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DELTA REPORT

10-Q

ILPT - INDUSTRIAL LOGISTICS PROP

10-Q - SEPTEMBER 30, 2024 COMPARED TO 10-Q - JUNE 30, 2024

The following comparison report has been automatically generated

TOTAL DELTAS	667
CHANGES	195
DELETIONS	195
ADDITIONS	277

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, 2024 September 30, 2024

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 26, 2024 October 28, 2024: 65,982,514. 66,144,422.

FORM 10-Q
June September 30, 2024
INDEX

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, 2024	December 31, 2023	September 30, 2024	December 31, 2023
ASSETS	ASSETS		ASSETS		
Real estate properties:					
Land					
Land					
Land					
Buildings and improvements					
Total real estate properties, gross					
Accumulated depreciation					
Total real estate properties, net					
Investment in unconsolidated joint venture					
Investment in unconsolidated joint venture					
Investment in unconsolidated joint venture					
Acquired real estate leases, net					
Cash and cash equivalents					
Restricted cash and cash equivalents					
Rents receivable, including straight line rents of $100,750 and $94,309, respectively					
Rents receivable, including straight line rents of $102,591 and $94,309, respectively					
Other assets, net					
Other assets, net					
Other assets, net					
Total assets					
LIABILITIES AND EQUITY					
LIABILITIES AND EQUITY					
LIABILITIES AND EQUITY					
Mortgages and notes payable, net					
Mortgages and notes payable, net					
Mortgages and notes payable, net					
Accounts payable and other liabilities					
Accounts payable and other liabilities					
Accounts payable and other liabilities					
Assumed real estate lease obligations, net					
Due to related persons					
Due to related persons					
Due to related persons					
Total liabilities					
Commitments and contingencies					
Commitments and contingencies					
Commitments and contingencies					
Equity:					
Equity:					
Equity:					
Equity attributable to common shareholders:					
Equity attributable to common shareholders:					
Equity attributable to common shareholders:					
Common shares of beneficial interest, $.01 par value: 100,000,000 shares authorized; 65,992,509 and 65,843,387 shares issued and outstanding, respectively					
Common shares of beneficial interest, $.01 par value: 100,000,000 shares authorized; 65,992,509 and 65,843,387 shares issued and outstanding, respectively					
Common shares of beneficial interest, $.01 par value: 100,000,000 shares authorized; 65,992,509 and 65,843,387 shares issued and outstanding, respectively					

Common shares of beneficial interest, $.01 par value: 100,000,000 shares authorized; 66,144,422 and 65,843,387 shares issued and outstanding, respectively
Common shares of beneficial interest, $.01 par value: 100,000,000 shares authorized; 66,144,422 and 65,843,387 shares issued and outstanding, respectively
Common shares of beneficial interest, $.01 par value: 100,000,000 shares authorized; 66,144,422 and 65,843,387 shares issued and outstanding, respectively
Additional paid in capital
Cumulative net (deficit) income
Cumulative other comprehensive income
Cumulative other comprehensive (loss) income
Cumulative common distributions
Total equity attributable to common shareholders
Noncontrolling interest
Total equity
Total liabilities and equity

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,											
	Three Months Ended September 30,											
	Three Months Ended June 30,											
	Three Months Ended September 30,											
	Three Months Ended June 30,		Six Months Ended June 30,									
	Three Months Ended September 30,	Nine Months Ended September 30,										
	2024		2024		2023	2024	2023	2024	2023	2024	2023	
Rental income												
Rental income												
Rental income												
Expenses:												
Expenses:												
Expenses:												
Real estate taxes												
Real estate taxes												
Real estate taxes												
Other operating expenses												
Depreciation and amortization												
General and administrative												
Loss on impairment of real estate												
Loss on impairment of real estate												
Loss on impairment of real estate												
Total expenses												
Total expenses												

Total expenses
Interest income
Interest income
Interest income
Interest expense
Loss on sale of real estate
Loss on early extinguishment of debt
Loss on early extinguishment of debt
Loss on early extinguishment of debt
Loss before income taxes and equity in earnings of unconsolidated joint venture
Income tax expense
Equity in earnings of unconsolidated joint venture
Net loss
Net loss attributable to noncontrolling interest
Net loss attributable to common shareholders
Other comprehensive income:
Other comprehensive income (loss):
Other comprehensive income:
Other comprehensive income (loss):
Other comprehensive income:
Unrealized (loss) gain on derivatives
Unrealized (loss) gain on derivatives
Unrealized (loss) gain on derivatives
Less: unrealized (gain) loss on derivatives attributable to noncontrolling interest
Other comprehensive income (loss):
Unrealized loss on derivatives
Unrealized loss on derivatives
Unrealized loss on derivatives
Less: unrealized loss on derivatives attributable to noncontrolling interest
Other comprehensive (loss) income attributable to common shareholders
Comprehensive loss attributable to common shareholders
Weighted average common shares outstanding (basic and diluted)
Weighted average common shares outstanding (basic and diluted)
Weighted average common shares outstanding (basic and diluted)
Per common share data (basic and diluted):
Per common share data (basic and diluted):
Per common share data (basic and diluted):
Net loss attributable to common shareholders
Net loss attributable to common shareholders
Net loss attributable to common shareholders

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)

		Cumulative
		Cumulative
		Cumulative
	Number of	

	Number of Number of Common Common Common Shares Shares Shares
Balance at December 31, 2023 Balance at December 31, 2023 Balance at December 31, 2023	
Net loss Net loss Net loss	
Share grants, repurchases and forfeitures Share grants, repurchases and forfeitures Share grants, repurchases and forfeitures	
Distributions to common shareholders Distributions to common shareholders Distributions to common shareholders	
Other comprehensive loss Other comprehensive loss Other comprehensive loss	
Distributions to noncontrolling interest Distributions to noncontrolling interest Distributions to noncontrolling interest	
Balance at March 31, 2024 Balance at March 31, 2024 Balance at March 31, 2024	
Net loss Net loss Net loss	
Share grants, repurchases and forfeitures Share grants, repurchases and forfeitures Share grants, repurchases and forfeitures	
Distributions to common shareholders Distributions to common shareholders Distributions to common shareholders	
Other comprehensive (loss) income Other comprehensive (loss) income Other comprehensive (loss) income	
Balance at June 30, 2024 Balance at June 30, 2024 Balance at June 30, 2024	
Net loss Net loss Net loss	
Share grants, repurchases and forfeitures Share grants, repurchases and forfeitures Share grants, repurchases and forfeitures	
Distributions to common shareholders Distributions to common shareholders	

Distributions to common shareholders
Other comprehensive loss
Other comprehensive loss
Other comprehensive loss
Distributions to noncontrolling interest
Distributions to noncontrolling interest
Distributions to noncontrolling interest
Balance at September 30, 2024
Balance at September 30, 2024
Balance at September 30, 2024
Balance at December 31, 2022
Balance at December 31, 2022
Balance at December 31, 2022
Net loss
Net loss
Net loss
Share grants, repurchases and forfeitures
Share grants, repurchases and forfeitures
Share grants, repurchases and forfeitures
Distributions to common shareholders
Distributions to common shareholders
Distributions to common shareholders
Other comprehensive loss
Other comprehensive loss
Other comprehensive loss
Balance at March 31, 2023
Balance at March 31, 2023
Balance at March 31, 2023
Net loss
Net loss
Net loss
Share grants, repurchases and forfeitures
Share grants, repurchases and forfeitures
Share grants, repurchases and forfeitures
Distributions to common shareholders
Distributions to common shareholders
Distributions to common shareholders
Other comprehensive income
Other comprehensive income
Other comprehensive income
Distributions to noncontrolling interest
Distributions to noncontrolling interest
Distributions to noncontrolling interest
Balance at June 30, 2023
Balance at June 30, 2023
Balance at June 30, 2023
Net loss
Net loss
Net loss
Share grants, repurchases and forfeitures
Share grants, repurchases and forfeitures

Share grants, repurchases and forfeitures
Distributions to common shareholders
Distributions to common shareholders
Distributions to common shareholders
Other comprehensive loss
Other comprehensive loss
Other comprehensive loss
Balance at September 30, 2023
Balance at September 30, 2023
Balance at September 30, 2023

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,		Nine Months Ended September 30,			
	2024		2024	2023	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:	CASH FLOWS FROM OPERATING ACTIVITIES:		CASH FLOWS FROM OPERATING ACTIVITIES:			
Net loss						
Adjustments to reconcile net loss to net cash provided by operating activities:						
Depreciation						
Depreciation						
Depreciation						
Amortization of interest rate caps						
Net amortization of debt issuance costs, premiums and discounts						
Amortization of acquired real estate leases and assumed real estate lease obligations						
Amortization of deferred leasing costs						
Straight line rental income						
Straight line rental income						
Straight line rental income						
Loss on sale of real estate						
Loss on impairment of real estate						
Loss on early extinguishment of debt						
Proceeds from settlement of derivatives						
General and administrative expenses paid in common shares						
Other non-cash expenses						
Distributions of earnings from unconsolidated joint venture						
Distributions of earnings from unconsolidated joint venture						
Distributions of earnings from unconsolidated joint venture						
Equity in earnings of unconsolidated joint venture						
Change in assets and liabilities:						
Change in assets and liabilities:						
Change in assets and liabilities:						
Rents receivable						
Rents receivable						
Rents receivable						

