Risk Factors Comparison 2024-02-22 to 2023-02-23 Form: 10-K

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Below is a summary of the principal factors that make an investment in our securities speculative or risky. This summary does not address all of the risks that we face. Additional discussion of the risks summarized in this risk factor summary, and other risks that we face, can be found below under the heading " Risk Factors " and should be carefully considered, together with other information in this Annual Report on Form 10- K and our other filings with the SEC, before making an investment decision regarding our securities. ● We are subject to risks related to the ownership of commercial real estate that could affect the performance and value of our properties. ● Adverse changes in U. S., global and local regions or markets that impact our tenants' businesses may materially and adversely affect us generally and the ability of our tenants to make rental payments to us pursuant to our leases. ● Our business is dependent upon our tenants successfully operating their businesses, and their failure to do so could materially and adversely affect us. ● The loss of revenues from our income property portfolio or certain tenants would adversely impact our results of operations and cash flows. ● Retail properties, particularly those with multiple tenants, depend on the presence of and successful operation of an anchor tenant or tenants and the failure of such tenant' s business or the loss of the anchor tenant (s) could adversely affect the overall success of our property and thereby could adversely impact our financial condition, results of operations and cash flows. ● We are subject to risks that affect the general retail environment in the United States, such as weakness in the economy, the level of consumer spending, the adverse financial condition of large consumer retail companies and competition from discount and internet retailers, any of which could adversely affect market rents for retail space and the willingness or ability of retail tenants to lease space in our multi- tenant properties. ● A significant portion of the revenue we generate from our income property portfolio is concentrated in specific industry classifications and / or geographic locations and any prolonged dislocation in those industries or downturn in those geographic areas would adversely impact our results of operations and cash flows. ● Our revenues include receipt of management fees and potentially incentive fees derived from our provision of management services to PINE and the loss or failure, or decline in the business or assets, of PINE could substantially reduce our revenues. ● There are various potential conflicts of interest in our relationship with PINE, including our executive officers and / or directors who are also officers and / or directors of PINE, which could result in decisions that are not in the best interest of our stockholders. ● A part of our investment strategy is focused on investing in commercial loans and investments which may involve credit risk **or the risk that our borrowers will fail to pay scheduled contractual payments to us when due** . ● We may invest in fixed- rate loan investments, and an increase in **market** interest rates may adversely affect the value of these investments, which could adversely impact our financial condition, results of operations and cash flows. ● The commercial loans or similar financings we may acquire that are secured by commercial real estate typically depend on the ability of the property owner to generate income from operating the property. Failure to do so may result in delinquency and / or foreclosure. ● We may suffer losses when a borrower defaults on a loan and the value of the underlying collateral is less than the amount due. ● The Company' s real estate investments are generally illiquid. ● We may experience a decline in the fair value of our real estate assets or investments which could result in impairments and would impact our financial condition and results of operations. ● The Company ~~has several~~ **may from time to time have** stockholders that beneficially own more than 5 % of the Company' s outstanding common stock and exercise the related voting rights of those shares. Actions by these stockholders, including trading activity, could have a material adverse impact on the trading price of our stock. ● The Company may be unable to obtain debt or equity capital on favorable terms, if at all, or additional borrowings may impact our liquidity or ability to monetize any assets securing such borrowings. ● Servicing our debt requires a significant amount of cash, and we may not have sufficient cash flow from our business to service or pay our debt. ● Our operations and properties could be adversely affected in the event of natural disasters, pandemics, or other significant disruptions. **12** ● We may encounter environmental problems which require remediation or the incurrence of significant costs to resolve, which could adversely impact our financial condition, results of operations, and cash flows. ● Failure to remain qualified as a REIT, would cause us to be taxed as a regular corporation, which would substantially reduce funds available for distributions to our stockholders. ● Even if we qualify as a REIT, we may face other tax liabilities that could reduce our cash flows and negatively impact our results of operations and financial condition. ● If we failed to distribute our Pre- REIT Conversion Earnings and Profits, we could fail to qualify as a REIT. ● Failure to make required distributions would subject us to U. S. federal corporate income tax. ● Complying with REIT requirements may limit our ability to hedge our liabilities effectively and may cause us to incur tax liabilities. ● The prohibited transactions tax may limit our ability to dispose of our properties. ● The ability of the Board to revoke our REIT qualification without stockholder approval may cause adverse consequences to our stockholders. ● If we are not successful in utilizing the Section 1031 like- kind exchange structure in deploying the proceeds from dispositions of income properties, or our Section 1031 like- kind exchange transactions are disqualified, we could incur significant taxes and our results of operations and cash flows could be adversely impacted. ● Dividends payable by REITs do not qualify for the reduced tax rates available for some dividends. RISK FACTORSOur business is subject to a number of significant risks. The risks described below may not be the only risks which potentially could impact our business. These additional risks include those which are unknown now or that are currently considered immaterial. If any of the circumstances, events, or developments described below actually occur to a significant degree, our business, financial condition, results of operations, and / or cash flows could be materially adversely affected, and the trading price of our common stock and preferred stock could decline. You should carefully consider the following risks and all the other information set forth in this Annual Report on Form 10- K, including the consolidated financial statements and the notes thereto. ~~13Risks~~ -- **Risks**

Related to Our Business Income Property OperationsWe are subject to risks related to the ownership of commercial real estate that could affect the performance and value of our properties. Factors beyond our control can affect the performance and value of our properties. Our core business is the ownership of commercial properties that generate lease revenue from either a single tenant in a stand- alone property or multiple tenants occupying a single structure or multiple structures. Accordingly, our performance is subject to risks incident to the ownership of commercial real estate, including: ● inability to collect rents from tenants due to financial hardship, including bankruptcy; ● changes in local real estate conditions in the markets where our properties are located, including the availability and demand for the properties we own; ● changes in consumer trends and preferences that affect the demand for products and services offered by our tenants; ● adverse changes in national, regional and local economic conditions; ● inability to lease or sell properties upon expiration or termination of existing leases; ● environmental risks, including the presence of hazardous or toxic substances on our properties; ● the subjectivity of real estate valuations and changes in such valuations over time; ● illiquidity of real estate investments, which may limit our ability to modify our portfolio promptly in response to changes in economic or other conditions; ● zoning or other local regulatory restrictions, or other factors pertaining to the local government institutions which inhibit interest in the markets in which our properties are located; ● changes in interest rates and the availability of financing; ● competition from other real estate companies similar to ours and competition for tenants, including competition based on rental rates, age and location of properties and the quality of maintenance, insurance ~~and~~ **13and** management services; ● acts of God, including natural disasters and global pandemics, such as the COVID- 19 Pandemic and its variants, which impact the United States, which may result in uninsured losses; ● acts of war or terrorism, including consequences of terrorist attacks; ● changes in tenant preferences that reduce the attractiveness and marketability of our properties to tenants or cause decreases in market rental rates; ● costs associated with the need to periodically repair, renovate or re- lease our properties; ● increases in the cost of our operations, particularly maintenance, insurance or real estate taxes which may occur even when circumstances such as market factors and competition cause a reduction in our revenues; ● changes in governmental laws and regulations, fiscal policies and zoning ordinances and the related costs of compliance with laws and regulations, fiscal policies and ordinances including in response to global pandemics whereby our tenants' businesses are forced to close or remain open on a limited basis only; and ● commodities prices. The occurrence of any of the risks described above may cause the performance and value of our properties to decline, which could materially and adversely affect us. Adverse changes in U. S., global and local regions or markets that impact our tenants' businesses may materially and adversely affect us generally and the ability of our tenants to make rental payments to us pursuant to our leases. Our results of operations, as well as the results of operations of our tenants, are sensitive to changes in U. S., global and local regions or markets that impact our tenants' businesses. Adverse changes or developments in U. S., global or regional economic conditions may impact our tenants' financial condition, which may adversely impact their ability to make rental payments to us pursuant to the leases they have with us and may also impact their current or future leasing practices. Adverse economic conditions such as high unemployment levels, rising interest rates, increased tax rates and increasing fuel and energy costs may have an impact on the results of operations and financial conditions of our tenants, which would likely adversely impact us. During periods of economic slowdown and declining demand for real estate, we ~~14may~~ -- **may** experience a general decline in rents or increased rates of default under our leases. A lack of demand for rental space could adversely affect our ability to maintain our current tenants and gain new tenants, which may affect our growth, profitability and ability to pay dividends. Our business is dependent upon our tenants successfully operating their businesses, and their failure to do so could materially and adversely affect us. Each of our properties is occupied by a single tenant or multiple tenants. Therefore, the success of our investments in these properties is materially dependent upon the performance of our tenants. The financial performance of any one of our tenants is dependent on the tenant' s individual business, its industry and, in many instances, the performance of a larger business network that the tenant may be affiliated with or operate under. The financial performance of any one of our tenants could be adversely affected by poor management, unfavorable economic conditions in general, changes in consumer trends and preferences that decrease demand for a tenant' s products or services or other factors, including the impact of a global pandemic which affects the United States, over which neither they nor we have control. To the extent we own multiple properties operated by one tenant, the general failure of that single tenant or a loss or significant decline in its business could materially and adversely affect us. At any given time, any tenant may experience a decline in its business that may weaken its operating results or the overall financial condition of individual properties or its business as a whole. Any such decline may result in our tenant failing to make rental payments when due, declining to extend a lease upon its expiration, delaying occupancy of our property or the commencement of the lease or becoming insolvent or declaring bankruptcy. We depend on our tenants to operate their businesses at the properties we own in a manner which generates revenues sufficient to allow them to meet their obligations to us, including their obligations to pay rent, maintain certain insurance coverage, pay real estate taxes, make repairs and otherwise maintain our properties. The ability of our tenants to fulfill their obligations under our leases may depend, in part, upon the overall profitability of their operations. Cash flow generated by certain tenant businesses may not be sufficient for a tenant to meet its obligations to us pursuant to the applicable lease. We could be materially and adversely affected if a tenant representing a significant portion of our operating results or a number of our tenants were unable to meet their obligations to us. ~~Retail~~ **14Retail** properties, particularly those with multiple tenants, depend on the presence of and successful operation of an anchor tenant or tenants and the failure of such tenant' s business or the loss of the anchor tenant (s) could adversely affect the overall success of our property and thereby could adversely impact our financial condition, results of operations and cash flows. Retail properties, like other properties, are subject to the risk that tenants may be unable to make their lease payments or may decline to extend a lease upon its expiration. A multi- tenant property is particularly sensitive to the risk that a tenant that occupies a large area of a commercial retail property (commonly referred to as an anchor tenant) is unable to make their lease payments, does not extend their lease upon its expiration, or otherwise vacates their rented space. A lease termination by an anchor tenant or tenants could impact leases of other tenants. Other tenants may be entitled to modify the terms of their existing leases in the event of a lease termination by an anchor tenant, or the closure of the business of an anchor tenant that leaves its space vacant even if the anchor tenant continues to pay rent. Any such modifications or conditions could be unfavorable to us as the property owner and could decrease rents or expense recoveries. Additionally, should an anchor tenant vacate their leased space customer traffic to the property may be decreased, which could lead to decreased sales at other stores thus adversely impacting the tenant' s operations and impacting their ability to pay rent. In the event of default by a tenant or anchor store, we may experience delays and costs in enforcing our rights as landlord to recover amounts due to us under the terms of our agreements with those parties. We are subject to risks that affect the general retail environment in the United States, such as weakness in the economy, the level of consumer spending, the adverse financial condition of large consumer retail companies and competition from discount and internet retailers, any of which could adversely affect market rents for retail space and the willingness or ability of retail tenants to lease space in our multi- tenant properties. A significant portion of the properties in our income property portfolio are commercial properties that were developed to be occupied by retail tenants and thus we are subject to the risks that affect the retail sector generally, as well as the market for retail space. The business environment for retail operators and the market for retail space have previously been, and could again be, adversely affected by weakness in the national, regional and local economies, the level of consumer spending and consumer confidence, the adverse financial condition of some large retail companies, the ~~15consolidation~~ -- **consolidation** of operators that occurs from time to time in the retail sector, any excess amount of retail space in a number of markets and increasing competition from discount retail operators, outlet malls, internet or e- commerce retail businesses and other online businesses. Increases in consumer spending through e- commerce channels may significantly affect our retail tenants' ability to generate sales in their stores and could affect the way future tenants lease space. In addition, some of our retail tenants face competition from the expanding market for digital content and hardware. New and enhanced technologies, including new digital technologies ~~and~~ **,** new web services technologies **and artificial intelligence** , may increase competition for certain of our retail tenants. **We** ~~While we devote considerable effort and resources to analyze and respond to tenant trends, preferences and consumer spending patterns, we~~ cannot predict with certainty what future tenants will require to operate their ~~business~~ **businesses** , what demands will be made for the build out of future retail spaces and how much revenue will be generated at traditional " brick and mortar " locations. If we are unable to anticipate and respond promptly to trends in the market, our occupancy levels and rental ~~amounts~~ **income** may decline. Any of the foregoing factors could adversely affect the financial condition of our retail tenants and the willingness of retail operators to lease space at our income properties. In turn, these conditions could negatively affect market rents for retail space and could materially and adversely affect our financial condition, results of operations, cash flow and our ability to satisfy our debt service obligations and to pay distributions to the Company' s stockholders. Competition that traditional retail tenants face from e- commerce retail sales, or the integration of brick and mortar stores with e- commerce retail operators, could adversely affect our business. Our retail tenants face increasing competition from e- commerce businesses. E- commerce sales continue to account for an increasing percentage of retail sales in the U. S. and this trend is likely to continue. These trends may have an impact on decisions that retail businesses make regarding their utilization of " brick and mortar " stores. Changes in shopping trends as a result of the growth in e- commerce may also impact the profitability of retail operators that do not adapt to changes in market conditions. The continued growth of e- commerce sales could decrease the need for traditional retail outlets and reduce the demand for retail space and property requirements. These conditions could adversely impact our results of operations and cash flows if we are unable to meet the needs of our tenants or if our tenants encounter financial difficulties as a result of changing market conditions. ~~A~~ **15A** key element of our future success will depend upon, among other things, our ability to successfully execute our strategy to invest in income- producing assets which if unsuccessful could adversely impact our financial condition, results of operations and cash flows. There is no assurance that we will be able to continue to execute our strategy of investing in income- producing assets, including income properties and commercial loans or similar financings secured by real estate. There is no assurance that the number of properties in our income property portfolio or the number of loans in our loan investment portfolio will expand at all or, if they expand, at any specified rate or to any specified size. ~~The growth in our portfolios of income- producing assets provide earnings and cash flow through the added rents or interest payments.