Risk Factors Comparison 2024-02-27 to 2023-02-23 Form: 10-K

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Set forth below are the risk factors that we believe are material to our investors and a summary thereof. The occurrence of any of the risks discussed in this Annual Report on Form 10- K could have a material adverse effect on our business, financial condition, results of operations and ability to pay dividends and they may also impact the trading price of our common and our preferred stock. The risk factors contained herein are not necessarily comprehensive and we may be subject to other risks. Summary Risk Factors • We may be unable to **integrate the operations of RTL and the other entities we acquired in the Mergers successfully and may not realize the anticipated synergies and other benefits of the Mergers or do so within the anticipated time frame. • We may be unable to** acquire **or dispose of** properties on advantageous terms or our property acquisitions may not perform as we expect. • Our ability to ~~continue implementing our growth~~ -- **grow** ~~strategy~~ depends on our ability to access additional debt or equity financing on attractive terms, and there can be no assurance we will be able to so on favorable terms or at all ~~. • We face the uncertainties and costs associated with a proxy contest~~. • Certain of the agreements governing our indebtedness may limit our ability to pay dividends on our common stock, $ 0. 01 par value per share (" Common Stock "), our 7. 25 % Series A Cumulative Redeemable Preferred Stock, $ 0. 01 par value per share (" Series A Preferred Stock "), our 6. 875 % Series B Cumulative Redeemable Perpetual Preferred Stock, $ 0. 01 par value per share (" Series B Preferred Stock "), **our 7. 50 % Series D Cumulative Redeemable Perpetual Preferred Stock, $ 0. 01 par value per share (" Series D Preferred Stock "), our 7. 375 % Series E Cumulative Redeemable Perpetual Preferred Stock, par value $ 0. 01 (" Series E Preferred Stock ", together with the Series A Preferred Stock, the Series B Preferred Stock and the Series D Preferred Stock, the " Preferred Stock "),** or any other ~~stock~~ **equity securities** we may issue. • If we are not able to generate sufficient cash from operations, we may have to reduce the amount of dividends we pay or identify other financing sources. • Funding dividends from other sources such as borrowings, asset sales or equity issuances limits the amount we can use for property acquisitions, investments and other corporate purposes. • Market and economic challenges experienced by the U. S. and global economies may adversely impact our operating results and financial condition. • We are subject to risks associated with our international investments, including compliance with and changes in foreign laws and fluctuations in foreign currency exchange rates. • Inflation and continuing increases in the inflation rate will have an adverse effect on our investments and results of operations. • We are subject to risks associated with a pandemic, epidemic or outbreak of a contagious disease, ~~such as the COVID- 19 pandemic,~~ including negative impacts on our tenants and their respective businesses. • We depend on tenants for our rental revenue and, accordingly, our rental revenue depends upon the success and economic viability of our tenants. If a tenant or lease guarantor declares bankruptcy or becomes insolvent, we may be unable to collect balances due under relevant leases. • **Retail conditions and decreased demand** ~~Our tenants may not be diversified including by industry type or~~ **for** ~~geographic location~~ **office space may adversely affect our rental revenues**. • In owning properties we may experience, among other things, unforeseen costs associated with complying with laws and regulations and other costs, potential difficulties selling properties and potential damages or losses resulting from climate change. • We ~~depend on the Advisor and Property Manager to provide us with executive officers, key personnel and all services required for us to conduct our operations. • All of our executive officers face conflicts of interest, such as conflicts created by the terms of our agreements with the Advisor and compensation payable thereunder, conflicts allocating investment opportunities to us, and conflicts in allocating their time and attention to our matters. Conflicts that arise may not be resolved in our favor and could result in actions that are adverse to us. • We have long- term agreements with our Advisor and its affiliates that may be terminated only in limited circumstances and may require us to pay a termination fee in some cases. • We~~ have substantial indebtedness and may be unable to repay, refinance, restructure or extend our indebtedness as it becomes due. Increases in interest rates could increase the amount of our debt payments. We may continue to incur additional indebtedness in the future. • **Because the** ~~The stockholder rights plan adopted by our~~ board of directors **will not be fully declassified until 2025**, ~~our~~ **the** classified board ~~and~~ **may have** ~~other~~ -- **the** ~~aspects~~ **effect** of **delaying, deferring,** ~~our~~ - **or preventing** ~~corporate structure and Maryland law may discourage~~ a **change of control of the Company until then** ~~third party from acquiring us in a manner that might result in a premium price to our stockholders~~. • Restrictions on share ownership contained in our charter may inhibit market activity in shares of our stock and restrict our business combination opportunities. • We may fail to continue to qualify as a REIT. Risks Related to Our Properties and Operations **Prior to the Mergers, we and RTL were externally- managed REITs. Neither of us had employees, other than a limited tax- service employee in Europe that we employed. After the Internalization Merger, we became an internally- managed REIT and are responsible for hiring and maintaining our own workforce to facilitate the advisory and property management services. Because we are now internally managed, we are responsible for directly compensating our officers, employees, and consultants, as well as paying overhead expenses associated with our workforce. There is no assurance that we will realize all, or any, of the anticipated cost- saving synergies. We are now also subject to potential liabilities that are commonly faced by employers, such as workers' disability and compensation claims, potential labor disputes, and other employee- related liabilities and grievances. We bear the cost of establishing and maintaining employee compensation plans. In addition, as we have never previously operated as a self- managed REIT, we may encounter unforeseen costs, expenses, and difficulties associated with providing these services on a self- advised basis. In addition, the REIT Merger involved the combination of two companies that previously operated as independent public companies, together with their respective operating partnerships. We may encounter difficulties and unexpected costs in the integration process, including, but not limited to: the inability to sell assets; economic or industry**

downturns, including interest rate increases; potential unknown liabilities; negative market perception of our revised plan for investment; and performance shortfalls as a result of the diversion of management' s attention by completing the REIT Merger and executing our business plan. We may be unable to enter into contracts for and complete property acquisitions **or dispositions** on advantageous terms ~~or~~ **and** our property acquisitions may not perform as we expect. ~~Our goal is~~ **In the near term, we expect** to ~~grow through~~ **focus on disposing properties to reduce our existing indebtedness. Over the longer term, we expect to continue** acquiring ~~additional~~ properties, including ~~potentially~~ **both single- tenant and** multi- tenant properties **. There is no assurance that we will be able to dispose of properties on terms that are found favorable to us or at the time we wish to do so. Further** , ~~and~~ pursuing our investment objective exposes us to numerous risks, including: • competition from other real estate investors with significant capital resources; • we may acquire properties that are not accretive **or dispose of properties at prices less than we originally contemplated** ; • we may not successfully integrate, manage and lease the properties we acquire to meet our expectations or market conditions may result in future vacancies and lower- than expected rental rates; • we may be unable to obtain debt financing or raise equity required to fund acquisitions on favorable terms, or at all; • we may need to spend more than budgeted amounts to make necessary improvements or renovations to acquired properties; • agreements to acquire properties are typically subject to customary conditions to closing that may or may not be completed, and we may spend significant time and money on potential acquisitions that we do not consummate; • the process of acquiring or pursuing the acquisition of a new property may divert the attention of our management team from our existing business operations; and • we may acquire properties without recourse, or with only limited recourse, for liabilities, whether known or unknown. ~~We rely upon our Advisor and the real estate professionals employed by affiliates of our Advisor to identify investments. There can be no assurance that our Advisor will be successful in doing so on financially attractive terms or that our objectives will be achieved. If our Advisor is unable to timely locate suitable investments, we may be unable to meet our investment objectives.~~ Our ability to ~~continue implementing our growth~~ -- **grow** ~~strategy~~ **our assets** depends on our ability to access capital from external sources, and there can be no assurance we will be able to so on favorable terms or at all. In order to meet our strategic goals, which include acquiring additional properties, we will need to access sources of capital beyond the cash we generate from our operations. Our access to capital depends, in part, on: • general market conditions; • the market' s **perception** ~~view of the quality~~ of our assets **and** ~~; • the market' s perception of our~~ growth potential; • our current and expected debt levels; • our current and expected future earnings **,** ~~; • our current and expected~~ cash flow and ~~cash~~ dividend payments; ~~and~~ • market price per share of our Common Stock **and** ~~, Series A~~ Preferred Stock, ~~Series B Preferred Stock~~ and any other class or series of equity security we may seek to issue. We cannot assure you that we will be able to obtain debt financing or raise equity on terms favorable or acceptable to us or at all. If we are unable to do so, our ability to successfully pursue our strategy of growth through property acquisitions will be limited. If we are not able to increase the amount of cash we have available to pay dividends, we may have to reduce dividend payments or identify other financing sources to fund the payment of dividends at their current levels. We cannot guarantee that we will be able to pay dividends on a regular basis on our Common Stock, ~~Series A Preferred Stock, Series B~~ Preferred Stock or any other class or series of stock we may issue in the future **. Any accrued and unpaid dividends payable with respect to our Preferred Stock must be paid upon redemption of those shares** . Decisions regarding the frequency and amount of any future dividends we pay on our Common Stock will remain at all times entirely at the discretion of our board of directors, which reserves the right to change our dividend policy at any time and for any reason. ~~Any accrued and unpaid dividends payable with respect to our Series A Preferred Stock and Series B Preferred Stock must be paid upon redemption of those shares.~~ As noted herein, our debt agreements, including the ~~indenture~~ **indentures** governing the **4. 50 %** Senior Notes and **the 3. 75 % Senior Notes (collectively,** our **" Senior Notes ") as well as our Credit Agreement, which consists of our senior unsecured multi- currency revolving credit facility (the " Revolving** Credit Facility **")** , contain various covenants that limit our ability to pay dividends. For example, our Credit ~~Facility~~ **Agreement** prohibits us from paying distributions, including cash dividends payable on our Common Stock, ~~Series A Preferred Stock, Series B~~ Preferred Stock or any other class or series of stock we may issue in the future, or redeem or otherwise repurchase shares of any of these outstanding securities, or any other class or series of stock we may issue in the future, that exceed 100 % of our Adjusted FFO as defined in the Credit ~~Facility~~ **Agreement** (which is different from the definition of AFFO disclosed in this Annual Report on Form 10- K) for any period of four consecutive fiscal quarters, except in limited circumstances, including that for one fiscal quarter in each calendar year, we may pay cash dividends and other distributions and make redemptions and other repurchases in an aggregate amount equal to no more than 105 % of our Adjusted FFO. We have used this exception in the past and may need to do so in the future. Our ability to pay dividends in the future and comply with the restrictions on the payment of dividends depends on our ability to operate profitably and to generate sufficient cash flows from the operations of our existing properties and any properties we may acquire. In the past, the lenders under our Credit ~~Facility~~ **Agreement** have consented to increase the maximum amount of our Adjusted FFO we may use to pay cash dividends and other distributions and make redemptions and other repurchases in certain periods. There can be no assurance that they will do so again in the future if we need to do so. Our cash flows provided by operations were $ ~~181~~ **143** . ~~8~~ **7** million for the year ended December 31, ~~2022~~ **2023** . During this period, we paid total dividends of $ ~~187~~ **236** . ~~5~~ **4** million, including payments to holders of our Common Stock, ~~Series A Preferred Stock, Series B~~ Preferred Stock and distributions to holders of LTIP Units. In prior periods, we have funded a larger portion of the amounts required to fund the dividends we pay from cash on hand, consisting of proceeds from borrowings, and we may need to do so in the future. If we are not able to generate sufficient cash from operations, we may have to reduce the amount of dividends we pay or identify other financing sources. There can be no assurance that other sources will be available on favorable terms, or at all. Funding dividends from other sources such as borrowings, asset sales or equity issuances limits the amount we can use for property acquisitions, investments and other corporate purposes. Our business may be affected by market and economic challenges experienced by the U. S. and global economies. These conditions may materially affect the commercial real estate industry, the businesses of our tenants and the value and performance of our properties and the availability or the terms of financing that we may utilize, among other things. Challenging economic conditions may also impact the ability of certain of our tenants to enter into new leasing transactions or satisfy rental payments under existing leases. Our operating results and value of our properties are subject to risks generally incident to the ownership of real estate, including: • changes in general, economic or local conditions; • changes in supply of or demand for similar or competing properties in an area; • changes in interest rates and availability of mortgage financing on favorable terms, or at all; • changes in tax, real estate, environmental and zoning laws; • the possibility that one or more of our tenants will be unable to pay their rental obligations; • decreased demand for our properties due to among other things, significant job losses that occur or may occur in the future, resulting in lower rents and occupancy levels; • an increase in the number of bankruptcies or insolvency proceedings of our tenants and lease guarantors, which could delay or preclude our efforts to collect rent and any past due balances under the relevant leases; • widening credit spreads as investors demand higher risk premiums, resulting in lenders increasing the cost for debt financing; • reduction in the amount of capital that is available to finance real estate, which, in turn, could lead to a decline in real estate values generally, slow real estate transaction activity, a reduction in the loan- to- value ratio upon which lenders are willing to lend, and difficulty refinancing our debt; • a decrease in the market value of our properties, which may limit our ability to obtain debt financing • a need for us to establish significant provisions for losses or impairments; • reduction in the value and liquidity of our short- term investments and increased volatility in market rates for such investments; and • reduced cash flows from our operations due to changing exchange rates impacting conditions from our operations in continental Europe, the United Kingdom and Canada. We are subject to additional risks from our international investments. Based on the percentage of annualized rental income on a straight- line basis as of December 31, ~~2022~~ **2023** , ~~35~~ **20** % of our properties were located in Europe, primarily in the United Kingdom, The Netherlands, Finland, France, Germany, and the Channel Islands, and ~~65~~ **80** % of our properties were located in the U. S. and Canada. These investments may be affected by factors peculiar to the laws and business practices of the jurisdictions in which the properties are located. These laws and business practices may expose us to risks that are different from and in addition to those commonly found in the U. S. Foreign investments pose several risks, including the following: **• the ongoing uncertainties as a result of instability or changes in geopolitical conditions, including military or political conflicts, such as those caused by the ongoing conflicts between Russia and Ukraine or Israel and Hamas;** • the burden of complying with a wide variety of foreign laws; • changing governmental rules and policies, including changes in land use and zoning laws, more stringent environmental laws or changes in such laws; • existing or new laws relating to the foreign ownership of real property or loans and laws restricting the ability of foreign persons or companies to remove profits earned from activities within the country to the person' s or company' s country of origin; • the potential for expropriation; • possible currency transfer restrictions; • imposition of adverse or confiscatory taxes; • changes in real estate and other tax rates and changes in other operating expenses in particular countries; • possible challenges to the anticipated tax treatment of the structures that allow us to acquire and hold investments; • adverse market conditions caused by terrorism, civil unrest and changes in national or local governmental or economic conditions; • the willingness of domestic or foreign lenders to make loans in certain countries and changes in the availability, cost and terms of loan funds resulting from varying national economic policies; • general political and economic instability in certain regions; **and** • the potential difficulty of enforcing obligations in other countries ~~; and • the Advisor' s limited experience and expertise in foreign countries relative to its experience and expertise in the U. S. Geopolitical instability due to the ongoing military conflict between Russia and Ukraine may further adversely impact the U. S., European and global economies. On February 24, 2022, Russian troops invaded Ukraine starting a military conflict, the length and breadth of which remains unpredictable. Coupled with existing supply disruptions and changes in Federal Reserve policies on interest rates, the conflict has likely exacerbated, and may continue to exacerbate, inflation and lead to continued volatility in commodity prices, credit and capital markets, as well as supply chain disruptions. Additionally, the U. S., the European Union, and other countries, as well as other public and private actors and companies have imposed sanctions and other penalties on Russia including removing Russian- based financial institutions from the Society for Worldwide Interbank Financial Telecommunication payment system and restricting imports of Russian oil, liquefied natural gas and coal. These sanctions, as well as restrictions on oil imports from Russia, have caused and may continue to cause supply disruptions in the oil and gas markets and could continue to cause significant increases in energy prices, which could have a material effect on inflation and may trigger a recession in the U. S. and Europe, among other areas. These factors may result in the weakening of the financial condition of or the bankruptcy or insolvency of a significant tenant or a number of smaller tenants, particularly tenants in our European properties who may be impacted the most by these factors due to the enhanced possibility of a general economic slowdown in Europe, which would adversely impact their ability to pay rents as they come due. As a result, our financial condition and results of operations may be negatively affected since our revenue is largely dependent on the success and economic viability of our tenants. These and other sanctions that may be imposed as well as the ongoing conflict could further adversely affect the global economy and financial markets and cause further instability, negatively impacting liquidity in the capital markets and potentially making it more difficult for us to access additional debt or equity financing on attractive terms in the future. In addition, the U. S. government has warned of the potential for Russian cyberattacks. The risk of Russian cyberattacks may also create market volatility and economic uncertainty particularly if these attacks occur and spread to a broad array of countries and networks~~ . Investments in properties or other real estate investments outside the U. S. subject us to foreign currency risk. Investments we make outside the U. S. are generally subject to foreign currency risk due to fluctuations in exchange rates between foreign currencies and the USD. Revenues generated from properties or other real estate investments located in foreign countries are generally denominated in the local currency but reflected as USD on our consolidated financial statements. As of December 31, ~~2022~~ **2023** , we had $ ~~1.