Risk Factors Comparison 2024-02-21 to 2023-02-22 Form: 10-K

Legend: **New Text** ~~Removed Text~~ Unchanged Text Moved Text Section

This " Risk Factors " section contains references to our " capital stock " and to our " stockholders. " Unless expressly stated otherwise, the references to our " capital stock " represent our common stock and any class or series of preferred stock which may be outstanding from time to time, while the references to our " stockholders " represent holders of our common stock **and any class or series of preferred stock which may be outstanding from time to time** . Risks Related to Our Business and Industry In order to grow we need to continue to acquire investment properties. The acquisition of investment properties may be subject to competitive pressures. We face competition in the acquisition and operation of our properties. We expect competition from businesses, individuals, fiduciary accounts and plans, and other entities engaged in real estate investment and financing. This competition may result in a higher cost for properties we wish to purchase. Negative market conditions or adverse events affecting our existing or potential clients, or the industries in which they operate, could have an adverse impact on our ability to attract new clients, re- lease space, collect rent or renew leases, which could adversely affect our cash flow from operations and inhibit growth. Cash flow from operations depends in part on our ability to lease space to our clients on economically favorable terms and to collect rent from our clients on a timely basis. We could be adversely affected by various facts and events over which we have limited or no control, such as: • Lack of demand in areas where our properties are located; • Inability to retain existing clients and attract new clients; • Oversupply of space and changes in market rental rates; • Declines in our clients' creditworthiness and ability to pay rent, which may be affected by their operations (including as a result from changes in consumer behaviors or preferences impacting our clients operations), economic downturns and competition within their industries from other operators; • Defaults by and bankruptcies of clients, failure of clients to pay rent on a timely basis, or failure of our clients to comply with their contractual obligations; • Changes in laws, rules or regulations that negatively impact clients or our properties; • ~~The COVID- 19 pandemic or other epidemics~~ **Epidemics** ~~or~~ **,** pandemics or outbreaks of illness, disease or virus that affect countries or regions in which our clients and their parent companies operate or in which our properties or corporate headquarters are located; • Changes in consumer behaviors (e. g., decrease in discretionary consumer spending), preferences or demographics impacting our clients' operations; • Supply chain disruptions; • Economic or physical decline of the areas where the properties are located; and • Deterioration of physical condition of our properties. If our clients do not renew their leases as they expire, we may not be able to rent or sell the properties. Leases that are renewed, and some new leases for properties that are re- leased, may have terms that are less economically favorable than expiring lease terms, or may require us to incur significant costs, such as renovations, improvements on behalf of the client or lease transaction costs. Negative market conditions may cause us to sell vacant properties for less than their carrying value, which could result in impairments. Any of these events could adversely affect our cash flow from operations and our ability to make distributions to our stockholders and service our indebtedness. A significant portion of the costs of owning property, such as real estate taxes, insurance and maintenance, are not necessarily reduced when circumstances cause a decrease in rental revenue from the properties. In a weakened financial condition, our clients may not be able to pay these costs of ownership and we may be unable to recover these operating expenses from them. At any time, any of our clients may experience a downturn in its business that may weaken its operating results or overall financial condition. As a result, a client may delay lease commencement, fail to make rental payments when due, decline to extend a lease upon its expiration, become insolvent or declare bankruptcy. Any client bankruptcy or insolvency, leasing delay or failure to make rental payments when due could result in the termination of our client' s lease and material losses to us. Further, the occurrence of a client bankruptcy or insolvency could diminish or eliminate the income we receive from our client' s lease or leases. A bankruptcy court might authorize a client to terminate one or more of its leases with us. If that happens, our claim against the bankrupt client for unpaid future rent would be subject to statutory limitations that most likely would result in rent payments that would be substantially less than the remaining rent we are owed under the leases (it is also possible that we may not receive any unpaid future rent under terminated leases) or we may elect not to pursue claims against a client for terminated leases. Claims we have for unpaid past rent, if any, may not be paid in full, or at all. Client bankruptcies within a given property may also adversely impact our ability to re- release that property at favorable terms, or at all. Moreover, in the case of a client' s leases that are not terminated as the result of its bankruptcy, we may be required or elect to reduce the rent payable under those leases or provide other concessions, reducing amounts we receive under those leases. As a result, client bankruptcies may have a material adverse effect on our results of operations and financial condition. Any of these events could adversely affect our cash flow from operations and our ability to make distributions to stockholders and service our indebtedness. Downturns in any of our industries could adversely affect our clients (including, for example, the recent challenges faced by our clients in the theater industry), which in turn could also have a material adverse effect on our financial position, results of operations and our ability to pay the principal of and interest on our debt securities and other indebtedness and to make distributions on our common stock and any outstanding preferred stock. In addition, some of our properties are leased to clients that may have limited financial and other resources and, therefore, they are more likely to be adversely affected by a downturn in their respective businesses, including any downturns that have resulted or may result from the COVID- 19 pandemic or other epidemics or pandemics, or in the regional, national or international economy. Furthermore, we have made and may continue to make selected acquisitions of properties that fall outside our historical focus on freestanding, single- client, net- lease retail locations in the U. S. As a result, we may be exposed to a variety of new risks by expanding into new property types and / or new jurisdictions outside the U. S. and properties leased to clients engaged in non- retail businesses. These risks may include limited experience in managing certain types of new properties, new types of real estate locations and lease structures, and the laws and culture of non- U. S. jurisdictions. ~~The COVID- 19 pandemic has disrupted our operations and the effects of the pandemic are expected to continue to have an adverse effect on our business, results of operations, financial condition and liquidity. The COVID- 19 pandemic, including the continued spread of new variants and the measures taken to limit its spread, has had, and other pandemics in the future could have, adverse repercussions across global economies and financial markets, as well as on us and our clients. Factors that have contributed or may contribute in the future to the adverse impact of the COVID- 19 pandemic and the measures taken to limit its spread on the business, results of operations, financial condition and liquidity of us and our clients include, without limitation, the following: • Operational limitations or issues at properties operated by our clients resulting from government action (including travel bans, border closings, business closures, quarantine, vaccine and testing requirements, shelter- in- place or similar orders requiring that people remain in their homes); • Reduced economic activity, customer traffic, consumer confidence or discretionary spending, the deterioration in our or our clients' ability to operate in affected areas, and any delays in the supply of products or services to our clients may impact certain of our clients' businesses, results of operations, financial condition and liquidity and may cause certain of our clients to be unable to meet their obligations to us in full, or at all, and to seek, whether through negotiation, restructuring or bankruptcy, reductions or deferrals in their rent payments and other obligations to us or early termination of their leases; • Difficulties with supply chain disruptions and in leasing, selling or redeveloping properties or renewing expiring or terminated leases on terms we consider acceptable, or at all; • Difficulties accessing bank lending, capital markets and other financial markets on attractive terms, or at all, may adversely affect our cost of capital, our access to capital to grow our business (including through acquisitions, development opportunities and other strategic transactions) and to fund our business operations, our ability to pay dividends on our common stock, our ability to pay the principal of and interest on our indebtedness, and our other liabilities on a timely basis, and may adversely affect our clients' ability to fund their business operations and meet their obligations to us and others; • Potential negative impacts on our credit ratings, the interest rates on our borrowings, and our future compliance with financial covenants under our credit facility and other debt instruments, which could result in a default and potentially an acceleration of indebtedness, any of which could negatively impact our ability to make additional borrowings under our revolving credit facility, sell commercial paper notes under our commercial paper programs, incur other indebtedness, pay dividends on our common stock and pay the principal of and interest on our indebtedness and our other obligations when due; • The impact of the COVID- 19 pandemic on the market value of certain of our properties has led to impairment charges and may require that we incur further impairment charges, asset write- downs or similar charges; • The impact on the ability of our employees, including members of our management team or board of directors, to fulfill their duties to us; and • A general decline in business activity and demand for real estate transactions could adversely affect our ability to grow our portfolio of properties. Most of our clients operate retail businesses, many of which have been disproportionately impacted by certain of the issues described above, and may continue to be disproportionately impacted in the future. The extent to which the COVID- 19 pandemic continues to impact our operations and those of our clients will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the scope, severity and duration of the pandemic, the actions taken to contain the pandemic or limit its impact, and the direct and indirect economic effects of the pandemic and containment measures. Likewise, the deterioration of global economic conditions as a result of the pandemic may ultimately lead to a further decrease in occupancy levels and rental rates across our portfolio as our clients (including those in the theater industry) reduce or defer their spending, institute restructuring plans or file for bankruptcy. Some of our clients have experienced temporary closures of some or all of their properties or have substantially altered or reduced their operations in response to the COVID- 19 pandemic, and additional clients may do so in the future. To the extent the COVID- 19 pandemic or other epidemics or pandemics in the future adversely affect economic conditions and financial markets, as well as the business, results of operations, financial conditions and liquidity of us and our clients, they may also have the effect of heightening many of the risks described elsewhere in this " Risk Factors " section and our historical information regarding our business, properties, results of operations, financial condition or liquidity may not be representative of the future results of operations, financial condition, liquidity or other financial or operating results of us, our properties or our business.