~~ If we continue to invest in diverse geographic markets other than the markets in which we currently own income properties or loan investments, we will be subject to risks associated with investing in new markets as those markets may be relatively unfamiliar to us. In addition, investments in new markets may introduce increased costs to us relating to factors including the regulatory environment and the local and state tax structure. Additionally, there is no assurance we will be able to continue to make investments in commercial loans or similar financings secured by real estate. Consequently, if we are unable to successfully execute our strategy of investing in income- producing assets or some or all of our investments, including in new markets, introduce increased operating costs our financial condition, results of operations, and cash flows may be adversely affected. We operate in a highly competitive market for the acquisition of income properties and more established entities or other investors may be able to compete more effectively for acquisition opportunities than we can. A number of entities and other investors compete with us to purchase income properties. We compete with REITs, public and private real estate focused companies, high wealth individual investors, and others. Many of our competitors are substantially larger and have considerably greater financial, technical and marketing resources than we do. Several of our public company competitors have greater access to capital, typically by raising equity or debt financing, have significant amounts of capital available and investment objectives that overlap with ours, which often creates competition for acquisition opportunities. Some competitors may have a lower cost of capital and access to funding sources that are not available to us. In addition, some of our competitors may have higher risk tolerances or different assessments of investment risk, which could allow them to consider a wider variety of income property acquisitions and establish more ~~16relationships~~ -- **relationships** than us. We cannot be assured that the competitive pressures we face will not have a material adverse effect on our business, financial condition, results of operations and therefore our cash flows. Also, because of this competition, we may not be able to take advantage of attractive acquisition opportunities from time to time, and we can offer no assurance that we will be able to identify and purchase assets that are consistent with our objectives. The loss of revenues from our income property portfolio or certain tenants would adversely impact our results of operations and cash flows. Certain of our tenants may account for a significant portion of our total revenues and **/** or square footage in our income property portfolio (see Note 2, " Summary of Significant Accounting Policies " under the heading Concentration of Credit Risk in the notes to the consolidated financial statements in Item 8). The default, financial distress, or bankruptcy of one or all of our major tenants could cause substantial vacancies in some of the largest properties in our income property portfolio and reduce our revenues from our income property operations significantly, thereby adversely impacting our results of operations and cash flows. Vacancies reduce our revenue until the affected properties can be re- leased and could decrease the value of each such vacant property. Upon the expiration of the leases that are currently in place, we may not be able to re- lease a vacant property at a comparable lease rate or without incurring additional expenditures in connection with such re- leasing. If, following the loss of an income property tenant, we are unable to re- lease the income property at comparable rental rates and in a timely manner, our financial condition, results of operations and cash flows could be adversely affected. A significant portion of the revenue we generate from our income property portfolio is concentrated in specific industry classifications and / or geographic locations and any prolonged dislocation in those industries or downturn in those geographic areas would adversely impact our results of operations and cash flows. Certain of our tenants and or geographic concentrations may account for a significant portion of our base rent revenue (see Note 2, " Summary of Significant Accounting Policies " under the heading Concentration of Credit Risk in the notes to the consolidated financial statements in Item 8). Such geographic concentrations could be heightened by the fact that our investments may be concentrated in certain areas that are affected by epidemics or pandemics such as COVID- 19 more than other areas. Any financial hardship and / or economic downturns in the financial industry, including a downturn similar ~~to~~ **16to** the financial crisis in 2007 through 2009, or in the states noted could have an adverse effect on our results of operations and cash flows. Certain provisions of the Company' s leases may be unenforceable. The Company' s rights and obligations with respect to its leases are governed by written agreements with its tenants. A court could determine that one or more provisions of such an agreement are unenforceable, such as a particular remedy, a termination provision, or a provision governing the Company' s remedies for default of the tenant. If we were unable to enforce provisions of a lease agreement or agreements, our results of operations, financial condition, and cash flows could be adversely impacted. We may not be able to dispose of properties we target for sale to recycle our capital. While the Company' s strategy may include selectively selling non- core assets or other income- producing properties to recycle our capital, we may be unable to sell such assets or properties targeted for disposition due to adverse market or other conditions or not achieve the pricing or timing that is consistent with our expectations. This may adversely affect, among other things, the Company' s ability to deploy capital into the acquisition of other income- producing properties, the execution of our overall operating strategy and consequently our financial condition, results of operations, and cash flows. We may seek to conduct development activities, including the development of new income properties or the redevelopment or renovation of existing income properties, which may cause us to experience unexpected costs and have other risks that may adversely affect our financial condition, results of operations and liquidity. We have recently and may in the future develop new income properties. In addition, we have in recent years and may in the future redevelop, significantly renovate or otherwise invest additional capital in certain of our existing income properties to improve the assets and enhance the opportunity for increased returns on our overall investment. These various development activities, particularly the development of new income properties, is subject to a number of risks, including risks associated with construction work and risks of cost overruns due to construction delays or other factors that may ~~17increase~~ -- **increase** the expected costs of a project. Furthermore, the commencement of development projects is subject to other risks including the receipt of zoning or entitlements and other required governmental permits and authorizations. In addition, we may incur development costs in connection with projects that are ultimately not pursued to completion. Any of the development activities noted may be financed under our Credit Facility or through other forms of financing. If such financing is not available on acceptable terms, our development activities may not be pursued or may be curtailed. In addition, such development activities would likely reduce the available borrowing capacity on our Credit Facility which we use for the acquisition of income properties and other operating needs. The risks associated with development activities, including but not necessarily limited to those noted, could adversely impact our financial condition, results of operations, and liquidity. Management of and Investment in PINEOur revenues include receipt of management fees and potentially incentive fees derived from our provision of management services to PINE and the loss or failure, or decline in the business or assets, of PINE could substantially reduce our revenues. Our revenues include the fees we earn from providing management services to PINE. The revenues we generate from managing PINE depend in large part on the ability of PINE to raise capital to invest in real estate assets and on the positive performance of PINE' s investments and stockholder returns. The performance of PINE is subject to a number of risks and uncertainties. Therefore, a portion of our operating results and our ability to maintain and grow the fees we earn from providing management services to PINE depends upon the ability of PINE and its tenants to maintain and grow their respective businesses. Our ability to maintain and grow the fees we earn from providing management services to PINE also depend upon the ability of PINE to maintain and grow its market capitalization and to achieve positive stockholder returns in excess of applicable total stockholder return indexes. Reduced business activities, market capitalizations or stockholder returns, sales of assets or the failure of PINE or the termination of our management agreement with PINE ~~could~~ **17could** materially reduce our revenues and our profitability thereby adversely impacting our cash flows and results of operations. Our management agreement with PINE is subject to termination for events of default or non-performance, and any such termination could have a material adverse effect on our business, results of operations and financial condition. Our management with PINE may be terminated by PINE in certain circumstances. Depending upon the circumstances of a termination, we may or may not be entitled to receive a termination fee. If our management agreement with PINE is terminated, we may be unable to replace the lost revenue. Even if we receive a termination fee upon the termination of the management agreement with PINE, we may be unable to invest the after tax proceeds from the termination fee we receive in opportunities that earn returns equal to or greater than the revenues lost as a result of the terminated management agreement. The termination of our management agreement with PINE could have a material adverse impact on our business, results of operations and financial condition. An internalization of PINE' s management functions could have a material adverse effect on our business, results of operations and financial condition. In the future, PINE' s board of directors may consider internalizing the functions performed for PINE by us. We may be unable to replace the revenue that we would have received in the future in the absence of an internalization transaction. In the event that we and PINE agree to an internalization transaction, the payment of the internalization price to us would be in lieu of the payment of any termination fee. The internalization price would be payable in cash, shares of PINE' s common stock or OP Units, or a combination thereof, as determined by a majority of PINE' s independent directors in their sole discretion. Even if the internalization price paid to us in connection with an internalization is substantial, we cannot assure you that any cash, shares of PINE' s common stock or OP Units received in connection with an internalization transaction will ultimately lead to returns equal to or greater than the revenues lost as a result of the internalization transaction. Internalization transactions, including without limitation, transactions involving the acquisition of external advisors or property managers affiliated with entity sponsors have also, in some cases, been the subject of litigation. Even if these claims are without merit, we could be forced to spend significant amounts of money defending claims which would reduce the amount of funds available for us to invest in properties or other investments and to pay distributions to our stockholders. All of these factors could have a material adverse effect on us. ~~18We~~ **We** may be unable to successfully operate PINE' s business. We are paid a management fee to manage PINE' s business and we may be paid an incentive fee which will depend on numerous factors, including our ability to make investments on behalf of PINE that generate attractive, risk- adjusted returns, and thereby result in PINE' s stockholders achieving a necessary level of return. A key element of PINE' s success includes its ability to raise additional equity capital to fund its goals for growth. Our successful performance as the manager of PINE therefore depends, in part, **on** our ability to assist PINE in raising equity capital in amounts sufficient to support PINE' s goals and on acceptable terms. Our successful performance as the manager of PINE also depends on our ability to access debt financing for PINE, and on acceptable terms. There can be no assurance that we will be successful in this business, that PINE will achieve its objectives, will invest successfully in income properties and will generally operate successfully, or that we will earn fees from PINE sufficient to recover the costs we have incurred or to provide a suitable return on our investment in PINE. Declines in the market values of our investment in PINE may adversely affect periodic reported results. We hold a significant equity interest in PINE as of December 31, ~~2022~~ **2023** including the OP Units we hold in the PINE Operating Partnership as further described in Note 1, " Organization " in the notes to the consolidated financial statements in Item 8. PINE is publicly traded and as such, PINE' s common stock is subject to the risks associated with public equities, including, but not limited to, market risk broadly, risks associated with the REIT industry, and risks associated with the real estate industry more specifically. The public equity markets can be volatile, and the value of PINE' s stock and OP Units may fluctuate significantly over short periods of time. A significant decrease in the trading price of PINE' s stock ~~could~~ **18could** result in losses that have a material adverse effect on the value of our investment in PINE which could adversely impact our financial condition. There are various potential conflicts of interest in our relationship with PINE, including our executive officers and / or directors who are also officers and / or directors of PINE, which could result in decisions that are not in the best interest of our stockholders. We are subject to conflicts of interest that may exist or could arise in the future with PINE, including our executive officers and / or directors who are also directors or officers of PINE. Conflicts may include, without limitation: conflicts arising from the enforcement of agreements between us and PINE; conflicts in the amount of time that our officers and employees will spend on our affairs versus PINE' s affairs; and conflicts in future transactions that we may pursue with PINE. Transactions between us and PINE would be subject to certain approvals of our directors; however, there can be no assurance that such approval will be successful in achieving terms and conditions as favorable to us as would be available from a third party. Our president and chief executive officer who is also one of our directors also serves on PINE' s board of directors. Our directors and executive officers have duties to our company under applicable Maryland law, and our executive officers and our directors who are also directors or officers of PINE also have duties to PINE under applicable Maryland law. Those duties may come in conflict from time to time. We have duties as the manager of PINE which may come in conflict with our duties to our stockholders from time to time. In addition, conflicts of interest may exist or could arise in the future with our duties to PINE as its manager in connection with future investment opportunities. Commercial Loans and InvestmentsA part of our investment strategy is focused on investing in commercial loans and investments which may involve credit risk **or the risk that our borrowers will fail to pay scheduled contractual payments to us when due** . As part of our business strategy, we have invested in commercial loans secured by commercial real estate and may in the future invest in other commercial loans or similar financings secured by real estate. Investments in commercial loans or similar financings of real estate involve credit risk with regard to the borrower, the borrower' s operations and the real estate that secures the financing. The credit risks include, but are not limited to, the ability of the borrower to execute their business plan and strategy, the ability of the borrower to sustain and / or improve the operating results generated by the collateral property, the ability of the borrower to continue as a going concern, and the risk associated with the market or industry in which the collateral property is utilized. Our evaluation of the investment opportunity in a mortgage loan or similar financing includes these elements of credit risk as well as other underwriting criteria and factors. Further, we may rely on third party resources to assist us in our investment evaluation process and otherwise in conducting customary due diligence. Our underwriting of the investment or our estimates of credit risk may not prove to be accurate, as actual results ~~19may~~ -- **may** vary from our estimates. In the event we underestimate the performance of the borrower and / or the underlying real estate which secures our commercial loan or financing, we may experience losses or unanticipated costs regarding our investment and our financial condition, results of operations, and cash flows may be adversely impacted **. Our commercial loans and investments segment is also exposed to risks associated with real estate investments generally. Any**

