Risk Factors Comparison 2024-02-27 to 2023-03-08 Form: 10-K

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You should carefully consider the following risks and other information in this Annual Report on Form 10- K in evaluating our company and our common stock. Any of the following risks could materially and adversely affect our business, financial condition and results of operations. Risks Related to Our Properties and Business If global market and economic conditions deteriorate, our business, financial condition and results of operations could be materially adversely affected. Weak economic conditions generally, sustained uncertainty about global economic conditions, a tightening of credit markets, business layoffs, downsizing, industry slowdowns and other similar factors that affect our tenants ~~could~~ **have** negatively ~~impact~~ **impacted** commercial real estate fundamentals and **may continue to do so, which has resulted and may continue to** result in lower occupancy, lower rental rates and declining values in our real estate portfolio. Additionally, these factors and conditions ~~could~~ **have had and may continue to** have an impact on our lenders or tenants, ~~causing~~ **which could cause** them to **reduce their business with us or** fail to meet their obligations to us. We are subject to the risk of rising interest rates, including that our borrowing costs may increase and we may be unable to **extend or** refinance our debt obligations on favorable terms or at all. We are also subject to the risk of inflation, including that our operating costs, such as insurance premiums, utilities, real estate taxes and capital expenditures and repair and maintenance costs, may rise. We also may be unable to offset any increases in our borrowing costs or operating costs by increases in our rental revenues which are generally fixed. No assurances can be given regarding such macroeconomic factors or conditions, and our ability to lease our properties and increase or maintain rental rates or the profitability of our properties may be negatively impacted, which may have a material adverse effect on our business, financial condition and results of operations. **Changes in** ~~The COVID- 19 pandemic has had, and may continue to have, significant impacts on~~ workplace practices **and** ~~, or other~~ office space utilization ~~trends~~ , **including** ~~which could materially adversely impact our business, operating results, financial condition and prospects. Temporary closures of businesses and the resulting~~ remote ~~working~~ **and hybrid work** arrangements **, have reduced the demand** for **office space at** ~~personnel in response to the COVID- 19 pandemic or~~ **our properties and** ~~any future pandemic or outbreak of a highly infectious or contagious disease or fear of such pandemics or outbreaks~~ may ~~result~~ **continue to do so. Changes** in ~~long- term changed~~ **workplace practices and office space utilization, including remote and hybrid** work ~~practices that could~~ **arrangements, have** negatively ~~impact~~ **impacted** ~~us and~~ our ~~business~~ **company and these factors may continue and worsen** . For example, the increased adoption of and familiarity with remote **and hybrid** work practices has resulted in decreased demand for and utilization of office space. ~~We believe these~~ **These** trends have impacted our leasing efforts as certain of our tenants have elected to not renew their leases, or to renew them for less space than they were occupying, resulting in increases in vacancy rates at our properties and decreases in rental income. ~~The increase in remote~~ **Remote and hybrid** work practices may continue **to persist** ~~in a post- pandemic environment, even in the suburban markets and markets with lower demand in which we primarily operate~~ , which may cause the trends impacting our leasing efforts to continue or even accelerate. Tenants' evolving preferences regarding office space configuration either in response to the **COVID- 19** pandemic or for other reasons, may impact their space requirements and also has required and may continue to require us to spend increased amounts for tenant improvements. If substantial office space reconfiguration is required, a tenant may explore other office space and find it more advantageous to relocate than to renew its lease and renovate the existing space. Less successful leasing efforts and increased leasing costs may cause our business, operating results, financial condition and prospects to be materially adversely impacted. We could experience difficulties or delays renewing leases or re- leasing space, which will increase our costs to operate and maintain such properties without receiving income. We derive nearly all of our net income from rent received from our tenants, and our profitability is significantly dependent upon our ability to minimize vacancies in our properties and ensure our tenants timely pay rent at an attractive rate. If a tenant experiences a downturn in its business or other types of financial distress, it may be unable to make timely rental payments. If lease defaults occur, we may experience delays in enforcing our rights as landlord. As of December 31, ~~2022~~ **2023** , our portfolio, including our pro rata share of properties owned by the Arch Street Joint Venture, had a weighted average lease term of 4. ~~1~~ **0** years, and had ~~five~~ **12** vacant operating properties, with an aggregate ~~0~~ **1** . ~~7~~ **4** million square feet, including three properties, with an aggregate of 0. ~~3~~ **4** million square feet, that have remained vacant for over one year. If our tenants decide not to renew their leases, terminate their leases early or default on their leases, we will seek to re- lease the space to new tenants. We ~~also seek to lease our vacant properties to new tenants. We~~ may not, however, be able to re- lease the space to suitable replacement tenants on a timely basis, or at all. Even if we are able to renew leases with existing tenants or enter into new leases with replacement tenants, the terms of renewals or new leases, including the cost of required renovations or concessions to tenants, ~~particularly commercial tenants,~~ may be less favorable to us than current lease terms. As a result, our net income and ability to pay dividends to stockholders could be materially adversely affected. Further, if any of our properties cannot be leased on terms and conditions favorable to us, we may seek to dispose of the property; however, such property may not be marketable at a suitable price without substantial capital improvements, alterations, or at all, which could inhibit our ability to effectively dispose of those properties and could require us to expend capital to fund necessary capital improvements or alterations. Most of our properties depend upon a single tenant for all or a majority of their rental income; therefore, our financial condition, including our ability to make distributions to stockholders, may be adversely affected by the bankruptcy or insolvency, a downturn in the business, or a lease termination of such a single tenant. During the year ended December 31, ~~2022~~ **2023** , most of our rental revenue was from our properties leased to single tenants. The value of our single tenant properties is materially dependent on the performance of those tenants under their respective leases. These tenants face competition within their industries and other factors that could reduce their ability to pay us rent. Lease payment defaults by such tenants could cause us to reduce the amount of distributions that we pay to our stockholders. A default by a single or major tenant, the failure of a guarantor to fulfill its obligations or premature termination of a lease to such a tenant or such tenant' s election not to extend a lease upon its expiration could have an adverse effect on our financial condition, results of operations, liquidity and ability to pay distributions to our stockholders. Government budgetary pressures and priorities and trends in government employment and office leasing may adversely impact our business. We believe that recent government budgetary and spending priorities and enhancements in technology have resulted in a decrease in government office use for employees. Furthermore, over the past several years, government tenants have reduced their space utilization per employee and consolidated government tenants into existing government owned properties. ~~This activity has~~ **Persistent remote and hybrid work practices have also reduced space utilization at many of our government properties. These factors have** reduced the demand for government leased space **, and may continue to do so** . Our historical experience with respect to properties of the type we own that are majority leased to government tenants has been that government tenants frequently renew leases to avoid the costs and disruptions that may result from relocating their operations. However, efforts to manage space utilization rates may result in the government tenants exercising early termination rights under our leases, vacating our properties upon expiration of our leases in order to relocate, or renewing their leases for less space than they currently occupy. Also, our government tenants' desire to reconfigure leased office space to manage utilization per employee may require us to spend significant amounts for tenant improvements, and tenant relocations are often more prevalent in those circumstances. Compared to our historical experience with government tenants, the government tenants' leasing decisions and strategies may be less predictable. **Additionally** ~~It is also possible that as a result of the COVID- 19 pandemic, government tenants may seek to manage space utilization rates in order to provide greater physical distancing for employees, which may require us to spend significant amounts for tenant improvements, mostly with lease renewals. However~~ , the COVID- 19 pandemic and its aftermath have had negative impacts on government budgets and resources, and it is unclear what the effect of these impacts will be on government demand for leasing office space ~~. Given the significant uncertainties, including as to the COVID- 19 pandemic and its economic impact and its aftermath, we are unable to reasonably project what the financial impact of market conditions or changing government circumstances will be on our financial results for future periods~~ . We are invested in the Arch Street Joint Venture and have co- invested in and may in the future co- invest in joint ventures with third parties. The Arch Street Joint Venture, including the limitations it places on our ability to acquire new properties, may adversely affect our ability to acquire wholly- owned properties and any joint venture investments could be adversely affected by the capital markets, lack of sole decision- making authority, reliance on joint venture partners' financial condition and any disputes that may arise between us and our joint venture partners. We are invested in the Arch Street Joint Venture and have co- invested and may in the future co- invest with third parties through partnerships, joint ventures or other structures in which we acquire non- controlling interests in, or share responsibility for, managing the affairs of a property, partnership, co- tenancy or other entity. In connection with Arch Street Capital Partners' consent to the transfer of the equity interests in the Arch Street Joint Venture to us in the Separation, we entered into the ROFO Agreement with the Arch Street Joint Venture, whereby we will agree to not acquire any property within certain investing parameters without first offering the property for purchase to the Arch Street Joint Venture. **The ROFO Agreement will expire not later than November 12, 2024.