~~ As a property owner, we may be subject to unknown environmental liabilities. Investments in real property can create a potential for environmental liability. An owner of property can face liability for environmental contamination created by the presence or discharge of hazardous substances on the property. We can face such liability regardless of our knowledge of the contamination; the timing of the contamination; the cause of the contamination; or the party responsible for the contamination of the property. There may be environmental conditions associated with our properties of which we are unaware. A number of our properties are leased to operators of convenience stores that sell petroleum- based fuels, to operators of oil change and tune- up facilities, and operators that use chemicals and other waste products. These facilities and some other of our properties, use, or may have used in the past, underground lifts or storage tanks for the storage of petroleum- based or waste products, which could create a potential for the release of hazardous substances. Certain of our other properties, particularly those leased for industrial- type purposes, may also involve operations or activities that could give rise to environmental liabilities. The presence of hazardous substances on a property may adversely affect our client' s ability to continue to operate that property or our ability to lease or sell that property and we may incur substantial remediation costs or third- party liability claims. Although our leases generally require our clients to operate in compliance with all applicable federal, state, and local environmental laws, ordinances and regulations, and to indemnify us against any environmental liabilities arising from the clients' activities on the properties, we could nevertheless be subject to liability, including strict liability, by virtue of our ownership interest. There also can be no assurance that our clients could or would satisfy their indemnification obligations under their leases. The discovery of environmental liabilities attached to our properties could have an adverse effect on our results of operations, our financial condition, or our ability to make distributions to stockholders and to pay the principal of and interest on our debt securities and other indebtedness. **Some** ~~In addition, several~~ of our properties were built during the period when asbestos was commonly used in building construction and we may acquire other buildings that contain asbestos in the future. Environmental laws govern the presence, maintenance, and removal of asbestos- containing materials, or ACMs, and require that owners or operators of buildings containing asbestos properly manage and maintain the asbestos, that they adequately inform or train those who may come into contact with asbestos and that they undertake special precautions, including removal or other abatement in the event that asbestos is disturbed during renovation or demolition of a building. These laws may impose fines and penalties on building owners or operators for failure to comply with these requirements and may allow third parties to seek recovery from owners or operators for personal injury associated with exposure to asbestos fibers. While we have not been notified by any governmental authority, and are not otherwise aware, of any material noncompliance, liability or claim relating to environmental contamination, if environmental contamination should exist on any of our properties, we could be subject to liability, including strict liability, by virtue of our ownership interest. In addition, while we maintain environmental insurance policies, it is possible that our insurance could be insufficient to address any particular environmental situation and / or that, in the future, we could be unable to obtain insurance for environmental matters at a reasonable cost, or at all. Our clients are generally responsible for, and indemnify us against, liabilities for environmental matters that arise during the lease terms as a result of clients' activities on the properties. However, it is possible that one or more of our clients could fail to have sufficient funds to cover any such indemnification or to meet applicable state financial assurance obligations or such environmental contamination may predate our client' s lease term, and thus we may still be obligated to pay for any such environmental liabilities. If we fail to qualify as a REIT, it could adversely impact us, and the amount of dividends we are able to pay would decrease, which could adversely affect the market price of our capital stock and could adversely affect the value of our debt securities. We believe that, commencing with our taxable year ended December 31, 1994, we have been organized and have operated, and we intend to continue to operate, so as to qualify as a REIT under Sections 856 through 860 of the Code. However, we cannot make any assurances that we have been organized or have operated in a manner that has satisfied the requirements for qualification as a REIT, or that we will continue to be organized or operate in a manner that will allow us to continue to qualify as a REIT. Qualification as a REIT involves the satisfaction of numerous requirements under highly technical and complex Code provisions, for which there are only limited judicial and administrative interpretations, as well as the determination of various factual matters and circumstances not entirely within our control. As we have recently expanded into new geographies and transactional structures, and may continue to do so in the future, the analyses of our REIT qualification, and our ability to ensure such qualification, have become, and may become in the future, more complex. For example, in order to qualify as a REIT, at least 95 % of our gross income in each year must be derived from qualifying sources, and we must pay distributions to stockholders aggregating annually at least 90 % of our taxable income (excluding net capital gains). If we fail to satisfy any of the requirements for qualification as a REIT, we may be subject to certain penalty taxes or, in some circumstances, we may fail to qualify as a REIT. If we were to fail to qualify as a REIT in any taxable year: • We would be required to pay regular U. S. federal corporate income tax on our taxable income; • We would not be allowed a deduction for amounts distributed to our stockholders in computing our taxable income; • We could be disqualified from treatment as a REIT for the four taxable years following the year during which qualification is lost; • We would no longer be required to make distributions to stockholders; and • This treatment would substantially reduce amounts available for investment or distribution to stockholders because of the additional tax liability for the years involved, which could have a material adverse effect on the market price of our capital stock and the value of our debt securities. Even if we qualify for and maintain our REIT status, we may be subject to certain federal, state, local and foreign taxes on our income and property. For example, if we have net income from a prohibited transaction, that income will be subject to a 100 % tax. In addition, our taxable REIT subsidiaries are subject to federal, state and, in some cases, foreign taxes at the applicable tax rates on their income and property. Any failure to comply with legal and regulatory tax obligations could adversely affect our ability to conduct business and could adversely affect the market price of our capital stock and the value of our debt securities. Legislative or other actions affecting REITs could have a negative effect on us or our investors. The rules dealing with federal income taxation are constantly under review by persons involved in the legislative process and by the Internal Revenue Services, or the IRS, and the U. S. Department of the Treasury, or the Treasury. Changes to the tax laws, with or without retroactive application, could adversely affect us or our investors, including holders of our common stock or debt securities. We cannot predict how changes in the tax laws might affect us or our investors. New legislation, Treasury regulations, administrative interpretations or court decisions could significantly and negatively affect our ability to qualify as a REIT, the federal income tax consequences of such qualification, or the federal income tax consequences of an investment in us. Also, the law relating to the tax treatment of other entities, or an investment in other entities, could change, making an investment in such other entities more attractive relative to an investment in a REIT. **In addition, the tax treatment of certain of our sale- leaseback transactions could change, which could make such sale- leaseback transactions less attractive to potential sellers and lessees and negatively impact our operations.** Distribution requirements imposed by law limit our flexibility. To maintain our status as a REIT for federal income tax purposes, we generally are required to distribute to our stockholders at least 90 % of our taxable income, excluding net capital gains, each year. We also are subject to tax at regular corporate rates to the extent that we distribute less than 100 % of our taxable income (including net capital gains) each year. In addition, we are subject to a 4 % nondeductible excise tax to the extent that we fail to distribute during any calendar year at least the sum of 85 % of our ordinary income for that calendar year, 95 % of our capital gain net income for the calendar year, and any amount of that income that was not distributed in prior years. We intend to continue to make distributions to our stockholders to comply with the distribution requirements of the Code as well as to reduce our exposure to federal income taxes and the nondeductible excise tax. Differences in timing between the receipt of income and the payment of expenses to arrive at taxable income, along with the effect of required debt amortization payments, could require us to borrow funds to meet the distribution requirements that are necessary to achieve the tax benefits associated with qualifying as a REIT. Future issuances of equity securities could dilute the interest of holders of our common stock. Our future growth will depend, in large part, upon our ability to raise additional capital.

