UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2022

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _________ to __________

Commission file number: 001-38597

The Necessity Retail REIT, Inc.

(Exact name of registrant as specified in its charter)

Maryland	**90-0929989**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

650 Fifth Ave., 30th Floor, New York, NY 10019

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (212) 415-6500

Former name, former address and former fiscal year, if changed since last report: Not Applicable

Securities registered pursuant to section 12(b) of the Act:

Title of each class	Trading Symbols	Name of each exchange on which registered
Class A Common Stock, $0.01 par value per share	RTL	The Nasdaq Global Select Market
7.50% Series A Cumulative Redeemable Perpetual Preferred Stock, $0.01 par value per share	RTLPP	The Nasdaq Global Select Market
7.375% Series C Cumulative Redeemable Perpetual Preferred Stock, $0.01 par value per share	RTLPO	The Nasdaq Global Select Market
Preferred Stock Purchase Rights		The Nasdaq Global Select Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of October 31, 2022, the registrant had 134,224,313 shares of common stock outstanding.

THE NECESSITY RETAIL REIT, INC.

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PART I — FINANCIAL INFORMATION

Item 1. Financial Statements.

THE NECESSITY RETAIL REIT, INC.

CONSOLIDATED BALANCE SHEETS
(In thousands, except share and per share data)
(Unaudited)

	September 30, 2022	December 31, 2021
ASSETS		
Real estate investments, at cost:		
Land	$ 1,009,048	$ 729,048
Buildings, fixtures and improvements	3,515,775	2,729,719
Acquired intangible lease assets	654,735	402,673
Total real estate investments, at cost	5,179,558	3,861,440
Less: accumulated depreciation and amortization	(744,265)	(654,667)
Total real estate investments, net	4,435,293	3,206,773
Cash and cash equivalents	41,150	214,853
Restricted cash	19,288	21,996
Deposits for real estate investments	—	41,928
Deferred costs, net	22,176	25,587
Straight-line rent receivable	67,953	70,789
Operating lease right-of-use assets	17,964	18,194
Prepaid expenses and other assets	46,732	26,877
Assets held for sale	1,525	187,213
Total assets	$ 4,652,081	$ 3,814,210
LIABILITIES AND EQUITY		
Mortgage notes payable, net	$ 1,807,533	$ 1,464,930
Credit facility	478,000	—
Senior notes, net	491,983	491,015
Below market lease liabilities, net	140,241	78,073
Accounts payable and accrued expenses (including $2,864 and $1,016 due to related parties as of September 30, 2022 and December 31, 2021, respectively)	55,506	32,907
Operating lease liabilities	19,153	19,195
Derivative liabilities, at fair value	—	2,250
Deferred rent and other liabilities	7,919	9,524
Dividends payable	5,837	6,038
Total liabilities	3,006,172	2,103,932
7.50% Series A cumulative redeemable perpetual preferred stock, $0.01 par value, liquidation preference $25.00 per share, 12,796,000 shares authorized, 7,933,711 issued and outstanding as of September 30, 2022 and December 31, 2021	79	79
7.375% Series C cumulative redeemable perpetual preferred stock, $0.01 par value, liquidation preference $25.00 per share, 11,536,000 shares authorized, 4,595,175 and 4,594,498 issued and outstanding as of September 30, 2022 and December 31, 2021, respectively	46	46
Common stock, $0.01 par value per share, 300,000,000 shares authorized, 134,244,502 and 123,783,060 shares issued and outstanding as of September 30, 2022 and December 31, 2021, respectively	1,343	1,238
Additional paid-in capital	2,999,273	2,915,926
Distributions in excess of accumulated earnings	(1,374,378)	(1,217,435)
Total stockholders' equity	1,626,363	1,699,854
Non-controlling interests	19,546	10,424
Total equity	1,645,909	1,710,278
Total liabilities and equity	$ 4,652,081	$ 3,814,210

The accompanying notes are an integral part of these consolidated financial statements.

THE NECESSITY RETAIL REIT, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(In thousands, except per share data)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Revenue from tenants	$ 116,176	$ 91,915	$ 328,048	$ 252,679
Operating expenses:				
Asset management fees to related party	7,939	9,880	24,061	25,123
Property operating expense	28,051	13,384	74,710	40,152
Impairment of real estate investments	30,046	4,554	94,942	4,645
Acquisition, transaction and other costs	210	3,426	695	3,604
Equity-based compensation	3,857	4,149	10,878	13,779
General and administrative	8,499	5,589	23,722	15,578
Depreciation and amortization	57,494	32,762	141,755	97,509
Total operating expenses	136,096	73,744	370,763	200,390
Operating (loss) income before gain on sale of real estate investments	(19,920)	18,171	(42,715)	52,289
Gain on sale of real estate investments	1,608	478	68,615	775
Operating (loss) income	(18,312)	18,649	25,900	53,064
Other (expense) income:				
Interest expense	(32,402)	(19,232)	(84,471)	(58,927)
Other income	25	18	987	62
Gain on non-designated derivatives	—	—	2,250	—
Total other expense, net	(32,377)	(19,214)	(81,234)	(58,865)
Net loss	(50,689)	(565)	(55,334)	(5,801)
Net loss (income) attributable to non-controlling interests	60	(4)	54	4
Allocation for preferred stock	(5,837)	(5,837)	(17,511)	(17,425)
Net loss attributable to common stockholders	(56,466)	(6,406)	(72,791)	(23,222)
Other comprehensive income (loss):				
Change in unrealized income on derivatives	—	98	—	2,151
Comprehensive loss attributable to common stockholders	$ (56,466)	$ (6,308)	$ (72,791)	$ (21,071)
Weighted-average shares outstanding — Basic	133,115,729	118,862,852	131,478,484	112,770,685
Weighted-average shares outstanding — Diluted	133,115,729	118,862,852	131,478,484	112,770,685
Net loss per share attributable to common stockholders — Basic and Diluted	$ (0.43)	$ (0.06)	$ (0.56)	$ (0.21)

The accompanying notes are an integral part of these consolidated financial statements.

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THE NECESSITY RETAIL REIT, INC.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In thousands, except share data)
(Unaudited)

Nine Months Ended September 30, 2022

	Mezzanine Equity	Total Equity										
		Series A Preferred Stock		Series C Preferred Stock		Common Stock						
	Shares Subject to Repurchase	Number of Shares	Par Value	Number of Shares	Par Value	Number of Shares	Par Value	Additional Paid-in Capital	Distributions in excess of accumulated earnings	Total Stockholders' Equity	Non-controlling Interests	Total Equity
Balance, December 31, 2021	$ —	7,933,711	$ 79	4,594,498	$ 46	123,783,060	$ 1,238	$ 2,915,926	$ (1,217,435)	$ 1,699,854	$ 10,424	$ 1,710,278
Issuance of Common Stock, net	—	—	—	—	—	3,762,559	38	32,450	—	32,488	—	32,488
Issuance of Shares subject to repurchase, at fair market value upon closing	49,965	—	—	—	—	6,450,107	—	—	—	—	—	—
Adjustments to redemption value	3,423	—	—	—	—	—	—	(3,423)	—	(3,423)	—	(3,423)
Reclassification of Shares upon termination of repurchase rights	(53,388)	—	—	—	—	—	65	53,323	—	53,388	—	53,388
Issuance of Series A Preferred Stock, net	—	—	—	—	—	—	—	(166)	—	(166)	—	(166)
Issuance of Series C Preferred Stock, net	—	—	—	677	—	—	—	(149)	—	(149)	—	(149)
Equity-based compensation [(1)]	—	—	—	—	—	287,735	2	1,348	—	1,350	9,528	10,878
Common stock shares withheld upon vesting of restricted stock	—	—	—	—	—	(38,959)	—	(278)	—	(278)	—	(278)
Dividends declared on Common Stock,$0.64 per share	—	—	—	—	—	—	—	—	(83,607)	(83,607)	—	(83,607)
Dividends declared on Series A Preferred Stock, $1.41 per share	—	—	—	—	—	—	—	—	(11,157)	(11,157)	—	(11,157)
Dividends declared on Series C Preferred Stock, $1.38 per share	—	—	—	—	—	—	—	—	(6,354)	(6,354)	—	(6,354)
Distributions to non-controlling interest holders	—	—	—	—	—	—	—	—	(545)	(545)	(110)	(655)
Net loss	—	—	—	—	—	—	—	—	(55,280)	(55,280)	(54)	(55,334)
Rebalancing of ownership percentage	—	—	—	—	—	—	—	242	—	242	(242)	—
Balance, September 30, 2022	$ —	7,933,711	$ 79	4,595,175	$ 46	134,244,502	$ 1,343	$ 2,999,273	$ (1,374,378)	$ 1,626,363	$ 19,546	$ 1,645,909

(1) Presented net of forfeitures. During the nine months ended September 30, 2022, 64,205 restricted shares with a fair value of approximately $0.5 million were forfeited.

Three Months Ended September 30, 2022

	Mezzanine Equity	Total Equity										
		Series A Preferred Stock		Series C Preferred Stock		Common Stock						
	Shares Subject to Repurchase	Number of Shares	Par Value	Number of Shares	Par Value	Number of Shares	Par Value	Additional Paid-in Capital	Distributions in excess of accumulated earnings	Total Stockholders' Equity	Non-controlling Interests	Total Equity
Balance, June 30, 2022	$ 53,388	7,933,711	$ 79	4,595,175	$ 46	133,272,305	$ 1,268	$ 2,937,395	$ (1,289,400)	$ 1,649,388	$ 16,843	$ 1,666,231
Issuance of Common Stock, net	—	—	—	—	—	997,230	11	7,850	—	7,861	—	7,861
Reclassification of Shares upon termination of repurchase rights	(53,388)	—	—	—	—	—	65	53,323	—	53,388	—	53,388
Issuance of Series A Preferred Stock, net	—	—	—	—	—	—	—	(44)	—	(44)	—	(44)
Issuance of Series C Preferred Stock, net	—	—	—	—	—	—	—	(31)	—	(31)	—	(31)
Equity-based compensation [(1)]	—	—	—	—	—	13,926	(1)	682	—	681	3,176	3,857
Common stock shares withheld upon vesting of restricted stock	—	—	—	—	—	(38,959)	—	(278)	—	(278)	—	(278)
Dividends declared on Common Stock,$0.21 per share	—	—	—	—	—	—	—	—	(28,331)	(28,331)	—	(28,331)
Dividends declared on Series A Preferred Stock, $0.47 per share	—	—	—	—	—	—	—	—	(3,719)	(3,719)	—	(3,719)
Dividends declared on Series C Preferred Stock, $0.46 per share	—	—	—	—	—	—	—	—	(2,118)	(2,118)	—	(2,118)
Distributions to non-controlling interest holders	—	—	—	—	—	—	—	—	(181)	(181)	(37)	(218)
Net loss	—	—	—	—	—	—	—	—	(50,629)	(50,629)	(60)	(50,689)
Rebalancing of ownership percentage	—	—	—	—	—	—	—	376	—	376	(376)	—
Balance, September 30, 2022	$ —	7,933,711	$ 79	4,595,175	$ 46	134,244,502	$ 1,343	$ 2,999,273	$ (1,374,378)	$ 1,626,363	$ 19,546	$ 1,645,909

(1) Presented net of forfeitures. During the three months ended September 30, 2022, 63,930 restricted shares with a fair value of approximately $0.5 million were forfeited.

The accompanying notes are an integral part of these consolidated financial statements.

THE NECESSITY RETAIL REIT, INC.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In thousands, except share data)
(Unaudited)

Nine Months Ended September 30, 2021

	Series A Preferred Stock		Series C Preferred Stock		Common Stock							
	Number of Shares	Par Value	Number of Shares	Par Value	Number of Shares	Par Value	Additional Paid-in Capital	Accumulated Other Comprehensive income (loss)	Distributions in excess of accumulated earnings	Total Stockholders' Equity	Non-controlling Interests	Total Equity
Balance, December 31, 2020	7,842,008	$ 79	3,535,700	$ 35	108,837,209	$ 1,088	$ 2,723,678	$ (123)	$ (1,055,680)	$ 1,669,077	$ 30,522	$ 1,699,599
Issuance of Common Stock, net	—	—	—	—	14,456,837	145	125,937	—	—	126,082	—	126,082
Issuance of Series A Preferred Stock, net	91,703	—	—	—	—	—	2,047	—	—	2,047	—	2,047
Issuance of Series C Preferred Stock, net	—	—	1,058,798	11	—	—	25,492	—	—	25,503	—	25,503
Equity-based compensation [(1)]	—	—	—	—	289,449	3	2,075	—	—	2,078	11,701	13,779
Common stock shares withheld upon vesting of restricted shares	—	—	—	—	(77,021)	(1)	(723)	—	—	(724)	—	(724)
Dividends declared on Common Stock, $0.63 per share	—	—	—	—	—	—	—	—	(71,287)	(71,287)	—	(71,287)
Dividends declared on Series A Preferred Stock, $1.41 per share	—	—	—	—	—	—	—	—	(11,172)	(11,172)	—	(11,172)
Dividends declared on Series C Preferred Stock, $1.45 per share	—	—	—	—	—	—	—	—	(6,499)	(6,499)	—	(6,499)
Distributions to non-controlling interest holders	—	—	—	—	—	—	—	—	(354)	(354)	(110)	(464)
Net loss	—	—	—	—	—	—	—	—	(5,797)	(5,797)	(4)	(5,801)
Other comprehensive loss	—	—	—	—	—	—	—	2,151	—	2,151	—	2,151
Forfeiture of 2018 LTIP Units	—	—	—	—	—	—	34,826	—	—	34,826	(34,826)	—
Rebalancing of ownership percentage	—	—	—	—	—	—	(56)	—	—	(56)	56	—
Balance, September 30, 2021	7,933,711	$ 79	4,594,498	$ 46	123,506,474	$ 1,235	$ 2,913,276	$ 2,028	$ (1,150,789)	$ 1,765,875	$ 7,339	$ 1,773,214

(1) Presented net of forfeitures. During the nine months ended September 30, 2021, 24,025 restricted shares with a fair value of approximately $165,000 were forfeited.

Three Months Ended September 30, 2021

	Series A Preferred Stock		Series C Preferred Stock		Common Stock							
	Number of Shares	Par Value	Number of Shares	Par Value	Number of Shares	Par Value	Additional Paid-in Capital	Accumulated Other Comprehensive income (loss)	Distributions in excess of accumulated earnings	Total Stockholders' Equity	Non-controlling Interests	Total Equity
Balance, June 30, 2021	7,933,711	$ 79	4,594,498	$ 46	117,706,586	$ 1,177	$ 2,829,490	$ 1,930	$ (1,119,182)	$ 1,713,540	$ 36,426	$ 1,749,966
Issuance of Common Stock, net	—	—	—	—	5,822,614	59	49,024	—	—	49,083	—	49,083
Issuance of Series A Preferred Stock, net	—	—	—	—	—	—	(109)	—	—	(109)	—	(109)
Issuance of Series C Preferred Stock, net	—	—	—	—	—	—	(104)	—	—	(104)	—	(104)
Equity-based compensation [(1)]	—	—	—	—	(4,150)	—	312	—	154	466	5,773	6,239
Common stock shares withheld upon vesting of restricted shares	—	—	—	—	(18,576)	(1)	(164)	—	—	(165)	—	(165)
Dividends declared on Common Stock, $0.21 per share	—	—	—	—	—	—	—	—	(25,190)	(25,190)	—	(25,190)
Dividends declared on Series A Preferred Stock, $0.47 per share	—	—	—	—	—	—	—	—	(3,719)	(3,719)	—	(3,719)
Dividends declared on Series C Preferred Stock, $0.46 per share	—	—	—	—	—	—	—	—	(2,119)	(2,119)	—	(2,119)
Distributions to non-controlling interest holders	—	—	—	—	—	—	—	—	(164)	(164)	(37)	(201)
Net loss	—	—	—	—	—	—	—	—	(569)	(569)	4	(565)
Other comprehensive loss	—	—	—	—	—	—	—	98	—	98	—	98
Forfeiture of 2018 LTIP Units	—	—	—	—	—	—	34,826	—	—	34,826	(34,826)	—
Rebalancing of ownership percentage	—	—	—	—	—	—	1	—	—	1	(1)	—
Balance, September 30, 2021	7,933,711	$ 79	4,594,498	$ 46	123,506,474	$ 1,235	$ 2,913,276	$ 2,028	$ (1,150,789)	$ 1,765,875	$ 7,339	$ 1,773,214

(1) Presented net of forfeitures. During the three months ended September 30, 2021, 4,150 restricted shares with a fair value of approximately $29,000 were forfeited.

The accompanying notes are an integral part of these consolidated financial statements.

THE NECESSITY RETAIL REIT, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Nine Months Ended September 30,	
	2022	**2021**
Cash flows from operating activities:		
Net loss	$ (55,334)	$ (5,801)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation	80,573	67,463
Amortization of in-place lease assets	59,375	28,429
Amortization of deferred leasing costs	1,806	1,617
Amortization (including accelerated write-off) of deferred financing costs	9,603	7,991
Amortization of mortgage (premiums) and discounts on borrowings, net	615	(972)
Accretion of market lease and other intangibles, net	(3,254)	(3,450)
Equity-based compensation	10,878	13,779
Gain on non-designated derivatives	(2,250)	—
Gain on sale of real estate investments	(68,615)	(775)
Impairment of real estate investments	94,942	4,645
Payments of prepayment costs on mortgages	—	3,327
Changes in assets and liabilities:		
Straight-line rent receivable	(5,407)	(5,068)
Straight-line rent payable	198	190
Prepaid expenses and other assets	(6,936)	(16,316)
Accounts payable and accrued expenses	17,003	5,282
Deferred rent and other liabilities	(1,605)	182
Net cash provided by operating activities	131,592	100,523
Cash flows from investing activities:		
Capital expenditures	(10,905)	(10,106)
Investments in real estate and other assets	(996,551)	(153,704)
Proceeds from sale of real estate investments	306,123	4,579
Deposits for real estate investments	(103)	(615)
Net cash used in investing activities	(701,436)	(159,846)
Cash flows from financing activities:		
Proceeds from mortgage notes payable	—	239,928
Payments on mortgage notes payable	(11,586)	(137,905)
Proceeds from credit facility	513,000	30,500
Payments on credit facility	(35,000)	(125,114)
Payments of financing costs	(3,148)	(10,059)
Payments of prepayment costs on mortgages	—	(3,327)
Common stock repurchases	(278)	(560)
Distributions on LTIP Units and Class A Units	(655)	(320)
Dividends paid on Class A common stock	(83,607)	(71,287)
Dividends paid on Series A preferred stock	(11,157)	(11,129)
Dividends paid on Series C preferred stock	(6,354)	(4,380)
Series A preferred stock offering costs	(159)	—
Series C preferred stock offering costs	(159)	—
Class A common stock offering costs	(706)	—
Proceeds from issuance of Series A preferred stock, net	—	1,974
Proceeds from issuance of Series C preferred stock, net	17	25,555
Proceeds from issuance of Class A common stock, net	33,225	126,902
Net cash provided by financing activities	393,433	60,778
Net change in cash, cash equivalents and restricted cash	(176,411)	1,455
Cash, cash equivalents and restricted cash beginning of period	236,849	113,397
Cash, cash equivalents and restricted cash end of period	$ 60,438	$ 114,852

THE NECESSITY RETAIL REIT, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

The accompanying notes are an integral part of these consolidated financial statements.

	Nine Months Ended September 30,	
	2022	**2021**
Cash and cash equivalents, end of period	$ 41,150	$ 98,989
Restricted cash, end of period	19,288	15,863
Cash, cash equivalents and restricted cash end of period	$ 60,438	$ 114,852
Supplemental Disclosures:		
Cash paid for interest, net of amounts capitalized	$ 77,851	$ 52,887
Cash paid for income and franchise taxes	1,102	1,112
Non-Cash Investing and Financing Activities:		
Accrued Series A preferred stock offering costs	$ 7	$ 70
Accrued Series C preferred stock offering costs	2	69
Accrued Class A common stock offering costs	31	827
Series A preferred stock dividend declared	3,719	3,719
Series C preferred stock dividend declared	2,118	2,118
Shares issued in acquisition	49,965	—
Adjustments to value of shares	3,423	—
Proceeds from real estate sales used to pay off related mortgage notes payable	940	1,108
Mortgage notes payable released in connection with disposition of real estate	(940)	(1,108)
Mortgages assumed in acquisition (including net discounts of $2,301)	350,436	—
Application of deposits for real estate acquisitions	40,000	—
Accrued contingent consideration on acquired properties in the CIM Portfolio Acquisition	5,236	—
Accrued capital expenditures	269	1,583

The accompanying notes are an integral part of these consolidated financial statements.

Note 1 — Organization

The Necessity Retail REIT, Inc. (the "Company"), is an externally managed real estate investment trust for U.S. federal income tax purposes ("REIT") focusing on acquiring and managing a diversified portfolio of primarily service-oriented and traditional retail and distribution-related commercial real estate properties located primarily in the United States. The Company's assets consist primarily of freestanding single-tenant properties that are net leased to "investment grade" and other creditworthy tenants and a portfolio of multi-tenant retail properties consisting primarily of power centers and lifestyle centers.

The Company has historically focused its acquisitions primarily on net leased, single-tenant service retail properties, defined as properties leased to tenants in the retail banking, restaurant, grocery, pharmacy, gas, convenience, fitness, and auto services sectors.

On December 17, 2021, the Company signed a purchase and sale agreement to acquire 79 multi-tenant retail centers and two single-tenant properties for an aggregate contract purchase price of $1.3 billion (the "CIM Portfolio Acquisition"). The Company determined that the CIM Portfolio Acquisition was accounted for as an asset acquisition. The acquisition closed in multiple transactions from February 2022 through July 2022, and the consideration included cash (including cash sourced from borrowings under the Credit Facility, as defined below), assumption of existing mortgage debt securing certain of the properties and the issuance of shares of the Company's Class A common stock.

The Company closed on the properties of the CIM Portfolio Acquisition in multiple stages as follows:

- In the three months ended March 31, 2022, the Company closed on the acquisition of 56 properties of the CIM Portfolio Acquisition for an aggregate contract purchase price of $801.1 million which was funded by $728.4 million in cash, including $378.0 million of borrowings under the Company's Credit Facility, the assumption of $19.3 million of existing mortgage debt and the issuance of $50.0 million in fair value at issuance ($53.4 million in contractual value) of the Company's Class A common stock to certain subsidiaries of the CIM Real Estate Finance Trust, Inc. (the "Sellers"), at its closing value on the respective closing dates on which the common stock was issued.
- In the three months ended June 30, 2022, the Company closed on 24 additional properties from the CIM Portfolio Acquisition for an aggregate contract purchase price of $452.8 million in three closings. The acquisitions were funded with the assumption of $294.5 million of fixed-rate mortgage debt, $128.2 million of $135.0 million of borrowings under the Credit Facility, the application of $23.8 million of the Company's $40.0 million deposit and the remainder with cash on hand. The assumed mortgages bear stated interest rates between 3.65% and 4.62% and mature between April 2023 and September 2033.
- In the three months ended September 30, 2022, the Company closed on the one remaining property from the CIM Portfolio Acquisition for a contract purchase price of $71.1 million. The acquisition was funded with the assumption of $39.0 million of fixed-rate mortgage debt, the application of the remaining $16.2 million of the Company's $40.0 million deposit, and the remainder with cash on hand (including $6.8 million of previous borrowings under the Credit Facility). The assumed mortgage bears a stated interest rate of 4.05% and matures in May 2024.
- The aggregate contract purchase prices above do not include contingent consideration relating to leasing activity at each respective acquired property for a six-month period subsequent to the respective closing dates of each acquired property. The Company paid $10.2 million, $13.3 million and $26.1 million for such contingent consideration with cash on hand in the three months ended March 31, 2022, June 30, 2022 and September 30, 2022, respectively, and the Company has accrued for $5.2 million of contingent consideration based on leases executed as of September 30, 2022. Additional amounts may be due for leases executed through January 2023 (six months following the acquisition date of the final property of the CIM Portfolio Acquisition).

The CIM Portfolio Acquisition represented a strategic shift away from a primary focus on single-tenant retail properties.