** As our investment in the Arch Street Joint Venture is a minority, non- controlling interest, the investment decision by the Arch Street Joint Venture with respect to any property offered pursuant to the ROFO Agreement is controlled by Arch Street Capital Partners. If the Arch Street Joint Venture decides to acquire a property, our participation in the profitability and growth related to that property may be adversely impacted by our limited participation rights, and our ability to determine the strategy with respect to ~~those~~ properties ~~will be~~ **we own through the Arch Street Joint Venture is** materially limited compared to acquisitions we make directly, including with respect to leasing, disposition and joint venture opportunities (including if such actions are necessary to maintain compliance with our debt commitments). If the Arch Street Joint Venture elects not to purchase a property offered pursuant to the ROFO Agreement, their rights to first review the opportunity may delay or otherwise interfere in our ability to competitively bid or acquire such property, which, in turn, adversely affect our ability to act on our investment strategies in accordance with our business plan. We also may enter into future joint ventures pursuant to which we will not be able to exercise sole decision- making authority regarding the properties owned through such joint ventures or similar ownership structure. In addition, investments in joint ventures may, under certain circumstances, involve risks not present when a third party is not involved, including potential deadlocks in making major decisions, restrictions on our ability to exit the joint venture, reliance on joint venture partners and the possibility that a joint venture partner might become bankrupt or fail to fund its share of required capital contributions, thus exposing us to liabilities in excess of our share of the joint venture or jeopardizing our REIT status. The funding of our capital contributions to such joint ventures may be dependent on proceeds from asset sales, credit facility advances or sales of equity securities. Joint venture partners, including Arch Street Capital Partners, may have business interests or goals that are inconsistent with our business interests or goals, and may be in a position to take actions contrary to our best interests. We may, in specific circumstances, be liable for the actions of our joint venture partners. In addition, any disputes that may arise between us and joint venture partners, including Arch Street Capital Partners, may result in litigation or arbitration that would increase our expenses. Any of the foregoing may have a material adverse effect on our business, financial condition and results of operations. The U. S. government' s " green lease " policies may adversely affect us. In recent years, the U. S. government has instituted " green lease " policies which allow a government tenant to require Leadership in Energy and Environmental Design for commercial interiors, or LEED ®- CI, designation in selecting new premises or renewing leases at existing premises, and these policies have and may continue to be expanded to cover additional enhanced requirements. In addition, the Energy Independence and Security Act of 2007 allows the General Services Administration to give preference to buildings for lease that have received an " Energy Star " label. Complying with enhanced requirements may be costly and time consuming, but our failure to do so may result in our competitive disadvantage in acquiring new or retaining existing government tenants. We may suffer adverse effects from acquisitions of commercial real estate properties. We may pursue acquisitions of ~~existing~~ **additional** commercial real estate properties as part of our ~~acquisition~~ **business** strategy. Acquisitions of commercial properties entail risks, such as the risk that we may not be in a position, or have the opportunity in the future, to make suitable property acquisitions on advantageous terms and / or that such acquisitions fail to perform as expected. We may pursue selective acquisitions of properties in regions where we have not previously owned properties. These acquisitions may entail risks in addition to those we face with acquisitions in more familiar regions, such as our not sufficiently anticipating conditions or trends in a new market and therefore not being able to operate the acquired property profitably. In addition, we may acquire properties that are subject to liabilities in situations where we have no recourse, or only limited recourse, against the prior owners or other third parties with respect to unknown liabilities. As a result, if a liability were asserted against us based upon ownership of those properties, we might have to pay substantial sums to settle or contest it. Examples of unknown liabilities with respect to acquired properties include, but are not limited to: • liabilities for remediation of disclosed or undisclosed environmental contamination; • claims by tenants, vendors or other persons dealing with the former owners of the properties; • liabilities incurred in the ordinary course of business; and • claims for indemnification by general partners, directors, officers and others indemnified by the former owners of the properties. Our performance is subject to risks inherent in owning real estate investments. We are generally subject to risks incidental to the ownership of real estate. These risks include: • changes in supply of or demand for office properties in our market or sub- markets; • competition for tenants in our market or sub- markets; • the ongoing need for capital improvements; • increased operating costs, which may not necessarily be offset by increased rents, including insurance premiums, utilities, real estate taxes, capital expenditures and repair and maintenance costs, due to inflation and other factors; • changes in tax, real estate and zoning laws; • changes in governmental rules and fiscal policies; • inability of tenants to pay rent; • competition from the development of new office space in our market or sub- markets and the quality of competition, such as the attractiveness of our properties as compared to our competitors' properties based on considerations such as convenience of location, rental rates, amenities and safety record; and • civil unrest, acts of war, terrorism, adverse political conditions, acts of God, including earthquakes, hurricanes and other natural disasters (which may result in uninsured losses) and other factors beyond our control. Should any of the foregoing occur, it may have a material adverse effect on our business, financial condition and results of operations. We face considerable competition in the leasing market and may be unable to renew existing leases or re- let space on terms similar to our existing leases, or we may expend significant capital in our efforts to re- lease space, which may adversely affect our business, financial condition and results of operations. We compete with a number of other owners and operators of office properties to renew leases with our existing tenants and to attract new tenants. **If our properties are not as attractive to existing or new tenants as properties owned by our competitors due to age of the buildings, physical condition, lack of amenities or other similar factors, we could lose tenants, it could take longer to re- lease our properties and we could suffer lower rental rates.** To the extent that we are able to renew leases that are scheduled to expire in the short- term or re- let such space to new tenants, heightened competition may require us to give rent concessions or provide tenant improvements to a greater extent than we otherwise would have. If our competitors offer space at rental rates below current market rates or below the rental rates we currently charge our tenants, we may lose potential tenants, and we may be pressured to reduce our rental rates below those we currently charge, or may not be able to increase rates to market rates, in order to retain tenants upon expiration of their existing leases. Even if our tenants renew their leases or we are able to re- let the space, the terms and other costs of renewal or re- letting, including the cost of required renovations, increased tenant improvement allowances, leasing commissions, declining rental rates, and rent or other potential concessions, may be less favorable than the terms of our current leases and could require significant capital expenditures. Our inability to renew leases or re- let space in a reasonable time, a decline in rental rates or an increase in tenant improvement allowances, leasing commissions, rent concessions or other costs may have a material adverse effect on our business, financial condition and results of operations. Tenant defaults may have a material adverse effect on our business, financial condition and results of operations. Nearly all of our revenues and income comes from rental income from real property. As such, our business, financial condition and results of operations could be adversely affected if our tenants default on their lease obligations. Our ability to manage our assets is also subject to federal bankruptcy laws and state laws that limit creditors' rights and remedies available to real property owners to collect delinquent rents. If a tenant becomes insolvent or bankrupt, we cannot be sure that we could recover the premises from the tenant promptly or from a trustee or debtor- in- possession in any bankruptcy proceeding relating to that tenant. We also cannot be sure that we would receive any rent in the proceeding sufficient to cover our expenses with respect to the premises. If a tenant becomes bankrupt, the federal bankruptcy code will apply and, in some instances, may restrict the amount and recoverability of our claims against the tenant. A tenant' s default on its obligations may have a material adverse effect on our business, financial condition and results of operations. Some of our leases provide tenants with the right to terminate their leases early, which may have a material adverse effect on our business, financial condition and results of operations. Certain of our leases permit our tenants to terminate their leases as to all or a portion of their leased premises prior to their stated lease expiration dates under certain circumstances, such as providing notice by a certain date and, in most cases, paying a termination fee. To the extent that our tenants exercise early termination rights, our cash flow and earnings will be adversely affected, and we can provide no assurances that we will be able to generate an equivalent amount of net effective rent by leasing the vacated space to new third- party tenants. If our tenants elect to terminate their leases early, it may have a material adverse effect on our business, financial condition and results of operations. We have a significant amount of indebtedness and may need to incur more in the future. As of December 31, ~~2022~~ **2023** , we have approximately $ ~~530~~ **471** . 