Raising additional capital through the issuance of equity securities can dilute the interests of holders of our common stock. The interests of our common stockholders could also be diluted by the issuance of shares of common stock pursuant to stock incentive plans. **Our** ~~Likewise, our~~ Board of Directors is authorized to cause us to issue preferred stock of any class or series with dividend, voting and other rights as determined by our Board of Directors ~~,~~ **(such as the shares of preferred stock that were issued in connection with the closing of the Merger with Spirit)** which could dilute, or otherwise adversely affect, the interest of holders of our common stock. We may acquire properties or portfolios of properties through tax deferred contribution transactions, which could result in stockholder dilution and limit our ability to sell or refinance such assets. We have in the past and may in the future acquire properties or portfolios of properties through tax deferred contribution transactions in exchange for partnership units in an operating partnership, which could result in stockholder dilution through the issuance of operating partnership units that, under certain circumstances, may be exchanged for shares of our common stock. This acquisition structure may have the effect of, among other things, reducing the amount of tax depreciation we could deduct over the tax life of the acquired properties, and may require that we agree to restrictions on our ability to dispose of, or refinance the debt on, the acquired properties in order to protect the contributors' ability to defer recognition of taxable gain. Similarly, we may be required to incur or maintain debt we would otherwise not incur so we can allocate the debt to the contributors to maintain their tax bases. In the event we take any action that incurs taxable gain allocated to these contributors, we may be required to make them whole under tax protection agreements. These restrictions could limit our ability to **manage, control,** sell or refinance an asset at a time, or on terms, that would be favorable absent such restrictions. We are subject to risks associated with debt and preferred stock financing. We intend to incur additional indebtedness in the future, including borrowings under our $ 4. 25 billion unsecured revolving credit facility and our $ 3. 0 billion commercial paper programs. Our revolving credit facility grants us the option, subject to obtaining lender commitments and other customary conditions, to expand the borrowing limits thereunder to up to $ 5. 25 billion. The credit agreement governing our revolving credit facility also governs our $ 250. 0 million unsecured term loan facility due March 2024 and, on January 6, 2023 **,** we entered into the ~~Term Loan Agreement governing our~~ term loan **agreement (the " 2023 term loan agreement ") governing our 2023 term loans** , pursuant to which we borrowed an aggregate of approximately $ 1. 0 billion in multicurrency borrowings. The **2023** ~~Term~~ **term** ~~Loan~~ **loan** ~~Agreement~~ **agreement** also permits us to incur additional term loans, up to an aggregate of $ 1. 5 billion in total borrowings **, pursuant to an accordion expansion feature, which is subject to obtaining lender commitments and other customary conditions** . The ~~Term~~ **term** ~~Loans~~ **loans** ~~initially~~ **pursuant to our 2023 term loan agreement** mature in January ~~2024~~ **2025** ~~and include two~~ **with one remaining** 12- month maturity ~~extensions~~ - **extension available** ~~that can be exercised~~ at **our option. At December 31, 2023, we also had a total of $ 18. 6 billion of outstanding unsecured senior debt securities (excluding unamortized net original issuance premiums, deferred financing costs and basis adjustments on interest rate swaps designated as fair value hedges), including approximately $ 4. 2 billion denominated in Sterling (of which $ 1. 2 billion is related to our privately placed Sterling notes), $ 1. 2 billion denominated in Euro thereunder, and approximately $ 822. 4 million of outstanding mortgage debt (excluding unamortized net discounts and deferred financing costs). In connection with** the ~~company'~~ **consummation of the closing of the Merger on January 23, 2024, we effectively assumed Spirit'** s ~~option~~ **existing term loans with various lenders. Specifically, on January 22, 2024, we entered into an amended and restated term loan agreement, pursuant to which we borrowed $ 800 million in aggregate total borrowings, $ 300 million of which matures on August 22, 2025 and $ 500 million of which matures on August 20, 2027 (the " $ 800 million term loan agreement "), and an amended and restated term loan agreement pursuant to which we borrowed $ 500 million in aggregate total borrowings which matures on June 16, 2025. The $ 800 million term loan agreement and the $ 500 million term loan agreement became effective upon the closing of the Merger on January 23, 2024** . Our A3 / A- credit ratings provide for a borrowing rate of 80 basis points over the applicable benchmark rate, which includes adjusted **Secured Overnight Financing Rate ("** SOFR **")** for US Dollar- denominated loans, adjusted **Sterling Overnight Indexed Average ("** SONIA **")** for Sterling- denominated loans, and **Euro Interbank Offered Rate ("** EURIBOR **")** for Euro- denominated loans. In conjunction with closing, we executed one- year variable- to- fixed interest rate swaps which fix our per annum interest rate at 5. 0 % over the initial term. **In addition,** ~~Pursuant to our unsecured commercial paper programs we may offer and sell up to $ 3. 0 billion of commercial paper at any time. We use our revolving credit facility~~ as a liquidity backstop for the repayment of notes...... from time to time. As a result of the ~~merger~~ **Merger** , all outstanding secured indebtedness **,** ~~and all outstanding~~ liabilities **,** and other indebtedness of ~~VEREIT~~ **Spirit** and its subsidiaries ~~(~~ **,** including $ ~~4~~ **2** . ~~65~~ **75** billion of additional senior unsecured notes that were originally issued by ~~VEREIT OP~~ **Spirit Realty Capital, L. P.** , substantially all of which were exchanged for senior unsecured notes issued by us ~~)~~ **,** became indebtedness and liabilities of ours or our subsidiaries, as the case may be, which substantially increased the total secured indebtedness and the total liabilities and other indebtedness of us and our subsidiaries ~~revolving credit facility as a~~ liquidity backstop for the repayment of notes issued under the commercial paper programs.Specifically,we maintain unused borrowing capacity under our revolving credit facility equal to the aggregate principal amount of borrowings outstanding under our commercial paper programs from time to time.We may in the future enter into amendments and restatements of our revolving credit facility and term loan facilities,or enter into new revolving credit facilities or term loan facilities,and any such amended,restated or replacement revolving credit facilities or term loan facilities may increase the amounts we are entitled to borrow,subject to customary conditions,compared to our current revolving credit facility and term loan facilities,or we may incur other indebtedness.We may also in the future increase the size of our commercial paper programs or establish new commercial paper programs.We expect that we will continue to use our current and any new revolving credit facilities we may enter into (in each case as the same may be expanded,amended or restated,if applicable,from time to time),as a liquidity backstop for the repayment of notes issued under our current or any new commercial paper programs that we may maintain from time **to time.As a** . To the extent that new indebtedness is added to our current debt levels, the related risks that we now face would increase. As a result, we are and will be subject to risks associated with debt financing, including the risk that our cash flow could be insufficient to make required payments on our debt or to pay dividends on our common stock. We also face variable interest rate risk as the interest rates on our revolving credit facility, term loan facilities, and commercial paper programs are variable (subject to our interest rate swaps on our term loan facilities, in effect from time to time), and the interest rates on any credit facilities and term loan facilities we may enter into in the future may be variable, and could therefore increase over time. In addition, commercial paper borrowings are short- term obligations and the interest rate on newly issued commercial paper varies according to market conditions at the time of issuance. **Similarly, some of the indebtedness to which we have become subject to subsequent to the Merger may also bear interest at variable rates.