Risk Factors Comparison 2024-02-09 to 2023-02-10 Form: 10-K

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

Our business, results of operations, financial condition, and ability to pay dividends could be materially adversely affected by various risks and uncertainties, including those enumerated below, which could cause such results to differ materially from those in any forward- looking statements. You should not consider this list exhaustive. New risk factors emerge periodically and we cannot assure you that the factors described below list all risks that may become material to us at any later time. Risks Related to Our Portfolio and Ownership of Real Estate We face an increasingly competitive marketplace for investments. ~~The net lease financing market is perceived as a relatively conservative investment vehicle and there has been increasing capital inflows into our sector; accordingly, we face escalating competition for investments, both domestically and internationally.~~ We compete for investments with many other ~~financial~~ institutions and investors, including other REITs, private equity firms, pension funds, and ~~finance companies. Our competitors may accept greater risk or lower returns, allowing them to offer more attractive terms to prospective tenants. Further capital inflows into our sector will place additional pressure on our ability to execute transactions and the returns that we can generate from investments. In particular, private equity~~ real estate **companies** ~~investors have raised record amounts of capital in recent periods, which is expected to be deployed into acquisitions that are contributing to an increasingly competitive marketplace~~ . ~~This~~ **Operating in a** competitive marketplace for investments could ~~also~~ have a negative impact on our revenue growth. ~~In addition~~ **Our competitors may accept greater risk** , ~~expectations~~ **lower returns, or a combination thereof allowing them to offer more attractive terms when pursuing investment opportunities. Access to capital and the cost** of ~~rising~~ **that capital could further impact the returns we generate from investments relative to our competitors and impair our ability to invest accretively. For example, high** interest rates **and equity costs** may increase our cost of capital ~~, while~~ **relative to our competitors and place additional pressure on investment spreads if** capitalization rates (which generally respond to higher interest rates on a lag) ~~could~~ remain ~~low~~ **constant** or ~~continue to~~ decline ~~, thereby placing additional pressure on investment spreads throughout the net lease sector~~ . **Our portfolio is concentrated** ~~Finally, the vast majority of our current investments are~~ in ~~single- tenant commercial~~ **industrial, warehouse and retail** properties ~~that are subject to triple- net leases. Many factors, including changes in tax laws or accounting rules, may make these types of sale- leaseback transactions less attractive to potential sellers and lessees, which could negatively affect our ability to increase these types of investments~~ . We are not required to meet any **property- type, tenant or geographic** diversification standards ~~; therefore, our investments may become subject to concentration risks. Subject to our intention to maintain our qualification as a REIT, we are not required to meet any diversification standards~~ . Therefore, our investments may become concentrated ~~in~~ **by** type **, tenant** or geographic location, which could subject us to significant risks with potentially adverse effects on our investment objectives. **For example, following** ~~Inflation and increased interest rates may adversely affect our financial condition and results of operations. Increases in inflation and interest rates could have an adverse impact on~~ the **Spin** ~~cost of our existing variable~~ - ~~rate debt, new debt obligations entered into~~ **Off of 59 of our office assets which closed** in ~~the future~~ **November 2023** , and ~~costs incurred by~~ the ~~company~~ **sale of a significant portion of our remaining office portfolio** through ~~its operations. Our leases typically require tenants to pay all property operating expenses and increases in those property- level expenses at~~ our **Office Sale Program** ~~leased properties generally do not affect us. However~~ , **almost 80 %** ~~increased operating expenses at properties not subject to full triple- net leases could cause us to incur additional operating expenses. Increases in inflation could also impact other costs incurred by the company including general and administrative costs. While the vast majority~~ of ~~leases contain rent escalators, including inflation- linked rent escalators, these costs could increase at a rate higher than~~ our **ABR** ~~rental and other revenue. In addition,~~ as ~~a result~~ of **December 31** ~~rising interest rates we may experience difficulty arranging third- party financing~~ , ~~including refinancing maturing debt in part or in full as it comes due, and could pay higher interest costs on future financings. If increases in costs are not sufficiently offset by the contractual rent W. P. Carey 2022~~ **2023 is concentrated** ~~10- K – 7 increases or increases~~ in **industrial / warehouse** ~~other revenue, we may be required to implement measures to conserve cash or preserve liquidity. Certain financial covenants could be affected as a result of higher debt service costs, which may place restrictions on our liquidity. If we are unable to find alternative credit arrangements or other funding in a high interest environment, our business needs may not be adequately met. Tenants~~ and **retail** ~~potential tenants of our properties may also be adversely impacted by inflation and rising interest rates, which could negatively impact our tenants' ability to pay rent and the demand for our properties. Such adverse impacts on our tenants may cause increased vacancies and lower future rents. We may incur substantial impairment charges. We may incur substantial impairment charges, which could adversely affect our results of operations or limit our ability to dispose of~~ assets ~~at attractive prices and may reduce the availability of buyer financing. By their nature, the timing or extent of impairment charges are not predictable~~ . Because we invest in properties located outside the United States, we are exposed to additional risks. We have invested, and may continue to invest, in properties located outside the United States. At December 31, ~~2022~~ **2023** , our real estate properties located outside of the United States represented ~~37~~ **42** % of our ABR. These investments may be affected by factors particular to the local jurisdiction where the property is located and may expose us to additional risks, including: • enactment of laws relating to foreign ownership of property (including expropriation of investments), or laws and regulations relating to our ability to repatriate invested capital, profits, or cash and cash equivalents back to the United States; • legal systems where the ability to enforce contractual rights and remedies may be more limited than under U. S. law; **W. P. Carey 2023 10- K – 7** • difficulty in complying with conflicting obligations in various jurisdictions and the burden of observing a variety of evolving foreign laws, regulations, and governmental rules and policies, which may be more stringent than U. S. laws and regulations (including land use, zoning, environmental, financial, and privacy laws and regulations, such as the European Union' s General Data Protection Regulation); • tax requirements vary by country and existing foreign tax laws and interpretations may change (e. g., the on-going implementation of the European Union' s Anti- Tax Avoidance Directives **and the new global minimum tax (" Pillar Two ")**), which may result in additional taxes on our international investments **or additional taxes as a result of Pillar Two** ; • changes in operating expenses in particular countries or regions; • increased energy and commodity prices in Europe; • foreign exchange rates; and • geopolitical and military conflict risk and adverse market conditions caused by changes in national or regional economic or political conditions, including the ongoing conflict between Russia and Ukraine **, rising tensions between China and Taiwan and the conflict in the Middle East** (which may impact relative interest rates ~~and~~ **,** the terms or availability of debt financing **, customers' ability and willingness to renew agreements, make payments, and enter into new agreements, and energy costs**). The failure of our compliance and internal control systems to properly mitigate such additional risks, or of our operating infrastructure to support such international investments, could result in operational failures, regulatory fines, or other governmental sanctions. We may engage third- party asset managers in international jurisdictions to monitor compliance with legal requirements and lending agreements. Failure to comply with applicable requirements may expose us, our operating subsidiaries, or the entities we manage to additional liabilities. Our operations in the United Kingdom, the European Economic Area, and other countries are subject to significant compliance, disclosure, and other obligations. In addition, the lack of publicly available information in certain jurisdictions could impair our ability to analyze transactions and may cause us to forego an investment opportunity. It may also impair our ability to receive timely and accurate financial information from tenants necessary to meet reporting obligations to financial institutions or governmental and regulatory agencies. Certain of these risks may be greater in less developed countries. ~~Further, our expertise to date is primarily in the United States and certain countries in Europe. We have less experience in other international markets and may not be as familiar with the potential risks to investments in these areas, which could cause us and the entities we manage to incur losses.