Other assets
Other assets
Other assets
Accounts payable and other liabilities
Due to related persons
Due to related persons
Due to related persons
Net cash provided by operating activities
CASH FLOWS FROM INVESTING ACTIVITIES:
CASH FLOWS FROM INVESTING ACTIVITIES:
CASH FLOWS FROM INVESTING ACTIVITIES:
Real estate improvements
Real estate improvements
Real estate improvements
Purchase of interest rate cap
Proceeds from sale of real estate
Purchase of interest rate cap
Proceeds from sale of real estate
Proceeds from sale of real estate
Purchase of interest rate cap
Proceeds from settlement of derivatives
Proceeds from sale of real estate
Net cash provided by investing activities
Distributions in excess of earnings from unconsolidated joint venture
Net cash provided by investing activities
Distributions in excess of earnings from unconsolidated joint venture
Distributions in excess of earnings from unconsolidated joint venture
Net cash provided by investing activities
CASH FLOWS FROM FINANCING ACTIVITIES:
CASH FLOWS FROM FINANCING ACTIVITIES:
CASH FLOWS FROM FINANCING ACTIVITIES:
Proceeds from issuance of mortgage notes payable
Proceeds from issuance of mortgage notes payable
Proceeds from issuance of mortgage notes payable
Repayment of mortgage notes payable
Payment of debt issuance costs
Payment of debt issuance costs
Payment of debt issuance costs
Distributions to common shareholders
Distributions to common shareholders
Distributions to common shareholders
Repurchase of common shares
Repurchase of common shares
Repurchase of common shares
Distributions to noncontrolling interest
Net cash (used in) provided by financing activities
Increase in cash and cash equivalents and restricted cash and cash equivalents
Increase in cash and cash equivalents and restricted cash and cash equivalents
Increase in cash and cash equivalents and restricted cash and cash equivalents
Cash and cash equivalents and restricted cash and cash equivalents at beginning of period

Cash and cash equivalents and restricted cash and cash equivalents at end of period

SUPPLEMENTAL DISCLOSURES:
SUPPLEMENTAL DISCLOSURES:
SUPPLEMENTAL DISCLOSURES:

Interest paid
Interest paid
Interest paid

Income taxes received (paid)

Income taxes (received) paid

NON-CASH INVESTING ACTIVITIES:
NON-CASH INVESTING ACTIVITIES:
NON-CASH INVESTING ACTIVITIES:

Real estate improvements accrued not paid
Real estate improvements accrued not paid
Real estate improvements accrued not paid

SUPPLEMENTAL DISCLOSURE OF CASH, CASH EQUIVALENTS AND RESTRICTED CASH AND CASH EQUIVALENTS:
SUPPLEMENTAL DISCLOSURE OF CASH, CASH EQUIVALENTS AND RESTRICTED CASH AND CASH EQUIVALENTS:
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, As of June 30, As of June 30, As of September 30, As of September 30, As of September 30,				
	2024	2024	2023	2024	2023
Cash and cash equivalents					
Restricted cash and cash equivalents (1)					
Total cash and cash equivalents and restricted cash					

(1) Restricted cash and cash equivalents consist of amounts escrowed at certain of our mortgaged properties and cash held for the operations of our consolidated joint venture.

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, ILPT, we, us or our, 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, 2023, or our 2023 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 assessment of impairment of real estate and related intangibles.

(dollars in thousands, except per share data)

Note 2. Recent Accounting Pronouncements

New Accounting Pronouncements. In November 2023, the Financial Accounting Standards Board issued Accounting Standards Update, or ASU, 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures,* which requires public entities, including those with a single reportable segment, to: (i) provide disclosures of significant segment expenses and other segment items if they are regularly provided to the chief operating decision maker, or the CODM, and included in each reported measure of segment profit or loss; (ii) provide all annual disclosures about a reportable segment's profit or loss and assets currently required by Accounting Standards Codification, or ASC, 280, *Segment Reporting*, in interim periods; and (iii) disclose the CODM's title and position, as well as an explanation of how the CODM uses the reported measures and other disclosures. ASU 2023-07 does not change how a public entity identifies its operating segments, aggregates those operating segments or applies the quantitative thresholds to determine its reportable segments. ASU 2023-07 is required to be applied retrospectively and is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. We expect to include additional disclosures in the notes to our condensed consolidated financial statements as a result of the implementation of ASU 2023-07; however, these changes are currently evaluating the impact ASU 2023-07 will not expected to have a material effect on our condensed consolidated financial statements.

Note 3. Real Estate Investments

As of June 30, 2024 September 30, 2024, our portfolio was comprised of 411 properties containing approximately 59,893,000 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 43,164,000 43,161,000 rentable square feet that were industrial and logistics properties located in 38 other states, or our Mainland Properties, which included 94 properties in 27 states totaling approximately 20,981,000 20,978,000 rentable square feet, owned by Mountain Industrial REIT LLC, or Mountain JV, or our consolidated joint venture, in which we own a 61% equity interest. As of June 30, 2024 September 30, 2024, we also owned a 22% equity interest in an The Industrial Fund REIT LLC, or the unconsolidated joint venture.

We operate in one business segment: ownership and leasing of properties that include industrial and logistics buildings and leased industrial lands.

During the three and six nine months ended June 30, 2024 September 30, 2024 and 2023, amounts capitalized at our properties for tenant improvements, leasing costs, building improvements and development, redevelopment and other activities were as follows:

	Three Months Ended June 30,								
	Three Months Ended June 30,								
	Three Months Ended June 30,		Six Months Ended June 30,						
	Three Months Ended September 30,								
	Three Months Ended September 30,								
	Three Months Ended September 30,		Nine Months Ended September 30,						
	2024		2024	2023	2024	2023	2024	2023	2024	2023
Tenant improvements (1)										
Leasing costs (1)										
Building improvements (2)										
Development, redevelopment and other activities (3)										
	$									

(1) Tenant improvements and leasing costs include 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) Building improvements generally include expenditures to replace obsolete building components and expenditures that extend the useful life of existing assets.

(3) Development, redevelopment and other activities generally include capital expenditure projects that reposition a property or result in new sources of revenues.

During the six three and nine months ended June 30, 2024, we committed $4,348 for expenditures related September 30, 2024 and 2023, recognized net income (loss) attributable to tenant improvements and leasing costs for leases executed during the period for approximately 2,609,000 rentable square feet. Committed, but unspent, tenant related obligations based on existing leases noncontrolling interest in our condensed consolidated financial statements was as of June 30, 2024 were $5,646, all of which is expected to be spent during the next 12 months. follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Consolidated joint venture	$ (10,428)	$ (10,238)	$ (31,256)	$ (31,642)

Tenancy in common	11	159	36	74
	$ (10,417)	$ (10,079)	$ (31,220)	$ (31,568)

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. We recognized net loss attributable to noncontrolling interest in our condensed consolidated financial statements for the three months ended June 30, 2024 and 2023 of $10,314 and $10,676, respectively, and $20,828 and $21,404 for the six months ended June 30, 2024 and 2023, respectively. As of June 30, 2024 September 30, 2024, our consolidated joint venture had total assets of $2,964,265 $2,932,320 and total liabilities of $1,769,499. $1,769,384.

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. We recognized net income (loss) attributable to noncontrolling interest in our condensed consolidated financial statements for the three months ended June 30, 2024 and 2023 of $10 and $(76), respectively, and $25 and $(85) for the six months ended June 30, 2024 and 2023, respectively. The tenancy in common made cash distributions to the unrelated third party investor of $0 $163 and $225 $0 during the three months ended June 30, 2024 September 30, 2024 and 2023, respectively, and cash distributions of $163 $326 and $225 during the six nine months ended June 30, 2024 September 30, 2024 and 2023, respectively. As of June 30, 2024 September 30, 2024, the tenancy in common had total assets of $10,786 $10,388 and total liabilities of $188. $250.

Unconsolidated Joint Venture

We own a 22% equity interest in The Industrial Fund REIT LLC, or 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 statements of comprehensive income (loss).

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 all the physical space specified in their respective leases and are generally classified as operating leases.

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

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. Allowances for bad debts are recognized as a direct reduction of rental income. In certain circumstances, some leases provide the tenant with the right to terminate if the legislature or other funding authority does not appropriate the funding necessary for the tenant to meet its lease obligations; we have determined the fixed non-cancelable lease term of these leases to be the full term of the lease because we believe the occurrence of early terminations to be a remote contingency based on both our historical experience and our assessments of the likelihood of lease cancellation on a separate lease basis.

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 $19,067 $18,997 and $18,291 $19,310 for the three months ended June 30, 2024 September 30, 2024 and 2023, respectively, and $40,242 $60,228 and $39,390 $58,700 for the six nine months ended June 30, 2024 September 30, 2024 and 2023, respectively.

Generally, payments of ground lease obligations are made by our tenants. However, if a tenant does not perform obligations under a ground lease or does not renew any ground lease, we may have to perform obligations under or renew, 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 $4,421 $4,308 and $4,512, $4,401, respectively, as of June 30, 2024 September 30, 2024, and $4,646 and $4,730, respectively, as of December 31, 2023. 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

For the three months ended June 30, 2024 September 30, 2024 and 2023, our Hawaii Properties represented 27.2% 26.9% and 28.1%, respectively, of our rental income. For the six nine months ended June 30, 2024 September 30, 2024 and 2023, our Hawaii Properties represented 27.6% 27.4% and 27.8% 27.9%, respectively, of our rental income.

Tenant 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.

Subsidiaries of FedEx Corporation, or FedEx, and subsidiaries of Amazon.com Services, Inc., or Amazon, represented 29.0% 29.3% and 6.8% of our annualized rental revenues as of June 30, 2024 September 30, 2024, respectively, and 29.6% 29.8% and 6.8% 6.7% as of June 30, 2023 September 30, 2023, respectively.