0 million of total outstanding indebtedness. In addition, in connection with executing our business strategies going forward, we expect to invest in our current portfolio and **, as market conditions permit, intend** to acquire additional properties and make strategic investments, and we may elect to finance these endeavors by incurring additional indebtedness. The amount of such indebtedness could have material adverse consequences for us, including: •

hindering our ability to adjust to changing market, industry or economic conditions; • limiting our ability to access the capital markets to raise additional equity or refinance maturing debt on favorable terms ~~or~~ to fund acquisitions **, respond to competitive challenges or otherwise execute** ~~or~~ **our** ~~emerging businesses~~ -- **business strategy** ; • limiting the amount of free cash flow available for future operations, **reinvestment in our portfolio,** acquisitions, dividends ~~, stock repurchases~~ or other uses; • making us more vulnerable to economic or industry downturns, including interest rate increases; and • placing us at a competitive disadvantage compared to less leveraged competitors. ~~Moreover, to respond to competitive challenges, we may be required to raise substantial additional capital to execute our business strategy.~~ Our ability to arrange additional financing will depend on, among other factors, our financial position and performance, as well as prevailing market conditions and other factors beyond our control. If we are able to obtain additional financing, such financing could further raise our borrowing costs and **adversely impact** ~~further limit our future access to capital and~~ our ability to satisfy our obligations under our indebtedness, which may have a material adverse effect on our business, financial condition and results of operations. In addition, our charter and bylaws do not limit the amount of indebtedness we may incur. Accordingly, our board of directors may permit us to incur additional debt and would do so, for example, if it were necessary to maintain our status as a REIT. We might become more highly leveraged as a result, and our financial condition, results of operations and funds available for distribution to stockholders might be negatively affected, and the risk of default on our indebtedness could increase, which may have a material adverse effect on our business, financial condition and results of operations. We have existing debt and refinancing risks that could have a material adverse effect on our business, financial condition and results of operations, including the risk that ~~interest rates may rise~~ **we will be unable to extend or refinance some or all of our debt, including uncertainty with regard to our ability to extend and continue to comply with or otherwise refinance our Revolving Facility which is scheduled to mature on November 12, 2024** . We have both fixed and variable rate indebtedness and may incur additional indebtedness in the future, including borrowings under our ~~Revolver / Term Loan Facilities, to finance possible acquisitions and for general corporate purposes. The Revolver / Term Loan Facilities include the $ 175. 0 million Term Loan Facility scheduled to mature in November 2023 and the~~ $ 425. 0 million Revolving Facility **. Our Revolving Facility is** scheduled to mature in November 2024 **, and we have the option to extend the maturity an additional 18 months until May 12, 2026. The extension option is subject to customary conditions, including there being no default or event of default, such as the failure to satisfy a financial or other covenant. Our ability to satisfy these conditions and continue to comply with the terms of the Revolving Facility is partially dependent upon us having a sufficient level of unencumbered asset value as defined in the credit agreement with respect to the Revolving Facility. The level of unencumbered asset value is partially dependent upon future leasing activity at the underlying properties and / or us acquiring additional properties to add to the unencumbered asset pool, and there is uncertainty about our ability to renew or re- lease properties and / or acquire additional properties at a sufficient level to meet the requirements to extend and continue to comply with the Revolving Facility. Accordingly, the extension option may not be available to us. Additionally, we do not expect to have generated sufficient cash from operations to repay the principal outstanding under the Revolving Facility, which was $ 116. 0 million as of December 31, 2023, on its scheduled maturity date. We have had preliminary discussions with the administrative agent of the Revolving Facility to potentially amend the facility in a manner that would result in an extension of the facility and a reduction in the amount of unencumbered asset value required under the financial covenants of the Revolving Facility. However, there is no assurance that we will be able to reach an agreement with the lenders of the Revolving Facility on favorable terms and in a timely manner, or at all. If we are unable to meet the conditions to extend and continue to comply with the Revolving Facility, or otherwise modify the Revolving Facility to allow us to extend and continue to comply with, or otherwise refinance, this facility, we might be forced to sell assets to generate cash, which might be on unfavorable terms, if at all, or we might not be able to make all required payments of principal and interest on our debt, which could result in a default, result in our lenders foreclosing on our assets, or otherwise have a material adverse effect on our financial condition and results of operations. The mortgage notes associated with the Arch Street Joint Venture are also scheduled to mature in November 2024, and the Arch Street Joint Venture has two successive one- year options to extend the maturity until November 27, 2026. The extension options are subject to satisfaction of certain conditions, including satisfaction of certain financial and operating covenants. We believe the Arch Street Joint Venture will be able to satisfy the extension conditions or otherwise extend the loan on terms mutually acceptable to the Arch Street Joint Venture and the existing lenders, but we cannot provide any assurance it will be able to do so. If the Arch Street Joint Venture is unable to extend or refinance the mortgage notes, our investment in the Arch Street Joint Venture could be materially adversely affected** . As a result **of the indebtedness we incur** , we are, and expect to be, subject to the risks normally associated with debt financing including: • that **we** ~~interest rates may rise; • that our cash flow~~ will be ~~insufficient to make required payments of principal and interest; • that we will be~~ unable to **extend or** refinance some or all of our debt or increase the availability of overall debt on terms as favorable as those of our existing debt, or at all; • that **interest rates may rise; • that** ~~any refinancing will not be on terms as favorable as those of~~ our ~~existing debt~~ **cash flow could be insufficient to make required payments of principal and interest** ; • that required payments on mortgages and on our other debt are not reduced if the economic performance of any property declines; • that debt service obligations will reduce funds available for distribution to our stockholders; • that any default on our debt, due to noncompliance with financial covenants or otherwise, could result in acceleration of those obligations; • that we may be unable to **extend,** refinance or repay the debt as it becomes due; and • that if our degree of leverage is viewed unfavorably by lenders or potential joint venture partners, it could affect our ability to obtain additional financing. If we are unable to repay **, extend** or refinance our indebtedness as it becomes due, we may need to sell assets or to seek protection from our creditors under applicable law, which may have a material adverse effect on our business, financial condition and results of operations. Financial covenants could materially adversely affect our ability to conduct our business. We have incurred debt pursuant to the **Revolving** ~~Revolver~~