~~ We are also subject to potential fluctuations in exchange rates between foreign currencies and the U. S. dollar because we translate revenue denominated in foreign currency into U. S. dollars for our financial statements (our principal exposure is to the euro). Our results of **our** foreign operations are adversely affected by a stronger U. S. dollar relative to foreign currencies (i. e., absent other considerations, a stronger U. S. dollar will reduce both our revenues and our expenses). **Inflation and high interest rates may adversely affect our financial condition and results of operations. Since 2021, inflation and interest rates have been elevated compared to recent years. Inflation and high interest rates could have an adverse impact on our financial condition. Our leases typically require tenants to pay all property operating expenses and increases in those property- level expenses at our leased properties generally do not affect us. However, increased operating expenses at properties not subject to full triple- net leases could cause us to incur additional operating expenses. Inflation could also impact other costs incurred by the company including general and administrative costs and foreign income taxes. While the vast majority of leases contain rent escalators, including inflation- linked rent escalators, these costs could increase at a rate higher than our rental and other revenue. High interest rates could also increase the cost of our existing variable- rate debt, new debt obligations entered into in the future and potentially impair our ability to arrange third- party financing, including refinancing maturing debt in part or in full as it comes due. If we are unable to find alternative credit arrangements or other funding in a high interest environment, our business needs may not be adequately met. Certain financial covenants could also be affected as a result of higher operating and debt service costs, which may place restrictions on our liquidity. In the event an increase in our costs is not sufficiently offset by contractual rent increases or increases in other revenue, we may be required to implement measures to conserve cash or preserve liquidity. Furthermore, tenants and potential tenants of our properties may also be adversely impacted by inflation and high interest rates, which could negatively impact our tenants' ability to pay rent and the demand for our properties.** W. P. Carey ~~2022~~ **2023** 10- K – 8 A significant amount of our leases will expire within the next five years and we may have difficulty re- leasing or selling our properties if tenants do not renew their leases. **Approximately 21 % of our leases, based on our ABR as of December 31, 2023, are due to expire** ~~Within~~ **within** the next five years ~~, approximately 26 % of our leases, based on our ABR as of December 31, 2022, are due to expire~~ . If these leases are not renewed or if the properties cannot be re- leased on terms that yield comparable payments, our lease revenues could be substantially adversely affected. In addition, when attempting to re- lease such properties, we may incur significant costs and the terms of any new or renewed leases will depend on prevailing market conditions at that time. We may also seek to sell such properties and incur losses due to prevailing market conditions. Some of our properties are designed for the particular needs of a tenant; thus, we may be required to renovate or make rent concessions in order to lease the property to another tenant. If we need to sell such properties, we may have difficulty selling it to a third party due to the property' s unique design. Real estate investments are generally less liquid than many other financial assets, which may limit our ability to quickly adjust our portfolio in response to changes in economic or other conditions. These and other limitations may adversely affect returns to our stockholders. Certain of our leases permit tenants to purchase a property at a predetermined price, which could limit our realization of any appreciation or result in a loss. Under our existing leases, certain tenants have a right to repurchase the properties they lease from us. The purchase price may be a fixed price or it may be based on a formula or the market value at the time of exercise. If a tenant exercises its right to purchase the property and the property' s market value has increased beyond that price, we would not be able to fully realize the appreciation on that property. Additionally, if the price at which the tenant can purchase the property is less than our carrying value (e. g., where the purchase price is based on an appraised value), we may incur a loss. In addition, we may also be unable to reinvest proceeds from these dispositions in investments with similar or better investment returns. Our ability to control the management of our net- leased properties is limited, which ~~limits our ability to manage property deterioration risks and~~ could impact ~~our ESG ratings and~~ our ability to make ESG disclosures. The ~~tenants~~ **lack of direct control over** ~~or~~ **our** ~~managers of~~ net- leased properties **due to the fact that tenants or managers** are responsible for maintenance and other day- to- day management of the ~~properties. If a property is not~~

~~adequately maintained in accordance with the terms of the applicable lease, we may incur expenses for deferred maintenance expenditures or other liabilities once the property becomes free of the lease. While our leases generally provide for recourse against the tenant in these instances, a bankrupt or financially troubled tenant may be more likely to defer maintenance and it may be more difficult to enforce remedies against such a tenant. Although we endeavor to monitor compliance by tenants with their lease obligations and other factors that could affect the financial performance of our properties on an ongoing basis, we may not always be able to ascertain or forestall deterioration in the condition of a property or the financial circumstances of a tenant. This lack of control over our net- leased~~ properties also 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 ESG disclosure requirements ~~(such as the SEC' s expected new ESG disclosure rules)~~ or engage effectively with established ESG frameworks and standards, such as the Global Real Estate Sustainability Benchmarks, the Task Force for Climate- Related Financial Disclosures and the Sustainability Accounting Standards Board. If we are unable to successfully collect the data necessary to comply with ESG disclosure requirements, we may be subject to increased regulatory risk; and if such data is incomplete or unfavorable, our relationship with our investor base, our stock price, **our ESG ratings** and our access to capital may be negatively impacted. materials.Costs relating to investigation,remediation,or removal of hazardous or toxic substances,or for third- party claims for damages,may be substantial and could exceed any amounts estimated and recorded within our consolidated financial statements.The presence of hazardous or toxic substances at any of our properties,or the failure to properly remediate a contaminated property,could (i) give rise to a lien in favor of the government for costs it may incur to address the contamination or (ii) otherwise adversely affect our ability to sell or lease the property or to borrow using the property as collateral The value of our real estate is subject to fluctuation. We are subject to all of the general risks associated with the ownership of real estate, which include: • adverse changes in general or local economic conditions, including changes in interest rates or foreign exchange rates; • changes in the supply of, or demand for, similar or competing properties; • competition for tenants and changes in market rental rates; • the ongoing need for capital improvements; • Federal Reserve short term rate decisions; • the mortgage market and real estate market in the United States; • inability to lease or sell properties upon termination of existing leases, or renewal of leases at lower rental rates; • inability to collect rents from tenants due to financial hardship, including bankruptcy; • changes in tax, real estate, zoning, or environmental laws that adversely impact the value of real estate; ~~W. P. Carey 2022 10- K – 9~~ • failure to comply with federal, state, and local legal and regulatory requirements, including the Americans with Disabilities Act and fire or life- safety requirements; • changes in governmental rules and fiscal policies; • uninsured property liability, property damage, or casualty losses; • increased operating costs, which may not necessarily be offset by increased rents, including insurance premiums, utilities and real estate taxes, due to inflation and other factors; • exposure to environmental losses and the effects of climate change; and • civil unrest, acts of war, terrorism, acts of God, including earthquakes, hurricanes and other natural disasters (which may result in uninsured losses) and other factors beyond our control. While the revenues from our leases are not directly dependent upon the value of the real estate owned, significant declines in real estate values could adversely affect us in many ways, including a decline in the residual values of properties at lease expiration, possible lease abandonment by tenants, and a decline in the attractiveness of triple- net lease transactions to potential sellers. We also face the risk that lease revenue will be insufficient to cover all corporate operating expenses and the debt service payments we incur. Because most of our properties are occupied by a single tenant, our success is materially dependent upon the tenant' s financial stability. Most of our properties are occupied by a single tenant **each** ; therefore, the success of our investments is materially dependent on the financial stability of these tenants. Revenues from several of our tenants / guarantors constitute a significant percentage