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

Note 5. Indebtedness

Our outstanding indebtedness as of June 30, 2024 September 30, 2024 and December 31, 2023 is summarized below:

Entity	Number of Properties Properties Properties Properties	Entity	Secured By	Principal	Balance	Interest	Rate (1)	Type	Maturity	of Collateral	Carrying Value Entity	Secured By	Principal	Balance	Interest	Rate (1)	Type	Maturity	Carrying Value of Collateral
As of June 30, 2024									**As of September 30, 2024**										
ILPT																			
ILPT																			
ILPT																			
Mountain JV																			
Mountain JV																			
Mountain JV																			
Mountain JV																			
Mountain JV																			
Mountain JV																			
Mountain JV																			
Mountain JV																			
Mountain JV																			
Mountain JV																			
Total / weighted average																			
Unamortized debt issuance costs																			
Total indebtedness, net																			
Total indebtedness, net																			
Total indebtedness, net																			
As of December 31, 2023																			
As of December 31, 2023																			
As of December 31, 2023																			
ILPT																			
ILPT																			
ILPT																			
Mountain JV																			
Mountain JV																			
Mountain JV																			
Mountain JV																			
Mountain JV																			

(dollars in thousands, except per share data)

Mountain JV
Mountain JV
Mountain JV
Mountain JV
Mountain JV
Total / weighted average
Unamortized debt issuance costs
Total indebtedness, net
Total indebtedness, net
Total indebtedness, net

(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.

Our $1,235,000 loan, or the ILPT Floating Rate Loan, which is secured by 104 of our properties, matures was scheduled to mature in October 2024, subject to three, one year extension options, and requires required that interest be paid at an annual rate of secured overnight financing rate, or SOFR, plus a weighted average premium of 3.93%. The weighted average interest rate under In October 2024, we exercised the ILPT Floating Rate Loan was 6.18%, including first of our three, one year extension options for the impact maturity date of our this loan. In connection with the exercise of the extension, we purchased a one year interest rate cap on for $16,975 with a SOFR of strike rate equal to 2.78%, which replaced the previous interest rate cap with a SOFR strike rate equal to 2.25%, as of June 30, 2024 and December 31, 2023, and for the three and six months ended June 30, 2024 and 2023. . Subject to the satisfaction of certain conditions, we have the option to prepay the ILPT Floating Rate Loan in full or in part at any time at par with no premium. As of July 30, 2024, we intend to exercise the first of our three, one year options to extend the maturity date of this loan.

Our consolidated joint venture's $1,400,000 loan, or the Mountain Floating Rate Loan, matures in March 2025, subject to two remaining one year extension options, and requires that interest be paid at an annual rate of SOFR plus a premium of 2.77%. In March 2024, in connection with the exercise of the first of its option to extend three, one year extension options for the maturity date of this loan, to March 2025, our consolidated joint venture purchased a one year interest rate cap for $26,175 with a SOFR strike rate equal to 3.04%, which replaced the previous interest rate cap with a SOFR strike rate equal to 3.40%. As of June 30, 2024 and December 31, 2023, the interest rate under the Mountain Floating Rate Loan was 5.81% and 6.17%, respectively. The weighted average interest rate under the Mountain Floating Rate Loan was 5.81% and 5.95% for the three and six months ended June 30, 2024, respectively, including the impact of our interest rate caps. The weighted average annual interest rate under the Mountain Floating Rate Loan was 6.17% for both the three and six months ended June 30, 2023, including the impact of our interest rate caps. Subject to the satisfaction of certain conditions, we have the option to prepay up to $280,000 of the Mountain Floating Rate Loan in full or in part at any time at par with no premium, premium.

The weighted average interest rates under our floating rate loans for the three and to prepay the balance of the Mountain Floating Rate Loan at any time, subject to a premium. nine months ended September 30, 2024 were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	**2023**	**2024**	**2023**
ILPT Floating Rate Loan (1)	6.18%	6.18%	6.18%	6.18%
Mountain Floating Rale Loan (2)	5.81%	6.17%	5.90%	6.17%

(1) Reflects the impact of an interest rate cap with a SOFR strike rate equal to 2.25%.

(2) Reflects the impact of interest rate caps with a current SOFR strike rate equal to 3.04%, which replaced the previous strike rate equal to 3.40% in March 2024.

In May 2023, our consolidated joint venture obtained a $91,000 fixed rate, interest only mortgage loan secured by four properties owned by our consolidated joint venture. This mortgage loan matures in June 2030 and requires that interest be paid at an annual rate of 6.25%. A portion of the net proceeds from this mortgage loan was used to repay four then outstanding mortgage loans of our consolidated joint venture with an aggregate outstanding principal balance of $35,910 and a weighted average interest rate of 3.70%. We recognized a loss on early extinguishment of debt of $359 in conjunction with the repayment of these mortgage loans.

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. See Note 10 for further information regarding our interest rate caps.

The required principal payments due during the next five years and thereafter under all our outstanding debt as of June 30, 2024 September 30, 2024 are as follows:

	Principal Payment
2024	$ 1,244,140
2025	1,418,794

2026		19,495
2027		20,229
2028		20,989
Thereafter		1,593,323
	$	4,316,970

		Principal Payment
2024 (1)	$	1,239,591
2025 (2)		1,418,794
2026		19,495
2027		20,229
2028		20,989
Thereafter		1,593,323
	$	4,312,421

(1) In October 2024, we exercised the first of our three, one year extension options for the maturity date of the ILPT Floating Rate Loan.

(2) Our consolidated joint venture has two remaining one year extension options for the maturity date of the Mountain Floating Rate Loan.

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Note 6. Fair Value of Assets and Liabilities

Our financial instruments include cash and cash equivalents, restricted cash and cash equivalents, mortgages and notes payable, accounts payable and interest rate caps. As of June 30, 2024 September 30, 2024 and December 31, 2023, the fair value of our 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 $1,674,158 $1,669,925 and $1,682,501 as of June 30, 2024 September 30, 2024 and December 31, 2023, respectively, and a fair value of $1,525,930 $1,599,252 and $1,553,863 as of June 30, 2024 September 30, 2024 and December 31, 2023, respectively. We estimate the fair value of our fixed rate mortgage notes payable using significant unobservable inputs (Level 3), including discounted cash flow analyses and prevailing market interest rates.

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The table below presents certain of our assets measured on a recurring basis at fair value as of June 30, 2024 September 30, 2024 and December 31, 2023, categorized by the level of inputs as defined in the fair value hierarchy under ASC 820, *Fair Value Measurement*, used in the valuation of each asset:

	Total	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Quoted Prices in Active Markets for Identical Assets (Level 2)**	**Significant Other Observable (Level 3)**	**Significant Unobservable**	**Total**	**Inputs**	**(Level 1)**	**(Level 2)**	**Identical Assets**	**Quoted Prices in Active Markets for**	**Significant Other Observable**	**Significant Unobservable Inputs (Level 3)**
As of June 30, 2024													
As of September 30, 2024													
Investment in unconsolidated joint venture													
Investment in unconsolidated joint venture													

(dollars in thousands, except per share data)

Investment in unconsolidated joint venture

Interest rate caps

As of December 31, 2023

As of December 31, 2023

As of December 31, 2023

Investment in unconsolidated joint venture

Investment in unconsolidated joint venture

Investment in unconsolidated joint venture

Interest rate caps

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 is determined by using 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 Level 3 significant unobservable inputs and are shown in the table below:

	Valuation Technique	Discount Rates	Exit Capitalization Rates	Holding Periods
As of June 30, 2024 September 30, 2024				
Investment in unconsolidated joint venture	Discounted cash flow	5.75% 6.50% - 8.00%	5.25% - 6.50%	10 - 12 years
As of December 31, 2023				
Investment in unconsolidated joint venture	Discounted cash flow	5.75% - 8.00%	5.25% - 6.50%	9 - 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,	
	2024	2023	2024	2023
Beginning balance	$ 116,093	$ 127,329	$ 115,360	$ 124,358
Equity in earnings of unconsolidated joint venture	2,348	2,743	4,071	6,704
Distributions from unconsolidated joint venture	(990)	(990)	(1,980)	(1,980)
Ending balance	$ 117,451	$ 129,082	$ 117,451	$ 129,082

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

(dollars in thousands, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Beginning balance	$ 117,451	$ 129,082	$ 115,360	$ 124,358
Equity in earnings of unconsolidated joint venture	1,161	719	5,232	7,423
Distributions from unconsolidated joint venture	(990)	(5,390)	(2,970)	(7,370)
Ending balance	$ 117,622	$ 124,411	$ 117,622	$ 124,411

Note 7. Shareholders' Equity

Common Share Awards

On May 30, 2024, in accordance with our Trustee compensation arrangements, we awarded to each of our seven Trustees 23,316 of our common shares, valued at $3.86 per share, the closing price of our common shares on The Nasdaq Stock Market LLC, or Nasdaq, on that day.

On September 11, 2024, we awarded under our equity compensation plan an aggregate of 204,915 of our common shares, valued at $4.84 per share, the closing price of our common shares on Nasdaq on that day, to our officers and certain other employees of The RMR Group LLC, or RMR.

Common Share Purchases

During the six three and nine months ended June 30, 2024 September 30, 2024, we purchased an aggregate of 14,090 53,002 and 67,092, respectively, of our common shares, valued at a weighted average price of $4.14 $4.78 and $4.65 per common share, respectively, from our officers and certain other current and 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 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 nine months ended June 30, 2024 September 30, 2024, we declared and paid regular quarterly distributions to common shareholders as follows:

Declaration Date	Declaration Date	Record Date	Distribution Payment Date	Per Share	Distribution	Declaration Date	Distribution Record Date	Payment Date	Total Per Share	Distribution	Distributio
January 11, 2024											
April 11, 2024											
July 11, 2024											
			$								
			$								
			$								

On July 11, 2024 October 16, 2024, we declared a regular quarterly distribution to common shareholders of record on July 22, 2024 October 28, 2024 of $0.01 per share, or approximately $660. $661. We expect to pay this distribution to our shareholders on or about August 15, 2024 November 14, 2024 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.

