

Risk Factors Comparison 2025-02-13 to 2024-02-14 Form: 10-K

Legend: New Text Removed Text Unchanged Text Moved Text Section

You should carefully consider each of the following risks described below and all of the other information in this Annual Report in evaluating us. Our business, financial condition, cash flows, results of operations and / or ability to pay distributions to our stockholders could be materially adversely affected by any of these risks. This Annual Report also contains forward- looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward- looking statements as a result of certain factors, including the risks faced by us described below and elsewhere in this Annual Report. Risk Factors Related to Our Business and Strategy Economic, political and market conditions could negatively impact our business, results of operations and financial condition. Our business is affected by economic, political and market challenges experienced by the U. S. or global economies or the real estate industry as a whole; by the regional or local economic conditions in the markets in which our assets are located, including any dislocations in the credit markets; or by competitive business market conditions experienced by us. These conditions may materially affect ~~our the~~ value and the performance of our assets and our ability to sell assets, as well as our ability to make principal and interest payments on, or refinance, outstanding debt when due. An economic downturn could result in defaults by retail tenants, which could have an adverse impact on our business, financial condition, ~~result~~ **results** of operations, and ability to make distributions to our stockholders. An economic downturn could have an adverse impact on the retail industry generally. Rising inflation could also adversely impact consumer behavior and increase our and our ~~tenant~~ **tenants'** operating costs. As a result, the retail industry could face further reductions in sales revenues and increased bankruptcies. Adverse economic conditions may result in an increase in distressed or bankrupt retail companies, which in turn would result in an increase in defaults by tenants at our commercial properties. Such conditions may also affect shadow ~~-~~ anchor retailers in some of our centers, which we cannot control. Although we do not generate revenue from shadow ~~-~~ anchor retailers, their presence drives traffic to some of our centers. Additionally, continued slow or negative economic growth could hinder new entrants into the retail market, which may make it difficult for us to fully lease our real properties. Tenant defaults and decreased demand for retail space would have an adverse impact on the value of our retail properties and our results of operations. A consumer shift in retail shopping from brick ~~-~~ and ~~-~~ mortar stores to e- commerce may have an adverse impact on our revenues and cash flow. The majority of national retailers operating brick ~~-~~ and ~~-~~ mortar stores have made e- commerce sales an important part of their business model. The shift to e- commerce sales may adversely impact their sales for brick ~~-~~ and ~~-~~ mortar stores, causing those retailers to adjust the size or number of retail locations in the future. This shift could adversely impact our occupancy and rental rates, which would, in turn, adversely impact our revenues and cash flows. Our retail portfolio is subject to geographic concentration, which exposes us to changing economic and retail market conditions that may reduce our revenues and cash flows. As of December 31, ~~2023~~ **2024**, approximately ~~41.38~~ **41.75** % of the total annualized base rental income in our retail portfolio was generated by properties located in Texas, with ~~17.16~~ **17.51** %, ~~11.10~~ **11.2** %, ~~9.80~~ **9.8** %, and ~~3.2~~ **3.2** % of our total annualized base rental income generated by properties in Austin, Houston, Dallas- Fort Worth- Arlington, and San Antonio metropolitan areas, respectively. An oversupply of retail properties without corresponding increases in demand ~~in or any~~ **an economic downturn in some** of these markets could have a material adverse effect on our financial condition, our results of operations and our ability to pay distributions. Our success depends on the success and continued presence of our anchor tenants. Our properties are largely dependent on the operational success of their anchor tenants (those occupying 10, 000 square feet or more). Anchor tenants occupy significant amounts of square footage, pay a significant portion of the total rents at a property and contribute to the success of other tenants by drawing consumers to a property. Our net income could be adversely affected by the loss of revenues in the event a significant tenant becomes bankrupt or insolvent, experiences a downturn in its business, materially defaults on its leases, does not renew its leases as they expire, or renews at a lower rental rate. Any of these events could result in a reduction or cessation in rental payments to us, which would adversely affect our financial condition and results of operations. In addition, if a significant tenant vacates a property or terminates a lease, co- tenancy clauses may allow other tenants to modify or abate their minimum rent, reduce their share or the amount of payments for common area operating expenses and property taxes, or terminate their rent or lease obligations. Co- tenancy clauses have several variants and may allow a tenant to pay reduced levels of rent until a certain number of tenants open their stores within the same property. If our small shop tenants (tenants occupying less than 10, 000 square feet) are not successful and, consequently, terminate their leases, our cash flow, financial condition and results of operations could be adversely affected. As of December 31, ~~2023~~ **2024**, approximately ~~58.04~~ **58.04** % of our total annualized base rental income is generated by our small shop tenants. Our small shop tenants may be more vulnerable to negative economic conditions as they generally have more limited resources than our anchor tenants. If a significant number of our small shop tenants experience financial difficulties or are unable to remain open, our cash flow, financial condition and ~~result~~ **results** of operations could be adversely affected. Our financial condition may be impacted by our ability to timely re- lease our space. Our business and financial condition depend on the financial stability of our tenants and our ability to lease our space. Certain economic conditions, or center specific conditions may adversely affect one or more of our tenants. Among the factors that could impact our financial conditions are the following: • inability to renew, lease vacant space or re- let space as leases expire; • restrictions related to re- leasing space; • co- tenancy constraints which limit our ability to lease to certain operators or reduce our revenues at our properties if co- tenancy clauses are exercised and; • competition for tenancy of our leases. As of December 31, ~~2023~~ **2024**, economic occupancy and leased occupancy of our retail portfolio was ~~93.95~~ **93.3** % and ~~96.97~~ **97.24** %, respectively. ~~As~~ **Additionally, as** of December 31, ~~2023~~ **2024**, leases representing approximately ~~6.6~~ **6.6** % and ~~9.5~~ **9.5** % ~~of our total expiring GLA and \$ 12.4 million and \$ 24.2~~

