our annualized rental revenues were from leases expiring over the next 12 months. We believe that these sources of funds will be sufficient to meet our operating and capital obligations, pay our debt service obligations and make distributions to our shareholders for the next 12 months and for the foreseeable future thereafter.

The following is a summary of our sources and uses of cash flows for the periods presented, as reflected in our condensed consolidated statements of cash flows:

	Six Months Ended June 30,	
	2025	2024
Cash and cash equivalents and restricted cash and cash equivalents at beginning of period	$ 242,480	$ 245,723
Net cash provided by (used in):		
Operating activities	29,780	18,839
Investing activities	(5,767)	4,648
Financing activities	(107,428)	(10,641)
Total	(83,415)	12,846
Cash and cash equivalents and restricted cash and cash equivalents at end of period	$ 159,065	$ 258,569

The increase in net cash provided by operating activities for the six months ended June 30, 2025 compared to the 2024 period is primarily due to lower cash interest expense, excluding the impact of settlement of our interest rate caps. The change in net cash (used in) provided by investing activities for the six months ended June 30, 2025 compared to the 2024 period is primarily due to a decrease in proceeds from settlement of interest rate caps and an increase in real estate improvements, partially offset by reduced interest rate cap purchase costs. The change in net cash used in financing activities for the six months ended June 30, 2025 compared to the 2024 period is primarily due to the repayment of the ILPT Floating Rate Loan, partially offset by the net proceeds received from our $1,160,000 mortgage loan.

Our Operating Liquidity and Resources

Our future cash flows from operating activities will depend primarily upon our ability to:

- collect rents from our tenants when due;
- maintain the occupancy of, and maintain or increase the rental rates at, our properties; and
- control our operating cost increases, including interest and other financing costs.

Our Investing and Financing Liquidity and Resources

As of June 30, 2025, we had cash and cash equivalents, excluding restricted cash and cash equivalents, of $58,559. To maintain our qualification for taxation as a REIT under the Internal Revenue Code of 1986, as amended, we generally are required to distribute at least 90% of our REIT taxable income annually, subject to specified adjustments and excluding any net capital gain. This distribution requirement limits our ability to retain earnings and thereby provide capital for our operations or acquisitions. We may use our cash and cash equivalents on hand, the cash flow from our operations, net proceeds from any sales of assets and net proceeds of any offerings of equity or debt securities to fund our distributions to our shareholders.

As our debt approaches maturity or we desire to reduce our leverage or refinance debt, we may explore refinancing alternatives, property sales or sales of equity interests in joint ventures. Such alternatives may include incurring term debt, obtaining financing secured by mortgages on properties we own, issuing new equity or debt securities, obtaining a revolving credit facility, participating or selling equity interests in joint ventures or selling properties. We may also assume mortgage loans or incur debt in connection with future acquisitions, developments and redevelopments. Although we cannot be sure that we will be successful in completing any particular type of financing, we believe that we will have access to financing, such as debt or equity offerings, to fund capital expenditures, future acquisitions, development, redevelopment and other activities and to pay our obligations.

Disposition Activities

As of June 30, 2025, one mainland property, located in Groveport, OH and containing approximately 581,000 rentable square feet, met the held for sale criteria and was classified as held for sale in our condensed consolidated balance sheets.

Capital Expenditures

During the three and six months ended June 30, 2025 and 2024, amounts capitalized at our properties for tenant improvements, leasing costs and building improvements were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Tenant improvements [1]	$ 2,393	$ 142	$ 2,396	$ 586
Leasing costs [1]	300	184	3,522	2,311
Building improvements [2]	2,458	2,506	3,192	3,308
Total capital expenditures	$ 5,151	$ 2,832	$ 9,110	$ 6,205

(1) Includes capital expenditures used to improve tenants' space or amounts paid directly to tenants to improve their space and leasing related costs, such as brokerage commissions and tenant inducements.
(2) Includes expenditures to replace obsolete building components and expenditures that extend the useful life of existing assets.

As of June 30, 2025, committed, but unspent, tenant related obligations based on existing leases were $4,819, all of which are expected to be spent during the next 12 months.