Pursuant to our business management agreement with RMR, we recognized business management fees of $5,809 $5,938 and $11,639 $17,577 for the three and six nine months ended June 30, 2024 September 30, 2024, respectively, and $5,656 $5,919 and $11,382 $17,301 for the three and six nine months ended June 30, 2023 September 30, 2023, respectively. Based on our common share total return, as defined in our business management agreement, as of June 30, 2024 September 30, 2024 and 2023, no incentive fees are included in the business management fees we recognized for the three or six nine months ended June 30, 2024 September 30, 2024 or 2023. The actual amount of annual incentive fees for 2024, 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, 2024, and will be payable in January 2025. We did not incur any incentive fee payable to RMR for the year ended December 31, 2023. We include business management fees in general and administrative expenses in our condensed consolidated statements of comprehensive income (loss).

Pursuant to our property management agreement with RMR, we recognized aggregate property management and construction supervision fees of $3,231 $3,317 and $6,634 $9,951 for the three and six nine months ended June 30, 2024 September 30, 2024, respectively, and $3,370 $3,464 and $6,822 $10,286 for the three and six nine months ended June 30, 2023 September 30, 2023, respectively. Of these amounts, for the three and six nine months ended June 30, 2024 September 30, 2024, $3,116 $3,202 and $6,446, $9,648, respectively, were included in other operating expenses in our condensed consolidated financial statements and $115 and $188, $303, respectively, were capitalized as building improvements in our condensed consolidated balance sheets. For the three and six nine months ended June 30, 2023 September 30, 2023, $3,133 $3,293 and $6,452, $9,745, respectively, were included in other operating expenses in our condensed consolidated statements of comprehensive income (loss) and $237 $171 and $370, $541, respectively, were capitalized as building improvements in our condensed consolidated balance sheets. The amounts capitalized are being depreciated over the estimated useful lives of the related capital assets.

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, or as otherwise agreed. Our property level operating expenses are generally incorporated into the rents charged to our tenants, including certain payroll and related costs incurred by RMR. We reimbursed RMR $1,647 $1,856 and $3,334 $5,190 for these expenses and costs for the three and six nine months ended June 30, 2024 September 30, 2024, respectively, and $2,000 $2,375 and $3,841 $6,216 for the three and six nine months ended June 30, 2023 September 30, 2023, respectively. These amounts are included in other operating expenses and general and administrative expenses, as applicable, in our condensed consolidated statements of comprehensive income (loss).

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 D. Portnoy, is the sole trustee, an officer and the controlling shareholder of ABP Trust, which is the controlling shareholder of RMR Inc., the chair of the board of directors, a managing director and the president and chief executive officer of RMR Inc. and an officer and employee of RMR. 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.

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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.

As of June 30, 2024 September 30, 2024 and December 31, 2023, we owed $443 and $680, respectively, to the unconsolidated joint venture for rents that we collected on behalf of that joint venture. These amounts are presented as due to related persons in our condensed consolidated balance sheets.

For further information about these and other such relationships and certain other related person transactions, see our 2023 Annual Report.

INDUSTRIAL LOGISTICS PROPERTIES TRUST
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Note 10. Derivatives and Hedging Activities

(dollars in thousands, except per share data)

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. We have interest rate cap agreements to manage our interest rate risk exposure on each of the ILPT Floating Rate Loan and the Mountain Floating Rate Loan, both with interest payable at a rate equal to SOFR plus a premium. 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 agreements are designated as cash flow hedges of interest rate risk and are measured on a recurring basis at fair value. 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. The following table summarizes the terms of our outstanding interest rate cap agreements as of June 30, 2024 September 30, 2024 and December 31, 2023:

Balance Sheet Sheet Sheet Line Item	Line Item	Underlying Instrument	Maturity Date	Strike Rate	Notional Amount	Fair Value at June 30, 2024	December 31, 2023	Line Item	Underlying Instrument	Maturity Date	Strike Rate	Notional Amount	Fair Value at September 30, 2024	December 31, 2023
Other assets														
Other assets														
Other assets														
				$										

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 income 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 income related to derivatives will be reclassified to interest expense as interest payments are made on our applicable debt.

In October 2024, we exercised the first of our three, one year extension options for the maturity date of the ILPT Floating Rate Loan. In connection with the exercise of the extension, we purchased a one year interest rate cap for $16,975 with a SOFR strike rate equal to 2.78%, which replaced the previous interest rate cap with a SOFR strike rate equal to 2.25%.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Unrealized gain on derivatives recognized in cumulative other comprehensive income	$ 3,926	$ 20,025	$ 8,600	$ 16,249
Realized gain on derivatives reclassified from cumulative other comprehensive income into interest expense	(5,436)	(8,004)	(14,956)	(13,006)
Unrealized (loss) gain on derivatives recognized in cumulative other comprehensive income	$ (1,510)	$ 12,021	$ (6,356)	$ 3,243

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Amount of (loss) gain recognized on derivative in other comprehensive income (loss)	$ (3,564)	$ 3,428	$ 5,035	$ 19,677
Amount of gain reclassified from cumulative other comprehensive (loss) income into interest expense	$ 5,407	$ 10,063	$ 20,363	$ 23,069
Total amount of interest expense presented in the condensed consolidated statements of comprehensive income (loss)	$ (73,936)	$ (72,941)	$ (220,797)	$ (215,558)

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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 this Quarterly Report on Form 10-Q and with our 2023 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, 2024 September 30, 2024, our portfolio was comprised of 411 properties containing approximately 59,893,000 59,890,000 rentable square feet located in 39 states with 95.4% 94.4% occupancy leased to approximately 300 different tenants. As of June 30, 2024 September 30, 2024, we also owned a 22% equity interest in the unconsolidated joint venture.

Our portfolio as of June 30, 2024 September 30, 2024 is summarized below (square feet in thousands):

		Ownership Vehicle	Ownership Vehicle	Ownership	Number of Properties	States	Rentable Square Feet	Occupancy	Lease Term (1)		Rema
Mainland Properties	Mainland Properties	ILPT	100%	90	34 States	22,119	98.9%	98.9%	4.8	Mainland Properties	ILPT
Hawaii Properties	Hawaii Properties	ILPT	100%	226	Hawaii	16,729	86.1%	86.1%	13.2	Hawaii Properties	ILPT
Mainland Properties	Mainland Properties	Mountain JV	61%	94	27 States	20,981	99.0%	99.0%	6.6	Mainland Properties	Mountain JV
Mainland Properties	Mainland Properties	Tenancy in common	67%	1	New Jersey	64	100.0%	100.0%	4.2	Mainland Properties	Tenancy in common
Total / weighted average	Total / weighted average			411		59,893	95.4%	95.4%	7.9	Total / weighted average	

(1) Based on annualized rental revenues as of June 30, 2024 September 30, 2024.

During the three and six nine months ended June 30, 2024 September 30, 2024, our rental income and net operating income, or NOI, increased compared to the 2023 period primarily due to leasing activity and rent resets at our properties. Long-term e-commerce trends and supply chain resiliency have resulted in high occupancy and increases in rents. We believe customer service 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, inflationary pressures and high interest rates, in even with the United States recent reduction and globally, anticipated future reductions by the U.S. Federal Reserve, inflationary pressures, and global geopolitical hostilities and tensions, have given rise to economic uncertainty and have caused disruptions in the financial markets. These conditions have increased continue to keep our cost of capital elevated and negatively impacted impact our ability to reduce our leverage. An economic recession, or continued or intensified disruptions in the financial markets, 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.

Property Operations

Occupancy data for our properties as of June 30, 2024 September 30, 2024 and 2023 were as follows:

	All Properties 2024	as of June 30, / as of September 30, 2024	All Properties as of June 30, (1) / as of September 30, (1) 2023	2024	Comparable Properties 2023	All Properties 2024	2023	Comparable Properties 2024	2023
Total properties									
Total rentable square feet (in thousands) (2)									
Percent leased (3)	Percent leased (3)	95.4 %	99.1 %	95.4 %	99.1 %	Percent leased (3)	94.4 %	98.9 %	94.4 % 98.9 %

(1) Consists of properties that we owned continuously since April 1, 2023 January 1, 2023.

(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, 2024 September 30, 2024, and includes space being fitted out for occupancy, if any, and space which is leased but is not occupied, if any.

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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 nine months ended June 30, 2024 September 30, 2024 and 2023, the average effective rental rates per square foot of our properties were as follows:

	Three Months Ended June 30, (1) / Three Months Ended September 30, (1)		Six Months Ended June 30, (2) / Nine Months Ended September 30, (2)							
	2024	2024	2023	2024	2023	2024	2023	2024	2023	
All properties										
Comparable properties										

(1) Consists of properties that we owned continuously since April 1, 2023 July 1, 2023.

(2) Consists of properties that we owned continuously since January 1, 2023.