million of our retail portfolio GLA **total expiring ABR** were scheduled to expire in **2024 and 2025 and 2026**, respectively. We cannot assure our stockholders that leases will be renewed or that our properties will be re-leased on terms equal to or better than the current terms, or at all. We also may not be able to lease space which is currently not occupied on acceptable terms and conditions, if at all. In addition, some of our tenants have leases that include early termination provisions that permit the lessee to terminate all or a portion of its lease with us after a specified date or upon the occurrence of certain events with little or no liability to us. We may be required to offer substantial rent abatements, tenant improvements, early termination rights or below-market renewal options to retain these tenants or attract new ones. Portions of our assets may remain vacant for extended periods of time. If the rental rates for our assets decrease, our existing tenants do not renew their leases or we do not re-lease a significant portion of our available space and space for which leases will expire, our financial condition, cash flows and results of operations could be adversely affected. Many of our costs and expenses associated with operating our properties may remain constant or increase, even if our lease income decreases. Certain costs and expenses associated with our operating our properties, such as real estate taxes, insurance, utilities and common area expenses, generally do not decrease in the event of reduced occupancy or rental rates, non-payment of rents by tenants, general economic downturns, pandemics or other similar circumstances. In fact, in some cases, such as real estate taxes and insurance, they may actually increase despite such events. As such, we may not be able to lower the operating expenses of our properties sufficiently to fully offset such circumstances and may not be able to fully recoup these costs from our tenants. In such cases, our cash flows, operating results and financial performance may be adversely impacted. Pandemics, epidemics or other health crises may have a negative effect on our and our tenants' businesses, financial condition, results of operations, cash flows, and liquidity. Our business, and the businesses of our tenants, could be materially and adversely affected by the risks, or the public perception of the risks, related to a pandemic, epidemic, or other health crisis, especially if there is a negative impact to customers' willingness or ability to frequent our tenants' businesses. Such crises could cause significant disruptions to the United States and global economy and contribute to significant volatility and negative pressure in financial markets. Government responses, including quarantines, restrictions on travel, mandatory closures of businesses, or other restrictions, as well as changes in consumer behavior, could negatively impact our tenants and their ability to operate their businesses, which could impact our ability to collect on current or past due rent payments or fully recover amounts due under the terms of a lease agreement in the event of a default by a tenant. The unpredictable nature of pandemics, epidemics, and other health crises precludes any prediction as to one's ultimate adverse impact. A worsening of the economic, political and social environment as a result presents material risks and uncertainties with respect to our and our tenants' business, financial condition, results of operations, cash flows, liquidity, and ability to satisfy debt service obligations.