~~ 2 **. 7** billion ($ ~~665~~ **2** . 3 **billion, £ 101. 0** million ~~, £ 261. 6 million~~ and € ~~245~~ **191** . ~~4~~ **5** million) of gross mortgage notes payable. Further, as of December 31, ~~2022~~ **2023** , we had $ ~~670~~ **1. 7 billion ($ 1. 0 billion, £ 261** . 0 million ~~($ 287. 0 million, £ 57. 0 million~~ , € ~~267~~ **319** . 1 million and C $ 38. 0 million) in outstanding debt under the Revolving Credit Facility. We may continue to borrow in foreign currencies when purchasing properties located outside the Unites States, including draws under our Revolving Credit Facility. Changes in exchange rates of any of these foreign currencies to USD may affect our revenues, operating margins and the amount of cash generated by these properties and the amount of cash we have available to pay dividends. We are generally a net receiver of these foreign currencies (we receive more cash than we pay out), and therefore our results of operations of our foreign properties benefit from a weaker USD, and are adversely affected by a stronger USD, relative to the foreign currency. Any positive impact to revenue from tenants in prior years from a weaker USD may not continue in the future. Changes to exchange rates have affected and may continue to affect the book value of our assets and the amount of stockholders' equity. Changes in foreign currency exchange rates may impact the value of our assets. These changes may adversely affect our status as a REIT. Foreign exchange rates may be influenced by many factors, including: • changing supply and demand for a particular currency; • the prevailing interest rates in one country as compared to another country; • monetary policies of governments (including exchange control programs, restrictions on local exchanges or markets and limitations on foreign investment in a country or an investment by residents of a country in other countries); • trade restrictions and other factors that could lead to changes in balances of payments and trade; and • currency devaluations and revaluations. Also, governments from time to time intervene in the currency markets, directly and by regulation, in order to influence exchange rates. These events and actions are unpredictable. We have used and may continue to use foreign currency derivatives, including options, currency forward and cross currency swap agreements, to manage a portion of our exposure to fluctuations in GBP- USD and EUR- USD exchange rates, but there can be no assurance our hedging strategy will be successful. If we fail to effectively hedge our currency exposure, or if we experience other losses related to our exposure to foreign currencies, our operating results could be negatively impacted and cash flows could be reduced. We are subject to risks associated with ~~proxy contests and other actions of activist stockholders. On October 24, 2022, Blackwells Onshore I LLC (" Blackwells Onshore ") (together with its affiliates, " Blackwells ") delivered a purported notice of intent to nominate two candidates for election to our board of directors at the 2023 annual meeting of stockholders (the " 2023 Annual Meeting ") and to submit six non- binding proposals at the 2023 Annual Meeting. We have advised Blackwells that its notice did not satisfy the requirements for notice of these matters set forth in our bylaws and that we intend to exclude them from being considered at the 2023 Annual Meeting. Blalckwells subsequently filed a preliminary proxy statement with the SEC relating to the solicitation of our shareholders in favor of its purported nominees and proposals. We and Blackwells have each filed complaints related to the purported nominations and proposals and related matters. While the outcome of this ongoing litigation is uncertain, the court may require use to consider Blackwell' s nominees and proposals at the 2023 Annual Meeting. The litigation could also be costly, time consuming and distracting. In addition, a proxy contest, unsolicited takeover or other form of stockholder activism or related activities on the part of Blackwells or another stockholder, including in the event that we are required to consider Blackwells' nominees and proposals at the 2023 Annual Meeting, could adversely affect our business for a number of reasons, including, without limitation, the following: • responding to proxy contests and other actions by activist stockholders can be costly and time- consuming, disrupting our operations and diverting the attention of management and our Advisor; • stockholder activism or actual or potential changes to the composition of our board of directors may lead to the perception of a change in the direction of our business, instability or lack of continuity, which may be exploited by our competitors, cause concern to current or potential sellers of properties, clients and financing sources. If potential or existing sellers of properties, clients or financing sources choose to delay, defer or reduce transactions with us or transact with our competitors instead of us because of any such issues, then our results of operations could be adversely affected; • we may suffer damage to our reputation or brand by way of actions taken or statements made by outside constituents, including activist investors and shareholder advisory firms, which could adversely affect the trading price of our securities; and • if the nominees advanced by an activist stockholder were to be elected to our board of directors with a specific agenda, it could adversely affect our ability to effectively and timely run our business or to realize long- term value from our assets, and this could in turn have an adverse effect on our business and on our results of operations and financial condition. Proxy contests and related litigation may also cause our stock price to experience periods of volatility based upon temporary or speculative market perceptions or other factors that do not necessarily reflect our underlying fundamental and prospects. We are subject to risks associated with~~ a pandemic, epidemic or outbreak of a contagious disease, ~~such as the COVID- 19 pandemic,~~ which ~~has~~ **can** ~~caused~~ - **cause** severe disruptions in the U. S., and global economy. ~~The COVID- 19 pandemic has had, and may continue to have, and another~~ **Another** pandemic in the future could have ~~,~~ repercussions across many sectors and areas of the global economy and financial markets, leading to significant adverse impacts on economic activity as well as significant volatility and negative pressure in financial markets. ~~The impact of the~~ COVID- 19 **has** ~~pandemic evolved rapidly. In many states and cities where our tenants operate their businesses and where our properties are located, " shelter- in- place " or " stay- at- home " orders were issued by local, state and federal authorities for much of 2020 and the early part of 2021 and social distancing measures that resulted in closure and limitations on the operations of many businesses~~ impacted ~~a number of our tenants although our business has not been significantly impacted. Although most of these measures have been lifted~~ , **and new variants** ~~they may be reinstated in the future in response to COVID- 19~~ or other **potential** pandemics **could** ~~, endemics or other health emergencies. Further, COVID- 19 impacted, and will likely~~ continue to impact in- person commerce which has and may continue to impact the revenues generated by our tenants which may further impact their ability to pay their rent to us when due. **We may also potentially experience a negative impact on the health of our personnel, particularly if a significant number of them are impacted, which could result in a deterioration in our ability to ensure business continuity during this disruption** Additionally, a continuing or permanent impact on the business of our tenants could make it difficult for us to renew or re- lease our properties at rental rates equal to or above historical rates. We could also incur more significant re- leasing costs, and the re-leasing process could take longer. In addition, there has been a shift away from in- person work environments to remote or hybrid work environments which has had an adverse effect on the overall demand for office space including in our portfolio. Reliance on major tenants make us more susceptible to adverse events with respect to those tenants. The value of our investment in real estate assets is historically driven by the credit quality of the underlying tenant, and an adverse change in a major tenant' s financial condition or a decline in the credit rating of such tenant may result in a decline in the value of our investments. ~~We had one tenant that accounted for approximately 5 % of our consolidated annualized rental income on a straight- line basis as of December 31, 2022.~~ No ~~other~~ single tenant accounted for 5 % or more of our consolidated annualized rental income on a straight- line basis as of December 31, ~~2022~~ **2023** , **however** this may change in the future. A high concentration of our properties in a particular geographic area magnifies the effects of downturns in that geographic area and could have a disproportionate adverse effect on the value of our investments and results of operations. As of December 31, ~~2022~~ **2023** , the following countries and states accounted for 5 % or more of our consolidated annualized rental income on a straight- line basis: Country December 31, ~~2022European~~ **2023European** Countries: United ~~Kingdom17~~ **Kingdom11** % Other European ~~Countries18~~ **Countries9** % Total European ~~Countries35~~ **Countries20** % United States and Canada: ~~Michigan16~~ **Michigan8** % ~~Texas7~~ **Texas6** % Ohio6 % **Georgia6 %** Other States and ~~Canada36~~ **Canada54** % Total United States and ~~Canada65~~ **Canada80** % Total 100 % Likewise, a high concentration of our tenants in a similar industry magnifies the effects of downturns in that industry and would have a disproportionate adverse effect on the value of investments and results of operations. If tenants of our properties are concentrated in a certain industry category, any adverse effect to that industry generally would have a disproportionately adverse effect on our portfolio. As of December 31, ~~2022~~ **2023** , the following industries had concentrations of properties accounting for 5. 0 % or more of our consolidated annualized rental income on a straight- line basis: IndustryDecember 31, ~~2022Auto Manufacturing12~~ **2023Financial Services6** % ~~Financial Services12~~ **Auto Manufacturing6** % **Healthcare5** ~~Consumer Goods6~~ % **Discount Retail5** ~~Healthcare6 % Technology5~~ % Any adverse situation that disproportionately affects the industries listed above may have a magnified adverse effect on our portfolio. ~~Brexit and other events that create, or give the impression they could create, economic or political instability in Europe could adversely affect us. On January 31, 2020, the United Kingdom (" UK ") ended its membership in the European Union (" EU ") referred to as Brexit. Following the termination of a transition period, the UK and the EU entered into a trade and cooperation agreement to govern the future relationship between the parties, which was provisionally applied as of January 1, 2021 and entered into force on May 1, 2021 following ratification by the EU. This agreement is untested and may continue to result in ongoing political and economic uncertainty and periods of exacerbated volatility in both the UK and in wider European and global markets for some time. The longer term economic, legal, political and social implications of Brexit are unclear. This mid- to long- term uncertainty could cause volatility in currency exchange rates, interest rates, and in EU, UK or worldwide political, regulatory, economic or market conditions. This could contribute to instability in political institutions, regulatory agencies, and financial markets and may impact our properties and operations in these markets in unforeseen ways. In particular, currency volatility could mean that our returns are adversely affected by market movements and could make it more difficult, or more expensive, for us to execute currency hedges. Potential decline in the value of the GBP or the Euro against other currencies, along with the potential further downgrading of the UK' s sovereign credit rating, could also have an impact on the performance of our properties and operations in the UK or Europe.~~ The inability of a tenant in single- tenant properties to pay rent will materially reduce our revenues. Presently, ~~substantially all~~ **the majority** of our properties are occupied by single tenants and, therefore, the success of our investments is materially dependent on the financial stability of these individual tenants. Many of our single tenant leases require that certain property level operating expenses and capital expenditures, such as real estate taxes, insurance, utilities, maintenance and repairs (other than, in certain circumstances structural repairs, such as repairs to the foundation, exterior walls and rooftops) including increases with respect thereto, be paid, or reimbursed to us, by our tenants. A default of any tenant on its lease payments to us would cause us to lose the revenue from the property and potentially increase our expenses and cause us to have to find an alternative source of revenue to fund related debt payment and prevent a foreclosure if the property is subject to a mortgage. We may experience delays in enforcing our rights as landlord and may incur substantial costs in protecting our investment including potentially leasing the property to a new tenant. If a lease is terminated, there is no assurance that we will be able to lease the property for the rent previously received or sell the property without incurring a loss. A default by a tenant, the failure of a guarantor to fulfill its obligations or other premature termination of a lease, or a tenant' s election not to extend a lease upon its expiration, could have an adverse effect. Single- tenant properties may be difficult to sell or re- lease. If a lease for one of our single- tenant properties is terminated or not renewed or, in the case of a mortgage loan, if we take possession through a foreclosure action, we may be required to renovate the property or to make rent concessions in order to lease the property to another tenant or sell the property. Some of our properties are " special use single- tenant properties " that may be relatively illiquid compared to other types of real estate and financial assets limiting our ability to quickly change our portfolio in response to changes in economic or other conditions. **Retail conditions and decreased demand for office space may adversely affect our revenues. Approximately 27 % of our annualized straight- line rent (calculated as of December 31, 2023) is attributable to our Multi- Tenant Retail segment. The market for retail space has been and could be adversely affected by weaknesses in the national, regional and local economies, the adverse financial condition of anchored shopping centers and other large retailing companies, the ongoing consolidation in the retail and grocery sector, changes in consumer preferences and spending, excess amounts of retail space in a number of markets and competition for tenants in the markets, as well as the increasing use of the Internet by retailers and consumers. Customer traffic to these shopping areas may be adversely affected by the closing of stores in the same multi- tenant property, or by a reduction in traffic to these stores resulting from a regional economic downturn, a general downturn in the local area where our property is located, or a decline in the desirability of the shopping environment of a particular retail property. Revenue generated by a retail property and its value may be adversely affected by negative perceptions of the safety, convenience and attractiveness of the property. The majority of our leases in the Multi- Tenant Retail sector require the tenant to pay base rent plus contractual base rent increases but these base increases may not be sufficient to fund increased expenses or may still be below market rates. In addition, approximately 20 % of our annualized straight- line rent (calculated as**