** In addition, while we may enter into hedging and other derivatives instruments to mitigate our exposure to fluctuations in borrowing and currency rates, we may not realize the anticipated benefits from these arrangements or they may be insufficient to mitigate our exposure. We also face the risk that we may be unable to refinance or repay our debt as it comes due. Given past disruptions in the financial markets and ongoing global financial uncertainties ~~, including the impact of COVID- 19, the United Kingdom' s withdrawal from the European Union (referred to as Brexit), and the ongoing Russia- Ukraine conflict~~ , we also face the risk that one or more of the participants in our revolving credit facility may be unwilling or unable to lend us money. We have incurred and may continue to incur indebtedness that is denominated in local currencies to fund our international investments and operations. However, it is possible that such indebtedness may be insufficient or may be on unacceptable terms requiring us to use non- local currency indebtedness. In such event, we may be subject to foreign exchange rate volatility. While we may enter into hedging and other derivatives instruments to mitigate our exposure to fluctuations in foreign exchange rates, we may not realize the anticipated benefits from these arrangements or these arrangements may be insufficient to mitigate our exposure. Our revolving credit facility, our term loan facilities, and our mortgage loan documents contain provisions that could limit or, in certain cases, prohibit the payment of dividends and other distributions to holders of our common stock and any outstanding preferred stock. The credit agreements governing our revolving credit facility and term loan facilities provide that, if an event of default (as defined in the credit agreements, as applicable) exists, we may not pay any dividends or make other distributions on (except distributions payable in shares of a given class of our stock to the stockholders of that class), or repurchase or redeem, among other things, any shares of our common stock or any outstanding preferred stock, during any period of four consecutive fiscal quarters in an aggregate amount in excess of the greater of (i) the sum of 95 % of our adjusted funds from operations (as defined in the credit agreements, as applicable) for that period plus the aggregate amount of cash distributions made to holders of our outstanding preferred stock for that period, and (ii) the minimum amount of cash distributions required to be made to our stockholders in order to maintain our status as a REIT for federal income tax purposes and to avoid the payment of income or excise taxes that would otherwise be imposed under specified sections of the Code on income we do not distribute to our stockholders, except we may repurchase or redeem shares of our outstanding preferred stock, if any, with net proceeds from the issuance of shares of our common stock or preferred stock. The credit agreements each provide that, in the event of a failure to pay principal, interest, or any other amount payable thereunder when due or upon the occurrence of certain events of bankruptcy, insolvency or reorganization with respect to us or with respect to one or more of our subsidiaries that in the aggregate meet a significance test set forth in the credit agreements, we and our subsidiaries (other than our wholly- owned subsidiaries) may not pay dividends or make other distributions on (except for (a) distributions payable in shares of a given class of our stock to the stockholders of that class and (b) dividends and distributions described in (ii) above), or repurchase or redeem, among other things, any shares of our common stock or preferred stock. If any such event of default under the applicable credit agreements (or under any other credit agreement or debt instrument with similar terms that we may in the future enter into or be subject to) were to occur, it would likely have a material adverse effect on the market price of our outstanding common stock and any outstanding preferred stock and on the market value of our debt securities which could limit the amount of dividends or other distributions payable to holders of our common stock and any outstanding preferred stock or the amount of interest and principal we are able to pay on our indebtedness, or prevent us from paying those dividends, other distributions, interest or principal altogether, and may adversely affect our ability to qualify, or prevent us from qualifying, as a REIT. Our indebtedness could also have other important consequences to holders of our common stock, ~~any~~ outstanding preferred stock, and our debt securities, including: ~~• Increasing~~ **increasing** our vulnerability to general adverse economic and industry conditions; ~~• Limiting~~ **limiting** our ability to obtain additional financing to fund future working capital, acquisitions, capital expenditures and other general corporate requirements; ~~• Requiring~~ **requiring** the use of a substantial portion of our cash flow from operations for the payment of principal and interest on our indebtedness, thereby reducing our ability to use our cash flow to fund working capital, acquisitions, capital expenditures, and general corporate requirements; ~~• Limiting~~ **limiting** our flexibility in planning for, or reacting to, changes in our business and our industry; and ~~• Putting~~ **putting** us at a disadvantage compared to our competitors with less indebtedness. If we default under a credit facility, loan agreement, or other debt instrument, the lenders will generally have the right to demand immediate repayment of the principal and interest on all of their loans and, in the case of secured indebtedness, to exercise their rights to seize and sell the collateral. Moreover, a default under a single loan or debt instrument may trigger cross- default or cross- acceleration provisions in other indebtedness and debt instruments, giving the holders of such other indebtedness and debt instruments similar rights to demand immediate repayment and to seize and sell any collateral. Real estate ownership is subject to particular conditions that may have a negative impact on our revenue. We are subject to all of the inherent risks associated with the ownership of real estate. In particular, we face the risk that rental revenue from our properties may be insufficient to cover all corporate operating expenses, debt service payments on indebtedness we incur, and distributions on our capital stock. Additional real estate ownership risks include: • Adverse changes in general or local economic conditions; • Changes in supply of, or demand for, similar or competing properties; • Changes in interest rates and operating expenses (including energy costs, shortages and rationing); • Competition within an industry and for our clients; • Changes in market rents; • Inability to lease properties upon termination of existing leases; • Renewal of leases at lower rental rates; • Inability to collect rental revenue from our clients due to financial hardship, including bankruptcy; •

Changes in tax, real estate, zoning and environmental laws that may have an adverse impact upon the value of real estate; • Uninsured property liability; • Property damage or casualty losses; • Unexpected expenditures for capital improvements, including requirements to bring properties into compliance with applicable federal, state and local laws; • The need to periodically renovate and repair our properties; • Risks assumed as manager for development or redevelopment projects; • Physical or weather- related damage to properties; • The potential risk of functional obsolescence of properties over time; • Acts of terrorism and war; • Changes in consumer behaviors, preferences or demographics; • The impacts of climate change; and • Acts of God and other factors beyond the control of our management. Real estate property investments are illiquid. We may not be able to acquire or dispose of properties when desired or on favorable terms. Real estate investments are relatively illiquid. Our ability to quickly buy, sell or exchange any of our properties in response to changes in economic and other conditions will be limited and U. S. and foreign tax and regulatory regimes and authorities may impose or have the effect of restricting or limiting our ability to sell properties. No assurances can be given that we will recognize full value, at a price and at terms that are acceptable to us, for any property that we are required to sell for liquidity reasons. Our inability to respond rapidly to changes in the performance of our investments could adversely affect our financial condition and results of operations. Our acquisition of additional properties may have a significant effect on our business, liquidity, financial position and / or results of operations. Our future success will depend, in part, upon our ability to manage our **mergers and** acquisitions **, acquisitions,** and expansion opportunities under prevailing market conditions. We are regularly engaged in the process of identifying, analyzing, underwriting, and negotiating possible acquisition transactions. We cannot provide any assurances that we will be successful in consummating future **mergers and acquisitions or** acquisitions on favorable terms or that we will realize expected cash ~~lease~~ yields, operating efficiencies, cost savings, revenue enhancements, synergies, or other benefits. Our inability to consummate one or more acquisitions on such terms, our failure to adequately underwrite and identify risks and obligations when acquiring properties, or our failure to realize the intended benefits from one or more acquisitions, could have a significant adverse effect on our business, liquidity, financial position and / or results of operations, including as a result of our incurrence of additional indebtedness and related interest expense and our assumption of unforeseen contingent liabilities in connection with completed acquisitions. We have made and may continue to make ~~selected~~ acquisitions of properties **(including through the use of alternative acquisition structures such as joint ventures, partnerships, fund and other structures)** that fall outside our historical focus on freestanding, single- client, net lease retail locations in the U. S. We may be exposed to a variety of new risks by expanding into new property types **(e** ~~and / or new jurisdictions outside the U~~ . ~~S~~ **g** . **,** ~~and from properties leased to our clients who engage in~~ non- retail businesses **), geographies, lease and acquisition structures, and clients who engage in non-retail businesses** . These risks may ~~include~~ **be enhanced by our** limited experience in managing ~~certain~~ **new property** types ~~of new properties~~ , **geographies,** ~~new types of real estate locations and~~ lease **and acquisition** structures, **clients.