Joint Ventures

We own a 61% equity interest in our consolidated joint venture. We control this consolidated joint venture and therefore account for the properties owned by this joint venture on a consolidated basis in our condensed consolidated financial statements. We also own a 22% equity interest in the unconsolidated joint venture. We account for the unconsolidated joint venture using the equity method of accounting under the fair value option. The unconsolidated joint venture made aggregate cash distributions to us of $990 for each of the three months ended June 30, 2025 and 2024, and $1,980 for each of the six months ended June 30, 2025 and 2024, respectively.

For further information regarding our consolidated joint venture and the unconsolidated joint venture, see Note 3 to our condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Indebtedness

As of June 30, 2025, we had an aggregate principal amount of $4,223,519 of indebtedness, primarily including (1) our $1,160,000 mortgage loan, (2) the Mountain Floating Rate Loan, (3) our $700,000 mortgage loan and (4) our $650,000 mortgage loan, with maturity dates after giving effect to potential exercises of all extension options between 2027 and 2038.

In June 2025, we obtained a $1,160,000 fixed rate, interest only mortgage loan secured by 101 of our properties. This mortgage loan matures in July 2030 and requires that interest be paid at an annual rate of 6.40%. Subject to the satisfaction of certain conditions, we have the option to prepay our $1,160,000 mortgage loan in full or in part with a premium prior to January 9, 2030 and at par with no premium on or after January 9, 2030. We used the net proceeds from our $1,160,000 mortgage loan and cash on hand to repay in full the ILPT Floating Rate Loan. The ILPT Floating Rate Loan was secured by 104 of our properties, was scheduled to mature in October 2025 and required that interest be paid at an annual rate of SOFR plus a weighted average premium of 3.93%. At the time of repayment of the ILPT Floating Rate Loan, we believe that we were in compliance with all of the covenants and other terms under the agreement governing such loan. During the three and six months ended June 30, 2025, we recognized a $5,070 loss on extinguishment of debt related to the repayment of the ILPT Floating Rate Loan.

The Mountain Floating Rate Loan is secured by 82 properties, matures in March 2026, subject to one remaining one-year extension option, and requires that interest be paid at an annual rate of SOFR plus a premium of 2.77%. In March 2025, our consolidated joint venture exercised the second of its three, one-year extension options for the maturity date of this loan. In connection with the exercise of the extension, our consolidated joint venture purchased a one-year interest rate cap for $15,010 with a SOFR strike rate equal to 3.10%, which replaced the previous interest rate cap with a SOFR strike rate equal to 3.04%. Subject to the satisfaction of certain conditions, our consolidated joint venture has the option to prepay the Mountain Floating Rate Loan in full or in part at any time at par with no premium.

The weighted average interest rates under our floating rate loans for the three and six months ended June 30, 2025 and 2024 were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
ILPT Floating Rate Loan [1]	6.71%	6.18%	6.71%	6.18%
Mountain Floating Rate Loan [2]	5.87%	5.81%	5.84%	5.95%

(1) Reflects the impact of interest rate caps, with a current SOFR strike rate equal to 2.78% which replaced the previous strike rate equal to 2.25% in October 2024. In June 2025, we repaid in full the ILPT Floating Rate Loan using proceeds from our $1,160,000 mortgage loan and cash on hand.
(2) Reflects the impact of interest rate caps, with a current SOFR strike rate equal to 3.10% which replaced the previous strike rate equal to 3.04% in March 2025.

The agreements and related documents governing our $1,160,000 mortgage loan, the Mountain Floating Rate Loan, our $700,000 mortgage loan and our $650,000 mortgage loan contain customary covenants, provide for acceleration of payment of all amounts due thereunder upon the occurrence and continuation of certain events of default and, in the case of the $650,000 mortgage loan, also require us to maintain a minimum consolidated net worth of at least $250,000 and liquidity of at least $15,000. As of June 30, 2025, we believe that we were in compliance with all of the covenants and other terms under the agreements governing these loans.

For further information regarding our indebtedness, see Notes 5 and 6 to our condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Distributions

During the six months ended June 30, 2025, we declared and paid a regular quarterly distribution to common shareholders totaling $1,323 using cash on hand.

On July 10, 2025, we declared a regular quarterly distribution to common shareholders of record on July 21, 2025 of $0.05 per share, or approximately $3,317. We expect to pay this distribution on or about August 14, 2025 using cash on hand.