of December 31, 2023) is attributable to our Office segment. In recent years, the market for office space has seen a shift in the use of space due to the widespread practices of telecommuting, videoconferencing, and renting shared workspaces, which accelerated at the onset of the COVID- 19 pandemic. These trends have led, and may in the future lead, to more efficient office layouts and a decrease in square feet leased per employee. The impact of alternative workspaces and technology could result in tenant downsizings upon renewal, or tenants seeking office space outside of typical central business districts. These trends could cause an increase in vacancy rates at office buildings and a decrease in demand for new supply, and could materially and adversely affect us. A shift in retail shopping from brick- and- mortar stores to online shopping may have an adverse impact on our Multi- Tenant Retail segment tenants. Many retailers operating brick and mortar stores have made online sales a piece of their business. There can be no assurance that our Multi- Tenant Retail segment strategy of building a diverse portfolio focused on properties leased to necessity- based, service retail and experiential retail tenants, will insulate us from the effects online commerce has had on some retail operators. The shift to online shopping, including online orders for immediate delivery or pickup in store, has further accelerated, and may cause further declines in brick- and- mortar sales generated by retail tenants and may cause certain of our tenants to reduce the size or number of their retail locations. Our grocery store tenants are incorporating e- commerce concepts through home delivery or curbside pickup, which could reduce foot traffic at our properties and reduce the demand for these properties. Traditional grocery chains are also subject to increasing competition from new market participants and food retailers who have incorporated the Internet as a direct- to- consumer channel and Internet- only retailers that sell grocery products. This shift may adversely affect our occupancy and rental rates, which would affect our revenues and cash flows. Changes in shopping trends as a result of the growth in e- commerce may also affect the profitability of retailers that do not adapt to changes in market conditions. These conditions may 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. We cannot predict with certainty the future needs or wants tenants, what retail spaces will look like, or 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 (such as space for a drive through or curbside pickup), our occupancy levels and rental rates may decline in our Multi- Tenant Retail segment. Our revenue in our Multi- Tenant Retail segment is impacted by the success and economic viability of our anchor retail tenants. Our reliance on single or significant tenants in certain buildings may decrease our ability to lease vacated space. Any anchor tenant, which we define as a tenant that occupies over 10, 000 square feet of one of our Multi- Tenant Retail properties, may become insolvent, may suffer a downturn in its business, or may decide not to renew its lease. Any of these events would likely result in the tenant reducing, or ceasing to make, rental payments. A lease termination by an anchor tenant could result in lease terminations or reductions in rent payments by other tenants whose leases permit cancellation or rent reduction if another tenant' s lease is terminated. We own properties where the tenants may have rights to terminate their leases if certain other tenants are no longer open for business. These " co- tenancy " provisions also exist in some leases where we own a portion of a retail property and one or more of the anchor tenants lease space in that portion of the center not owned or controlled by us. If these tenants were to vacate their space, tenants with co- tenancy provisions would have the right to terminate their leases or seek a rent reduction. Even if co- tenancy rights do not exist, other tenants may experience downturns in their businesses that could threaten their ongoing ability to continue paying rent and remain solvent. In such event, we may be unable to re- lease the vacated space at attractive rents or at all. In some cases, it may take extended periods of time to re- lease a space, particularly one previously occupied by a major tenant or non- owned anchor. Additionally, tenants are involved in mergers or acquisitions with or by third parties or undertake other restructurings may choose to consolidate, downsize or relocate operations, resulting in terminating or not renewing their leases with us or vacating the leases premises. The transfer to a new anchor tenant, or the bankruptcy, insolvency or downturn in business of any of our anchor tenants, could cause customer traffic in the retail center to decrease and thereby reduce the income generated by that retail center. Many expenses associated with properties (such as operating expenses and capital expenses) cannot be reduced, and may even increase due to inflation or otherwise, in the case of a termination. A lease transfer to a new anchor tenant could also allow other tenants to make reduced rental payments or to terminate their leases at the retail center. If an anchor tenant vacates its space for any reason and we are unable to re- lease the vacated space to a new anchor tenant, we may incur additional expenses in order to remodel the space to be able to re- lease the space to more than one tenant. There can be no assurance that any re- leasing of a vacated space, either to a single new anchor tenant or to more than one tenant, will be on comparable terms to the prior lease, which could adversely affect our cash flow. A sale- leaseback transaction may be recharacterized in a tenant' s bankruptcy proceeding. We have entered and may continue to enter into sale- leaseback transactions, in which we purchase a property and then lease the same property back to the seller, who then becomes a tenant. In a bankruptcy of a tenant, a transaction structured as a sale- leaseback may be recharacterized as either a financing or a joint venture, either one of which may negatively impact us. If the transaction was recharacterized as a financing, we might not be considered the owner of the property, and as a result would have the status of a creditor. In that event, we would no longer have the right to sell or encumber our ownership interest in the property. Instead, we would have a claim against the tenant for the amounts owed under the lease. The tenant / debtor might have the ability to propose a plan restructuring the term, interest rate and amortization schedule. If confirmed by the bankruptcy court, we would be bound by the new terms. If the transaction was recharacterized as a joint venture, we would be treated as a joint venture partner with our tenant changing the nature of our legal relationship regarding the property. We could, for example, be held liable, under some circumstances, for debts incurred by the tenant relating to the property. Any of our tenants, or any guarantor of a tenant' s lease obligations, could become insolvent or be subject to a bankruptcy proceeding pursuant to Title 11 of the United States Code. A bankruptcy filing of our tenants or any guarantor of a tenant' s lease obligations in the United States would result in a stay of all efforts by us to collect pre- bankruptcy debts from these entities or their assets, unless we receive an enabling order from the bankruptcy court. Post- bankruptcy debts would be required to be paid currently. If a lease is assumed by the tenant, all pre- bankruptcy balances owing under it must be paid in full. If a lease is rejected by a tenant in bankruptcy, we would only have a general unsecured claim for damages. If a lease is rejected, it is unlikely we would receive any payments from the tenant because our claim is capped at the rent reserved under the lease, without acceleration, for the greater of one year or 15 % of the remaining term of the lease, but not greater than three years, plus rent already due but unpaid as of the date of the bankruptcy filing (post- bankruptcy rent would be payable in full). This claim could be paid only if funds were available, and then only in the same percentage as that realized on other unsecured claims. There is no assurance the debtor in possession or bankruptcy trustee will assume the lease in a bankruptcy proceeding. Highly leveraged tenants that experience downturns in their operating results due to adverse changes to their business may have a higher probability of filing for bankruptcy or insolvency. In bankruptcy or insolvency proceedings in the United States, a tenant may have the option of vacating a property instead of paying rent reducing our revenues and limiting our options until the impacted property is released from the bankruptcy or insolvency proceeding. A bankruptcy could delay efforts to collect past due balances under the relevant leases, and could ultimately preclude full collection of these sums and may decrease or eliminate rental payments from the impacted tenant reducing our cash flow. For any foreign tenant or lease guarantor, the tenant or lease guarantor could become insolvent or be subject to an insolvency or bankruptcy proceeding pursuant to a foreign jurisdiction instead of Title 11 of the United States Code. The effect of the insolvency or bankruptcy proceeding on us will depend in each case on the relevant jurisdiction and its own insolvency regime or code but in all events we will face difficulties in collecting amounts owed to us with respect to the applicable lease under these circumstances. The credit profile of our tenants may create a higher risk of lease defaults and therefore lower revenues. Based on annualized rental income on a straight- line basis as of December 31, ~~2022~~ **2023** , ~~40~~ **42** % of our tenants were not evaluated or ranked by credit rating agencies, or were ranked below " investment grade, " which, for our purposes, includes both actual investment grade ratings of the tenant and " implied investment grade rating, " which includes ratings of the tenant' s parent (regardless of whether the parent has guaranteed the tenant' s obligation under the lease) or lease guarantor. The term " parent " for these purposes includes any entity, including any governmental entity owning more than 50 % of the voting stock of the tenant. Implied Investment Grade ratings are also determined using a proprietary Moody' s ~~analytical~~ **Analytics** tool, which **creates** ~~compares the risk metrics of the non- rated company to those of a company with~~ an ~~actual~~ **implied** rating **by measuring an entity' s probability of default** . Leases with certain of these tenants may therefore pose a higher risk of default than would long- term leases with tenants who have actual investment grade ratings. Long- term leases may result in income lower than short term leases. We generally seek to enter into long- term leases with our tenants. As of December 31, ~~2022~~ **2023** , ~~18~~ **21** % of our annualized rental income on a straight- line basis was generated from net leases, with remaining lease term of more than ten years. Leases of long duration, or with renewal options that specify a maximum rate increase, may not result in ~~fair~~ market **rent** ~~lease rates~~ over time if we do not accurately judge the potential for increases in market rental rates. As of December 31, ~~2022~~ **2023** , ~~5~~ **22** . ~~5~~ **0** % of our annualized rental income on a straight- line basis was generated from leases that ~~do~~ **did** not contain any rent escalation provisions, which impacts our ability to cover increased operating costs at properties with these leases. Further, properties leased subject to long term leases at below market rental rates will be less attractive to potential buyers, which could affect our ability to sell the property at an advantageous price. Properties may have vacancies for a significant period. A property may have vacancies either due to tenant defaults or the expiration of leases. If vacancies continue for a long period of time, we may suffer reduced revenues resulting in less cash available for things such as dividends. In addition, because the market value of a property depends principally on the cash generated by the property, the resale value of a property with prolonged vacancies could decline significantly. We generally obtain only limited warranties when we purchase a property and would therefore have only limited recourse if our due diligence did not identify any issues that lower the value of our property. We have acquired, and may continue to acquire, properties in " as is " condition on a " where is " basis and " with all faults, " without any warranties of merchantability or fitness for a particular use or purpose. In addition, purchase agreements we entered into may contain only limited warranties, representations and indemnifications that will only survive for a limited period after the closing. The purchase of properties with limited warranties increases the risk that we may lose some or all of our invested capital in the property as well as the loss of rental income from that property. We may be unable to secure funds for future tenant improvements or capital needs, which could impact the value of the applicable property or our ability to lease the applicable property on favorable terms. If a tenant does not renew its lease or otherwise vacate its space, we likely will be required to expend substantial funds to improve and refurbish the vacated space. In addition, we will likely be responsible for any major structural repairs, such as repairs to the foundation, exterior walls and rooftops, even if our leases with tenants require tenants to pay routine property maintenance costs. We may have to obtain financing from sources such as borrowings, property sales or future equity offerings to fund these capital requirements. These sources of funding may not be available on attractive terms or at all. If we cannot procure additional funding for capital improvements, the value of the applicable property or our ability to lease space at the applicable property on favorable terms could be adversely impacted. We may be unable to sell a property when we desire to do so. The real estate market is affected by many factors, such as general economic conditions, availability of financing, interest rates and other factors, including supply and demand, that are beyond our control. In addition, we may not have funds available to correct defects or make improvements that are necessary or desirable before the sale of a property. We cannot predict whether we will be able to sell any property for the price or on the terms set by us, or whether any price or other terms offered by a prospective purchaser would be acceptable to us. We cannot predict the length of time needed to find a willing purchaser and to close the sale of a property. In addition, as a REIT, our ability to sell properties that have been held for less than two years is limited as any gain recognized on the sale or other disposition of such property could be subject to the 100 % prohibited transaction tax, as discussed in more detail below. We have acquired or financed, and may continue to acquire or finance, properties with lock- out provisions which may prohibit us from selling a property, or may require us to maintain specified debt levels for a period of years on some properties. Lock- out provisions, such as the provisions contained in certain mortgage loans we have entered into, could materially restrict our ability to sell or otherwise dispose of or refinance properties, including by requiring a yield maintenance premium to be paid in connection with prepaying principal upon a sale or disposition. Lock- out provisions may also prohibit us from reducing the outstanding indebtedness with respect to any properties, refinancing such indebtedness on a non- recourse basis at maturity, or increasing the amount of indebtedness with respect to such properties. Lock- out provisions could also impair our ability to take other actions during the lock- out period that may otherwise be in the best interests of our stockholders. In particular, lock- out provisions could preclude us from participating in major transactions that could result in a disposition of our assets or a change in control. Payment of yield maintenance premiums in connection with dispositions or refinancings could adversely affect our cash flow. Rising expenses could reduce cash flow. The properties that we own or may acquire are subject to operating risks common to real estate in general, any or all of which may negatively affect us. If any property is not fully occupied or if rents are being paid in an amount that is insufficient to cover operating expenses, we could be required to fund these expenses. Property expense may increase because of changes in tax rates, utility costs, operating expenses, insurance costs, repairs and maintenance and administrative expenses. Renewals of leases or future leases may not be negotiated on that basis, in which event we may have to pay these costs. If we are unable to lease properties on a triple- net- lease basis or on a basis requiring the tenants to pay all or some expenses, or if tenants fail to pay required tax, utility and other impositions, we could be required to pay these costs which would, among other things, limit the amount of funds we have available for other purposes, including to pay dividends or fund future acquisitions. Real estate- related taxes may increase and if these increases are not passed on to tenants, our cash flow will be reduced. Some local real property tax assessors may seek to reassess a property that we acquire, and, from time to time, our property taxes may increase as property values or assessment rates change or for other reasons deemed relevant by the assessors. An increase in the assessed valuation of a property for real estate tax purposes will result in an increase in the related real estate taxes on that property. There is no assurance that renewal leases or future leases will be negotiated on the same basis. Increases not passed through to tenants will adversely affect the cash flow generated by the impacted property. Our properties and our tenants may face competition that may affect tenants' ability to pay rent. Our properties typically are, and we expect properties we acquire in the future will be, located in developed areas. Therefore, there are and will be numerous other properties within the market area of each of our properties that will compete with us for tenants. The number of competitive properties could have a material effect on our ability to rent space at our properties and the amount of rents charged. We could be adversely affected if additional competitive properties are built in locations competitive with our properties, causing increased competition for customer traffic and creditworthy tenants. Tenants may also face competition from such properties if they are leased to tenants in a similar industry. For example, as of December 31, ~~2022~~ **2023** , ~~3~~ **48** % of our properties, based on annualized rental income on a straight- line basis, were retail properties. Our retail tenants face competition from numerous retail channels such as discount or value retailers, factory outlet centers and wholesale clubs as well as from alternative retail channels, such as mail order catalogs and operators, television shopping networks and the internet. Competition that we face from other properties within our market areas, and competition our tenants face from tenants in such properties could result in decreased cash flow from tenants and may require us to make capital improvements to maintain competitiveness. We may incur significant costs to comply with governmental laws and regulations, including those related to environmental matters. All real property and the operations conducted on real property are subject to federal, state and local laws and regulations, and various foreign laws and regulations, relating to environmental protection and human health and safety. These laws and regulations generally govern wastewater discharges, air emissions, the operation and removal of underground and above- ground storage tanks, the use, storage, treatment, transportation and disposal of solid and hazardous materials, and the remediation of contamination associated with disposals. Environmental laws and regulations may impose joint and several liability on tenants, owners or operators for the costs to investigate or remediate contaminated properties, regardless of fault or whether the acts causing the contamination were legal. This liability could be substantial. In addition, the presence of hazardous substances, or the failure to properly remediate them, may adversely affect our ability to sell, rent or pledge a property as collateral for future borrowings. Some of these laws and regulations have been amended to require compliance with new or more stringent standards as of future dates. Compliance with new or more stringent laws or regulations or stricter interpretation of existing laws may require material expenditures by us. Future laws, ordinances or regulations may impose material environmental liability. Additionally, our tenants' operations, the existing condition of land when we buy it, operations in the vicinity of our properties, such as the presence of underground storage tanks, or activities of unrelated third parties may affect our properties. In addition, there are various local, state and federal fire, health, life- safety and similar regulations with which we may be required to comply, and that may subject us to liability in the form of fines or damages for noncompliance. State and federal laws, and various foreign laws and regulations, in this area are constantly evolving, and we monitor these laws and take commercially reasonable steps to protect ourselves from the impact of these laws, including obtaining environmental assessments of most properties that we acquire; however, we do not obtain an independent third- party environmental assessment for every property we acquire. In addition, any assessment that we do obtain may not reveal all environmental liabilities or reveal that a prior owner of a property created a material environmental condition unknown to us. We may incur significant costs to defend against claims of liability, comply with environmental regulatory requirements, remediate any contaminated property, or pay personal injury claims. **Risk of Stockholder Activism and Proxy Contests. We have been subject to stockholder activism and may be subject to such activism in the future, which could result in substantial costs and divert management' s and our board of director' s attention and resources from our business. Stockholder activism could give rise to perceived uncertainties as to our future and adversely affect our operations and business relationships. We may be required to incur significant fees and other expenses related to activist stockholder matters including related to a proxy contest or to litigation.