Risk Factors Related to Real Estate Investments There are inherent risks with investments in retail real estate. Investments in real estate are subject to varying degrees of risk. Among the factors that could have a negative impact on our assets and the value of an investment in us are the following: • relative illiquidity of real estate; • competition amongst-- among other owners of commercial real estate for investments in similar markets; • expansion into new markets that we are not as familiar with; • changing market demographics; • risks associated with the possibility that cost increases will outpace revenue increases and that in the event of an economic slowdown, the high proportion of fixed costs will make it difficult to reduce costs to the extent required to offset declining revenues; • changes in tax laws and property taxes, or an increase in the assessed valuation of an asset for real estate tax purposes; • adverse changes in the federal, state or local laws and regulations applicable to us, including those affecting zoning, fuel and energy consumption, water and environmental restrictions, and the related costs of compliance; • an inability to finance real estate assets on favorable terms, if at all; • significant capital expenditures may be required to improve our properties to attract tenants; • the ongoing need for owner-funded capital for improvements and expenditures to maintain or upgrade assets, make tenant improvements and pay leasing commissions; • fluctuations in real estate values or potential impairments in the value of our assets; • natural disasters, such as **hurricanes, wildfires**, earthquakes, droughts, ~~hurricanes~~, floods, extreme storms and weather or other under-insured or uninsured losses, which may result from or be exacerbated by climate change, and man-made events, such as terrorist attacks or events of sabotage; ~~and~~ changes in interest rates and availability, and cost and terms of financing; **and • rising inflation**. We face risks with the expansion, development, and re-development of properties. We seek to expand, develop and re-develop some of our existing properties and such activity is subject to various risks. We may not be successful in identifying and pursuing expansion, development and re-development opportunities. In addition, like newly-acquired properties, expanded, developed and re-developed properties may not perform as well as expected. Risks include the following: • we may be unable to lease developments to full occupancy on a timely basis; • the occupancy rates and rents of a completed project may not be sufficient to make the project profitable; • actual costs of a project may exceed original estimates, possibly making the project unprofitable; • delays in the development or construction process may increase our costs; • we may not be able to obtain, or may experience delays in obtaining necessary zoning, land use, building, occupancy and other required governmental permits and authorizations; • we may abandon a development project and lose our investment; • the size of our development pipeline may strain our labor or capital capacity to complete developments within targeted timelines and may reduce our investment returns; • a reduction in the demand for new retail space may reduce our future development activities, which in turn may reduce our net operating income; and • changes in the level of future development activity may adversely impact our results from operations by reducing the amount of certain internal overhead costs that may be capitalized. Inflationary pressures, rising interest rates, supply chain disruptions, and labor shortages may exacerbate certain of these risks. If we fail to reinvest in our properties or maintain their attractiveness to retailers and consumers, if our capital improvements are not successful, or if retailers or consumers perceive that shopping at other venues (including e-commerce) is more convenient, cost-effective, or otherwise more compelling, our financial condition, cash flows, and results of operations could be adversely affected. Our ongoing strategy depends, in part, upon completing future acquisitions and dispositions, and we may not be successful in identifying attractive acquisition opportunities and consummating these transactions. As part of our strategy, we intend to tailor and grow our retail platform. We cannot assure our stockholders

that we will be able to identify opportunities or complete transactions on commercially reasonable terms or at all, or that we will actually realize any anticipated benefits from such acquisitions or investments. There may be high barriers to entry in many key markets and scarcity of available acquisition and investment opportunities in desirable locations. We face significant competition for attractive investment opportunities from an indeterminate number of other real estate investors, including investors with significant capital resources such as domestic and foreign corporations and financial institutions, sovereign wealth funds, public and private REITs, private institutional investment funds, domestic and foreign high-net-worth individuals, life insurance companies and pension funds. As a result of competition, we may be unable to acquire additional properties as we desire or the purchase price may be significantly elevated. Similarly, we cannot assure our stockholders that we will be able to obtain financing for acquisitions or investments on attractive terms or at all, or that the ability to obtain financing will not be restricted by the terms of our credit facility or other indebtedness we may incur. Additionally, we regularly review our business to identify properties or other assets that we believe may not benefit us as much as properties in other markets or with different characteristics. One of our strategies is to selectively dispose of retail properties and use sale proceeds to fund our growth in markets and with properties that will enhance our retail platform. We cannot assure our stockholders that we will be able to consummate any such sales on commercially reasonable terms or at all, or that we will actually realize any anticipated benefits from such sales. Additionally, we may be unable to successfully identify attractive and suitable replacement assets even if we are successful in completing such dispositions. We may face delays in reinvesting net sales proceeds in new assets, which would impact the return we earn on our assets. Dispositions of real estate assets can be particularly difficult in a challenging economic environment when uncertainties exist about the impact of e-commerce on retailers and when financing alternatives are limited for potential buyers. Our inability to sell assets, or to sell such assets at attractive prices, could have an adverse impact on our ability to realize proceeds for reinvestment. In addition, even if we are successful in consummating sales of selected retail properties, such dispositions may result in losses. Any such acquisitions, investments or dispositions could also demand significant attention from management that would otherwise be available for our regular business operations, which could harm our business. We may obtain only limited warranties when we purchase a property and would have only limited recourse if our due diligence did not identify issues that could decrease the value of our property after the purchase. The seller of a property often sells the property to us in its "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 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, and may also require additional investment to make the property suitable and competitive. Our assets may be subject to impairment charges that may materially and adversely affect our financial results. Economic and other conditions may adversely impact the valuation of our assets, resulting in impairment charges that could have a material adverse effect on our results of operations. On a regular basis, we evaluate our assets for impairments based on various factors, including changes in the holding periods, projected cash flows of such assets and market conditions. If we determine that an impairment has occurred, we would be required to make an adjustment to the net carrying value of the asset, which could have a material adverse effect on our results of operations in the accounting period in which the adjustment is made. Furthermore, changes in estimated future cash flows due to a change in our plans, policies, or views of market and economic conditions could result in the recognition of additional impairment losses for already impaired assets, which, under the applicable accounting guidance, could be substantial and could materially adversely affect our results of operations. We have incurred and we may incur future impairment charges, which could be material.