of our lease revenues. Our top ten tenants accounted for approximately ~~18~~ **21** % of total ABR at December 31, ~~2022~~ **2023** . Lease payment defaults by tenants could negatively impact our net income and reduce the amounts available for distribution to stockholders. The bankruptcy or insolvency of tenants may cause a reduction in our revenue and an increase in our expenses. We have had, and may in the future have, tenants file for bankruptcy protection. Bankruptcy or insolvency of a tenant could lead to the loss of lease or interest and principal payments, an increase in the carrying cost of the property, and litigation. If one or a series of bankruptcies or insolvencies is significant enough (more likely during a period of economic downturn), it could lead to a reduction in the value of our shares and / or a decrease in our dividend. Under U. S. bankruptcy law, a tenant that is the subject of bankruptcy proceedings has the option of assuming or rejecting any unexpired lease. If the tenant rejects the lease, any resulting claim we have for breach of the lease (excluding collateral securing the claim) will be treated as a general unsecured claim and the maximum claim will be capped. In addition, due to the long- term nature of our leases and, in some cases, terms providing for the repurchase of a property by the tenant, a bankruptcy court could recharacterize a net lease transaction as a secured lending transaction. Insolvency laws outside the United States may be more or less favorable to reorganization or the protection of a debtor' s rights as in the United States. In circumstances where the bankruptcy laws of the United States are considered to be more favorable to debtors and / or their reorganization, entities that are not ordinarily perceived as U. S. entities may seek to take advantage of U. S. bankruptcy laws. **High** ~~The continued disruption and reduced economic activity caused by COVID- 19, rising~~ interest rates, inflation and a potential economic downturn may severely affect our tenants' businesses, financial condition and liquidity, leading to an increase in tenant bankruptcy or insolvency. In addition, a portion of our tenants may fail to meet their obligations to us in full (or at all), or may otherwise seek modifications of such obligations. Certain jurisdictions may also enact laws or regulations that impact or alter our ability to collect rent under our existing least terms. ~~The ultimate extent to which COVID- 19 will continue to impact the operations of our tenants will depend on future developments, which remain uncertain and cannot be predicted with confidence. We may be materially adversely affected by laws, regulations or other issues related to climate change. If we become subject to laws or regulations related to climate change, our business, financial condition and results of operations could be materially adversely affected. The federal government has enacted certain climate change laws and regulations which may, among other things, regulate " carbon footprints " and greenhouse gas emissions. In addition, the SEC has recently proposed~~

~~rule amendments that would require us to prepare a wide range of new climate- related disclosures, including with respect to our climate- related risks, greenhouse gas emissions, and other climate- related targets, goals and plans. Such laws and regulations could result in substantial compliance costs, retrofit costs and construction costs, including monitoring and reporting costs and capital expenditures for environmental control facilities and other new equipment. Noncompliance with these laws or regulations may result in potential cost increases, litigation, fines, penalties, brand or reputational damage, loss of tenants, lower~~ W. P. Carey ~~2022~~ **2023** 10- K – **11** ~~10 valuation and higher investor activism activities.~~ We ~~cannot predict how future laws~~ **may not achieve some or all the expected benefits of the Spin- Off** and ~~regulations~~ **the Office Sale Program. We may not be able to achieve the full strategic and financial benefits expected to result from the Spin- Off and the Office Sale Program** , **or such benefits may be delayed due to a variety of circumstances, not all of which may be under** ~~or~~ **our** ~~future interpretations~~ **control. We may not achieve the anticipated benefits** of ~~current laws~~ **the Spin- Off or the Office Sale Program for a variety of reasons, including, among others: (i) the transactions may not generate the anticipated improvements in our cost of or access to capital;** and ~~regulations~~ **(ii) we may be subject to unexpected costs** related to **the Spin- Off** ~~climate change will affect our business~~ , ~~financial condition and~~ **including as a** ~~results~~ - **result** of ~~operations. Additionally,~~ **our indemnification obligations under** the **Separation and Distribution Agreement** ~~potential physical impacts of climate change on our~~ - **or obligations related to indebtedness associated with the transfer** ~~operations are highly uncertain. These may include changes in rainfall and storm patterns and intensity, increased strength~~ of **NLOP assets** ~~hurricanes, water shortages, changing sea levels~~ and ~~changing temperatures~~ **any guaranties related thereto** . ~~These impacts~~ **Failure to achieve some or all the benefits expected to result from the Spin- Off and the Office Sale Program, or a delay in realizing such benefits,** may have a material adverse effect on our business, financial condition and results of operations. ~~Because we are subject to possible liabilities relating to environmental matters~~ **We may acquire or develop properties or acquire other real estate related companies** , **and this may create risks. We may acquire or develop properties or acquire other real estate related companies when** we **believe that an acquisition or development is consistent with our business strategies. We may not succeed in consummating desired acquisitions or in completing developments on time or within budget. When we do pursue a project or acquisition, we may not succeed in leasing newly developed or acquired properties at rents sufficient to cover the costs of acquisition or development and operations. Difficulties in integrating acquisitions may prove costly or time- consuming and** could ~~incur unexpected costs and~~ **divert management' s attention from other activities. Acquisitions** ~~our~~ - **or** ~~ability to sell~~ **developments in new markets** or ~~otherwise dispose~~ **industries where we do not have the same level** of ~~a property~~ **market knowledge** may ~~be negatively impacted~~ **result in poorer than anticipated performance** . We **may also abandon acquisition or development opportunities that management has begun pursuing and consequently fail to recover expenses already incurred and will** have ~~invested~~ **devoted management' s time to a matter not consummated. Furthermore** , **our acquisitions of new** ~~and may in the future invest, in real~~ properties ~~historically or currently used for~~ - **or companies will** industrial, manufacturing, and other commercial...... historical or ongoing operations, which may expose us to **the** liabilities ~~under environmental laws. Some~~ of ~~these~~ **those properties** ~~laws could impose the following on us: • responsibility and liability for~~ - **or** ~~the cost~~ **companies, some** of ~~investigation and removal or remediation (including~~ **which we may not be aware of** at ~~appropriate disposal facilities) of hazardous or toxic substances in, on, or migrating from our property, generally without regard to our knowledge of, or responsibility for, the presence of these~~ -- **the time** ~~contaminants; • liability for claims by third parties based on damages to natural resources or property, personal injuries, or costs~~ of ~~removal or remediation of hazardous or toxic substances in, on, or migrating from our property; and • responsibility for managing asbestos- containing building materials and third- party claims for exposure to those~~ -- **the acquisition** materials. Costs relating to investigation,...... to borrow using the property as collateral . In addition, **development of** ~~environmental liabilities, or~~ **our existing** ~~costs or operating limitations imposed on a tenant by environmental laws, could affect its ability to make rental payments to us. And although we endeavor to avoid doing so, we may be required, in connection with any future divestitures of property~~ **properties presents similar risks** ~~, to provide buyers with indemnifications against potential environmental liabilities~~ . Risks Related to Our Liquidity and Capital Resources Our level of indebtedness could have significant adverse consequences and our cash flow may be insufficient to meet our debt service obligations. Our consolidated indebtedness as of December 31, ~~2022~~ **2023 ,** was approximately $ ~~7~~ **8** . ~~9~~ **1** billion, representing a consolidated debt to gross assets ratio of approximately ~~39~~ **41** . ~~8~~ **6** %. This consolidated indebtedness was comprised of (i) $ ~~5~~ **6** . ~~9~~ **0** billion in Senior Unsecured Notes (as defined in Note ~~11~~ **12**), (ii) $ ~~828~~ **403** . ~~9~~ **8** million outstanding under our ~~Senior~~ Unsecured **Revolving** Credit Facility (as defined in Note ~~11~~ **12**), ~~and~~ (iii) $ 1. 1 billion **outstanding under our Unsecured Term Loans (as defined in Note 12), and (iv) $ 579. 