** Damage from catastrophic weather and other natural events and climate change could result in losses to us. Certain of our properties are located in areas that may experience catastrophic weather and other natural events from time to time, including hurricanes or other severe weather, flooding, fires, snow or ice storms, windstorms or, earthquakes. These adverse weather and natural events could cause substantial damages or losses to our properties which could exceed our insurance coverage. In the event of a loss in excess of insured limits, we could lose our capital invested in the affected property, as well as anticipated future revenue from that property. We could also continue to be obligated to repay any mortgage indebtedness or other obligations related to the property. To the extent that significant changes in the climate occur, we may experience extreme weather and changes in precipitation and temperature and rising sea levels, all of which may result in physical damage to or a decrease in demand for properties located in these areas or affected by these conditions. Should the impact of climate change be material in nature, including destruction of our properties, or occur for lengthy periods of time, our cash flow may be adversely affected. Growing public concern about climate change ~~has~~ **and investor expectations have** resulted in the increased focus of local, state, regional, national and international regulatory bodies on greenhouse gas (" GHG ") emissions and climate change issues. Legislation to regulate GHG emissions has periodically been introduced in the U. S. Congress, and there has been a wide- ranging policy debate, both in the U. S. and internationally, regarding the impact of these gases and possible means for their regulation. Federal, state or foreign legislation or regulation on climate change could result in increased capital expenditures to improve the energy efficiency of our existing properties or to protect them from the consequence of climate change, and could also result in increased compliance costs or additional operating restrictions that could adversely impact the businesses of our tenants and their ability to pay rent **. In addition, tenants of net- leased properties are responsible for maintenance and other day- to- day management of the properties. This lack of control over our net- leased properties makes it difficult for us to collect property- level environmental metrics and to enforce sustainability initiatives, which may impact our ability to comply with certain regulatory disclosure requirements to which we are subject (such as the anticipated changes to the SEC' s climate- related disclosure rules) or comply effectively with established ESG frameworks and standards, such as the Global Real Estate Sustainability Benchmarks, the TCFD and the Sustainability Accounting Standards Board. If we are unable to collect the data necessary to comply with these disclosure requirements, we may be subject to increased regulatory risk. If the data is incomplete or unfavorable, our relationship with our stockholders, our stock price, and our access to capital may be negatively impacted** . If we sell properties by providing financing to purchasers, we will be exposed to defaults by the purchasers. In some instances, we may sell our properties by providing financing to purchasers. If we provide financing to purchasers, we will bear the risk that the purchaser may default, which could negatively impact our cash flow. Even in the absence of a purchaser default, the distribution of the proceeds of sales to our stockholders, or their reinvestment in other assets, will be delayed until the promissory notes or other property we may accept upon the sale are actually paid, sold, refinanced or otherwise disposed of. In some cases, we may receive initial down payments in cash and other property in the year of sale in an amount less than the selling price and subsequent payments will be spread over a number of years. We may incur a material amount of costs associated with complying with the Americans with Disabilities Act. Our domestic properties must also comply with the Americans with Disabilities Act of 1990 (" Disabilities Act "). Under the Disabilities Act, all places of public accommodation are required to comply with federal requirements related to access and use by disabled persons. The Disabilities Act has separate compliance requirements for " public accommodations " and " commercial facilities " that generally require that buildings and services, including restaurants and retail stores, be made accessible and available to people with disabilities. The Disabilities Act' s requirements could require removal of access barriers and could result in the imposition of injunctive relief, monetary penalties, or, in some cases, an award of damages. A determination that a property does not comply with the Disabilities Act could result in liability for both governmental fines and damages. If we are required to make unanticipated major modifications to any of our properties to comply with the Disabilities Act which are determined not to be the responsibility of our tenants, we could incur unanticipated expenses that could be material in amount. Actual or threatened terrorist attacks and other acts of violence, civilian unrest, or war may affect the markets in which we operate our business and our profitability. We own and acquire real estate assets located in major metropolitan areas as well as densely populated sub- markets that are susceptible to terrorist attack. In addition, any actual or threatened terrorist activity or violent criminal acts, including terrorist acts against public institutions or buildings or modes of public transportation (including airlines, trains or buses) could have a negative effect on our business. These events may directly impact the value of our assets and our results of operations through damage, destruction, loss or increased security costs. Although we may obtain terrorism insurance, we may not be able to obtain sufficient coverage to fund any losses we may incur. The Terrorism Risk Insurance Act, which was designed for a sharing of terrorism losses between insurance companies and the federal government, will expire on December 31, 2027, and there can be no assurance that Congress will act to renew or replace it. More generally, any terrorist attack, other act of violence or war, including armed conflicts, could result in increased volatility in, or damage to, the worldwide financial markets and economy. Increased economic volatility could adversely affect us and our properties. Inflation and continuing increases in the inflation rate may have an adverse effect on our investments and results of operations. Increases in the rate of inflation, both real and anticipated may impact our investments and results of operations. Inflation could erode the value of long- term leases that do not contain indexed escalation provisions, or contain fixed annual rent escalation provisions that are at rates lower than the rate of inflation, and increase expenses including those that cannot be passed through under our leases. Increased inflation could also increase our general and administrative expenses and, as a result of an increase in market interest rates in response to higher than anticipated inflation rate, increase our mortgage and other debt interest costs, and these costs have and could continue to increase at a rate higher than any rent increases. An increase in our expenses ~~or expenses paid or incurred by our Advisor or its affiliates that are reimbursed by us pursuant to the advisory agreement~~ , or a failure of revenues to increase at least with inflation could adversely impact our results of operations. Certain of our leases for properties located in foreign countries are only adjusted upward to fair market value only once every five years or contain capped indexed escalation provisions. Approximately ~~63~~ **59** .

~~4~~ **7** % of our leases, based on straight line rent, are fixed- rate increase averaging 1. 7 %, ~~25~~ **14** . ~~9~~ **3** % are based on the Consumer Price Index, subject to certain caps, ~~5~~ **4** . ~~2~~ **0** % are based on other measures, and ~~5~~ **22** . ~~5~~ **0** % do not contain any escalation provisions. We may be adversely impacted by inflation on the leases that do not contain indexed escalation provisions, or those leases which have escalations at rates which do not exceed or approximate current inflation rates, as was the case during 2022. However, our net leases require the tenant to pay its allocable share of operating expenses, which may include common area maintenance costs, real estate taxes and insurance. This may reduce our exposure to increases in costs and operating expenses resulting from inflation. Future leases may not even contain escalation provisions and these provisions may not be sufficient to protect our revenues or expenses from the adverse effects of inflation. In addition, increased operating costs paid by our tenants could have an adverse impact on our tenants if increases in their operating expenses exceed increases in their revenue, which may adversely affect our tenants' ability to pay rent owed to us or property expenses to be paid, or reimbursed to us, by our tenants. Conversely, unusually low inflation can cause deflation, or an outright decline in prices. Deflation can lead to a negative cycle where consumers delay purchases in anticipation of lower prices, causing businesses to stop hiring and postpone investments as sales weaken. Deflation would have a serious impact on economic growth and may adversely affect the financial condition of our tenants and the rental rates at which we renew or enter into leases. ~~We depend on the Advisor and Property Manager to provide us with executive officers, key personnel and all services required for us to conduct our operations and our operating performance may be impacted by any adverse changes in the financial health or reputation of the Advisor. Personnel and services that we require are provided to us under contracts with the Advisor and its affiliate, the Property Manager. We depend on the Advisor, any entities it may engage with our approval, and the Property Manager to manage our operations and to acquire and manage our portfolio of real estate assets. We have one employee based in Europe who provides tax services for us. Our success depends to a significant degree upon the contributions of our executive officers and other key personnel of the Advisor and its affiliates including James L. Nelson, our chief executive officer and a member of our board of directors and Christopher J. Masterson, our chief financial officer. Except for the agreement between Mr. Nelson and AR Global, neither our Advisor nor any of its affiliates has an employment agreement with these key personnel and we cannot guarantee that all, or any particular one, of these individuals will remain employed by the Advisor or one of its affiliates and otherwise available to continue to perform services for us. If any of our key personnel were to cease their affiliation with the Advisor, our operating results, business and prospects could suffer. Further, we do not maintain key person life insurance on any person. We believe that our success depends, in large part, upon the ability of the Advisor to hire, retain or contract services of highly skilled managerial, operational and marketing personnel. Competition for skilled personnel is intense, and there can be no assurance that the Advisor will be successful in attracting and retaining skilled personnel. If the Advisor loses or is unable to obtain the services of skilled personnel due to, among other things, an overall labor shortage, lack of skilled labor, increased turnover or labor inflation, caused by COVID- 19 or as a result of other general macroeconomic factors the Advisor' s ability to manage our business and implement our investment strategies could be delayed or hindered. Any adverse changes in the financial condition or financial health of, or our relationship with, the Advisor or its affiliates, including any change resulting from an adverse outcome in any litigation could hinder their ability to successfully manage our operations and our investments. Additionally, changes in ownership or management practices, the occurrence of adverse events affecting the Advisor or its affiliates or other companies advised by the Advisor and its affiliates could create adverse publicity and adversely affect us and our relationship with lenders, tenants or counterparties. We may terminate the agreements with our Advisor and Property Manager in only limited circumstances, and may have to pay a termination fee in some cases. We have limited rights to terminate the Advisor. The initial term of the advisory agreement expires on June 1, 2035, but is automatically renewed upon expiration for consecutive five- year terms unless notice of termination is provided by either party 365 days in advance of the expiration of the term. Further, we may terminate the agreement only under limited circumstances. If we terminate the agreement based on a change in control of us or the Advisor' s failure to meet performance standards as set forth in the agreement, we would be required to pay a termination fee that could be equal to up to two and a half times the compensation we paid the Advisor in the previous year, plus expenses in the case of a termination in connection with a change of control. The termination fee would be equal to 50 % of the change of control fee if we terminated the agreement due to the Advisor' s failure to cure a performance issue. We may only terminate the property management and leasing agreement with the Property Manager by giving 12 months prior notice. The limited termination rights contained in the advisory agreement and the notice requirement in the property management and leasing agreements may make it difficult for us to renegotiate the terms of either agreement or replace the Advisor or Property Manager even if the terms of the relevant agreement are no longer consistent with the terms generally available to externally- managed REITs for similar services or terminating these parties is otherwise in our best interest.