deterioration of real estate fundamentals generally, and in the United States in particular, could negatively impact the performance of our commercial loans and investments segment by making it more difficult for borrowers to satisfy their debt payment obligations, increasing the default risk applicable to borrowers and making it relatively more difficult for us to generate attractive risk- adjusted returns in our commercial loans and investments segment. Real estate investments are subject to various risks, including the risks described elsewhere in this Form 10- K with respect to the properties that we own directly. Our borrowers may be impacted by these same risks, which may make it more difficult for them to satisfy their debt payment obligations to us. Our origination or acquisition of construction loans exposes us to an increased risk of loss. We have originated, and may in the future, originate or acquire additional construction loans. If we fail to fund our entire commitment on a construction loan or if a borrower otherwise fails to complete the construction of a project, there could be adverse consequences associated with the loan, including, but not limited to: a loss of the value of the property securing the loan, especially if the borrower is unable to raise funds to complete construction from other sources; a borrower claim against us for failure to perform under the loan documents; increased costs to the borrower that the 19borrower is unable to pay; a bankruptcy filing by the borrower; and abandonment by the borrower of the collateral for the loan. A borrower default on a construction loan where the property has not achieved completion poses a greater risk than a conventional loan, as completion would be required before the property is able to generate revenue. The process of foreclosing on a property is time- consuming, and we may incur significant expense if we foreclose on a property securing a loan under these or other circumstances. Our investments in construction loans require us to make estimates about the fair value of land improvements that may be challenged by the Internal Revenue Service (" IRS "). We have originated and may in the future originate or acquire additional construction loans, the interest from which will be qualifying income for purposes of the REIT income tests, provided that the loan value of the real property securing the construction loan is equal to or greater than the highest outstanding principal amount of the construction loan during any taxable year. For purposes of construction loans, the loan value of the real property is the fair value of the land plus the reasonably estimated cost of the improvements or developments (other than personal property) that will secure the loan and that are to be constructed from the proceeds of the loan. There can be no assurance that the IRS would not challenge our estimate of the loan value of the real property. Because of competition, we may not be able to acquire commercial loans or similar financings at all or at favorable yields. When we seek to invest in commercial loans or similar financings secured by underlying real estate, we may not be able to acquire such loan investments at favorable spreads over our borrowing costs. We compete with many other investment groups including other REITs, public and private investment funds, life insurance companies, commercial and investment banks and, commercial finance companies, including some of the third parties with which we expect to have relationships. In most instances the competition has greater financial capacity, are larger organizations and has a greater operating presence in the market. As a result, we may not be able to acquire commercial loans or similar financings in the future at all or at favorable spreads over our borrowing costs, which could adversely impact our results of operations and cash flows and would likely result in the need for any growth in our portfolio of income- producing assets to be achieved through the acquisition of income properties. Debt and preferred equity investments could cause us to incur expenses, which could adversely affect our results of operations. We have in the past, currently and will own in the future, investments in first mortgages, mezzanine loans, junior participations and preferred equity interests. Such investments may or may not be recourse obligations of the borrower and are not insured or guaranteed by governmental agencies or otherwise. In the event of a default under these obligations, we may have to take possession of the collateral securing these interests including through foreclosure proceedings. Borrowers may contest enforcement of foreclosure or our other remedies and may seek bankruptcy protection to potentially block our actions to enforce their obligations to us. Relatively high loan- to- value ratios and declines in the value of the underlying collateral property may prevent us from realizing an amount equal to our investment upon foreclosure or realization even if we make substantial improvements or repairs to the underlying real estate to maximize such property' s investment potential. Although we have maintained and regularly evaluated financial reserves to properly accrue for potential future losses, our reserves would reflect management' s judgment of the probability and severity of losses and the value of the underlying collateral. We cannot be certain that our judgment will prove to be correct and that our reserves, if any, will be adequate over time to protect against future losses due to unanticipated adverse changes in the economy or events adversely affecting specific properties, assets, tenants, borrowers, industries in which our tenants and borrowers operate or markets in which our tenants and borrowers, or their properties are located. If we are unable to enforce our contractual rights, including but not limited to, taking possession of the collateral property in a foreclosure circumstance, or our reserves for credit losses prove inadequate, we could suffer losses which would have a material adverse effect on our financial condition, results of operations, and cash flows. The mezzanine loan assets that we may acquire will involve greater risks of loss than senior loans secured by income- producing properties. We may acquire mezzanine loans, which generally take the form of subordinated loans secured by the underlying property or loans secured by a pledge of the ownership interests of either the entity owning the property or a pledge of the ownership interests of the entity that owns the interest in the entity owning the property. These types of assets involve a higher degree of risk than senior mortgage lending secured by income- producing real property, because the loan may ~~become~~ **20become** unsecured as a result of foreclosure by the senior lender. In the event of a bankruptcy of the entity providing the pledge of its ownership interests as security, we may not have full recourse to the assets of such entity, or the assets of the entity may not be sufficient to satisfy our mezzanine loan. If a borrower defaults on our mezzanine loan or the debt that is senior to our loan, or in the event of a borrower bankruptcy, our mezzanine loan will only be satisfied after the senior debt has been satisfied. As a result, we may not recover some or all of our initial investment. In addition, mezzanine loans may have higher loan- to- value ratios than conventional mortgage loans, resulting in less equity in the property and increasing the risk of loss of principal. Significant losses related to our mezzanine loans would result in operating losses for us and could adversely impact our financial condition and cash flows. ~~20We~~ **We** may invest in fixed- rate loan investments, and an increase in interest rates may adversely affect the value of these investments, which could adversely impact our financial condition, results of operations and cash flows. Increases in interest rates may negatively affect the market value of our investments, particularly any fixed- rate commercial loans or other financings we have invested in. Generally, any fixed- rate commercial loans or other financings will be more negatively affected by rising interest rates than adjustable- rate assets. We are required to reduce the book value of our investments by the amount of any decrease in their fair value. Reductions in the fair value of our investments could decrease the amounts we may borrow to purchase additional commercial ~~loan~~ **loans** or similar financing investments, which could impact our ability to increase our operating results and cash flows. Furthermore, if our borrowing costs are rising while our interest income is fixed for the fixed- rate investments, the spread between our borrowing costs and the fixed- rate we earn on the commercial loans or similar financing investments will contract or could become negative which would adversely impact our financial condition, results of operations, and cash flows. The commercial loans or similar financings we have acquired and may acquire in the future that are secured by commercial real estate typically depend on the ability of the property owner to generate income from operating the property. Failure to do so may result in delinquency and / or foreclosure. Commercial loans are secured by commercial property and are subject to risks of delinquency and foreclosure and therefore risk of loss. The ability of a borrower to repay a loan secured by an income- producing property typically is dependent primarily upon the successful operation of such property rather than upon the existence of independent income or assets of the borrower. If the net operating income of the property is reduced, the borrower' s ability to repay the loan may be impaired. In the event of any default under a commercial loan held directly by us, we will bear a risk of loss of principal to the extent of any deficiency between the value of the collateral and the principal and accrued interest of the commercial loan, which could have a material adverse effect on our financial condition, operating results and cash flows. In the event of the bankruptcy of a commercial loan borrower, the mortgage loan to such borrower will be deemed to be secured only to the extent of the value of the underlying collateral at the time of bankruptcy (as determined by the bankruptcy court), and the lien securing the loan will be subject to the avoidance powers of the bankruptcy trustee or debtor- in- possession to the extent the lien is unenforceable under state law. Foreclosure of a loan can be an expensive and lengthy process, which could have a substantial negative effect on our anticipated return on the foreclosed commercial loan. If the borrower is unable to repay a mortgage loan or similar financing our inability to foreclose on the asset in a timely manner, and / or our inability to obtain value from reselling or otherwise disposing of the asset for an amount equal to our investment basis, would adversely impact our financial condition, results of operations, and cash flows. The activities or actions of a third- party servicer engaged to service our investment in a commercial loan or similar debt financing could adversely impact the value of our investment or our results of operations and cash flows. Any future investments in first mortgages, mezzanine loans or other debt financings secured by real estate may require a third- party servicer to service the loan on our behalf and / or on behalf of third parties who have invested in some portion of the debt financing. An intended or unintended breach by the servicer with regard to their servicing of the debt financing or in their contractual obligations and fiduciary duties to us or the other holders of the debt financing could adversely impact the value of our investment or our results of operations and cash flows. ~~We~~ **21We** may suffer losses when a borrower defaults on a loan and the value of the underlying collateral is less than the amount due. If a borrower defaults on a non- recourse loan, we will only have recourse to the real estate- related assets collateralizing the loan. If the underlying collateral value is less than the loan amount, we will suffer a loss. Conversely, commercial loans we invest in may be unsecured or be secured only by equity interests in the borrowing entities. These loans are subject to the risk that other lenders in the capital stack may be directly secured by the real estate assets of the borrower or may otherwise have a superior right to repayment. Upon a default, those collateralized lenders would have priority over us with respect to the proceeds of a sale of the underlying real estate. In such cases, we may lack control over the underlying asset collateralizing our loan or the underlying assets of the borrower before a default and, as a result, the value of the collateral may be reduced by acts or omissions by owners or managers of the assets. In addition, the value of the underlying real estate may be adversely affected by some or all of the risks referenced above that pertain to the income- producing properties that we own. ~~21Commercial~~ -- **Commercial** loans we may invest in may be backed by individual or corporate guarantees from borrowers or their affiliates which guarantees are not secured. If the guarantees are not fully or partially secured, we typically rely on financial covenants from borrowers and guarantors which are designed to require the borrower or guarantor to maintain certain levels of creditworthiness. Should we not have recourse to specific collateral pledged to satisfy such guarantees or recourse loans, we will have recourse as an unsecured creditor only to the general assets of the borrower or guarantor, some or all of which may be pledged as collateral for other lenders. There can be no assurance that a borrower or guarantor will comply with its financial covenants, or that sufficient assets will be available to pay amounts owed to us under our loans and guarantees. Because of these factors, we may suffer additional losses which could have a material adverse effect on our financial condition, operating results and cash flows. Upon a borrower bankruptcy, we may not have full recourse to the assets of the borrower to satisfy our loan. Additionally, in some instances, our loans may be subordinate to other debt of certain borrowers. If a borrower defaults on our loan or on debt senior to our loan, or a borrower files for bankruptcy, our loan will be satisfied only after the senior debt receives payment. Where debt senior to our loan exists, the presence of inter- creditor arrangements may limit our ability to amend our loan documents, assign our loans, accept prepayments, exercise our remedies (through " standstill " periods), and control decisions made in bankruptcy proceedings. Bankruptcy and borrower litigation can significantly increase collection costs and the time needed for us to acquire title to the underlying collateral (if applicable), during which time the collateral and / or a borrower' s financial condition may decline in value, causing us to suffer additional losses. If the value of collateral underlying a loan declines, or interest rates increase during the term of a loan, a borrower may not be able to obtain the necessary funds to repay our loan at maturity through refinancing because the underlying property revenue cannot satisfy the debt service coverage requirements necessary to obtain new financing. If a borrower is unable to repay our loan at maturity, we could suffer additional loss which may adversely impact our financial condition, operating results and cash flows. As a result of any of the above factors or events, the losses we may suffer could adversely impact our financial condition, results of operations and cash flows. **We could fail to continue to qualify as a REIT if the IRS successfully challenges our treatment of any mezzanine loans in which we invest. We may, in the future, originate or acquire mezzanine loans, which are loans secured by equity interests in an entity that directly or indirectly owns real property, rather than by a direct mortgage of the real property. In Revenue Procedure 2003- 65, the IRS established a safe harbor under which loans secured by a first priority security interest in ownership interests in a partnership or limited liability company owning real property will be treated as real estate assets for purposes of the REIT asset tests, and interest derived from those loans will be treated as qualifying income for both the 75 % and 95 % gross income tests, provided several requirements are satisfied. Although Revenue Procedure 2003- 65 provides a safe harbor on which taxpayers may rely, it does not prescribe rules of substantive tax law. Moreover, our mezzanine loans may not meet all of the requirements for reliance on the safe harbor. Consequently, there can be no assurance that the IRS will not challenge our treatment of such loans as qualifying real estate assets, which could adversely affect our ability to continue to qualify as a REIT.