In addition, the Company acquired one additional single-tenant property in the three months ended September 30, 2022 for a contract purchase price of $5.0 million. The Company acquired 11 additional single-tenant properties and one additional multi-tenant retail property in the nine months ended September 30, 2022 for an aggregate contract purchase price of $63.4 million.

As of September 30, 2022, the Company owned 1,050 properties, comprised of 28.8 million rentable square feet, which were 92.6% leased, including 939 single-tenant net leased commercial properties (900 of which are retail properties) and 111 multi-tenant retail properties.

Substantially all of the Company's business is conducted through The Necessity Retail REIT Operating Partnership, L.P. (the "OP"), a Delaware limited partnership, and its wholly-owned subsidiaries. Necessity Retail Advisors, LLC (the "Advisor") manages the Company's day-to-day business with the assistance of the Company's property manager, Necessity Retail Properties, LLC, (the "Property Manager"). The Advisor and the Property Manager are under common control with AR Global Investments, LLC ("AR Global") and these related parties receive compensation and fees for providing services to the Company. The Company also reimburses these entities for certain expenses they incur in providing these services to the Company.

Note 2 — Summary of Significant Accounting Policies

Basis of Accounting

The accompanying unaudited consolidated financial statements of the Company included herein were prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information and with the instructions to this Quarterly Report on Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. The information furnished includes all adjustments and accruals of a normal recurring nature, which, in the opinion of management, are necessary for a fair statement of results for the interim periods. All intercompany accounts and transactions have been eliminated in consolidation. The results of operations for the three and nine month periods ended September 30, 2022 and 2021 are not necessarily indicative of the results for the entire year or any subsequent interim periods.

These unaudited consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto as of, and for the year ended December 31, 2021, which are included in the Company's Annual Report on Form 10-K filed with the SEC on February 24, 2022. Except for those required by new accounting pronouncements discussed below, there have been no significant changes to the Company's significant accounting policies during the nine months ended September 30, 2022.

Principles of Consolidation

The accompanying unaudited consolidated financial statements include the accounts of the Company, the OP and its subsidiaries. All intercompany accounts and transactions are eliminated in consolidation. In determining whether the Company has a controlling financial interest in a joint venture and the requirement to consolidate the accounts of that entity, management considers factors such as ownership interest, authority to make decisions and contractual and substantive participating rights of the other partners or members as well as whether the entity is a variable interest entity ("VIE") for which the Company is the primary beneficiary. The Company has determined the OP is a VIE of which the Company is the primary beneficiary. Substantially all of the Company's assets and liabilities are held by the OP. Except for the OP, as of September 30, 2022 and December 31, 2021, the Company had no interests in entities that were not wholly owned.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Management makes significant estimates regarding revenue recognition, purchase price allocations to record investments in real estate, and fair value measurements, as applicable.

Out-of-Period Adjustment

During the third quarter of 2022, the Company concluded that it had understated amortization by $1.2 million in the three months ended March 31, 2022, and $2.5 million and $3.7 million, respectively, for the three and six month periods ended June 30, 2022, for certain in-place lease intangibles associated with certain leases with below market rents that were acquired as part of the CIM Portfolio Acquisition in the first and second quarters of 2022. The Company has concluded that this adjustment was not material to the financial position or results of operations for the current period or for any prior quarterly periods and, accordingly, the Company recorded the cumulative adjustment to increase depreciation by $3.7 million in the three and nine month periods ended September 30, 2022.

Impacts of the COVID-19 Pandemic

During the first quarter of 2020, the global COVID-19 pandemic that has spread around the world and to every state in the United States commenced. The pandemic has had and could continue to have an adverse impact on economic and market conditions, including a global economic slowdown, recession, or period of slow growth. The continued rapid development and fluidity of this situation precludes any prediction as to the ultimate adverse impact of COVID-19 on economic and market conditions. The Company believes the estimates and assumptions underlying its consolidated financial statements are reasonable and supportable based on the information available as of September 30, 2022, however uncertainty over the ultimate impact COVID-19 will have on the global economy generally, and the Company's business in particular, makes any estimates and assumptions as of September 30, 2022 inherently less certain than they would be absent the current and potential impacts of COVID-19. Actual results may ultimately differ from those estimates.

The financial stability and overall health of tenants is critical to the Company's business. The negative effects that the global pandemic has had on the economy includes the closure or reduction in activity for many retail operations such as some of those operated by the Company's tenants (e.g., restaurants). This has impacted the ability of some of the Company's tenants to pay their monthly rent either temporarily or in the long-term. The Company experienced delays in rent collections in the second, third and fourth quarters of 2020 and the first quarter of 2021. The Company has not experienced any material delays in the receipt of rental payments during the nine months ended September 30, 2022. The Company took a proactive approach to achieve mutually agreeable solutions with its tenants and in some cases, in the second, third and fourth quarters of 2020 and throughout 2021, the Company executed several types of lease amendments. These agreements included deferrals and abatements and also may have included extensions to the term of the leases. The Company has not executed any COVID-19-related deferrals or abatements in the nine months ended September 30, 2022.

For accounting purposes, in accordance with ASC 842: Leases, normally a company would be required to assess a lease modification to determine if the lease modification should be treated as a separate lease and if not, modification accounting would be applied which would require a company to reassess the classification of the lease (including leases for which the prior classification under ASC 840 was retained as part of the election to apply the package of practical expedients allowed upon the adoption of ASC 842, which does not apply to leases subsequently modified). However, in light of the COVID-19 pandemic in which many leases are being modified, the Financial Accounting Standards Board ("FASB") and the U.S. Securities and Exchange Commission ("SEC") provided relief that allowed companies to make a policy election as to whether they treat COVID-19 related lease amendments as a provision included in the pre-concession arrangement, and therefore, not a lease modification, or to treat the lease amendment as a modification. In order to be considered COVID-19 related, cash flows must be substantially the same or less than those prior to the concession. For COVID-19 relief qualified changes, there are two methods to potentially account for such rent deferrals or abatements under the relief, (1) as if the changes were originally contemplated in the lease contract or (2) as if the deferred payments are variable lease payments contained in the lease contract. For all other lease changes that did not qualify for FASB relief, the Company is required to apply modification accounting including assessing classification under ASC 842.

Some, but not all of the Company's lease modifications qualify for the FASB relief. In accordance with the relief provisions, instead of treating these qualifying leases as modifications, the Company has elected to treat the modifications as if previously contained in the lease and recast rents receivable prospectively (if necessary). Under that accounting, for modifications that were deferrals only, there would be no impact on overall rental revenue and for any abatement amounts that reduced total rent to be received, the impact would be recognized ratably over the remaining life of the lease.

For leases not qualifying for this relief, the Company has applied modification accounting and determined that there were no changes in the current classification of its leases impacted by negotiations with its tenants.

Revenue Recognition

The Company's revenues, which are derived primarily from lease contracts, include rents that each tenant pays in accordance with the terms of each lease reported on a straight-line basis over the initial term of the lease. As of September 30, 2022, these leases had an average remaining lease term of approximately 7.0 years. Because many of the Company's leases provide for rental increases at specified intervals, straight-line basis accounting requires the Company to record a receivable for, and include in revenue from tenants, unbilled rents receivable that the Company will only receive if the tenant makes all rent payments required through the expiration of the initial term of the lease. When the Company acquires a property, the acquisition date is considered to be the commencement date for purposes of this calculation. For new leases after acquisition, the commencement date is considered to be the date the tenant takes control of the space. For lease modifications, the commencement date is considered to be the date the lease modification is executed. The Company defers the revenue related to lease payments received from tenants in advance of their due dates. Pursuant to certain of the Company's lease agreements, tenants are required to reimburse the Company for certain property operating expenses, in addition to paying base rent, whereas under certain other lease agreements, the tenants are directly responsible for all operating costs of the respective properties. Under ASC 842, the Company elected to report combined lease and non-lease components in a single line "Revenue from tenants." For comparative purposes, the Company also elected to reflect prior revenue and reimbursements reported under ASC

842 on a single line. For expenses paid directly by the tenant, under both ASC 842 and 840, the Company has reflected them on a net basis.

The following table presents future base rent payments on a cash basis due to the Company over the next five years and thereafter. These amounts exclude tenant reimbursements and contingent rent payments, as applicable, that may be collected from certain tenants based on provisions related to sales thresholds and increases in annual rent based on exceeding certain economic indexes among other items:

As of September 30, 2022:

(In thousands)		Future Base Rent Payments
2022 (remainder)	$	93,334
2023		367,716
2024		340,503
2025		310,098
2026		277,855
2027		235,000
Thereafter		1,241,083
	$	2,865,589

The Company owns certain properties with leases that include provisions for the tenant to pay contingent rental income based on a percent of the tenant's sales upon the achievement of certain sales thresholds or other targets which may be monthly, quarterly or annual targets. As the lessor to the aforementioned leases, the Company defers the recognition of contingent rental income, until the specified target that triggered the contingent rental income is achieved, or until such sales upon which percentage rent is based are known. For the three and nine months ended September 30, 2022 such amounts were $0.2 million and $0.9 million, respectively, and for the three and nine months ended September 30, 2021 such amounts were $0.3 million and $0.9 million, respectively.

The Company continually reviews receivables related to rent and unbilled rents receivable and determines collectability by taking into consideration the tenant's payment history, the financial condition of the tenant, business conditions in the industry in which the tenant operates and economic conditions in the area in which the property is located. Under the leasing standard adopted on January 1, 2019 (see the "Recently Issued Accounting Pronouncements" section below), the Company is required to assess, based on credit risk only, if it is probable that the Company will collect virtually all of the lease payments at lease commencement date and it must continue to reassess collectability periodically thereafter based on new facts and circumstances affecting the credit risk of the tenant. Partial reserves, or the ability to assume partial recovery are not permitted. If the Company determines that it's probable it will collect virtually all of the lease payments (rent and common area maintenance), the lease will continue to be accounted for on an accrual basis (i.e. straight-line). However, if the Company determines it's not probable that it will collect virtually all of the lease payments, the lease will be accounted for on a cash basis and a full reserve would be recorded on previously accrued amounts in cases where it was subsequently concluded that collection was not probable. Cost recoveries from tenants are included in operating revenue from tenants beginning on January 1, 2019, in accordance with new accounting rules, on the accompanying consolidated statements of operations and comprehensive income (loss) in the period the related costs are incurred, as applicable. In the second, third and fourth quarters of 2020 and throughout 2021 and 2022, this assessment included consideration of the impacts of the COVID-19 pandemic on the ability of the Company's tenants to pay rents in accordance with their contracts. The assessment included all of the Company's tenants with a focus on the Company's multi-tenant retail properties which have been more negatively impacted by the COVID-19 pandemic than the Company's single-tenant properties.

In accordance with the lease accounting rules, the Company records uncollectable amounts as reductions in revenue from tenants. During the three and nine months ended September 30, 2022, uncollectable amounts were $0.6 million and $1.1 million, respectively. During the three months ended September 30, 2021, the Company recorded a net recovery of $0.1 million of uncollectable amounts during the period. During the nine months ended September 30, 2021, uncollectable amounts were $1.3 million, not including a recovery of $0.8 million relating to a lease settlement fee from a tenant in one of the Company's multi-tenant properties that terminated its lease.

The Company entered into lease termination agreements at two and six of its single-tenant properties in the first quarter of 2022 and the fourth quarter of 2021, respectively. Since these leases have short-term remaining occupancy periods for the tenant, these lease termination agreements are treated as lease modifications, and their termination fee income is recognized over the remaining occupancy periods of the respective leases on a straight-line basis. In addition, the Company recognized and received $5.0 million in lease termination income from five vacant properties formerly leased to Truist Bank in the nine months ended September 30, 2022. The Company recorded additional lease revenue of $10.2 million in the nine months ended September 30, 2022, related to these agreements. As of June 30, 2022, the occupancy periods for these amended leases expired and the tenants vacated. Accordingly, no related revenue was recognized on these leases in the three months ended September 30, 2022.

During the third quarter of 2021, the Company entered into a lease termination agreement with a tenant at 12 of its properties. The Company recorded approximately $10.5 million in revenue from tenants in the Company's consolidated statements of operations for the three and nine months ended September 30, 2021 as a result of all of the accounting impacts related to this lease termination. This amount consists of a lease termination fee of $10.4 million and a $0.7 million below market lease intangibles write off, less $0.6 million in previously recorded straight-line rent receivables accrued on these leases.

Total lease termination income recorded during the nine months ended September 30, 2021 was $11.2 million, which includes the amounts referenced above as well as $0.8 million in lease termination fees from a tenant in one of the Company's multi-tenant properties that terminated its lease earlier in the year.

Investments in Real Estate

Investments in real estate are recorded at cost. Improvements and replacements are capitalized when they extend the useful life of the asset. Costs of repairs and maintenance are expensed as incurred. At the time an asset is acquired, the Company evaluates the inputs, processes and outputs of the asset acquired to determine if the transaction is a business combination or asset acquisition. If an acquisition qualifies as a business combination, the related transaction costs are recorded as an expense in the consolidated statements of operations and comprehensive loss. If an acquisition qualifies as an asset acquisition, the related transaction costs are generally capitalized and subsequently amortized over the useful life of the acquired assets. See the *Purchase Price Allocation* section in this Note for a discussion of the initial accounting for investments in real estate.

Disposal of real estate investments that represent a strategic shift in operations that will have a major effect on the Company's operations and financial results are required to be presented as discontinued operations in the consolidated statements of operations. No properties were presented as discontinued operations during the quarters ended September 30, 2022 and 2021. Properties that are intended to be sold are to be designated as "held for sale" on the consolidated balance sheets at the lesser of carrying amount or fair value less estimated selling costs when they meet specific criteria to be presented as held for sale, most significantly that the sale is probable within one year. The Company evaluates the probability of sale based on specific facts including whether a sales agreement is in place and the buyer has made significant non-refundable deposits. Properties are no longer depreciated when they are classified as held for sale. As of September 30, 2022, four properties were considered held for sale, and as of December 31, 2021, the Company had one property classified as held for sale.

Purchase Price Allocation

In both a business combination and an asset acquisition, the Company allocates the purchase price of acquired properties to tangible and identifiable intangible assets or liabilities based on their respective fair values. Tangible assets may include land, land improvements, buildings, fixtures and tenant improvements on an as-if vacant basis. Intangible assets may include the value of in-place leases and above- and below- market leases and other identifiable assets or liabilities based on lease or property specific characteristics. In addition, any assumed mortgages receivable or payable and any assumed or issued non-controlling interests (in a business combination) are recorded at their estimated fair values. In allocating the fair value to assumed mortgages, amounts are recorded to debt premiums or discounts based on the present value of the estimated cash flows, which is calculated to account for either above or below-market interest rates. In a business combination, the difference between the purchase price and the fair value of identifiable net assets acquired is either recorded as goodwill or as a bargain purchase gain. In an asset acquisition, the difference between the acquisition price (including capitalized transaction costs) and the fair value of identifiable net assets acquired is allocated to the non-current assets. All acquisitions during the nine months ended September 30, 2022 and 2021 were asset acquisitions.

For acquired properties with leases classified as operating leases, the Company allocates the purchase price to tangible and identifiable intangible assets acquired and liabilities assumed based on their respective fair values. In making estimates of fair values for purposes of allocating purchase price, the Company utilizes a number of sources, including independent appraisals that may be obtained in connection with the acquisition or financing of the respective property and other market data. The Company also considers information obtained about each property as a result of the Company's pre-acquisition due diligence in estimating the fair value of the tangible and intangible assets acquired and intangible liabilities assumed.

Tangible assets include land, land improvements, buildings, fixtures, and tenant improvements on an as-if vacant basis. The Company utilizes various estimates, processes and information to determine the as-if vacant property value. The Company estimates fair value using data from appraisals, comparable sales, discounted cash flow analysis and other methods. Fair value estimates are also made using significant assumptions such as capitalization rates, fair market lease rates, discount rates, and land values per square foot.

Identifiable intangible assets include amounts allocated to acquired leases for above- and below-market lease rates and the value of in-place leases. Factors considered in the analysis of the in-place lease intangibles include an estimate of carrying costs during the expected lease-up period for each property, taking into account current market conditions and costs to execute similar leases. In estimating carrying costs, the Company includes real estate taxes, insurance and other operating expenses and estimates of lost rentals at contract rates during the expected lease-up period, which typically ranges from six to 24 months. The Company also estimates costs to execute similar leases including leasing commissions, legal and other related expenses.

Above-market and below-market lease values for acquired properties are initially recorded based on the present value (using a discount rate which reflects the risks associated with the leases acquired) of the difference between (i) the contractual amounts to be paid pursuant to each in-place lease and (ii) management's estimate of fair market lease rates for each corresponding in-place lease, measured over a period equal to the remaining initial term of the lease for above-market leases and the remaining initial term plus the term of any below-market fixed rate renewal options for below-market leases.

Accounting for Leases

Lessor Accounting

In accordance with the lease accounting standard, all of the Company's leases as lessor prior to adoption of ASC 842 were accounted for as operating leases and the Company continued to account for them as operating leases under the transition guidance. The Company evaluates new leases originated after the adoption date (by the Company or by a predecessor lessor/owner) pursuant to the new guidance where a lease for some or all of a building is classified by a lessor as a sales-type lease if the significant risks and rewards of ownership reside with the tenant. This situation is met if, among other things, there is an automatic transfer of title during the lease, a bargain purchase option, the non-cancelable lease term is for more than a major part of the remaining economic useful life of the asset (e.g., equal to or greater than 75%), if the present value of the minimum lease payments represents substantially all (e.g., equal to or greater than 90%) of the leased property's fair value at lease inception, or if the asset is so specialized in nature that it provides no alternative use to the lessor (and therefore would not provide any future value to the lessor) after the lease term. Further, such new leases would be evaluated to consider whether they would be failed sale-leaseback transactions and accounted for as financing transactions by the lessor.

Generally, all the Company's leases as lessor have qualified as operating leases. The Company has one land lease to a tenant that qualifies as a financing lease which was entered into during the three months ended June 30, 2022. The carrying value of this lease is $2.0 million as of September 30, 2022, and is included in prepaid expenses and other assets on the Company's consolidated balance sheets. As of December 31, 2021, the Company had no leases as a lessor that were considered as sales-type or financing leases under sales leaseback rules.

As a lessor of real estate, the Company has elected, by class of underlying assets, to account for lease and non-lease components (such as tenant reimbursements of property operating expenses) as a single lease component as an operating lease because (a) the non-lease components have the same timing and pattern of transfer as the associated lease component; and (b) the lease component, if accounted for separately, would be classified as an operating lease. Additionally, only incremental direct leasing costs may be capitalized under the accounting guidance. Indirect leasing costs in connection with new or extended tenant leases, if any, are being expensed.

Lessee Accounting

For lessees, the accounting standard requires the application of a dual lease classification approach, classifying leases as either operating or finance leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. Lease expense for operating leases is recognized on a straight-line basis over the term of the lease, while lease expense for finance leases is recognized based on an effective interest method over the term of the lease. Also, lessees must recognize a right-of-use asset ("ROU") and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Further, certain transactions where at inception of the lease the buyer-lessor accounted for the transaction as a purchase of real estate and a new lease, may now be required to have symmetrical accounting to the seller-lessee if the transaction was not a qualified sale-leaseback and accounted for as a financing transaction. For additional information and disclosures related to the Company's operating leases, see *Note 10 — Commitments and Contingencies*.

The Company is the lessee under certain land leases which were previously classified prior to adoption of lease accounting and will continue to be classified as operating leases under transition elections unless subsequently modified. These leases are reflected on the Company's consolidated balance sheets and the rent expense is reflected on a straight-line basis over the lease term.

Gain on Sale of Real Estate Investments

Gains on sales of rental real estate are not considered sales to customers and are generally recognized pursuant to the provisions included in ASC 610-20, Gains and Losses from the Derecognition of Nonfinancial Assets ("ASC 610-20").

In accordance with ASC 845-10, Accounting for Non-Monetary Transactions, if a nonmonetary exchange has commercial substance, the cost of a nonmonetary asset acquired in exchange for another nonmonetary asset is the fair value of the asset surrendered to obtain it, and a gain or loss shall be recognized on the exchange.

Impairment of Long-Lived Assets

When circumstances indicate the carrying value of a property may not be recoverable, the Company reviews the property for impairment. This review is based on an estimate of the future undiscounted cash flows expected to result from the property's use and eventual disposition. These estimates consider factors such as expected future operating income, market and other applicable trends and residual value, as well as the effects of leasing demand, competition and other factors. If an impairment exists, due to the inability to recover the carrying value of a property, the Company would recognize an impairment loss on its consolidated statements of operations to the extent that the carrying value exceeds the estimated fair value of the property for properties to be held and used. For properties held for sale, the impairment loss recorded would equal the adjustment to fair value less estimated cost to dispose of the asset. These assessments have a direct impact on net income because recording an impairment loss results in an immediate negative adjustment to net earnings.

Reportable Segments

As of September 30, 2022 and December 31, 2021, the Company has determined that it has two reportable segments, with activities related to investing in single-tenant properties and multi-tenant properties.

Depreciation and Amortization

Depreciation is computed using the straight-line method over the estimated useful lives of up to 40 years for buildings, 15 years for land improvements, five years for fixtures and improvements and the shorter of the useful life or the remaining lease term for tenant improvements and leasehold interests.

The value of in-place leases, exclusive of the value of above-market and below-market in-place leases, is amortized to expense over the initial remaining lease terms of the respective leases.

The value of customer relationship intangibles, if any, is amortized to expense over the initial term of the lease and any renewal periods in the respective leases, but in no event does the amortization period for intangible assets exceed the remaining depreciable life of the building. If a tenant terminates its lease, the unamortized portion of the in-place lease value and customer relationship intangibles is charged to expense.

Assumed mortgage premiums or discounts are amortized as an increase or reduction to interest expense over the remaining terms of the respective mortgages.

Above and Below-Market Lease Amortization

Capitalized above-market lease values are amortized as a reduction of revenue from tenants over the remaining terms of the respective leases and the capitalized below-market lease values are amortized as an increase to revenue from tenants over the remaining initial terms plus the terms of any below-market fixed rate renewal options of the respective leases. If a tenant with a below-market rent renewal does not renew, any remaining unamortized amount will be taken into income at that time.

Capitalized above-market ground lease values are amortized as a reduction of property operating expense over the remaining terms of the respective leases. Capitalized below-market ground lease values are amortized as an increase to property operating expense over the remaining terms of the respective leases and expected below-market renewal option periods.

Upon termination of an above or below-market lease, any unamortized amounts would be recognized in the period of termination.

Equity-Based Compensation

The Company has stock-based plans under which its directors, officers, and employees (if the Company ever has employees), employees of the Advisor and its affiliates, employees of entities that provide services to the Company, directors of the Advisor or of entities that provide services to the Company, and certain consultants to the Company and the Advisor and its affiliates or to entities that provide services to the Company are eligible to receive awards. Awards granted thereunder are accounted for under the guidance for employee share-based payments. The cost of services received in exchange for these stock awards is measured at the grant date fair value of the award and the expense for such an award is included in the equity-based compensation line item of the consolidated statements of operations and is recognized in accordance with the service period (i.e., vesting) required or when the requirements for exercise of the award have been met.

Effective at the listing of the Company's Class A Common Stock, $0.01 par value per share ("Class A common stock") on The Nasdaq Global Select Market ("Nasdaq") on July 19, 2018 (the "Listing Date"), the Company entered into a multi-year outperformance agreement with the Advisor (the "2018 OPP") under which a new class of units of the limited partnership designated as "LTIP Units" ("LTIP Units") were issued to the Advisor. These awards were market-based awards with a related required service period. In accordance with ASC 718, the LTIP Units were valued at their grant date and that value was reflected as a charge to earnings evenly over the service period. The cumulative expense was reflected as part of non-controlling interest in the Company's balance sheets and statements of equity until the end of the service period. Following the end of the performance period under the 2018 OPP on July 19, 2021, the compensation committee of the board of directors of the Company determined that none of the 4,496,796 of the LTIP Units subject to the 2018 OPP had been earned, and these LTIP Units were thus automatically forfeited. On that date, the Company reclassified amounts reflected in non-controlling interest for these LTIP Units to additional paid in capital on its consolidated balance sheets and statements of equity.