** and the laws and **/ or** culture of non- U. S. **geographies. We are subject to additional risks from our international investments and debt. We have acquired and may continue to invest in properties outside of the U. S. These investments may expose us to a variety of risks that are different from and in addition to those commonly found in the U. S. Our international investments are subject to additional risks, including: • The laws, rules and regulations applicable in such** jurisdictions **.We are subject to additional risks from our international investments and debt.We have acquired and may continue to acquire properties outside of the U.S.These investments may expose us to a variety of risks that are different from and in addition to those commonly found in the U.S.Our international investments are subject to additional risks,including:• The laws,rules and regulations applicable in such jurisdictions** outside of the U.S.,including those related to property ownership and control by foreign entities;• Complying with a wide variety of foreign laws,including corruption,employment,data protection,energy usage,health and safety and environmental regulations which may require capital expenditures to maintain or bring our foreign properties into compliance with applicable regulations ~~and / or may require disclosure of various environmental,social and governance matters~~ ;• Fluctuations in exchange rates between foreign currencies and the U.S.dollar (including risks related to their impact on our results of operations,hedging and other derivative arrangements used to mitigate our exposure to fluctuations in foreign currency rates,translational reporting risks,and exchange controls);• As we may not have or have only a limited number of properties within a jurisdiction,our experience in that market and with local business may be limited ~~,and our operating costs may be disproportionately higher until the number of properties within a jurisdiction grows~~ ;• ~~We may face challenges with expanding into current or new jurisdictions,such as identifying and securing investment opportunities,hiring and retaining employees,extended time periods for acquiring or disposing of investments,which may increase the cost of funding an investment,and potentially experiencing different cultural~~ **Cultural factors** and business practices **that differ from our U.S.standards and practices including as they** ~~related~~ - **relate** to ~~employees,~~ rent adjustments,ground leases ~~,~~ and property ownership requirements and limitations;• Challenges in establishing effective controls and procedures to manage and regulate operations in different regions and to monitor and ensure compliance with applicable regulations,such as applicable laws related to corrupt practices,employment,licensing,construction,energy usage,climate change or environmental compliance;• Unexpected or other changes in regulatory requirements ~~(including disclosure requirements)~~ ,tax,tariffs,trade barriers and other laws within jurisdictions outside the U.S.or between the U.S.and such jurisdictions;• Potentially adverse tax consequences with respect to our properties and / or investment vehicles;• Initial limited investments within certain regions or countries ~~may result~~ **resulting** in industry or client concentration risks;• The impact of regional or country- specific business cycles,inflation and economic instability,including deterioration in political relations with the U.S.,instability in,or further withdrawals from,the European Union or other international trade alliances or agreements;and • Political instability,uncertainty over property rights,civil unrest,acts of war,drug trafficking,political activism or the continuation or escalation of terrorist or gang activities.We also engage external property managers ~~and other third parties,~~ who assist with managing our international properties.If a property manager ~~or third party~~ fails to meet its obligations or terminates its services,we may need to find a replacement **but** ~~;however,~~ these services may be on less favorable terms and conditions ~~,~~ or we may not be able to find a suitable replacement in a timely manner or at all.We have incurred and may continue to incur indebtedness that is denominated in local currencies to fund our international investments and operations.However,it is possible that such indebtedness may be insufficient or may be on unacceptable terms requiring us to use non- local currency indebtedness.In such event,we may be subject to foreign exchange rate volatility which may be impacted by various factors,including those described above.While we may enter into hedging and other derivatives instruments to mitigate our exposure to fluctuations in foreign exchange rates,we may not realize the anticipated benefits from these arrangements or these arrangements may be insufficient to mitigate our exposure.For more information,see " — We are subject to risks associated with debt and preferred stock financing." If we are unable to adequately address these risks,they could have a significant adverse effect on our operations.We may engage in development,speculative development,or expansion projects or invest in new ~~asset~~ **assets** ~~classes~~ ,which would subject us to additional risks that could negatively impact our operations.We may engage in development,speculative development,or other expansion projects,which could require us to raise additional capital and obtain additional state and local permits.A decision by any governmental agency not to issue a required permit or substantial delays in the permitting process could cause us to incur penalties,delay us from receiving rental payments or result in us receiving reduced rental payments,or prevent us from pursuing the development,speculative development,or expansion project altogether.Additionally,any such new development,speculative development,or expansion project may not operate at designed capacity or may cost more to operate than we expect.The inability to successfully complete development,speculative development,or expansion projects or to complete them on a timely basis could adversely affect our business and results of operations. ~~We have recently increased on investments in assets and transaction structures that are outside of our traditional business,including entering into new asset classes,such as casinos and vertical farms,and entering into (or expanding our use of) new transaction structures,such as joint ventures,lending,and increased exploration of sale- leaseback transactions.~~ In addition,in the future,we may invest in new or different assets or enter into new transaction structures that may or may not be closely related to our current business.These new assets and transaction structures may have new,different or increased risks than what we are currently exposed to in our business and we may not be able to manage these risks successfully.Additionally,when investing in such new assets or transaction structures,we will be exposed to **the risk that those assets or structures,or the income generated thereby,will affect our ability to meet the requirements to maintain our REIT status,or will subject us to additional regulatory requirements or limitations.If we are not able to successfully manage the risks associated with such new assets,it could have an adverse effect on our business,results of operations and financial condition** . We may face extensive regulations from gaming and other regulatory authorities regarding current and future gaming properties. As a landlord of a gaming facility or future gaming facilities, we may be impacted by the risks associated with the gaming industry. The ownership, operation, and management of gaming facilities are subject to pervasive regulation. Gaming authorities also retain great discretion such that gaming regulations can impact our gaming clients, individuals associated with the operation of gaming properties, and us as the owner of the real estate and landlord related to such facilities. Gaming laws and regulations can impact all facets of a gaming property, including but not limited to alcoholic beverages, environmental matters, employees, health care, currency transactions, zoning and building codes, and marketing and advertising. Such laws and regulations could change or could be interpreted differently in the future, or new laws and regulations could be enacted, which could adversely affect our operating results, and may also result in additional taxes or licensing fees imposed on us and our gaming clients. In addition, subject to certain administrative due process requirements, gaming regulators generally have broad authority to conduct investigations into the conduct or associations of our officers or certain investors to ensure compliance with applicable standards and suitability to hold a gaming license, and to deny any application or limit, condition, restrict, revoke, or suspend any gaming license, registration, or finding of suitability or approval, or fine any person licensed, registered, or found suitable or qualified as a licensee. As a result, our ability to obtain or maintain our required licenses and approvals, or avoid penalties related thereto, may be subject to risks, including risks outside of our control, and cannot be predicted. Were a tenant unable to continue to perform under a lease, because of the highly regulated nature of the industry, it may be difficult to re- lease gaming properties. This difficulty may be exacerbated to the extent the gaming property is located in a geography that does not have an expansive gaming footprint, such as **one of** the ~~property~~ **properties ,** in which we are invested. A transfer of interest, including