** ~~Other~~ **22Other** InvestmentsInvestments in securities of companies operating in the real estate industry, including debt and equity instruments such as corporate bonds, preferred or common stock, or convertible instruments could cause us to incur losses or other expenses which could adversely affect our financial position, results of operations, and cash flows. We currently own **,** and may own in the future, investments in corporate securities of companies operating in the real estate industry including debt and equity instruments such as corporate bonds, preferred or common stock, or convertible instruments. Certain of these investments may be traded on an exchange or other active market whereby the price of the underlying instrument is quoted daily and those quoted prices and thus the market value of the instrument varies during a given trading day. Certain of these investments may be traded on an exchange or market that is not deemed an active market but where the price of the investment fluctuates daily or otherwise. Adverse fluctuations in the value of these investments, whether market- generated or not, are reflected as unrealized losses on our balance sheet. We may choose to or be required to liquidate these investments in whole or in part and at prices that result in realized losses on our investment. Should we incur realized losses on liquidating these investments, our financial position, results of operations and cash flows would be adversely impacted. General We are subject to a number of risks inherent with the real estate industry and in the ownership of real estate assets or investment in financings secured by real estate, which may adversely affect our returns from our investments, our financial condition, results of operations and cash flows. Factors beyond our control can affect the performance and value of our real estate assets including our income properties, investments in commercial loans or similar financings secured by real estate or other investments, and our Subsurface Interests. Real estate assets are subject to various risks, including but not limited to the following: ● Adverse changes in national, regional, and local economic and market conditions where our properties or the properties underlying a loan investment are located; ~~22~~ ● Competition from other real estate companies similar to ours and competition for tenants, including competition based on rental rates, age and location of the property and the quality of maintenance, insurance, and management services; ● Changes in tenant preferences that reduce the attractiveness and marketability of our income properties to tenants or decreases in market rental rates; ● Zoning or other local regulatory restrictions, or other factors pertaining to the local government institutions which inhibit interest in the markets in which our income- producing assets are located; ● Costs associated with the need to periodically repair, renovate or re- lease our income properties; ● Increases in the cost of our operations, particularly maintenance, insurance, or real estate taxes which may occur even when circumstances such as market factors and competition cause a reduction in our revenues; ● Changes in governmental laws and regulations, fiscal policies and zoning ordinances and the related costs of compliance with laws and regulations, fiscal policies, and ordinances; ● Commodities prices; ● Illiquidity of real estate investments which may limit our ability to modify our income- producing asset portfolios promptly in response to changes in economic or other conditions; ● Acts of God, including natural disasters, which may result in uninsured losses; and ● Acts of war or terrorism, including consequences of terrorist attacks. If any of these or similar events occurs, it may reduce our return from an affected real estate asset or investment which could adversely impact our financial condition, results of operations and cash flows. The Company' s real estate investments are generally illiquid. Real estate investments, including investments in income properties, joint ventures and ~~subsurface~~ **Subsurface** ~~interests~~ **Interests** , are relatively illiquid; therefore, it may be difficult for us to sell such assets if the need or desire arises, and otherwise the Company' s ability to make rapid adjustments in the size and content of our income property portfolio or other real estate assets in response to economic or other conditions is limited. Illiquid assets typically experience greater price volatility, as a ready market does not exist, and can be more difficult to value. In addition, validating third party pricing for illiquid ~~assets~~ **23assets** may be more subjective than more liquid assets. As a result, if we are required to quickly liquidate all or a portion of certain of our real estate assets or income- producing assets, we may realize significantly less than the value at which we have previously recorded our assets. Further, certain expenditures necessary to operate our income property operations generally do not decrease and may in fact increase in response to weakening economic conditions or other market disruptions, which expenditures may include maintenance costs, insurance costs and, in some instances, interest expense. This relationship of revenue and expenditures may result, under certain market conditions, in declining operating results and reduced cash flows and thereby could have an adverse effect on the Company' s financial condition. We may experience a decline in the fair value of our real estate assets or investments which could result in impairments and would impact our financial condition and results of operations. A decline in the fair market value of our long- lived assets may require us to recognize an " other- than- temporary " impairment against such assets (as defined by the Financial Accounting Standards Board (" FASB ") authoritative accounting guidance) if certain conditions or circumstances related to an asset were to change and we were to determine that, with respect to any such asset, there was an unrealized loss to the fair value of the asset. The fair value of our long- lived assets depends on market conditions, including estimates of future demand for these assets, and the revenues that can be generated from such applicable assets including land or an income property. If such a determination were to be made, we would recognize the estimated unrealized losses through earnings and write down the depreciated or amortized cost of such assets to a new cost basis, based on the fair value of such assets on the date they are considered to be other- than- temporarily impaired. Such impairment charges reflect non- cash losses at the time of recognition; subsequent disposition or sale of such assets could further affect our future losses or gains, as they are based on the difference between the sales price received and the adjusted depreciated or amortized cost of such assets at the time of sale. Downturns in the U. S. economy and real estate markets have at times caused the fair value of certain of our properties to decrease. If the real estate market were to experience another decline, we may be required to take write- downs against our earnings for other than temporary impairments in the value of our real estate assets including our income properties, commercial loans and investments and similar financings or other capitalized costs. Any such non- cash charges could have an adverse effect on our financial condition and results of operations. ~~23From~~ -- **From** time to time we make investments in companies over which we do not have control. Some of these companies may operate in industries that differ from our current operations, with different risks than investing in real estate. From time to time we make debt or equity investments in other companies that we may not control or over which we may not have sole control. Although these businesses generally have a significant real estate component, some of them may operate in businesses that are different from our primary business segments. Consequently, investments in these businesses, among other risks, subject us to the operating and financial risks of industries other than real estate and to the risk that we do not have sole control over the operations of these businesses. From time to time we may make additional investments in or acquire other entities that may subject us to similar risks. Investments in entities over which we do not have sole control, including joint ventures, present additional risks such as having differing objectives than our partners or the entities in which we invest, or becoming involved in disputes, or competing with those persons. In addition, we rely on the internal controls and financial reporting controls of these entities and their failure to maintain effectiveness or comply with applicable standards may adversely affect us. Quarterly results may fluctuate and may not be indicative of future quarterly performance. Our quarterly operating results could fluctuate; therefore, reliance should not be placed on past quarterly results as indicative of our performance in future quarters. Factors that could cause quarterly operating results to fluctuate include, among others, variations in the performance of our income- producing assets, market values of our investment in PINE, costs associated with debt, general economic conditions, the state of the real estate and financial markets and the degree to which we encounter competition in our markets. ~~Risks~~ **24Risks** related to Our Financing GeneralThe Company may be unable to obtain debt or equity capital on favorable terms, if at all, or additional borrowings may impact our liquidity or ability to monetize any assets securing such borrowings. In order to further our business objectives, we have in the past and expect to continue to seek to obtain additional debt financing or raise equity capital and may be unable to do so on favorable terms, if at all. We may obtain unsecured debt financing in addition to our Credit Facility which could decrease our borrowing capacity under the Credit Facility. Other sources of available capital may be more expensive or available under terms that are more restrictive than the Company' s existing debt capital. Any of these occurrences could adversely affect the Company' s business, financial condition, results of operations, and cash flows. An increase in our borrowing costs would adversely affect our financial condition and results of operations. While we have no short- term maturities in our long- term debt, should we seek to incur additional debt to help finance our acquisitions, increased interest rates would reduce the difference, or spread, that we may earn between the yield on the investments we make and the cost of the leverage we employ to finance such investments. It is possible that the spread on investments could be reduced to a point at which the profitability from investments would be significantly reduced or eliminated entirely. This would adversely affect our returns on our assets, and therefore adversely impact our financial condition, our results of operations, and cash flows, and could require us to liquidate certain or all of these assets. Servicing our debt requires a significant amount of cash, and we may not have sufficient cash flow from our business to service or pay our debt. Our ability to make scheduled payments of the principal of, to pay interest on, to pay any cash due upon conversion of, or to refinance our indebtedness, including the Company' s $ 51. 0 million aggregate principal amount of 3. 875 % Convertible Senior Notes due 2025 (the " 2025 Notes "), depends on our future operating and financial performance, which is subject to economic, financial, competitive and other factors beyond our control. Our business may not continue to generate cash flow from operations in the future sufficient to service our debt and make necessary capital expenditures. If we are unable to generate such cash flow, we may be required to adopt one or more alternatives, such as selling assets, restructuring debt or obtaining additional equity capital on terms that may be onerous or highly dilutive. Our ability to refinance our indebtedness will depend on the capital markets and our financial condition at such time. We may not be ~~24able~~ -- **able** to engage in any of these activities or engage in these activities on desirable terms, which could result in a default on our debt obligations. Our level of indebtedness could have significant adverse consequences and our cash flow may be insufficient to meet our debt service obligations. Our level of indebtedness, as further described in Note 16 " Long- Term Debt " in the notes to the consolidated financial statements in Item 8, could have significant adverse consequences on our business and operations, including the following: ● it may increase our vulnerability to changes in economic conditions (including increases in interest rates) and limit our flexibility in planning for, or reacting to, changes in our business and / or industry; ● we may be at a disadvantage compared to our competitors with comparatively less indebtedness; ● we may be unable to hedge our debt, or such hedges may fail or expire, leaving us exposed to potentially volatile interest or currency exchange rates; and ● we may be unable to refinance our indebtedness or obtain additional financing as needed or on favorable terms. Our ability to generate sufficient cash flow determines whether we will be able to (i) meet our existing or potential future debt service obligations; (ii) refinance our existing or potential future indebtedness; and (iii) fund our operations, working capital, acquisitions, capital expenditures, and other important business uses. Our future cash flow is subject to many factors beyond our control and we cannot assure you that our business will generate sufficient cash flow from operations, or that future sources of cash will be available to us on favorable terms, to meet all of our debt service obligations and fund our other important business uses or liquidity needs. As a result, we may be forced to take other ~~actions~~ **25actions** to meet those obligations, such as selling properties, raising equity, or delaying capital expenditures, any of which may not be feasible or could have a material adverse effect on us. We continue to have the ability to incur debt; if we incur substantial additional debt, the higher levels of debt may affect our ability to pay the interest and principal of our debt. Despite our current consolidated debt levels, we and our subsidiaries may incur substantial additional debt in the future (subject to the restrictions contained in our debt instruments), some of which may be secured debt. The indenture governing our 2025 Notes does not restrict our ability to incur additional indebtedness, whether secured or unsecured, or require us to maintain financial ratios or specified levels of net worth or liquidity. If we incur substantial additional indebtedness in the future, these higher levels of indebtedness may affect our ability to pay the principal of, and interest on, our outstanding debt and our creditworthiness generally. Declines in the value of the assets in which we invest will adversely affect our financial condition and results of operations and make it costlier to finance these assets. Generally, we use our income property investments as collateral for our financings or as the borrowing base for our Credit Facility. Any decline in their value, a significant decrease in the rent received from the portfolio, or perceived market uncertainty about the value of our income properties, could make it difficult for us to obtain or renew financing on favorable terms or at all, or maintain our compliance with terms of any financing arrangements already in place. We have in the past and expect to continue to utilize derivative instruments to hedge risk, which may adversely affect our borrowing cost and expose us to other risks. The derivative instruments we have used in the past and expect to continue to use in the future are and could be in the form of interest rate swaps, interest rate caps and or interest rate collars. Interest rate swaps effectively change variable- rate debt obligations to fixed- rate debt obligations or fixed- rate debt obligations to variable- rate debt obligations. Interest rate caps limit our exposure to rising interest rates. Interest rate collars limit our exposure to rising interest rates while also limited our benefit from declining interest rates. Our use of derivative instruments also involves the risk that a counterparty to a hedging arrangement could default on its obligation and the risk that we may have to pay certain costs, such as transaction fees or breakage costs, if a hedging arrangement is terminated by us. To limit the risk of counterparty default, we generally seek to enter into hedging ~~25arrangements~~ -- **arrangements** with counterparties that are large, creditworthy financial institutions typically rated at least" A / A2" by S & P and Moody' s, respectively. Developing an effective strategy for dealing with alterations in interest rates is complex and any strategy aimed at managing exposures to changing interest rates would likely not be able to completely insulate us from risks associated with such fluctuations. There can be no assurance that any hedging activities will have the desired beneficial impact on our results of operations or financial condition. Increases in interest rates could have an adverse effect on our operating results. Our operating results depend in part on the difference between the income achieved from our income- producing assets and management fee income streams and the interest expense incurred in connection with our interest- bearing liabilities. Changes in the general level of interest rates prevailing in the financial markets have in the past affected and may in the future affect the spread between our income- producing assets and management fee income streams and our interest- bearing liabilities subject to the impact of interest rate floors and caps, as well as the amounts of floating rate assets and liabilities. Any significant compression of the spreads between income- producing assets and management fee income streams and interest- bearing liabilities could have a material adverse effect on us. While interest rates remain low relative to certain historical rates, rates have recently risen and are generally expected to rise in the coming years, although there is no certainty as to the amount by which they may rise. Interest rates are highly sensitive to many factors, including governmental monetary and tax policies, domestic and international economic and political conditions, inflation, labor markets, and other factors beyond our control. In the event of a rising interest rate environment, rates could create a mismatch between the income we generate from our income- producing assets and management fee income streams and the interest expense incurred on our floating rate debt that could have a significant adverse effect on our financial condition, ~~our~~ **26our** operating results and, our cash flows. An increase in interest rates could also, among other things, reduce the value of certain of our income- producing assets and our ability to realize gains from the sale of such assets. Our Credit Facility The Company' s Credit Facility and secured financings include certain financial and / or other covenants that could restrict our operating activities, and the failure to comply with such covenants could result in a default that accelerates the required payment of such debt. The Credit Facility contains certain financial and operating covenants, including, among other things, certain coverage ratios and limitations on our ability to incur debt and limits on the repurchase of the Company' s stock and similar restrictions. In addition, the Credit Facility contains certain covenants pertaining to maximum levels of investment in certain types of assets, the number and make- up of the properties in the borrowing base, and similar covenants typical for this type of indebtedness. The Company' s secured indebtedness generally contains covenants regarding debt service coverage ratios. The Company' s ability to meet or maintain compliance with these and other debt covenants may be dependent on the performance of the Company' s tenants under their leases. The Company' s failure to comply with certain of our debt covenants could result in a default that may, if not cured, accelerate our payment obligations under such debt and limit