~~ Our business and operations could suffer if **we** ~~our Advisor or any other party that provides us with services essential to our operations experiences~~ - **experience** system failures or cyber incidents or a deficiency in cybersecurity. ~~The~~ **Our** internal information technology networks and related systems ~~of our Advisor and other parties that provide us with services essential to our operations~~ are vulnerable to damage from any number of sources, including computer viruses, unauthorized access, energy blackouts, natural disasters, terrorism, war and telecommunication failures. Any system failure or accident that causes interruptions in our operations could result in a material disruption to our business. We may also incur additional costs to remedy damages caused by these disruptions. As reliance on technology has increased, so have the risks posed to those systems. **We** ~~Our Advisor and other parties that provide us with services essential to our operations~~ must continuously monitor and develop ~~their~~ networks and information technology to prevent, detect, address and mitigate the risk of unauthorized access, misuse, computer viruses, and social engineering, such as phishing. **We** ~~Our Advisor and other parties that provide us with services~~ are continuously working including with the aid of third party service providers, to install new, and to upgrade existing, network and information technology systems, to create processes for risk assessment, testing, prioritization, remediation, risk acceptance, and reporting, and to provide awareness training around phishing, malware and other cyber risks to ensure they provide us with services essential to our operations are protected against cyber risks and security breaches and that we are also therefore so protected. However, these upgrades, processes, new technology and training may not be sufficient to protect us from all risks. Even the most well protected information, networks, systems and facilities remain potentially vulnerable because the techniques and technologies used in attempted attacks and intrusions evolve and generally are not recognized until launched against a target. In some cases, attempted attacks and intrusions are designed not to be detected and, in fact, may not be detected. The remediation costs and lost revenues experienced by a subject of an intentional cyberattack or other event which results in unauthorized third party access to systems to disrupt operations, corrupt data or steal confidential information may be significant and significant resources may be required to repair system damage, protect against the threat of future security breaches or to alleviate problems, including reputational harm, loss of revenues and litigation, caused by any breaches. Additionally, any failure to adequately protect against unauthorized or unlawful processing of personal data, or to take appropriate action in cases of infringement may result in significant penalties under privacy law. Furthermore, a security breach or other significant disruption involving ~~the~~ **our** information technology networks and related systems ~~of our Advisor or any other party that provides us with services essential to our operations~~ could: • result in misstated financial reports, violations of loan covenants, missed reporting or permitting deadlines; • affect our ability to properly monitor our compliance with the rules and regulations regarding our qualification as a REIT; • result in the unauthorized access to, and destruction, loss, theft, misappropriation or release of, proprietary, confidential, sensitive or otherwise valuable information (including information about tenants), which others could use to compete against us or for disruptive, destructive or otherwise harmful purposes and outcomes; • result in our inability to maintain the building systems relied upon by our tenants for the efficient use of their leased space; • require significant management attention and resources to remedy any damages that result; • subject us to claims for breach of contract, damages, credits, penalties or termination of leases or other agreements; or • adversely impact our reputation among our tenants and investors generally. There can be no assurance that the measures **we have** adopted ~~by our Advisor and other parties that provide us with services essential to our operations~~ will be sufficient **. Further** , **while we carry cyber liability insurance** ~~and any material adverse effect experienced by our Advisor and other parties that provide us with services essential to our operations could~~ , ~~in turn have an adverse impact on us~~ **such insurance may not be adequate to cover all losses related to such events** . We may acquire or originate commercial real estate debt or invest in commercial real estate- related securities which would expose us to additional risks. We may in the future acquire or originate mortgage debt loans, mezzanine loans, preferred equity or securitized loans, CMBS, preferred equity and other higher- yielding structured debt and equity investments. Doing so would expose us not only to the risks and uncertainties we are currently exposed to through our direct investments in real estate but also to additional risks and uncertainties attendant to investing in and holding these types of investments, such as: • risk of defaults by borrowers in paying debt service on outstanding indebtedness and to other impairments of our loans and investments; • increased competition from entities engaged in mortgage lending and, or investing in our target assets; • deterioration in the performance of properties securing our investments may cause deterioration in the performance of our investments and, potentially, principal losses to us; • fluctuations in interest rates and credit spreads could reduce our ability to generate income on our loans and other investments; • difficulty in redeploying the proceeds from repayments of our existing loans and investments; • the illiquidity of certain of these investments; • lack of control over certain of our loans and investments; • the potential need to foreclose on certain of the loans we originate or acquire, which could result in losses additional risks, including the risks of the securitization process, posed by investments in CMBS and other similar structured finance investments, as well as those we structure, sponsor or arrange; use of leverage may create a mismatch with the duration and interest rate of the investments that we financing; • risks related to the operating performance or trading price volatility of any publicly- traded and private companies primarily engaged in real estate businesses we invest in; and • the need to structure, select and more closely monitor our investments such that we continue to maintain our qualification as a REIT and our exemption from registration under the Investment Company Act of 1940, as amended. Risks Related to our Indebtedness We have substantial indebtedness and we will have the ability to incur significant additional indebtedness and other liabilities. As of December 31, ~~2022~~ **2023** , we had $ ~~2~~ **5** . 4 billion of total **gross** indebtedness outstanding, including $ ~~1.~~ 2 **. 7** billion of secured indebtedness, $ ~~670~~ **1** . ~~0~~ **7** ~~million~~ **billion** outstanding under the Revolving Credit Facility, and $ ~~500~~ **1** . 0 ~~million~~ **billion** of our Senior Notes ~~. Approximately $ 249. 5 million of our debt matures in 2023~~ . We had availability to borrow an additional $ ~~89~~ **14** . ~~0~~ **2** million, under our Revolving Credit Facility as of December 31, ~~2022~~ **2023** . Our high level of indebtedness may have the following important consequences to us including: • requiring us to dedicate a substantial portion of our cash flow to make principal and interest payments on our indebtedness, thereby reducing our cash flow available to fund working capital, capital expenditures and other general corporate purposes; • requiring us to maintain certain debt coverage and other financial ratios at specified levels, thereby reducing our financial flexibility; • making it more difficult for us to satisfy our financial obligations, including servicing our debt obligations; • increasing our vulnerability to general adverse economic and industry conditions or a downturn in our business; • exposing us to increases in interest rates for our variable rate debt; • limiting, along with the financial and other restrictive covenants in our indebtedness, our ability to borrow additional funds on favorable terms or at all to expand our business or ease liquidity constraints; • limiting our ability to refinance all or a portion of our indebtedness on or before maturity on the same or more favorable terms or at all; • limiting our flexibility in planning for, or reacting to, changes in our business and our industry; • placing us at a competitive disadvantage relative to competitors that have less indebtedness, particularly in making future acquisitions; • limiting our ability to enter into transactions that may otherwise be in our interest, including mergers or other combinations; • increasing our risk of property losses as the result of foreclosure actions initiated by lenders under our secured debt obligations; • requiring us to dispose of one or more of our properties at disadvantageous prices in order to service our indebtedness or to raise funds to pay such indebtedness at maturity; and • resulting in an event of default if we fail to pay our debt obligations when due or fail to comply with the financial and other restrictive covenants contained in the agreements governing our debt obligations which event of default could result in all of our debt becoming immediately due and payable and could permit certain of our lenders to foreclose on our assets securing the debt. We may ~~increase our leverage further depending on market conditions and property acquisitions. We may, for example, issue additional notes in the future and may add to or refinance existing mortgage debt or indebtedness under our Credit Facility, which may result in a higher level of indebtedness. We may~~ be unable to service our indebtedness. Our ability to make scheduled payments on and to refinance our indebtedness depends on and is subject to our future financial and operating performance, which in turn is affected by general and regional economic, financial, competitive, business and other factors beyond our control. Our business may fail to generate sufficient cash flow from operations or future borrowings may be unavailable to us under the **Revolving** Credit Facility or from other sources in an amount sufficient to enable us to service our debt, to refinance our debt or to fund our other liquidity needs. If we are unable to meet our debt obligations or to fund our other liquidity needs, we will need to restructure or refinance all or a portion of our debt. We may be unable to refinance any of our debt, including the **Revolving** Credit Facility or the Senior Notes, on commercially reasonable terms or at all. If we were unable to make payments or refinance our debt or obtain new financing under these circumstances, we would have to consider other options, such as asset sales, equity issuances or negotiations with our lenders to restructure the applicable debt. The Credit **Agreement governing our Revolving Credit** Facility and **each of** the ~~indenture~~ **indentures** governing the Senior Notes restrict, and market or business conditions may limit, our ability to take some or all of these actions. Any restructuring or refinancing of our indebtedness could be at higher interest rates and may require us to comply with more onerous covenants that could further restrict our business operations. In addition, the **Revolving** Credit Facility and **each of** the ~~indenture~~ **indentures** governing the Senior Notes permit us to incur additional debt, including secured debt, and the amount of additional indebtedness incurred could be substantial. ~~We have incurred~~ **As of December 31** , **2023** ~~and may continue to incur~~ , **a total of $ 405. 2 million of our** indebtedness **bearing interest at a weighted rate** ~~, including indebtedness secured by our properties. A total~~ of **4** ~~$ 249~~ . **0 %** ~~5 million of our indebtedness~~ matures in calendar year ~~2023~~ **2024** ~~. The indebtedness maturing in calendar year 2023 bears interest at a weighted rate of 2. 8 % per annum as of December 31, 2022~~ . Interest rates have increased considerably in the last twelve months and may continue to increase. For example, the interest rate on borrowings under the **Revolving** Credit Facility increased from ~~2. 7 % as of December 31, 2021 to~~ 4. 6 % as of December 31, 2022 **to 6. 0 % as of December 31, 2023** . The interest rate on any indebtedness we refinance will likely be higher than the rate on the maturing indebtedness. There is no assurance that well will be able to refinance any of our indebtedness as it comes due, especially indebtedness secured by mortgages, on favorable terms, or at all. Increases in interest rates or changes in underwriting standards imposed by lenders may require us to use either cash on hand or raise additional equity to repay or refinance any indebtedness or for that matter to incur new indebtedness. If we are unable to repay or refinance any indebtedness secured by mortgages, we lose the mortgaged property in a foreclosure action. We have incurred, and may continue to incur, variable- rate debt. As of December 31, ~~2022~~ **2023** , a total of ~~30~~ **20** % of our indebtedness bore interest at variable rates which averaged ~~4~~ **7** . ~~4~~ **2** % ~~on a weighted average basis as of December 31, 2022~~ . Increases in interest rates on our variable- rate debt or any new indebtedness we incur either as part of a refinancing or a new property acquisition would increase our interest cost. If we need to repay existing debt during periods of rising interest rates, we may need to post additional collateral or sell one or more of our investments in properties even though we would not otherwise choose to do so **. In addition, under certain of our debt agreements, including our mortgage loan agreements, we are required to maintain certain debt service coverage ratios for particular periods of time. In the event we do not meet these debt service coverage ratio tests for the applicable period, we are required to make cash sweep payments with respect to such loan' s principal amount, for so long as we are not in compliance with the applicable coverage ratio covenant. We have been making cash sweep payments, which impacts funds available to us for other uses, with respect to certain of our debt obligations. Our derivative financial instruments have been, and any derivative financial instruments in the future, will be subject to counterparty default risk. We manage our interest rate risk with derivative financial instruments, including interest rate swaps, caps, options, floors and other interest rate derivative contracts, to hedge all or a portion of the interest rate risk associate with our variable rate borrowings. As a result, when we are party to such derivative financial instruments, we are subject to the risk that the counterparty to one or more of these contracts defaults on its performance under the contract. During an economic downturn, the counterparty' s financial condition may deteriorate rapidly and with little notice and we may be unable to take action to protect our exposure. In the event of a counterparty default, we could incur losses, which may harm our business and financial condition. In the event that one or more of our counterparties becomes insolvent or files for bankruptcy, our ability to eventually recover any losses suffered as a result of that counterparty' s default may be limited by the liquidity of the counterparty** . Changes in the debt markets could have a material adverse impact on our earnings and financial condition. The domestic and international commercial real estate debt markets are subject to volatility, resulting in, from time to time, the tightening of underwriting standards by lenders and credit rating agencies and reductions in the availability of financing. ~~We may also face a heightened level of~~ **Beginning in early 2022, the U. S. Federal Reserve Board has increased** interest **rates and the federal funds** rate ~~risk as~~ **increased to a 22- year high. In addition,** the U. S. Federal Reserve Board and the European Central Bank have ~~begun~~ **continued** tapering their respective quantitative easing programs. ~~The~~ **Although the** U. S. Federal Reserve Board **left its benchmark rates steady in September, November and December of 2023 and January 2024, and** has ~~been increasing interest~~ **forecasted multiple potential rate cuts in 2024, there can be no assurance that** rates ~~, throughout 2022 and expects to do the same in 2023. Likewise, the Bank of England and the European Central Bank have been increasing interest rates. All of these actions~~ will ~~likely lead~~ **not continue** to ~~increases~~ **increase or fail to decrease at a rate currently predicted or at all, which** in **turn would negatively impact** our borrowing costs. If our overall cost of borrowings increases, either due to increases in the index rates or due to increases in lender spreads, we will need to factor such increases into pricing and projected returns for any future acquisitions. This may result in future acquisitions generating lower overall economic returns. Volatility in the debt markets may negatively impact our ability to borrow monies to finance the purchase of, or other activities related to, our real estate assets. If we are unable to borrow monies on terms and conditions that we find acceptable, our ability to purchase properties or, meet other capital requirements may be limited, and the return on the properties we own may be lower. In addition, we may find it difficult, costly or impossible to refinance maturing indebtedness. Furthermore, the state of the debt markets could have an impact on the overall amount of capital being invested in real estate, which may result in price or value decreases of real estate assets which could negatively impact the value of our assets, and the price of assets which we sell. Covenants in our debt agreements restrict our activities and could adversely affect our business. Our debt agreements, including **each of** the ~~indenture~~ **indentures** governing the Senior Notes and the ~~credit~~ **Credit** ~~agreement~~ **Agreement** governing the **Revolving** Credit Facility, contain various covenants that limit our ability and the ability of our subsidiaries to engage in various transactions including, as applicable: • incurring or guaranteeing additional secured and unsecured debt; • creating liens on our assets; • making investments or other restricted payments; • entering into transactions with affiliates; • creating restrictions on the ability of our subsidiaries to pay dividends or other amounts to us; • selling assets; • making optional prepayments of indebtedness during a payment default or an event of default under the **Revolving** Credit Facility; • effecting a consolidation or merger or selling all or substantially all of our assets; and • amending certain material agreements, including material leases and debt agreements. These covenants limit our operating flexibility and could prevent us from taking advantage of business opportunities as they arise, growing our business or competing effectively. In addition, the **Revolving** Credit Facility requires us to comply with financial maintenance covenants, consisting of a maximum debt to asset value ratio, a minimum fixed charge coverage ratio, a maximum unencumbered leverage ratio, a minimum debt service coverage ratio, a maximum secured debt to asset value ratio, a maximum secured recourse debt to asset value ratio, and a minimum consolidated tangible net worth test. We also are required to maintain total unencumbered assets of at least 150 % of our unsecured indebtedness under **each of** the ~~indenture~~ **indentures** governing the Senior Notes. Our ability to meet these requirements may be affected by events beyond our control, and we may not meet these requirements. We may be unable to maintain compliance with these covenants and, if we fail to do so, we may be unable to obtain waivers from the lenders or indenture trustee, as applicable, or amend the covenants. A breach of any of the covenants or other provisions in our debt agreements could result in an event of default, which if not cured or waived, could result in such debt becoming due and payable, either automatically or after an election to accelerate by the required percentage of the holders of the indebtedness or by an agent for the holders of the indebtedness. This, in turn, could cause our other debt, including the Senior Notes and the **Revolving** Credit Facility, to become due and payable as a result of cross- default or cross- acceleration provisions contained in the agreements governing the other debt and permit certain of our lenders to foreclose on our assets, if any, that secure this debt. In the event that some or all of our debt is accelerated and becomes immediately due and payable, we may not have the funds to repay, or the ability to refinance our debt. We may not have the funds necessary to finance the repurchase of the Senior Notes in connection with a change of control offer required by the ~~indenture~~ **indentures** governing ~~the Senior~~ **each series of** ~~Notes~~ **notes** . Upon the occurrence of a “ Change of Control Triggering Event ” defined in **each of** the ~~indenture~~ **indentures** governing the Senior Notes, we are required to make an offer to repurchase all outstanding Senior Notes at 101 % of the principal amount thereof, plus accrued and unpaid interest on ~~the Senior~~ **each series of** ~~Notes~~ **notes** , if any, but not including, the date of repurchase. However, it is possible that we will not have sufficient funds, or the ability to raise sufficient funds, at the time we are required to make this offer. In addition, restrictions under future debt we may incur, may not allow us to repurchase the Senior Notes upon a Change of Control Triggering Event, and we expect that a change in control will result in an event of default under the **Revolving** Credit Facility, which could result in such debt becoming immediately due and payable and the commitments thereunder terminated. If we could not refinance such senior debt or otherwise obtain a waiver from the holders of such debt, we would be prohibited from repurchasing the Senior Notes, which would constitute an event of default under the **applicable** ~~indenture~~ **indentures** governing ~~the~~ **either series of** Senior Notes, which in turn would constitute a default under our **Revolving** Credit Facility. In addition, certain important corporate events, such as leveraged recapitalization that would increase the level of our indebtedness, would not constitute a “ Change of Control ” under the **either of the** ~~indenture~~ **indentures** governing the Senior Notes although these types of transactions could affect our capital structure or credit ratings and the holders of the Senior Notes. Further, courts interpreting change of control provisions under New York law (which is the governing law of **each of** the ~~indenture~~ **indentures** governing the Senior Notes) have not provided clear and consistent meanings of change of control provisions which leads to subjective judicial interpretation of what may constitute a “ Change of Control. ” The “ Change of Control Triggering Event ” may impact the willingness of a third party to seek or engage in a “ Change of Control ” transaction with us. A lowering or withdrawal of the ratings assigned to our debt securities by rating agencies may increase our future borrowing costs and reduce our access to capital. Any rating assigned to debt securities that we or **either of** our OP **’ s** ~~issues -~~ **issue** could be lowered or withdrawn entirely by a rating agency if, in that rating agency’ s judgment, future circumstances relating to the basis of the rating, such as adverse changes, so warrant. Any lowering of the ratings likely would make it more difficult or more expensive for us to obtain additional debt financing. Risks Related to ~~Conflicts of Interest The Advisor faces conflicts of interest relating to the purchase and leasing of properties, and these conflicts may not be resolved in our favor, which could adversely affect our investment opportunities. We rely on the Advisor and the executive officers and other key real estate professionals at the Advisor to identify suitable investment opportunities for us. Several of these individuals are also the key real estate professionals at AR Global and other entities advised by affiliates of AR Global. Many investment opportunities that are suitable for us may also be suitable for other entities advised by affiliates of AR Global. For example, The Necessity Retail REIT, Inc. or “ RTL, ” an entity advised by an affiliate of our Advisor seeks, like us, to invest in sale- leaseback transactions involving single tenant net- leased commercial properties, in the U. S. An investment opportunity allocation agreement to which we and RTL are parties states that we will be given first opportunity to acquire office or industrial properties, and RTL will have the first opportunity to acquire one or more domestic retail or distribution properties with a lease duration of ten years or more. However, there can be no assurance the executive officers and real estate professionals at our Advisor or its affiliates will not direct attractive investment opportunities for which we do not have~~

~~contractual priority to RTL, or other entities advised by affiliates of AR Global. We and other entities advised by affiliates of AR Global also rely on these executive officers and other real estate professionals to supervise the property management and leasing of properties. These individuals, as well as AR Global, as an entity are not prohibited from engaging, directly or indirectly, in any business or from possessing interests in other businesses and ventures, including businesses and ventures involved in the acquisition, development, ownership, leasing or sale of real estate investments. The Advisor faces conflicts of interest relating to joint ventures, which could result in a disproportionate benefit to the other venture partners at our expense. We may enter into joint ventures with other entities advised by affiliates of AR Global. The Advisor may have conflicts of interest in determining which entity advised by affiliates of AR Global enters into any particular joint venture agreement. The co- venturer may have economic or business interests or goals that are or may become inconsistent with our business interests or goals. In addition, the Advisor may face a conflict in structuring the terms of the relationship between our interests and the interest of the affiliated co- venturer and in managing the joint venture. Due to the role of the Advisor and its affiliates, agreements and transactions between the co- venturers with respect to any such joint venture will not have the benefit of arm' s- length negotiation of the type normally conducted between unrelated co- venturers, which may result in the co- venturer receiving benefits greater than the benefits that we receive. In addition, we may assume liabilities related to the joint venture that exceeds the percentage of our investment in the joint venture. Our officers and directors face conflicts of interest related to the positions they hold with related parties. Certain of our executive officers, including James Nelson, chief executive officer and president, and Christopher Masterson, chief financial officer, treasurer and secretary, also are officers of the Advisor and the Property Manager. Mr. Masterson also serves as the chief financial officer and treasurer of American Strategic Investment Co., an entity for which an affiliate of AR Global, serves as its advisor and property manager. Certain of our directors also are directors of other REITs advised by affiliates of AR Global. All of these individuals owe duties to these other entities which may conflict with the duties that they owe to us. These conflicting duties could result in actions or inactions that are detrimental to our business. Conflicts with our business and interests are most likely to arise from involvement in activities related to: (a) the allocation of new investments and management time and services between us and the other entities; (b) compensation to the Advisor and its affiliates, including the Property Manager; (c) our purchase of properties from, or sale of properties, to entities advised by or affiliated with AR Global; (d) development of our properties by affiliates of AR Global; and (e) investments with affiliates of the Advisor. Moreover, involvement in the management of multiple REITs by certain of the key personnel of the Advisor may significantly reduce the amount of time they are able to spend on activities related to us, which may cause our operating results to suffer. The Advisor faces conflicts of interest relating to the structure of the compensation it may receive. Under the advisory agreement, the Advisor is entitled to substantial minimum compensation regardless of performance as well as incentive compensation if certain thresholds are achieved. The variable portion of the base management fee payable to the Advisor under the advisory agreement increases proportionately with the cumulative net proceeds from the issuance of common, preferred or other forms of equity by us. Furthermore, the Advisor may earn additional LTIP Units if certain performance conditions are met over a three- year performance period under a multi- year outperformance agreement entered into with the Advisor. The arrangements may result in the Advisor taking actions or recommending investments that are riskier or more speculative absent these compensation arrangements. In addition, the fees and other compensation payable to the Advisor reduce the cash available for investment or other corporate purposes. Risks Related to~~ Our Corporate Structure, Common Stock and Preferred Stock The trading prices of our Common Stock and ~~preferred~~ **Preferred** ~~stock~~ **Stock** may fluctuate significantly. The trading prices of shares of our Common Stock ~~, Series A Preferred Stock~~ and ~~Series B~~ Preferred Stock may be volatile and subject to significant price and volume fluctuation in response to market and other factors, many of which are outside our control. Among the factors that could affect these trading prices are: • our financial condition, including the level of our indebtedness and performance; • our ability to grow through property acquisitions, the terms, and pace of any acquisitions, we may make and the availability and terms of financing for those acquisitions; • **our ability to integrate the operations of RTL and the other entities we acquired in the Mergers successfully; •** the financial condition of our tenants, including tenant bankruptcies or defaults; • actual or anticipated quarterly fluctuations in our operating results and financial condition; • the amount and frequency of dividends that we pay; • additional sales of equity securities, including our Common Stock ~~, Series A Preferred Stock~~ or ~~Series B~~ Preferred Stock, or the perception that additional sales may occur; • the reputation of REITs and real estate investments generally and the attractiveness of REIT equity securities in comparison to other equity securities, and fixed income debt securities ~~; • our reputation and the reputation of AR Global and its affiliates or other entities advised by AR Global and its affiliates~~ ; • uncertainty and volatility in the equity and credit markets; • increases in interest rates and fluctuations in exchange rates; • inflation and continuing increases in the inflation rate; • changes in revenue or earnings estimates, if any, or publication of research reports and recommendations by financial analysts or actions taken by rating agencies with respect to our securities or those of other REITs; • failure to meet analyst revenue or earnings estimates; • strategic actions by us or our competitors, such as acquisitions or restructurings; • the extent of investment in our securities by institutional investors; • the extent of short- selling of our securities; • general financial and economic market conditions and, in particular, developments related to market conditions for REITs and other real estate related companies; • failure to maintain our REIT status; • changes in tax laws; • domestic and international economic factors unrelated to our performance; and • all other risk factors addressed elsewhere in this Annual Report on Form 10- K for the year ended December 31, ~~2022~~ **2023** . Moreover, although shares of ~~both~~ the ~~Series A Preferred Stock and Series B~~ Preferred Stock are listed on the New York Stock Exchange (" NYSE "), there can be no assurance that the trading volume for these shares will provide sufficient liquidity for holders to sell their shares at the time of their choosing or that the trading price for shares will equal or exceed the price paid for the shares. Because the shares of our preferred stock have a fixed dividend rate, their respective trading prices in the secondary market will be influenced by changes in interest rates and will tend to move inversely to changes in interest rates. In particular, an increase in market interest rates may result in higher yields on other financial instruments and may lead purchasers of our preferred stock to demand a higher yield on their investment, which could adversely affect the market price of shares of those securities. An increase in interest rates available to investors could also make an investment in our Common Stock less attractive if we are not able to increase our dividend rate, which could reduce the value of our Common Stock. We depend on our ~~OP~~ **OPs** and ~~its~~ **their** subsidiaries for cash flow and are structurally subordinated in right of payment to the obligations of our ~~OP~~ **OPs** and ~~its~~ **their** subsidiaries. We conduct, and intend to continue conducting, all of our business operations through our ~~OP~~ **OPs** and accordingly, we rely on distributions from our ~~OP~~ **OPs** and ~~its~~ **their** subsidiaries to provide cash to pay our obligations. There is no assurance that our ~~OP~~ **OPs** or ~~its~~ **their** subsidiaries will be able to, or be permitted to, pay distributions to us that will enable us to pay dividends to our stockholders and meet our other obligations. Each subsidiary of **each of** the OP' s is a distinct legal entity and, under certain circumstances, legal and contractual restrictions may limit our ability to obtain cash from these entities. In addition, any claims we may have will be structurally subordinated to all existing and future liabilities and obligations of our ~~OP~~ **OPs** and ~~its~~ **their** subsidiaries. Therefore, in the event of our bankruptcy, liquidation or reorganization, our assets and those of our ~~OP~~ **OPs** and ~~its~~ **their** subsidiaries will be available to satisfy the claims of our creditors or to pay dividends to our stockholders only after all the liabilities and obligations of our ~~OP~~ **OPs** and ~~its~~ **their** subsidiaries have been paid in full. We may issue additional equity securities in the future thereby diluting the holdings of existing stockholders. Holders of our Common Stock do not have preemptive rights to any shares issued by us in the future. Our charter authorizes us to issue up to 280 million shares of stock, consisting of 250 million shares of common stock, par value $ 0. 01 per share and ~~30~~ **40** million shares of preferred stock, par value $ 0. 01 per share. As of December 31, ~~2022~~ **2023** , we had **24 million** ~~the following stock issued and outstanding: (i) 104, 141, 899~~ shares of ~~Common Stock, (ii) 6, 799, 467 shares of Series A~~ Preferred Stock ~~,~~ **issued** and **outstanding. Each** ~~(iii) 4, 695, 887 shares of Series~~ **series of** ~~B Preferred Stock. The Series A~~ Preferred Stock ranks on parity with **each other** ~~Series B Preferred Stock~~ with respect to dividend rights and rights upon our voluntary or involuntary liquidation, dissolution or winding- up. Subject to the approval rights of holders of our ~~Series A Preferred Stock and Series B~~ Preferred Stock regarding authorization or issuance of equity securities ranking senior to the ~~Series A Preferred Stock and Series B~~ Preferred Stock, our board of directors, without approval of our common stockholders, may amend our charter from time to time to increase or decrease the aggregate number of authorized shares of stock, or the number of authorized shares of any class or series of stock, or may classify or reclassify any unissued shares into the classes or series of stock without obtaining stockholder approval and establish the preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications or terms or conditions of redemption of the stock. All of our authorized but unissued shares of stock may be issued in the discretion of our board of directors. The issuance of additional shares of our Common Stock could dilute the interests of the holders of our Common Stock, and any issuance of shares of preferred stock senior to our Common Stock, such as our **issued** ~~Series A Preferred Stock~~ and **outstanding** ~~Series B~~ Preferred Stock, or any incurrence of additional indebtedness, could affect our ability to pay dividends on our Common Stock. The issuance of additional shares of preferred stock ranking equal or senior to our **issued** ~~Series A Preferred Stock~~ and **outstanding** ~~Series B~~ Preferred Stock, including preferred stock convertible into shares of our Common Stock, could dilute the interests of the holders of Common Stock, ~~Series A Preferred Stock and Series B~~ Preferred Stock, and any issuance of shares of preferred stock senior to our **issued** ~~Series A Preferred Stock~~ and **outstanding** ~~Series B~~ Preferred Stock or incurrence of additional indebtedness could affect our ability to pay dividends on, redeem or pay the liquidation preference on our ~~Series A Preferred Stock and Series B~~ Preferred Stock. These issuances could also adversely affect the trading price of our Common Stock ~~, our Series A Preferred Stock~~ and ~~Series B~~ Preferred Stock. We may issue shares of our Common Stock or Series B Preferred Stock or another series of preferred stock pursuant to our existing at- the- market programs or any similar future program as well as in other public or private offerings, including shelf offerings, and shares of our Common Stock issued as awards to our officers, directors and other eligible persons ~~, pursuant to the advisory agreement in payment of fees thereunder, or in connection with the Advisor earning LTIP Units pursuant to our outperformance plan~~ . We may also issue OP Units to sellers of properties we acquire. OP Units may be redeemed on a one for one basis for, at our election, a share of Common Stock or the cash equivalent thereof. Because our decision to issue equity securities in any future offering will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of our future offerings. **Future sales of Common Stock by certain selling stockholders affiliated with AR Global may adversely affect the market price of Common Stock. AR Global and its affiliates acquired an aggregate of 35, 339, 062 shares of our Common Stock in connection with the Internalization Merger and on conversion of the GNL LTIP Units. All of these shares have been registered for resale pursuant to a Registration Statement on Form S- 3 on September 14, 2023, subject to the terms of the Registration Rights and Stockholders Agreement, dated as of September 12, 2023 between the Company and the selling stockholders. Future sales of Common Stock by the selling stockholders may adversely affect the market price of our Common Stock. These sales also might make it more difficult for us to sell equity securities in the future at a time and price we deem appropriate.** The **Beneficial Ownership** ~~limit~~ **Limit** ~~on the number of shares a person may own~~ may discourage a third party from acquiring us in a manner that might result in a premium price to our stockholders. Our ~~charter~~ **Articles of Restatement effective February 24, 2021, as amended or supplemented** , with certain exceptions, authorizes our **board of** directors to take such actions as are necessary and desirable to preserve our qualification as a REIT. Unless exempted **(prospectively or retroactively)** by our board of directors, no person may own more than ~~9~~ **8** . 8 % in value of the aggregate of the outstanding shares of our stock **and 8** ~~or more than 9~~ . 