Risks – Risk Factors Related to the Environment Affecting Our Properties

Geographic concentration makes our business more vulnerable to natural disasters, severe weather, and climate change. Natural disasters and severe weather such as **hurricanes, wildfires,** earthquakes, ~~wildfires,~~ mudslides, droughts, tornadoes, ~~hurricanes,~~ blizzards, hailstorms or floods may result in significant damage to our properties, decrease demand for certain properties, disrupt operations at our properties, increase the costs associated with maintaining or insuring our properties, and adversely affect both the value of our properties and the ability of our tenants and operators to make their scheduled rent payments to us. The extent of our casualty losses and loss in operating income in connection with such events is a function of the severity of the event and the total amount of exposure in the affected area. These losses may not be insured or insurable at commercially reasonable rates. When we have a geographic concentration, a single catastrophe or destructive weather event affecting a region may have a significant negative effect on our financial condition, results of operations, and cash flows. As a result, our operating and financial results may vary significantly from one period to the next. We also are exposed to the risk of an increased need for the maintenance and repair of our buildings due to inclement or extreme weather. Moreover, climate change may adversely impact our properties directly, **such as through increasing the frequency / severity of natural disasters or by chronic changes to weather patterns and the environment that impact the desirability of particular locations,** and may lead to additional compliance obligations and costs, including insurance premiums, taxes and fees. Changes in federal, state and local legislation and regulation, **or in other stakeholder expectations,** on climate change could result in increased operating costs (for example, increased utility costs) and / or increased capital expenditures to improve the energy efficiency of our existing properties (for example, increased costs associated with meeting electric vehicle charging mandates) and could also require us to spend more on our new properties without a corresponding increase in revenue and could increase our exposure to new physical risks and liabilities.

Risk Factors Related to Funding Strategies and Capital Structure

Our debt financing may adversely affect our business and financial condition. Our existing and future debt may subject us to many risks, including the risks that:

- our cash flow from operations will be insufficient to make required payments of principal and interest;
- our debt may increase our vulnerability to adverse economic and industry conditions;
- we may be required to dedicate a substantial portion of our cash flow from operations to payments on our debt, thereby reducing cash available for distribution to our stockholders, funds available for operations and capital expenditures, future business opportunities or other purposes;
- the terms of any refinancing