the Company' s available cash flow for acquisitions, dividends, or operating costs, which would likely have a material adverse impact on the Company' s financial condition, results of operations, and cash flows. In addition, these defaults could impair the Company' s access to the debt and equity markets. Our Convertible Notes Certain investors in the convertible debt issuance may also invest in our common stock utilizing trading strategies which may increase the volatility in or adversely affect the trading price and liquidity of our common stock. Investors in, and potential purchasers of, the 2025 Notes may employ, or seek to employ, a convertible arbitrage strategy with respect to the 2025 Notes. Investors that employ a convertible arbitrage strategy with respect to our convertible debt instruments typically implement that strategy by selling short the common stock underlying the 2025 Notes and dynamically adjusting their short position while they hold the 2025 Notes. Investors may also implement this strategy by entering into swaps on our common stock in lieu of or in addition to short selling our common stock. These strategies, particularly the effect short sales or equity swaps with respect to our common stock, could increase the volatility of our stock price or otherwise adversely affect the trading price of our common stock. ~~26We~~ **We** may not have the liquidity or ability to raise the funds necessary to settle conversions of the 2025 Notes or purchase the 2025 Notes as required upon a fundamental change, and our future debt may contain limitations on our ability to pay cash upon a purchase or conversion of the 2025 Notes. Following certain potential events qualifying as a fundamental change under the indenture governing the 2025 Notes, including a change in control, holders of 2025 Notes will have the right to require us to purchase their 2025 Notes for cash. A fundamental change may also constitute an event of default or a prepayment event under, and result in the acceleration of the maturity of, our then- existing indebtedness. In addition, upon conversion of the 2025 Notes, unless we elect to deliver solely shares of our common stock to settle such conversion (other than paying cash in lieu of delivering any fractional share), we will be required to make cash payments in respect of the 2025 Notes being converted. There is no assurance that we will have sufficient financial resources, or will be able to arrange financing, to pay the fundamental change purchase price or make cash payments upon conversion. In addition, restrictions in our then existing credit facilities or other indebtedness, if any, may not allow us to purchase the 2025 Notes upon a fundamental change or make cash payments upon conversion. Our failure to purchase the 2025 Notes upon a fundamental change or make cash payments upon conversion thereof when required would result in an event of default with respect to the 2025 Notes which could, in turn, constitute a default under the terms of our other indebtedness, if any. If the repayment of the related indebtedness were to be accelerated after any applicable notice or grace periods, we may not have sufficient funds to repay the indebtedness and purchase the 2025 Notes or make cash payments upon conversions thereof. ~~To~~ **27To** the extent we issue shares of our common stock to satisfy all or a portion of the settlement of our 2025 Notes, conversions of the 2025 Notes will dilute the ownership interest of our existing stockholders, including holders who had previously converted their 2025 Notes into common stock. To the extent we issue shares of our common stock to satisfy all or a portion of our conversion obligation pursuant to the 2025 Notes, the conversion of some or all of the 2025 Notes into common stock will dilute the ownership interests of our existing stockholders. Any sales in the public market of our common stock issuable upon such conversion could adversely affect prevailing market prices of our common stock. In addition, the existence of the 2025 Notes may encourage short selling by market participants because the conversion of the 2025 Notes could depress the price of our common stock. The fundamental change purchase feature of our 2025 Notes may delay or prevent an otherwise beneficial attempt to take over our company. The terms of the 2025 Notes require us to offer to purchase the 2025 Notes for cash in the event of a fundamental change, as defined in the indenture agreement of the 2025 Notes. A non- stock takeover of the Company may trigger the requirement that we purchase the 2025 Notes. This feature may have the effect of delaying or preventing a takeover of the Company that would otherwise be beneficial to investors. The accounting method for our 2025 Notes, which may be settled in cash, may have a material effect on our reported financial results. Under Accounting Standards Codification (" ASC ") 470- 20, Debt with Conversion and Other Options, which we refer to as ASC 470- 20, an entity must separately account for the liability and equity components of the convertible debt instruments (such as the 2025 Notes) that may be settled entirely or partially in cash upon conversion in a manner that reflects the issuer' s economic interest cost. The effect of ASC 470- 20 on the accounting for the 2025 Notes is that the equity component is required to be included in the additional paid- in capital section of stockholders' equity on our consolidated balance sheet, and the value of the equity component would be treated as original issue discount for purposes of accounting for the debt component of the 2025 Notes. As a result, we will be required to record a greater amount of non- cash interest expense in current periods presented because of the amortization of the discounted carrying value of the 2025 Notes to their face amount over the term of the 2025 Notes. We will report lower net income (or greater net loss) in our financial results because ASC 470- 20 requires interest to include both the current period' s amortization of the debt discount and the instrument' s coupon interest, which could adversely affect our reported or future financial results, and / or the market price of our common stock. Effective January 1, 2022, the Company adopted ASU 2020- 06 whereby diluted EPS includes the dilutive impact of the 2025 Notes (hereinafter defined) using the if- converted method. Upon adoption, the Company recorded a $ 7. 0 million adjustment to reduce additional paid- in capital to eliminate the non- cash equity component of the 2025 Notes with corresponding offsets including (i) a $ 4. 0 million cumulative effect adjustment to the opening balance of retained earnings ~~27and~~ -- **and** (ii) a $ 3. 0 million adjustment to eliminate the non- cash portion of the convertible notes discount, net of accumulated amortization (the " 2025 Notes Adjustment "). The 2025 Notes Adjustment was made on January 1, 2022, and is reflected in the accompanying consolidated statements of stockholders' equity. Risks Associated with Certain Events, Environmental Issues and, Climate ChangeOur operations and properties could be adversely affected in the event of natural disasters, pandemics, or other significant disruptions. Our corporate headquarters and many of our properties are located in Florida, where major hurricanes have occurred. We have income properties in other states or regions that experience similar or other natural disasters. Depending on where any hurricane makes landfall, our properties in Florida could experience significant damage. In addition, the occurrence and frequency of hurricanes in Florida could also negatively impact demand for our real estate assets because of consumer perceptions of hurricane risks. In addition to hurricanes, the occurrence of other natural disasters and climate conditions in Florida and other states, such as tornadoes, floods, fires, unusually heavy or prolonged rain, droughts, and heat waves, could have an adverse effect on our ability to develop properties or realize income from our properties. In addition to the various forms of natural disasters that could impact our operations and the performance of our income producing assets, pandemics occurring throughout the world could lead to disruptions in the global economy or significant economies throughout the world which could adversely impact our tenant' s operations, their ability to pay rent and consequently our ~~financial~~ **28financial** condition, results of operations and cash flows may be adversely impacted. If a hurricane, earthquake, natural disaster, health pandemic or other similar significant disruption occurs, we may experience disruptions to our operations and damage to our properties, which could have an adverse effect on our business, our financing condition, our results of operations, and our cash flows. Acts of violence, terrorist attacks or war may affect the markets in which the Company operates and adversely affect the Company' s results of operations and cash flows. Terrorist attacks or other acts of violence may negatively affect the Company' s operations. There can be no assurance that there will not be terrorist attacks against businesses within the United States. These attacks may directly impact the Company' s physical assets or business operations or the financial condition of its tenants, lenders or other institutions with which the Company has a relationship. The United States may be engaged in armed conflict, which could have an impact on these parties. The consequences of armed conflict are unpredictable, and the Company may not be able to foresee events that could have an adverse effect on its business. More generally, the occurrence of any of these events or the threat of these events, could cause consumer confidence and spending to decrease or result in increased volatility in the United States and worldwide financial markets and economies. They also could result in or cause an economic recession in the United States or abroad. Any of these occurrences could have an adverse impact on the Company' s financial condition, results of operations or cash flows. We may encounter environmental problems which require remediation or the incurrence of significant costs to resolve, which could adversely impact our financial condition, results of operations, and cash flows. Under various federal, state and local laws, ordinances and regulations, we may be required to investigate and clean up certain hazardous or toxic substances released on or in properties we own or operate or that we previously owned or operated, and we may be required to pay other costs relating to hazardous or toxic substances ~~or incur costs or obligations associated with wetland areas on our land holdings~~. Any such liability may be imposed without regard to whether the Company' s management had knowledge, were notified or were otherwise aware of the origination of the environmental ~~or wetland~~ issues or were responsible for their occurrence. The presence of environmental issues or the failure to remediate properly any such losses at any of our properties may adversely affect our ability to sell or lease those properties, or to borrow using those properties as collateral. The costs or liabilities could exceed the value of the affected real estate. The costs or liabilities associated with resolving environmental issues could be significant. The uses of any of our income properties prior to our acquisition, and the building materials used in the construction of the property are among the property- specific factors that will affect how the environmental laws are applied to our properties. In general, before we acquire our income properties, independent environmental consultants are engaged to conduct Phase I environmental assessments, which generally do not involve invasive techniques such as soil or groundwater sampling. Depending on the Phase I results, we may elect to obtain Phase II environmental assessments which do involve this type of sampling. There can be no assurance that environmental liabilities have not developed since ~~28these~~ -- **these** environmental assessments were performed or that future uses or conditions (including changes in applicable environmental laws and regulations) or new information about previously unidentified historical conditions will not result in the imposition of environmental liabilities. If we are subject to any material costs or liabilities associated with environmental, our financial condition, results of operations and our cash flows could be adversely affected. We are subject to certain risks associated with investing in real estate, including potential liabilities under environmental laws and risks of loss from weather conditions, man- made or natural disasters, climate change and terrorism. Under various U. S. federal, state and local environmental laws, ordinances and regulations, a current or previous owner of real estate (including, in certain circumstances, a secured lender that succeeds to ownership or control of a property) may become liable for the costs of removal or remediation of certain hazardous or toxic substances at, on, under or in its property. Those laws typically impose cleanup responsibility and liability without regard to whether the owner or control party knew of or was responsible for the release or presence of such hazardous or toxic substances. The costs of investigation, remediation or removal of those substances may be substantial. The owner or control party of a site may be subject to common law claims by third parties based on damages and costs resulting from environmental contamination emanating from a site. Certain environmental laws also impose liability in connection with the handling of or exposure to asbestos- containing materials, pursuant to which third parties may seek recovery from owners of real properties for ~~personal~~ **29personal** injuries associated with asbestos-containing materials. While a secured lender is not likely to be subject to these forms of environmental liability, when we foreclose on real property, we become an owner and are subject to the risks of environmental liability. Additionally, our net lease assets require our tenants to undertake the obligation for environmental compliance and indemnify us from liability with respect thereto. There can be no assurance that our tenants will have sufficient resources to satisfy their obligations to us. Weather conditions and man- made or natural disasters such as hurricanes, tornadoes, earthquakes, floods, droughts, fires and other environmental conditions can damage properties we own. Additionally, we own properties located near the coastline and the value of our properties will potentially be subject to the risks associated with long- term effects of climate change. A significant number of our properties are located in major urban areas which, in recent years, have been high risk geographical areas for terrorism and threats of terrorism. Certain forms of terrorism including, but not limited to, nuclear, biological and chemical terrorism, political risks, environmental hazards and / or Acts of God may be deemed to fall completely outside the general coverage limits of our insurance policies or may be uninsurable or cost prohibitive to justify insuring against. Furthermore, if the U. S. Terrorism Risk Insurance Program Reauthorization Act is repealed or not extended or renewed upon its expiration, the cost for terrorism insurance coverage may increase and / or the terms, conditions, exclusions, retentions, limits and sub- limits of such insurance may be materially amended, and may effectively decrease the scope and availability of such insurance to the point where it is effectively unavailable. Future weather conditions, man- made or natural disasters, effects of climate change or acts of terrorism could adversely impact the demand for, and value of, our assets and could also directly impact the value of our assets through damage, destruction or loss, and could thereafter materially impact the availability or cost of insurance to protect against these events. Although we believe our owned real estate and the properties collateralizing our loan assets are adequately covered by insurance, we cannot predict at this time if we or our borrowers will be able to obtain appropriate coverage at a reasonable cost in the future, or if we will be able to continue to pass along all of the costs of insurance to our tenants. Any weather conditions, man- made or natural disasters, terrorist attack or effect of climate change, whether or not insured, could have a material adverse effect on our financial performance, liquidity and the market price of our common or preferred stock. In addition, there is a risk that one or more of our property insurers may not be able to fulfill their obligations with respect to claims payments due to a deterioration in its financial condition. The Company' s operations and financial condition may be adversely affected by climate change, including possible changes in weather patterns, weather-related events, government policy, laws, regulations, and economic conditions. In recent years, the assessment of the potential impact of climate change has begun to impact the activities of government authorities, the pattern of consumer behavior, and other areas that impact the business environment in the United States including, but not limited to, energy- efficiency measures, water use measures, and land- use practices. The promulgation of policies, laws or regulations relating to climate change by governmental authorities in the U. S. and the markets in which the Company owns real estate may require the Company to invest additional capital in our income ~~29properties~~ -- **properties** . In addition, the impact of climate change on businesses to whom the Company seeks to lease its income properties is not reasonably determinable at this time. While not generally known at this time, climate change may impact weather patterns or the occurrence of significant weather events which could impact economic activity or the value of real estate in specific markets in which the Company owns its assets. The occurrence of any of these events or conditions may adversely impact the Company' s ability to lease its income properties, which would adversely impact the Company' s financial condition, results of operations, and cash flows. Risks Related to Our Organization and Structure Certain provisions of Maryland law could inhibit changes in control of our company. Certain " business combination " and " control share acquisition " provisions of the Maryland General Corporation Law, or the MGCL, may have the effect of deterring a third party from making a proposal to acquire us or of impeding a change in control under circumstances that otherwise could provide the holders of our common stock with the opportunity to realize a premium over the then- prevailing market price of our common stock. Pursuant to the MGCL, the Board has by resolution exempted business combinations between us and any other person. Our bylaws contain a provision exempting from the control share acquisition statute any and all acquisitions by any person of shares of our stock. However, there can be no assurance that these exemptions will not be amended or eliminated at any time in the future. Our charter and bylaws and Maryland law also contain other provisions that may delay, defer or prevent a transaction or a change of control that might involve a premium price for our common stock or that our stockholders otherwise believe to be in their best interest. ~~Our~~ **30Our** charter contains stock ownership limits, which may delay, defer or prevent a change of control. In order to maintain our qualification as a REIT, no more than 50 % in value of our outstanding capital stock may be owned, directly or indirectly, by five or fewer individuals during the last half of any calendar year, and at least 100 persons must beneficially own our stock during at least 335 days for each taxable year other than our initial REIT taxable year **(i. e., our taxable year ended December 31, 2020)** . " Individuals " for this purpose include natural persons, private foundations, some employee benefit plans and trusts and some charitable trusts. To assist us in complying with these limitations, among other purposes, our charter generally prohibits any person from directly or indirectly owning more than 9. 