On May 4, 2021, the Company's independent directors authorized the issuance of an award of LTIP Units effective after the performance period under the 2018 OPP expired on July 19, 2021, with the number of LTIP Units to be issued to the Advisor to be equal to the quotient of $72.0 million divided by the ten-trading day trailing average closing stock price of the Company's Class A common stock for the ten trading days up to and including July 19, 2021. On July 21, 2021, the Company entered into the multi-year outperformance agreement with the Advisor (the "2021 OPP") pursuant to which the Advisor was granted an award of 8,528,885 LTIP Units, representing the quotient of $72.0 million divided by $8.4419. The LTIP Units issued under the 2021 OPP were reclassified as an equity award with the cumulative expense reflected as part of non-controlling interest in the Company's consolidated balance sheets and equity statements. For additional information, see *Note 13 — Equity-Based Compensation*.

In the event of a modification of any of the awards discussed above, any incremental increase in the value of the instrument measured on the date of the modification both before and after the modification, will result in an incremental amount to be reflected prospectively as a charge to earnings over the remaining service period. For additional information on these awards, see *Note 13 — Equity-Based Compensation*.

Recently Issued Accounting Pronouncements

Adopted as of January 1, 2021:

In August 2020, the FASB issued ASU 2020-06, *Debt - Debt with Conversion and Other Options (Topic 470) and Derivatives and Hedging – Contracts in Entity's Own Equity (Topic 815)*. The new standard reduces the number of accounting models for convertible debt instruments and convertible preferred stock, and amends the guidance for the derivatives scope exception for contracts in an entity's own equity. The standard also amends and makes targeted improvements to the related earnings per share guidance. The Company adopted the new standard as required on January 1, 2021 and its adoption did not have a material impact on the Company's financial statements.

Pending Adoption:

In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848)*. Topic 848 contains practical expedients for reference rate reform related activities that impact debt, leases, derivatives and other contracts. The guidance in Topic 848 is optional and may be elected over the period from March 12, 2020 through December 31, 2022 as reference rate reform activities occur. During the year ended December 31, 2020, the Company elected to apply the hedge accounting expedients related to (i) the assertion that our hedged forecasted transactions remain probable and (ii) the assessments of effectiveness for future LIBOR-indexed cash flows to assume that the index upon which future hedged transactions will be based matches the index on the corresponding derivatives. Application of these expedients would preserve the presentation of the Company's derivatives, if any, which would be consistent with the Company's past presentation. As of September 30, 2022, the Company did not have any outstanding derivative instruments but has LIBOR-based borrowings under its Credit Facility (see *Note 5 — Credit Facility* for additional information). The Company will continue to evaluate the impact of the guidance and may apply other elections, as applicable, as additional changes in the market occur.

Note 3 — Real Estate Investments

Property Acquisitions

The following table presents the allocation of real estate assets acquired and liabilities assumed during the periods presented. All acquisitions in both periods were considered asset acquisitions for accounting purposes.

	Nine Months Ended September 30,	
(Dollar amounts in thousands)	**2022**	**2021**
Real estate investments, at cost:		
Land	$ 312,399	$ 27,168
Buildings, fixtures and improvements	926,630	113,576
Total tangible assets	1,239,029	140,744
Acquired intangible assets and liabilities: [(1)]		
In-place leases	247,899	19,121
Above-market lease assets	25,286	—
Below-market lease liabilities	(70,026)	(6,161)
Total intangible assets, net	203,159	12,960
Assets Reduced, Liabilities Assumed and Equity Issued:		
Mortgage notes payable assumed in acquisitions (including net discounts of $2,301)	(350,436)	—
Shares issued in acquisitions	(49,965)	—
Application of deposit	(40,000)	—
Accrued contingent consideration on acquired properties from the CIM Portfolio Acquisition	(5,236)	
Cash paid for real estate investments	$ 996,551	$ 153,704
Number of properties purchased from the CIM Portfolio Acquisition (See *Note 1 — Organization* for additional information)	81	—
Number of other properties purchased	12	56

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(1) Weighted-average remaining amortization periods for in-place leases, above-market and below-market lease liabilities acquired during the nine months ended September 30, 2022 were 6.4 years, 7.5 years and 21.0 years, respectively, as of each property's respective acquisition date.

The following table presents amortization expense and adjustments to revenue from tenants and property operating expenses for intangible assets and liabilities during the periods presented:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In thousands)	2022	2021	2022	2021
In-place leases, included in depreciation and amortization [2]	$ 28,352	$ 9,220	$ 59,375	$ 28,429
Above-market lease intangibles	$ (2,037)	$ (587)	$ (4,318)	$ (1,877)
Below-market lease liabilities	2,625	2,075	7,616	5,371
Total included in revenue from tenants	$ 588	$ 1,488	$ 3,298	$ 3,494
Below-market ground lease asset [1]	$ 8	$ 8	$ 24	$ 24
Above-market ground lease liability [1]	—	—	—	—
Total included in property operating expenses	$ 8	$ 8	$ 24	$ 24

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(1) Intangible balances related to ground leases are included as part of the operating lease right-of-use assets presented on the consolidated balance sheets and the amortization expense of such balances is included in property operating expenses on the consolidated statements of operations.

(2) Includes $3.7 million of additional in-place lease amortization for the three months ended September 30, 2022 resulting from an out-of-period adjustment related to the six months ended June 30, 2022 (see Note 2 — *Summary of Significant Accounting Policies* for additional information).

The following table provides the projected amortization expense and adjustments to revenue from tenants for intangible assets and liabilities for the next five years:

(In thousands)	2022 (remainder)	2023	2024	2025	2026
In-place leases, to be included in depreciation and amortization	$ 22,303	$ 75,806	$ 58,706	$ 46,892	$ 37,110
Above-market lease intangibles	$ 1,644	$ 6,229	$ 5,396	$ 4,555	$ 3,316
Below-market lease liabilities	(2,696)	(10,700)	(10,189)	(9,804)	(9,344)
Total to be included in revenue from tenants	$ (1,052)	$ (4,471)	$ (4,793)	$ (5,249)	$ (6,028)

Deposits for Real Estate Investments

The Company did not have any deposits for future acquisitions of real estate investments as of September 30, 2022. As of December 31, 2021, the Company had $41.9 million in deposits for future acquisitions of real estate investments, of which $40.0 million as of December 31, 2021 related to the deposit on the CIM Portfolio Acquisition.

Real Estate Held for Sale

When assets are identified by management as held for sale, the Company ceases depreciation and amortization of the identified assets and estimates the sales price, net of costs to sell, of those assets. If the carrying amount of the assets classified as held for sale exceeds the estimated net sales price, the Company records an impairment charge equal to the amount by which the carrying amount of the assets exceeds the Company's estimate of the net sales price of the assets. For additional information on impairment charges, see "*Impairment Charges*" section below.

One multi-tenant property with a carrying value of $67.1 million was previously under a purchase and sale agreement for disposal and was classified as held for sale as of June 30, 2022. The sale was not completed, and the purchase and sale agreement was terminated during the three months ended September 30, 2022. The Company reevaluated the property, concluded that it no longer qualified as held for sale, and reclassified it as held for use. Accordingly, the Company recorded depreciation and amortization charges on the property to compensate for its time as held for sale. Subsequent to September 30, 2022, the Company entered into an amended purchase and sale agreement for this property for a contract sales price of $64.8 million. The Company again reevaluated this property, and concluded that the property did not meet the criteria for held for sale as of September 30, 2022. The Company recorded further impairment charges on this property of $2.4 million to reflect the reduced recovery value in the three months ended September 30, 2022.

As of September 30, 2022, there were four properties under contract to be disposed that have been classified as held for sale, all of which were vacant single-tenant properties formerly leased to Truist Bank. These properties were disposed in October 2022 (see *Note 16* — *Subsequent Events* for additional information).

As of December 31, 2021, there was one property, the Company's Sanofi property, classified as held for sale. This property was disposed on January 6, 2022.

The sales of these properties and other properties sold during their respective periods did not represent a strategic shift in the Company's operations or strategy. Accordingly, the operating results of these properties remained classified within continuing operations for all periods presented.

The following table details the major classes of assets associated with the properties that have been reclassified as held for sale as of September 30, 2022 and December 31, 2021:

(In thousands)	September 30, 2022 [(1)]	December 31, 2021 [(2)]
Real estate investments held for sale, at cost:		
Land	$ 2,593	$ 16,009
Buildings, fixtures and improvements	7,736	194,288
Acquired intangible lease assets	—	46,980
Total real estate assets held for sale, at cost	10,329	257,277
Less accumulated depreciation and amortization	(1,838)	(70,064)
Total real estate investments held for sale, net	8,491	187,213
Impairment charges related to properties reclassified as held for sale	(6,966)	—
Assets held for sale	$ 1,525	$ 187,213

(1) Consists of four vacant single-tenant properties formerly leased to Truist Bank, all of which were disposed subsequent to September 30, 2022 (see *Note 16* — *Subsequent Events* for additional information).

(2) Consists solely of the Sanofi property.

Real Estate Sales

During the three months ended September 30, 2022, the Company sold eight properties for an aggregate contract price of $35.4 million. These dispositions resulted in an aggregate gain of $1.6 million, which is reflected in gain on sale of real estate investments on the consolidated statement of operations for the three months ended September 30, 2022. During the nine months ended September 30, 2022, the Company sold 19 properties, including the Company's Sanofi property which was held for sale as of December 31, 2021, for an aggregate contract price of $331.0 million. These dispositions resulted in an aggregate gain of $68.6 million, which is reflected in gain on sale of real estate investments on the consolidated statement of operations for the nine months ended September 30, 2022.

During the three months ended September 30, 2021, the Company sold three properties for an aggregate contract price of $3.0 million, resulting in a gain of $0.5 million, which is reflected in gain on sale of real estate investments in the consolidated statement of operations for the three months ended September 30, 2021. During the nine months ended September 30, 2021, the Company sold eight properties for an aggregate contract price of $6.1 million, resulting in a gain of $0.8 million, which is reflected in gain on sale of real estate investments in the consolidated statement of operations for the nine months ended September 30, 2021.

Real Estate Held for Use

When circumstances indicate the carrying value of a property may not be recoverable, the Company reviews the property for impairment. For the Company, the most common triggering events are (i) concerns regarding the tenant (i.e., credit or expirations) in the Company's single-tenant properties, (ii) significant or sustained vacancy in the Company's multi-tenant properties and (iii) changes to the Company's expected holding period as a result of business decisions or non-recourse debt maturities. For all of its held for use properties, the Company had reconsidered the projected cash flows due to various performance indicators and, where appropriate, the Company evaluated the impact on its ability to recover the carrying value of such properties based on the expected cash flows over the intended holding period. See *"Impairment Charges"* below for discussion of specific charges taken.

If a triggering event for held for use single-tenant properties is identified, the Company uses either a market approach or an income approach to estimate the future cash flows expected to be generated.

The market approach involves evaluating comparable sales of properties in the same geographic region as the held for use properties in order to determine an estimated sale price. The Company makes certain assumptions including, among others, that the properties in the comparable sales used in the analysis share similar characteristics to the held for use properties, and that market and economic conditions at the time of any potential sales of these properties, such as discount rates; demand for space; competition for tenants; changes in market rental rates; and costs to operate the property, would be similar to those in the comparable sales analyzed.

Under the income approach, the Company evaluates the impact on its ability to recover the carrying value of such properties based on the expected cash flows over its intended holding period. The Company makes certain assumptions in this approach including, among others, the market and economic conditions, expected cash flow projections, intended holding periods and assessments of terminal values.

Where more than one possible scenario exists, the Company uses a probability weighted approach. As these factors are difficult to predict and are subject to future events that may alter management's assumptions, the future cash flows estimated by management in its impairment analysis may not be achieved, and actual losses or additional impairment may be realized in the future.

Impairment Charges

The following table details the impairment charges recorded by segment for the periods presented:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In thousands)	2022	2021	2022	2021
Single-tenant properties:				
Various vacant single-tenant properties [1]	$ 2,390	$ 4,554	$ 10,421	$ 4,645
United Healthcare [2]	—	—	3,766	—
Total single-tenant impairment charges	2,390	4,554	14,187	4,645
Multi-tenant properties:				
Blankenbaker Plaza [3] [5]	—	—	3,539	—
Brynwood Square [3] [5]	2,032	—	2,032	—
The Shoppes at West End [4] [5]	2,395	—	51,955	—
Shoppes at Wyomissing [5]	23,229	—	23,229	—
Total multi-tenant impairment charges	27,656	—	80,755	—
Total impairment charges	$ 30,046	$ 4,554	$ 94,942	$ 4,645

(1) For the three and nine months ended September 30, 2022, three and ten properties were impaired, respectively, of which two and nine, respectively, were formerly leased to Truist Bank. For the three and nine months ended September 30, 2021, six and seven properties were impaired, respectively, all of which were formerly leased to Truist Bank. All properties in the three and nine months ended September 30, 2022 were impaired to their fair values as determined by their respective purchase and sale agreements. Six properties in the three and nine months ended September 30, 2021 were impaired to their fair values as determined by their respective purchase and sale agreements, and one property in the nine months ended September 30, 2021 was impaired to its fair value as determined by the income approach. As of September 30, 2022, four impaired properties were classified as held for sale, all of which were disposed subsequent to September 30, 2022 (see Note 16 — *Subsequent Events* for additional information).

(2) This property has been vacant since June 30, 2021 when a tenant did not renew its lease. The Company previously impaired the property by $26.9 million in the three months ended December 31, 2021. This property was impaired to its fair value as determined by the income approach.

(3) These properties were recently acquired in the CIM Portfolio Acquisition (see Note 1 — *Organization* for additional information).

(4) This property was formerly classified as held for sale as of June 30, 2022 when it was previously under a purchase and sale agreement for disposal. The purchase and sale agreement was terminated in the three months ended September 30, 2022, and a replacement agreement was entered into subsequent to September 30, 2022, resulting in an incremental impairment recorded in the three months ended September 30, 2022 (see *Real Estate Held for Sale* above).

(5) These properties were impaired to their fair values as determined by their respective purchase and sale agreements.

Note 4 — Mortgage Notes Payable, Net

The Company's mortgage notes payable, net as of September 30, 2022 and December 31, 2021 consisted of the following:

Portfolio	Encumbered Properties	Outstanding Loan Amount as of September 30, 2022	Outstanding Loan Amount as of December 31, 2021	Effective Interest Rate as of September 30, 2022	Interest Rate	Maturity	Anticipated Repayment
		(In thousands)	(In thousands)				
2019 Class A-1 Net Lease Mortgage Notes	102	$ 117,770	$ 118,231	3.83 %	Fixed	May 2049	May 2026
2019 Class A-2 Net Lease Mortgage Notes	108	120,173	120,644	4.52 %	Fixed	May 2049	May 2029
2021 Class A-1 Net-Lease Mortgage Notes	49	53,821	54,487	2.24 %	Fixed	May 2051	May 2028
2021 Class A-2 Net-Lease Mortgage Notes	47	92,964	94,113	2.83 %	Fixed	May 2051	May 2031
2021 Class A-3 Net-Lease Mortgage Notes	33	34,997	35,000	3.07 %	Fixed	May 2051	May 2028
2021 Class A-4 Net-Lease Mortgage Notes	35	54,995	55,000	3.65 %	Fixed	May 2051	May 2031
Total Net Lease Mortgage Notes	374	474,720	477,475				
Stop & Shop	4	45,000	45,000	3.50 %	Fixed	Jan. 2030	Jan. 2030
Column Financial Mortgage Notes	364	706,197	715,000	3.79 %	Fixed	Aug. 2025	Aug. 2025
Bob Evans I	22	22,842	22,842	4.71 %	Fixed	Sep. 2037	Sep. 2027
Mortgage Loan II	12	210,000	210,000	4.25 %	Fixed	Jan. 2028	Jan. 2028
Mortgage Loan III	22	33,400	33,400	4.12 %	Fixed	Jan. 2028	Jan. 2028
Cottonwood Commons [(4)]	1	19,250	—	4.52 %	Fixed	Sep. 2023	Sep. 2023
The Marquis [(4)]	1	8,556	—	3.95 %	Fixed	May 2023	May 2023
Assumed Multi-Tenant Mortgage I [(4)]	3	16,700	—	4.68 %	Fixed	Sep. 2033	Sep. 2023
Assumed Multi-Tenant Mortgage II [(4)]	4	25,000	—	4.54 %	Fixed	Feb. 2024	Feb. 2024
Assumed Multi-Tenant Mortgage III [(4)]	3	31,010	—	3.70 %	Fixed	Apr. 2023	Apr. 2023
Assumed Multi-Tenant Mortgage IV [(4)]	4	28,387	—	3.90 %	Fixed	Apr. 2023	Apr. 2023
Assumed Multi-Tenant Mortgage V [(4)]	7	60,840	—	3.70 %	Fixed	Sep. 2023	Sep. 2023
The Plant [(4)]	1	123,000	—	3.87 %	Fixed	May 2033	May 2023
McGowin Park [(4)]	1	39,025	—	4.11 %	Fixed	May 2024	May 2024
Gross mortgage notes payable	823	1,843,927	1,503,717	3.83 % [(1)]			
Deferred financing costs, net of accumulated amortization [(2)]		(34,593)	(38,672)				
Mortgage premiums and (discounts), net [(3)]		(1,801)	(115)				
Mortgage notes payable, net		$ 1,807,533	$ 1,464,930				

(1) Calculated on a weighted-average basis for all mortgages outstanding as of September 30, 2022.

(2) Deferred financing costs represent commitment fees, legal fees and other costs associated with obtaining financing. These costs are amortized to interest expense over the terms of the respective financing agreements using the effective interest method. Unamortized deferred financing costs are generally expensed when the associated debt is refinanced or repaid before maturity. Costs incurred in seeking financial transactions that do not close are expensed in the period in which it is determined that it is probable the financing will not close.

(3) Mortgage premiums or discounts are amortized as an increase or reduction to interest expense over the remaining terms of the respective mortgages.

(4) The Company assumed this fixed-rate mortgage when it acquired a property in the CIM Portfolio Acquisition during the nine months ended September 30, 2022 with net discounts of $2.3 million.

As of September 30, 2022 and December 31, 2021, the Company had pledged $3.0 billion and $2.4 billion in real estate investments, respectively, at cost as collateral for its mortgage notes payable. This real estate is not available to satisfy other debts and obligations unless first satisfying the mortgage notes payable on the properties. In addition, as of September 30, 2022, $2.0 billion in real estate investments, at cost were included in the unencumbered asset pool comprising the borrowing base under the Company's revolving unsecured corporate credit facility (*see Note 5 — Credit Facility* for more details). The asset pool comprising the borrowing base under the credit facility is only available to serve as collateral or satisfy other debts and obligations if it is first removed from the borrowing base under the credit facility.

During the third quarter of 2022, the Company assumed $39.0 million of fixed-rate mortgage debt to partially fund the acquisition of the final property from the CIM Portfolio Acquisition. The mortgage bears stated interest of 4.05% and matures in May 2024.

In connection with refinancing certain properties, the Company may incur prepayment penalties relating to its prior debt obligations. During the three and nine months ended September 30, 2022 and 2021, no such amounts were incurred. These prepayment penalties, when incurred, are included in acquisition, transaction, and other costs in the consolidated statements of operations.

The following table summarizes the scheduled aggregate principal payments on mortgage notes payable based on anticipated maturity dates for the five years subsequent to September 30, 2022 and thereafter:

	Future Principal Payments			
(In thousands)	**Mortgage Notes**	**Credit Facility [1]**	**Senior Notes [2]**	**Total**
2022 (remainder)	$ 1,593	$ —	$ —	$ 1,593
2023	289,784	—	—	289,784
2024	65,672	—	—	65,672
2025	707,867	—	—	707,867
2026	116,917	478,000	—	594,917
2027	21,553	—	—	21,553
Thereafter	640,541	—	500,000	1,140,541
	$ 1,843,927	$ 478,000	$ 500,000	$ 2,821,927

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(1) The Credit Facility matures on April 1, 2026, subject to the Company's right, subject to customary conditions, to extend the maturity date by up to two additional six-month terms. See Note 5 — *Credit Facility* for additional information.

(2) The Senior Notes will mature on September 30, 2028. See *Note 6* — *Senior Notes, Net* for additional information.

The Company's mortgage notes payable agreements require compliance with certain property-level financial covenants including debt service coverage ratios. As of September 30, 2022, the Company was in compliance with all operating and financial covenants under these agreements.

Note 5 — Credit Facility

The Company has a credit facility (the "Credit Facility") with BMO Harris Bank, N.A. ("BMO Bank") as administrative agent, Citizens Bank, N.A. and SunTrust Robinson Humphrey, Inc., as joint lead arrangers, and the other lenders from time to time party thereto. On October 1, 2021, the Company entered into an amendment and restatement of the Credit Facility. Also, upon the closing of the Senior Notes (as defined in *Note 6* — *Senior Notes, Net*) on October 7, 2021, the Company used a portion of the proceeds to repay all outstanding borrowings under the Credit Facility at the time. The aggregate total commitments after the amendment and restatement of the Credit Facility were increased from $540.0 million to $815.0 million including a $50.0 million sublimit for letters of credit and a $55.0 million sublimit for swingline loans. The Credit Facility includes an uncommitted "accordion feature" permitting the Company, subject to certain exceptions, to increase the commitments under the Credit Facility by up to an additional $435.0 million, subject to obtaining commitments from new lenders or additional commitments from participating lenders and certain customary conditions. The Credit Facility matures on April 1, 2026, subject to the Company's right, subject to customary conditions, to extend the maturity date by up to two additional six-month terms. Borrowings under the Credit Facility may be prepaid at any time, in whole or in part, without premium or penalty, subject to customary LIBOR breakage costs.

The Credit Facility is supported by a pool of eligible unencumbered properties that are owned by the subsidiaries of the OP that serve as Guarantors. The Company may add or remove properties to or from this pool so long as at any time there are at least 15 eligible unencumbered properties with a value of at least $300.0 million, among other things. The amount available for future borrowings under the Credit Facility depends on the amount outstanding thereunder relative to the aggregate commitments; however, the amount the Company may borrow is limited by the financial maintenance covenants described below.

The amount available for future borrowings under the Credit Facility is based on the maximum amount of total unsecured indebtedness that could be incurred while maintaining a minimum unsecured interest coverage ratio with respect to the borrowing base, in each case, as of the determination date.

During the nine months ended September 30, 2022, the Company borrowed $513.0 million to fund a portion of the purchase price of the 81 properties acquired from the CIM Portfolio Acquisition, $35.0 million of which the Company repaid during the nine months ended September 30, 2022 using proceeds from its dispositions. As of September 30, 2022, the Company had a total borrowing capacity under the Credit Facility of $517.9 million based on the value of the borrowing base under the Credit Facility, and of this amount, $478.0 million was outstanding under the Credit Facility as of September 30, 2022 and $39.9 million remained available for future borrowings.

The Credit Facility currently requires payments of interest only prior to maturity. Borrowings under the Credit Facility bear interest at either (i) the Base Rate (as defined in the Credit Facility) plus an applicable spread ranging from 0.45% to 1.05%, or (ii) LIBOR plus an applicable spread ranging from 1.45% to 2.05%, in each case depending on the Company's consolidated leverage ratio. In addition, (i) if the Company or the OP achieves an investment grade credit rating, the OP can elect for the spread to be based on the credit rating of the Company or the OP, and (ii) the "floor" on LIBOR is 0%.

As of September 30, 2022, the weighted-average interest rate under the Credit Facility was 5.09%. As of December 31, 2021, there were no amounts outstanding under the Credit Facility.