~~/ Term Loan Facilities~~ **Facility** and the CMBS Loan. The credit agreement governing the **Revolving** ~~Revolver / Term Loan Facilities~~ **Facility** and the CMBS Loan each contain various financial and other covenants, including, with respect to the **Revolving** ~~Revolver / Term Loan Facilities~~ **Facility** , covenants restricting, subject to certain exceptions, liens, investments, mergers, asset sales, and the payment of certain dividends **and share repurchases** , and with respect to the CMBS Loan, certain cash management requirements. These restrictions, as well as any additional restrictions to which we may become subject in connection with additional financings or refinancings, could restrict our ability to pursue business initiatives, effect certain transactions or make other changes to our business that may otherwise be beneficial to us, which could adversely affect our business, financial condition and results of operations. In addition, violations of these covenants could cause declarations of default under, and acceleration of, any related indebtedness, which would result in adverse consequences to our financial condition. The **Revolving** ~~Revolver / Term Loan Facilities~~ **Facility** ~~contain~~ **contains** cross- default provisions that give the lenders the right to declare a default if we are in default resulting in (or permitting the) acceleration of other debt under other loans in excess of certain amounts. In the event of a default, we may be required to repay such debt with capital from other sources, which may not be available to us on attractive terms, or at all, which may have a material adverse effect on our business, financial condition and results of operations. We depend on external sources of capital that are outside of our control, which may affect our ability to ~~pursue~~ **achieve our business** ~~strategic~~ **strategies . We will be required to** ~~opportunities, refinance or repay our indebtedness and~~ make ~~distributions to~~ **significant capital investments in** our ~~stockholders. In order~~ **existing portfolio, including tenant improvement allowances** to **attract and retain tenants,** ~~maintain our qualification to be taxed~~ as **well as normal building improvements** ~~a REIT, we generally must distribute annually at least 90 % of our REIT taxable income, determined without regard~~ to ~~the dividends paid deduction and excluding any net~~ **replace obsolete building components. As market conditions permit, we intend to acquire new properties which will similarly require us to make** capital **investments** ~~gain, to our stockholders~~ . **We do** ~~Because of this distribution requirement, it is~~ not ~~likely that we will~~ **expect our cash flows from operations to** be ~~able~~ **sufficient** to fund ~~all~~ **our** future capital **investments and** ~~needs from income from operations. As a result~~ , **therefore** ~~when we engage in the acquisition of new properties or expansion or redevelopment of existing properties~~ , we will ~~continue~~ **be dependent upon our ability** to **access** ~~rely on~~ third- party sources of capital, including ~~lines~~ **the Revolving Facility and other sources** of ~~credit, collateralized or unsecured~~ debt and equity ~~issuances~~ **capital** . Our access to third- party sources of capital depends on a number of factors, including general market conditions, the market' s view of the quality of our assets, the market' s perception of our growth potential, our current debt levels and our current and expected future earnings. There can be no assurance that we will be able to obtain the ~~financing~~ **capital** necessary to fund **the investments we will be required to make in our existing portfolio** ~~our~~ - **or** ~~acquisition of~~ **to acquire** new ~~properties or expansion or redevelopment of existing~~ properties on terms favorable to us or at all. If we are unable to obtain a sufficient level of third- party financing to fund our capital needs, our ability to **achieve** ~~make distributions to~~ our ~~stockholders may~~ **business strategies will** be **materially** adversely ~~affected~~ **effected** ~~which may have a material adverse effect on our business, financial condition and results of operations~~ . Our expenses may remain constant or increase, even if our revenues decrease, which may have a material adverse effect on our business, financial condition and results of operations. Costs associated with our business, such as debt repayments, real estate taxes, insurance premiums and maintenance costs, are relatively inelastic and generally do not decrease, and may increase, when a property is not fully occupied, rental rates decrease, a tenant fails to pay rent or other circumstances cause a reduction in property revenues. As a result, if revenues drop, we may not be able to reduce our expenses accordingly, which may have a material adverse effect on our business, financial condition and results of operations. Property taxes may increase without notice. The real property taxes on our properties ~~and any other properties that we 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 tenants **, and for our vacant properties, we are unable to recover property taxes from any tenants** . In such event, our financial condition, results of operations, cash flows, trading price of our common stock and our ability to satisfy our principal and interest obligations and to pay dividends to our stockholders could be adversely affected, which may have a material adverse effect on our business, financial condition and results of operations. Real estate property investments are illiquid. We may not be able to dispose of properties when desired or on favorable terms. Real estate investments are relatively illiquid. Our ability to quickly sell or exchange any of our properties in response to changes in economic and other conditions will be limited. 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 determine to sell **. Our ability to successfully execute on our asset disposition and capital recycling sale program is dependent on market conditions, and such conditions have been and may continue to be unfavorable for commercial real estate generally and office assets in particular, as well as for buyer financing of these assets** . In general, when we sell properties that are vacant or soon to be vacant, the valuation will be discounted to reflect that the new owner will bear carrying costs until the property has been leased up and take the risk that the property may not be leased up on a timely basis, favorable terms or at all. Our inability to respond rapidly to changes in the performance of our investments could adversely affect our financial condition and results of operations. **We could be exposed to losses on loans we have made to buyers of the properties we have sold. As part of our asset disposition activity, we have provided seller financing to certain buyers. To date, these loans have been structured as first mortgage loans with an unsecured recourse guaranty from the buyer principal (s). The properties sold and that are collateral for the loans are currently vacant and not income producing, and therefore, payment of debt service is dependent upon the existence of independent assets or income of the buyer and the buyer principal (s), until the properties have been leased up and are generating income, or until the loan can be refinanced. These loans are subject to risk of default and delinquencies by buyers in paying debt service and foreclosure, and the risks of loss are greater than similar risks associated with mortgage loans made on income producing properties. Foreclosure of a mortgage loan and / or enforcing the recourse guaranty can be an expensive and lengthy process, and**

there can be no assurance we would be able to recover our investment and expected returns on the loans. The loans are subject to risks of a buyer' s inability to lease up the property or obtain permanent financing to repay the loan. In the event of any default under our loans, we bear the risk of loss of principal and non- payment of interest and fees to the extent of any deficiency between the amounts we recover from the mortgaged collateral and the recourse guaranty, and the principal amount and unpaid interest of the loan. To the extent we suffer such losses with respect to these loans, it could adversely affect our results of operations and financial condition. Competition for acquisitions may reduce the number of acquisition opportunities available to us and increase the costs of those acquisitions. We may acquire properties if **market conditions permit and** we are presented with an attractive opportunity to do so. We may face competition for such acquisition opportunities from other investors, and such competition may adversely affect us by subjecting us to the following risks: • an inability to acquire a desired property because of competition from other well- capitalized real estate investors, including publicly traded and privately held REITs, private real estate funds, domestic and foreign financial institutions, life insurance companies, sovereign wealth funds, pension trusts, partnerships and individual investors; • we may incur costs on unsuccessful acquisitions that we will not be able to recover; and • an increase in the purchase price for such acquisition property in the event we are able to acquire such desired property. Accordingly, competition for acquisitions may limit our opportunities to grow our business, which may have a material adverse effect on our business, financial condition and results of operations. We, our tenants and our properties are subject to various federal, state and local regulatory requirements, such as environmental laws, state and local fire and safety requirements, building codes and land use regulations. We, our tenants and our properties are subject to various federal, state and local regulatory requirements, such as environmental laws, state and local fire and safety requirements, building codes and land use regulations. Failure to comply with these requirements could subject us, or our tenants, to governmental fines or private litigant damage awards. In addition, compliance with these requirements, including new requirements or stricter interpretation of existing requirements, may require us, or our tenants, to incur significant expenditures. We do not know whether existing requirements will change or whether future requirements, including any requirements that may emerge from pending or future climate change regulations or legislation, will develop. Environmental noncompliance liability also could impact a tenant' s ability to make rental payments to us. Furthermore, our reputation could be negatively affected if we violate environmental laws or regulations, which may have a material adverse effect on our business, financial condition and results of operations. In addition, as a current or former owner or operator of real property, we may be subject to liabilities resulting from the presence of hazardous substances, waste or petroleum products at, on, under or emanating from such property, including investigation and cleanup costs, natural resource damages, third- party liability for cleanup costs, personal injury or property damage and costs or losses arising from property use restrictions. In particular, some of our properties are adjacent to or near other properties that have contained or currently contain underground storage tanks used to store petroleum products or other hazardous or toxic substances. In addition, certain of our properties are on, adjacent to or near sites upon which others, including former owners or tenants of our properties, have engaged, or may in the future engage, in activities that have released or may have released petroleum products or other hazardous or toxic substances. Cleanup liabilities are often imposed without regard to whether