may not be as favorable as the terms of the debt being refinanced; and • the terms of our debt may limit our ability to make distributions to our stockholders and therefore adversely affect the market price of our stock. **In the past, we have refinanced our debt and relied on debt financing to, among other things, fund our operations, future investment activities and acquisitions and business growth and repay maturing debt.** If we do not have sufficient funds to repay our debt at maturity, it may be necessary to refinance this debt through additional debt financing, or private or public offerings of debt or equity securities. Adverse economic conditions could cause the terms on which we borrow or refinance to be unfavorable. If we are unable to refinance our debt on acceptable terms, we may be forced to dispose of assets on disadvantageous terms or at times which may not permit us to receive an attractive return on our investments, potentially resulting in losses adversely affecting cash flow from operating activities. Covenants in our debt agreements may restrict our operating activities and adversely affect our financial condition. Our debt agreements contain various financial and operating covenants, including, among other things, certain coverage ratios and limitations on our ability to incur secured and unsecured debt. The breach of any of these covenants, if not cured within any applicable cure period, could result in a default and acceleration of certain of our indebtedness. If any of our indebtedness is accelerated prior to maturity, we may not be able to repay or refinance such indebtedness on favorable terms, or at all, which could adversely affect our financial condition, operating results and cash flows. Increases in interest rates would cause our borrowing costs to rise and negatively impact our results of operations. As fixed- rate debt matures, we may not be able to borrow at rates equal to or lower than the rates on the expiring debt. In addition, if rising interest rates cause us to need additional capital to repay indebtedness, we may be forced to sell one or more of our properties or investments in real estate at times that may not permit us to realize the return on the investments we would have otherwise realized. Increases in interest rates would increase our interest expense on any variable rate debt, as well as any debt that must be refinanced at higher interest rates at the time of maturity. Our future earnings and cash flows could be adversely affected due to the increased requirement to service our debt and could reduce the amount we are able to distribute to our stockholders. Hedging activity may expose us to risks, including the risks that a counterparty will not perform and that the hedge will not yield the economic benefits we anticipate, which may adversely affect us. We manage our exposure to interest rate volatility by using interest rate hedging arrangements. These arrangements involve risk, such as the risk that counterparties may fail to honor their obligations under these arrangements, and that these arrangements may not be effective in reducing our exposure to interest rate changes. There can be no assurance that our hedging arrangements will qualify for hedge accounting or that our hedging activities will have the desired beneficial impact on our results of operations. Should we desire to terminate a hedging arrangement, there may be significant costs and cash requirements involved to fulfill our obligations under the hedging arrangement. In addition, failure to effectively hedge against interest rate changes may adversely affect our results of operations. We may issue additional equity or debt securities in the future in order to raise capital. Additional issuances of equity securities ~~could~~ **would** dilute the investment of our current stockholders **and could decrease the market price of our common stock**. Issuing additional equity securities to finance future developments and acquisitions instead of incurring additional debt ~~could~~ **would** dilute the interests of our existing stockholders. **Further, a large volume of sales of shares of our common stock would decrease the market price of our common stock and could impair our ability to raise additional capital through the sale of equity securities in the future**. Our ability to execute our business and growth plan depends on our access to an appropriate blend of capital, which could include a line of credit and other forms of secured and unsecured debt, equity financing, or joint ventures. Stockholders do not have preemptive rights with respect to any shares issued by us in the future. **Therefore, additional common stock issuances, directly or through convertible or exchangeable securities, warrants or options, will dilute the holdings of our existing common stockholders and such issuances or the perception of such issuances may reduce the market price of our common stock.** Our charter authorizes our **board of directors (the "Board ")**, without stockholder approval, to amend the charter from time to time to increase or decrease the aggregate number of shares of stock or the number of shares of stock of any class or series that the Company has authority to issue. Stockholders are not entitled to vote on whether or not we issue additional shares. **Because our decision to issue debt or equity securities or incur other or additional borrowings in the future will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing, nature, impact or success of our future capital raising efforts. Thus, common stockholders bear the risk that our future issuances of debt or equity securities or our incurrence of other or additional borrowings will negatively affect the market price of our common stock and adversely impact our financial condition, liquidity and results of operations.** Risk Factors Related to the Market Price for Our Securities Changes in economic and market conditions may adversely affect the market price of our securities. The market price of our equity securities may fluctuate significantly in response to many factors, many of which are out of our control, including: • actual or anticipated variations in our operating results, liquidity or financial condition; • changes in our earnings estimates or failure to meet earnings estimates; • changes in our funds from operations; • increases in market interest rates that drive purchasers of our stock to demand a higher dividend yield; • changes in market valuations of similar companies; • adverse market reaction to any additional debt we incur in the future; • additions or departures of key management personnel; • the general reputations of REITs and the attractiveness of equity securities in comparison to other equity securities including securities issued by other real estate based companies; • our underlying asset value; • strategic actions by the Company or our competitors, such as acquisitions, dispositions or restructurings; • fluctuations in the stock price and operating results of the Company ²'s competitors; • the passage of ~~legislations~~ **legislation** or other regulatory developments that may adversely affect the Company or the REIT industry, including but not limited to Section 1031 of the Code; • investor confidence in the stock and bond markets generally; • changes in tax laws or accounting principles; • publication of research reports about us or the real estate industry in general and recommendations by financial analysts or actions taken by rating agencies with respect to our securities or those of other REITs; • future equity issuances or the perception that such equity issuances may occur; • failure to maintain our status as a REIT; • actions by institutional stockholders or by corporate governance rating companies; • increased investor focus on sustainability-

related risks, including climate change; • changes in our dividend payments; and • general market and economic conditions, including factors unrelated to the Company's operating performance. These factors may cause the market price of our securities to decline, regardless of our financial condition, results of operations, business or prospects. It is impossible to ensure that the market price of our securities, including our common stock, will not fall in the future. A decrease in the market price of our common stock may reduce our ability to raise additional equity in the public markets. Selling common stock at a decreased market price would have a dilutive impact on existing stockholders. There is no assurance that we will continue to pay dividends. Our ability to continue to pay dividends will depend on a number of factors, including, among others, the following: • our financial condition and results of future operations; • the terms of our loan covenants; and • our ability to acquire, finance, develop or redevelop and lease additional properties at attractive rates. If we do not maintain the dividend on our common stock, it may have an adverse effect on the market price of our common stock and other securities. Funding distributions from sources other than cash flow from operating activities may negatively impact our ability to sustain or pay future distributions. If our cash flow from operating activities is not sufficient to fully fund the payment of distributions, the level of our distributions may not be sustainable. We may pay distributions from sources other than cash flow from operations or funds from operations, including funding such distributions from external financing sources, which may not be available at commercially attractive terms. Furthermore, in the event that we are unable to fund future distributions from our cash flows from operating activities, the value of our stockholders' shares may be materially adversely affected. For the year ended December 31, 2023-2024, distributions were paid from cash flow from operations and proceeds from the sales of properties.