In July 2017, the Financial Conduct Authority (the authority that regulates LIBOR) announced 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 LIBOR in derivatives and other financial contracts. On March 5, 2021, the Financial Conduct Authority confirmed a partial extension of this deadline, announcing that it will cease the publication of the one-week and two-month USD LIBOR settings immediately following December 31, 2021. The remaining USD LIBOR settings will continue to be published through June 30, 2023. The Company is not able to predict when there will be sufficient liquidity in the SOFR market. The Company is monitoring and evaluating the risks related to changes in LIBOR availability, which include potential changes in interest paid on debt and amounts received and paid on interest rate swaps. In addition, the value of debt or derivative instruments tied to LIBOR will also be impacted as LIBOR is limited and discontinued and contracts must be transitioned to a new alternative rate. While the Company expects LIBOR to be available in substantially its current form until at least June 30, 2023, it is possible that LIBOR will become unavailable prior to that time. This could occur, for example, if a sufficient number of banks decline to make submissions to the LIBOR administrator. The Credit Facility contains language governing the establishment of a replacement benchmark index to serve as an alternative to LIBOR, when necessary.

Any subsidiary owning property that is included in the borrowing base is required to guarantee the OP's obligations under the Credit Facility. This includes any wholly-owned domestic subsidiary of the OP that directly or indirectly owns or leases a real estate asset added to the pool of eligible unencumbered properties. For any Guarantor subsidiary of the OP, this guarantee will be released if the Company or the OP achieves an investment grade credit rating, but will again be required (i) if either the Company or the OP loses its investment grade credit rating, or (ii) with respect to any Guarantor subsidiary of the OP, for so long as the subsidiary is the primary obligor under or provides a guaranty to any holder of unsecured indebtedness.

The Credit Facility contains various customary operating covenants, including covenants restricting, among other things, restricted payments (including dividends and share repurchases), the incurrence of liens, the types of investments the Company may make, fundamental changes, agreements with affiliates and changes in nature of business. The amended and restated Credit Facility also (i) continues to have financial maintenance covenants with respect to maximum consolidated leverage, maximum consolidated secured leverage, minimum fixed charge coverage, and minimum net worth, (ii) amended the maximum recourse debt to total asset value covenant to refer instead to secured recourse debt, and (iii) added new financial maintenance covenants with respect to maximum consolidated unsecured leverage and adjusted net operating income for the pool of eligible unencumbered properties required to be maintained under the Credit Facility to debt service paid on unsecured indebtedness.

Under the Credit Facility, subject to certain exceptions, the Company is not permitted to pay distributions, including cash dividends on equity securities, including the Company's 7.50% Series A Cumulative Redeemable Perpetual Preferred Stock, $0.01 par value per share ("Series A Preferred Stock") and 7.375% Series C Cumulative Redeemable Perpetual Preferred Stock, $0.01 par value per share ("Series C Preferred Stock"), in an aggregate amount exceeding 95% of AFFO (as defined in the Credit Facility) for any look-back period of four consecutive fiscal quarters without seeking consent from the lenders under the Credit Facility. However, the Credit Facility also permits the Company to pay distributions in an aggregate amount not exceeding 105% of AFFO for any applicable period if, as of the last day of the period, the Company was able to satisfy a maximum leverage ratio after giving effect to the payments and also has amounts available for future borrowings under the Credit Facility of not less than $60.0 million. Moreover, if applicable, during the continuance of an event of default under the Credit Facility, the Company could not pay dividends or other distributions in excess of the amount necessary for the Company to maintain its status as a REIT.

As of September 30, 2022, the Company was in compliance with the operating and financial covenants under the Credit Facility.

Note 6 — Senior Notes, Net

On October 7, 2021, the Company and the OP issued $500.0 million aggregate principal amount of 4.50% Senior Notes due 2028 (the “Senior Notes”). The Company, the OP and their subsidiaries that guarantee the Senior Notes entered into an indenture with U.S. Bank National Association, as trustee. As of September 30, 2022 and December 31, 2021, the carrying value of the Senior Notes on the Company’s consolidated balance sheets totaled $492.0 million and $491.0 million, respectively, which is net of $8.0 million and $9.0 million of deferred financing costs, respectively.

The Senior Notes, which were issued at par, will mature on September 30, 2028 and accrue interest at a rate of 4.500% per year. Interest on the Senior Notes, which began to accrue on October 7, 2021, is payable semi-annually in arrears on March 30 and September 30 of each year. The Senior Notes do not require any principal payments prior to maturity.

As of September 30, 2022, the Company was in compliance with the covenants under the Indenture governing the Senior Notes. Additional information on the terms of the Senior Notes can be found in the Company’s 2021 Annual Report on Form 10-K filed with the SEC on February 24, 2022.

Note 7 — Fair Value Measurements

Fair Value Hierarchy

GAAP establishes a hierarchy of valuation techniques based on the observability of inputs used in measuring assets and liabilities at fair value. GAAP establishes market-based or observable inputs as the preferred sources of values, followed by valuation models using management assumptions in the absence of market inputs. The three levels of the hierarchy are described below:

Level 1 — Quoted prices in active markets for identical assets and liabilities that the reporting entity has the ability to access at the measurement date.

Level 2 — Inputs other than quoted prices included within Level 1 that are observable for the asset and liability or can be corroborated with observable market data for substantially the entire contractual term of the asset or liability.

Level 3 — Unobservable inputs that reflect the entity’s own assumptions about the assumptions that market participants would use in the pricing of the asset or liability and are consequently not based on market activity, but rather through particular valuation techniques.

The determination of where an asset or liability falls in the hierarchy requires significant judgment and considers factors specific to the asset or liability. In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The Company evaluates its hierarchy disclosures each quarter and depending on various factors, it is possible that an asset or liability may be classified differently from quarter to quarter. However, the Company expects that changes in classifications between levels will be rare.

A review of the fair value hierarchy classification is conducted on a quarterly basis. Changes in the type of inputs may result in a reclassification for certain assets and liabilities. The Company’s policy with respect to transfers between levels of the fair value hierarchy is to recognize transfers into and out of each level as of the end of the reporting period. There were no transfers between levels of the fair value hierarchy during the three months ended September 30, 2022 and 2021.

Financial Instruments Measured at Fair Value on a Recurring Basis

Derivative Instruments

The Company’s derivative instruments are measured at fair value on a recurring basis. Although the Company has determined that the majority of the inputs used to value its derivatives fall within Level 2 of the fair value hierarchy, the credit valuation adjustments associated with this derivative utilize Level 3 inputs, such as estimates of current credit spreads to evaluate the likelihood of default by the Company and its counterparty. However, as of September 30, 2022, the Company does not have any derivatives, but would assess the significance of the impact of the credit valuation adjustments on the overall valuation of its derivative positions if it had any.

The valuation of derivative instruments is determined using a discounted cash flow analysis on the expected cash flows of each derivative. This analysis reflects the contractual terms of the derivatives, including the period to maturity, as well as observable market-based inputs, including interest rate curves and implied volatilities. In addition, credit valuation adjustments are incorporated into the fair values to account for the Company's potential nonperformance risk and the performance risk of the counterparties.

Real Estate Investments Measured at Fair Value on a Non-Recurring Basis

Real Estate Investments - Held for Sale

The Company has had impaired real estate investments classified as held for sale (see *Note 3* — *Real Estate Investments* for additional information on impairment charges recorded by the Company). There were four impaired real estate investments held for sale as of September 30, 2022 and there were no impaired real estate investments held for sale as of December 31, 2021. The carrying value of impaired real estate investments held for sale on the consolidated balance sheets represents their estimated fair value less cost to sell. Impaired real estate investments held for sale are generally classified in Level 3 of the fair value hierarchy.

Real Estate Investments - Held for Use

The Company has had impaired real estate investments classified as held for use at the time of impairment (see *Note 3* — *Real Estate Investments* for additional information on impairment charges recorded by the Company). The carrying value of these held for use impaired real estate investments on the consolidated balance sheets represents their estimated fair value at the time of impairment. The Company primarily uses a market approach to estimate the future cash flows expected to be generated. Impaired real estate investments which are held for use are generally classified in Level 3 of the fair value hierarchy.

Financial Instruments that are not Reported at Fair Value

The carrying value of short-term financial instruments such as cash and cash equivalents, restricted cash, prepaid expenses and other assets, accounts payable and accrued expenses and dividends payable approximates their fair value due to their short-term nature.

As of September 30, 2022, the carrying value of advances to the Company under the Credit Facility was $478.0 million, and as of December 31, 2021, there were no amounts outstanding under the Credit Facility. The fair value of the advances to the Company under the Credit Facility was $476.4 million as of September 30, 2022, due to the widening of the credit spreads during the period.

The carrying values of the Company's mortgage notes payable as of September 30, 2022 and December 31, 2021 were $1.8 billion and $1.5 billion, respectively, and the fair values were $1.7 billion and $1.5 billion, respectively. The fair value of gross mortgage notes payable is based on estimates of market interest rates. This approach relies on unobservable inputs and therefore is classified as Level 3 in the fair value hierarchy.

As of September 30, 2022 and December 31, 2021, the Company's Senior Notes had a gross carrying value of $500.0 million in each period and fair values of $386.9 million and $504.4 million, respectively.

Note 8 — Derivatives and Hedging Activities

Risk Management Objective of Using Derivatives

The Company may use derivative financial instruments, including interest rate swaps, caps, options, floors and other interest rate derivative contracts, to hedge all or a portion of the interest rate risk associated with its borrowings. The principal objective of such arrangements is to minimize the risks and costs associated with the Company's operating and financial structure as well as to hedge specific anticipated transactions. The Company does not intend to utilize derivatives for speculative or other purposes other than interest rate risk management. The use of derivative financial instruments carries certain risks, including the risk that the counterparties to these contractual arrangements are not able to perform under the agreements. To mitigate this risk, the Company only enters into derivative financial instruments with counterparties with high credit ratings and with major financial institutions with which the Company and its related parties may also have other financial relationships. The Company does not anticipate that any of the counterparties will fail to meet their obligations.

The Company entered into an interest rate swap on September 1, 2020 in a notional amount of $125.0 million. The interest rate swap became effective on October 13, 2020, and fixed the interest rate on a mortgage loan that was refinanced on

September 4, 2020. The interest rate swap fixed interest on the mortgage at an effective interest rate of 3.27% and was to expire in July 2026. This interest rate swap was terminated in the fourth quarter of 2021 when the mortgage loan was repaid and the Company received $2.1 million as a result of the termination. Following the termination, the Company reclassified approximately $2.1 million from AOCI (as defined below) as a reduction to interest expense in the Company's consolidated statement of operations in the fourth quarter of 2021. As a result, the Company had no derivative financial instruments outstanding as of September 30, 2022 and December 31, 2021.

Cash Flow Hedges of Interest Rate Risk

As of September 30, 2022 and December 31, 2021, the Company did not have any derivatives that were designated as cash flow hedges of interest rate risk, however, the Company did have derivative activity (see table below) during the three and nine months ended September 30, 2021.

The Company's objectives in using interest rate derivatives have historically been to add stability to interest expense and to manage its exposure to interest rate movements. To accomplish this objective, the Company primarily uses interest rate swaps as part of its interest rate risk management strategy. Interest rate swaps designated as cash flow hedges involve the receipt of variable-rate amounts from a counterparty in exchange for the Company making fixed-rate payments over the life of the agreements without exchange of the underlying notional amount. The changes in the fair value of derivatives designated and that qualify as cash flow hedges are recorded in accumulated other comprehensive loss ("AOCI") and are subsequently reclassified into earnings in the period that the hedged forecasted transaction affects earnings. Amounts reported in accumulated other comprehensive income related to derivatives are reclassified to interest expense as interest payments are made on the Company's variable-rate debt.

The table below details the location in the financial statements of the gain or loss recognized on interest rate derivatives designated as cash flow hedges for the three and nine months ended September 30, 2022 and 2021:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In thousands)	2022	2021	2022	2021
Amount of gain recognized in AOCI on interest rate derivatives	$ —	$ 24	$ —	$ 1,943
Amount of (loss) reclassified from AOCI into income as interest expense	$ —	$ (74)	$ —	$ (208)
Total amount of interest expense presented in the consolidated income statements	$ 32,402	$ 19,232	$ 84,471	$ 58,927

Non-Designated Derivatives

As of September 30, 2022 and December 31, 2021, the Company did not have any outstanding derivatives that were not designated as hedges under qualifying hedging relationships.

These derivatives have historically been used to manage the Company's exposure to interest rate movements, but do not meet the strict hedge accounting requirements to be classified as hedging instruments. These derivatives also include other instruments that do not qualify for hedge accounting. Changes in the fair value of derivatives not designated in hedging relationships are recorded directly in earnings.

The Company recorded an immaterial loss on non-designated hedging relationships during the three and nine months ended September 30, 2021. The Company did not record any gains or losses during the three and nine months ended September 30, 2022 since the Company did not have any derivatives that were not designated as hedges in qualifying hedging relationships.

Embedded Derivative

The purchase and sale agreement for the CIM Portfolio Acquisition (see Note 3 — *Real Estate Investments* for more information) included the planned issuance of shares of the Company's Class A common stock or Class A Units in the OP of $50.0 million in fair value at issuance ($53.4 million in contractual value). The Company ultimately issued 6,450,107 shares of Class A common stock to the Seller in the first and second closings of the CIM Portfolio Acquisition during the three months ended March 31, 2022.

The number of shares issued at the applicable closing were based on the value of the shares or units that were issuable at such closing divided by the per-share volume weighted average price of the Company's Class A common stock measured over a five-day consecutive trading period immediately preceding (but not including) the date on which written notice for the closing was delivered, indicating the seller's election to receive either shares or units, to the OP (the price of which was to be limited by a 7.5% collar in either direction from the per share volume weighted-average price of the Company's Class A common stock measured over a ten-day consecutive trading period immediately preceding (but not including) the effective date of the purchase and sale agreement), which was $8.34 per share. The Company had concluded that as of December 31, 2021, this arrangement constituted an embedded derivative which required separate accounting. The initial value of the embedded derivative was an asset upon the signing of the purchase and sale agreement of $1.7 million, and was a liability of $2.3 million as of December 31, 2021. The shares were issued in two closings in the three months ending March 31, 2022 at contract prices within the collar. Accordingly, the value of the embedded derivative was considered to be zero immediately prior to closing. During the three months ended March 31, 2022, the Company reduced the prior liability at December 31, 2021 to zero at closing and recorded a gain on non-designated derivatives of $2.3 million in the consolidated statements of operations.

Note 9 — Mezzanine Equity and Total Equity

Mezzanine Equity

Shares Formerly Subject to Repurchase

During the three months ended March 31, 2022, as part of the CIM Portfolio Acquisition, the Company issued a total of 6,450,107 shares of its Class A common stock to the Seller which had a value of $50.0 million, for accounting purposes, using the stock prices at the respective dates of issuance. The Company was required to register the resale of these shares, which it did in April 2022, and was required to subsequently maintain the effectiveness of that resale registration through the termination of the repurchase right. Otherwise, the Company could have been required to repurchase the securities for $53.4 million. The Seller's repurchase right terminated on August 25, 2022 (six months following the date of the final issuance). Accordingly, during the three months ended September 30, 2022, these securities were reclassified from mezzanine equity to permanent equity.

Total Equity

Common Stock

As of September 30, 2022 and December 31, 2021, the Company had 134.2 million and 123.8 million shares, respectively, of Class A common stock outstanding including restricted shares of Class A common stock ("restricted shares") and excluding LTIP Units. LTIP Units may ultimately be convertible into shares of Class A common stock in the future if certain conditions are met.

As more fully discussed in *Note 8* – *Derivative Financial Instruments*, the Company issued 6,450,107 shares aggregating to $53.4 million in Class A Common Stock in connection with the CIM Portfolio Acquisition during the three months ended March 31, 2022.

Distribution Reinvestment Plan

Effective on the Listing Date, an amendment and restatement of the then effective distribution reinvestment plan approved by the Company's board of directors became effective (the "DRIP"). The DRIP allows stockholders who have elected to participate in the DRIP to have dividends payable with respect to all or a portion of their shares of Class A common stock reinvested in additional shares of Class A common stock. Shares issued pursuant to the DRIP represent shares that are, at the election of the Company, either (i) acquired directly from the Company, which would issue new shares, at a price based on the average of the high and low sales prices of Class A common stock on Nasdaq on the date of reinvestment, or (ii) acquired through open market purchases by the plan administrator at a price based on the weighted-average of the actual prices paid for all of the shares of Class A common stock purchased by the plan administrator with all participants' reinvested dividends for the related quarter, less a per share processing fee.

Shares issued pursuant to the DRIP are recorded within stockholders' equity in the accompanying consolidated balance sheets in the period dividends are declared. During the three and nine months ended September 30, 2022 and 2021, all shares acquired by participants pursuant to the DRIP were acquired through open market purchases by the plan administrator and not acquired from the Company.

ATM Program — Class A Common Stock

In May 2019, the Company established an "at the market" equity offering program for its Class A common stock (the "Class A Common Stock ATM Program"), which was last updated in August 2022, pursuant to which the Company may from time to time, offer, issue and sell to the public up to $450.0 million in shares of Class A common stock, through sales agents.

The Company sold 997,230 shares of Class A common stock through its Class A Common Stock ATM Program during the three months ended September 30, 2022, which generated $8.0 million of gross proceeds, and net proceeds of $7.9 million after commissions, fees and other offering costs incurred of $0.1 million. The Company sold 3,762,559 shares of Class A common stock through its Class A Common Stock ATM Program during the nine months ended September 30, 2022, which generated $33.0 million of gross proceeds, and net proceeds of $32.5 million after commissions, fees and other offering costs incurred of $0.5 million.

The Company sold 5,822,614 shares of Class A common stock through its Class A Common Stock ATM Program during the three months ended September 30, 2021, which generated $49.9 million of gross proceeds, and net proceeds of $49.1 million after commissions and fees of $0.8 million. The Company sold 14,456,837 shares of Class A common stock through its Class A Common Stock ATM program during the nine months ended September 30, 2021, which generated $128.2 million of gross proceeds, and net proceeds of $126.1 million after commissions and fees of $2.1 million.

Preferred Stock

The Company is authorized to issue up to 50,000,000 shares of preferred stock, of which it has classified and designated 12,796,000 as authorized shares of its Series A Preferred Stock, 120,000 as authorized shares of its Series B Preferred Stock, $0.01 par value per share ("Series B Preferred Stock") and 11,536,000 as authorized shares of its Series C Preferred Stock as of September 30, 2022.

- The Company had 7,933,711 shares of its Series A Preferred Stock issued and outstanding as of September 30, 2022 and December 31, 2021.
- No shares of Series B Preferred Stock were issued or outstanding as of September 30, 2022 or December 31, 2021.
- The Company had 4,595,175 and 4,594,498 shares of its Series C Preferred Stock issued and outstanding as of September 30, 2022 and December 31, 2021, respectively.

ATM Program — Series A Preferred Stock

In May 2019, the Company established an "at the market" equity offering program for its Series A Preferred Stock (the "Series A Preferred Stock ATM Program"), which was last updated in August 2021, pursuant to which the Company may, from time to time, offer, issue and sell to the public, through sales agents, shares of the Series A Preferred Stock having an aggregate offering price of up to $200.0 million.

- The Company did not sell any shares of its Series A Preferred Stock during the three and nine months ended September 30, 2022.
- The Company did not sell any shares of its Series A Preferred Stock during the three months ended September 30, 2021. During the nine months ended September 30, 2021, the Company sold 91,703 shares of Series A Preferred Stock through the Series A Preferred Stock ATM Program for gross proceeds of $2.3 million and net proceeds of $2.3 million, after commissions, fees, and other costs incurred of approximately $35,000.

ATM Program — Series C Preferred Stock

In January 2021, the Company established an "at the market" equity offering program for its Series C Preferred Stock (the "Series C Preferred Stock ATM Program"), which was last updated in August 2021, pursuant to which the Company may, from time to time, offer, issue and sell to the public, through sales agents, shares of the Series C Preferred Stock having an aggregate offering price of up to $200.0 million.

- The Company did not sell any shares of Series C Preferred Stock under the Series C Preferred Stock ATM Program during the three months ended September 30, 2022. The Company sold 677 shares of Series C Preferred Stock under the Series C Preferred Stock ATM Program during the nine months ended September 30, 2022, which did not generate material proceeds.
- The Company did not sell any shares of Series C Preferred Stock during the three months ended September 30, 2021. During the nine months ended September 30, 2021, the Company sold 1,058,798 shares of Series C Preferred Stock under the Series C Preferred Stock ATM Program for gross proceeds of $26.5 million and net proceeds of $25.6 million, after commissions and fees paid of approximately $0.9 million.

Stockholder Rights Plan

In April 2020, the Company announced that its board of directors approved a stockholder rights plan (the "Plan") to protect the long-term interests of the Company. The Company adopted the Plan due to the substantial volatility in the trading of the Company's Class A common stock that has resulted from the ongoing COVID-19 pandemic. The adoption of the Plan is intended to allow the Company to realize the long-term value of the Company's assets by protecting the Company from the actions of third parties that the Company's board of directors determines are not in the best interest of the Company. The Company's Plan is designed to reduce the likelihood that any person or group (including a group of persons that are acting in concert with each other) would gain control of the Company through open market accumulation of stock by imposing significant penalties upon any person or group that acquires 4.9% or more of the outstanding shares of Class A common stock without the approval of the Company's board of directors. In connection with the adoption of the Plan, the Company's board of directors authorized a dividend of one preferred share purchase right for each outstanding share of Class A common stock to stockholders of record on April 23, 2020 to purchase from the Company one one-thousandth of a share of Series B Preferred Stock for an exercise price of $35.00 per one-thousandth of a share, once the rights become exercisable, subject to adjustment as provided in the related rights agreement. By the terms of the Plan, the rights will initially trade with Class A common stock and will generally only become exercisable on the 10th business day after the Company's board of directors becomes aware that a person or entity has become the owner of 4.9% or more of the shares of Class A common stock or the commencement of a tender or exchange offer which would result in the offeror becoming an owner of 4.9% or more of the Class A common stock. In February 2021, the expiration date of these rights was extended to April 12, 2024 unless earlier exercised, exchanged, amended, redeemed or terminated.

Non-Controlling Interest

Non-controlling interests resulted from the issuance of OP Units in conjunction with the merger with American Realty Capital-Retail Centers of America, Inc. ("RCA") in February 2017 (the "Merger") and were recognized at fair value as of the effective time of the Merger on February 16, 2017. In addition, under the 2021 OPP, the OP issued LTIP Units, which are also reflected as part of non-controlling interest as of September 30, 2022 and December 31, 2021. See *Note 13 — Equity Based Compensation - Multi-Year Outperformance Agreement* for more information regarding the LTIP Units and related accounting.

On May 4, 2021, the Company's independent directors, acting as a group, authorized the issuance of a new award of LTIP Units pursuant to the 2021 OPP to the Advisor after the performance period under the 2018 OPP expired on July 19, 2021. Accordingly, these new LTIP Units are reflected in non-controlling interest on the Company's balance sheet or statement of equity as of September 30, 2022. For additional information, see *Note 13 — Equity-Based Compensation* relating to the accounting impacts of (i) the end of the performance period under the 2018 OPP and the forfeiture of all LTIP Units awarded thereunder, and (ii) the beginning of the performance period under the 2021 OPP and the grant of an award of LTIP Units thereunder.

As of September 30, 2022 and December 31, 2021, non-controlling interest was comprised of the following components:

(In thousands)	September 30, 2022	December 31, 2021
Non-controlling interest attributable to LTIP Units	$ 17,896	$ 8,368
Non-controlling interest attributable to Class A Units	1,650	2,056
Total non-controlling interest	$ 19,546	$ 10,424

Following the end of the performance period under the 2018 OPP on July 19, 2021, the compensation committee of the board of directors of the Company determined that none of the 4,496,796 of the LTIP Units subject to the 2018 OPP had been earned, and these LTIP Units were thus automatically forfeited. On that date, the Company reclassified $34.8 million of amounts reflected in non-controlling interest for these LTIP Units to additional paid in capital on its consolidated balance sheet and consolidated statement of changes in equity.

Note 10 — Commitments and Contingencies

Lessee Arrangements - Ground Leases

The Company is a lessee in ground lease agreements for seven of its properties. The ground leases have lease durations, including assumed renewals, ranging from 15.3 years to 32.9 years as of September 30, 2022.