the owner or operator knew of, or was responsible for, the presence of such contamination, and the liability may be joint and several. The presence of hazardous substances also may result in use restrictions on impacted properties or result in liens on contaminated sites in favor of the government for damages it incurs to address contamination. We also may be liable for the costs of removal or remediation of hazardous substances or waste disposal or treatment facilities if we arranged for disposal or treatment of hazardous substances at such facilities, whether or not we own such facilities. Moreover, buildings and other improvements on our properties may contain asbestos- containing material or other hazardous building materials or could have indoor air quality concerns (e. g., from airborne contaminants such as mold), which may subject us to costs, damages and other liabilities including abatement cleanup, personal injury, and property damage liabilities. The foregoing could adversely affect occupancy and our ability to develop, sell or borrow against any affected property and could require us to make significant unanticipated expenditures that may have a material adverse effect on our business, financial condition and results of operations. We are subject to risks associated with climate change. The physical effects of climate change could have a material adverse effect on our properties, operations and business. To the extent the physical effects of climate change impact our markets, over time, we could experience declining demand for leasing our buildings or increasing costs associated with remediation and adaptation. Climate change may also make property insurance unavailable or available only with less favorable terms and increase energy and other operating costs. In addition, we face risks associated with the transition to a lower- carbon economy related to, among other things, federal, state and local legislation and regulations that are being implemented or are under consideration to mitigate the effects of climate change as well as evolving tenant preferences. The operating costs and capital expenditures associated with meeting new and evolving regulatory and legal requirements and tenant preferences, including those related to reporting and managing greenhouse gas emissions, could negatively impact our financial results. Increased scrutiny and changing expectations from investors, tenants, employees, and others regarding our environmental, social, and governance (" ESG ") practices and reporting could cause us to incur additional costs, devote additional resources and expose us to additional risks. Companies across all industries are facing increasing scrutiny related to their ESG practices and reporting. Investors, tenants, employees, and other stakeholders have begun to focus increasingly on ESG practices and to place increasing importance on the implications and social costs of their investments, business decisions and consumer choices. Many investors, particularly institutional investors, may use ESG practices and scores to benchmark companies against their peers and as a basis for making investment or voting decisions. Given this increased focus and demand as well as the potential for future legal or regulatory requirements, public reporting regarding ESG practices is becoming more broadly expected. If our ESG practices and reporting do not meet investor, tenant, or employee expectations, which continue to evolve, our reputation and investor interest and tenant and employee retention may be negatively impacted. Any disclosure we make may include our policies and practices on a variety of ESG matters, including corporate governance, environmental compliance, employee health and safety practices, human capital management and workforce inclusion and diversity. It is possible that investors and other stakeholders may not be satisfied with our ESG reporting, our ESG practices or the speed or comprehensiveness with which we adopt and implement them. In addition, the criteria by which we are benchmarked against our peers and scored may change. We could also incur additional costs and devote additional resources to monitoring, reporting and implementing various ESG practices. Our failure, or perceived failure, to meet any goals and objectives we may set in any ESG disclosure or the expectations of our various stakeholders could negatively impact our reputation, investor interest and tenant and employee retention, as well as our cost of or access to capital. Compliance or failure to comply with the Americans with Disabilities Act could result in substantial costs. Our properties must comply with the Americans with Disabilities Act (the " ADA ") and any equivalent state or local laws, to the extent that our properties are public accommodations as defined under such laws. Under the ADA, all public accommodations must meet federal requirements related to access and use by disabled persons. If one or more of our properties is not in compliance with the ADA or any equivalent state or local laws, we may be required to incur additional costs to bring such property into compliance with the ADA or similar state or local laws. Noncompliance with the ADA or similar state and local laws could also result in the imposition of fines or an award of damages to private litigants. We cannot predict the ultimate amount of the cost of compliance with the ADA or any equivalent state or local laws. If we incur substantial costs to comply with the ADA or any equivalent state or local laws, it may have a material adverse effect on our business, financial condition and results of operations. Our assets may be subject to impairment charges. We regularly review our real estate assets for impairment, and based on these reviews, we have recorded and may continue to record impairment losses on our properties. Negative or uncertain market and economic conditions, as well as market volatility, increase the likelihood of incurring impairment losses. Other factors that could increase the likelihood of incurring impairment include actual or expected tenant vacancies, identification of a property for potential sale and a tenant bankruptcy or default. Such impairment losses may have a material adverse effect on our business, financial condition and results of operations. Uninsured and underinsured losses may adversely affect our operations. We, or in certain instances, tenants at our properties, carry comprehensive commercial general liability, fire, extended coverage, business interruption, rental loss coverage, environmental and umbrella liability coverage on all of our properties. We also carry wind and flood coverage on properties in areas where we believe such coverage is warranted, in each case with limits of liability that we deem adequate. Similarly, we are insured against the risk of direct physical damage in amounts we believe to be adequate to reimburse us, on a replacement cost basis, for costs incurred to repair or rebuild each property, including loss of rental income during the reconstruction period. However, we may be subject to certain types of losses that are generally uninsured losses, including, but not limited to losses caused by riots, war or acts of God. In the event of substantial property loss, the insurance coverage may not be sufficient to pay the full current market value or current replacement cost of the property. In the event of an uninsured loss, we could lose some or all of our capital investment, cash flow and anticipated profits related to one or more properties. Inflation, changes in building codes and ordinances, environmental considerations and other factors also might make it not feasible to use insurance proceeds to replace a property after it has been damaged or destroyed. Under such circumstances, the insurance proceeds we receive might not be adequate to restore our economic position with respect to such property, which may have a material adverse effect on our business, financial condition and results of operations. Our business could be materially adversely affected by security breaches through cyber- attacks, cyber intrusions or otherwise. We face risks associated with security breaches, whether through cyber- attacks or cyber intrusions, malware, computer viruses, business email compromise, compromised vendor software, attachments to e- mails, persons inside our organization or persons with access to systems inside our organization and other significant disruptions of our information technology networks and related systems, which are essential to the operation of our business. These risks include potential operational interruptions, **fraudulent transfer of assets or** unauthorized access to and exposure of valuable and confidential data **, ransom costs** , increased cybersecurity protection and insurance costs, litigation and remediation costs and damage to our relationships with our tenants, among other things. There can be no assurance that our efforts to maintain the security and integrity of our information technology networks and related systems will be effective. A security breach involving our information technology networks and related systems could disrupt our operations in numerous ways that may have a material adverse effect on our business, financial condition and results of operations. We have a limited operating history as a REIT and an independent public company, and the obligations and requirements to which we are subject as a public company are extensive and have resulted in increased cost and time commitments which we anticipate will continue. We have a limited operating history as a REIT and as an independent public company, and our stockholders should not rely on the past performance of Realty Income or VEREIT to predict our future results. We cannot assure you we will be able to successfully operate our company as a REIT and an independent public company. Further, as a public company, we are subject to the reporting requirements of the U. S. Securities Exchange Act of 1934, as amended (the " Exchange Act "), the Sarbanes- Oxley Act and the Dodd- Frank Act and are required to prepare our financial statements in accordance with the rules and regulations promulgated by the SEC. These and other public company obligations and requirements have placed and are expected to continue to place significant demands on our management, administrative and operational resources, including accounting and information technology resources. To comply with these obligations and requirements, we have upgraded our systems, including duplicating computer hardware infrastructure, implementing additional financial and management controls, reporting systems and procedures and hiring additional accounting, finance and information technology staff, and we may need to continue to do so. These rules and regulations have also increased our legal and financial compliance costs and have made some activities more time- consuming and costlier, and we anticipate these increases in cost and time commitments will continue. If we are unable to satisfy these compliance obligations in a timely and effective fashion, our ability to comply with our financial reporting requirements and other rules that apply to reporting companies could be impaired and our business, prospects, financial condition and results of operations could be harmed. As of the date of filing of this Annual Report on Form 10- K, we qualify as an " emerging growth company. " As such, we are eligible to take advantage of certain exemptions from various reporting requirements that apply to other public companies that are not emerging growth companies, including, but not limited to, compliance with the auditor attestation requirements of Section 404 of the Sarbanes- Oxley Act and the requirements to hold a non- binding advisory vote on executive compensation and any golden parachute payments not previously approved. We cannot predict if investors will find our common stock less attractive because we will rely on the exemptions available to us as an emerging growth company. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and our stock price may be more volatile. Our business could be adversely impacted if there are deficiencies in our disclosure controls and procedures or internal control over financial reporting. The design and effectiveness of our disclosure controls and procedures and internal control over financial reporting may not prevent all errors, misstatements or misrepresentations. While management will continue to review the effectiveness of our disclosure controls and procedures and internal control over financial reporting, there can be no assurance that our internal control over financial reporting will be effective in accomplishing all control objectives all of the time. Even if we continue to conclude that our internal control over financial reporting provides reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles, because of its inherent limitations, internal control over financial reporting may not prevent or detect fraud or misstatements. Failure to implement or maintain required controls, or difficulties encountered in their implementation or maintenance, could harm our results of operations or cause us to fail to meet our reporting obligations. If we or our independent registered public accounting firm discover a material weakness in our internal control, the disclosure of that fact, even if quickly remedied, could reduce the market' s confidence in our financial statements and harm our stock price. In addition, a delay in compliance with Section 404 of the Sarbanes- Oxley Act could subject us to a variety of administrative sanctions, including ineligibility for short form resale registration, action by the SEC, the suspension or delisting of our common stock from and the inability of registered broker- dealers to make a market in our common stock, which would further reduce our stock price and could harm our business. The success of our business depends on retaining officers and employees. Our continued success depends to a significant degree upon the contributions of certain key personnel including, but not limited to, Paul H. McDowell, our Chief Executive Officer, who would be difficult to replace. We cannot provide any assurance that Mr. McDowell or any of our other key personnel will remain employed by us. Our ability to retain such individuals, or to attract a suitable replacement should he leave, is dependent on the competitive nature of the employment market. The loss of services of Mr. McDowell or other key personnel may have a material adverse effect on our business, financial condition and results of operations. No assurance can be given that we will be able to retain key employees, which may have a material adverse effect on our business, financial condition and results of operations. Failure to hedge effectively against interest rate changes may have a material adverse effect on our business, financial condition and results of operations. The interest rate hedge instruments we **have used and** may **continue to** use to manage some of our exposure to interest rate volatility involve risk, such as the risk that counterparties may fail to honor their obligations under these arrangements. Failure to hedge effectively against such interest rate changes may have a material adverse effect on our business, financial condition and results of operations. We may amend our investment strategy and business policies without stockholder approval. Our board of directors may change our investment strategy or any of our investment guidelines, financing strategy or leverage policies with respect to investments, developments, acquisitions, growth, operations, indebtedness, capitalization and dividends at any time without the consent of our stockholders, which could result in an investment portfolio with a different risk profile. Such a change in our strategy may increase our exposure to interest rate risk, default risk and real estate market fluctuations, among other risks. These changes could adversely affect our ability to pay dividends to our stockholders and may have a material adverse effect on our business, financial condition and results of operations. The **Revolving** ~~Revolver / Term Loan Facilities~~ **Facility** may limit our ability to pay dividends on our common stock, including repurchasing shares of our common stock. Under the credit agreement governing the **Revolving** ~~Revolver / Term Loan Facilities~~ **Facility** , our dividends may not exceed the greater of (1) ~~95~~ **100** % of our **adjusted** funds ~~from operations~~ **available for distribution** (as defined in the credit agreement), and (2) the amount required for us to maintain our qualification as a REIT. Any inability to pay dividends may negatively impact our REIT status or could cause stockholders to sell shares of our common stock, which may have a material adverse effect on our business, financial condition and results of operations. The market price of our common stock may vary substantially. The market price of our common stock may fluctuate widely as a result of a number of factors, many of which are outside of our control. In addition, the stock market is subject to fluctuations in share prices and trading volumes that affect the market prices of the shares of many companies. These fluctuations in the stock market may adversely affect the market price of our common stock. Among the factors that could affect the market price of our common stock are: • actual or anticipated quarterly fluctuations in our business, financial condition and operating results; • changes in revenues or earnings estimates or publication of research reports and recommendations by financial analysts or actions taken by rating agencies with respect to our securities or those of other REITs; • the ability of our tenants to pay rent to us and meet their other obligations to us under current lease terms; • our ability to re- lease spaces as leases expire; • our ability to **extend or** refinance our indebtedness as it matures; • any changes in our dividend policy; • any future issuances of equity securities; • strategic actions by us or our competitors, such as acquisitions or restructurings; • general economic, political and financial market conditions and, in particular, developments related to market conditions for the real estate industry; and • domestic and international economic factors unrelated to our performance. Risks Related to Our Status as a REIT Our failure to maintain our qualification as a REIT for U. S. federal income tax purposes could have a material adverse effect on us. We have elected to be taxed as a REIT and believe we have been organized and have operated in a manner that has allowed us to qualify and to remain qualified as a REIT for U. S. federal income tax purposes commencing with our initial taxable year ended December 31, 2021. We have not requested and do not plan to request a ruling from the IRS that we qualify as a REIT and the statements in this Annual Report on Form 10- K are not binding on the IRS or any court. Therefore, we cannot guarantee that we have qualified as a REIT or that we will remain qualified as such in the future. If we fail to maintain our qualification as a REIT or lose our REIT status, we will face significant tax consequences that would substantially reduce our cash available for distribution to our stockholders for each of the years involved because: • we would not be allowed a deduction for dividends paid to stockholders in computing our taxable income and would be subject to regular U. S. federal corporate income tax; • we could be subject to increased state and local taxes; and • unless we are entitled to relief under applicable statutory provisions, we could not elect to be taxed as a REIT for four taxable years following the year during which we were disqualified. Any such corporate tax liability could be substantial and would reduce our cash available for, among other things, our operations and distributions to stockholders. In addition, if we fail to maintain our qualification as a REIT, we will not be required to make distributions to our stockholders. As a result of all these factors, our failure to qualify as a REIT also could impair our ability to expand our business and raise capital and could materially and adversely affect the trading price of our common stock. Qualification as a REIT involves the application of highly technical and complex Code provisions for which there are only limited judicial and administrative interpretations. The determination of various factual matters and circumstances not entirely within our control may affect our ability to qualify as a REIT. In order to maintain our qualification as a REIT, we must satisfy a number of requirements, including requirements regarding the ownership of our common stock, requirements regarding the composition of our assets and a requirement that at least 95 % of our gross income in any year must be derived from qualifying sources, such as " rents from real property. " Also, we must make distributions to stockholders aggregating annually at least 90 % of our REIT taxable income, determined without regard to the dividends paid deduction and excluding any net capital gains. In addition, legislation, new regulations, administrative interpretations or court decisions may materially and adversely affect our investors, our ability to maintain our qualification as a REIT for federal income tax purposes or the desirability of an investment in a REIT relative to other