8 % (in value or in number of shares, whichever is more restrictive) of any class or series of ~~shares of~~ our stock **(the " Beneficial Ownership Limit ")** . This restriction may have the effect of delaying, deferring or preventing a change in control of ~~us~~ **the Company** , including an extraordinary transaction (such as a merger, tender offer or sale of all or substantially all **of** our assets) that might provide a premium price for holders of our Common Stock. The terms of our ~~Series A Preferred Stock and Series B~~ Preferred Stock, and the terms other preferred stock we may issue, may discourage a third party from acquiring us in a manner that might result in a premium price to our stockholders. The change of control conversion and redemption features of our ~~Series A Preferred Stock and Series B~~ Preferred Stock may make it more difficult for a party to acquire us or discourage a party from seeking to acquire us. Upon the occurrence of a change of control, holders of ~~Series A Preferred Stock and Series B~~ Preferred Stock will, under certain circumstances, have the right to convert some of or all their shares of ~~Series A Preferred Stock and Series B~~ Preferred Stock into shares of our Common Stock (or equivalent value of alternative consideration) and under these circumstances we will also have a special optional redemption right to redeem shares of ~~Series A~~ Preferred Stock ~~and Series B Preferred Stock~~ . These features of our ~~Series A Preferred Stock and Series B~~ Preferred Stock may have the effect of discouraging a third party from seeking to acquire us or of delaying, deferring or preventing a change of control under circumstances that otherwise could provide the holders of our Common Stock with the opportunity to realize a premium over the then- current market price or that stockholders may otherwise believe is in their best interests. We may also issue other classes or series of preferred stock that could also have the same effect. ~~We have a classified~~ **In connection with the Mergers, we started the process of declassifying our** board **of directors so** ~~, which may discourage a third party from acquiring us in a manner~~ that **, after completion** ~~might result in a premium price to our stockholders. Our board~~ of **the declassification process, each** ~~directors~~ **director will be elected at** ~~is divided into three classes of directors. At~~ each annual meeting **of our stockholders for a one- year term. However** , **our board of** directors **will not be fully declassified** ~~of one class are elected to serve~~ until **2025** ~~the annual meeting of stockholders held in the third year following the year of their election and until their successors are duly elected and qualify~~ . ~~The classification of our~~ **Having a partially classified** board of directors may have the effect of delaying, deferring or preventing a change in control of us, including an extraordinary transaction (such as a merger, tender offer or sale of all or substantially all our assets) that might result in a premium price for ~~our stockholders. The stockholder rights plan adopted by our board of directors may discourage a third party from acquiring us in a manner that might result in a premium price to our stockholders. Our board of directors has adopted a stockholder rights plan and authorized a dividend of one preferred share purchase right for each outstanding share of our Common Stock. These rights are scheduled to expire on April 8, 2024 but could be extended by our board. If a person or entity, together with its affiliates and associates, acquires beneficial ownership of 4. 9 % or more of our then outstanding Common Stock, subject to certain exceptions, each right would entitle its holder (other than the acquirer, its affiliates and associates) to purchase a fraction of a share of our Series C Preferred Stock, $ 0. 01 par value per share. In addition, under certain circumstances, we may exchange the rights (other than rights beneficially owned by the acquirer, its affiliates and associates), in whole or in part, for shares of Common Stock on a one- for- one basis. The stockholder rights plan could make it more difficult for a third party to acquire us or a large block of our Common Stock without the approval of our board of directors, which may discourage a third party from acquiring us in a manner that might result in a premium price to~~ our stockholders. Maryland law prohibits certain business combinations, which may make it more difficult for us to be acquired and may discourage a third party from acquiring us in a manner that might result in a premium price to our stockholders. Under Maryland law, " business combinations " between a Maryland corporation and an interested stockholder or an affiliate of an interested stockholder are prohibited for five years after the most recent date on which the interested stockholder becomes an interested stockholder. These business combinations include, but are not limited, to a merger, consolidation, share exchange or, in circumstances specified in the statute, an asset transfer or issuance or reclassification of equity securities. An interested stockholder is defined as: • any person who beneficially owns, directly or indirectly, 10 % or more of the voting power of the corporation' s outstanding voting stock; or • an affiliate or associate of the corporation who, at any time within the two- year period prior to the date in question, was the beneficial owner, directly or indirectly, of 10 % or more of the voting power of the then outstanding stock of the corporation. A person is not an interested stockholder under the statute if the board of directors approved in advance the transaction by which he or she otherwise would have become an interested stockholder. However, in approving a transaction, the board of directors may provide that its approval is subject to compliance, at or after the time of approval, with any terms and conditions determined by the board of directors. After the five- year prohibition, any business combination between the Maryland corporation and an interested stockholder generally must be recommended by the board of directors of the corporation and approved by the affirmative vote of at least: • 80 % of the votes entitled to be cast by holders of outstanding shares of voting stock of the corporation; and • two- thirds of the votes entitled to be cast by holders of voting stock of the corporation other than shares held by the interested stockholder with whom or with whose affiliate the business combination is to be effected or held by an affiliate or associate of the interested stockholder. These super- majority vote requirements do not apply if the corporation' s common stockholders receive a minimum price, as defined under Maryland law, for their shares in the form of cash or other consideration in the same form as previously paid by the interested stockholder for its shares. The business combination statute permits various exemptions from its provisions, including business combinations that are exempted by the board of directors prior to the time that the interested stockholder becomes an interested stockholder ~~. Pursuant to the statute, our board of directors has exempted any business combination involving the Advisor or any affiliate of the Advisor. Consequently, the five- year prohibition and the super- majority vote requirements will not apply to business combinations between us and the Advisor or any affiliate of the Advisor. As a result, the Advisor and any affiliate of the Advisor may be able to enter into business combinations with us that may not be in the best interest of our stockholders, without compliance with the super- majority vote requirements and the other provisions of the statute~~ . The business combination statute may discourage others from trying to acquire control of us and increase the difficulty of consummating any offer. Our bylaws designate the Circuit Court for Baltimore City, Maryland as the sole and exclusive forum for certain actions and proceedings that may be initiated by our stockholders. Our bylaws provide that, unless we consent in writing to the selection of an alternative forum, the Circuit Court for Baltimore City, Maryland, or, if that court does not have jurisdiction, the United States District Court for the District of Maryland, Northern Division, is the sole and exclusive forum for (a) any derivative action or proceeding brought on our behalf, other than actions arising under federal securities laws; (b) any Internal Corporate Claim, as such term is defined in the Maryland General Corporation Law (the " MGCL "), or any successor provision thereof, including, without limitation, (i) any action asserting a claim of breach of any duty owed by any of our directors, officers or other employees to us or to our stockholders or (ii) any action asserting a claim against us or any of our directors, officers or other employees arising pursuant to any provision of the MGCL, our charter or our bylaws; or (c) any other action asserting a claim against us or any of our directors, officers or other employees that is governed by the internal affairs doctrine. Our bylaws also provide that unless we consent in writing, none of the foregoing actions, claims or proceedings may be brought in any court sitting outside the State of Maryland and the federal district courts are, to the fullest extent permitted by law, the sole and exclusive forum for the resolution of any complaint asserting a cause of action under the Securities Act. These choice of forum provisions may limit a stockholder' s ability to bring a claim in a judicial forum that the stockholder believes is favorable. Alternatively, if a court were to find these provisions of our bylaws inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving these matters in other jurisdictions. Maryland law limits the ability of a third- party to buy a large stake in us and exercise voting power in electing directors, which may discourage a third party from acquiring us in a manner that might result in a premium price to our stockholders. The Maryland Control Share Acquisition Act provides that holders of " control shares " of a Maryland corporation acquired in a " control share acquisition " have no voting rights except to the extent approved by the stockholders by the affirmative vote of two- thirds of all the votes entitled to be cast on the matter, excluding all shares of stock owned by the acquirer, by officers or by employees who are directors of the corporation. " Control shares " are voting shares of stock which, if aggregated with all other shares of stock owned by the acquirer or in respect of which the acquirer can exercise or direct the exercise of voting power (except solely by virtue of a revocable proxy), would entitle the acquirer to exercise voting power in electing directors within specified ranges of voting power. Control shares do not include shares the acquiring person is then entitled to vote as a result of having previously obtained stockholder approval or shares acquired directly from the corporation. A " control share acquisition " means the acquisition of issued and outstanding control shares. The control share acquisition statute does not apply (a) to shares acquired in a merger, consolidation or share exchange if the corporation is a party to the transaction, or (b) to acquisitions approved or exempted by the charter or bylaws of the corporation. Our bylaws contain a provision exempting from the Maryland Control Share Acquisition Act any and all acquisitions of our stock by any person. There can be no assurance that this provision will not be amended or eliminated at any time in the future. ~~Certain provisions in our bylaws and agreements may deter, delay or prevent a change in our control. Provisions contained in our bylaws may deter, delay or prevent a change in control of our board of directors, including, for example, provisions requiring qualifications for an individual to serve as a director and a requirement that certain of our directors be " Managing Directors " and other directors be " Independent Directors, " as defined in our governing documents. As changes occur in the marketplace for corporate governance policies, the provisions may change, be removed, or new ones may be added.~~ We indemnify our officers ~~,~~ **and** directors ~~, the Advisor and its affiliates~~ against claims or liability they may become subject to due to their service to us, and our rights and the rights of our stockholders to recover claims against our officers ~~,~~ **and** directors ~~, the Advisor and its affiliates~~ are limited. Maryland law provides that a director has no liability in that capacity if he or she performs his or her duties in good faith, in a manner he or she reasonably believes to be in the corporation' s best interests and with the care that an ordinarily prudent person in a like position would use under similar circumstances. In addition, subject to certain limitations set forth therein or under Maryland law, our charter provides that no director or officer will be liable to us or our stockholders for monetary damages and permits us to indemnify our directors and officers from liability and advance certain expenses to them in connection with claims or liability they may become subject to due to their service to us ~~, and we are not restricted from indemnifying our Advisor or its affiliates on a similar basis~~. We have entered into indemnification agreements consistent with Maryland law and our charter with our directors and officers ~~,~~ **and** certain former directors and officers ~~, the Advisor and AR Global~~. We and our stockholders may have more limited rights against our directors, officers, employees and agents ~~, and the Advisor and its affiliates~~, than might otherwise exist under common law, which could reduce the recovery of our stockholders and our recovery against them. In addition, we may be obligated to fund the defense costs incurred by our directors, officers, employees and agents ~~or the Advisor and its affiliates~~ in some cases ~~. Subject to conditions and exceptions, we also indemnify our Advisor and its affiliates from losses arising in the performance of their duties under the advisory agreement and have agreed to advance certain expenses to them in connection with claims or liability they may become subject to due to their service to us~~. U. S. Federal Income Tax Risks Our failure to remain qualified as a REIT would subject us to U. S. federal income tax and potentially state and local tax. We elected to be taxed as a REIT commencing with our taxable year ended December 31, 2013 and intend to operate in a manner that will allow us to continue to qualify as a REIT for U. S. federal income tax purposes. However, we may terminate our REIT qualification inadvertently, or if our board of directors determines that doing so is in our best interests. Our qualification as a REIT depends upon our satisfaction of certain asset, income, organizational, distribution, stockholder ownership and other requirements on a continuing basis. We have structured and intend to continue structuring our activities in a manner designed to satisfy all the requirements to qualify as a REIT. However, the REIT qualification requirements are extremely complex and interpretation of the U. S. federal income tax laws governing qualification as a REIT is limited. Furthermore, any opinion of our counsel, including tax counsel, as to our eligibility to remain qualified as a REIT is not binding on the Internal Revenue Service (the " IRS ") and is not a guarantee that we will continue to qualify as a REIT. Accordingly, we cannot be certain that we will be successful in operating so that we can remain qualified as a REIT. Our ability to satisfy the asset tests depends on our analysis of the characterization and fair market values of our assets, some of which are not susceptible to a precise determination, and for which we will not obtain independent appraisals. Our compliance with the REIT income or quarterly asset requirements also depends on our ability to successfully manage the composition of our income and assets on an ongoing basis. Accordingly, if certain of our operations were to be recharacterized by the IRS, such recharacterization would jeopardize our ability to satisfy all requirements for qualification as a REIT. Furthermore, future legislative, judicial or administrative changes to the U. S. federal income tax laws could be applied retroactively, which could result in our disqualification as a REIT. If we fail to continue to qualify as a REIT for any taxable year, and we do not qualify for certain statutory relief provisions, we will be subject to U. S. federal income tax on our taxable income at the corporate rate. In addition, we would generally be disqualified from treatment as a REIT for the four taxable years following the year in which we lose our REIT qualification. Losing our REIT qualification would reduce our net earnings available for investment or distribution to stockholders because of the additional tax liability. In addition, amounts paid to stockholders that are treated as dividends for U. S. federal income tax purposes would no longer qualify for the dividends paid deduction, and we would no longer be required to make distributions. If we lose our REIT qualification, we might be required to borrow funds or liquidate some investments in order to pay the applicable taxes. Even as a REIT, in certain circumstances, we may incur tax liabilities that would reduce our cash available for distribution Even as a REIT, we may be subject to U. S. federal, state and local income taxes. For example, net income from the sale of properties that are " dealer " properties sold by a REIT and that do not meet a safe harbor available under the Code (a " prohibited transaction " under the Code) will be subject to a 100 % tax. We may not make sufficient distributions to avoid excise taxes applicable to REITs. Similarly, if we were to fail an income test (and did not lose our REIT status because such failure was due to reasonable cause and not willful neglect), we would be subject to tax on the income that does not meet the income test requirements. We also may decide to retain net capital gains we earn from the sale or other disposition of our property and pay U. S. federal income tax directly on such income. In that event, our stockholders would be treated as if they earned that income and paid the tax on it directly. However, stockholders that are tax- exempt, such as charities or qualified pension plans, would have no benefit from their deemed payment of such tax liability unless they file U. S. federal income tax returns and seek a refund of such tax. We also will be subject to corporate tax on any undistributed REIT taxable income. We also may be subject to state and local taxes on our income or property, including franchise, payroll and transfer taxes, either directly or at the level of the OP or at the level of the other companies through which we indirectly own our assets, such as any taxable REIT subsidiaries (" TRSs "), which are subject to full U. S. federal, state, local and foreign corporate- level income taxes. Any taxes we pay directly or indirectly will reduce our cash flow. To qualify as a REIT, we must meet annual distribution requirements, which may force us to forgo otherwise attractive opportunities or borrow funds during unfavorable market conditions. This could delay or hinder our ability to meet our investment objectives and reduce our stockholders' overall return. In order to qualify as a REIT, we must distribute annually to our stockholders at least 90 % of our REIT taxable income (which does not equal net income as calculated in accordance with GAAP), determined without regard to the deduction for dividends paid and excluding net capital gain. We will be subject to U. S. federal income tax on our undistributed REIT taxable income and net capital gain and to a 4 % nondeductible excise tax on any amount by which distributions we make with respect to any calendar year are less than the sum of (a) 85 % of our ordinary income, (b) 95 % of our capital gain net income and (c) 100 % of our undistributed income from prior years. These requirements could cause us to distribute amounts that otherwise would be spent on investments in real estate assets and it is possible that we might be required to borrow funds, possibly at unfavorable rates, or sell assets to fund these distributions. Although we intend to make distributions sufficient to meet the annual distribution requirements and to avoid U. S. federal income and excise taxes on our earnings while we qualify as a REIT, it is possible that we might not always be able to do so. Recharacterization of sale- leaseback transactions may cause us to lose our REIT status. We will use commercially reasonable efforts to structure any sale- leaseback transaction we enter into so that the lease will be characterized as a " true lease " for U. S. federal income tax purposes, thereby allowing us to be treated as the owner of the property for U. S. federal income tax purposes. However, the IRS may challenge this characterization. In the event that any sale- leaseback transaction is challenged and recharacterized as a financing transaction or loan for U. S. federal income tax purposes, deductions for depreciation and cost recovery relating to the property would be disallowed. If a sale- leaseback transaction were so