8 % in value or number of shares, whichever is more restrictive, of the outstanding shares of any class or series of our capital stock. These ownership limitations could have the effect of discouraging a takeover or other transaction in which holders of our common stock might receive a premium for their shares over the then prevailing market price or which holders might believe to be otherwise in their best interests. Our charter' s constructive ownership rules are complex and may cause the outstanding shares owned by a group of related individuals or entities to be deemed to be constructively owned by one individual or entity. As a result, the acquisition of less than these percentages of the outstanding shares by an individual or entity could cause that individual or entity to own constructively in excess of these percentages of the outstanding shares and thus violate the share ownership limits. Our charter also provides that any attempt to own or transfer shares of our common stock or preferred stock in excess of the stock ownership limits without the consent of the Board or in a manner that would cause us to be " closely held " under Section 856 (h) of the Code (without regard to whether the shares are held during the last half of a taxable year) will result in the shares being automatically transferred to a trustee for a charitable trust or, if the transfer to the charitable trust is not automatically effective to prevent a violation of the share ownership limits or the restrictions on ownership and transfer of our shares, any such transfer of our shares will be null and void. Our rights and the rights of our stockholders to take action against our directors and executive officers are limited, which could limit your recourse in the event of actions not in your best interest. Our charter limits the liability of our present and former directors and executive officers to us and our stockholders for money damages to the maximum extent permitted under Maryland law. Under current Maryland law, our present and former directors and executive officers will not have any liability to us or our stockholders for money damages other than liability resulting from (i) actual receipt of an improper benefit or profit in money, property or services or (ii) active and deliberate dishonesty by the director or executive officer that was established by a final judgment and is material to the cause of action. As a result, we and our stockholders have limited rights against our present and former directors and executive officers, which could limit your recourse in the event of actions not in your best interest. ~~30Risks~~ -- **Risks** Related to Our Qualification and Operation as a REITFailure to remain qualified as a REIT, would cause us to be taxed as a regular corporation, which would substantially reduce funds available for distributions to our stockholders. We believe that our organization and method of operation has enabled us to meet the requirements for qualification and taxation as a REIT commencing with our taxable year ended December 31, 2020, and we intend to continue to be organized and operate in such a manner. However, we cannot assure you that we will remain qualified as a REIT. Accordingly, no assurance can be given that our actual results of operations for any particular taxable year will satisfy such requirements. If we fail to qualify as a REIT in any taxable year, we will face serious tax consequences that will substantially reduce the funds available for distributions to our stockholders because: ● we would not be allowed a deduction for dividends paid to stockholders in computing our taxable income and would be subject to U. S. federal income tax at regular corporate rates; ● we could be subject to increased state and local taxes; and ● unless we are entitled to relief under certain U. S. federal income tax laws, we could not re- elect REIT status until the fifth calendar year after the year in which we failed to qualify as a REIT. ~~In~~ **31In** addition, if we fail to remain qualified as a REIT, we will no longer be required to make distributions. As a result of all these factors, our failure to remain qualified as a REIT could impair our ability to expand our business and raise capital, and it would adversely affect our business, financial condition, results of operations or ability to make distributions to our stockholders and the trading price of our common stock. Even if we remain qualified as a REIT, we may face other tax liabilities that could reduce our cash flows and negatively impact our results of operations and financial condition. Even if we remain qualified for taxation as a REIT, we may be subject to certain U. S. federal, state and local taxes on our income and assets, including taxes on any undistributed income, tax on income from some activities conducted as a result of a foreclosure and state or local income, property and transfer taxes. In addition, any partnership in which we have an interest may be liable at the entity level for tax imposed under those procedures. Further, our **taxable REIT subsidiaries ("** TRSs **")** will be subject to regular corporate U. S. federal, state and local taxes. The TRS rules also impose a 100 % excise tax on certain transactions between a TRS and its parent REIT that are not conducted on an arm' s- length basis. Any of these taxes would decrease cash available for distributions to stockholders, which, in turn, could materially adversely affect our business, financial condition, results of operations or ability to make distributions to our stockholders and the trading price of our common stock. If we failed to distribute our Pre- REIT Conversion Earnings and Profits, we could fail to qualify as a REIT. To qualify as a REIT, we must not have any non- REIT accumulated earnings and profits, as measured for U. S. federal income tax purposes, at the end of any REIT taxable year. We were treated as a C corporation prior to our first REIT year, which was our taxable year ended December 31, 2020. Thus, we were required to distribute our Pre- REIT Conversion Earnings and Profits by the end of the 2020 taxable year. While we believe that the Special Distribution satisfied the requirements relating to the distribution of our Pre- REIT Conversion Earnings and Profits, the determination of the amount of accumulated earnings and profits attributable to non- REIT years is a complex factual and legal determination. There are substantial uncertainties relating to the computation of our Pre- REIT Earnings and Profits. **For example,** ~~Information~~ **information** used at the time we completed our analysis may have been less than complete or we may have interpreted the applicable law differently from the IRS ~~. In addition, the IRS could, in auditing tax years through 2019, successfully assert that our taxable income should be increased, which could increase our Pre- REIT Conversion Earnings and Profits~~ . Thus, we could have failed to satisfy the requirement that we distribute all of our Pre- REIT Conversion Earnings and Profits by the close of our first taxable year as a REIT. Although there are procedures available to cure a failure to distribute all of our Pre- REIT Conversion Earnings and Profits, we cannot now determine whether we will be able to take advantage of them or the economic impact to us of doing so. If it is determined that we had undistributed Pre- REIT Conversion Earnings and Profits as of the end of any taxable year in which we elect to qualify as a REIT, and we are unable to cure the failure to distribute such earnings and profits, then we would fail to qualify as a REIT under the Code. ~~31Failure~~ -- **Failure** to make required distributions would subject us to U. S. federal corporate income tax. We intend to continue to operate in a manner so as to maintain our qualification as a REIT for U. S. federal income tax purposes. In order to maintain our qualification as a REIT, we generally are required to distribute at least 90 % of our REIT taxable income, determined without regard to the dividends paid deduction and excluding any net capital gain, each year to our stockholders. To the extent that we satisfy this distribution requirement but distribute less than 100 % of our REIT taxable income, we will be subject to U. S. federal corporate income tax on our undistributed taxable income. In addition, we will be subject to a 4 % nondeductible excise tax if the actual amount that we pay out to our stockholders in a calendar year is less than a minimum amount specified under the Code. Complying with REIT requirements may cause us to forego otherwise attractive opportunities or liquidate otherwise attractive investments. To maintain our qualification as a REIT for U. S. federal income tax purposes, we must continually satisfy tests concerning, among other things, the sources of our income, the nature and diversification of our assets, the amounts we distribute to our stockholders and the ownership of our stock. In order to meet these tests, we may be required to forego investments we might otherwise make. Thus, compliance with the REIT requirements may hinder our performance. In particular, we must ensure that at the end of each calendar quarter, at least 75 % of the value of our assets consists of cash, cash items, government securities and qualified real estate assets. The remainder of our investment in securities (other than government securities, securities of TRSs and qualified real estate assets) generally cannot include more than ~~10~~ **3210** % of the outstanding voting securities of any one issuer or more than 10 % of the total value of the outstanding securities of any one issuer. In addition, in general, no more than 5 % of the value of our assets (other than government securities, securities of TRSs and qualified real estate assets) can consist of the securities of any one issuer, no more than 20 % of the value of our total assets can be represented by the securities of one or more TRSs and no more than 25 % of our assets can be represented by debt of " publicly offered REITs " (i. e., REITs that are required to file annual and periodic reports with the SEC under the Exchange Act), unless secured by real property or interests in real property. If we fail to comply with these requirements at the end of any calendar quarter, we must correct the failure within 30 days after the end of the calendar quarter or qualify for certain statutory relief provisions to avoid losing our REIT qualification and suffering adverse tax consequences. As a result, we may be required to liquidate otherwise attractive investments. These actions could have the effect of reducing our income and amounts available for distribution to our stockholders. Our relative lack of experience in operating under the constraints imposed on us as a REIT may hinder the achievement of our investment objectives. The Code imposes numerous constraints on the operations of REITs that do not apply to other investment vehicles. Our qualification as a REIT depends upon our ability to meet requirements regarding our organization and ownership, distributions of our income, the nature and diversification of our income and assets and other tests imposed by the Code. Any failure to comply could cause us to fail to satisfy the requirements associated with maintaining our REIT status. We have relatively limited experience operating under these constraints, which may hinder our ability to take advantage of attractive investment opportunities and to achieve our investment objectives. As a result, we cannot assure you that we will be able to operate our business under these constraints. If we fail to qualify as a REIT for any taxable year, we will be subject to U. S. federal income tax on our taxable income at corporate rates. In addition, we would generally be disqualified from treatment as a REIT for the four taxable years following the year of losing our REIT status. Losing our REIT status would reduce our net earnings available for investment or distribution to stockholders because of the additional tax liability. In addition, distributions to stockholders would no longer qualify for the dividends paid deduction, and we would no longer be required to make distributions. If this occurs, we might be required to borrow funds or liquidate some investments in order to pay the applicable tax. Complying with REIT requirements may limit our ability to hedge our liabilities effectively and may cause us to incur tax liabilities. The REIT provisions of the Code may limit our ability to hedge our liabilities. Any income from a hedging transaction we enter into to manage risk of interest rate changes, price changes or currency fluctuations with respect to borrowings made or to be made to acquire or carry real estate assets, if properly identified under applicable Treasury Regulations, does not constitute " gross income " for purposes of the 75 % or 95 % gross income tests applicable to REITs. In addition, certain income from hedging transactions entered into to hedge existing hedging positions after any portion of ~~32the~~ -- **the** hedged indebtedness or property is extinguished or disposed of will not be included in income for purposes of the 75 % and 95 % gross income tests. To the extent that we enter into other types of hedging transactions, the income from those transactions will likely be treated as non- qualifying income for purposes of both of the gross income tests. As a result of these rules, we may need to limit our use of advantageous hedging techniques or implement those hedges through a TRS. This could increase the cost of our hedging activities because our TRSs would be subject to tax on gains or expose us to greater risks associated with changes in interest rates than we would otherwise want to bear. In addition, losses in a TRS generally will not provide any tax benefit, except for being carried forward against future taxable income of such TRS. Our ability to provide certain services to our tenants may be limited by the REIT rules or may have to be provided through a TRS. As a REIT, we generally cannot provide services to our tenants other than those that are customarily provided by landlords, nor can we derive income from a third party that provides such services. If we forego providing such services to our tenants, we may be at a disadvantage to competitors that are not subject to the same restrictions. However, we can provide such non- customary services to tenants or share in the revenue from such services if we do so through a TRS, though income earned by such TRS will be subject to U. S. federal corporate income tax. ~~The~~ **33The** prohibited transactions tax may limit our ability to dispose of our properties. A REIT' s net income from prohibited transactions is subject to a 100 % tax. In general, prohibited transactions are sales or other dispositions of property, other than foreclosure property, held primarily for sale to customers in the ordinary course of business. We may be subject to the prohibited transaction tax equal to 100 % of net gain upon a disposition of real property. Although a safe harbor to the characterization of the sale of real property by a REIT as a prohibited transaction is available, we cannot assure you that we can comply with the safe harbor or that we will avoid owning property that may be characterized as held primarily for sale to customers in the ordinary course of business. Consequently, we may choose not to engage in certain sales of our properties, may structure dispositions as Section 1031 like- kind exchanges, or may conduct such sales through a TRS, which would be subject to U. S. federal corporate income tax. We may pay taxable dividends in our stock and cash, in which case stockholders may sell shares of our stock to pay tax on such dividends, placing downward pressure on the market price of our stock. We may satisfy the 90 % distribution test with taxable distributions of our stock. The IRS has issued Revenue Procedure 2017- 45 authorizing elective cash / stock dividends to be made by " publicly offered REITs. " Pursuant to Revenue Procedure 2017- 45, the IRS will treat the distribution of stock pursuant to an elective cash / stock dividend as a distribution of property under Section 301 of the Code (i. e., a dividend), as long as at least 20 % of the total dividend is available in cash and certain other parameters detailed in the Revenue Procedure are satisfied. With respect to any taxable dividend payable in cash and stock, taxable stockholders receiving such dividends will be required to include the full amount of the dividend as ordinary income to the extent of our current and accumulated earnings and profits, as determined for U. S. federal income tax purposes. As a result, stockholders may be required to pay income tax with respect to such dividends in excess of the cash dividends received. If a U. S. stockholder sells the stock that it receives as a dividend in order to pay this tax, the sales proceeds may be less than the amount included in income with respect to the dividend, depending on the market price of our stock at the time of the sale. Furthermore, with respect to certain non- U. S. stockholders, we may be required to withhold U. S. federal income tax with respect to such dividends, including in respect of all or a portion of such dividend that is payable in stock. If we make a taxable dividend payable in cash and our stock and a significant number of our stockholders determine to sell shares of our stock in order to pay taxes owed on dividends, it may put downward pressure on the trading price of our stock. The ability of the Board to revoke our REIT qualification without stockholder approval may cause adverse consequences to our stockholders. Our charter provides that the Board may revoke or otherwise terminate our REIT election, without the approval of our stockholders, if it determines in good faith that it is no longer in