During the three and six nine months ended June 30, 2024 September 30, 2024, we entered into new and renewal leases as summarized in the following table (excluding the impact of rent resets):

	Three Months Ended June 30, 2024		
	New Leases	Renewals	Totals
Square feet leased during the period (in thousands)	73	555	628
Weighted average rental rate change (by rentable square feet)	43.5 %	11.2 %	15.8 %
Weighted average lease term by square feet (years)	14.6	5.8	6.8
Total leasing costs and concession commitments (1)	$ 587	$ 290	$ 877
Total leasing costs and concession commitments per square foot (1)	$ 8.03	$ 0.52	$ 1.40
Total leasing costs and concession commitments per square foot per year (1)	$ 0.55	$ 0.09	$ 0.21

	Six Months Ended June 30, 2024		
	New Leases	Renewals	Totals
Square feet leased during the period (in thousands)	163	2,340	2,503
Weighted average rental rate change (by rentable square feet)	46.0 %	28.7 %	30.7 %
Weighted average lease term by square feet (years)	17.2	5.6	6.4
Total leasing costs and concession commitments (1)	$ 1,304	$ 3,044	$ 4,348
Total leasing costs and concession commitments per square foot (1)	$ 7.99	$ 1.30	$ 1.74
Total leasing costs and concession commitments per square foot per year (1)	$ 0.46	$ 0.23	$ 0.27

	Three Months Ended September 30, 2024		
	New Leases	Renewals	Totals
Square feet leased during the period (in thousands)	17	2,740	2,757
Weighted average rental rate change (by rentable square feet)	4.1 %	7.0 %	7.0 %
Weighted average lease term by square feet (years)	3.9	6.2	6.2
Total leasing costs and concession commitments (1)	$ 113	$ 2,794	$ 2,907
Total leasing costs and concession commitments per square foot (1)	$ 6.77	$ 1.02	$ 1.05
Total leasing costs and concession commitments per square foot per year (1)	$ 1.75	$ 0.17	$ 0.17

	Nine Months Ended September 30, 2024		
	New Leases	Renewals	Totals
Square feet leased during the period (in thousands)	180	5,080	5,260
Weighted average rental rate change (by rentable square feet)	37.1 %	13.9 %	15.0 %
Weighted average lease term by square feet (years)	16.0	5.9	6.3

Total leasing costs and concession commitments (1)	$	1,417	$	5,838	$	7,255
Total leasing costs and concession commitments per square foot (1)	$	7.88	$	1.15	$	1.38
Total leasing costs and concession commitments per square foot per year (1)	$	0.49	$	0.19	$	0.22

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

During the six nine months ended June 30, 2024 September 30, 2024, we completed rent resets for approximately 106,000 square feet of land at our Hawaii Properties at rental rates that were approximately 27.5% higher than prior rental rates. There were no rent resets during the three months ended June 30, 2024 September 30, 2024.

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As of June 30, 2024 September 30, 2024, our remaining lease expirations by year were as follows (square feet in thousands):

Year	Year	No. of Leases	Leased Square Feet Expiring (1)	% of Total Leased	Cumulative % of Total Leased Square Feet	Annualized Rental Revenues Expiring (2)	% of Total Rental Revenues	Cumulative %	Year
2024	2024	17	1,342	2.3 %	2.3 %	$ 13,798	3.1 %	3.1 %	2024
2025	2025	32	4,201	7.4 %	9.7 %	25,908	5.9 %	9.0 %	2025
2026	2026	33	4,178	7.3 %	17.0 %	29,781	6.8 %	15.8 %	2026
2027	2027	39	8,759	15.3 %	32.3 %	53,676	12.2 %	28.0 %	2027
2028	2028	42	6,156	10.8 %	43.1 %	45,866	10.4 %	38.4 %	2028
Thereafter	Thereafter	224	32,473	56.9 %	100.0 %	269,974	61.6 %	100.0 %	Thereafter
Total									
Weighted average remaining lease term (in years)									
Weighted average remaining lease term (in years)									
Weighted average remaining lease term (in years)									

(1) Leased square feet is pursuant to existing leases as of June 30, 2024 September 30, 2024, and includes space being fitted out for occupancy, if any, and space which is leased but is not occupied, if any.

(2) Annualized rental revenues are as of June 30, 2024.

As of June 30, 2024 September 30, 2024, subsidiaries of FedEx and Amazon leased 22.4% 22.7% and 7.9% 8.0% of our total leased square feet, respectively, and represented 29.0% 29.3% and 6.8% of our total annualized rental revenues, respectively.

Mainland Properties. As of June 30, 2024 September 30, 2024, occupancy at our Mainland Properties was 98.9% 97.7% and represented 72.4% 72.1% of our annualized rental revenues. We generally will seek to renew or extend the terms of leases at our Mainland Properties as their expirations approach. A majority of the leases at 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 leases we may enter may be less favorable to us than the terms of our existing leases for those properties.

Hawaii Properties. As of June 30, 2024 September 30, 2024, occupancy at our Hawaii Properties was 86.1% 85.7% and represented 27.6% 27.9% of our annualized rental revenues. As of June 30, 2024, certain Certain of our Hawaii Properties are lands leased for rents that periodically reset based on fair market values, generally every 10 years. 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.

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The following table provides the annualized rental revenues scheduled to reset at our Hawaii Properties as of June 30, 2024 September 30, 2024:

	Annualized	Rental Revenues	Scheduled to Reset
2024			
2025			
2026			
2027			
2028			
Thereafter			
Total			

As of June 30, 2024 September 30, 2024, $22,564, $17,287, or 5.1% 4.0%, of our annualized rental revenues are included in leases scheduled to expire by June 30, 2025 September 30, 2025 and 4.6% 5.6% of our rentable square feet are currently 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. In general, depending 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.

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RESULTS OF OPERATIONS

Three Months Ended June 30, 2024 September 30, 2024 Compared to Three Months Ended June 30, 2023 September 30, 2023 (dollars and share amounts in thousands, except per share data)

	Comparable Properties Results Properties Results Properties Results							Properties Results					Consolidated Results	
	Three Months Ended June 30, (1)							Three Months Ended June 30, (2)					Three Months Ended June 30,	
	Three Months Ended September 30, (1)							Three Months Ended September 30, (2)					Three Months Ended September 30,	
	2024		2024		2023 $		Change	2024 $		2023 %		Change		2024
Rental income Rental income Rental income	$110,621	$	$108,001	$	$2,620	2.4%	2.4%	$—	$	$ 42	$	$ (42)	$	$ 110,621 $
Operating expenses: Operating expenses: Operating expenses:														
Real estate taxes Real estate taxes Real estate taxes	15,149	15,094	15,094	55	55	0.4%	0.4%	—	6	6	(6)	(6)	15,149	15,149
Other operating expenses Other operating expenses	9,207	8,507	8,507	700	700	8.2%	8.2%	—	12	12	(12)	(12)	9,207	9,207
Total operating expenses Total operating expenses	24,356	23,601	23,601	755	755	3.2%	3.2%	—	18	18	(18)	(18)	24,356	24,356

Net operating income (3)									
Net operating income (3)									
Net operating income (3)	$ 86,265	$ 84,400	$1,865	2.2%	$—	$ 24	$(24)	86,265	84
NOI (3)									
NOI (3)									
NOI (3)	$ 84,713	$ 85,322	$ (609)	(0.7)%	$(4)	$ (13)	$ 9	84,709	85
Other expenses:									
Other expenses:									
Other expenses:									

Depreciation and amortization								
Depreciation and amortization								
Depreciation and amortization		43,421	44,909	44,909	(1,488)	(1,488)	(3.3)%	
General and administrative	General and administrative	7,939	8,131	8,131	(192)	(192)	(2.4)%	
Loss on impairment of real estate								
Loss on impairment of real estate								
Loss on impairment of real estate		—		254	(254)		(100.0)%	
Total other expenses								
Total other expenses								
Total other expenses	Total other expenses	51,360	53,294	53,294	(1,934)	(1,934)	(3.6)%	
Interest income	Interest income	2,935	1,797	1,797	1,138	1,138	63.3%	
Interest expense	Interest expense	(73,631)	(71,846)	(71,846)	(1,785)	(1,785)	2.5%	
Loss on early extinguishment of debt								
Loss on early extinguishment of debt								
Loss before income taxes and equity in earnings of unconsolidated joint venture								
Loss on early extinguishment of debt		—		(359)	359		(100.0)%	
Loss before income taxes and equity in earnings of unconsolidated joint venture								
Loss before income taxes and equity in earnings of unconsolidated joint venture	Loss before income taxes and equity in earnings of unconsolidated joint venture	(35,791)	(39,278)	(39,278)	3,487	3,487	(8.9)%	
Income tax expense	Income tax expense	(36)	(45)	(45)	9	9	(20.0)%	
Equity in earnings of unconsolidated joint venture	Equity in earnings of unconsolidated joint venture	2,348	2,743	2,743	(395)	(395)	(14.4)%	
Net loss	Net loss	(33,479)	(36,580)	(36,580)	3,101	3,101	(8.5)%	
Net loss attributable to noncontrolling interest	Net loss attributable to noncontrolling interest	10,304	10,752	10,752	(448)	(448)	(4.2)%	
Net loss attributable to common shareholders	Net loss attributable to common shareholders	$(23,175)	$	$ (25,828)	$	$2,653	(10.3)%	(10.3
Weighted average common shares outstanding (basic and diluted)								
Weighted average common shares outstanding (basic and diluted)								
Weighted average common shares outstanding (basic and diluted)								
Weighted average common shares outstanding (basic and diluted)								
Weighted average common shares outstanding (basic and diluted)								
Weighted average common shares outstanding (basic and diluted)								

Weighted average common shares outstanding (basic and diluted)							
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Weighted average common shares outstanding (basic and diluted)							
Weighted average common shares outstanding (basic and diluted)							
Weighted average common shares outstanding (basic and diluted)							
Weighted average common shares outstanding (basic and diluted)							
Weighted average common shares outstanding (basic and diluted)	65,626	65,369	65,369	257	257	0.4%	
Per common share data (basic and diluted):							
Per common share data (basic and diluted):							
Per common share data (basic and diluted):							
Net loss attributable to common shareholders							
Net loss attributable to common shareholders							
Net loss attributable to common shareholders	$ (0.35)	$	$ (0.40)	$	$ 0.05	(12.5)%	(12.5

(1) Consists of properties that we owned continuously since April 1, 2023 July 1, 2023.