As of September 30, 2022, the Company's balance sheet includes operating lease right-of-use assets and operating lease liabilities of $18.0 million and $19.2 million, respectively. In determining operating ROU assets and lease liabilities for the Company's existing operating leases upon the initial adoption of the new lease guidance in 2019, as well as for new operating leases entered into after adoption, the Company estimated an appropriate incremental borrowing rate on a fully-collateralized basis for the terms of the leases. Because the terms of the Company's ground leases are significantly longer than the terms of borrowings available to the Company on a fully-collateralized basis, the Company's estimate of this rate required significant judgment. The Company did not enter into any additional ground leases during the three and nine months ended September 30, 2022.

The Company's operating ground leases have a weighted-average remaining lease term, including assumed renewals, of 26.3 years and a weighted-average discount rate of 7.5% as of September 30, 2022. For the three and nine months ended September 30, 2022 and 2021, the Company paid cash of $0.5 million and $1.2 million, respectively, for amounts included in the measurement of lease liabilities and recorded expense of $0.5 million and $1.4 million, respectively.

The lease expense is recorded on a straight-line basis in property operating expenses in the consolidated statements of operations and comprehensive loss.

The following table reflects the base cash rental payments due from the Company as of September 30, 2022:

(In thousands)	Future Base Rent Payments
2022 (remainder)	$ 352
2023	1,549
2024	1,560
2025	1,598
2026	1,628
Thereafter	42,730
Total lease payments	49,417
Less: Effects of discounting	(30,264)
Total present value of lease payments	$ 19,153

Litigation and Regulatory Matters

On February 8, 2018, Carolyn St. Clair-Hibbard, a purported stockholder of the Company, filed a putative class action complaint in the United States District Court for the Southern District of New York against the Company, AR Global, the Advisor, and both individuals who previously served as the Company's chief executive officer and chair of the board of directors (the "Former Chairmen"). On February 23, 2018, the complaint was amended to, among other things, assert some claims on the plaintiff's own behalf and other claims on behalf of herself and other similarly situated stockholders of the Company as a class. On April 26, 2018, defendants moved to dismiss the amended complaint. On May 25, 2018, the plaintiff filed a second amended complaint. The second amended complaint alleged that the proxy materials used to solicit stockholder approval of the Merger at the Company's 2017 annual meeting were materially incomplete and misleading. The complaint asserted violations of Section 14(a) of the Exchange Act against the Company, as well as control person liability against the Advisor, AR Global, and the Former Chairmen under Section 20(a) of the Exchange Act. It also asserted state law claims for breach of fiduciary duty against the Advisor, and claims for aiding and abetting such breaches, of fiduciary duty against the Advisor, AR Global and the Former Chairmen. The complaint sought unspecified damages, rescission of the Company's advisory agreement with the Advisor (the "Advisory Agreement") (or severable portions thereof) which became effective when the Merger became effective, and a declaratory judgment that certain provisions of the Advisory Agreement were void. The Company believed the second amended complaint was without merit and defended it vigorously. On June 22, 2018, the defendants moved to dismiss the second amended complaint. On August 1, 2018, the plaintiff filed an opposition to the defendants' motions to dismiss. The defendants filed reply papers on August 22, 2018, and oral argument was held on September 26, 2018. On September 23, 2019, the Court granted defendants' motions and dismissed the complaint with prejudice, and the plaintiff appealed. On May 5, 2020, the United States Court of Appeals for the Second Circuit affirmed the lower court's dismissal of the complaint.

On October 26, 2018, Terry Hibbard, a purported stockholder of the Company, filed a putative class action complaint in New York State Supreme Court, New York County, against the Company, AR Global, the Advisor, the Former Chairmen, the Company's chief financial officer at the time of the Merger and each of the Company's directors immediately prior to the Merger. All of the directors immediately prior to the Merger, except for David Gong, currently serve as directors of the Company. The complaint alleged that the registration statement pursuant to which RCA shareholders acquired shares of the Company during the Merger contained materially incomplete and misleading information. The complaint asserted violations of Section 11 of the Securities Act of 1933, as amended (the "Securities Act") against the Company's chief financial officer at the time of the Merger and each of the Company's directors immediately prior to the Merger, violations of Section 12(a)(2) of the Securities Act against the Company and the Company's current chief executive officer, president and chair of the board of directors, and control person liability against the Advisor, AR Global and the Former Chairmen under Section 15 of the Securities Act. The complaint sought unspecified damages and rescission of the Company's sale of stock pursuant to the registration statement.

On March 6, 2019, Susan Bracken, Michael P. Miller and Jamie Beckett, purported stockholders of the Company, filed a putative class action complaint in New York State Supreme Court, New York County, on behalf of themselves and others who purchased shares of common stock through the Company's then effective distribution reinvestment plan, against the Company, AR Global, the Advisor, the Former Chairmen, the Company's chief financial officer at the time of the Merger and each of the Company's directors immediately prior to the Merger. The complaint alleged that the April and December 2016 registration statements pursuant to which class members purchased shares contained materially incomplete and misleading information. The complaint asserted violations of Section 11 of the Securities Act against the Company, the Company's chief financial officer at the time of the Merger and each of the Company's directors immediately prior to the Merger, violations of Section 12(a)(2) of the Securities Act against the Company and the Company's current chief executive officer, president and chair of the board of directors, and control person liability against the Advisor, AR Global and the Former Chairmen under Section 15 of the Securities Act. The complaint sought unspecified damages and either rescission of the Company's sale of stock or rescissory damages.

On April 30, 2019, Lynda Callaway, a purported stockholder of the Company, filed a putative class action complaint in New York State Supreme Court, New York County, against the Company, AR Global, the Advisor, the Former Chairmen, the Company's chief financial officer at the time of the Merger and each of the Company's directors immediately prior to the Merger. The complaint alleged that the registration statement pursuant to which the plaintiff and other class members acquired shares of the Company during the Merger contained materially incomplete and misleading information. The complaint asserted violations of Section 11 of the Securities Act against the Company, the Company's chief financial officer at the time of the Merger and each of the Company's directors immediately prior to the Merger, violations of Section 12(a)(2) of the Securities Act against the Company and the Company's current chief executive officer, president and chair of the board of directors, and control person liability under Section 15 of the Securities Act against the Advisor, AR Global, and the Former Chairmen. The complaint sought unspecified damages and rescission of the Company's sale of stock pursuant to the registration statement.

On July 11, 2019, the New York State Supreme Court issued an order consolidating the three above-mentioned cases: Terry Hibbard, Bracken, and Callaway (the "Consolidated Cases"). The Court also stayed the Consolidated Cases pending a decision on the motions to dismiss in the St. Clair-Hibbard litigation pending in the United States District Court for the Southern District of New York. Following the federal court's decision on the St. Clair-Hibbard motions to dismiss, on October 31, 2019 the plaintiffs filed an amended consolidated class action complaint in the Consolidated Cases seeking substantially similar remedies from the same defendants. The Company moved to dismiss the amended consolidated complaint on December 16, 2019. After the parties completed briefing on this motion, the United States Court of Appeals for the Second Circuit issued its decision affirming dismissal of the St. Clair-Hibbard action. The plaintiffs moved to amend their complaint, purportedly to limit it to claims still viable in spite of the results of the federal action. The proposed second amended complaint no longer contains direct claims against the Company. Instead, the plaintiffs seek to pursue state law claims derivatively against the Advisor, AR Global, the Company's initial chief executive officer and chair of the board of directors, the Company's current directors and David Gong, a former director, with the Company as a nominal defendant. On December 20, 2021, the Court denied the plaintiffs' motion to amend and dismissed the litigation. On January 26, 2022, the plaintiffs filed a notice of appeal from the Court's decision. The plaintiffs filed the record and opening brief on that appeal on October 26, 2022.

There are no other material legal or regulatory proceedings pending or known to be contemplated against the Company.

During the three and nine months ended September 30, 2022, the Company did not incur any litigation costs related to the above matters. During the three months ended September 30, 2021, the Company did not incur any litigation costs related to the above litigation and during the nine months ended September 30, 2021, the Company incurred litigation costs of approximately $30,000. A portion of these litigation costs were subject to a claim for reimbursement under the insurance policies maintained by the Company (the "Policies"). There were no such reimbursements recorded during the three and nine months ended September 30, 2022 or 2021. The Policies were subject to other claims that had priority over the Company's claim for reimbursement, and have been exhausted.

Environmental Matters

In connection with the ownership and operation of real estate, the Company may potentially be liable for costs and damages related to environmental matters. The Company maintains environmental insurance for its properties that provides coverage for potential environmental liabilities, subject to the policy's coverage conditions and limitations. The Company has not been notified by any governmental authority of any non-compliance, liability or other claim, and is not aware of any other environmental condition that it believes will have a material adverse effect on its financial position or results of operations.

Note 11 — Related Party Transactions and Arrangements

Fees and Participations Incurred in Connection with the Operations of the Company

Summary of Advisory Agreement

The initial term of the Advisory Agreement expires on April 29, 2035. This term is automatically renewed for successive 20-year terms upon expiration unless the Advisory Agreement is terminated (1) in accordance with an Internalization (as defined below), (2) by the Company or the Advisor with cause, without penalty, with 60 days' notice, (3) by the Advisor for (a) a failure to obtain a satisfactory agreement for any successor to the Company to assume and agree to perform obligations under the Advisory Agreement or (b) any material breach of the Advisory Agreement of any nature whatsoever by the Company, or (4) by the Advisor in connection with a change of control of the Company. Upon the termination of the Advisory Agreement, the Advisor will be entitled to receive from the Company all amounts due to the Advisor, as well as the then-present fair market value of the Advisor's interest in the Company.

The Advisory Agreement grants the Company the right to internalize the services provided under the Advisory Agreement ("Internalization") and to terminate the Advisory Agreement pursuant to a notice received by the Advisor as long as (i) more than 67% of the Company's independent directors have approved the Internalization; and (ii) the Company pays the Advisor an Internalization fee equal to (1) $15.0 million plus (2) either (x) if the Internalization occurs on or before December 31, 2028, the Subject Fees (as defined below) multiplied by 4.5 or (y) if the Internalization occurs on or after January 1, 2029, the Subject Fees multiplied by 3.5 plus (3) 1.0% multiplied by (x) the purchase price of properties or other investments acquired after the end of the fiscal quarter in which the notice of Internalization is received by the Advisor and prior to the Internalization and (y) without duplication, the cumulative net proceeds of any equity raised by the Company during the period following the end of the fiscal quarter in which notice is received and the Internalization. The "Subject Fees" are equal to (i) the product of four multiplied by the sum of (A) the actual base management fee (including both the fixed and variable portion thereof) plus (B) the actual variable management fee, in each of clauses (A) and (B), payable for the fiscal quarter in which the notice of Internalization is received by the Advisor, plus, (ii) without duplication, the annual increase in the base management fee resulting from the cumulative net proceeds of any equity raised in respect of the fiscal quarter in which the notice of Internalization is received by the Advisor. Up to 10% of the Internalization fee may be payable in shares of Class A common stock subject to certain conditions.

2020 Advisory Agreement Amendment

On March 30, 2020, the Company entered into Amendment No. 3 to the Advisory Agreement, by and among the OP and the Advisor. Amendment No. 3 revised the section of the Advisory Agreement to temporarily lower the quarterly thresholds of Core Earnings Per Adjusted Share (as defined in the Advisory Agreement) the Company must reach on a quarterly basis for the Advisor to receive the Variable Management Fee (as defined in the Advisory Agreement). For additional information, see the *"Asset Management Fees and Incentive Variable Management Fees"* section below.

2021 Advisory Agreement Amendment

On January 13, 2021, the Company entered into Amendment No. 4 to the Advisory Agreement, by and among the OP and the Advisor, to extend the expiration of the modified quarterly thresholds established by Amendment No. 3 to the Advisory

Agreement. The Company had to reach these thresholds on a quarterly basis for the Advisor to receive the variable management fee from the end of the fiscal quarter ended December 31, 2020 to the end of the fiscal quarter ended December 31, 2021. For additional information, see the *"Asset Management Fees and Incentive Variable Management Fees"* section below.

In-Sourced Expenses

The Advisor is reimbursed for costs it incurs in providing investment-related services, or "in-sourced expenses." These in-sourced expenses may not exceed 0.5% of the contract purchase price of each acquired property or 0.5% of the amount advanced for a loan or other investment. Additionally, the Company has paid and may continue to pay third party acquisition expenses. The aggregate amount of acquisition expenses, including in-sourced expenses, may not exceed 4.5% of the contract purchase price of the Company's portfolio or 4.5% of the amount advanced for all loans or other investments and this threshold has not been exceeded through September 30, 2022.

The Company incurred $7,000 and $0.4 million of acquisition expenses and related cost reimbursements for the three and nine months ended September 30, 2022, respectively, and $23,000 and $42,000 for the three and nine months ended September 30, 2021, respectively.

Asset Management Fees and Incentive Variable Management Fees

The Company pays the Advisor a base management fee, which includes a fixed and variable portion, and, if certain performance thresholds are met, an incentive variable management fee. Under the Advisory Agreement, the fixed portion of the base management fee is $24.0 million annually. If the Company acquires (whether by merger, consolidation or otherwise) any other REIT, that is advised by an entity that is wholly-owned, directly or indirectly, by AR Global, other than any joint venture, (a "Specified Transaction"), the fixed portion of the base management fee will be increased by an amount equal to the consideration paid for the acquired company's equity multiplied by 0.0031 for the first year following the Specified Transaction, 0.0047 for the second year and 0.0062 thereafter. The variable portion of the base management fee is a monthly fee equal to one-twelfth of 1.25% of the cumulative net proceeds of any equity raised by the Company and its subsidiaries from and after the initial effective date of the Advisory Agreement on February 16, 2017. Base management fees, including the variable portion, are included in asset management fees to related party on the consolidated statements of operations. The Company incurred $7.9 million and $24.1 million during the three and nine months ended September 30, 2022, respectively, and $9.9 million and $25.1 million during the three and nine months ended September 30, 2021, respectively, in base management fees (including both the fixed and variable portion) and incentive management fees.

In addition, under the Advisory Agreement, the Company is required to pay the Advisor an incentive variable management fee equal to the product of (1) the fully diluted shares of common stock outstanding multiplied by (2) (x) 15.0% of the applicable quarter's Core Earnings (as defined below) per share in excess of $0.275 per share plus (y) 10.0% of the applicable quarter's Core Earnings per share in excess of $0.3125 per share, in each case as adjusted for changes in the number of shares of common stock outstanding. The definition of Adjusted Outstanding Shares (as defined in the Advisory Agreement), which is used to calculate Core Earnings per share, is based on the Company's reported diluted weighted-average shares outstanding. In accordance with Amendment No. 3 to the Advisory Agreement, for the quarters ending June 30, 2020, September 30, 2020 and December 31, 2020, the low and high thresholds were reduced from $0.275 and $0.3125, respectively, to $0.23 and $0.27, respectively. On January 13, 2021, the Company entered into Amendment No. 4 to the Advisory Agreement to extend the expiration of these thresholds from the fiscal quarter ended December 31, 2020 to the fiscal quarter ended December 31, 2021 in light of the continued economic impact of the COVID-19 pandemic.

Core Earnings is defined as, for the applicable period, net income or loss computed in accordance with GAAP excluding non-cash equity compensation expense, the incentive management fee, acquisition and transaction related fees and expenses, financing related fees and expenses, depreciation and amortization, realized gains and losses on the sale of assets, any unrealized gains or losses or other non-cash items recorded in net income or loss for the applicable period, regardless of whether such items are included in other comprehensive loss, or in net income, one-time events pursuant to changes in GAAP and certain non-cash charges, impairment losses on real estate related investments and other than temporary impairments of securities, amortization of deferred financing costs, amortization of tenant inducements, amortization of straight-line rent, amortization of market lease intangibles, provision for loss loans, and other non-recurring revenue and expenses (in each case after discussions between the Advisor and the independent directors and the approval of a majority of the independent directors). The incentive management fee is payable to the Advisor or its assignees in cash or shares, or a combination of both, the form of payment to be determined in the sole discretion of the Advisor and the value of any share to be determined by the Advisor acting in good faith on the basis of such quotations and other information as it considers, in its reasonable judgment, appropriate. The Company did not incur any incentive management fees for the three months ended September 30, 2022, and incurred $0.4 million of incentive management fees for the nine months ended September 30, 2022. During the three and nine months ended September 30, 2021, the Company incurred $2.3 million and $3.0 million of incentive management fees, respectively.

Property Management Fees

The Company has a property management agreement (the “Multi-Tenant Property Management Agreement”), a leasing agreement (the “Multi-Tenant Leasing Agreement”) and a net lease property management and leasing agreement (the “Net Lease Property Management Agreement”) with the Property Manager. The Multi-Tenant Property Management Agreement, the Multi-Tenant Leasing Agreement and the Net Lease Property Management Agreement each became effective on February 16, 2017. In connection with the Net Lease Mortgage Notes, the Issuers have entered into the Property Management and Servicing Agreement (as amended from time to time, the “ABS Property Management Agreement”), with the Property Manager, KeyBank National Association (“KeyBank”), as back-up property manager, and Citibank, N.A. as indenture trustee. See *Note 4— Mortgage Notes Payable, Net* for additional information regarding the Notes.

The Multi-Tenant Property Management Agreement provides that, unless a property is subject to a separate property management agreement with the Property Manager, the Property Manager is the sole and exclusive property manager for the Company’s multi-tenant properties, which are generally anchored, retail properties, such as power centers and lifestyle centers. In December 2017, in connection with a $210.0 million mortgage loan secured by 12 of the Company’s retail properties, the Company entered into 12 identical property management agreements with the Property Manager, the substantive terms of which are substantially identical to the terms of the Multi-Tenant Property Management Agreement, except they do not provide for the transition fees described below.

The Multi-Tenant Property Management Agreement entitles the Property Manager to a management fee equal to 4.0% of the gross rental receipts from the multi-tenant properties, including common area maintenance reimbursements, tax and insurance reimbursements, percentage rental payments, utility reimbursements, late fees, vending machine collections, service charges, rental interruption insurance, and a 15.0% administrative charge for common area expenses.

In addition, the Property Manager is entitled to a one-time transition fee of up to $2,500 for each multi-tenant property managed, a construction fee equal to 6.0% of construction costs incurred, if any, and reimbursement of all expenses specifically related to the operation of a multi-tenant property, including compensation and benefits of property management, accounting, lease administration, executive and supervisory personnel of the Property Manager, and excluding expenses of the Property Manager’s corporate and general management office and excluding compensation and other expenses applicable to time spent on matters other than the multi-tenant properties.

Pursuant to the Multi-Tenant Leasing Agreement, the Company may, under certain circumstances and subject to certain conditions, pay the Property Manager a leasing fee for services in leasing multi-tenant properties to third parties.

The Company’s double- and triple-net leased single-tenant properties are managed by the Property Manager pursuant to the Net Lease Property Management Agreement, unless they are subject to a separate agreement with the Property Manager. The Net Lease Property Management Agreement permits the Property Manager to subcontract its duties to third parties and provides that the Company is responsible for all costs and expenses of managing the properties, except for general overhead and administrative expenses of the Property Manager. In December 2019, in connection with a loan secured by four properties leased to Stop & Shop, the Company entered into a property management and leasing agreement with the Property Manager with respect to the four properties, the substantive terms of which are substantially identical to the terms of the Net Lease Property Management Agreement, except that it limits the fees payable to the Property Manager and any subcontractor to 3.0% of operating income in the event that the Property Manager subcontracts its duties under the agreement.

In July 2020, in connection with the loan agreement with Column Financial, Inc., all but one of the Company’s borrower subsidiaries entered into a new property management and leasing agreement with the Property Manager with respect to all but one of the mortgaged properties, all of which are double- and triple-net leased single-tenant properties. The Company’s other double- and triple-net leased single-tenant properties, including the one mortgaged property excluded from the new property management and leasing agreement, are managed by the Property Manager pursuant to the Net Lease Property Management Agreement. The new property management and leasing agreement is identical to the Net Lease Property Management Agreement, except that the new property management and leasing agreement does not permit the Property Manager to subcontract its duties to third parties.

The initial term of the Net Lease Property Management Agreement ended on October 1, 2021, and has been and will be automatically renewed for successive one-year terms unless terminated 60 days prior to the end of a term or terminated for cause. On November 4, 2020, in light of the investment to be made by the Property Manager and its affiliates in property management infrastructure for the benefit of the Company and its subsidiaries, the Company amended each of the Multi-Tenant Property Management Agreement and the Multi-Tenant Leasing Agreement to reflect that each agreement will expire on the later of (i) November 4, 2025 and (ii) the termination date of the Advisory Agreement. These agreements with the Property Manager may only be terminated for cause prior to the end of the term. Prior to the amendments, the term of these agreements would have ended on October 1, 2021, with automatic renewals for successive one-year terms unless terminated 60 days prior to the end of a term or terminated for cause.

Additionally, during the nine months ended September 30, 2022, certain subsidiaries of the OP each entered into a property management agreement with the Property Manager in connection with debt assumptions related to the acquisition of the properties of the CIM Portfolio Acquisition. Each property management agreement entitles the Property Manager to a management fee equal to 4.0% of the gross rental receipts from the properties, including common area maintenance reimbursements, tax and insurance reimbursements, percentage rental payments, utility reimbursements, late fees, vending machine collections, service charges, rental interruption insurance, and a 15.0% administrative charge for common area expenses. In addition, under these property management agreements, the Property Manager is entitled to a construction fee equal to 6.0% of construction costs incurred, if any, and reimbursement of all expenses specifically related to the operation of a multi-tenant property, including compensation and benefits of property management, accounting, lease administration, executive and supervisory personnel of the Property Manager, and excluding expenses of the Property Manager’s corporate and general management office and excluding compensation and other expenses applicable to time spent on matters other than the properties.

Property Management and Services Agreement - Net Lease Mortgage Notes

Under the ABS Property Management Agreement, the Property Manager is responsible for servicing and administering the properties and leases securing the Net Lease Mortgage Notes under ordinary and special circumstances, and KeyBank, as the back-up property manager, is responsible for, among other things, maintaining current servicing records and systems for the assets securing the Net Lease Mortgage Notes in order to enable it to assume the responsibilities of the Property Manager in the event the Property Manager is no longer the property manager and special servicer. Pursuant to the ABS Property Management Agreement, the Property Manager may also be required to advance principal and interest payments on the Net Lease Mortgage Notes to preserve and protect the value of the applicable assets. The Issuers are required to reimburse any of these payments or advances.

Pursuant to the ABS Property Management Agreement, as amended and restated in connection with the issuance of the 2021 Net Lease Mortgage Notes in June 2021, for all properties that are not specially serviced, the Issuers are required to pay the Property Manager a monthly fee equal to the product of (i) one-twelfth of 0.25% and (ii) the lower of (a) the aggregate allocated loan amounts and (b) the aggregate collateral value of the properties that are a part of the collateral pool. Prior to the amendment and restatement of the ABS Property Management Agreement, for all properties that were not specially serviced, the Issuers were required to pay the Property Manager a monthly fee equal to the product of (i) one-twelfth of 0.25%, and (ii) the aggregate allocated loan amounts of all the properties that serve as part of the collateral for the Net Lease Mortgage Notes. With respect to the specially serviced properties, the Property Manager is entitled to receive a workout fee or liquidation fee under certain circumstances based on 0.50% of applicable amounts recovered, as well as a monthly fee equal to the product of (i) one-twelfth of 0.75% and (ii) the lower of (a) the aggregate allocated loan amounts and (b) the aggregate collateral value of all the specially serviced properties that are part of the collateral pool. Prior to the amendment and restatement of the ABS Property Management Agreement, the monthly fee for specially serviced properties was equal to the product of (i) one-twelfth of 0.75%, and (ii) the aggregate allocated loan amounts of all the specially serviced properties that serve as part of the collateral pool for the Net Lease Mortgage Notes. The Property Manager has retained KeyBank as a sub-manager pursuant to a separate sub-management agreement pursuant to which KeyBank provides certain services that the Property Manager is required to provide as property manager under the ABS Property Management Agreement. Under the ABS Property Management Agreement, the Property Manager has agreed to waive (i) the portion of the monthly fee related to the properties that are not specially serviced that is in excess of the amount to be paid to KeyBank as sub-manager pursuant to the sub-management agreement, (ii) the workout fee, (iii) the liquidation fee and (iv) the monthly fee related to the properties that are specially serviced, although the Property Manager retains the right to revoke these waivers at any time. The Property Manager is also entitled to receive additional servicing compensation related to certain fees and penalties under the leases it is responsible for under the ABS Property Management Agreement.