our best interest to continue to qualify as a REIT. If we cease to qualify as a REIT, we would become subject to U. S. federal income tax on our taxable income and would no longer be required to distribute most of our taxable income to our stockholders, which may have adverse consequences on our total return to our stockholders. ~~33There~~ -- **There** are limits on our ownership of TRSs and our transactions with a TRS may cause us to be subject to a 100 % penalty tax on certain income or deductions if those transactions are not conducted on arm' s- length terms. Overall, no more than 20 % of the value of a REIT' s assets may consist of stock or securities of one or more TRS. A TRS will be subject to applicable U. S. federal, state and local corporate income tax on its taxable income, and its after tax net income will be available for distribution to us but is not required to be distributed to us. In addition, the Code limits the deductibility of interest paid or accrued by a TRS to its parent REIT to assure that the TRS is subject to an appropriate level of corporate taxation and, in certain circumstances, other limitations on deductibility may apply. The Code also imposes a 100 % excise tax on certain transactions between a TRS and its parent REIT that are not conducted on an arm' s- length basis. We will monitor the value of our respective investments in our TRSs for the purpose of ensuring compliance with TRS ownership limitations and will structure our transactions with such TRSs on terms that we believe are arm' s length to avoid incurring the 100 % excise tax described above. There can be no assurance, however, that we will be able to comply with the 20 % limitation or to avoid application of the 100 % excise tax. ~~If~~ **34If** we are not successful in utilizing the Section 1031 like- kind exchange structure in deploying the proceeds from dispositions of income properties, or our Section 1031 like- kind exchange transactions are disqualified, we could incur significant taxes and our results of operations and cash flows could be adversely impacted. Although, as a REIT, we generally will not be subject to U. S. federal income tax on the taxable income that we distribute to our stockholders, we will nevertheless pay tax at the highest applicable regular U. S. federal corporate income tax rate (currently 21 %) if we recognize built- in gain on the sale or disposition of any asset we held on January 1, 2020 (the first day of our ~~first~~ **initial** REIT **taxable** year), during the five- year period after such date (the " Built- in Gains Tax "). Our strategy of investing in income- producing properties includes the utilization, when possible, of proceeds obtained from the disposition of income properties or from prior land transactions which qualify for deferral of the applicable income tax through the Section 1031 like- kind exchange provisions (" Section 1031 "). Conducting

Section 1031 exchanges generally will not trigger the Built- in Gains Tax. However, sales transactions that we completed in which we applied Section 1031 may be disqualified for such treatment if we are deemed to have conducted activities on the land or in connection with the transaction that are inconsistent with the activities of a long- term investor such as the activities of a developer or a dealer. In addition, if we fail to complete a qualifying acquisition utilizing the aforementioned proceeds or complete the intended qualifying acquisition outside the specified period of time allowed for completing such transaction the application of Section 1031 would be disqualified. If a transaction we deemed qualifying for Section 1031 exchange treatment is subsequently disqualified by the IRS, we may be subject to increased income taxes, including the Built- in Gains Tax, which would adversely impact our results of operations and our cash flows. In such a case, we could also possibly be subject to the 100 % prohibited transactions tax applicable to REITs. If the provisions of Section 1031 were altered substantially or eliminated, our financial position, results of operations and cash flows could be adversely impacted. A fundamental element of our strategy is investing in income- producing properties, in some instances utilizing the proceeds obtained from the disposition of our income properties in tax deferred like- kind exchanges. As noted above, the use of Section 1031 will generally allow us to avoid the Built- in Gains Tax that may apply during the five- year period following our REIT conversion. If Section 1031, including the deferral of taxes on gains related to the sale of real property such as our income properties, were to be altered substantially or eliminated, we may be limited in our ability to dispose of properties and may be subject to increased income taxes, including the Built- in Gains Tax, which may have a material adverse effect on our results of operations and our cash flows. You may be restricted from acquiring or transferring certain amounts of our common stock. The stock ownership restrictions for REITs in the Code and the 9. 8 % share ownership limit in our charter may inhibit market activity in our capital stock and restrict our business combination opportunities. In order to maintain our qualification as a REIT, five or fewer individuals, as defined in the Code, may not own, beneficially or constructively, more than 50 % in value of our issued and outstanding capital stock at any time during the last half of a taxable year. Attribution rules in the Code determine if any individual or entity beneficially or constructively owns our shares of capital stock under this requirement. Additionally, at least 100 persons must beneficially own our shares of capital stock during at least 335 days of each taxable year other than our initial REIT taxable year **(i. e., our taxable year ended December 31, 2020)** . To help insure that we meet these tests, our charter restricts the acquisition and ownership of shares of our capital stock. ~~34Our~~ -- **Our** charter, with certain exceptions, requires our directors to take such actions as are necessary and desirable to preserve our qualification as a REIT. Unless exempted by the Board, our charter prohibits any person from beneficially or constructively owning more than 9. 8 % in value or number of shares, whichever is more restrictive, of the outstanding shares of any class or series of our shares of capital stock. The Board may not grant an exemption from this restriction to any person if such exemption would result in our failing to qualify as a REIT. This as well as other restrictions on transferability and ownership will not apply, however, if the Board determines in good faith that it is no longer in our best interest to continue to qualify as a REIT. Dividends payable by REITs do not qualify for the reduced tax rates available for some dividends. The maximum U. S. federal income tax rate applicable to " qualified dividend income " payable to U. S. stockholders that are taxed at individual rates is 20 % (plus the 3. 8 % surtax on net investment income, if applicable). Dividends payable ~~by~~ **35by** REITs, however, generally are not eligible for the reduced rates on qualified dividend income. However, for taxable years beginning before January 1, 2026, ordinary REIT dividends constitute " qualified business income " and thus a 20 % deduction is available to individual taxpayers with respect to such dividends, resulting in a 29. 6 % maximum U. S. federal income tax rate (plus the 3. 8 % surtax on net investment income, if applicable) for individual U. S. stockholders. However, to qualify for this deduction, the stockholder receiving such dividends must hold the dividend- paying REIT stock for at least 46 days (taking into account certain special holding period rules) of the 91- day period beginning 45 days before the stock becomes ex- dividend, and cannot be under an obligation to make related payments with respect to a position in substantially similar or related property. The more favorable rates applicable to regular corporate qualified dividends could cause investors who are taxed at individual rates to perceive investments in REITs to be relatively less attractive than investments in the stocks of non- REIT corporations that pay dividends, which could adversely affect the value of the shares of REITs, including our common stock. We may be subject to adverse legislative or regulatory tax changes, in each instance with potentially retroactive effect, that could reduce the market price of our common stock. At any time, the U. S. federal income tax laws governing REITs or the administrative interpretations of those laws may be amended. We cannot predict when or if any new U. S. federal income tax law, regulation or administrative interpretation, or any amendment to any existing U. S. federal income tax law, regulation or administrative interpretation, will be adopted, promulgated or become effective and any such law, regulation or interpretation may take effect retroactively. We and our stockholders could be adversely affected by any such change in the U. S. federal income tax laws, regulations or administrative interpretations which, in turn, could materially adversely affect our ability to make distributions to our stockholders and the trading price of our common stock. Risks Associated with our Common StockThe Company ~~has several~~ **may from time to time have** stockholders that beneficially own more than 5 % of the Company' s outstanding common stock and exercise the related voting rights of those shares. Actions by these stockholders, including trading activity, could have a material adverse impact on the trading price of our stock. Certain of our stockholders **may from time to time** ~~, specifically several institutional investment funds, each~~ beneficially own more than 5 % of the outstanding common stock of the Company ~~. The daily trading activity in our stock is substantially lower, on average, than the total amount of shares owned by these stockholders~~ . Any substantial trading activity executed by these large stockholders could have an adverse impact on the trading price of the Company' s stock which may impact our ability to raise capital through equity financing, which may adversely impact our ability to execute our business plan. Other Operational RisksOur operations could be negatively impacted by the loss of key management personnel. We believe our future success depends, to a significant extent, on the efforts of each member of the Company' s senior management and our ability to attract and retain key personnel. The loss of, or our inability to replace, any member of senior management could adversely affect our operations and our ability to execute our business strategies and thereby our financial condition, results of operations and cash flows. ~~We maintain key man life insurance on our Chief Executive Officer, but we do not have key man life insurance policies on the other members of our senior management. 35Uninsured~~ -- **Uninsured** losses may adversely affect the Company' s ability to pay outstanding indebtedness. The Company' s income- producing properties are generally covered by comprehensive liability, fire, and extended insurance coverage, typically paid by the tenant under the triple- net and double- net lease structure. The Company believes the insurance carried on our properties is adequate and in accordance with industry standards. There are, however, types of losses (such as from hurricanes, earthquakes, floods or other types of natural disasters, or wars, terrorism, or other acts of violence) which may be uninsurable or the cost of insuring against these losses may not be economically justifiable. If an uninsured loss occurs or a loss exceeds policy limits, the Company could lose both its invested capital and anticipated revenues from the property, thereby reducing the Company' s cash flow, impairing the value of the impacted income properties and adversely impacting the Company' s financial condition and results of operations. ~~We~~ **36We** are highly dependent on information systems and certain third- party technology service providers, and systems failures not related to cyber- attacks or similar external attacks could significantly disrupt our business, which may, in turn, negatively affect the market price of our common stock and preferred stock and adversely impact our results of operations and cash flows. Our business is highly dependent on communications and information systems. Any failure or interruption of our systems or our networks could cause delays or other problems in our operations and communications. We rely heavily on our financial, accounting and other data processing systems. In addition, much of our information technology infrastructure is ~~or may be~~ managed by **a** third ~~parties~~ **party** and as such we also face the risk of operational failure, termination, or capacity constraints by **this** ~~any of these~~ third **party** ~~parties with which we do business or that facilitate our business activities~~. It is difficult to determine what, if any, negative impact may directly result from any specific interruption or disruption of our networks or systems or any failure to maintain performance, reliability and security of our technological infrastructure, but significant events impacting our systems or networks could have a material adverse effect on our operating results and cash flows and negatively affect the market price of our common stock and preferred stock. We are required to make a number of judgments in applying accounting policies, and different estimates and assumptions could result in changes to our financial condition and results of operations. Material estimates that are particularly susceptible to significant change underlie our determination of the reserve for loan losses, which is based primarily on the estimated fair value of loan collateral, as well as the valuation of real estate assets and deferred tax assets. While we have identified those accounting policies that are considered critical and have procedures in place to facilitate the associated judgments, different assumptions in the application of these policies could have a material adverse effect on our financial performance and results of operations and actual results may differ materially from our estimates. Changes in accounting rules will affect our financial reporting. The FASB has issued new accounting standards that will affect our financial reporting ~~. In January 2021, the FASB issued Accounting Standards Update (" ASU ") 2021- 01 which is in response to concerns about structural risks of interbank offered rates (" IBORs "), and, particularly, the risk of cessation of the London Interbank Offered Rate (" LIBOR "), regulators in numerous jurisdictions around the world have undertaken reference rate reform initiatives to identify alternative reference rates that are more observable or transaction based and less susceptible to manipulation. The amendments in ASU 2021- 01 are effective immediately and clarify that certain optional expedients and exceptions in Topic 848 for contract modifications and hedge accounting apply to derivatives that are affected by the discounting transition. The Company believes that its interest rate swaps, hereinafter described in Note 17, " Interest Rate Swaps ", meet the scope of Topic 848- 10- 15- 3A and therefore, the Company will be able to continue to apply a perfectly effective assessment method for each interest rate swap by electing the corresponding optional expedient for subsequent assessments~~. In August 2020, the FASB issued ASU 2020- 06 related to simplifying the accounting for convertible instruments by removing certain separation models for convertible instruments. Among other things, the amendments in the update also provide for improvements in the consistency in EPS calculations by amending the guidance by requiring that an entity use the if- converted method for convertible instruments. The amendments in ASU 2020- 06 are effective for reporting periods beginning after December 15, 2021. Effective January 1, 2022, the Company adopted ASU 2020- 06 whereby diluted EPS includes the dilutive impact, if any, of the 2025 Notes (hereinafter defined) using the if- converted method. Further, the ~~36Company~~ -- **Company** elected, upon adoption, to utilize the modified retrospective approach, negating the required restatement of EPS for periods prior to adoption. Changes in accounting standards could affect the comparability of our reported results with prior periods and our ability to comply with financial covenants under our debt instruments. We may also need to change our accounting systems and processes to enable us to comply with the new standards, which may be costly. For additional information regarding new accounting standards, refer to Note 2, " Summary of Significant Accounting Policies " in the notes to the consolidated financial statements in Item 8. under the heading" Recently Issued Accounting Standards. " Actions of the U. S. government, including the U. S. Congress, Federal Reserve, U. S. Treasury and other governmental and regulatory bodies, to stabilize or reform the financial markets, or market responses to those actions, may not achieve the intended effect and may adversely affect our business. The U. S government, including the U. S. Congress, the Federal Reserve, the U. S Treasury and other governmental and regulatory bodies have increased their focus on the regulation of the financial industry in recent years. New or modified regulations and related regulatory guidance may have unforeseen or unintended adverse effects on the financial industry. Laws, regulations or policies, including tax laws and accounting standards and interpretations, currently affecting us may change at any time. Regulatory authorities may also change their interpretation of these statutes and regulations. Therefore, our business may also be adversely affected by future changes in laws, regulations, policies or interpretations or regulatory approaches to compliance and enforcement. ~~Various~~ **37Various** legislative bodies have also considered altering the existing framework governing creditors' rights and mortgage products including legislation that would result in or allow loan modifications of various sorts. Such legislation may change the operating environment in substantial and unpredictable ways. We cannot predict whether new legislation will be enacted, and if enacted, the effect that it or any regulations would have on our activities, financial condition, or results of operations. Under the Americans with Disabilities Act of 1990, all public accommodations and commercial facilities must meet certain federal requirements related to access and use by disabled persons, compliance with which may be costly. Compliance with the ADA requirements could involve modifications to our income properties. Other federal, state and local laws may require modifications to or restrict further renovations of our income properties. Although we believe that our income properties are sufficiently in compliance with current requirements, noncompliance with the ADA or related laws or regulations could result in the imposition of governmental fines or in the award to private litigants of damages against us. Costs such as these, as well as the general costs of compliance with these laws or regulations, may adversely affect our financial condition, results of operations, and cash flows. We cannot predict the unintended consequences and market distortions that may stem from far- ranging governmental intervention in the economic and financial system or from financial reform legislation. The laws and regulations governing our operations, as well as their interpretation, may change from time to time, and new laws and regulations may be enacted. Accordingly, any change in these laws or regulations, changes in their interpretation, or newly enacted laws or regulations and any failure by us to comply with these laws or regulations, could negatively impact our business, results of operations and financial condition, impose additional costs on us or otherwise adversely affect our business. The U. S. government, the U. S. Federal Reserve, the U. S. Treasury, the SEC and other governmental and regulatory bodies have taken or are taking various actions involving intervention in the economic and financial system and regulatory reform of the oversight of financial markets. In 2010, former President Obama signed into law the Dodd- Frank Wall Street Reform and Consumer Protection Act (the" Dodd- Frank Act"), which has changed the regulation of financial institutions and the financial services industry. The current regulatory environment may be impacted by recent and potential future legislative developments, such as amendments to key provisions of the Dodd- Frank Act. ~~The Biden Administration is likely to take a more active approach to banking and financial regulation than the prior Trump Administration, particularly to promote policy goals involving climate change, racial equity, ESG matters, consumer financial protection and infrastructure, which could affect our business and operations if enacted. However, with a 37Republican majority in the U. S. House of Representatives, we cannot predict whether the Biden Administration will be able to enact any significant legislative measures in these areas. In addition, the substance of regulatory supervision may be influenced through the appointment of individuals to the U. S. Federal Reserve Board and other financial regulatory bodies. With the support of a Democratic majority in the Senate, President Biden may be more likely to be able to have his nominees to such bodies confirmed and, accordingly, carry out the Administration' s regulatory agenda.