(2) Consists of two properties we disposed of during the period from April 1, 2023 to June 30, 2024 since July 1, 2023.

(3) 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 three months ended June 30, 2024 September 30, 2024 compared to the three months ended June 30, 2023 September 30, 2023.

Rental income. Rental income decreased primarily due to vacancies at two of our properties, partially offset by increased rental income from leasing activities and rent resets.

Real estate taxes. Real estate taxes increased primarily due to increases from higher assessed values at certain of our leasing activity and rent resets. properties.

Other operating expenses. Other operating expenses increased decreased primarily due to increases decreases in insurance maintenance and repair expenses incurred in the 2023 period at certain of our properties. properties and insurance expenses.

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Depreciation and amortization. The decrease in depreciation and amortization primarily reflects the impact of renewals at certain of our properties as a result of leasing related assets becoming activity in the 2024 period and certain acquired real estate leases fully amortized after July 1, 2023 amortizing since October 1, 2023, partially offset by an increase in increased depreciation of related to improvements made to certain of our properties after July 1, 2023 since October 1, 2023.

General and administrative. The decrease in general and administrative expenses is primarily due to decreases in legal franchise taxes and other professional fees, and franchise taxes, partially offset by increases an increase in our equity based compensation and in our business management fees during the 2024 period.

Loss on impairment of real estate. During leasing costs compared to the 2023 period, we recognized a loss on impairment of real estate on one property that was classified as held for sale. period.

Interest income. The increase in interest income is primarily due to higher interest rates and average cash balances during the 2024 period as compared to the 2023 period.

Interest expense. In March 2024, our consolidated joint venture exercised the first of its three, one year options to extend the maturity date of the Mountain Floating Rate Loan and purchased a one year interest rate cap for $26,175 and reduced the weighted average interest rate from 6.17% to 5.81%. The increase in interest expense is primarily due to increased amortization related to the cost of the interest rate cap purchased by our consolidated joint venture in March 2024, partially offset by decreased weighted average interest costs and amortization of debt issuance costs related to the Mountain Floating Rate Loan.

Loss on early extinguishment of debt. Loss on early extinguishment of debt primarily relates to prepayment penalties incurred upon the repayment of four mortgage notes aggregating $35,910 in the 2023 period.

Income tax expense. Income tax expense primarily 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.

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Six Nine Months Ended June 30, 2024 September 30, 2024 Compared to Six Nine Months Ended June 30, 2023 September 30, 2023 (dollars and share amounts in thousands, except per share data)

	Comparable												
	Properties Results												
	Properties Results												
	Properties Results						Properties Results				Consolidated Results		
	Six Months Ended June 30, (1)						Six Months Ended June 30, (2)				Six Months Ended June 30,		
	Nine Months Ended September 30, (1)						Nine Months Ended September 30, (2)				Nine Months Ended September 30,		
				$				$		%			
	2024	2024	2023				Change	2024		2023		Change	2024
Rental income													
Rental income													
Rental income	$222,856	$	$218,196	$	$4,660	2.1%	2.1%	$—	$	$ 105 $		$ (105) $	$ 222,856 $
Operating expenses:													
Operating expenses:													
Operating expenses:													
Real estate taxes													
Real estate taxes													
Real estate taxes	31,009	31,555	31,555	(546)	(546)	(1.7)%	(1.7)%	1	12	12	(11)	(11)	31,010
Other operating expenses Other operating expenses	19,497	17,814	17,814	1,683	1,683	9.4%	9.4%	32	23	23	9	9	19,529

Total operating expenses	Total operating expenses	50,506	49,369	49,369	1,137	1,137	2.3%	2.3%	33	35	35	(2)	(2)	50,539
Net operating income (3)														
Net operating income (3)														
Net operating income (3)		$172,350	$168,827	$3,523	2.1%	$(33)	$ 70	$(103)	172,317					
NOI (3)														
NOI (3)														
NOI (3)		$257,062	$254,150	$2,912	1.1%	$(36)	$ 56	$ (92)	257,026					
Other expenses:														
Other expenses:														
Other expenses:														
Depreciation and amortization														
Depreciation and amortization														
Depreciation and amortization		86,998	90,366	90,366	(3,368)	(3,368)	(3.7)%							
General and administrative	General and administrative	15,628	16,038	16,038	(410)	(410)	(2.6)%							
Loss on impairment of real estate														
Loss on impairment of real estate														
Loss on impairment of real estate		—	254	254	(254)	(254)	(100.0)%							
Total other expenses	Total other expenses	102,626	106,658	106,658	(4,032)	(4,032)	(3.8)%							
Interest income	Interest income	5,787	2,943	2,943	2,844	2,844	96.6%							
Interest expense	Interest expense	(146,861)	(142,617)	(142,617)	(4,244)	(4,244)	3.0%							
Loss on sale of real estate	Loss on sale of real estate	—	(974)	(974)	974	974	(100.0)%							
Loss on early extinguishment of debt														
Loss on early extinguishment of debt														
Loss on early extinguishment of debt		—	(359)	(359)	359	359	(100.0)%							
Loss before income taxes and equity in earnings of unconsolidated joint venture	Loss before income taxes and equity in earnings of unconsolidated joint venture	(71,383)	(78,768)	(78,768)	7,385	7,385	(9.4)%							
Income tax expense	Income tax expense	(69)	(62)	(62)	(7)	(7)	11.3%							
Equity in earnings of unconsolidated joint venture	Equity in earnings of unconsolidated joint venture	4,071	6,704	6,704	(2,633)	(2,633)	(39.3)%							
Net loss	Net loss	(67,381)	(72,126)	(72,126)	4,745	4,745	(6.6)%							
Net loss attributable to noncontrolling interest	Net loss attributable to noncontrolling interest	20,803	21,489	21,489	(686)	(686)	(3.2)%							
Net loss attributable to common shareholders	Net loss attributable to common shareholders	$(46,578)	$	$ (50,637)	$	$4,059	(8.0)%							
Weighted average common shares outstanding (basic and diluted)														
Weighted average common shares outstanding (basic and diluted)														
Weighted average common shares outstanding (basic and diluted)														

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Weighted average common shares outstanding (basic and diluted)						
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Weighted average common shares outstanding (basic and diluted)						
Weighted average common shares outstanding (basic and diluted)						
Weighted average common shares outstanding (basic and diluted)						
Weighted average common shares outstanding (basic and diluted)						
Weighted average common shares outstanding (basic and diluted)	65,591	65,339	65,339	252	252	0.4%
Per common share data (basic and diluted):						
Per common share data (basic and diluted):						
Per common share data (basic and diluted):						
Net loss attributable to common shareholders						
Net loss attributable to common shareholders						
Net loss attributable to common shareholders	$ (0.71)	$	$ (0.77)	$	$ 0.06	(7.8)%

(1) Consists of properties that we owned continuously since January 1, 2023.

(2) Consists of two properties and a portion of a land parcel we disposed of during the period from since January 1, 2023 to June 30, 2024.

(3) 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 nine months ended June 30, 2024 September 30, 2024 compared to the six nine months ended June 30, 2023 September 30, 2023.

Rental income. Rental income increased primarily due to increases from our net leasing activity and rent resets.

Real estate taxes. Real estate taxes decreased primarily due to lowered assessed values as a result of successful real estate tax appeals. appeals, partially offset by higher assessed values at certain of our properties.

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Other operating expenses. Other operating expenses increased primarily due to increases in insurance, roof repairs, and maintenance and snow removal expenses and professional fees at certain of our properties.

Depreciation and amortization. The decrease in depreciation and amortization primarily reflects the impact of renewals at certain of our properties as a result of leasing related assets becoming activity in the 2024 period and certain acquired real estate leases fully amortized in amortizing since the 2023 period, partially offset by an increase in increased depreciation of related to improvements made to certain of our properties in since the 2023 period.

General and administrative. The decrease in general and administrative expenses is primarily due to decreases in accounting fees and franchise taxes and professional fees, partially offset by increases in our equity based compensation and in our business management fees during the 2024 period.

Loss on impairment of real estate. During the 2023 period, we recognized a loss on impairment of real estate on one property that was classified as held for sale.

Interest income. The increase in interest income is primarily due to higher interest rates and average cash balances during the 2024 period as compared to the 2023 period.

Interest expense. In March 2024, our consolidated joint venture exercised the first of its three, one year options to extend the maturity date of the Mountain Floating Rate Loan and purchased a one year interest rate cap, reducing the weighted average interest rate from 6.17% to 5.81%, for $26,175. The increase in interest expense is primarily due to increased amortization related to the cost of the interest rate cap purchased by our consolidated joint venture in March 2024 and the $91,000 mortgage loan obtained by our consolidated joint venture in May 2023, partially offset by decreased weighted average interest costs and amortization of debt issuance costs related to the Mountain Floating Rate Loan.

Loss on sale of real estate. During the 2023 period, we recognized a loss on sale of real estate from the sale of a portion of a land parcel in Everett, Washington.

Loss on early extinguishment of debt. Loss on early extinguishment of debt primarily relates to prepayment penalties incurred upon the repayment of four mortgage notes aggregating $35,910 in the 2023 period.

Income tax expense. Income tax expense primarily 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.