The services provided by the Property Manager with respect to the double- and triple-net leased single-tenant properties in the collateral pool and related property management fees are separate and independent from the property management services the Property Manager has provided and will continue to provide with respect to those properties pursuant to the Net Lease Property Management Agreement.

Professional Fees and Other Reimbursements

The Company reimburses the Advisor's costs of providing administrative services, including among other things, reasonable allocation of salaries and wages, benefits and overhead of employees of the Advisor or its affiliates, except for costs to the extent that the employees perform services for which the Advisor receives a separate fee. The reimbursement includes reasonable overhead expenses, including the reimbursement of an allocated portion of rent expense at certain properties that are both occupied by employees of the Advisor or its affiliates and owned by affiliates of the Advisor. These reimbursements are exclusive of fees and other expense reimbursements incurred from and due to the Advisor that were passed through and ultimately paid to Lincoln Retail REIT Services, LLC ("Lincoln") as a result of the Advisor's prior arrangements with Lincoln to provide services to the Advisor in connection with the Company's multi-tenant retail properties that are not net leased. The Advisor's agreement with Lincoln expired in February 2021 and was not renewed. The expiration of the agreement with Lincoln did not affect the responsibilities and obligations of the Advisor or the Property Manager to the Company under the Company's agreements with them.

These reimbursements are included as part of Professional fees and other reimbursements in the table below and in general and administrative expense on the consolidated statements of operations. During the three and nine months ended September 30, 2022, the Company incurred $3.9 million and $10.6 million, respectively, and $2.0 million and $6.2 million during the three and nine months ended September 30, 2021, respectively, of reimbursement expenses to the Advisor for providing administrative services. In September 2022, the Advisor terminated certain of its employees who provided services to the Company and for which the Company reimbursed the Advisor for salaries and benefits. In connection with the termination, the Company recognized a compensation charge, net of adjustments for previously accrued bonuses, of $0.4 million in the three and nine months ended September 30, 2022.

Under the agreement, the Company is required to reimburse the Advisor for a portion of the salary, wages, and benefits paid to the Company's chief financial officer as part of the aggregate reimbursement for salaries, wages and benefits of employees of the Advisor or its affiliates, excluding any executive officer who is also a partner, member or equity owner of AR Global and subject to a limit on certain limitations.

The aggregate amount that may be reimbursed in each fiscal year for salaries, wages and benefits (excluding overhead) of employees of the Advisor or its affiliates (the "Capped Reimbursement Amount") for each fiscal year is subject to a limit that is equal to the greater of: (a) a fixed component (the "Fixed Component"); and (b) a variable component (the "Variable Component").

Both the Fixed Component and the Variable Component increase by an annual cost of living adjustment equal to the greater of (x) 3.0% and (y) the CPI, as defined in the amendment for the prior year ended December 31. Initially, for the year ended December 31, 2019: (a) the Fixed Component was equal to $7.0 million; and (b) the Variable Component was equal to: (i) the sum of the total real estate investments, at cost as recorded on the balance sheet dated as of the last day of each fiscal quarter (the "Real Estate Cost") in the year divided by four, which amount is then (ii) multiplied by 0.20%. As of September 30, 2022 and December 31, 2021, the Fixed Component was $7.7 million and $7.4 million, respectively.

If the Company sells real estate investments aggregating an amount equal to or more than 25% of Real Estate Cost in one or a series of related dispositions in which the proceeds of the disposition(s) are not reinvested in Investments (as defined in the Advisory Agreement), then within 12 months following the disposition(s), the Advisory Agreement requires the Advisor and the Company to negotiate in good faith to reset the Fixed Component; provided that if the proceeds of the disposition(s) are paid to stockholders of the Company as a special distribution or used to repay loans with no intent of subsequently refinancing and reinvesting the proceeds thereof in Investments, the Advisory Agreement requires these negotiations within 90 days thereof, in each case taking into account reasonable projections of reimbursable costs in light of the reduced assets of the Company.

During the nine months ended September 30, 2021, the Advisor finalized the amounts and form of the 2020 bonuses previously estimated to be paid to the employees of the Advisor or its affiliates who provided administrative services during such calendar year, prorated for the time spent working on matters relating to the Company (the "2020 Bonus Awards"). The 2020 Bonus Awards were paid by the Advisor over an eleven-month period from June 2021 to April 2022. The final amounts awarded exceeded the amounts previously paid by the Company to the Advisor for estimated 2020 bonuses by approximately $1.4 million for the following reasons: (i) forfeitures of bonuses related to employees of the Advisor or its affiliates who were terminated or resigned prior to payment (including the Company's former chief financial officer), (ii) payment of a portion of bonuses in the form of restricted shares (which is recorded as equity-based compensation expense) and (iii) a general reduction in final bonuses for remaining personnel of the Advisor or its affiliates due to the negative impacts of the COVID-19 pandemic. As a result, during the nine months ended September 30, 2021, the Company recorded a receivable from the Advisor of $1.4 million, which was recorded in prepaid expenses and other assets on the consolidated balance sheet and a corresponding reduction in general and administrative expenses. The Advisor paid the $1.4 million receivable to the Company in August 2021.

Reimbursements for the cash portion of 2021 and 2022 bonuses to employees of the Advisor or its affiliates were expensed and reimbursed and continue to be expensed and reimbursed on a monthly basis during 2021 and 2022 in accordance with the cash bonus estimates provided by the Advisor. Generally, prior to the 2020 Bonus Awards, employee bonuses had been formally awarded to employees of the Advisor or its affiliates in March as an all-cash award and paid out by the Advisor in the year subsequent to the year in which services were rendered to the Company.

Summary of Fees, Expenses and Related Payables

The following table details amounts incurred and payable to related parties in connection with the operations-related services described above as of and for the periods presented. Amounts below for the nine months ended September 30, 2021 include fees and other expense reimbursements incurred from and due to the Advisor that were passed through and ultimately paid to Lincoln as a result of the Advisor's former arrangements with Lincoln:

	Three Months Ended September 30,		Nine Months Ended September 30,		Payable (Receivable) as of	
(In thousands)	2022	2021	2022	2021	September 30, 2022	December 31, 2021
Non-recurring fees and reimbursements:						
Acquisition cost reimbursements [1]	$ 7	$ 23	$ 378	$ 42	$ 7	$ 32
Ongoing fees:						
Asset management fees to related party	7,939	9,880	24,061	25,123	—	—
Property management and leasing fees [2]	4,729	2,172	9,685	7,023	1,969	901
Professional fees and other reimbursements [3]	4,466	2,471	12,128	7,638	888	83
Professional fee credit due from Advisor and its affiliates	—	—	—	(1,444)	—	—
Total related party operating fees and reimbursements	$ 17,141	$ 14,546	$ 46,252	$ 38,382	$ 2,864	$ 1,016

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(1) Amounts for the three and nine months ended September 30, 2022 and 2021 are included in acquisition and transaction related expenses in the consolidated statements of operations and comprehensive loss.

(2) Amounts for the three and nine months ended September 30, 2022 and 2021 are included in property operating expenses in the consolidated statements of operations and comprehensive loss with the exception of approximately $2.0 million and $2.8 million of leasing fees incurred in the three and nine months ended September 30, 2022, respectively, and $1.1 million and $2.8 million incurred in the three and nine months ended September 30, 2021, respectively, which were capitalized and are included in deferred costs, net in the consolidated balance sheet. A portion of leasing fees are ultimately paid to a third party.

(3) Amounts for the three and nine months ended September 30, 2022 and 2021 are included in general and administrative expense in the consolidated statements of operations and comprehensive loss. Includes amounts for directors' and officers' insurance.

Note 12 — Economic Dependency

Under various agreements, the Company has engaged or will engage the Advisor, its affiliates and entities under common control with the Advisor to provide certain services that are essential to the Company, including asset management services, supervision of the management and leasing of properties owned by the Company, asset acquisition and disposition decisions, as well as other administrative responsibilities for the Company including accounting and legal services, human resources and information technology.

As a result of these relationships, the Company is dependent upon the Advisor and its affiliates. In the event that these companies are unable to provide the Company with the respective services, the Company will be required to find alternative providers of these services.

Note 13 — Equity-Based Compensation

Equity Plans

2018 Equity Plan

Effective at the Listing, the Company's board of directors adopted an equity plan for the Advisor (the "Advisor Plan") and an equity plan for individuals (the "Individual Plan" and together with the Advisor Plan, the "2018 Equity Plan"). The Advisor Plan is substantially similar to the Individual Plan, except with respect to the eligible participants. Under the Individual Plan, the Company may only make awards to its directors, officers and employees (if the Company ever has employees), employees of the Advisor and its affiliates, employees of entities that provide services to the Company, directors of the Advisor or of entities that provide services to the Company, certain consultants to the Company and the Advisor and its affiliates or to entities that provide services to the Company. By contrast, under the Advisor Plan the Company may only make awards to the Advisor.

The 2018 Equity Plan succeeded and replaced the existing employee and director restricted share plan (the "RSP"). Following the effectiveness of the 2018 Equity Plan at the Listing, no further awards will be issued under the RSP; provided, however, that any outstanding awards under the RSP, such as unvested restricted shares held by the Company's independent directors, remained outstanding in accordance with their terms and the terms of the RSP until all those awards are vested, forfeited, canceled, expired or otherwise terminated in accordance with their terms. The Company accounts for forfeitures when they occur. The 2018 Equity Plan permits awards of restricted shares, restricted stock units ("RSUs"), options, stock appreciation rights, stock awards, LTIP Units and other equity awards. The 2018 Equity Plan has a term of 10 years, expiring on July 19, 2028. Identical to the RSP, the number of shares of the Company's capital stock available for awards under the 2018 Equity Plan, in the aggregate, is equal to 10.0% of the Company's outstanding shares of common stock on a fully diluted basis at any time. Shares subject to awards under the Individual Plan reduce the number of shares available for awards under the Advisor Plan on a one-for-one basis and vice versa. If any awards granted under the 2018 Equity Plan are forfeited for any reason, the number of forfeited shares is again available for purposes of granting awards under the 2018 Equity Plan.

Restricted Shares

Restricted shares are shares of common stock awarded under terms that provide for vesting over a specified period of time. Holders of restricted shares may receive non-forfeitable cash dividends prior to the time that the restrictions on the restricted shares have lapsed. Any dividends to holders of restricted shares payable in shares of common stock are subject to the same restrictions as the underlying restricted shares. Restricted shares may not, in general, be sold or otherwise transferred until restrictions are removed and the shares have vested.

Prior to June 30, 2020, the Company only granted restricted shares to the Company's directors. However, during the years ended December 31, 2021 and 2020, the Company granted 278,278 and 309,475 restricted shares, respectively, to employees of the Advisor or its affiliates who are involved in providing services to the Company, including the Company's chief financial officer. In the nine months ended September 30, 2022, 309,068 restricted shares were granted to employees of the Advisor or its affiliates and certain consultants to the Company and the Advisor or its affiliates, and 42,872 restricted shares were issued to the Company's directors. No awards may be made to anyone who is also a partner, member or equity owner of the parent of the Advisor.

The restricted shares granted to the Company's directors vest on a straight-line basis over periods of one year to five years from the date of grant and provide for accelerated vesting of the portion of the unvested restricted shares scheduled to vest in the year of the recipient's termination of his or her position as a director of the Company due to a voluntary resignation or failure to be re-elected to the Company's board of directors following nomination therefor. All unvested restricted shares held by the Company's directors also vest in the event of a Change of Control (as defined in the RSP or the Individual Plan) or a termination of a directorship without cause or as a result of death or disability.

The restricted shares granted to employees of the Advisor or its affiliates vest in 25% increments on each of the first four anniversaries of the grant date. Except in connection with a change in control (as defined in the award agreement) of the Company, any unvested restricted shares will be forfeited if the holder's employment with the Advisor terminates for any reason. Upon a change in control of the Company, 50% of the unvested restricted shares will immediately vest and the remaining unvested restricted shares will be forfeited.

The following table reflects the activity of restricted shares for the nine months ended September 30, 2022:

	Number of Shares of Common Stock	Weighted-Average Grant Price
Unvested, December 31, 2021	422,869	$ 8.26
Granted	351,940	7.53
Vested	(197,771)	8.03
Forfeited	(64,205)	7.96
Unvested, September 30, 2022	512,833	7.90

As of September 30, 2022, the Company had $3.2 million of unrecognized compensation cost related to unvested restricted share awards granted, which is expected to be recognized over a weighted-average period of 2.9 years.

The fair value of the restricted shares is being expensed in accordance with the service period required. Compensation expense related to restricted shares is included in equity-based compensation on the accompanying consolidated statements of operations and comprehensive loss. Compensation expense related to restricted shares was approximately $0.7 million and $1.3 million for the three and nine months ended September 30, 2022, respectively. Compensation expense related to restricted shares was approximately $0.3 million and $2.1 million for the three and nine months ended September 30, 2021, respectively.

In September 2022, the Advisor terminated certain of its employees who provided services to the Company and for which the Company reimbursed the Advisor for salaries and benefits. In connection with the termination, previous unvested restricted share grants issued to these employees of the Advisor were forfeited upon termination and the board approved 59,368 replacement restricted shares which vested immediately. As a result, in the three and nine months ended September 30, 2022, the Company recognized a net compensation charge of approximately $0.3 million representing the value of the new replacement grants net of the reversal of $0.1 million in previously recognized compensation on the forfeited grants.

On February 26, 2021, the Company's board of directors approved an amendment to the award agreement for 69,875 restricted shares previously awarded to the Company's former chief financial officer. These restricted shares had been scheduled to vest in 25% increments on each of the first four anniversaries of the grant date (September 15, 2020), however, in accordance with the amendment, these shares fully vested upon the effectiveness of the resignation of the Company's former chief financial officer on April 9, 2021. This was treated as a modification of the award of these restricted shares and, in addition to accelerating the original expense, the Company was also required to calculate the excess of the new value of those awards on the date of modification over the fair value of the awards immediately prior to the amendment and record such excess as expense through April 9, 2021. In addition, also on February 26, 2021, the Company's board of directors granted the Company's former chief financial officer an additional award of 52,778 restricted shares that also fully vested upon the effectiveness of her resignation on April 9, 2021. The acceleration of vesting of the prior grant and the new grant resulted in approximately $1.1 million of increased equity-based compensation expense recorded during the nine months ended September 30, 2021.

Restricted Stock Units

RSUs represent a contingent right to receive shares of common stock at a future settlement date, subject to satisfaction of applicable vesting conditions and other restrictions, as set forth in the RSP and an award agreement evidencing the grant of RSUs. RSUs may not, in general, be sold or otherwise transferred until restrictions are removed and the rights to the shares of common stock have vested. Holders of RSUs do not have or receive any voting rights with respect to the RSUs or any shares underlying any award of RSUs, but such holders are generally credited with dividend or other distribution equivalents which are subject to the same vesting conditions and other restrictions as the underlying RSUs and only paid at the time such RSUs are settled in shares of common stock. The Company has not granted any RSUs, and no unvested RSUs were outstanding for the three and nine months ended September 30, 2022 or 2021.

Multi-Year Outperformance Agreements

2021 OPP

On May 4, 2021, the Company's independent directors authorized an award of LTIP Units under the 2021 OPP after the performance period under the 2018 OPP expired on July 19, 2021, and, on July 21, 2021, the Company, the OP and the Advisor entered into the 2021 OPP (see below for additional information on the 2018 OPP, including information on the LTIP Units granted and earned thereunder).

On July 21, 2021, the Company and the Advisor entered into the 2021 OPP. Based on a maximum award value of $72.0 million and the Initial Share Price of $8.4419, which was determined on July 20, 2021, the Advisor was granted a total of 8,528,885 LTIP Units pursuant to the 2021 OPP. These LTIP Units may be earned and become vested based on the Company's total shareholder return ("TSR"), including both share price appreciation and reinvestment of Class A common stock dividends, compared to the Initial Share Price over a performance period commencing on July 20, 2021 and ending on the earliest of (i) July 20, 2024, (ii) the effective date of any Change of Control (as defined in the Advisor Plan) and (iii) the effective date of any termination of the Advisor's services as the Company's advisor.

The amortization of the fair value of the LTIP Units that were granted will be recorded evenly over the requisite service period which is approximately 38.5 months from May 4, 2021, the date that the Company's independent board of directors approved the award of LTIP Units under the 2021 OPP, through July 20, 2024, the end of the performance period.

The Company recorded $1.9 million in additional equity-based compensation expense during the year ended December 31, 2021 which represented the pro rata share of the 2021 OPP's service period from May 4, 2021 (the date of the grant) to July 20, 2024 (the end of the performance period). As of July 20, 2021, the Initial Share Price and the number of LTIP Units to be granted under the 2021 OPP became known and the fair value of the award as of July 20, 2021 was determined to be $40.8 million. As a result, the award of LTIP Units under the 2021 OPP was reclassified as an equity award on July 20, 2021, with any change in value and cumulative effect thereof, reflected in income and equity statements on that date.

2018 OPP

On the Listing Date, the Company granted a performance-based equity award to the Advisor in the form of a Master LTIP Unit pursuant to the 2018 OPP. The Master LTIP Unit was automatically converted on August 30, 2018 (the "Effective Date"), the 30th trading day following the Listing Date, into 4,496,796 LTIP Units equal to the quotient of $72.0 million divided by $16.0114, the ten-day trailing average closing price of the Company's Class A common stock on Nasdaq over the ten consecutive trading days immediately prior to the Effective Date. The Effective Date was the grant date for accounting purposes. In accordance with accounting rules, the total fair value of the LTIP Units of $32.0 million was calculated and fixed as of the grant date, and was recorded over the requisite service period of three years. In March 2019, the Company entered into an amendment to the 2018 OPP to reflect a change in the peer group resulting from the merger of one member of the peer group, Select Income REIT, with Government Properties Income Trust, with the entity surviving the merger renamed as Office Properties Income Trust. Under the accounting rules, the Company was required to calculate any excess of the new value of LTIP Units in accordance with the provisions of the amendment ($10.9 million) over the fair value immediately prior to the amendment ($8.1 million). This excess of approximately $2.8 million was expensed over the period from March 4, 2019, the date the Company's compensation committee approved the amendment, through July 19, 2021.

The LTIP Units issued pursuant to the 2018 OPP could potentially have been earned by the Advisor based on the Company's achievement of threshold, target and maximum performance goals based on the Company's absolute and relative TSR over a three-year performance period that ended on July 19, 2021. Prior to the issuance of LTIP Units pursuant to the 2021 OPP, the compensation committee of the board of directors of the Company determined that none of the 4,496,796 of the LTIP Units subject to the 2018 OPP had been earned under either the absolute or relative thresholds. These LTIP Units were thus automatically forfeited effective as of July 19, 2021, without the payment of any consideration by the Company or the OP. On that date, the Company reclassified amounts reflected in non-controlling interest for these LTIP Units to additional paid in capital on its consolidated balance sheet and consolidated statement of equity.

Compensation Expense - 2021 OPP and 2018 OPP

During the three and nine months ended September 30, 2022, the Company recorded equity-based compensation expense related to the LTIP Units of $3.2 million and $9.5 million, respectively, and during the three and nine months ended September 30, 2021, the Company recorded equity-based compensation expense related to the LTIP Units of $3.8 million and $11.7 million, respectively. These expenses are recorded in equity-based compensation in the unaudited consolidated statements of operations and comprehensive loss. As of September 30, 2022, the Company had $22.9 million of unrecognized compensation expense related to the LTIP Units awarded under the 2021 OPP which is expected to be recognized over a period of 1.8 years.

LTIP Units Distributions/Redemptions

The rights of the Advisor as the holder of the LTIP Units are governed by the terms of the LTIP Units set forth in the agreement of limited partnership of the OP. Holders of LTIP Units are entitled to distributions on the LTIP Units equal to 10% of the distributions made per Class A Unit (other than distributions of sale proceeds) until the LTIP Units are earned. Distributions paid on a Class A Unit are equal to dividends paid on a share of Class A common stock. Distributions paid on

LTIP Units are not subject to forfeiture, even if the LTIP Units are ultimately forfeited. The Advisor is entitled to a priority catch-up distribution on each earned LTIP Unit equal to 90% of the aggregate distributions paid on Class A Units during the applicable performance period. Any LTIP Units that are earned become entitled to receive the same distributions paid on Class A Units. If and when the Advisor's capital account with respect to an earned LTIP Unit is equal to the capital account balance of a Class A Unit, the Advisor, as the holder of the earned LTIP Unit, in its sole discretion, is entitled to convert the LTIP Unit into a Class A Unit, which may in turn be redeemed on a one-for-one basis for, at the Company's election, a share of Class A common stock or the cash equivalent thereof.

The Company paid distributions on LTIP Units of $0.5 million and $0.2 million for the nine months ended September 30, 2022 and 2021, respectively. These amounts are recorded in the Company's consolidated statements of changes in equity.

Performance Measures

As indicated above, on July 19, 2021, at the end of the performance period, the compensation committee of the Company's board of directors determined that none of the 4,496,796 LTIP Units under the 2018 OPP had been earned. These LTIP Units were thus automatically forfeited effective as of July 19, 2021, without the payment of any consideration by the Company or the OP.

With respect to one-half of the LTIP Units granted under the 2021 OPP, the number of LTIP Units that become earned (if any) will be determined as of the last day of the performance period based on the Company's achievement of absolute TSR levels as shown in the table below.

Performance Level	Absolute TSR		Percentage of LTIP Units Earned	Number of LTIP Units Earned
Below Threshold	Less than	18 %	0 %	0
Threshold		18 %	25 %	1,066,110.625
Target		24 %	50 %	2,132,221.250
Maximum		36 % or higher	100 %	4,264,442.500

If the Company's absolute TSR is more than 18% but less than 24%, or more than 24% but less than 36%, the number of LTIP Units that become earned is determined using linear interpolation as between those tiers, respectively.

With respect to the remaining one-half of the LTIP Units granted under the 2021 OPP, the number of LTIP Units that become earned (if any) will be determined as of the last day of the performance period based on the difference (expressed in terms of basis points, whether positive or negative, as shown in the table below) between the Company's absolute TSR on the last day of the performance period relative to the average TSR of a peer group (consisting of Broadstone Net Lease, Inc., Office Properties Income Trust, RPT Realty and Spirit Realty Capital, Inc.) as of the last day of the performance period as follows:

Performance Level	Relative TSR Excess			Percentage of LTIP Units Earned	Number of LTIP Units Earned
Below Threshold	Less than	-600	Basis points	0 %	0
Threshold		-600	Basis points	25 %	1,066,110.625
Target		0	Basis points	50 %	2,132,221.250
Maximum		+600	Basis points	100 %	4,264,442.500

If the relative TSR excess is more than -600 basis points but less than zero basis points, or more than zero basis points but less than +600 basis points, the number of LTIP Units that become earned is determined using linear interpolation as between those tiers, respectively.

Other Terms

In the case of a Change of Control or a termination of the Advisor without Cause (as defined in the Advisory Agreement), the number of LTIP Units that become earned will be calculated based on actual performance through the last trading day prior to the effective date of the Change of Control or termination (as applicable), with the hurdles for calculating absolute TSR prorated to reflect a performance period of less than three years but without prorating the number of LTIP Units that may become earned to reflect the shortened performance period.

In the case of a termination of the Advisor for Cause, the number of LTIP Units that become earned will be calculated based on actual performance through the last trading day prior to the effective date of the termination, with the hurdles for calculating absolute TSR and the number of LTIP Units that may become earned each prorated to reflect a performance period of less than three years.

Pursuant to the terms of the Advisor Plan, the LTIP Units will be administered by the Company's board or a committee thereof, defined as the "Committee" in the Advisor Plan. Promptly following the performance period, the Committee will, except in certain circumstances, determine the number of LTIP Units earned (if any) based on calculations prepared by an independent consultant engaged by the Committee and as approved by the Committee in its reasonable and good faith discretion. The Committee also must approve the transfer of any LTIP Units or any Class A Units into which LTIP Units may be converted in accordance with the terms of the agreement of limited partnership of the OP. Any LTIP Units that are not earned will automatically be forfeited effective as of the end of the performance period and neither the Company nor the OP will be required to pay any future consideration in respect thereof.