1 million** in non-recourse mortgage loans on various properties. Our level of indebtedness could have significant adverse consequences on our business and operations, including the following: • it may increase our vulnerability to changes in economic conditions (including increases in interest rates) and limit our flexibility in planning for, or reacting to, changes in our business and / or industry; • we may be at a disadvantage compared to our competitors with comparatively less indebtedness; • we may be unable to hedge our debt, or such hedges may fail or expire, leaving us exposed to potentially volatile interest or currency exchange rates; • any default on our secured indebtedness may lead to foreclosures, creating taxable income that could hinder our ability to meet the REIT distribution requirements imposed by the Internal Revenue Code; and • we may be unable to refinance our indebtedness or obtain additional financing as needed or on favorable terms. ~~W. P. Carey 2022 10- K – 11~~ Our ability to generate sufficient cash flow determines whether we will be able to (i) meet our existing or potential future debt service obligations; (ii) refinance our existing or potential future indebtedness; and (iii) fund our operations, working capital, acquisitions, capital expenditures, and other important business uses. Our future cash flow is subject to many factors beyond our control and we cannot assure you that our business will generate sufficient cash flow from operations, or that future sources of cash will be available to us on favorable terms, to meet all of our debt service obligations and fund our other important business uses or liquidity needs. As a result, we may be forced to take other actions to meet those obligations, such as selling properties, raising equity, or delaying capital expenditures, any of which may not be feasible or could have a material adverse effect on us. In addition, despite our substantial outstanding indebtedness and the restrictions in the agreements governing our indebtedness, we may incur significantly more indebtedness in the future, which would exacerbate the risks discussed above. ~~We~~ **W. P.** ~~are~~ **Carey 2023 10** ~~subject to risks related to the anticipated replacement of the London Inter-~~ **K – 12** ~~bank Offered Rate (" LIBOR "). In July 2017, the Financial Conduct Authority (" FCA "), the authority that regulates LIBOR, announced that it intends to stop compelling banks to submit rates for the calculation of LIBOR after 2021. As a result, the Federal Reserve Board and the Federal Reserve Bank of New York organized the Alternative Reference Rates Committee, which identified the Secured Overnight Financing Rate (" SOFR ") as its preferred alternative to USD LIBOR in derivatives and other financial contracts. The ICE Benchmark Administration stated that it will cease to publish all remaining USD LIBOR settings immediately following their publication on June 30, 2023. We have financial contracts that are indexed to LIBOR. Our Senior Unsecured Credit Facility contained provisions that contemplate methods to establishing an alternative base rate upon USD LIBOR' s retirement and, in January 2023, we entered into a Third Amendment to the Fourth Amended and Restated Credit Agreement to transition to SOFR. In a similar manner, we will manage the transition from LIBOR for all of our remaining debt and derivative instruments using any language that may be included in their respective agreements and through potential modifications. Risks related to potential changes in LIBOR availability include, but are not limited to, potential changes to financial products and market practices, borrowing rates, fees, interest obligations, and the value of debt and derivative instruments. Transitioning to an alternative reference rate may require negotiations with lenders and other counterparties, which could present challenges if the method of transition is not mutually agreed upon. We have transitioned all non- USD LIBOR base rate exposures phased out at the end of 2021 to their respective alternative reference rates.~~ Restrictive covenants in our credit agreement and indentures may limit our ability to expand or fully pursue our business strategies. The credit agreement for our Senior Unsecured Credit Facility and the indentures governing our Senior Unsecured Notes contain financial and operating covenants that, among other things, require us to meet specified financial ratios and may limit our ability to take specific actions, even if we believe them to be in our best interest (e. g., subject to certain exceptions, our ability to consummate a merger, consolidation, or a transfer of all or substantially all of our consolidated assets to another person is restricted). These covenants may restrict our ability to expand or fully pursue our business strategies. Our ability to comply with these and other provisions of our debt agreements may be affected by changes in our operating and financial performance, changes in general business and economic conditions, adverse regulatory developments, or other events beyond our control. The breach of any of these covenants could result in a default under our indebtedness, which could result in the acceleration of the maturity of such indebtedness and potentially other indebtedness. If any of our indebtedness is accelerated prior to maturity, we may not be able to repay such indebtedness or refinance such indebtedness on favorable terms, or at all. A downgrade in our credit ratings could materially adversely affect our business and financial condition as well as the market price of our Senior Unsecured Notes. We plan to manage our operations to maintain investment grade status with a capital structure consistent with our current profile. In September 2022 our rating was upgraded by Moody' s to Baa1 and in January 2023 our rating was upgraded by S & P Global Ratings to BBB , but there can be no assurance that we will be able to maintain our current credit ratings. Our credit ratings could change based upon, among other things, our historical and projected business, financial condition, liquidity, results of operations, and prospects. These ratings are subject to ongoing evaluation by credit rating agencies and we cannot provide any assurance that our ratings will not be changed or withdrawn by a rating agency in the future. If any of the credit rating agencies downgrades or lowers our credit rating, or if any credit rating agency indicates that it has placed our rating on a " watch list " for a possible downgrading or lowering, or otherwise indicates that its outlook for our rating is negative, it could have a material adverse effect on our costs and availability of capital, which could in turn have a material adverse effect on us and on our ability to satisfy our debt service obligations (including those under our Senior Unsecured Credit Facility, our Senior ~~W. P. Carey 2022 10- K – 12~~ Unsecured Notes, or other similar debt securities that we issue) and to pay dividends on our common stock. Furthermore, any such action could negatively impact the market price of our Senior Unsecured Notes. Some of our properties are encumbered by mortgage debt, which could adversely affect our cash flow. At December 31, ~~2022~~ **2023** , we had $ **579.** 1 ~~. 1 billion~~ **million** of property- level mortgage debt on a non- recourse basis, which limits our exposure on any property to the amount of equity invested in the property. If we are unable to make our mortgage- related debt payments as required, a lender could foreclose on the property or properties securing its debt. Additionally, lenders for our mortgage loan transactions typically incorporated various covenants and other provisions (including loan to value ratio, debt service coverage ratio, and material adverse changes in the borrower' s or tenant' s business) that can cause a technical loan default. Accordingly, if the real estate value declines or the tenant defaults, the lender would have the right to foreclose on its security. If any of these events were to occur, it could cause us to lose part or all of our investment, which could reduce the value of our portfolio and revenues available for distribution to our stockholders. Some of our property- level financing may also require us to make a balloon payment at maturity. Our ability to make such balloon payments may depend upon our ability to refinance the obligation or sell the underlying property. When a balloon payment is due, however, we may be unable to refinance the balloon payment on terms as favorable as the original loan, make the payment with existing cash or cash resources, or sell the property at a price sufficient to cover the payment. Our ability to accomplish these goals will be affected by various factors existing at the relevant time, such as the state of national and regional economies, local real estate conditions, available mortgage or interest rates, availability of credit, our equity in the mortgaged properties, our financial condition, the operating history of the mortgaged properties, and tax laws. A refinancing or sale could affect the rate of return to stockholders and the projected disposition timeline of our assets. Risks Related to our Corporate Structure and...... the best interests of our stockholders. W. P. Carey ~~2022~~ **2023** 10- K – 13 **Risks Related to our Corporate Structure and Maryland Law** Certain provisions of **our charter and** Maryland law could inhibit changes in control. Certain provisions **of our charter and** of the Maryland General Corporation Law (" MGCL ") may have the effect of inhibiting a third party from making a proposal to acquire us or impeding a change of control that could provide our stockholders with the opportunity to realize a premium over the then- prevailing market price of our common stock, including: **• to protect against the loss of our REIT status due to concentration of ownership levels,our charter generally limits the ability of a person,to own,actually or constructively,more than** 9.8 %,in either value or number of shares,whichever is more restrictive,of our aggregate outstanding shares of ~~(i)~~ common ~~and preferred~~ stock ~~(excluding any outstanding shares of our common~~ or preferred stock ~~not treated as outstanding for federal income tax purposes) or (ii) common stock (excluding any of our outstanding shares of common stock not treated as outstanding for federal income tax purposes)~~ .Our Board,in its sole discretion,may exempt a person from such ownership limits,provided that they obtain such representations,covenants,and undertakings as appropriate to determine that