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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, rules, 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 expense. 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 nine months ended June 30, 2024 September 30, 2024 and 2023:

	Three Months Ended June 30,									
	Three Months Ended June 30,									
	Three Months Ended June 30,		**Six Months Ended June 30,**							
	Three Months Ended September 30,									
	Three Months Ended September 30,									
	Three Months Ended September 30,	**Nine Months Ended September 30,**								
	2024		**2024**	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**
Net loss										
Equity in earnings of unconsolidated joint venture										
Income tax expense										
Loss before income taxes and equity in earnings of unconsolidated joint venture										
Loss on early extinguishment of debt										
Loss on sale of real estate										
Loss on sale of real estate										
Loss on sale of real estate										
Interest expense										
Interest income										
Loss on impairment of real estate										
General and administrative										
General and administrative										
General and administrative										
Depreciation and amortization										
NOI										

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 of unconsolidated joint venture; (2) plus (i) real estate depreciation and amortization of our properties 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 non-recurring items shown below, including adjustments for such items related to the unconsolidated joint venture, if any.

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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, 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 industrial REITs, our expectation of our future capital requirements and operating performance and our expected needs for and availability of cash to pay our obligations. 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 nine months ended June 30, 2024 September 30, 2024 and 2023:

	Three Months Ended June 30,	
	Three Months Ended June 30,	
	Three Months Ended June 30,	**Six Months Ended June 30,**
	Three Months Ended September 30,	

	Three Months Ended September 30,									
	Three Months Ended September 30,	Nine Months Ended September 30,								
	2024		2024	2023	2024	2023	2024	2023	2024	2023
Net loss attributable to common shareholders										
Equity in earnings of unconsolidated joint venture										
Loss on sale of real estate										
Loss on sale of real estate										
Loss on sale of real estate										
Loss on impairment of real estate										
Depreciation and amortization										
Share of FFO from unconsolidated joint venture										
FFO adjustments attributable to noncontrolling interest										
FFO attributable to common shareholders										
Loss on early extinguishment of debt										
Normalized FFO adjustments attributable to noncontrolling interest										
Normalized FFO adjustments attributable to noncontrolling interest										
Normalized FFO adjustments attributable to noncontrolling interest										
Normalized FFO attributable to common shareholders										
Weighted average common shares outstanding (basic and diluted)										
Weighted average common shares outstanding (basic and diluted)										
Weighted average common shares outstanding (basic and diluted)										
Per common share data (basic and diluted):										
Per common share data (basic and diluted):										
Per common share data (basic and diluted):										
FFO attributable to common shareholders										
FFO attributable to common shareholders										
FFO attributable to common shareholders										
Normalized FFO attributable to common shareholders										

LIQUIDITY AND CAPITAL RESOURCES *(dollars in thousands)*

Our principal sources of funds to meet our operating and capital expenses, obligations, pay our debt service obligations and make distributions to our shareholders are rents from tenants at our properties. As of June 30, 2024 September 30, 2024, investment grade rated tenants, subsidiaries of investment grade rated parent entities or our Hawaii land leases represented approximately 77% 77.2% of our annualized rental revenues and only 5.1% 4.0% 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 expenses, obligations, pay our debt service obligations and make distributions to our shareholders for the next 12 months and for the foreseeable future thereafter.

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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,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Cash and cash equivalents and restricted cash and cash equivalents at beginning of period				
Net cash provided by (used in):				
Operating activities				
Operating activities				
Operating activities				
Investing activities				
Financing activities				
Cash and cash equivalents and restricted cash and cash equivalents at end of period				

The increase in net cash provided by operating activities for the six nine months ended June 30, 2024 September 30, 2024 compared to the 2023 period is primarily due to higher cash flows from our properties and favorable changes in working capital in the 2024 period. The decrease in net cash provided by investing activities for the six nine months ended June 30, 2024 September 30, 2024 compared to the 2023 period is primarily due to costs associated with the purchase of an interest rate cap for $26,175 in the 2024 period and distributions in excess of earnings from the unconsolidated joint venture in the 2023 period, partially offset by increased proceeds from the settlement of our interest rate caps and a reduction in expenditures on our real estate improvements. The change in net cash used in financing activities for the six nine months ended June 30, 2024 September 30, 2024 compared to net cash provided by financing activities for the 2023 period was primarily due to our consolidated joint venture obtaining a $91,000 fixed rate, interest only mortgage loan secured by four properties owned by our consolidated joint venture in the 2023 period. A portion of the net proceeds was used to repay four then outstanding mortgage loans of our consolidated joint venture with an aggregate outstanding principal balance of $35,910 in the 2023 period.

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 (dollars in thousands, except per share and per square foot data)

As of June 30, 2024 September 30, 2024, we had cash and cash equivalents, excluding restricted cash and cash equivalents, of $146,150. $153,863. 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 offerings of equity or debt securities to fund our distributions to our shareholders.

We expect to fund any future property acquisitions, developments and redevelopments with proceeds we may receive in connection with any additional properties we may sell to our joint ventures, equity contributions from any third party investors in our joint ventures or any future joint ventures, and net proceeds from offerings of equity or debt securities. We may also assume mortgage loans or incur debt in connection with future acquisitions, developments and redevelopments. When the maturities of our debt approach or we desire to reduce our leverage or refinance maturing debt, we intend to 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. Further, any issuances of our equity securities may be dilutive to our existing shareholders. We expect to fund any future property acquisitions, developments and redevelopments with proceeds we may receive in connection with any additional properties we may sell to our joint ventures, equity contributions from any third party investors in our joint ventures or any future joint ventures, net proceeds from offerings of equity or debt securities and cash on hand. 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.

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Real Estate Activities

During the three and six nine months ended June 30, 2024 September 30, 2024 and 2023, amounts capitalized at our properties for tenant improvements, leasing costs, building improvements and development, redevelopment and other activities were as follows:

	Three Months Ended June 30,								
	Three Months Ended June 30,								
	Three Months Ended June 30,	Six Months Ended June 30,							
	Three Months Ended September 30,								
	Three Months Ended September 30,								
	Three Months Ended September 30,	Nine Months Ended September 30,							
	2024	2024	2023	2024	2023	2024	2023	2024	2023
Tenant improvements (1)									
Leasing costs (1)									
Building improvements (2)									
Development, redevelopment and other activities (3)									
	$								

(1) Tenant improvements and leasing costs include 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) Building improvements generally include expenditures to replace obsolete building components and expenditures that extend the useful life of existing assets.

(3) Development, redevelopment and other activities generally include capital expenditure projects that reposition a property or result in new sources of revenues.

As of June 30, 2024 September 30, 2024, we had estimated committed, but unspent, leasing tenant related obligations of $5,646, all based on existing leases were $6,382, of which $6,042 is expected to be spent during the next 12 months.

Consolidated Joint Venture Ventures

We own a 61% equity interest in our consolidated joint venture, which owns 94 properties in 27 states totaling approximately 20,981,000 rentable square feet. 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 recognized net loss attributable to noncontrolling interest in our condensed consolidated financial statements for the three months ended June 30, 2024 and 2023 of $10,314 and $10,676, respectively, and $20,828 and $21,404 for the six months ended June 30, 2024 and 2023, respectively. As of June 30, 2024, our consolidated joint venture had total assets of $2,964,265 and total liabilities of $1,769,499.

Unconsolidated Joint Venture

We also 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. venture. 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 statements of comprehensive income (loss). The unconsolidated joint venture made aggregate cash distributions to us of $990 and $5,390 for both the three months ended June 30, 2024 September 30, 2024 and 2023, respectively, and $1,980 $2,970 and $7,370 for both the six nine months ended June 30, 2024 September 30, 2024 and 2023. 2023, respectively.

For further information regarding our consolidated joint venture and 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

The ILPT Floating Rate Loan, which is secured by 104 of our properties, matures was scheduled to mature in October 2024, subject to three, one year extension options, and requires required that interest be paid at an annual rate of SOFR plus a weighted average premium of 3.93%. The weighted average interest rate under In October 2024, we exercised the ILPT Floating Rate Loan was 6.18%, including first of our three, one year extension options for the impact maturity date of our this loan. In connection with the exercise of the extension, we purchased a one year interest rate cap on for $16,975 with a SOFR of strike rate equal to 2.78%, which replaced the previous interest rate cap with a SOFR strike rate equal to 2.25%, as of June 30, 2024 and December 31, 2023, and for the three and six months ended June 30, 2024 and 2023. . Subject to the satisfaction of certain conditions, we have the option to prepay the ILPT Floating Rate Loan in full or in part at any time at par with no premium. As of July 30, 2024, we intend to exercise the first of our three, one year options to extend the maturity of this loan.

The Mountain Floating Rate Loan matures in March 2025, subject to two remaining one year extension options, and requires that interest be paid at an annual rate of SOFR plus a premium of 2.77%. In March 2024, in connection with the exercise of the first of its option to extend three, one year extension options for the maturity date of this loan, to March 2025, our consolidated joint venture purchased a one year interest rate cap for $26,175 with a SOFR strike rate equal to 3.04%, which replaced the previous interest rate cap with a SOFR strike rate equal to 3.40%. As of June 30, 2024 and December 31, 2023, the interest rate under the Mountain Floating Rate Loan was 5.81% and 6.17%, respectively. The weighted average interest rate under the Mountain Floating Rate Loan was 5.81% and 5.95% for the three and six months ended June 30, 2024, respectively, including the impact of our interest rate caps. The weighted average annual interest rate under the Mountain Floating Rate Loan was 6.17% for both the three and six months ended June 30, 2023, including the impact of our interest rate caps. Subject to the satisfaction of certain conditions, we have the option to prepay up to $280,000 of the Mountain Floating Rate Loan in full or in part at any time at par with no premium, premium.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
ILPT Floating Rate Loan (1)	6.18%	6.18%	6.18%	6.18%
Mountain Floating Rale Loan (2)	5.81%	6.17%	5.90%	6.17%

(1) Reflects the impact of an interest rate cap with a SOFR strike rate equal to prepay 2.25%.