a new lease, will likely require approval of regulators and the licensing of a new gaming operator tenant . We are subject to additional risks......, results of operations and financial condition . An uninsured loss or a loss that exceeds the policy limits on our properties could subject us to lost capital or revenue on those properties. Our leases generally require our clients to indemnify and hold us harmless from liabilities resulting from injury to persons, air, water, land or property, due to activities conducted on the properties, except for claims arising from the negligence or intentional misconduct of us or our agents. Additionally, clients are generally required, at the client' s expense, to obtain and keep in full force during the term of the lease, liability and property damage insurance policies. The insurance policies our clients are required to maintain for property damage are generally in amounts not less than the full replacement cost of the improvements less slab, foundations, supports and other customarily excluded improvements. Our clients are generally required to maintain general liability coverage depending on the client and the industry in which the client operates. Many of our properties are also covered by flood and earthquake insurance policies (subject to substantial deductibles) obtained and paid for by our clients as part of their risk management programs. Additionally, we have obtained blanket liability, flood and earthquake (subject to substantial deductibles) and property damage insurance policies to protect us and our properties against loss should the indemnities and insurance policies provided by the clients fail to restore the properties to their condition prior to a loss. We do not carry insurance for certain losses and certain types of losses may be either uninsurable or not economically insurable. However, should a loss occur that is uninsured or in an amount exceeding the combined aggregate limits for the policies noted above, or in the event of a loss that is subject to a substantial deductible under an insurance policy, we could lose all or part of our capital invested in, and anticipated revenue from, one or more of the properties, which could have a material adverse effect on our results of operations or financial condition and on our ability to pay the principal of and interest on our debt securities and other indebtedness and to make distributions to our stockholders. We also face the risk that our insurance carriers may not be able to provide payment under any potential claims that might arise under the terms of our insurance policies, and we may not have the ability to purchase insurance policies we desire. In addition, although we obtain title insurance policies on our properties to help protect us and our properties against title defects (such as adverse claims of ownership, liens or other encumbrances), there may be certain title defects that our title insurance will not cover. If a material title defect related to any of our properties is not adequately covered by a title insurance policy, we could lose some or all of our capital invested in and our anticipated profits from such property, cause a financial misstatement or damage our reputation. Compliance with the Americans with Disabilities Act of 1990 and fire, safety, and other regulations may require us to make ~~unintended~~ **unanticipated** expenditures that could adversely impact our results of operations. Our properties are generally required to comply with the Americans with Disabilities Act of 1990, or the ADA. The ADA has separate compliance requirements for " public accommodations " and " commercial facilities, " but generally requires that buildings be made accessible to people with disabilities. Compliance with the ADA requirements could require removal of access barriers and non-compliance could result in imposition of fines by the U. S. government or an award of damages to private litigants. The ~~retailers~~ **clients** to whom we lease properties are obligated by law to comply with the ADA provisions and, in many cases, the ~~retailers~~ **clients** are generally obligated to cover costs associated with compliance pursuant to the terms of their applicable leases. If required changes involve greater expenditures than anticipated, or if the changes must be made on a more accelerated basis than anticipated, the ability of these ~~retailers~~ **clients** to cover costs could be adversely affected and we could be required to expend our own funds to comply with the provisions of the ADA, which could materially adversely affect our results of operations or financial condition and our ability to pay the principal of and interest on our debt securities and other indebtedness and to make distributions to our stockholders. In addition, our properties must be in compliance with fire and safety regulations, building codes and other land use regulations, as they may be adopted by governmental agencies and bodies and become applicable to our properties. We may be required to make substantial capital expenditures to comply with those requirements and these expenditures could have a material adverse effect on our results of operations or financial condition and our ability to pay the principal of and interest on our debt securities and other indebtedness and to make distributions to our stockholders ~~. Property taxes may increase without notice. The real property taxes on our properties and any other properties that we develop or acquire in the future may increase as property tax rates change and as those properties are assessed or reassessed by tax authorities. While the majority of our leases are under a net lease structure, some or all of such property taxes may not be collectible from our clients~~ . Our business is subject to risks associated with climate change and our sustainability strategies. Our business is subject to risks associated with the effects of climate change, and a resulting shift to a lower carbon economy, and may be subject to further risks in the future. Climate change could adversely affect our business through both chronic and acute perils including, but not limited to, extreme weather, changes in precipitation and temperature, and rising sea levels, all of which may result in physical damage to, or a decrease in demand for, our properties located in the areas affected by these conditions, and may adversely impact consumer behaviors, preferences and spending for our clients, which may impact their ability to fulfill their obligations under our leases, or our ability to re- lease the properties in the future. In addition, should the impact of climate change be severe or occur for lengthy periods of time, connectivity, labor and supply chains could impact business continuity for ourselves and our clients. Chronic climate change may lead to increased costs for us and our clients to adapt to the demands and expectations of climate change or lower carbon usage, including with respect to heating, cooling or electricity costs, retrofitting properties to be more energy efficient or comply with new rules or regulations, or other unforeseen costs. These risks could adversely affect our reputation, financial condition or results of operations. We seek to promote effective energy efficiency and other sustainability strategies and compliance with federal, state and international laws and regulations related to climate change, both internally and with our clients. Our sustainability strategies and efforts to comply with changes in federal, state and international laws and regulations on climate change could result in significant capital expenditures to improve our existing properties or properties we may acquire. Any changes to such laws and regulations could also result in increased operating costs or capital expenditures at our properties. If we are unable to comply with laws and regulations on climate change or implement effective sustainability strategies, our reputation among our clients and investors may be damaged and we may incur fines and / or penalties. Moreover, there can be no assurance that any of our sustainability strategies will result in reduced operating costs, higher occupancy or higher rental rates or deter our existing clients from relocating to properties owned by our competitors. 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 **Environmental, Social and Governance ("** ESG **")** frameworks and standards, such as the Global Real Estate Sustainability Benchmarks, ~~the~~ **Task Force for Climate- Related Financial Disclosures ("** TCFD **")** and the Sustainability Accounting Standards Board. If we are unable to successfully collect the data necessary to comply with these disclosure requirements, we may be subject to increased regulatory risk and if such data is incomplete or unfavorable, our relationship with our investors, our stock price, and our access to capital may be negatively impacted. Our charter contains restrictions upon ownership of our common stock. Our charter contains restrictions on ownership and transfer of our common stock intended to, among other purposes, assist us in maintaining our status as a REIT for U. S. federal and / or state income tax purposes. For example, our charter restricts any person from acquiring beneficial or constructive ownership of more than 9. 8 % (by value or by number of shares, whichever is more restrictive) of our outstanding shares of common stock. These restrictions could have anti- takeover effects and could reduce the possibility that a third party will attempt to acquire control of us, which could adversely affect the market price of our common stock. The value of certain of our investment in real property may be reduced as the result of the expiration or loss of local tax abatements, tax credit programs, or other governmental incentives.