the exemption would not affect our REIT status.Our Board may also increase or decrease the common stock ownership limit and / or the aggregate stock ownership limit,so long as the change would not result in five or fewer persons beneficially owning **more than 49.9 % in value of our outstanding stock;** • " business combination " provisions that, subject to limitations, prohibit certain business combinations between us and an " interested stockholder " (defined generally as any person who beneficially owns 10 % or more of the voting power of our outstanding voting stock), or an affiliate thereof, for five years after the most recent date on which the stockholder becomes an interested stockholder, and thereafter imposes ~~special~~ appraisal rights and supermajority voting requirements on these combinations; ~~and~~ • " control share " provisions that provide that holders of " control shares " of our company (defined as **outstanding** voting shares which, when aggregated with all other shares owned or controlled by the stockholder, entitle the stockholder to exercise one of three increasing ranges of voting power in electing directors) acquired in a " control share acquisition " (defined as the direct or indirect acquisition of ownership or control of issued and outstanding " control shares ") have no voting rights except to the extent approved by our stockholders by the affirmative vote of at least two- thirds of all the votes entitled to be cast on the matter, excluding all interested shares ~~create~~ **;** and **•** ~~issue a class or~~ **our** ~~series of common stock or preferred stock without stockholder approval.Our~~ charter empowers our Board ~~to~~ ,without stockholder approval, **to** increase or decrease the aggregate number of shares of our stock or the number of shares of stock of any class or series that we have authority to issue ~~;~~ **,** classify any unissued shares of common stock or preferred stock ~~;~~ **,** reclassify any previously classified,but unissued,shares of common stock or preferred stock into one or more classes or series of stock ~~;~~ **,** and issue such shares of stock so classified or reclassified ~~.Our~~ **,and our** Board may determine the relative rights,preferences,and privileges of any class or series of common stock or preferred stock issued ~~.As~~ **,including terms that could have the effect of delaying or preventing** a ~~result~~ **change of control transaction** . The ~~statute~~ **MGCL** permits various exemptions from its provisions, including business combinations that are exempted by a board of directors prior to the time that the " interested stockholder " becomes an interested stockholder. Our Board has, by resolution, exempted any business combination between us and any person who is an existing, or becomes in the future, an " interested stockholder. " Consequently, the five- year prohibition and the supermajority vote requirements will not apply to business combinations between us and any such person. As a result, such person may be able to enter into business combinations with us that may not be in the best interest of our stockholders, without compliance with the supermajority vote requirements and the other provisions of the statute. Additionally, this resolution may be altered, revoked, or repealed in whole or in part at any time and we may opt back into the business combination provisions of the MGCL. If this resolution is revoked or repealed, the statute may discourage others from trying to acquire control of us and increase the difficulty of consummating any offer. In the case of the control share provisions of the MGCL, we have elected to opt out of these provisions of the MGCL pursuant to a provision in our bylaws. **If we amend our bylaws to remove or modify this provision, the control share provisions of the statute may discourage others from trying to acquire control of us and increase the difficulty of consummating any offer.** Additionally, Title 3, Subtitle 8 of the MGCL permits our Board, without stockholder approval and regardless of what is currently provided in our charter or our bylaws, to implement certain governance provisions, some of which we do not currently have. ~~We have opted~~ **Our charter contains a provision opting** out of Section 3- 803 of the MGCL, which permits a board of directors to be divided into classes pursuant **by Board action and without a stockholder- approved charter amendment. This provision can be modified only with a board recommendation and stockholder approval of the charter amendment. If we elect in the future** to **become subject to any of the remaining provisions of** Title 3, Subtitle 8 of the MGCL **, such** ~~. Any amendment or repeal of this resolution must be approved in the same manner as~~ an **election** ~~amendment to our charter. The remaining provisions of Title 3, Subtitle 8 of the MGCL~~ may have the effect of inhibiting a third party from making an acquisition proposal for our company or of delaying, deferring, or preventing a change in control of our company under circumstances that otherwise could provide the holders of our common stock with the opportunity to realize a premium over the then- current market price. Our charter, our bylaws, and Maryland law also contain **W. P. Carey 2023 10- K – 14** other provisions that may delay, defer, or prevent a transaction or a change of control that might involve a premium price for our common stock or otherwise be in the best interests of our stockholders. Risks Related to **our** REIT Structure While we believe that we are properly organized as a REIT in accordance with applicable law, we cannot guarantee that the Internal Revenue Service will find that we have qualified as a REIT. We believe that we are organized in conformity with the requirements for qualification as a REIT under the Internal Revenue Code beginning with our 2012 taxable year and that our current and anticipated investments and plan of operation will enable us to meet and continue to meet the requirements for qualification and taxation as a REIT. Investors should be aware, however, that the Internal Revenue Service or any court could take a position different from our own. Given the highly complex nature of the rules governing REITs, the ongoing importance of factual determinations, and the possibility of future changes in our circumstances, no assurance can be given that we will qualify as a REIT for any particular year. ~~W. P. Carey 2022 10- K – 14~~ Furthermore, our qualification and taxation as a REIT will depend on our satisfaction of certain asset, income, organizational, distribution, stockholder ownership, and other requirements on a continuing basis. Our ability to satisfy the quarterly asset tests under applicable Internal Revenue Code provisions and Treasury Regulations will depend on the fair market values of our assets, some of which are not susceptible to a precise determination. Our compliance with the REIT income and quarterly asset requirements also depends upon our ability to successfully manage the composition of our income and assets on an ongoing basis. While we believe that we will satisfy these tests, we cannot guarantee that this will be the case on a continuing basis. **There are limited judicial or administrative interpretations of these provisions. Although we plan to continue to operate in a manner consistent with the REIT qualification rules, we cannot assure you that we will qualify in a given year or remain so qualified.** If we fail to remain qualified as a REIT, we would be subject to federal income tax at corporate income tax rates and would not be able to deduct distributions to stockholders when computing our taxable income. If, in any taxable year, we fail to qualify for taxation as a REIT and are not entitled to relief under the Internal Revenue Code, we will: • not be allowed a deduction for distributions to stockholders in computing our taxable income; • be subject to federal and state income tax, including ~~the Inflation Reduction Act of 2022 which was signed into law in the United States on August 16, 2022 and will be effective in 2023 (which introduced~~ a 15 % corporate minimum tax on certain corporations and a 1 % excise tax on certain stock repurchases by certain corporations, among other changes ~~)~~, on our taxable income at regular corporate rate; and • be barred from qualifying as a REIT for the four taxable years following the year when we were disqualified ~~. Any such corporate tax liability could be substantial and would reduce the amount of cash available for distributions to our stockholders, which in turn could have an adverse impact on the value of our common stock. This adverse impact could last for five or more years because, unless we are entitled to relief under certain statutory provisions, we will be taxed as a corporation beginning the year in which the failure occurs and for the following four years. If we fail to qualify for taxation as a REIT, we may need to borrow funds or liquidate some investments to pay the additional tax liability. Were this to occur, funds available for investment would be reduced. REIT qualification involves the application of highly technical and complex provisions of the Internal Revenue Code to our operations, as well as various factual determinations concerning matters and circumstances not entirely within our control. There are limited judicial or administrative interpretations of these provisions. Although we plan to continue to operate in a manner consistent with the REIT qualification rules, we cannot assure you that we will qualify in a given year or remain so qualified~~. If we fail to make required distributions, we may be subject to federal corporate income tax. We intend to declare regular quarterly distributions, the amount of which will be determined, and is subject to adjustment, by our Board. To continue to qualify and be taxed as a REIT, we will generally be required to distribute at least 90 % of our REIT taxable income (determined without regard to the dividends- paid deduction and excluding net capital gain) each year to our stockholders. Generally, we expect to distribute all, or substantially all, of our REIT taxable income. If our cash available for distribution falls short of our estimates, we may be unable to maintain the proposed quarterly distributions that approximate our taxable income and we may fail to qualify for taxation as a REIT. In addition, our cash flows from operations may be insufficient to fund required distributions as a result of differences in timing between the actual receipt of income and the recognition of income for federal income tax purposes or the effect of nondeductible expenditures (e. g., capital expenditures, payments of compensation for which Section 162 (m) of the Internal Revenue Code denies a deduction, the creation of reserves, or required debt service or amortization payments). To the extent we satisfy the 90 % distribution requirement, but distribute less than 100 % of our REIT taxable income, we will be subject to federal corporate income tax on our undistributed taxable income. We will also be subject to a 4. 