recharacterized, we might fail to continue to satisfy the REIT qualification " asset tests " or " income tests " and, consequently, lose our REIT status effective with the year of recharacterization. Alternatively, the amount of our REIT taxable income could be recalculated which might also cause us to fail to meet the distribution requirement for a taxable year. Certain of our business activities are potentially subject to the prohibited transaction tax. For so long as we qualify as a REIT, our ability to dispose of property during the first few years following acquisition may be restricted to a substantial extent as a result of our REIT qualification. Under applicable provisions of the Code regarding prohibited transactions by REITs, while we qualify as a REIT and provided we do not meet a safe harbor available under the Code, we will be subject to a 100 % penalty tax on the net income from the sale or other disposition of any property (other than foreclosure property) that we own, directly or indirectly through any subsidiary entity, including the OP, but generally excluding TRSs, that is deemed to be inventory or property held primarily for sale to customers in the ordinary course of a trade or business. Whether property is inventory or otherwise held primarily for sale to customers in the ordinary course of a trade or business depends on the particular facts and circumstances surrounding each property. We intend to avoid the 100 % prohibited transaction tax by (a) conducting activities that may otherwise be considered prohibited transactions through a TRS (but such TRS will incur corporate rate income taxes with respect to any income or gain recognized by it), (b) conducting our operations in such a manner so that no sale or other disposition of an asset we own, directly or indirectly through any subsidiary, will be treated as a prohibited transaction, and (c) structuring certain dispositions of our properties to comply with the requirements of the prohibited transaction safe harbor available under the Code for properties that, among other requirements, have been held for at least two years. Despite our present intention, no assurance can be given that any particular property we own, directly or through any subsidiary entity, including the OP, but generally excluding TRSs, will not be treated as inventory or property held primarily for sale to customers in the ordinary course of a trade or business. TRSs are subject to corporate- level taxes and our dealings with TRSs may be subject to a 100 % excise tax. A REIT may own up to 100 % of the stock of one or more TRSs. Both the subsidiary and the REIT must jointly elect to treat the subsidiary as a TRS. A corporation of which a TRS directly or indirectly owns more than 35 % of the voting power or value of the stock will automatically be treated as a TRS. Overall, no more than 20 % (25 % for our taxable years beginning prior to January 1, 2018) of the gross value of a REIT' s assets may consist of stock or securities of one or more TRSs. A TRS may hold assets and earn income that would not be qualifying assets or income if held or earned directly by a REIT, including gross income from operations pursuant to management contracts. Accordingly, we may use one or more TRSs generally to hold properties for sale in the ordinary course of a trade or business or to hold assets or conduct activities that we cannot conduct directly as a REIT. A TRS is subject to applicable U. S. federal, state, local, and foreign income tax on its taxable income, as well as limitations on the deductibility of its interest expenses. In addition, the Code 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. If the OP failed to qualify as a partnership or is not otherwise disregarded for U. S. federal income tax purposes, we would cease to qualify as a REIT. If the IRS were to successfully challenge the status of the OP as a partnership or disregarded entity for U. S. federal income tax purposes, the OP would be taxable as a corporation. In such event this would reduce the amount of distributions that the OP could make to us. This also would result in our failing to qualify as a REIT, and we would become subject to a corporate- level tax on our income. This substantially would reduce our cash available to pay dividends and other distributions to our stockholders. In addition, if any of the partnerships or limited liability companies through which the OP owns its properties, in whole or in part, loses its characterization as a partnership and is otherwise not disregarded for U. S. federal income tax purposes, the partnership or limited liability company would be subject to taxation as a corporation, thereby reducing distributions to the OP. Such a recharacterization of an underlying property owner could also threaten our ability to maintain our REIT qualification. We may choose to make distributions in shares of our Common Stock, in which case our stockholders may be required to pay U. S. federal income taxes in excess of the cash portion of distributions they receive. In connection with our qualification as a REIT, we are required to distribute annually to our stockholders at least 90 % of our REIT taxable income (which does not equal net income as calculated in accordance with GAAP), determined without regard to the deduction for dividends paid and excluding net capital gain. In order to satisfy this requirement, as much as 80 % of the distribution may be in shares of our Common Stock. Taxable stockholders receiving such distributions will be required to include the full amount of such distributions as ordinary dividend income to the extent of our current or accumulated earnings and profits, as determined for U. S. federal income tax purposes. As a result, U. S. stockholders may be required to pay U. S. federal income taxes with respect to such distributions in excess of the cash portion of the distribution received. Accordingly, U. S. stockholders receiving a distribution of shares of our Common Stock may be required to sell shares received in such distribution or may be required to sell other stock or assets owned by them, at a time that may be disadvantageous, in order to satisfy any tax imposed on such distribution. If a U. S. stockholder sells the shares it receives as part of the distribution in order to pay this tax, the sales proceeds may be less than the amount included in income with respect to the distribution, depending on the market price of the shares at the time of the sale. Furthermore, with respect to certain non- U. S. stockholders, we may be required to withhold U. S. tax with respect to such distribution, including in respect of all or a portion of such distribution that is payable in stock, by withholding or disposing of part of the shares included in such distribution and using the proceeds of such disposition to satisfy the withholding tax imposed. In addition, if a significant number of our stockholders determine to sell shares of our Common Stock in order to pay taxes owed on dividend income, such sale may put downward pressure on the market price of our Common Stock. The taxation of distributions can be complex; however, distributions to stockholders that are treated as dividends for U. S. federal income tax purposes generally will be taxable as ordinary income, which may reduce our stockholders' after- tax anticipated return from an investment in us. Amounts that we pay to our taxable stockholders out of current and accumulated earnings and profits (and not designated as capital gain dividends or qualified dividend income) generally will be treated as dividends for U. S. federal income tax purposes and will be taxable as ordinary income. Noncorporate stockholders are entitled to a 20 % deduction with respect to these ordinary REIT dividends which would, if allowed in full, result in a maximum effective U. S. federal income tax rate on these ordinary REIT dividends of 29. 6 % (or 33. 4 % including the 3. 8 % surtax on net investment income); however, the 20 % deduction will end after December 31, 2025. However, a portion of the amounts that we pay to our stockholders generally may (1) be designated by us as capital gain dividends taxable as long- term capital gain to the extent that such portion is attributable to net capital gain recognized by us, (2) be designated by us as qualified dividend income, taxable at capital gains rates, to the extent they are attributable to dividends we receive from TRSs, or (3) constitute a return of capital to the extent that such portion exceeds our accumulated earnings and profits as determined for U. S. federal income tax purposes. With respect to qualified dividend income, the current maximum U. S. federal tax rate applicable to noncorporate stockholders is 23. 8 %, including the 3. 8 % surtax on net investment income. Dividends payable by REITs, however, generally are not eligible for this reduced rate and, as described above, through December 31, 2025, will be subject to an effective rate of 29. 6 % (or 33. 4 % including the 3. 8 % surtax on net investment income). Although this does not adversely affect the taxation of REITs or dividends payable by REITs, the more favorable rates applicable to regular corporate qualified dividends could cause investors who are individuals, trusts and estates to perceive investments in REITs to be relatively less attractive than investments in the stock of non- REIT corporations that pay dividends, which could adversely affect the value of the stock of REITs, including shares of our stock. Tax rates could be changed in future legislation. A return of capital is not taxable, but has the effect of reducing the tax basis of a stockholder' s investment in shares of our stock. Amounts paid to our stockholders that exceed our current and accumulated earnings and profits and a stockholder' s tax basis in shares of our stock generally will be taxable as capital gain. 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 the 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 or in certain cases to hedge previously acquired hedges entered into to manage risks associated with property that has been disposed of or liabilities that have been extinguished, if properly identified under applicable Treasury Regulations, does not constitute " gross income " for purposes of the 75 % or 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 the TRS 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 the TRS. Complying with REIT requirements may force us to forgo or liquidate otherwise attractive investment opportunities. To maintain our qualification as a REIT, we must ensure that we meet the REIT gross income tests annually and 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 REIT real estate assets, including certain mortgage loans and certain kinds of mortgage- related securities. The remainder of our investment in securities (other than securities that qualify for the 75 % asset test and securities of qualified REIT subsidiaries and TRSs) generally cannot exceed 10 % of the outstanding voting securities of any one issuer, 10 % of the total value of the outstanding securities of any one issuer, or 5 % of the value of our assets as to any one issuer. In addition, no more than 20 % of the value of our total assets may consist of stock or securities of one or more TRSs and no more than 25 % of our assets may consist of publicly offered REIT debt instruments that do not otherwise qualify under the 75 % asset test. 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 assets from our portfolio or not make otherwise attractive investments in order to maintain our qualification as a REIT. The ability of our board of directors to revoke our REIT qualification without stockholder approval may subject us to U. S. federal income tax and reduce distributions to our stockholders. Our charter provides that our board of directors may revoke or otherwise terminate our REIT election, without the approval of our stockholders, if it determines that it is no longer in our best interests to continue to qualify as a REIT. While we intend to maintain our qualification as a REIT, we may terminate our REIT election if we determine that qualifying as a REIT is no longer in our best interests. If we cease to be a REIT, we would become subject to corporate- level U. S. federal income tax on our taxable income (as well as any applicable state and local corporate tax) 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 and on the market price of shares of our stock. We may be subject to adverse legislative or regulatory tax changes that could increase our tax liability, reduce our operating flexibility and reduce the market price of shares of our stock. Changes to the tax laws may occur, and any such changes could have an adverse effect on an investment in shares of our stock or on the market value or the resale potential of our assets. Our stockholders are urged to consult with an independent tax advisor with respect to the status of legislative, regulatory or administrative developments and proposals and their potential effect on an investment in shares of our stock. Although REITs generally receive better tax treatment than entities taxed as non-REIT " C corporations, " it is possible that future legislation would result in a REIT having fewer tax advantages, and it could become more advantageous for a company that invests in real estate to elect to be treated for U. S. federal income tax purposes as a non- REIT " C corporation ". As a result, our charter provides our board of directors with the power, under certain circumstances, to revoke or otherwise terminate our REIT election and cause us to be taxed as a non- REIT " C corporation ", without the vote of our stockholders. Our board of directors has duties to us and could only cause such changes in our tax treatment if it determines that such changes are in our best interests. The share ownership restrictions for REITs and the ~~9~~ **8** . 8 % share ownership limit in our charter may inhibit market activity in shares of our stock and restrict our business combination opportunities. In order to qualify as a REIT, five or fewer individuals, as defined in the Code, may not own, actually or constructively, more than 50 % in value of the issued and outstanding shares of our stock at any time during the last half of each taxable year, other than the first year for which a REIT election is made. Attribution rules in the Code determine if any individual or entity actually or constructively owns shares of our stock under this requirement. Additionally, at least 100 persons must beneficially own shares of our stock during at least 335 days of a taxable year for each taxable year, other than the first year for which a REIT election is made. To help ensure that we meet these tests, among other purposes, our charter restricts the acquisition and ownership of shares of our stock. Our charter, with certain exceptions, authorizes our directors to take such actions as are necessary and desirable to preserve our qualification as a REIT while we so qualify. Unless exempted by our board of directors, for so long as we qualify as a REIT, our charter prohibits, among other limitations on ownership and transfer of shares of our stock, any person from beneficially or constructively owning (applying certain attribution rules under the Code) more than ~~9~~ **8** . 8 % in value of the aggregate outstanding shares of our stock and more than ~~9~~ **8** . 8 % (in value or in number of shares, whichever is more restrictive) of any class or series of the outstanding shares of our stock. Our board of directors may not grant an exemption from these restrictions to any proposed transferee whose ownership in excess of the ~~9~~ **8** . 8 % ownership limit would result in the termination of our qualification as a REIT. These restrictions on transferability and ownership will not apply, however, if our board of directors determines that it is no longer in our best interests to continue to qualify as a REIT or that compliance with the restrictions is no longer required in order for us to continue to so qualify as a REIT. These ownership limits could delay or prevent a transaction or a change in control that might involve a premium price for shares of our stock or otherwise be in the best interests of the stockholders. Non- U. S. stockholders will be subject to U. S. federal withholding tax and may be subject to U. S. federal income tax on dividends and other distributions received from us and upon the disposition of shares of our stock. Subject to certain exceptions, amounts paid to non- U. S. stockholders will be treated as dividends for U. S. federal income tax purposes to the extent of our current or accumulated earnings and profits. Such dividends ordinarily will be subject to U. S. withholding tax at a 30 % rate, or such lower rate as may be specified by an applicable income tax treaty, unless the dividends are treated as " effectively connected " with the conduct by the non- U. S. stockholder of a U. S. trade or business. Capital gain distributions attributable to sales or exchanges of " U. S. real property interests " (" USRPIs ") generally will be taxed to a non- U. S. stockholder (other than a " qualified foreign pension fund, " certain entities wholly- owned by a " qualified foreign pension fund, " and certain foreign publicly- traded entities) as if such gain were effectively connected with a U. S. trade or business. However, a capital gain distribution will not be treated as effectively connected income if (a) the distribution is received with respect to a class of stock that is regularly traded on an established securities market located in the U. S. and (b) the non- U. S. stockholder does not own more than 10 % of any class of our stock at any time during the one- year period ending on the date the distribution is received. Gain recognized by a non- U. S. stockholder upon the sale or exchange of shares of our stock generally will not be subject to U. S. federal income taxation unless such stock constitutes a USRPI. Shares of our stock will not constitute a USRPI so long as we are a " domestically- controlled qualified investment entity. " A domestically- controlled qualified investment entity includes a REIT if at all times during a specified testing period, less than 50 % in value of such REIT' s stock is held directly or indirectly by non- U. S. stockholders. Recently proposed regulations would apply special look- through rules to certain U. S. corporate shareholders in determining whether a REIT is domestically controlled. We believe, but there can be no assurance, that we will be a domestically- controlled qualified investment entity. Even if we do not qualify as a domestically- controlled qualified investment entity at the time a non- U. S. stockholder sells or exchanges shares of our stock, gain arising from such a sale or exchange would not be subject to U. S. taxation as a sale of a USRPI if (a) the shares are of a class of our stock that is " regularly traded, " as defined by applicable Treasury regulations, on an established securities market, and (b) such non- U. S. stockholder owned, actually and constructively, 10 % or less of the outstanding shares of our stock of that class at any time during the five- year period ending on the date of the sale. Potential characterization of dividends and other distributions or gain on sale may be treated as unrelated business taxable income to tax- exempt investors. If (a) we are a " pension- held REIT, " (b) a tax- exempt stockholder has incurred (or is deemed to have incurred) debt to purchase or hold shares of our stock, or (c) a holder of shares of our stock is a certain type of tax- exempt stockholder, dividends on, and gains recognized on the sale of, shares of our stock by such tax- exempt stockholder may be subject to U. S. federal income tax as unrelated business taxable income under the Code.