Director Compensation

Under the current director compensation program, on a regular basis, each independent director receives an annual cash retainer of $60,000 and, in connection with each of the Company's annual meetings of stockholders, a grant of $85,000 in restricted shares, vesting on the one-year anniversary of the annual meeting.

The lead independent director receives an additional annual cash retainer of $100,000, the chair of the audit committee of the Company's board of directors receives an additional annual cash retainer of $30,000, each other member of the audit committee receives an additional annual cash retainer of $15,000, the chair of each of the compensation committee and the nominating and corporate governance committee of the Company's board of directors receives an additional annual cash retainer of $15,000, and each other member of each of the compensation committee and the nominating and corporate governance committee receives an additional annual cash retainer of $10,000.

Other Equity-Based Compensation

The Company may issue common stock in lieu of cash to pay fees earned by the Company's directors at each director's election. If the Company did so, there would be no restrictions on the shares issued since these payments in lieu of cash relate to fees earned for services performed. There were no shares of common stock issued to directors in lieu of cash compensation during the nine months ended September 30, 2022 and 2021.

Note 14 — Net Income Per Share

The following table sets forth the basic and diluted net loss per share computations:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In thousands, except share and per share amounts)	2022	2021	2022	2021
Net loss attributable to common stockholders	$ (56,466)	$ (6,406)	$ (72,791)	$ (23,222)
Adjustments to net loss for common share equivalents	(350)	(165)	(967)	(582)
Adjusted net loss attributable to common stockholders	$ (56,816)	$ (6,571)	$ (73,758)	$ (23,804)
Weighted-average shares outstanding — Basic	133,115,729	118,862,852	131,478,484	112,770,685
Weighted-average shares outstanding — Diluted	133,115,729	118,862,852	131,478,484	112,770,685
Net loss per share attributable to common stockholders — Basic and Diluted	$ (0.43)	$ (0.06)	$ (0.56)	$ (0.21)

Under current authoritative guidance for determining earnings per share, all unvested share-based payment awards that contain non-forfeitable rights to distributions are considered to be participating securities and therefore are included in the computation of earnings per share under the two-class method. The two-class method is an earnings allocation formula that determines earnings per share for each class of common shares and participating security according to dividends declared (or accumulated) and participation rights in undistributed earnings. The Company's unvested restricted shares, Class A Units and unearned LTIP Units contain rights to receive distributions considered to be non-forfeitable, except in certain limited circumstances, and therefore the Company applies the two-class method of computing earnings per share. The calculation of earnings per share above excludes the distributions to the unvested restricted shares, Class A Units and the unearned LTIP Units that were issued under the 2021 OPP from the numerator.

Diluted net income per share assumes the conversion of all Common Stock share equivalents into an equivalent number of shares of Common Stock, unless the effect is antidilutive. The Company considers unvested restricted shares, Class A Units and unvested LTIP Units to be common share equivalents. The following table shows common share equivalents on a weighted average basis that were excluded from the calculation of diluted earnings per share as their effect would have been antidilutive for the periods presented:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Unvested restricted shares [(1)]	616,362	475,341	537,252	424,199
Class A Units [(2)]	172,921	172,921	172,921	172,921
2018 LTIP Units [(3)]	—	928,686	—	3,294,356
2021 LTIP Units [(3)]	8,528,885	6,767,485	8,528,885	2,280,618
Total	9,318,168	8,344,433	9,239,058	6,172,094

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(1) Weighted-average number of shares of unvested restricted shares outstanding for the periods presented. There were 512,833 and 423,894 unvested restricted shares outstanding as of September 30, 2022 and 2021, respectively.

(2) Weighted-average number of Class A Units outstanding for the periods presented. There were 172,921 Class A Units outstanding as of September 30, 2022 and 2021.

(3) Weighted-average number of 2018 and 2021 LTIP Units outstanding for the periods presented. There were 8,528,885 2021 LTIP Units outstanding as of September 30, 2022 and 2021. For more information see *Note 13 — Equity-Based Compensation.*

If dilutive, conditionally issuable shares relating to the 2021 OPP award and 2018 OPP award would be included, as applicable, in the computation of fully diluted earnings per share on a weighted-average basis for the three and nine months ended September 30, 2022 and 2021 based on shares that would be issued if the applicable balance sheet date was the end of the measurement period.

No LTIP Unit share equivalents were included in the computation for the three and nine months ended September 30, 2022 and 2021 because (i) no LTIP Units would have been earned based on the trading price of Class A common stock including any cumulative dividends paid (since inception of the 2021 OPP and 2018 OPP) at September 30, 2022 and 2021 or (ii) the Company recorded a net loss to common stockholders for the period, thus any shares conditionally issuable under the LTIP Units would be antidilutive.

Note 15 - Segment Reporting

As of September 30, 2022 and December 31, 2021, as a result of the CIM Portfolio Acquisition and the related strategic shift in the Company's operations, the Company concluded it operates in two reportable segments consistent with its current management internal financial reporting purposes: single-tenant properties and multi-tenant properties. The Company will evaluate performance and make resource allocations based on its two business segments.

Previously, before the CIM Portfolio Acquisition (for which the purchase and sale agreement was signed on December 17, 2021), the Company concluded it was operating in one segment. Upon concluding that a change in its reporting segments had occurred, the Company retroactively restated the historical segment reporting presentation for the three years ended December 31, 2021 as presented in its Annual Report on Form 10-K for the year ended December 31, 2021. Below, the Company has restated the prior period to conform to its current segment reporting structure for comparative purposes.

Net Operating Income

The Company evaluates the performance of the combined properties in each segment based on net operating income ("NOI"). NOI is defined as total revenues from tenants, less property operating and maintenance expense. NOI excludes all other items of expense and income included in the financial statements in calculating net income (loss). The Company uses NOI to assess and compare property level performance and to make decisions concerning the operation of the properties. The Company believes that NOI is useful as a performance measure because, when compared across periods, NOI reflects the impact on operations from trends in occupancy rates, rental rates, operating expenses and acquisition activity on an unleveraged basis, providing perspective not immediately apparent from net income (loss).

NOI excludes certain components from net income (loss) in order to provide results that are more closely related to a property's results of operations. For example, interest expense is not necessarily linked to the operating performance of a real estate asset. In addition, depreciation and amortization, because of historical cost accounting and useful life estimates, may distort operating performance at the property level. NOI presented by the Company may not be comparable to NOI reported by other REITs that define NOI differently. The Company believes that in order to facilitate a clear understanding of the Company's operating results, NOI should be compared with net income (loss) prepared in accordance with GAAP and as presented in the Company's consolidated financial statements. NOI should not be considered as an alternative to net income (loss) as an indication of the Company's performance or to cash flows as a measure of the Company's liquidity or ability to pay distributions.

The following tables reconcile the segment activity to consolidated net loss for the three and nine months ended September 30, 2022 and 2021:

	Three Months Ended September 30, 2022			Three Months Ended September 30, 2021		
(In thousands)	Single-Tenant Properties	Multi-Tenant Properties	Consolidated	Single-Tenant Properties	Multi-Tenant Properties	Consolidated
Revenue from tenants	$ 48,474	$ 67,702	$ 116,176	$ 63,296	$ 28,619	$ 91,915
Property operating expense	3,927	24,124	28,051	2,800	10,584	13,384
NOI	$ 44,547	$ 43,578	88,125	$ 60,496	$ 18,035	78,531
Asset management fees to related party			(7,939)			(9,880)
Impairment of real estate investments			(30,046)			(4,554)
Acquisition, transaction and other costs			(210)			(3,426)
Equity-based compensation			(3,857)			(4,149)
General and administrative			(8,499)			(5,589)
Depreciation and amortization			(57,494)			(32,762)
Gain on sale of real estate investments			1,608			478
Interest expense			(32,402)			(19,232)
Other income			25			18
Net loss (income) attributable to non-controlling interests			60			(4)
Allocation for preferred stock			(5,837)			(5,837)
Net loss attributable to common stockholders			$ (56,466)			$ (6,406)

	Nine Months Ended September 30, 2022			Nine Months Ended September 30, 2021		
(In thousands)	Single-Tenant Properties	Multi-Tenant Properties	Consolidated	Single-Tenant Properties	Multi-Tenant Properties	Consolidated
Revenue from tenants	$ 157,643	$ 170,405	$ 328,048	$ 165,605	$ 87,074	$ 252,679
Property operating expense	11,901	62,809	74,710	7,915	32,237	40,152
NOI	$ 145,742	$ 107,596	253,338	$ 157,690	$ 54,837	212,527
Asset management fees to related party			(24,061)			(25,123)
Impairment of real estate investments			(94,942)			(4,645)
Acquisition, transaction and other costs			(695)			(3,604)
Equity-based compensation			(10,878)			(13,779)
General and administrative			(23,722)			(15,578)
Depreciation and amortization			(141,755)			(97,509)
Gain on sale of real estate investments			68,615			775
Interest expense			(84,471)			(58,927)
Other income			987			62
Gain on non-designated derivatives			2,250			—
Net loss attributable to non-controlling interests			54			4
Allocation for preferred stock			(17,511)			(17,425)
Net loss attributable to common stockholders			$ (72,791)			$ (23,222)

The following table reconciles the segment activity to consolidated total assets as of the periods presented:

(In thousands)	September 30, 2022	December 31, 2021
ASSETS		
Investments in real estate, net:		
Single-tenant properties	$ 1,909,373	$ 1,973,743
Multi-tenant properties	2,525,920	1,233,030
Total investments in real estate, net	4,435,293	3,206,773
Cash and cash equivalents	41,150	214,853
Restricted cash	19,288	21,996
Deposits for real estate investments	—	41,928
Deferred costs, net	22,176	25,587
Straight-line rent receivable	67,953	70,789
Operating lease right-of-use assets	17,964	18,194
Prepaid expenses and other assets	46,732	26,877
Assets held for sale	1,525	187,213
Total assets	$ 4,652,081	$ 3,814,210

The following table reconciles capital expenditures by reportable business segment, excluding corporate non-real estate expenditures, for the periods presented:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In thousands)	2022	2021	2022	2021
Single-tenant properties	$ 503	$ 332	$ 1,178	$ 2,213
Multi-tenant properties	5,452	4,546	9,996	9,476
Total capital expenditures	$ 5,955	$ 4,878	$ 11,174	$ 11,689

Note 16 — Subsequent Events

The Company has evaluated subsequent events through the filing of this Quarterly Report on Form 10-Q, and determined that there were not any material events that have occurred that would require adjustments to, or disclosures in, the consolidated financial statements except those stated below:

Dispositions Subsequent to September 30, 2022

Subsequent to September 30, 2022, the Company disposed of four properties for an aggregate contract sales price of $1.6 million. These properties were classified as assets held for sale on the Company's consolidated balance sheet as of September 30, 2022.

Borrowings Subsequent to September 30, 2022

Subsequent to September 30, 2022, the Company borrowed $10.0 million on its Credit Facility.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion and analysis should be read in conjunction with the accompanying consolidated financial statements of The Necessity Retail REIT, Inc. and the notes thereto. As used herein, the terms "Company," "we," "our" and "us" refer to The Necessity Retail REIT, Inc., a Maryland corporation, including, as required by context, The Necessity Retail REIT Operating Partnership, L.P., a Delaware limited partnership, which we refer to as the "OP," and its subsidiaries. We are externally managed by The Necessity Retail Advisors, LLC (our "Advisor"), a Delaware limited liability company.

Forward-Looking Statements

Certain statements included in this Quarterly Report on Form 10-Q are forward-looking statements, including statements regarding the intent, belief or current expectations of us, our Advisor and members of our management team, as well as the assumptions on which such statements are based, and generally are identified by the use of words such as "may," "will," "seeks," "anticipates," "believes," "estimates," "expects," "plans," "intends," "should" or similar expressions. Actual results may differ materially from those contemplated by such forward-looking statements. Further, forward-looking statements speak only as of the date they are made, and we undertake no obligation to update or revise forward-looking statements to reflect changed assumptions, the occurrence of unanticipated events or changes to future operating results over time, unless required by law.

These forward-looking statements are subject to risks, uncertainties and other factors, many of which are outside of our control, which could cause actual results to differ materially from the results contemplated by the forward-looking statements. Some of the risks and uncertainties, although not all risks and uncertainties, that could cause our actual results to differ materially from those presented in our forward-looking statements are set forth under "Risk Factors" and "Quantitative and Qualitative Disclosures About Market Risk" in our Annual Report on Form 10-K for the year ended December 31, 2021 as well as under *Item 1A. Risk Factors* below.

Overview

We are an externally managed real estate investment trust for U.S. federal income tax purposes ("REIT") focusing on acquiring and managing a diversified portfolio of primarily service-oriented and traditional retail and distribution-related commercial real estate properties located primarily in the United States. Our assets consist primarily of freestanding single-tenant properties that are net leased to "investment grade" and other creditworthy tenants and a portfolio of multi-tenant retail properties consisting primarily of power centers and lifestyle centers. We historically focused our acquisitions primarily on net leased, single-tenant service retail properties, defined as properties leased to tenants in the retail banking, restaurant, grocery, pharmacy, gas, convenience, fitness, and auto services sectors.

On December 17, 2021, we signed a purchase and sale agreement to acquire 79 multi-tenant retail centers and two single-tenant properties for an aggregate contract purchase price of $1.3 billion (the "CIM Portfolio Acquisition"). The CIM Portfolio Acquisition was accounted for as an asset acquisition. The acquisition closed in multiple transactions from February 2022 through July 2022 and the consideration included cash (including cash sourced from borrowings under the Credit Facility, as defined below), assumption of existing mortgage debt securing certain of the properties and the issuance of shares of our Class A common stock.

We closed on the properties of the CIM Portfolio Acquisition in multiple stages as follows:

- In the three months ended March 31, 2022, we closed on the acquisition of 56 properties of the CIM Portfolio Acquisition for an aggregate contract purchase price of $801.1 million which was funded by $728.4 million in cash, including $378.0 million of borrowings under our Credit Facility, the assumption of $19.3 million of existing mortgage debt and the issuance of $50.0 million in fair value at issuance ($53.4 million in contractual value) of our Class A common stock to certain subsidiaries of the CIM Real Estate Finance Trust, Inc. (the "Sellers"), at its closing value on the respective closing dates on which the common stock was issued.
- In the three months ended June 30, 2022, we closed on 24 additional properties from the CIM Portfolio Acquisition for an aggregate contract purchase price of $452.8 million in three closings. The acquisitions were funded with the assumption of $294.5 million of fixed-rate mortgage debt, $128.2 million of $135.0 million of borrowings under the Credit Facility, the application of $23.8 million of our $40.0 million deposit and the remainder with cash on hand. The assumed mortgages bear stated interest rates between 3.65% and 4.62% and mature between April 2023 and September 2033.
- In the three months ended September 30, 2022, we closed on the one remaining property from the CIM Portfolio Acquisition for a contract purchase price of $71.1 million. The acquisition was funded with the assumption of $39.0 million of fixed-rate mortgage debt, the application of the remaining $16.2 million of our $40.0 million deposit, and the remainder with cash on hand (including $6.8 million of previous borrowings under the Credit Facility). The assumed mortgage bears a stated interest rate of 4.05% and matures in May 2024.

- The aggregate contract purchase prices above do not include contingent consideration relating to leasing activity at each respective acquired property for a six-month period subsequent to the respective closing dates of each acquired property. We paid $10.2 million, $13.3 million and $26.1 million for such contingent consideration with cash on hand in the three months ended March 31, 2022, June 30, 2022 and September 30, 2022 respectively, and we have accrued for $5.2 million of contingent consideration based on leases executed as of September 30, 2022. Additional amounts may be due for leases executed through January 2023 (six months following the acquisition date of the final property of the CIM Portfolio Acquisition).

For additional information on the closing of the CIM Portfolio Acquisition, including funding details, see *"Liquidity and Capital Resources"* herein and see *Note 3 — Real Estate Investments* to our consolidated financial statements included in this Quarterly Report on Form 10-Q for more information.

In addition, we acquired one additional single-tenant property in the three months ended September 30, 2022 for a contract purchase price of $5.0 million. We acquired 11 additional single-tenant properties and one additional multi-tenant retail property in the nine months ended September 30, 2022 for an aggregate contract purchase price of $63.4 million.

As of September 30, 2022, we owned 1,050 properties, comprised of 28.8 million rentable square feet, which were 92.6% leased, including 939 single-tenant net-leased commercial properties (900 of which are retail properties) and 111 multi-tenant retail properties. Based on annualized rental income on a straight-line basis as of September 30, 2022, the total single-tenant properties comprised 47% of our total portfolio and were 67% leased to service retail tenants, and the total multi-tenant properties comprised 53% of our portfolio, and were 43% leased to experiential retail tenants, defined as tenants in the restaurant, discount retail, entertainment, salon/beauty and grocery store sectors, among others. Substantially all of our business is conducted through the OP and its wholly-owned subsidiaries. The Advisor manages our day-to-day business with the assistance of our property manager, Necessity Retail Properties, LLC (the "Property Manager"). The Advisor and the Property Manager are under common control with AR Global Investments, LLC ("AR Global") and these related parties receive compensation and fees for providing services to us. We also reimburse these entities for certain expenses they incur in providing these services to us.

For our purposes, "investment grade" includes both tenants (or lease guarantors) with actual investment grade ratings or tenants with "implied" investment grade ratings. Implied investment grade may include the actual rating of a tenant's parent or the guarantor of the parent (regardless of whether the parent has guaranteed the tenant's obligation under the lease) or tenants that are identified as investment grade by using a proprietary Moody's analytical tool which generates an implied rating by measuring an entity's probability of default. Based on annualized rental income on a straight-line basis as of September 30, 2022, approximately 54.3% of the tenants in our single-tenant portfolio were considered "investment grade" consisting of 39.9% with actual investment grade ratings and 14.4% with implied investment grade ratings, and approximately 40.4% of the anchor tenants in our multi-tenant portfolio were considered "investment grade" consisting of 30.9% with actual investment grade ratings and 9.5% with implied investment grade ratings.

Management Update on the Impacts of the COVID-19 Pandemic

The COVID-19 global pandemic created several risks and uncertainties, many of which have lessened in severity since its onset, but which still may impact our business, including our future results of operations and our liquidity. The ultimate impact on our results of operations, our liquidity and the ability of our tenants to continue to pay us rent will depend on numerous factors including the overall length and severity of the COVID-19 pandemic. For a further discussion of the risks and uncertainties associated with the impact of the COVID-19 pandemic on us, see Item *1A. Risk Factors* in our Annual Report on Form 10-K for the year ended December 31, 2021.

We took several steps to mitigate the impact of the pandemic on our business. We were in direct contact with our tenants when the crisis began, cultivated open dialogue and deepened the fundamental relationships that we carefully developed through prior transactions and historic operations. Based on this approach and the overall financial strength and creditworthiness of our tenants, we believe that we had positive results in our cash rent collections throughout the pandemic. We have collected 98% of the original cash rent due for the third quarter of 2022 across our entire portfolio, (based on the total of third quarter 2022 cash rent due across our portfolio). This was consistent with the quarterly collections during the first and second quarters of 2022 and the year ended December 31, 2021 and reflects the expiration of rent deferral agreements where tenants have resumed paying full rent as well as collections of deferred rent paid during the period.

"Original cash rent" refers to contractual rents on a cash basis due from tenants as stipulated in their originally executed lease agreement at inception or as amended, prior to any rent deferral agreement. We calculate "original cash rent collections" by comparing the total amount of rent collected during the period to the original cash rent due. Total rent collected during the period includes both original cash rent due and payments made by tenants pursuant to rent deferral agreements. Eliminating the impact of deferred rent paid, we collected 98% of original cash rent collections for the third quarter of 2022.

A deferral agreement is an executed or approved amendment to an existing lease to defer a certain portion of cash rent due to a future period. During the year ended December 31, 2021, we granted rent deferrals for an aggregate of $0.4 million or approximately 1% of original cash rent due for the year. Nearly all amounts deferred are scheduled for repayment during various times through the end of 2022. During the three and nine months ended September 30, 2022, we did not defer any additional rents. As of October 31, 2022, we have collected nearly all of the total $7.4 million rents we previously deferred.

During the nine months ended September 30, 2022, we did not grant any rent abatements. The most common arrangements granted provide deferral of some or all of the rent due for the period in which the arrangement was granted with such amounts to be paid in 2022. The terms of these lease amendments providing for rent deferrals and abatements differ by tenant in terms of length and amount of the deferral or abatement, although the deferrals and abatements are generally coupled with an extension of the lease.

The cash rent collections for the third quarter of 2022 include cash receipts collected through October 31, 2022. Cash receipts received in October are not, however, included in cash and cash equivalents on our September 30, 2022 consolidated balance sheet. The below cash rent status may not be indicative of any future period and remains subject to changes based on ongoing collection efforts and negotiation of additional agreements. Moreover, there is no assurance that we will be able to collect the cash rent that is due in future months including amounts previously deferred. The impact of the COVID-19 pandemic on our tenants and thus our ability to collect rents in future periods cannot be determined at present.

The table below shows the percentage of original cash rent for our single-tenant portfolio, our multi-tenant portfolio, and our total portfolio we collected in each fiscal quarter of 2020, 2021 and 2022:

	Total Collections			Without Deferred Rents		
Period	**Single-Tenant**	**Multi-Tenant**	**Total Portfolio**	**Single-Tenant**	**Multi-Tenant**	**Total Portfolio**
First Quarter 2020	98 %	100 %	99 %	98 %	100 %	99 %
Second Quarter 2020	96 %	72 %	88 %	96 %	72 %	88 %
Third Quarter 2020	98 %	85 %	94 %	98 %	85 %	94 %
Fourth Quarter 2020	100 %	91 %	97 %	100 %	91 %	97 %
First Quarter 2021	100 %	99 %	100 %	99 %	95 %	98 %
Second Quarter 2021	100 %	100 %	100 %	99 %	97 %	99 %
Third Quarter 2021	98 %	100 %	99 %	98 %	96 %	97 %
Fourth Quarter 2021	99 %	100 %	100 %	99 %	97 %	98 %
First Quarter 2022	98 %	100 %	99 %	97 %	98 %	98 %
Second Quarter 2022	98 %	99 %	99 %	98 %	97 %	98 %
Third Quarter 2022	98 %	98 %	98 %	98 %	98 %	98 %

Significant Accounting Estimates and Critical Accounting Policies

For a discussion about our significant accounting estimates and critical accounting policies, see the “Significant Accounting Estimates and Critical Accounting Policies” section of our 2021 Annual Report on Form 10-K. Except for those required by new accounting pronouncements discussed below, there have been no material changes from these significant accounting estimates and critical accounting policies.

Recently Issued Accounting Pronouncements

Please see *Note 2 — Summary of Significant Accounting Policies - Recently Issued Accounting Pronouncements* to our consolidated financial statements in this Quarterly Report on Form 10-Q for further discussion.