0 % nondeductible excise tax if the actual amount that we pay out to our stockholders for a calendar year is less than a minimum amount specified under the Internal Revenue Code. In addition, in order to continue to qualify as a REIT, any C corporation earnings and profits to which we succeed must be distributed as of the close of the taxable year in which we accumulate or acquire such C corporation' s earnings and profits. W. P. Carey ~~2022~~ **2023** 10- K – 15 Because certain covenants in our debt instruments may limit our ability to make required REIT distributions, we could be subject to taxation. Our existing debt instruments include, and our future debt instruments may include, covenants that limit our ability to make required REIT distributions. If the limits set forth in these covenants prevent us from satisfying our REIT distribution requirements, we could fail to qualify for federal income tax purposes as a REIT. If the limits set forth in these covenants do not jeopardize our qualification for taxation as a REIT, but prevent us from distributing 100 % of our REIT taxable income, we will be subject to federal corporate income tax, and potentially a nondeductible excise tax, on the retained amounts. Because we are required to satisfy numerous requirements imposed upon REITs, we may be required to borrow funds, sell assets, or raise equity on terms that are not favorable to us. In order to meet the REIT distribution requirements and maintain our qualification and taxation as a REIT, we may need to borrow funds, sell assets, or raise equity, even if the then- prevailing market conditions are not favorable for such transactions. If our cash flows are not sufficient to cover our REIT distribution requirements, it could adversely impact our ability to raise short- and long- term debt, sell assets, or offer equity securities in order to fund the distributions required to maintain our qualification and taxation as a REIT. Furthermore, the REIT distribution requirements may increase the financing we need to fund capital expenditures, future growth, and expansion initiatives, which would increase our total leverage. In addition, if we fail to comply with certain asset ~~ownership~~ tests at the end of any calendar quarter, we must generally correct the failure within 30 days after the end of the calendar quarter or qualify for certain statutory relief provisions to avoid losing our REIT qualification. As a result, we may be required to liquidate otherwise attractive investments. These actions may reduce our income and amounts available for distribution to our stockholders. Because the REIT rules require us to satisfy certain rules on an ongoing basis, our flexibility or ability to pursue otherwise attractive opportunities may be limited. To qualify as a REIT for federal income tax purposes, we must continually satisfy tests concerning, among other things, the sources of our income, the nature and diversification of our assets, the amounts we distribute to our stockholders, and the ownership of our common stock. Compliance with these tests will require us to refrain from certain activities and may hinder our ability to make certain attractive investments, including the purchase of non- qualifying assets, the expansion of non- real estate activities, and investments in the businesses to be conducted by our taxable REIT subsidiaries (" TRSs "), thereby limiting our opportunities and the flexibility to change our business strategy. Furthermore, acquisition opportunities in domestic and international markets may be adversely affected if we need or require target companies to comply with certain REIT requirements prior to closing on acquisitions ~~. Also, please see the risk " There can be no assurance that we will be able to maintain cash dividends " below~~. Because the REIT provisions of the Internal Revenue Code limit our ability to hedge effectively, the cost of our hedging may increase and we may incur tax liabilities. The REIT provisions of the Internal Revenue Code limit our ability to hedge assets and liabilities that are not incurred to acquire or carry real estate. Generally, income from hedging transactions that have been properly identified for tax purposes (which we enter into to manage interest rate risk with respect to borrowings to acquire or carry real estate assets) and income from certain currency hedging transactions related to our non- U. S. operations, do not constitute " gross income " for purposes of the REIT gross income tests (such a hedging transaction is referred to as a " qualifying hedge "). In addition, if we enter into a qualifying hedge, but dispose of the underlying property (or a portion thereof) or the underlying debt (or a portion thereof) is extinguished, we can enter into a hedge of the original qualifying hedge, and income from the subsequent hedge will also not constitute " gross income " for purposes of the REIT gross income tests. To the extent that we enter into other types of hedging transactions, the income from those transactions is likely to be treated as non- qualifying income for purposes of the REIT gross income tests. As a result of these rules, we may need to limit our use of advantageous hedging techniques or implement those hedges through a TRS. This could increase the cost of our hedging activities because our TRSs could be subject to tax on income or gains resulting from such hedges or expose us to greater interest rate risks than we would otherwise want to bear. In addition, losses in any of our TRSs generally will not provide any tax benefit, except for being carried forward for use against future taxable income in the TRSs. W. P. Carey ~~2022~~ **2023** 10- K – 16 We use TRSs, which may cause us to fail to qualify as a REIT. To qualify as a REIT for federal income tax purposes, we hold our non- qualifying REIT assets and conduct our non- qualifying REIT income activities in or through one or more TRSs. The net income of our TRSs is not required to be distributed to us. Income that is not distributed to us by our domestic TRSs will generally not be subject to the REIT income distribution requirement. However, certain income that is not distributed to us by our foreign TRSs may be deemed distributed to us by operation of certain provisions of the **Internal Revenue** ~~U. S. Tax~~ Code and generally subject to REIT income distribution requirements. In addition, there may be limitations on our ability to accumulate earnings in our TRSs and the accumulation or reinvestment of significant earnings in our TRSs could result in adverse tax treatment. In particular, if the accumulation of cash in our TRSs causes the fair market value of our TRS interests and certain other non- qualifying assets to exceed 20 % of the fair market value of our assets, we would lose tax efficiency and could potentially fail to qualify as a REIT. Because the REIT rules limit our ability to receive distributions from TRSs, our ability to fund distribution payments using cash generated through our TRSs may be limited. Our ability to receive distributions from our TRSs is limited by the rules we must comply with in order to maintain our REIT status. In particular, at least 75 % of our gross income for each taxable year as a REIT must be derived from real estate- related sources, which principally includes gross income from the leasing of our properties. Consequently, no more than 25 % of our gross income may consist of dividend income from our TRSs and other non- qualifying income types. Thus, our ability to receive distributions from our TRSs is limited and may impact our ability to fund distributions to our stockholders using cash flows from our TRSs. Specifically, if our TRSs become highly profitable, we might be limited in our ability to receive net income from our TRSs in an amount required to fund distributions to our stockholders commensurate with that profitability. Transactions with our TRSs could cause us to be subject to a 100 % penalty tax on certain income or deductions if those transactions are not conducted on an arm' s- length basis. The Internal Revenue Code limits the deductibility of interest paid or accrued by a TRS to its parent REIT to assure that the TRS is subject to an appropriate level of corporate taxation. The Internal Revenue Code also imposes a 100 % excise tax on certain transactions between a TRS and its parent REIT that are not conducted on an arm' s- length basis. We will ~~monitor the value of investments in our TRSs in order to ensure compliance with TRS ownership limitations and will~~ structure our transactions with our TRSs on terms that we believe are arm' s- length to avoid incurring the 100 % excise tax described above. There can be no assurance, however, that we will be able to ~~comply with the TRS ownership limitation or be able to~~ avoid application of the 100 % excise tax **. We may be subject to a limitation on our deductions for business interest expense. In addition, the deduction for net business interest is generally limited to 30 % of the borrower' s adjusted taxable income (excluding non- business income, net operating losses, business interest income, and, for taxable years beginning before January 1, 2022, computed without regard to depreciation and amortization). This limitation on the deductibility of net business interest could result in additional taxable income for us and our subsidiaries that are C corporations, including our TRSs, unless we or our subsidiaries qualify as real estate companies and elect not to be subject to such limitation in exchange for using longer depreciation periods that may otherwise be available** . Because distributions payable by REITs generally do not qualify for reduced tax rates, the value of our common stock could be adversely affected. Certain distributions payable by domestic or qualified foreign corporations to individuals, trusts, and estates in the United States are currently eligible for federal income tax at a maximum rate of 20 % plus the 3. 