~~ We cannot predict the ultimate content, timing, or effect of **future** legislative and regulatory actions ~~under the Biden Administration~~ , nor is it possible at this time to estimate the impact of any such actions which could have a dramatic impact on our business, results of operations and financial condition. The Company' s failure to maintain effective internal control over financial reporting could have a material adverse effect on its business, operating results, and price of our common stock and preferred stock. Section 404 of the Sarbanes- Oxley Act of 2002 (" SOX ") as amended or modified from time to time, requires annual management assessments of the effectiveness of the Company' s internal control over financial reporting. If the Company fails to maintain the adequacy of its internal control over financial reporting, the Company may not be able to ensure that it can conclude on an ongoing basis that it has effective internal control over financial reporting and therefore would likely not be in compliance with SOX. An effective system of internal controls over financial reporting, particularly those related to revenue recognition, are necessary for the Company to prepare and produce reliable financial reports and to maintain its qualification as a public company and are important in reducing the risk of financial fraud. If the Company cannot provide reliable financial reports or prevent fraud, its business and operating results could be harmed, qualification as a public company listed on NYSE could be jeopardized, investors could lose confidence in the Company' s reported financial information, and the market price of the Company' s common stock and preferred stock could drop significantly. If we are unable to satisfy the requirements of Section 404 of the Sarbanes- Oxley Act or our internal control over financial reporting is not effective, the reliability of our financial statements may be questioned, and the market price of our common stock and preferred stock may suffer. Section 404 of the Sarbanes- Oxley Act requires any company subject to the reporting requirements of the U. S. securities laws to do a comprehensive evaluation of its and its consolidated subsidiaries' internal control over financial reporting. The rules governing the standards that must be met for management to assess our internal control over financial ~~reporting~~ **38reporting** are complex and require significant documentation, testing and possible remediation to meet the detailed standards under the rules. During the course of its testing, our management may identify material weaknesses or deficiencies which may not be remedied in time to meet the deadline imposed by the Sarbanes- Oxley Act. If our management cannot favorably assess the effectiveness of our internal control over financial reporting or our auditors identify material weaknesses in our internal controls, investors may lose confidence in our reported financial results and the market price of our common stock and preferred stock may decline. We are subject to substantial regulation and numerous contractual obligations and internal policies, and failure to comply with these provisions could have a material adverse effect on our business, financial condition and results of operations. We are subject to substantial regulation and numerous contractual obligations and internal policies. We are subject to regulation by the SEC, the NYSE, and other federal, state and local or international governmental bodies and agencies or self- regulatory organizations. Moreover, we must comply with the REIT rules, and we are also responsible for managing or assisting with the regulatory aspects of PINE' s compliance with applicable REIT rules. The level of regulation and supervision to which we and PINE are subject varies from jurisdiction to jurisdiction and is based on the type of business activity involved. The regulations to which we and PINE are subject are extensive, complex and require substantial management time and attention. Our failure or PINE' s failure to comply with any of the regulations, contractual obligations or policies applicable to it may subject us to extensive investigations, as well as substantial penalties and reputational risk, and our business and operations could be materially adversely affected. Our lack of compliance with applicable law could result in, among other things, our inability to enforce contracts, our default under contracts (including our ~~management~~ agreements with PINE) and our ineligibility to contract with and receive revenue from PINE. We have numerous contractual obligations with which we must comply on a continuous basis to operate our business, the default of which could have a material adverse effect on our business and financial condition. We have established internal policies designed ~~38to~~ **to** ensure that we manage our business in accordance with applicable law and regulation and in accordance with our contractual obligations. These internal policies may not be effective in all regards; and, if we fail to comply with our internal policies, we could be subjected to additional risk and liability. Employee misconduct could harm us by subjecting us to significant legal liability, reputational harm and loss of business. There is a risk that our employees could engage in misconduct that adversely affects our business. We are subject to a number of obligations and standards arising from our business and our authority over PINE or **any** ~~the~~ **other** ventures we **may** manage **from time to time** . The violation of these obligations and standards by any of our employees may adversely affect PINE or the ventures we manage **from time to time** and us. Our business often requires that we deal with confidential matters of great significance to PINE and the ventures we manage **from time to time** . If our employees improperly use or disclose confidential information, we and PINE or the ventures we manage **from time to time** could suffer serious harm to our and ~~its~~ **their** ~~reputation~~ **reputations** , financial position and current and future business relationships and face potentially significant litigation. It is not always possible to detect or deter employee misconduct, and the precautions we take to detect and prevent this activity may not be effective in all cases. If any of our employees were to engage in or be accused of misconduct, our business and our reputation could be adversely affected. Misconduct by an employee might rise to the level of a default that would permit PINE or the ventures we manage **from time to time** to terminate ~~the~~ **their** ~~management~~ agreements with us for cause and without paying a termination fee, which could materially adversely affect our business, results of operations and financial condition. The Company' s ability to pay dividends in the future is subject to many factors. The Company has consistently paid a dividend since 1976. Payment of the Company' s dividend depends upon the Company' s financial condition, results of operations, and cash flows. The Company' s ability to continue to pay dividends may be adversely impacted if any of the events or conditions associated with the risks described in this section were to occur. ~~Risks Related to the COVID- 19 PandemicThe COVID- 19 Pandemic, and the future outbreak of other highly infectious or contagious diseases, could materially and adversely impact or disrupt our tenant' s business operations and as a result adversely impact our financial condition, results of operations, cash flows and performance. Since late December 2019, the COVID- 19 Pandemic has spread globally, including every state in the United States. The COVID- 19 Pandemic has had, and other future pandemics could have, repercussions across regional and global economies and financial markets. The outbreak of COVID- 19 Pandemic and its variants have significantly adversely impacted global economic activity and produced significant volatility in the global financial markets. The global impact of the outbreak has rapidly evolved and, as cases of COVID- 19 continued to be identified in additional countries, many countries, including the United States, have reacted by instituting quarantines, mandating business and school closures and restricting travel. Certain states and cities, including those in which we own properties, have also reacted by instituting quarantines, restrictions on travel, " shelter at home " rules, and importantly restrictions on the types of business that may continue to operate or requiring others to shut down completely. Additional states and cities may implement similar restrictions. As a result, the COVID- 19 Pandemic has negatively impacted most every industry directly or indirectly. A number of our tenants have announced temporary closures of their stores and requested rent deferral, or in some instances, rent abatement while the pandemic remains. Many experts predict that the COVID- 19 Pandemic will trigger, or even has already triggered, a period of global economic slowdown or possibly a global recession. The COVID- 19 Pandemic, or a future pandemic, could have material and adverse effects on our ability to successfully operate our business and, as a result, our financial condition, results of operations and cash flows due to, among other factors: ● a complete or partial closure of, or other operational issues at, one or more of our properties resulting from government or tenant action; ● the reduced economic activity could severely impact our tenants' businesses, financial condition and liquidity and may cause one or more of our tenants to be unable to meet their obligations to us in full, or at all, or to otherwise seek modifications of such obligations; 39 ● the reduced economic activity could result in a recession, which could negatively impact consumer discretionary spending; ● difficulty accessing debt and equity capital on attractive terms, or at all, and a severe disruption and instability in the global financial markets or deteriorations in credit and financing conditions may affect our access to capital necessary to fund business operations on a timely basis; ● a general decline in business activity and demand for real estate transactions could adversely affect our ability or desire to grow our portfolio of properties; ● a deterioration in our or our tenants' ability to operate in affected areas or delays in the supply of products or services to us or our tenants from vendors that are needed for our or our tenants' efficient operations could adversely affect our operations and those of our tenants; and ● the potential negative impact on the health of the Company' s personnel, particularly if a significant number of them are impacted, could result in a deterioration in our ability to ensure business continuity during a disruption. The extent to which the COVID- 19 Pandemic impacts our operations and those of our tenants will depend on future developments, which are highly uncertain and cannot be predicted with any degree of certainty, including the scope, severity, and duration of the COVID- 19 Pandemic, and the impact of actions taken by governmental and health organizations to contain the COVID- 19 Pandemic or mitigate its impact, and the direct and indirect economic effects of the COVID- 19 Pandemic and containment measures, among others. Additional closures by our tenants of their businesses and early terminations by our tenants of their leases could reduce our cash flows, which could impact our ability to continue paying dividends to our stockholders at expected levels or at all. The rapid onset of the COVID- 19 Pandemic and the continued uncertainty of its duration and long- term impact precludes any prediction of the magnitude of the adverse impact on the U. S. economy, our tenant' s businesses and ours. Consequently, the COVID- 19 Pandemic presents material uncertainty and risk with respect to our business operations, and therefore our financial condition, results of operations, and cash flows. Further, many risk factors disclosed in this Annual Report on Form 10- K for the year ended December 31, 2022, should be interpreted as heightened risks as a result of the impact of the COVID- 19 Pandemic. General~~ **39General** Risk Factors Cybersecurity risks and cyber incidents could adversely affect the Company' s business and disrupt operations. Cyber incidents can result from deliberate attacks or unintentional events. These incidents can include, but are not limited to, gaining unauthorized access to digital systems for purposes of misappropriating assets or sensitive information, corrupting data, or causing operational disruption. The result of these incidents could include, but are not limited to, disrupted operations, misstated financial data, liability for stolen assets or information, increased cybersecurity protection costs, litigation, and reputational damage adversely affecting customer or investor confidence. Should any such cyber incidents or similar events occur, the Company' s assets, particularly cash, could be lost and, as a result, the Company' s ability to execute its business and strategy could be impaired, thereby adversely affecting its financial condition, results of operations, and cash flows. The market value of the Company' s common stock and preferred stock is subject to various factors that may cause significant fluctuations or volatility. As with other publicly- traded securities, the market price of the Company' s common stock, preferred stock and convertible notes depends on various factors, which may change from time to time and / or may be unrelated to the Company' s financial condition, results of operations, or cash flows and such factors may cause significant fluctuations or volatility in the market price of the Company' s common stock and preferred stock. These factors include, but are likely not limited to, the following: ● General economic and financial market conditions including a weak economic environment; ● Level and trend of interest rates; ● The Company' s ability to access the capital markets to raise additional debt or equity capital; ● Changes in the Company' s cash flows or results of operations; ● The Company' s financial condition and performance; ● Market perception of the Company compared to other real estate companies; ● Market perception of the real estate sector compared to other investment sectors; and ● Volume of average daily trading and the amount of the Company' s common stock and preferred stock available to be traded. **Significant legal proceedings may adversely affect our results of operations or financial condition. We are subject to the risk of litigation, derivative claims, securities class actions, regulatory and governmental investigations and other litigation including proceedings arising from investor dissatisfaction with our operating performance. If any claims were brought against us and resulted in a finding of substantial legal liability, the finding could materially adversely affect our business, financial condition or results of operations or cause significant reputational harm to us, which could significantly adversely impact our business. Allegations of improper conduct by private litigants or regulators, regardless of veracity, may harm our reputation, and adversely impact our ability to grow our business or maintain our management of PINE or the ventures in which we have a financial interest. An epidemic or pandemic (such as the outbreak and worldwide spread of COVID- 19), and the measures that international, federal, state and local governments, agencies, law enforcement and / or health authorities implement to address it, may precipitate or materially exacerbate one or more of the other risks, and may significantly disrupt our tenants' ability to operate their businesses and / or pay rent to us or prevent us from operating our business in the ordinary course for an extended period. An epidemic or pandemic could have a material and adverse effect on or cause disruption to our business or financial condition, results of operations, cash flows and the market value and trading price of our securities due to, among other factors: ● A complete or partial closure of, or other operational issues with, our portfolio as a result of government or tenant action; ● Declines in or instability of the economy or financial markets may result in a recession or negatively impact consumer discretionary spending, which could adversely affect retailers and consumers;**