Certain of our investments have the benefit of governmental tax incentives aimed at inducing property users to relocate to incentivize development in areas and neighborhoods which have not historically seen robust commercial development. These incentives typically have specific sunset provisions and may be subject to governmental discretion in the eligibility or award of the applicable incentives. The expiration of these incentive programs or the inability of potential clients or users to be eligible for or to obtain governmental approval of the incentives, or the inability to remain compliant with such programs, may have an adverse effect on the value of our investment, cash flow and net income, and may result in impairment charges. ~~We~~ **Risks Related to the Spirit Merger and Transactions Contemplated by the Merger Agreement Following the Merger, we** may ~~not~~ be ~~able~~ **unable** to **integrate the operations of Spirit successfully, or** realize the anticipated synergies and related benefits of the ~~merger~~ **Merger** ~~with VEREIT~~ and the transactions contemplated by the Merger Agreement **or do so within the anticipated time frame** . The ~~merger~~ **Merger** ~~involved~~ **involves** the combination of two companies which operated as independent public companies. ~~While we~~ **We will be required to** ~~devoted~~ **devote** significant management attention and resources to integrating the ~~business practices and~~ operations of ~~VEREIT, it is possible~~ **Spirit. Potential difficulties we may encounter in the integration process include the following: • the inability to successfully combine Spirit' s operations with ours in a manner** that ~~we may be unable~~ **permits the combined company** to **achieve** ~~realize expected~~ operating efficiencies **(including with the integration of information technology systems)** , cost savings **and efficiencies** , ~~revenue~~ **revenues** ~~enhancements~~ , synergies or other benefits **either in the time frame anticipated or at all; • lost revenue and clients as a result of certain clients of either us or Spirit deciding not to do business with the combined company; • the continued complexities associated with managing a multi- national combined company, integrating certain personnel from the two companies, and the complexities associated with the separation of personnel; • the complexities of combining two companies with different histories, regulatory restrictions, markets and clients; • the failure to retain key employees of either of the two companies; • potential unknown liabilities and unforeseen increased expenses, delays or regulatory conditions associated with the Merger and the transactions contemplated by the Agreement and Plan of Merger, dated October 29, 2023 (the " Merger Agreement "), by and among the Company, Saints MD Subsidiary, Inc., a Maryland corporation and wholly owned subsidiary of the Company, and Spirit; and • performance shortfalls at one or both of the two companies as a result of the diversion of management' s attention caused by completing the Merger and integrating Spirit' s operations with ours. In addition, as disclosed, certain legal proceedings were instituted against us, Spirit, and the former Spirit directors and we may see additional legal proceedings instituted in the future. The pendency and outcome of any legal proceedings is uncertain and may result in additional costs, expenses and the diversion of management' s attention all of which could have an adverse effect on our business, operating results and price of our common stock or our ability to raise additional capital. Our historical and unaudited pro forma condensed combined financial statements may not be representative of our results after the Merger and the transactions contemplated by the Merger Agreement. The Merger and the transactions contemplated by the Merger Agreement were completed in January 2024. Accordingly, our historical financial statements and our operating results for the periods prior to such time do not give effect to those transactions. In addition, the unaudited pro forma condensed combined financial statements related to such transactions that we have previously prepared were created for informational purposes only and do not purport to be indicative of the financial position or results of operations that actually would have occurred had the Merger and the transactions contemplated by the Merger Agreement been completed as of the dates indicated, nor does it purport to be indicative of our future operating results or financial position after the Merger and the transactions contemplated by the Merger Agreement. The unaudited pro forma condensed combined financial statements reflect adjustments, which were based upon preliminary estimates, to allocate the purchase price to Spirit' s assets and liabilities and certain estimates and assumptions regarding the Merger and the transactions contemplated by the Merger Agreement that we and Spirit believe are reasonable under the circumstances. In addition, the unaudited pro forma condensed combined financial statements do not reflect other future events that occur after the Merger and the transactions contemplated by the Merger Agreement, including the costs related to the planned integration of the two companies and any future nonrecurring charges resulting from the Merger and the transactions contemplated by the Merger Agreement, and do not consider potential impacts of current market conditions on revenues or expense efficiencies. As a result, we cannot assure you that our historical and unaudited pro forma condensed combined financial statements will be representative of our results for future periods. Our common stockholders will be diluted by the Merger. At the closing of the Merger, we issued approximately 108. 0 million additional shares of common stock. Consequently, as a result of this dilution, our common stockholders as of immediately prior to the Merger have less voting control and influence over our management and policies after the effective time of the Merger than they previously exercised over our management and policies** . General Risk Factors The market value of our capital stock and debt securities could be substantially affected by various factors. The market value of our capital stock and debt securities will depend on many factors, which may change from time to time and may be outside of our control, including: • Prevailing interest rates, increases in which may have an adverse effect on the market value of our capital stock and debt securities; • The market for similar securities issued by other REITs; • General economic, political and financial market conditions; • The financial condition, performance and prospects of us, our clients and our competitors; • Changes in legal and regulatory taxation obligations; • Litigation and regulatory proceedings; • Changes in financial estimates or recommendations by securities analysts with respect to us, our competitors or our industry; • Changes in our credit ratings; • Actual or anticipated variations in quarterly operating results of us and our competitors; and • Failure to achieve the perceived benefits of the ~~merger~~ **Merger** and the transactions contemplated by the Merger Agreement or if the effect of the ~~merger~~ **Merger** and the transactions contemplated by the Merger Agreement on our results of operations or financial condition is not consistent with the expectations of financial or industry analysts. In addition, over the last several years, prices of common stock and debt securities in the U. S., trading markets have experienced extreme price fluctuations, and the market values of our common stock and debt securities have also fluctuated significantly during this period. As a result of these and other factors, investors who purchase our capital stock and debt securities may experience a decrease, which could be substantial and rapid, in the market value of our capital stock and debt securities, including decreases unrelated to our operating performance or prospects. Litigation risks could affect our business. From time to time, we are involved in legal proceedings, lawsuits, and other claims including those that may arise out of **mergers and acquisitions,** acquisitions, development opportunities **, dispositions, joint ventures,** and other strategic transactions. An unfavorable resolution of litigation may have a material adverse effect on our business, results of operations and financial condition. Regardless of its outcome, litigation may result in substantial costs and expenses and significantly divert the attention of management. We depend on key personnel. We depend on the efforts of our executive officers and key employees **.** The loss of the services of our executive officers and key employees could have a material adverse effect on our results of operations or financial condition and on our ability to pay the principal and interest on our debt securities and other indebtedness and to make distributions to our stockholders. It is possible that we will not be able to recruit additional personnel with equivalent experience in the net lease industry or retain employees to the same extent as in the past. Natural disasters, terrorist attacks, **cyber attacks,** other acts of violence or war, or other unexpected events may affect the value of our debt and equity securities, the markets in which we operate and our results of operations. Natural disasters, terrorist **attacks, cyber** attacks, other acts of violence or war, or other unexpected events (e. g., pandemics or epidemics) may negatively affect our operations, the market price of our capital stock and the value of our debt securities. There can be no assurance that events like these will not occur or have a direct impact on our clients, our business or the U. S. or world generally. If events like these were to occur, they could materially interrupt our business operations, cause consumer confidence and spending to decrease or result in increased volatility in the U. S. and worldwide financial markets and economy. They also could result in or prolong an economic recession in the U. S. or abroad. Any of these occurrences could have a significant adverse impact on our operating results and revenues and on the market price of our capital stock and on the value of our debt securities. It could also have an adverse effect on our ability to pay principal and interest on our debt securities or other indebtedness and to make distributions to our stockholders. We rely on information technology in our operations, and any material failure, inadequacy, interruption or security failure of that technology could harm our business. We, like all businesses, are subject to cyber- attacks and