Risks- Risk Factors Related to Our Organization and Corporate Structure Our charter permits our Board to issue preferred stock on terms that may subordinate the rights of the holders of our current common stock or discourage a third party from acquiring us. Our Board may classify or reclassify any unissued shares of common or preferred stock into other classes or series of stock and establish the preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends and other distributions, qualifications, and terms or conditions of redemption of the stock and may amend our charter from time to time to increase or decrease the aggregate number of shares or the number of shares of any class or series that we have authority to issue without stockholder approval. Thus, our Board could authorize us to issue shares of preferred stock with terms and conditions that could subordinate the rights of the holders of our common stock or shares of preferred stock or common stock that could 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 of our assets, that might provide a premium price for holders of our common stock. Our Board or a committee of our Board may change our investment policies without stockholder approval, which could alter the nature of our stockholders' investment. Our investment policies may change over time. The methods of implementing our investment policies may also vary, as new investment techniques are developed. Our investment policies, the methods for implementing them, and our other objectives, policies and procedures may be altered by our Board or a committee of our Board without the approval of our stockholders. As a result, the nature of our stockholders' investment could change without their consent. A change in our investment strategy may, among other things, increase our exposure to interest rate risk, default risk and real property market fluctuations, all of which could materially and adversely affect our ability to achieve our investment objectives.

Risks- Risk Factors Related to Corporate Matters We are subject to litigation that could negatively impact our cash flow, financial condition and results of operations. We are a defendant from time to time in lawsuits and regulatory proceedings relating to our business. Due to the inherent uncertainties of litigation and regulatory proceedings, we may not be able to accurately predict the ultimate outcome of any such litigation or proceedings. A significant unfavorable outcome could negatively impact our cash flow, financial condition and results of operations. Uninsured losses or premiums for insurance coverage may adversely affect a stockholder's returns. We maintain insurance coverage with third-party carriers who provide a portion of the coverage of potential losses, including wind, flood, named windstorm, earthquake, fire, and other property-related perils. We currently self-insure a portion of our commercial insurance deductible risk through our captive insurance company. To the extent that our captive insurance company is unable to bear that risk, we may be required to fund additional capital to our captive insurance company or we may be required to bear that loss. **Further As a result, there are losses we may incur that cannot be insured against our or operating results may be adversely affected that we believe are not economically reasonable to insure. Should an uninsured loss occur, we could lose all or a portion of the capital we have invested in a property, as well as the anticipated future cash flow from the property.** Catastrophic losses, including, but not limited to, **hurricanes, wildfires**, windstorms, earthquakes, floods, and foreign terrorist activities may not be insurable or may not be economically insurable. Even when insurable, these policies may have high deductibles and / or high premiums. Lenders may require such insurance. Our failure to obtain such insurance could constitute a default under loan agreements, and / or our lenders may force us to obtain such insurance at unfavorable rates, which could materially and adversely affect our profitability. In the event of a substantial loss, our insurance coverage may not be sufficient to cover the full current market value or replacement cost of our lost investment. Should an uninsured loss or a loss in excess of insured limits occur, we could lose all or a portion of the capital we have invested in an asset, as well as the anticipated future **revenue-cash flows** from the asset. In that event, we might nevertheless remain obligated for any mortgage debt or other financial obligations related to the asset. Inflation, changes in building codes and ordinances, environmental considerations and other factors might require us to come out of pocket to replace or renovate an asset after it has been damaged or destroyed. Under those circumstances, the insurance proceeds we receive might be inadequate to restore our economic position on the damaged or destroyed property, which could materially and adversely affect our profitability. In addition, insurance risks associated with potential terrorist acts could sharply increase the premiums we pay for coverage against property and casualty claims. We could incur material costs related to government regulation and litigation with respect to environmental matters, which could materially and adversely affect our revenues and profitability. Under various federal, state, and local laws, an owner or manager of real property may be liable for the costs to assess and remediate the presence of hazardous substances on the property, which in our case generally arise from former dry