8 % Medicare tax on net investment income, if applicable. Distributions payable by REITs, in contrast, are generally not eligible for this reduced rate, unless the distributions are attributable to dividends received by the REIT from other corporations that would otherwise be eligible for the reduced rate. This more favorable tax rate for regular corporate distributions could cause qualified investors to perceive investments in REITs to be less attractive than investments in the stock of corporations that pay distributions, which could adversely affect the value of REIT stocks, including our common stock. **W. P. Carey 2023 10- K – 17** Even if we continue to qualify as a REIT, certain of our business activities will be subject to corporate level income tax and foreign taxes, which will continue to reduce our cash flows, and we will have potential deferred and contingent tax liabilities. Even if we qualify for taxation as a REIT, we may be subject to certain (i) federal, state, local, and foreign taxes on our income and assets ~~(including alternative minimum taxes for taxable years ending prior to January 1, 2018)~~ ; (ii) taxes on any undistributed income and state, local, or foreign income; and (iii) franchise, property, and transfer taxes. In addition, we could be required to pay an excise or penalty tax under certain circumstances in order to utilize one or more relief provisions under the Internal Revenue Code to maintain qualification for taxation as a REIT, which could be significant in amount. ~~W. P. Carey 2022 10- K – 17~~ Any TRS assets and operations would continue to be subject, as applicable, to federal and state corporate income taxes and to foreign taxes in the jurisdictions in which those assets and operations are located. Any of these taxes would decrease our earnings and our cash available for distributions to stockholders. We will also be subject to a federal corporate level tax at the highest regular corporate rate (currently 21 %) on all or a portion of the gain recognized from a sale of assets formerly held by any C corporation that we acquire on a carry- over basis transaction occurring within a five- year period after we acquire such assets, to the extent the built- in gain based on the fair market value of those assets on the effective date of the REIT election is in excess of our then tax basis. The tax on subsequently sold assets will be based on the fair market value and built- in gain of those assets as of the beginning of our holding period. Gains from the sale of an asset occurring after the specified period will not be subject to this corporate level tax ~~. We expect to have only a de minimis amount of assets subject to these corporate tax rules and do not expect to dispose of any significant assets subject to these corporate tax rules~~ . Because dividends received by foreign stockholders are generally taxable, we may be required to withhold a portion of our distributions to such persons. Ordinary dividends received by foreign stockholders that are not effectively connected with the conduct of a U. S. trade or business are generally subject to U. S. withholding tax at a rate of 30 %, unless reduced by an applicable income tax treaty. Additional rules with respect to certain capital gain distributions will apply to foreign stockholders that own more than 10 % of our common 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 primarily for sale to customers in the ordinary course of business, unless certain safe harbor exceptions apply. Although we do not intend to hold any properties that would be characterized as 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 satisfy the available safe harbors. The** ability of our Board to revoke our REIT election, without stockholder approval, may cause adverse consequences for our stockholders. Our organizational documents permit our Board to revoke or otherwise terminate our REIT election, without the approval of our stockholders, if it determines that it is no longer in our best interest to continue to qualify as a REIT. If we cease to be a REIT, we will not be allowed a deduction for dividends paid to stockholders in computing our taxable income and we will be subject to federal income tax at regular corporate rate and state and local taxes, which may have adverse consequences on the total return to our stockholders. Federal and state income tax laws governing REITs and related interpretations may change at any time, and any such legislative or other actions affecting REITs could have a negative effect on us and our stockholders. Federal and state income tax laws governing REITs or the administrative interpretations of those laws may be amended at any time. Federal, state, and foreign tax laws are under constant review by persons involved in the legislative process, at the Internal Revenue Service and the U. S. Department of the Treasury, and at various state and foreign tax authorities. Changes to tax laws, regulations, or administrative interpretations, which may be applied retroactively, could adversely affect us or our stockholders. We cannot predict whether, when, in what forms, or with what effective dates, the tax laws, regulations, and administrative **W. P. Carey 2023 10- K – 18** interpretations applicable to us or our stockholders may be changed. Accordingly, we cannot assure you that any such change will not significantly affect our ability to qualify for taxation as a REIT or the federal income tax consequences to you or us. Risks Related to Our Overall Business We are subject to the volatility of the capital markets, which may impact our ability to deploy capital. The trading volume and market price of our common stock may fluctuate significantly and be adversely impacted in response to a number of factors **, including disruption in the banking industry, continued inflation, and other macroeconomic developments** . Therefore, our current or historical trading volume and share prices are not indicative of the number of shares of our common stock that will trade going forward or how the market will value shares of our common stock in the future. In addition, the capital markets may experience extreme volatility, disruption and periods of dislocation (e. g., during pandemics or a global financial crisis), which could make it more difficult for us to raise capital. Since net- lease REITs must be able to deploy capital with agility and consistency, if we cannot access the capital markets upon favorable terms or at all, we may be required to liquidate one or more investments, including when an investment has not yet realized its maximum return, which could also result in adverse tax consequences and affect our ability to capitalize on acquisition opportunities and / or meet operational needs. Moreover, market turmoil could lead to decreased consumer confidence and widespread reduction of business activity, which may materially and adversely impact us, including our ability to acquire and dispose of properties. ~~W. P. Carey 2022 10- K – 18~~ Future issuances of debt and equity securities may negatively affect the market price of our common stock. We may issue debt or equity securities or incur additional borrowings in the future. Future issuances of debt securities would increase our interest costs and rank senior to our common stock upon our liquidation, and additional issuances of equity securities would dilute the holdings of our existing common stockholders (and any preferred stock may rank senior to our common stock for the purposes of making distributions), both of which may negatively affect the market price of our common stock. However, our future growth will depend, in part, upon our ability to raise additional capital, including through the issuance of debt and equity securities. Because our decision to issue additional debt or equity securities or incur additional borrowings in the future will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing, nature, or success of our future capital raising efforts. Thus, common stockholders bear the risk that our future issuances of debt or equity securities, or our incurrence of additional borrowings, will negatively affect the market price of our common stock. There can be no assurance that we will be able to maintain cash dividends **. In September 2023, we announced that we were resetting our dividend policy, targeting an AFFO payout ratio of approximately 70 % to 75 %** . Our ability to continue to pay dividends in the future may be adversely affected by the risk factors described in this Report. More specifically, while we expect to continue our current dividend practices, we can give no assurance that we will be able to maintain dividend levels in the future for various reasons, including the following: • there is no assurance that rents from our properties will increase or that future acquisitions will increase our cash available for distribution to stockholders, and we may not have enough cash to pay such dividends due to changes in our cash requirements, capital plans, cash flow, or financial position; • our Board, in its sole discretion, determines the amount and timing of