investments. Even if we remain qualified as a REIT for federal income tax purposes, we may be subject to some federal, state and local income, property and excise taxes on our income or property and, in certain cases, a 100 % penalty tax, in the event we sell property as a dealer. In addition, our taxable REIT subsidiaries will be subject to income tax as regular corporations in the jurisdictions in which they operate. If either Realty Income or VEREIT failed to qualify as a REIT during certain periods prior to the Distribution, we would be prevented from electing to qualify as a REIT. Under applicable Treasury Regulations, if Realty Income or VEREIT failed to qualify as a REIT during certain periods prior to the Distribution, unless Realty Income' s or VEREIT' s failure were subject to relief under U. S. federal income tax laws, we would be prevented from electing to qualify as a REIT prior to the fifth calendar year following the year in which Realty Income or VEREIT failed to qualify. If certain of our subsidiaries, including our operating partnership, fail to qualify as partnerships or disregarded entities for federal income tax purposes, we would cease to qualify as a REIT and would suffer other adverse consequences. One or more of our subsidiaries may be treated as a partnership or disregarded entity for federal income tax purposes and, therefore, will not be subject to federal income tax on its income. Instead, each of its partners or its members, as applicable, which may include us, will be allocated, and may be required to pay tax with respect to, such partner' s or member' s share of its income. We cannot assure you that the IRS will not challenge the status of any subsidiary partnership or limited liability company in which we own an interest as a disregarded entity or partnership for federal income tax purposes, or that a court would not sustain such a challenge. If the IRS were successful in treating any subsidiary partnership or limited liability company as an entity taxable as a corporation for federal income tax purposes, we could fail to meet the gross income tests and certain of the asset tests applicable to REITs and, accordingly, we would likely cease to qualify as a REIT. Also, the failure of any subsidiary partnerships or limited liability company to qualify as a disregarded entity or partnership for applicable income tax purposes could cause it to become subject to federal and state corporate income tax, which would reduce significantly the amount of cash available for debt service and for distribution to its partners or members, including us. Any taxable REIT subsidiaries owned by us are subject to corporate- level taxes and our dealings with our taxable REIT subsidiaries may be subject to 100 % excise tax. A REIT may own up to 100 % of the stock of one or more taxable REIT subsidiaries. Both the subsidiary and the REIT must jointly elect to treat the subsidiary as a taxable REIT subsidiary. A corporation of which a taxable REIT subsidiary directly or indirectly owns more than 35 % of the voting power or value of the stock will automatically be treated as a taxable REIT subsidiary. Overall, no more than 20 % of the gross value of a REIT' s assets may consist of stock or securities of one or more taxable REIT subsidiaries. In addition, the taxable REIT subsidiary rules limit the deductibility of amounts paid or accrued by a taxable REIT subsidiary to its parent REIT to assure that the taxable REIT subsidiary is subject to an appropriate level of corporate taxation. The rules also impose a 100 % excise tax on certain transactions between a taxable REIT subsidiary and its parent REIT that are not conducted on an arm' s length basis. Taxable REIT subsidiaries that we own or may form will pay federal, state and local income tax on their taxable income, and their after- tax net income will be available for distribution to us but will not be required to be distributed to us, unless necessary to maintain our REIT qualification. In certain circumstances, the ability of our taxable REIT subsidiaries to deduct interest expenses for U. S. federal income tax purposes may be limited. While we plan to monitor the aggregate value of the securities of our taxable REIT subsidiaries and intend to conduct our affairs so that such securities will represent less than 20 % of the value of our total assets, there can be no assurance that we will be able to comply with the taxable REIT subsidiary limitation or avoid the application of the 100 % excise tax discussed above in all market conditions. 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 REIT taxable income, determined without regard to the dividends paid deduction and excluding any 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 % non- deductible 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 non- deductible 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. We may make distributions on our common stock in common stock and / or cash. Our stockholders may sell shares of our common stock to pay tax on such dividends, placing downward pressure on the market price of our common stock. In order to satisfy our REIT distribution requirements, we are permitted, subject to certain conditions and limitations, to make distributions that are in part payable in shares of our common stock. Distributions of cash and common stock will be treated as dividends to the extent of our current and accumulated earnings and profits, as determined for U. S. federal income tax purposes. As a result, stockholders may be required to pay income tax with respect to such dividends in excess of the cash received in the distribution. If a stockholder sells shares of our stock to pay this tax, the sales proceeds may be less than the amount included in income with respect to the dividend, depending on the market price of the stock at the time of the sale. Moreover, if a significant number of our stockholders sell shares of our stock to pay such taxes, it may cause the stock distribution to be viewed as economically equivalent to a dividend reduction and put downward pressure on the market price of our stock. Furthermore, we may be required to withhold federal income tax with respect to dividends paid to certain non- U. S. stockholders, including dividends payable in our stock. The tax imposed on REITs engaging in “ prohibited transactions ” may limit our ability to engage in transactions which would be treated as sales for federal income tax purposes. A REIT’ s net income from prohibited transactions is subject to a 100 % penalty tax. In general, prohibited transactions are sales or other dispositions of property, other than foreclosure property, held in inventory primarily for sale to customers in the ordinary course of business. Although we do not intend to hold any properties that would be characterized as inventory held for sale to customers in the ordinary course of our business, such characterization is a factual determination and no guarantee can be given that the IRS would agree with our characterization of our properties or that we will always be able to make use of the available safe harbors. 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 IRS and the U. S. Department of 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. Risks Related to an Investment in Our Common Stock Limitations on the ownership of our common stock and other provisions of our charter may preclude the acquisition or change of control of our Company. Certain provisions contained in our charter and certain provisions of Maryland law may have the effect of discouraging a third party from making an acquisition proposal for us and may thereby inhibit a change of control. Provisions of our charter are designed to assist us in maintaining our qualification as a REIT under the Code by preventing concentrated ownership of our capital stock that might jeopardize REIT qualification. Among other things, unless exempted by our board of directors, no person may actually or constructively own more than 9. 8 % of the aggregate of the outstanding shares of our common stock by value or by number of shares, whichever is more restrictive, or 9. 8 % of the aggregate of the outstanding shares of all classes and series of our outstanding stock by value. Our board of directors may, in its sole discretion, grant exemptions to the stock ownership limits, subject to such conditions and the receipt by our board of directors of certain representations and undertakings. In addition to these ownership limits, our charter also prohibits any person from : • ~~(a)~~ beneficially or constructively owning, as determined by applying certain attribution rules of the Code, shares of our capital stock that would result in us being “ closely held ” under Section 856 (h) of the Code ; • ~~, (b)~~ transferring our capital stock if such transfer would result in our stock being owned by fewer than 100 persons (determined under the principles of Section 856 (a) (5) of the Code) ; • ~~, (c)~~ beneficially or constructively owning shares of our capital stock to the extent such ownership would result in us owning (directly or indirectly) an interest in a tenant if the income derived by us from that tenant for our taxable year during which such determination is being made would reasonably be expected to equal or exceed the lesser of one percent of our gross income or an amount that would cause us to fail to satisfy any of the REIT gross income requirements ; and • ~~(d)~~ beneficially or constructively owning shares of our capital stock that would cause us otherwise to fail to qualify as a REIT. If any transfer of our shares of stock occurs which, if effective, would result in any person beneficially or constructively owning shares of stock in excess, or in violation, of the above transfer or ownership limitations (such person, a prohibited owner), then that number of shares of stock, the beneficial or constructive ownership of which otherwise would cause such person to violate the transfer or ownership limitations (rounded up to the nearest whole share), will be automatically transferred to a charitable trust for the exclusive benefit of a charitable beneficiary, and the prohibited owner will not acquire any rights in such shares. If the transfer to the charitable trust would not be effective for any reason to prevent the violation of the above transfer or ownership limitations, then the transfer of that number of shares of our capital stock that otherwise would cause any person to violate the above limitations will be void. The prohibited owner will not benefit economically from ownership of any shares of our capital stock held in the charitable trust, will have no rights to dividends or other distributions and will not possess any rights to vote or other rights attributable to