cleaners, gas stations, asbestos usage, storage tanks, air emissions from emergency generators, storm water and wastewater discharges, lead-based paint, mold and mildew, waste management, and historic land use practices. These laws often impose liability without regard to whether the owner knew of, or was responsible for, the presence of hazardous substances. The presence of, or the failure to properly address the presence of, hazardous substances may adversely affect our ability to sell or lease the property or borrow using the property as collateral. We can provide no assurance that we are aware of all potential environmental liabilities or their ultimate cost to address; that our properties will not be affected by tenants or nearby properties or other unrelated third parties; and that future uses or conditions, or changes in environmental laws and regulations, or their interpretation, will not result in additional material environmental liabilities to us. The discovery of material environmental liabilities at our assets could subject us to unanticipated significant costs, which could significantly reduce or eliminate our profitability and the cash available for distribution to our stockholders. Moreover, compliance with ESG-related laws, regulations, expectations or reporting requirements may result in increased compliance costs, as well as additional scrutiny that could heighten all of the risks associated with environmental, social and sustainability matters. ~~For example, the SEC continues to make moves towards issuing rules relating to climate risk disclosures, human capital management and other ESG matters and other regulatory bodies, including state governments and stock exchanges, have issued new laws or regulations relating to board structure, and increased ESG regulations and reporting requirements are likely to continue.~~ If we fail to comply with new laws, regulations, expectations or reporting requirements, or if we are perceived as failing, our reputation and business could be adversely impacted. The occurrence of any of the foregoing could have an adverse effect on the price of the Company's stock and the Company's business, financial condition and results of operations, including increased development costs, capital expenditures and operating expenses. If we lose or are unable to obtain and retain key personnel, our ability to implement our business strategies could be delayed or hindered. We believe that our future success depends, in large part, on our ability to retain and hire highly-skilled managerial and operating personnel. Competition for persons with managerial and operational skills is intense, and we cannot assure our stockholders that we will be successful in retaining or attracting skilled personnel. If we lose or are unable to obtain the services of our executive officers and other key personnel, or we are unable to establish or maintain the necessary strategic relationships, our ability to implement our business strategy could be delayed or hindered. Corporate responsibility related to environmental, social and governance factors, may impose additional costs and expose us to new risks. ~~We, as well as our investors, are focused on corporate responsibility companies' management of climate change, specifically related to human capital, and other~~ environmental, social and governance factors. ~~Third-party providers of corporate responsibility ratings and reports on companies have increased to meet growing investor demand for measurement of corporate responsibility and performance.~~ Although the Company makes ESG disclosures and undertakes ESG sustainability and diversity initiatives, ~~such initiatives are costly and there is no assurance they will have the desired effects. For example, we may not be able to ultimately achieve certain of our goals or initiatives due to cost, technology, or other factors which may or may not be within our control. Additionally, many of these matters rely on methodologies and data that continue to evolve, and we cannot guarantee that any changes to our approach will align with any stakeholder expectations or preferences. Stakeholders expectations are not uniform, and both advocates for and opponents of ESG initiatives are increasingly resorting to a range of activism forms to achieve their goals. Some policymakers have also adopted, or are considering adopting requirements related to ESG matters, but such requirements are not uniform, which may increase costs or complexity for compliance, as to how we will well as related risk rate according to the metrics. Additionally, the measurement parameters may change over time. We may face reputational damage, litigation, or other risks in the event our corporate responsibility procedures or standards do not meet successfully navigate the expectations of standards set by various constituencies. In addition, our competitors may receive more favorable ratings or otherwise more successfully navigate competing stakeholder preferences.~~ The occurrence of any of the foregoing could have an adverse impact on our business, financial condition and results of operations, including increased capital expenditures and operating expenses. ~~We~~ **Moreover, various of our customers and other stakeholders are increasingly dependent on subject to similar expectations, which may augment or create additional risks for us. If we or our third-party providers fail to protect confidential information technology ("IT"), and potential/ or experience cyber- attacks, security problems, or other disruptions present risks, there may be damage to our brand and reputation, financial penalties, and legal liability, which could materially adversely affect our business, results of operations, and financial condition.** A cyber incident is considered to be any adverse event that threatens the confidentiality, integrity or availability of our ~~information resources~~ **computer systems, hardware, software, technology infrastructure and online sites and networks for both internal and external operations that are critical to our business (collectively, "IT systems").** More specifically, a cyber incident is an intentional attack or an unintentional event that can include an intruder gaining unauthorized access to systems to disrupt operations, corrupt data or steal confidential information **and threats from diverse threat actors, such as state-sponsored organizations, opportunistic hackers and hacktivists, as well as through diverse attack vendors, such as social engineering / phishing, malware (including ransomware), malfeasance by insiders, human or technological error, and as a result of bugs, misconfigurations or exploited vulnerabilities in software or hardware.** As our reliance on technology has increased, so have the risks posed to our systems, both internal and those we have outsourced. ~~Although we make efforts to We and certain of our third-party providers collect, maintain the security and process data about customers integrity of our IT networks and related systems, employees, business partners and we have implemented various measures others, including personally identifiable information, as well as proprietary information belonging to manage the risk of a security breach or our disruption-business such as trade secrets (collectively, " Confidential Information"). there~~ **There** can be no assurance that our security efforts and measures will be effective or that attempted security breaches would not be successful or damaging. While we maintain some of ~~these our own critical IT systems~~ **Systems**, we also depend on third parties to provide important IT services **Systems** relating to several key business functions. Furthermore, the security measures employed by third-party service