any future dividend payments to our stockholders based on a number of factors, therefore our dividend levels are not guaranteed and may fluctuate; and • the amount of dividends that our subsidiaries may distribute to us may be subject to restrictions imposed by law or regulators, as well as the terms of any current or future indebtedness that these subsidiaries may incur. Furthermore, certain agreements relating to our borrowings may, under certain circumstances, prohibit or otherwise restrict our ability to pay dividends to our common stockholders. Future dividends, if any, are expected to be based upon our earnings, financial condition, cash flows and liquidity, debt service requirements, capital expenditure requirements for our properties, financing covenants, and applicable law. If we do not have sufficient cash available to pay dividends, we may need to fund the shortage out of working capital or revenues from future acquisitions, if any, or borrow to provide funds for such dividends, which would reduce the amount of funds available for investment and increase our future interest costs. Our inability to pay dividends, or to pay dividends at expected levels, could adversely impact the market price of our common stock. **Additionally, in the event that** ~~Our accounting policies and methods are fundamental to how~~ we ~~record and~~ **have to declare dividends in- kind in order to satisfy the REIT annual distribution requirements, a holder of our common stock will be required to** report **dividend income** ~~our financial position and results of operations, and they require management to make estimates, judgments, and assumptions about matters that are inherently uncertain. Our accounting policies and methods are fundamental to how we record and report our financial position and results of operations. We have identified several accounting policies~~ as **a** ~~being critical to the presentation of our financial position and results~~ - **result** of **such distributions even though we distributed no cash** ~~operations because they require management to make particularly subjective~~ or **only nominal** ~~complex judgments about matters that are inherently uncertain and because of the likelihood that materially different~~ amounts ~~would be recorded under different conditions or using different assumptions. Due to the inherent uncertainty~~ of **cash** ~~the estimates, judgments, and assumptions associated with these critical accounting policies, we cannot provide any assurance that we will not make significant subsequent adjustments~~ to **such stockholder** ~~our consolidated financial statements. If our judgments, assumptions, and allocations prove to be incorrect, or if circumstances change, our business, financial condition, revenues, operating expense, results of operations, liquidity, ability to pay dividends, or stock price may be materially adversely affected~~. W. P. Carey ~~2022~~ **2023** 10- K – 19 We may make investments in asset classes or countries outside of our core investment strategy which may be perceived as complicating our strategy relative to our peers. We may need to expand beyond our current asset class mix to ~~growth~~ -- **grow** our portfolio. As a result, we intend, to the extent that market conditions warrant, to seek to grow our ~~businesses~~ -- **business** by increasing our investments in existing businesses, pursuing new investment strategies (including investment opportunities in new asset classes), developing new types of investment structures and products, and expanding into new geographic markets and businesses. Introducing new types of investment structures and products could increase the complexities involved in managing such investments, including to ensure compliance with regulatory requirements and terms of the investment. Making investments in assets classes or countries outside of our core investment strategy may also be perceived as complicating our strategy relative to our peers. Entry into **new** asset classes or countries may subject us to new laws and regulations with which we are not familiar, or from which we are currently exempt, and may lead to increased litigation and regulatory risk and costs. Failure to hedge effectively against interest rate changes and foreign exchange rate changes may have a material adverse effect on our business, financial condition and results of operations. The interest rate and foreign exchange rate hedge instruments we may use to manage some of our exposure to interest rate and foreign exchange 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 and foreign exchange rate changes may have a material adverse effect on our business, financial condition and results of operations. ~~Our future success depends on the successful recruitment and retention of personnel, including our executives. Our future success depends in large part on our ability to hire and retain a sufficient number of qualified and diverse personnel. Failure to recruit from a diverse pool of qualified candidates, particularly in light of recent labor shortages could negatively impact the dynamic growth of our company. In addition, the nature of our executive officers' experience and the extent of the relationships they have developed with real estate professionals and financial institutions are important to the success of our business. We cannot provide any assurances regarding their continued employment with us. The loss of the services of certain of our executive officers could detrimentally affect our business and prospects, and a sustained labor shortage or increased turnover rates among our employees, could increase costs and materially adversely affect our business.~~ The occurrence of cyber incidents, or a deficiency in our cyber security, could negatively impact our business by causing a disruption to our operations, a compromise or corruption of our confidential information, and / or damage to our business relationships, all of which could negatively impact our financial results. A cyber incident is considered to be any adverse event that threatens the confidentiality, integrity, or availability of our information resources, which could be an intentional attack or an unintentional accident or error. ~~We use information~~ **Information** technology **, communication networks,** and other computer resources **are essential for us** to carry out important operational activities and ~~to~~ maintain our business records ~~. With the advent of remote work environments and technologies, we face heightened cybersecurity risks as our employees and counterparties increasingly depend on the internet and face greater exposure to malware and phishing attacks. These heightened cybersecurity risks may increase our vulnerability to cyber- attacks and cause disruptions to our internal control procedures~~. In addition, we may store or come into contact with sensitive information and data. If we or our third- party service providers fail to comply with applicable privacy or data security laws in handling this information, including the General Data Protection Regulation and the California Consumer Privacy Act, we could face significant legal and financial exposure to claims of governmental agencies and parties whose privacy is compromised, including sizable fines and penalties. We have implemented processes, procedures, and controls **, which are reviewed periodically and are** intended to address ongoing and evolving cyber security risks **. However** , ~~but~~ these measures ~~, as well as our increased awareness of a risk of a cyber incident,~~ do not guarantee that our financial results will not be negatively impacted by such an incident **, especially in light of the fact**

that it is not always possible to anticipate, detect, or recognize threats to our systems . The primary risks that could directly result from the occurrence of a cyber incident include operational interruption, damage to our relationship with our tenants, **expensive remediation efforts, liability exposure under federal and state law,** and private data exposure ~~. A significant and extended disruption could damage our business or reputation; cause a loss of revenue; have an adverse effect on tenant relations; cause an unintended or unauthorized public disclosure; or lead to the misappropriation of proprietary, personal identifying and confidential information; all of which could result in us incurring significant expenses to address and remediate or otherwise resolve these kinds of issues~~ . There can be no assurance that the insurance we maintain to cover some of these risks will be sufficient to cover the losses from any future breaches of our systems. **Further** ~~W. P. Carey 2022 10- K – 20 Our business may continue to be adversely affected by the ongoing COVID- 19 pandemic. We are unable to predict the impact of ongoing disruptions caused by additional surges and strains of COVID- 19 transmission. The economic downturn and market volatility caused by the ongoing COVID- 19 pandemic has already eroded the financial condition of certain of our tenants and operating properties; therefore, we cannot predict the impact that COVID- 19 will continue to have on our tenants' ability to pay rent and any~~ information **relating** ~~provided regarding historical rent collections should not serve as an indication of expected future rent collections. We also cannot assure you that conditions in the bank lending, capital, and other financial markets will not deteriorate as a result of the continued impact of COVID- 19, causing our access~~ to **cybersecurity** ~~capital and other sources of funding to become constrained, which could adversely affect the terms or even availability of future borrowings, renewals, and refinancings. Changes in laws and regulatory policies, including any governmental actions related to COVID- 19 and the effects of fiscal and monetary policy changes, could result in business disruptions and subject us to additional market volatility and risks~~ **risk management is discussed in Item 1C** . **Cybersecurity in this Report.**