the shares of our capital stock held in the charitable trust. Generally, the ownership limits imposed under the Code are based upon direct or indirect ownership by “ individuals, ” but only during the last half of a taxable year. The ownership limits contained in our charter are based upon direct or indirect ownership at any time by any “ person, ” which term includes entities. These ownership limitations in our charter are common in REIT governing documents and are intended to provide added assurance of compliance with the tax law requirements, and to minimize administrative burdens. However, the ownership limits on our common stock also might delay, defer or prevent a transaction or a change in control of our company that might involve a premium price for shares of our common stock or otherwise be in the best interest of our stockholders. Furthermore, under our charter, our board of directors has the authority to classify and reclassify any of our unissued shares of capital stock into shares of capital stock with such preferences, rights, powers and restrictions as our board of directors may determine. The authorization and issuance of a new class of capital stock could have the effect of delaying or preventing someone from taking control of us, even if a change in control were in our stockholders' best interests, which could have a material adverse effect on our business, financial condition and results of operations. Maryland law may limit the ability of a third party to acquire control of us. The Maryland General Corporation Law (the " MGCL ") provides protection for Maryland corporations against unsolicited takeovers by limiting, among other things, the duties of the directors in unsolicited takeover situations. The duties of directors of Maryland corporations do not require them to **: •** ~~(a)~~ accept, recommend or respond to any proposal by a person seeking to acquire control of the corporation **; •** ~~, (b)~~ authorize the corporation to redeem any rights under, or modify or render inapplicable, any stockholder rights plan **; •** ~~, (c)~~ make a determination under the Maryland Business Combination Act ~~,~~ **;** or **•** ~~(d)~~ act or fail to act solely because of the effect the act or failure to act may have on an acquisition or potential acquisition of control of the corporation or the amount or type of consideration that may be offered or paid to the stockholders in an acquisition. Moreover, under the MGCL, the act of a director of a Maryland corporation relating to or affecting an acquisition or potential acquisition of control is not subject to any higher duty or greater scrutiny than is applied to any other act of a director. The MGCL also contains a statutory presumption that an act of a director of a Maryland corporation satisfies the applicable standards of conduct for directors under the MGCL. The MGCL also provides that unless exempted, certain Maryland corporations may not engage in business combinations, including mergers, dispositions of 10 % or more of its assets, certain issuances of shares of stock and other specified transactions, with an " interested stockholder " or an affiliate of an interested stockholder for five years after the most recent date on which the interested stockholder became an interested stockholder, and thereafter unless specified criteria are met. An interested stockholder is generally a person owning or controlling, directly or indirectly, 10 % or more of the voting power of the outstanding stock of the Maryland corporation, unless the stock had been obtained in a transaction approved by its board of directors. These and other provisions of the MGCL could have the effect of delaying, deferring or preventing a proxy contest, tender offer, merger or other change in control, which may have a material adverse effect on our business, financial condition and results of operations. Market interest rates may have an effect on the value of our common stock. One of the factors that will influence the price of our common stock will be its dividend yield, or the dividend per share as a percentage of the price of our common stock, relative to market interest rates. If ~~recent increases in~~ market interest rates ~~are sustained~~ **remain elevated** or ~~market interest rates~~ continue to rise, prospective purchasers of our common stock may expect a higher dividend yield, and higher interest rates would likely increase our borrowing costs and potentially decrease funds available for distribution. If market interest rates increase and we are unable to increase our dividend in response, including due to an increase in borrowing costs, insufficient funds available for distribution or otherwise, investors may seek alternative investments with a higher dividend yield, which would result in selling pressure on, and a decrease in the market price of, our common stock. As a result, the price of our common stock may decrease as market interest rates increase, which may have a material adverse effect on our business, financial condition and results of operations. The number of shares of our common stock available for future issuance or sale could adversely affect the per share trading price of our common stock and may be dilutive to current stockholders. Our charter authorizes our board of directors to, among other things, issue additional shares of our common stock without stockholder approval. In addition, our board of directors has the power under our charter to amend our charter to increase (or decrease) the number of authorized shares of our stock of any class from time to time, without approval of our stockholders. We cannot predict whether future issuances or sales of shares of our common stock, or the availability of shares for resale in the open market, will decrease the per share trading price of our common stock. The issuance of a substantial number of shares of our common stock in the open market or the issuance of a substantial number of shares of our common stock upon the exercise of the warrants granted to affiliates of Arch Street Capital Partners in connection with the Distribution or the exchange of OP units or other securities exchangeable or convertible into shares of our common stock, or the perception that such issuances might occur, could adversely affect the per share trading price of our common stock. In addition, any such issuance could dilute our existing stockholders' interests in our company. In addition, we have adopted an equity compensation plan, and we have issued and expect to continue to issue shares of our common stock or grant equity incentive awards exercisable for or convertible or exchangeable into shares of our common stock under the plan. Future issuances of shares of our common stock may be dilutive to existing stockholders, which may have a material adverse effect on our business, financial condition and results of operations. Future offerings of debt securities, which would be senior to our common stock upon liquidation, or preferred equity securities which may be senior to our common stock for purposes of dividends or upon liquidation, may materially adversely affect the per share trading price of our common stock. In the future, we may attempt to increase our capital resources by making additional offerings of debt or equity securities (or causing Orion OP to issue such debt securities), including medium- term notes, senior or subordinated notes and additional classes or series of preferred stock. Upon liquidation, holders of our debt securities and shares of preferred stock or preferred units and lenders with respect to other borrowings will be entitled to receive our available assets prior to distribution of such assets to holders of our common stock. Additionally, any convertible or exchangeable securities that we may issue in the future may have rights, preferences and privileges more favorable than those of our common stock and may result in dilution to owners of our common stock. Holders of our common stock are not entitled to preemptive rights or other protections against dilution. Any shares of preferred stock or preferred units that we issue in the future could have a preference on liquidating distributions or a preference on dividends that could limit our ability to pay dividends to the holders of our common stock. Because our decision to issue securities in any future offering will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of our future offerings. Any such future offerings may reduce the per share trading price of our common stock, which may have a material adverse effect on our business, financial condition and results of operations. Our ability to pay dividends is limited by the requirements of Maryland law. Our ability to pay dividends on our common stock is limited by

Maryland law. Under the MGCL, a Maryland corporation, including Orion, generally may not pay a dividend if, after giving effect to the dividend, the corporation would not be able to pay its debts as such debts become due in the ordinary course of business or the corporation' s total assets would be less than the sum of its total liabilities plus, unless the corporation' s charter permits otherwise, the amount that would be needed, if the corporation were dissolved at the time of the dividend, to satisfy the preferential rights upon dissolution of stockholders whose preferential rights are superior to those receiving the dividend. If we are unable to pay dividends, or our ability to pay dividends is limited, investors may seek alternative investments, which would result in selling pressure on, and a decrease in the market price of, our common stock. As a result, the price of our common stock may decrease, which may have a material adverse effect on our business, financial condition and results of operations. We may change our dividend policy. Future dividends will be declared and paid at the discretion of our board of directors, and the amount and timing of dividends will depend upon cash generated by operating activities, our business, financial condition, results of operations, capital requirements, annual distribution requirements under the REIT provisions of the Code, and such other factors as our board of directors deems relevant. Our board of directors may change our dividend policy at any time, and there can be no assurance as to the manner in which future dividends will be paid or that the current dividend level will be maintained in future periods. Any reduction in our dividends may cause investors to seek alternative investments, which would result in selling pressure on, and a decrease in the market price of, our common stock. As a result, the price of our common stock may decrease, which may have a material adverse effect on our business, financial condition and results of operations.