security incidents, which threaten the confidentiality, integrity, and availability of our systems and information resources. Cyber- attacks are malicious cyber activity and a security incident is a successful cyber-attack that has the potential to expose sensitive data, internal systems, or otherwise disrupt business operations. Those attacks and incidents may be due to intentional or unintentional acts by employees, contractors or third- parties, who seek to gain unauthorized access to our or our service providers' systems to disrupt operations, corrupt data, or steal confidential information through malware, computer viruses, ransomware, social engineering (e. g., phishing attachments to e- mails) or other vectors. The risk of a cybersecurity breach or operational disruption, particularly through a cyber incident, including by computer hackers, foreign governments and cyber terrorists, has generally increased as the number, intensity and sophistication of attempted attacks and intrusions from around the world have increased, particularly as remote working has become more common. Our information technology (" IT ") networks and related systems are essential to the operation of our business and our ability to perform day- to- day operations and, in some cases, may be critical to the operations of certain of our clients. Although we make efforts to maintain the security and integrity of these types of IT networks and related systems, and we have implemented various measures to manage the risk of a security breach or disruption (such as the implementation of systems and / or vendors that provide constant monitoring of our IT networks and related systems for cyber- attacks and incidents); however, there can be no assurance that our security efforts and measures will be effective or that attempted security breaches or disruptions would not be successful or damaging. While we maintain some of our own critical IT networks and related systems, we ~~also~~ depend on third- parties to provide important software, technologies, tools and a broad array of services and functions, such as payroll, human resources, electronic communications, data storage, and certain finance and treasury functions, among others. In ~~addition, in~~ the ordinary course of our business, we collect, process, transmit and store sensitive data, within our own systems and ~~utilizing~~ **utilize** those of third- party providers, including intellectual property, our proprietary business information and that of our ~~customers~~ **clients** , suppliers and business partners, as well as personally identifiable information. Our measures to prevent, detect and mitigate these threats may not be successful in preventing a security incident or data breach or limiting the effects of such a breach. This is particularly so because attack methodologies change frequently or are not recognized until launched, and we also may be unable to investigate or remediate incidents because attackers are increasingly using techniques and tools designed to circumvent controls, to avoid detection, and to remove or obfuscate forensic evidence. **Our clients, joint venture partners, or other third parties with whom we do business may themselves become subject to cyberattacks or security incidents, over which we may have no control, and which could have an indirect adverse impact on them, us or our business relationship.** The primary risks that could directly result from the occurrence of a cyberattack or security incident include operational interruption, damage to our relationship with our clients, reputational damage, and private data exposure. We could be required to expend significant capital and other resources to address an attack or incident, which may not be covered or fully covered by our insurance and which may involve payments for investigations, forensic analyses, legal advice, public relations advice, system repair or replacement, or other services, in addition to any remedies or relief that may result from legal proceedings. Our financial results may be negatively impacted by **any** such attacks and incidents or any resulting negative media attention. Further, while we carry cyber liability insurance, such insurance may not be adequate to cover all losses related to such events. Volatility in market and economic conditions may impact the accuracy of the various estimates used in the preparation of our financial statements and footnotes to the financial statements. Various estimates are used in the preparation of our financial statements, including estimates related to asset and liability valuations (or potential impairments), and ~~various~~ receivables. Often these estimates require the use of market data values **and involve** ~~that are currently difficult to assess, as well as~~ estimates of future performance or receivables collectability ~~that~~ **all of which** can ~~also~~ be difficult to accurately predict.

Although management believes it has been prudent and used reasonable judgment in making these estimates, it is possible ~~that~~ actual results may differ from these estimates. Inherent limitations of internal controls over financial statements, disclosure controls and safeguarding of assets may adversely impact our financial condition and results of operations. Our internal controls over financial reporting, disclosure controls and procedures and our operating internal controls may not prevent or detect financial misstatements or loss of assets because of inherent limitations, including the possibility of human error, the circumvention or overriding of controls, or fraud. Effective internal controls can provide only reasonable assurance with respect to financial statement and disclosure accuracy and safeguarding of assets. Failures in our internal controls could result in adverse consequences in our financial reporting and operations, including delays, additional costs, impairment in our ability to access capital, adverse impacts to investor confidence, regulatory review, or litigation. Our business operations may not generate the cash needed to make distributions on our capital stock or to service our indebtedness. Our ability to make distributions on our common stock and any outstanding preferred stock and payments on our indebtedness, and to fund planned acquisitions and capital expenditures will depend on our ability to generate cash in the future. We cannot make any assurances that our business will generate sufficient cash flow from operations or that future borrowings will be available to us in an amount sufficient to enable us to make distributions on our common stock and any outstanding preferred stock, to pay our indebtedness, or to fund our other liquidity needs. Disruptions in the financial markets could affect our ability to obtain financing on reasonable terms and have other adverse effects on us, the market price of our common stock, and may make it more difficult or costly for us to raise capital. Historically, there have been periods where the global equity and credit markets have experienced significant price volatility, dislocations and liquidity disruptions, which have caused market prices of equity and debt securities to fluctuate substantially and the spreads on prospective debt financings to widen considerably. These circumstances have materially impacted liquidity in the financial markets, making terms for certain financings less attractive, and in certain cases have resulted in the unavailability of certain types of financing. Uncertainty in the equity and credit markets may negatively impact our ability to access additional financing at reasonable terms, which may adversely affect our ability to make acquisitions. A prolonged downturn in the equity or credit markets may cause us to refinance at higher rates, seek alternative sources of potentially less attractive financing, and may require us to adjust our business plan accordingly. In addition, these factors may make it more difficult for us to buy or sell properties, may adversely affect the price we purchase or receive for properties, as we and prospective buyers may experience increased costs of financing or difficulties in obtaining financing. These events in the equity and credit markets may make it more difficult or costly for us to raise capital through the issuance of common stock, preferred stock or debt securities. These disruptions in the financial markets also may have a material adverse effect on the market value of our common stock and debt securities, the income we receive from our properties and the lease rates we can charge for our properties, as well as other unknown adverse effects on us or the economy in general. Inflation (including prolonged inflationary periods) may adversely affect our **results of operations,** financial condition and **liquidity** ~~results of operations~~ . Increased inflation or anticipated inflationary periods **, such as the period in which we are currently in,** could have a more pronounced negative impact on any variable rate debt we incur in the future and on our results of operations. During times when inflation is greater than increases in rent, as provided for in our leases, rent increases may not keep up with the rate of inflation and other costs (including increases in employment and other fees and expenses). Government regulations may limit the indices we can utilize in lease adjustments **thereby** ~~and, in turn, limit~~ **limiting** our ability to increase rent ~~in our leases~~ . Even though net leases reduce our exposure to rising property expenses due to inflation, substantial inflationary pressures and increased costs may have an adverse impact on our clients if increases in their operating expenses exceed increases in revenue, which may adversely affect our clients' ability to pay rent. The U. K. government plans to migrate away from the Retail Price Index (**"** RPI **"**) ~~, which has been widely used in lease adjustments~~ , to alternatives such as the Consumer Price Index including owner occupiers' housing costs ~~(CPIH)~~ , that may result in a lower measure of inflation and, in turn, have a negative impact on our lease revenue currently tied to RPI in the U. K. Inflationary periods may cause us to experience increased costs of financing, ~~make~~ **making** it difficult to **incur or** refinance debt at attractive rates or at all, and may adversely affect the properties we can acquire if the cost of financing an acquisition is in excess of our anticipated earnings from such property thereby limiting the properties that can be acquired. ~~All of these may have an adverse effect on our results of operations, financial condition and liquidity.~~ To the extent periods of high inflation are prolonged, these results may be exacerbated. ~~35~~