Related Person Transactions

We have relationships and historical and continuing transactions with RMR, RMR Inc. and others related to them. For further information about these and other such relationships and related person transactions, see Notes 8 and 9 to our condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q, our 2024 Annual Report, our definitive Proxy Statement for our 2025 Annual Meeting of Shareholders and our other filings with the SEC. In addition, see the section captioned "Risk Factors" of our 2024 Annual Report for a description of risks that may arise as a result of these and other related person transactions and relationships. We may engage in additional transactions with related persons, including businesses to which RMR or its subsidiaries provide management services.

Critical Accounting Estimates

The preparation of our condensed consolidated financial statements in conformity with GAAP requires us to make estimates and assumptions that affect reported amounts. Actual results could differ from those estimates. Significant estimates in the condensed consolidated financial statements include purchase price allocations, useful lives of fixed assets and assumptions used in the evaluation of impairment of real estate and related intangibles.

A discussion of our critical accounting estimates is included in our 2024 Annual Report. There have been no significant changes in our critical accounting estimates since the year ended December 31, 2024.

Item 3. Quantitative and Qualitative Disclosures About Market Risk (*dollars in thousands, except per share data*)

We are exposed to risks associated with market changes in interest rates. We manage our exposure to this market risk by monitoring available financing alternatives, including fixed rate debt, and employing derivative instruments, including interest rate caps, to limit our exposure to increasing interest rates. Other than as described below, we do not currently expect any significant changes in our exposure to fluctuations in interest rates or in how we manage this exposure in the near future.

Floating Rate Debt

As of June 30, 2025, our outstanding floating rate debt consisted of the following:

Debt	Principal Balance	Annual Interest Rate [1]	Annual Interest Expense	Maturity Date	Interest Payments Due
Mountain Floating Rate Loan	$ 1,400,000	5.87%	$ 83,321	03/09/2026	Monthly

(1) The annual interest rate is the rate stated in the applicable contract, as adjusted by the related interest rate cap.

The Mountain Floating Rate Loan has one remaining one-year extension option and requires that interest be paid at an annual rate of SOFR plus a premium of 2.77%. We are vulnerable to changes in the U.S. dollar based on short term interest rates, specifically SOFR. In conjunction with this borrowing, to hedge our exposure to risks related to changes in SOFR and as required under the loan agreement, our consolidated joint venture purchased an interest rate cap with a current SOFR strike rate equal to 3.10% for the Mountain Floating Rate Loan.

In addition, upon renewal or refinancing of these obligations, we are vulnerable to increases in interest rate premiums, including increases in the cost of replacement interest rate caps, due to market conditions and our perceived credit risk. The following table presents the approximate impact a one percentage point increase in interest rates would have on our annual floating rate interest expense at June 30, 2025, including the impact of our interest rate cap:

	Impact of an Increase in Interest Rates			
	Weighted Average Interest Rate	Outstanding Debt	Total Interest Expense Per Year	Annual Earnings Per Share Impact [1]
At June 30, 2025	5.87 %	$ 1,400,000	$ 83,321	$ (1.26)
One percentage point increase [2]	5.87 %	$ 1,400,000	$ 83,321	$ (1.26)

(1) Based on the diluted weighted average common shares outstanding for the three months ended June 30, 2025.

(2) A one percentage point increase in interest rates would not have an impact on annual total interest expense for our floating rate debt because current interest rates exceed the strike rates of the related interest rate cap. However, a one percentage point increase in our weighted average interest rate of the Mountain Floating Rate Loan debt to 6.87% at June 30, 2025 would result in total floating rate interest expense per year of $97,516 and a decrease in annual earnings per share of $1.48.

The foregoing table shows the impact of an immediate one percentage point change in floating interest rates, including the impact of our interest rate caps. Our exposure to fluctuations in floating interest rates will increase or decrease in the future with increases or decreases in the outstanding amounts of any floating rate debt we may incur and the impact, if any, of interest rate caps we may purchase. Generally, if interest rates were to change gradually over time, the impact would be spread over time.