(2) Reflects the balance impact of interest rate caps with a current SOFR strike rate equal to 3.04%, which replaced the Mountain Floating Rate Loan at any time, subject previous strike rate equal to a premium. 3.40% in March 2024.

The one year extension options to extend for the ILPT Floating Rate Loan and the Mountain Floating Rate Loan require, among other things, that we obtain a replacement interest rate cap, as defined in the applicable agreement.

In May 2023, our consolidated joint venture obtained a $91,000 fixed rate, interest only mortgage loan secured by four properties owned by our consolidated joint venture. This mortgage loan matures in June 2030 and requires that interest be paid at an annual rate of 6.25%. A portion of the net proceeds from this mortgage loan was used to repay four then outstanding mortgage loans of our consolidated joint venture with an aggregate outstanding principal balance of $35,910 and a weighted average interest rate of 3.70%. We recognized a loss on early extinguishment of debt of $359 for the six nine months ended June 30, 2023 September 30, 2023 in conjunction with the repayment of these mortgage loans.

As of June 30, 2024 September 30, 2024, we had an aggregate principal amount of $4,316,970 $4,312,421 of indebtedness, including the ILPT Floating Rate Loan, the Mountain Floating Rate Loan, our $700,000 mortgage loan and our $650,000 mortgage loan, scheduled to mature between 2024 and 2038.

The agreements and related documents governing the ILPT Floating Rate 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, 2024 September 30, 2024, 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 nine months ended June 30, 2024 September 30, 2024, we paid quarterly cash distributions to our shareholders totaling $1,317 $1,976 using cash on hand.

On July 11, 2024 October 16, 2024, we declared a regular quarterly distribution to common shareholders of record on July 22, 2024 October 28, 2024 of $0.01 per share, or approximately $660. $661. We expect to pay this distribution to our shareholders on or about August 15, 2024 November 14, 2024 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 2023 Annual Report, our definitive Proxy Statement for our 2024 Annual Meeting of Shareholders and our other filings with the SEC. In addition, see the section captioned "Risk Factors" of our 2023 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.

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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 assessment of impairment of real estate and related intangibles.

A discussion of our critical accounting estimates is included in our 2023 Annual Report. There have been no significant changes in our critical accounting estimates since the year ended December 31, 2023.

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, 2024 September 30, 2024, our outstanding floating rate debt consisted of the following:

		Annual			**Annual**		**Annual**	**Current**		**Interest**		
		Principal		**Principal**		**Interest**	**Maturity**	**Payments**		**Principal**		
Debt	**Debt**	**Balance**		**Rate (1)**	**Expense**	**Date**		**Due**	**Debt**	**Balance**	**Rate (1)**	**E**
ILPT Floating Rate Loan	ILPT Floating Rate Loan	$ 1,235,000	6.18%	6.18%	$ 77,383	10/09/2024	10/09/2024	Monthly	ILPT Floating Rate Loan	$ 1,235,000	6.18%	6.18%
Mountain Floating Rate Loan	Mountain Floating Rate Loan	1,400,000	5.81%	5.81%	82,470	03/09/2025	03/09/2025	Monthly	Mountain Floating Rate Loan	1,400,000	5.81%	5.81%
Total / weighted average												

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

The ILPT Floating Rate Loan is was subject to three, one year extension options as of September 30, 2024, and requires that interest be paid at an annual rate of SOFR plus a weighted average premium of 3.93%. The Mountain Floating Rate Loan is subject to two remaining one year extension options, 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 these borrowings, to hedge our exposure to risks related to changes in SOFR, we purchased interest rate caps with a SOFR strike rate equal to 2.25% for the ILPT Floating Rate Loan and 3.04% for the

Mountain Floating Rate Loan. In October 2024, we exercised the first of our three, one year extension options for the maturity date of this loan. In connection with the exercise of the extension, we purchased a one year interest rate cap for $16,975 with a SOFR strike rate equal to 2.78%, which replaced the previous interest rate cap with a SOFR strike rate equal to 2.25%.

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. Generally, a change in interest rates would not affect the value of our floating rate debt but would affect our operating results. 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, 2024 September 30, 2024, including the impact of our interest rate caps:

	Impact of an Increase in Interest Rates									
	Weighted Average Interest Rate	Total Interest Weighted Average Interest Rate	Outstanding Debt	Expense Per Year	Earnings Per Share Impact (1)	Total Interest Annual Weighted Average Interest Rate	Outstanding Debt	Expense Per Year	Earnings Per Share Impact (1)	Total Interest Annual
At June 30, 2024										
At September 30, 2024										
One percentage point increase (2)										

(1) Based on the diluted weighted average common shares outstanding for the three months ended June 30, 2024 September 30, 2024.

(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 our interest rate caps. However, a one percentage point increase in our weighted average interest rate percentage of our floating rate loan debt at June 30, 2024 September 30, 2024 would result in a weighted average interest rate of 6.98%, a total interest expense per year of $186,568 and an a decrease in annual earnings per share impact of $(2.85) for our floating rate debt. $2.84.

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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

There have been no material changes to market interest rate risks associated with our fixed rate debt during the three and six nine months ended June 30, 2024 September 30, 2024. For a discussion of market interest rate risks associated with our fixed rate debt, see "Quantitative and Qualitative Disclosures About Market Risk" included in Part II, Item 7A of our 2023 Annual Report.

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, 2024 September 30, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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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 to extend 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:

- Our ability to reduce our leverage, generate cash flow and take advantage of mark-to-market leasing opportunities,
- 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 Hawaii Properties,
- 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 purchase cost effective interest rate caps,
- Our ability to pay interest on and principal of our debt,
- 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 high interest rates, prolonged high inflation, labor market challenges, supply chain disruptions, emerging technologies, volatility in the public equity and debt markets, pandemics, geopolitical instability and tensions, economic downturns or a possible recession 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 we target,
- Our ability to complete sales without delay, or at all, at existing agreement terms,

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- 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,
- Our expected capital expenditures and leasing costs, as well as risks and uncertainties regarding the development, redevelopment or repositioning of our properties, including as a result of prolonged high inflation, cost overruns, supply chain challenges, labor shortages, construction delays or 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.

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PART II. Other Information

Item 1A. Risk Factors

There have been no material changes to the risk factors from those we previously provided in our 2023 Annual Report.

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, 2024 September 30, 2024:

Calendar Month	Calendar Month	Number of Shares Purchased (1)	Number of Shares Purchased (1)	Average Price Paid per Share	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	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	Maximum Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
May 1, 2024 - May 31, 2024									
May 1, 2024 - May 31, 2024									
May 1, 2024 - May 31, 2024									
July 1, 2024 - July 31, 2024									

September 1, 2024 - September 30, 2024	
Total	

(1) This These common share withholding withholdings and purchase was purchases were made to satisfy tax withholding and payment obligations of a our officers and certain other current and former officer officers and employee 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 price of our common shares at the close of trading on Nasdaq on the applicable purchase date. dates.

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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, 2024May 30, 2024. (Incorporated by reference to the Company's Current Report on Form 8-K filed on June 3, 2024.) 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.)
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 30, 2024 October 29, 2024

By: /s/ Tiffany R. Sy

Tiffany R. Sy

Chief Financial Officer and Treasurer

(Principal Financial Officer and Principal Accounting Officer)

Dated: July 30, 2024 October 29, 2024

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Exhibit 31.1

CERTIFICATION PURSUANT TO EXCHANGE ACT RULES 13a-14(a) AND 15d-14(a)

I, Adam D. Portnoy, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Industrial Logistics Properties Trust;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 30, 2024 October 29, 2024

/s/ Adam D. Portnoy

Adam D. Portnoy

Managing Trustee

Exhibit 31.2

CERTIFICATION PURSUANT TO EXCHANGE ACT RULES 13a-14(a) AND 15d-14(a)

I, Matthew P. Jordan, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Industrial Logistics Properties Trust;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 30, 2024 October 29, 2024

/s/ Matthew P. Jordan

Matthew P. Jordan

Managing Trustee

Exhibit 31.3

CERTIFICATION PURSUANT TO EXCHANGE ACT RULES 13a-14(a) AND 15d-14(a)

I, Yael Duffy, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Industrial Logistics Properties Trust;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 30, 2024 October 29, 2024	/s/ Yael Duffy
	Yael Duffy
	President and Chief Operating Officer

Exhibit 31.4

CERTIFICATION PURSUANT TO EXCHANGE ACT RULES 13a-14(a) AND 15d-14(a)

I, Tiffany R. Sy, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Industrial Logistics Properties Trust;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 30, 2024 October 29, 2024

/s/ Tiffany R. Sy

Tiffany R. Sy

Chief Financial Officer and Treasurer

Exhibit 32.1

Certification Pursuant to 18 U.S.C. Sec. 1350

In connection with the filing by Industrial Logistics Properties Trust (the "Company") of the Quarterly Report on Form 10-Q for the period ended June 30, 2024 September 30, 2024 (the "Report"), each of the undersigned hereby certifies, to the best of his or her knowledge:

1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Adam D. Portnoy	/s/ Yael Duffy
Adam D. Portnoy	Yael Duffy
Managing Trustee	*President and Chief Operating Officer*
/s/ Matthew P. Jordan	/s/ Tiffany R. Sy
Matthew P. Jordan	Tiffany R. Sy
Managing Trustee	*Chief Financial Officer and Treasurer*

Date: July 30, 2024 October 29, 2024