providers may prove to be ineffective at preventing breaches of their systems. Moreover, cyber incidents perpetrated against our tenants, including unauthorized access to customers' credit card data and other confidential information, could diminish consumer confidence and consumer spending and negatively impact our business and reputation. **Additionally, any integration of artificial intelligence ("AI"), machine learning and automated decision-making technologies (collectively, "AI Technologies") in our or any service providers' operations, products or services is expected to pose new or unknown cybersecurity risks and challenges.** Cyberattacks are expected to accelerate on a global basis in frequency and magnitude as threat actors are becoming increasingly sophisticated in using techniques and tools — including, **with increased frequency,** generative and other artificial intelligence—**AI Technologies**—that circumvent security controls, evade detection and remove forensic evidence. As a result, we, or our tenants, may be unable to detect, investigate, remediate or recover from future attacks or incidents, or to avoid a material adverse impact to our ~~or their IT networks and related systems~~ **Systems**, confidential information or business. **Our and Any adverse impact to the availability, integrity or confidentiality of our IT Systems can tenants' primary risks that could directly result from the occurrence of a cyber incident include in legal claims or proceedings (such as class actions), regulatory investigations and enforcement actions, fines and penalties,** operational interruption, damage to our relationships with our tenants or damage to our tenants' relationships with their customers, as applicable, and private data exposure. Our and our tenants' financial results and reputation may be negatively impacted by such an incident. There can be no assurance that our cybersecurity risk management program and processes, including our policies, controls or procedures, will be fully implemented, complied with or effective in protecting our ~~IT systems~~ **Systems** and information. Further, we cannot guarantee that any costs and liabilities incurred in relation to an attack or incident will be covered by our existing insurance policies or that applicable insurance will be available to us in the future on economically reasonable terms or at all. **A Any actual or perceived failure of to comply with new our or IT infrastructure existing laws, regulations and other requirements relating to the privacy, security and processing of personal information or AI Technologies could adversely impact affect our business and, results of operations.** We rely upon the capacity, reliability and security of our ~~or IT infrastructure~~ and our ability to expand and continually update this infrastructure in response to changing needs of our business. We continue to face the challenge of integrating new systems and hardware into our operations. If there are technological impediments, unforeseen complications, errors or breakdowns in the IT infrastructure, the disruptions could have an adverse effect on our business and financial condition. **In connection with running our business, we receive, store, use and otherwise process information that relates to individuals, and we are therefore subject to laws, regulations and other requirements relating to the privacy, security and handling of personal information. It is possible that new laws, regulations and other requirements, or amendments to or changes in interpretations of existing laws, regulations and other requirements, may require us to incur costs, implement new processes, or change our handling of information and business operations. In addition, any failure or perceived failure by us to comply with laws, regulations and other requirements relating to the privacy, security and handling of information could result in legal claims or proceedings (including class actions), regulatory investigations or enforcement actions. Any such proceedings and subsequent adverse outcomes may subject us to significant negative publicity and an erosion of trust. If any of these events were to occur, our business, results of operations, and financial condition could be materially adversely affected. In addition, the regulatory framework for AI Technologies is rapidly evolving as many federal, state and foreign government bodies and agencies have introduced or are currently considering additional laws and regulations. Existing laws and regulations may be interpreted in ways that would affect our use of AI Technologies, or could be rescinded or amended as new administrations take differing approaches to evolving AI Technologies. As a result, implementation standards and enforcement practices are likely to remain uncertain for the foreseeable future, and we cannot yet completely determine the impact future laws, regulations, standards, or market perception of their requirements may have on our business and may not always be able to anticipate how to respond to these laws or regulations. Any such changes at the federal level could require us to expend significant resources to modify our products, services, or operations to ensure compliance or remain competitive.** Risk Factors Relating to Our Qualification as a REIT Our failure to qualify as a REIT would have serious adverse consequences to our stockholders. We plan to continue to meet the requirements for taxation as a REIT. Many of these requirements, for which there is limited judicial and administrative interpretation, however, are highly technical and complex. Therefore, we cannot guarantee that we have qualified or will qualify as a REIT in the future. The determination that we are a REIT requires an analysis of various factual matters that may not be totally within our control. To qualify as a REIT, our assets must be substantially comprised of real estate assets as defined in the Code, and related guidance and our gross income must generally come from rental and other real estate or passive related sources that are itemized in the REIT tax laws. We are also required to distribute to security holders at least 90 % of our REIT taxable income excluding net capital gains. If we fail to qualify as a REIT, we would be subject to U. S. federal income tax at regular corporate rates and would have to pay significant income taxes unless the Internal Revenue Service ("IRS") granted us relief under certain statutory provisions. In addition, we would remain disqualified from taxation as a REIT for four years following the year in which we failed to qualify as a REIT. We would therefore have less money available for investments or for distributions to security holders and would no longer be required to make distributions to security holders. This would likely have a significant negative impact on the value of our securities. We have a share ownership limit for REIT tax purposes. In order to continue to qualify as a REIT, five or fewer individuals, as defined in the Code, may not own, beneficially or constructively, more than 50 % in value of our issued and outstanding stock at any time during the last half of a taxable year. To facilitate maintenance of our REIT qualification, our Charter, prohibits ownership by any single stockholder of more than 9.8 % percent of the lesser of the number or value of any outstanding class of common. Our Board may not grant an exemption from these restrictions to any proposed stockholder whose ownership in excess of the 9.8 % stock ownership limit that would result in our failing to qualify as a REIT. This ownership limit may delay or prevent a transaction or change in control that could affect our ~~stockholder~~

stockholders' ability to realize a premium over the then prevailing market price for their shares, it could also restrict our stockholders' ability to acquire or transfer certain amounts of our common stock.