Fixed Rate Debt

As of June 30, 2025, our outstanding fixed rate debt consisted of the following:

Entity	Number of Properties Secured By	Principal Balance	Annual Interest Rate [1]	Annual Interest Expense	Maturity	Interest Payments Due
ILPT	186	$ 650,000	4.31%	$ 28,015	02/07/2029	Monthly
ILPT	101	1,160,000	6.40%	74,240	07/09/2030	Monthly
ILPT	17	700,000	4.42%	30,940	03/09/2032	Monthly
Mountain JV	4	91,000	6.25%	5,688	06/10/2030	Monthly
Mountain JV	1	9,321	3.67%	342	05/01/2031	Monthly
Mountain JV	1	10,976	4.14%	454	07/01/2032	Monthly
Mountain JV	1	24,952	4.02%	1,003	10/01/2033	Monthly
Mountain JV	1	34,965	4.13%	1,444	11/01/2033	Monthly
Mountain JV	1	21,717	3.10%	673	06/01/2035	Monthly
Mountain JV	1	35,247	2.95%	1,040	01/01/2036	Monthly
Mountain JV	1	40,274	4.27%	1,720	11/01/2037	Monthly
Mountain JV	1	45,067	3.25%	1,465	01/01/2038	Monthly
Total / weighted average		$ 2,823,519	5.21%	$ 147,024		

(1) The annual interest rate is the rate stated in the applicable contract.

Our $1,160,000, $650,000, $700,000 and $91,000 mortgage notes require interest only payments until maturity. The remaining fixed rate mortgage notes require amortizing payment of principal and interest until maturity. Because our mortgage notes require interest to be paid at a fixed rate, changes in market interest rates during the terms of these mortgage notes will not affect our interest obligations. If these mortgage notes are refinanced at an interest rate which is one percentage point higher or lower than shown above, our annual interest cost would increase or decrease by approximately $28,317.

Changes in market interest rates would affect the fair value of our fixed rate debt obligations. Increases in market interest rates decrease the fair value of our fixed rate debt, while decreases in market interest rates increase the fair value of our fixed rate debt. Interest rates continue to remain elevated despite recent reductions by the U.S. Federal Reserve. There are uncertainties surrounding interest rates and they may remain at current levels, decrease or increase. Based on the balances outstanding at June 30, 2025 and assuming no other changes in factors that may affect the fair value of our fixed rate debt obligation, a hypothetical immediate one percentage point change in the interest rates would change the fair value of these obligations by approximately $121,098.

Item 4. Controls and Procedures

As of the end of the period covered by this Quarterly Report on Form 10-Q, our management carried out an evaluation, under the supervision and with the participation of our Managing Trustees, our President and Chief Operating Officer and our Chief Financial Officer and Treasurer, of the effectiveness of our disclosure controls and procedures pursuant to Rules 13a-15 and 15d-15 under the Securities Exchange Act of 1934, as amended. Based upon that evaluation, our Managing Trustees, our President and Chief Operating Officer and our Chief Financial Officer and Treasurer concluded that our disclosure controls and procedures are effective.

There have been no changes in our internal control over financial reporting during the quarter ended June 30, 2025 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Warning Concerning Forward-Looking Statements

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and other securities laws that are subject to risks and uncertainties. These statements may include words such as "believe", "expect", "anticipate", "intend", "plan", "estimate", "will", "may" and negatives or derivatives of these or similar expressions. These forward-looking statements include, among others, statements about: economic and market conditions; our expectations regarding the demand for industrial properties; our future leasing activity; our leverage levels and possible future financings; our liquidity needs and sources; our capital expenditure plans and commitments; our existing and possible future joint venture arrangements; our redevelopment and construction activities and plans; our and/or our consolidated joint venture's expected or potential exercise of extension options for the maturity date of loans; and the amount and timing of future distributions.

Forward-looking statements reflect our current expectations, are based on judgments and assumptions, are inherently uncertain and are subject to risks, uncertainties and other factors, which could cause our actual results, performance or achievements to differ materially from expected future results, performance or achievements expressed or implied in those forward-looking statements. Some of the risks, uncertainties and other factors that may cause our actual results, performance or achievements to differ materially from those expressed or implied by forward-looking statements include, but are not limited to, the following:

- Whether our tenants will renew or extend their leases or whether we will obtain replacement tenants on terms as favorable to us as the terms of our existing leases,
- Our ability to successfully compete for tenancies, the likelihood that the rents we realize will increase when we renew or extend our leases, enter new leases, or our rents reset at our properties located in Hawaii,
- Our ability to maintain high occupancy at our properties,
- Our ability to reduce our leverage, generate cash flow and take advantage of mark-to-market leasing opportunities,
- Our ability to cost-effectively raise and balance our use of debt or equity capital,
- Our ability to pay interest on and principal of our debt,
- Our ability to purchase cost effective interest rate caps,
- Our expected capital expenditures and leasing costs,
- Our ability to maintain sufficient liquidity,
- Demand for industrial and logistics properties,
- Our ability and the ability of our tenants to operate under unfavorable market and commercial real estate industry conditions, due to uncertainties surrounding interest rates and inflation, effect of or changes to tariffs or trading policies, supply chain disruptions, emerging technologies, volatility in the public equity and debt markets, pandemics, geopolitical instability and tensions, economic downturns or a possible recession, labor market conditions or changes in real estate utilization,
- Whether the industrial and logistics sector and the extent to which our tenants' businesses are critical to sustaining a resilient supply chain and that our business will benefit as a result,
- Our tenants' ability and willingness to pay their rent obligations to us,
- The credit qualities of our tenants,
- Changes in the security of cash flows from our properties,
- Potential defaults of our leases by our tenants,
- Our tenant and geographic concentrations,
- Our ability to pay distributions to our shareholders and to increase or sustain the amount of such distributions,
- Our ability to sell properties at prices or returns we target, and the timing of such sales,

- Our ability to complete sales without delay, or at all, pursuant to existing agreement terms,
- Our ability to prudently pursue, and successfully and profitably complete, expansion and renovation projects at our properties and to realize our expected returns on those projects,
- Risks and uncertainties regarding the development, redevelopment or repositioning of our properties, including as a result of inflation, cost overruns, tariffs, supply chain challenges, labor market conditions, construction delays or our inability to obtain necessary permits, our ability to lease space at these properties at targeted returns and volatility in the commercial real estate markets,
- Our ability to sell additional equity interests in, or contribute additional properties to, our existing joint ventures, to enter into additional real estate joint ventures or to attract co-venturers and benefit from our existing joint ventures or any real estate joint ventures we may enter into,
- Non-performance by the counterparties to our interest rate caps,
- The ability of our manager, RMR, to successfully manage us,
- Changes in environmental laws or in their interpretations or enforcement as a result of climate change or otherwise, or our incurring environmental remediation costs or other liabilities,
- Competition within the commercial real estate industry, particularly for industrial and logistics properties in those markets in which our properties are located,
- Compliance with, and changes to, federal, state and local laws and regulations, accounting rules, tax laws and similar matters,
- Limitations imposed by and our ability to satisfy complex rules to maintain our qualification for taxation as a REIT for U.S. federal income tax purposes,
- Actual and potential conflicts of interest with our related parties, including our managing trustees, RMR and others affiliated with them,
- Acts of terrorism, outbreaks of pandemics or other public health safety events or conditions, war or other hostilities, global climate change or other manmade or natural disasters beyond our control, and
- Other matters.

These risks, uncertainties and other factors are not exhaustive and should be read in conjunction with other cautionary statements that are included in our periodic filings. The information contained elsewhere in our filings with the SEC, including under the caption "Risk Factors" in our periodic reports, or incorporated therein, identifies important factors that could cause differences from our forward-looking statements in this Quarterly Report on Form 10-Q. Our filings with the SEC are available on the SEC's website at www.sec.gov.

You should not place undue reliance upon our forward-looking statements.

Except as required by law, we do not intend to update or change any forward-looking statements as a result of new information, future events or otherwise.

Statement Concerning Limited Liability

The Amended and Restated Declaration of Trust establishing Industrial Logistics Properties Trust, dated January 11, 2018, as amended, as filed with the State Department of Assessments and Taxation of Maryland, provides that no trustee, officer, shareholder, employee or agent of Industrial Logistics Properties Trust shall be held to any personal liability, jointly or severally, for any obligation of, or claim against, Industrial Logistics Properties Trust. All persons dealing with Industrial Logistics Properties Trust in any way shall look only to the assets of Industrial Logistics Properties Trust for the payment of any sum or the performance of any obligation.

PART II. Other Information

Item 1A. Risk Factors

Our business is subject to risks and uncertainties, a number of which are described under the caption "Risk Factors" in our 2024 Annual Report. The risks described in our 2024 Annual Report and 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 in the risk factors contained in our 2024 Annual Report or included 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 in our 2024 Annual Report and below and the information contained under the caption "Warning Concerning Forward-Looking Statements" and elsewhere in this Quarterly Report on Form 10-Q before deciding whether to invest in our securities.

Changes in U.S. and foreign government administrative policies, including the imposition of or increases in tariffs and changes to existing trade agreements, could negatively affect macroeconomic conditions and our and our tenants' businesses, results of operations, prospects or financial condition.

There have been significant changes to U.S. and foreign trade policies, treaties and tariffs, which have led to, and may continue to cause, the disruption of global supply chains, additional or increased tariffs and other import-export barriers, sudden fluctuations in commodity prices and costs, greater political instability and the implementation of sanctions and heightened cybersecurity concerns, any or all of which may create long-term macroeconomic challenges. Further governmental actions related to the imposition of tariffs or other trade barriers or changes to international trade agreements or policies, could also further increase costs, decrease margins, reduce the competitiveness of products and services offered by our current and future tenants and adversely affect the revenues and profitability of our tenants whose businesses rely on goods imported from outside of the United States. Our and our tenants' businesses, results of operations, prospects and financial condition could be negatively impacted as a result of such uncertainty regarding, or increased costs resulting from, U.S. and foreign trade policies, treaties and tariffs.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Issuer purchases of equity securities. The following table provides information about our purchases of our equity securities during the quarter ended June 30, 2025:

Calendar Month	Number of Shares Purchased [1]	Weighted Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
April 1, 2025 - April 30, 2025	1,564	$ 3.51	—	$ —
May 1, 2025 - May 30, 2025	7,531	3.10	—	—
Total / weighted average	9,095	$ 3.17	—	$ —

(1) These common share withholdings and purchases were made to satisfy tax withholding and payment obligations of a former officer of ours and certain other former officers and employees of RMR in connection with the vesting of prior awards of our common shares. We withheld and purchased these common shares at their fair market values based upon the trading prices of our common shares at the close of trading on Nasdaq on the applicable purchase dates.

Item 6. Exhibits

Exhibit Number	Description
3.1	Composite Copy of Amended and Restated Declaration of Trust of the Company, dated as of January 11, 2018, as amended to date. (Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2020.)
3.2	Third Amended and Restated Bylaws of the Company, adopted May 30, 2024. (Incorporated by reference to the Company's Current Report on Form 8-K filed on June 3, 2024.)
4.1	Form of Common Share Certificate. (Incorporated by reference to Amendment No. 2 to the Company's Registration Statement on Form S-11, File No. 333-221708.)
10.1	Loan Agreement, dated as of June 26, 2025, among certain subsidiaries of Industrial Logistics Properties Trust, Citi Real Estate Funding Inc., Bank of America, N.A., Morgan Stanley Mortgage Capital Holdings LLC, Bank of Montreal, Royal Bank of Canada and UBS AG New York Branch. (Incorporated by reference to the Company's Current Report on Form 8-K filed on July 1, 2025.)
31.1	Rule 13a-14(a) Certification. (Filed herewith.)
31.2	Rule 13a-14(a) Certification. (Filed herewith.)
31.3	Rule 13a-14(a) Certification. (Filed herewith.)
31.4	Rule 13a-14(a) Certification. (Filed herewith.)
32.1	Section 1350 Certification. (Furnished herewith.)
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	XBRL Taxonomy Extension Schema Document. (Filed herewith.)
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document. (Filed herewith.)
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document. (Filed herewith.)
101.LAB	XBRL Taxonomy Extension Label Linkbase Document. (Filed herewith.)
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document. (Filed herewith.)
104	Cover Page Interactive Data File. (Formatted as Inline XBRL and contained in Exhibit 101.)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

INDUSTRIAL LOGISTICS PROPERTIES TRUST

By: /s/ Yael Duffy
Yael Duffy
President and Chief Operating Officer
Dated: July 29, 2025

By: /s/ Tiffany R. Sy
Tiffany R. Sy
Chief Financial Officer and Treasurer
(Principal Financial Officer and Principal Accounting Officer)
Dated: July 29, 2025