Properties

The following table represents certain additional information about the properties we own at September 30, 2022:

Portfolio	Segment	Acquisition Date	Number of Properties	Rentable Square Feet (*In thousands*)	Remaining Lease Term [(1)]	Percentage Leased
Dollar General I	Single-Tenant	Apr 2013; May 2013	2	18	5.6	100.0%
Walgreens I	Single-Tenant	Jul 2013	1	10	15.0	100.0%
Dollar General II	Single-Tenant	Jul 2013	2	18	5.7	100.0%
AutoZone I	Single-Tenant	Jul 2013	1	8	4.8	100.0%
Dollar General III	Single-Tenant	Jul 2013	5	46	5.6	100.0%
BSFS I	Single-Tenant	Jul 2013	1	9	1.3	100.0%
Dollar General IV	Single-Tenant	Jul 2013	2	18	6.4	100.0%
Tractor Supply I	Single-Tenant	Aug 2013	1	19	5.2	100.0%
Dollar General V	Single-Tenant	Aug 2013	1	12	5.3	100.0%
Mattress Firm I	Single-Tenant	Aug 2013; Nov 2013; Feb 2014; Mar 2014; Apr 2014	5	24	4.2	100.0%
Family Dollar I	Single-Tenant	Aug 2013	1	8	—	100.0%
Lowe's I	Single-Tenant	Aug 2013	5	671	6.7	100.0%
O'Reilly Auto Parts I	Single-Tenant	Aug 2013	1	11	7.8	100.0%
Food Lion I	Single-Tenant	Aug 2013	1	45	7.1	100.0%
Family Dollar II	Single-Tenant	Aug 2013	1	8	0.7	100.0%
Walgreens II	Single-Tenant	Aug 2013	1	14	10.5	100.0%
Dollar General VI	Single-Tenant	Aug 2013	1	9	3.4	100.0%
Dollar General VII	Single-Tenant	Aug 2013	1	9	5.5	100.0%
Family Dollar III	Single-Tenant	Aug 2013	1	8	—	100.0%
Chili's I	Single-Tenant	Aug 2013	2	13	3.2	100.0%
CVS I	Single-Tenant	Aug 2013	1	10	3.3	100.0%
Joe's Crab Shack I	Single-Tenant	Aug 2013	1	8	4.5	100.0%
Dollar General VIII	Single-Tenant	Sep 2013	1	9	5.8	100.0%
Tire Kingdom I	Single-Tenant	Sep 2013	1	7	2.5	100.0%
AutoZone II	Single-Tenant	Sep 2013	1	7	0.7	100.0%
Family Dollar IV	Single-Tenant	Sep 2013	1	8	0.7	100.0%
Fresenius I	Single-Tenant	Sep 2013	1	6	2.8	100.0%
Dollar General IX	Single-Tenant	Sep 2013	1	9	2.6	100.0%
Advance Auto I	Single-Tenant	Sep 2013	1	11	8.8	100.0%
Walgreens III	Single-Tenant	Sep 2013	1	15	3.5	100.0%
Walgreens IV	Single-Tenant	Sep 2013	1	14	2.0	100.0%
CVS II	Single-Tenant	Sep 2013	1	16	14.3	100.0%
Arby's I	Single-Tenant	Sep 2013	1	3	5.8	100.0%
Dollar General X	Single-Tenant	Sep 2013	1	9	5.5	100.0%
AmeriCold I	Single-Tenant	Sep 2013	9	1,407	5.0	100.0%
Home Depot I	Single-Tenant	Sep 2013	2	1,315	4.3	100.0%
New Breed Logistics I	Single-Tenant	Sep 2013	1	390	3.6	100.0%
Truist Bank I [(2)]	Single-Tenant	Sep 2013	16	86	5.7	97.2%
National Tire & Battery I	Single-Tenant	Sep 2013	1	11	1.2	100.0%
Circle K I	Single-Tenant	Sep 2013	19	55	6.1	100.0%
Walgreens V	Single-Tenant	Sep 2013	1	14	4.9	100.0%
Walgreens VI	Single-Tenant	Sep 2013	1	15	6.6	100.0%
FedEx Ground I	Single-Tenant	Sep 2013	1	22	0.7	100.0%
Walgreens VII	Single-Tenant	Sep 2013	8	113	6.8	100.0%
O'Charley's I	Single-Tenant	Sep 2013	20	135	9.1	100.0%
Krystal I	Single-Tenant	Sep 2013	5	11	7.0	100.0%
1st Constitution Bancorp I	Single-Tenant	Sep 2013	1	3	1.3	100.0%
Tractor Supply II	Single-Tenant	Oct 2013	1	23	1.0	100.0%

Portfolio	Segment	Acquisition Date	Number of Properties	Rentable Square Feet (*In thousands*)	Remaining Lease Term [(1)]	Percentage Leased
United Healthcare I [(4)]	Single-Tenant	Oct 2013	1	400	—	—%
National Tire & Battery II	Single-Tenant	Oct 2013	1	7	9.7	100.0%
Tractor Supply III	Single-Tenant	Oct 2013	1	19	5.6	100.0%
Verizon Wireless	Single-Tenant	Oct 2013	1	4	7.0	100.0%
Dollar General XI	Single-Tenant	Oct 2013	1	9	4.6	100.0%
Talecris Plasma Resources I	Single-Tenant	Oct 2013	1	22	0.5	100.0%
Amazon I	Single-Tenant	Oct 2013	1	79	0.8	100.0%
Fresenius II	Single-Tenant	Oct 2013	2	16	4.9	100.0%
Dollar General XII	Single-Tenant	Nov 2013; Jan 2014	2	18	6.2	100.0%
Dollar General XIII	Single-Tenant	Nov 2013	1	9	9.2	100.0%
Advance Auto II	Single-Tenant	Nov 2013	2	14	8.8	100.0%
FedEx Ground II	Single-Tenant	Nov 2013	1	49	0.8	100.0%
Burger King I	Single-Tenant	Nov 2013	41	169	15.0	100.0%
Dollar General XIV	Single-Tenant	Nov 2013	3	27	5.7	100.0%
Dollar General XV	Single-Tenant	Nov 2013	1	9	6.1	100.0%
FedEx Ground III	Single-Tenant	Nov 2013	1	24	0.9	100.0%
Dollar General XVI	Single-Tenant	Nov 2013	1	9	3.2	100.0%
Family Dollar V	Single-Tenant	Nov 2013	1	8	0.5	100.0%
CVS III	Single-Tenant	Dec 2013	1	11	1.3	100.0%
Mattress Firm III	Single-Tenant	Dec 2013	1	5	5.8	100.0%
Arby's II	Single-Tenant	Dec 2013	1	4	5.6	100.0%
Family Dollar VI	Single-Tenant	Dec 2013	2	17	1.3	100.0%
SAAB Sensis I	Single-Tenant	Dec 2013	1	91	2.5	100.0%
Citizens Bank I	Single-Tenant	Dec 2013	9	31	8.7	100.0%
Truist Bank II [(2)]	Single-Tenant	Jan 2014	10	59	6.5	83.2%
Mattress Firm IV	Single-Tenant	Jan 2014	1	5	1.9	100.0%
FedEx Ground IV	Single-Tenant	Jan 2014	1	59	5.8	100.0%
Mattress Firm V	Single-Tenant	Jan 2014	1	6	1.1	100.0%
Family Dollar VII	Single-Tenant	Feb 2014	1	8	1.8	100.0%
Aaron's I	Single-Tenant	Feb 2014	1	8	0.9	100.0%
AutoZone III	Single-Tenant	Feb 2014	1	7	0.5	100.0%
Advance Auto III	Single-Tenant	Feb 2014	1	6	9.3	100.0%
Family Dollar VIII	Single-Tenant	Mar 2014	3	25	0.8	100.0%
Dollar General XVII	Single-Tenant	Mar 2014; May 2014	3	27	5.5	100.0%
Truist Bank III [(2)]	Single-Tenant	Mar 2014	59	291	7.1	90.9%
Truist Bank IV	Single-Tenant	Mar 2014	6	33	7.3	100.0%
First Horizon Bank	Single-Tenant	Mar 2014	8	40	6.5	100.0%
Draper Aden Associates	Single-Tenant	Mar 2014	1	78	8.2	100.0%
Church of Jesus Christ	Single-Tenant	Mar 2014	1	3	1.0	100.0%
Dollar General XVIII	Single-Tenant	Mar 2014	1	9	5.5	100.0%
Family Dollar IX	Single-Tenant	Apr 2014	1	8	1.5	100.0%
Stop & Shop I	Single-Tenant	May 2014	7	492	4.3	100.0%
Bi-Lo I	Single-Tenant	May 2014	1	56	2.0	3.2%
Dollar General XIX	Single-Tenant	May 2014	1	12	5.9	100.0%
Dollar General XX	Single-Tenant	May 2014	5	49	4.6	100.0%
Dollar General XXI	Single-Tenant	May 2014	1	9	5.9	100.0%
Dollar General XXII	Single-Tenant	May 2014	1	11	4.6	100.0%
FedEx Ground V	Single-Tenant	Feb 2016	1	46	2.8	100.0%
FedEx Ground VI	Single-Tenant	Feb 2016	1	121	2.9	100.0%
FedEx Ground VII	Single-Tenant	Feb 2016	1	42	3.0	100.0%
FedEx Ground VIII	Single-Tenant	Feb 2016	1	79	3.1	100.0%
Liberty Crossing	Multi-Tenant	Feb 2017	1	106	3.2	91.6%

Portfolio	Segment	Acquisition Date	Number of Properties	Rentable Square Feet (*In thousands*)	Remaining Lease Term [1]	Percentage Leased
San Pedro Crossing	Multi-Tenant	Feb 2017	1	207	7.1	86.0%
Tiffany Springs MarketCenter	Multi-Tenant	Feb 2017	1	265	3.1	89.4%
The Streets of West Chester	Multi-Tenant	Feb 2017	1	237	8.1	87.0%
Prairie Towne Center	Multi-Tenant	Feb 2017	1	264	8.1	79.0%
Southway Shopping Center	Multi-Tenant	Feb 2017	1	182	4.4	100.0%
Stirling Slidell Centre	Multi-Tenant	Feb 2017	1	208	1.0	63.5%
Northwoods Marketplace	Multi-Tenant	Feb 2017	1	236	3.7	97.1%
Centennial Plaza	Multi-Tenant	Feb 2017	1	234	1.2	99.5%
Northlake Commons	Multi-Tenant	Feb 2017	1	109	4.3	94.9%
Shops at Shelby Crossing	Multi-Tenant	Feb 2017	1	236	4.7	97.6%
Shoppes of West Melbourne	Multi-Tenant	Feb 2017	1	144	6.2	96.4%
The Centrum	Multi-Tenant	Feb 2017	1	274	9.4	86.4%
Shoppes at Wyomissing	Multi-Tenant	Feb 2017	1	103	2.1	64.4%
Southroads Shopping Center	Multi-Tenant	Feb 2017	1	409	4.1	92.0%
Parkside Shopping Center	Multi-Tenant	Feb 2017	1	183	3.2	85.3%
Colonial Landing	Multi-Tenant	Feb 2017	1	264	6.6	93.3%
The Shops at West End	Multi-Tenant	Feb 2017	1	382	6.3	86.1%
Township Marketplace	Multi-Tenant	Feb 2017	1	299	4.3	93.4%
Cross Pointe Centre	Multi-Tenant	Feb 2017	1	226	4.1	98.6%
Towne Centre Plaza	Multi-Tenant	Feb 2017	1	94	3.5	100.0%
Village at Quail Springs	Multi-Tenant	Feb 2017	1	100	4.7	100.0%
Pine Ridge Plaza	Multi-Tenant	Feb 2017	1	239	2.4	95.8%
Bison Hollow	Multi-Tenant	Feb 2017	1	135	2.2	100.0%
Jefferson Commons	Multi-Tenant	Feb 2017	1	206	4.7	97.9%
Northpark Center	Multi-Tenant	Feb 2017	1	318	4.0	97.2%
Anderson Station	Multi-Tenant	Feb 2017	1	244	4.5	100.0%
Patton Creek	Multi-Tenant	Feb 2017	1	491	2.8	76.0%
North Lakeland Plaza	Multi-Tenant	Feb 2017	1	171	2.9	97.1%
Riverbend Marketplace	Multi-Tenant	Feb 2017	1	143	2.7	92.5%
Montecito Crossing	Multi-Tenant	Feb 2017	1	180	3.9	92.8%
Best on the Boulevard	Multi-Tenant	Feb 2017	1	205	3.4	95.6%
Shops at RiverGate South	Multi-Tenant	Feb 2017	1	145	3.6	99.9%
Dollar General XXIII	Single-Tenant	Mar 2017; May 2017; Jun 2017	8	71	6.9	100.0%
Jo-Ann Fabrics I	Single-Tenant	Apr 2017	1	18	2.3	100.0%
Bob Evans I	Single-Tenant	Apr 2017	22	111	14.6	100.0%
FedEx Ground IX	Single-Tenant	May 2017	1	54	3.7	100.0%
Chili's II	Single-Tenant	May 2017	1	6	5.1	100.0%
Sonic Drive In I	Single-Tenant	Jun 2017	2	3	9.8	100.0%
Bridgestone HOSEPower I	Single-Tenant	Jun 2017	2	41	6.9	100.0%
Bridgestone HOSEPower II	Single-Tenant	Jul 2017	1	25	7.1	100.0%
FedEx Ground X	Single-Tenant	Jul 2017	1	142	4.8	100.0%
Chili's III	Single-Tenant	Aug 2017	1	6	5.1	100.0%
FedEx Ground XI	Single-Tenant	Sep 2017	1	29	4.8	100.0%
Hardee's I	Single-Tenant	Sep 2017	1	4	—	—%
Tractor Supply IV	Single-Tenant	Oct 2017	2	51	4.1	100.0%
Circle K II	Single-Tenant	Nov 2017	6	20	14.8	100.0%
Sonic Drive In II	Single-Tenant	Nov 2017	20	31	15.2	100.0%
Bridgestone HOSEPower III	Single-Tenant	Dec 2017	1	21	7.8	100.0%
Sonny's BBQ I	Single-Tenant	Jan 2018	3	19	11.3	100.0%
Mountain Express I	Single-Tenant	Jan 2018	9	30	15.3	100.0%
Kum & Go I	Single-Tenant	Feb 2018	1	5	5.7	100.0%
DaVita I	Single-Tenant	Feb 2018	2	13	3.4	100.0%

Portfolio	Segment	Acquisition Date	Number of Properties	Rentable Square Feet (*In thousands*)	Remaining Lease Term [(1)]	Percentage Leased
Imperial I	Single-Tenant	Mar 2018	9	22	18.1	100.0%
Mountain Express II	Single-Tenant	Jun 2018	15	59	15.6	100.0%
Dialysis I	Single-Tenant	Jul 2018	7	65	6.3	100.0%
Children of America I	Single-Tenant	Aug 2018	2	33	10.9	79.7%
Burger King II	Single-Tenant	Aug 2018	1	3	10.9	100.0%
Imperial II	Single-Tenant	Aug 2018	9	18	18.1	100.0%
Bob Evans II	Single-Tenant	Aug 2018	22	112	14.6	100.0%
Mountain Express III	Single-Tenant	Sep 2018	14	47	15.8	100.0%
Taco John's	Single-Tenant	Sep 2018	7	15	11.1	100.0%
HIFZA Trading	Single-Tenant	Oct 2018	1	4	18.3	100.0%
DaVita II	Single-Tenant	Oct 2018	1	10	5.0	100.0%
Pizza Hut I	Single-Tenant	Oct 2018	9	23	11.1	100.0%
Little Caesars I	Single-Tenant	Dec 2018	11	19	16.3	100.0%
Caliber Collision I	Single-Tenant	Dec 2018	3	48	9.5	100.0%
Tractor Supply V	Single-Tenant	Dec 2018; Mar 2019	5	97	8.9	100.0%
Fresenius III	Single-Tenant	Jan 2019	6	44	5.2	100.0%
Pizza Hut II	Single-Tenant	Jan 2019	30	86	16.3	100.0%
Mountain Express IV	Single-Tenant	Feb 2019	8	28	16.3	100.0%
Mountain Express V	Single-Tenant	Feb 2019; Mar 2019; Apr 2019	18	96	16.4	100.0%
Fresenius IV	Single-Tenant	Mar 2019	1	9	9.2	100.0%
Mountain Express VI	Single-Tenant	Jun 2019	1	3	16.3	100.0%
IMTAA	Single-Tenant	May 2019; Jan 2020	12	40	16.8	100.0%
Pizza Hut III	Single-Tenant	May 2019; Jun 2019	13	47	16.7	100.0%
Fresenius V	Single-Tenant	Jun 2019	2	19	9.6	100.0%
Fresenius VI	Single-Tenant	Jun 2019	1	10	4.3	100.0%
Fresenius VII	Single-Tenant	Jun 2019	3	59	8.0	50.1%
Caliber Collision II	Single-Tenant	Aug 2019	1	19	6.5	100.0%
Dollar General XXV	Single-Tenant	Sep 2019	5	44	8.2	100.0%
Dollar General XXIV	Single-Tenant	Sep 2019; Oct 2019	9	82	11.9	100.0%
Mister Carwash I	Single-Tenant	Sep 2019	3	13	17.0	100.0%
Checkers I	Single-Tenant	Sep 2019	1	1	16.9	100.0%
DaVita III	Single-Tenant	Sep 2019; Mar 2020	2	20	6.9	100.0%
Dialysis II	Single-Tenant	Sep 2019	50	426	6.5	100.0%
Mister Carwash II	Single-Tenant	Nov 2019	2	8	17.2	100.0%
Advance Auto IV	Single-Tenant	Dec 2019; Jan 2020	14	96	6.8	100.0%
Advance Auto V	Single-Tenant	Dec 2019	11	73	7.7	100.0%
Dollar General XXVI	Single-Tenant	Dec 2019	12	114	9.6	100.0%
Pizza Hut IV	Single-Tenant	Dec 2019; Mar 2020	16	50	17.3	100.0%
American Car Center I	Single-Tenant	Mar 2020	16	178	17.5	100.0%
BJ's Wholesale Club	Single-Tenant	Mar 2020	1	110	8.1	100.0%
Mammoth Car Wash	Single-Tenant	Mar 2020	9	56	17.5	100.0%
Mammoth Car Wash	Single-Tenant	Apr 2020	1	18	17.5	100.0%
Mammoth Car Wash	Single-Tenant	Apr 2020	1	4	17.6	100.0%
DaVita IV	Single-Tenant	Apr 2020	1	10	8.8	100.0%
GPM	Single-Tenant	Jul. 2020	30	112	13.7	100.0%
IMTAA II	Single-Tenant	Aug 2020; Dec 2020	10	54	12.9	100.0%
Fresenius IX	Single-Tenant	Nov 2020	6	46	8.4	100.0%
Kalma Kaur	Single-Tenant	Dec 2020	10	37	18.3	100.0%
Dialysis III	Single-Tenant	Dec 2020	16	139	3.7	100.0%
National Convenience Distributors	Single-Tenant	Mar 2021	5	385	18.5	100.0%
Advance Auto VI	Single-Tenant	Mar 2021	2	14	4.7	100.0%
Dollar General XXVII	Single-Tenant	May 2021; Sept 2021	17	162	5.3	100.0%

Portfolio	Segment	Acquisition Date	Number of Properties	Rentable Square Feet (*In thousands*)	Remaining Lease Term [1]	Percentage Leased
Pick N'Save	Single-Tenant	Jun 2021	1	61	6.3	100.0%
Tidal Wave I	Single-Tenant	Jul 2021	14	54	18.8	100.0%
Imperial Reliance	Single-Tenant	Jul 2021	2	4	18.8	100.0%
Aaron's II	Single-Tenant	Aug 2021	16	139	4.6	100.0%
Heritage I	Single-Tenant	Dec 2021; Jan 2022	6	51	19.3	100.0%
Fidelity I	Single-Tenant	Dec 2021; Sept 2022	7	82	20.0	100.0%
BJ's Wholesale Club II	Single-Tenant	Jan 2022	1	68	6.0	100.0%
McCain Plaza	Multi-Tenant	Jan 2022	1	308	4.0	96.6%
Ventura Place [3]	Multi-Tenant	Feb. 2022	1	67	5.5	92.5%
Market at Clifty Crossing [3]	Multi-Tenant	Feb. 2022	1	198	2.2	77.1%
Crosspoint Shopping Center [3]	Multi-Tenant	Feb. 2022	1	170	4.7	91.6%
Melody Mountain [3]	Multi-Tenant	Feb. 2022	1	66	1.3	100.0%
Owensboro Town Center [3]	Multi-Tenant	Feb. 2022	1	165	2.6	91.8%
Plainfield Marketplace [3]	Multi-Tenant	Feb. 2022	1	125	4.5	98.6%
Pecanland Plaza [3]	Multi-Tenant	Feb. 2022	1	112	3.2	93.6%
Mattress Firm & Aspen Dental [3]	Multi-Tenant	Feb. 2022	1	10	1.8	34.9%
Mattress Firm & Five Guys [3]	Multi-Tenant	Feb. 2022	1	8	5.3	100.0%
Shoppes at Stroud [3]	Multi-Tenant	Feb. 2022	1	141	5.3	94.3%
FreshThyme & DSW [3]	Multi-Tenant	Feb. 2022	1	49	1.6	100.0%
Carlisle Crossing [3]	Multi-Tenant	Feb. 2022	1	152	3.4	85.8%
Shippensburg Marketplace [3]	Multi-Tenant	Feb. 2022	1	60	5.4	84.3%
Shouthwest Plaza [3]	Multi-Tenant	Feb. 2022	1	368	4.4	77.4%
Lord Salisbury Center [3]	Multi-Tenant	Feb. 2022	1	114	4.8	100.0%
Derby Marketplace [3]	Multi-Tenant	Feb. 2022	1	100	5.8	100.0%
Fairlane Green [3]	Multi-Tenant	Feb. 2022	1	95	4.8	100.0%
Shoe Carnival & Buffalo Wild Wings [3]	Multi-Tenant	Feb. 2022	1	15	5.1	100.0%
Tellico Village [3]	Multi-Tenant	Feb. 2022	1	41	5.5	100.0%
Triangle Town Place [3]	Multi-Tenant	Feb. 2022	1	149	4.0	93.9%
Mattress Firm & Panera Bread [3]	Multi-Tenant	Feb. 2022	1	9	5.3	100.0%
Enid Crossing [3]	Multi-Tenant	Feb. 2022	1	48	3.3	100.0%
Dick's PetSmart Center [3]	Multi-Tenant	Feb. 2022	1	52	3.4	100.0%
Rolling Acres [3]	Multi-Tenant	Feb. 2022	1	189	3.5	89.3%
Mattress Firm & Kay Jewelers [3]	Multi-Tenant	Feb. 2022	1	7	3.1	100.0%
Fountain Square [3]	Multi-Tenant	Feb. 2022	1	166	2.9	100.0%
Shops at Abilene [3]	Multi-Tenant	Feb. 2022	1	176	3.0	97.3%
Shoppes of Gary Farms [3]	Multi-Tenant	Feb. 2022	1	100	1.4	95.5%
Brynwood Square [3]	Multi-Tenant	Feb. 2022	1	121	2.6	10.8%
PetSmart & Old Navy [3]	Multi-Tenant	Feb. 2022	1	29	7.7	100.0%
Crossroads Annex [3]	Multi-Tenant	Feb. 2022	1	41	1.8	100.0%
Crossroads Commons [3]	Multi-Tenant	Feb. 2022	1	47	2.8	100.0%
Sutters Creek [3]	Multi-Tenant	Feb. 2022	1	80	6.5	100.0%
Darien Towne Center [3]	Multi-Tenant	Feb. 2022	1	177	2.3	93.1%
Summerfield Crossing [3]	Multi-Tenant	Feb. 2022	1	114	6.3	76.1%
University Marketplace [3]	Multi-Tenant	Feb. 2022	1	86	5.2	100.0%
The Market at Polaris [3]	Multi-Tenant	Feb. 2022	1	111	4.6	93.7%
Beaver Creek Shopping Center [3]	Multi-Tenant	Feb. 2022	1	284	4.0	98.8%
Wallace Commons [3]	Multi-Tenant	Feb. 2022	1	111	4.4	100.0%
Plaza San Mateo [3]	Multi-Tenant	Feb. 2022	1	63	2.3	96.2%
Turfway Crossing [3]	Multi-Tenant	Feb. 2022	1	100	4.9	95.0%
Nordstrom Rack [3]	Multi-Tenant	Feb. 2022	1	45	8.2	97.7%
Evergreen Marketplace [3]	Multi-Tenant	Feb. 2022	1	50	2.3	100.0%
Lawton Marketplace [3]	Multi-Tenant	Feb. 2022	1	188	5.9	83.8%

Portfolio	Segment	Acquisition Date	Number of Properties	Rentable Square Feet (*In thousands*)	Remaining Lease Term [1]	Percentage Leased
Cottonwood Commons [3]	Multi-Tenant	Feb. 2022	1	192	5.6	87.7%
Houma Crossing [3]	Multi-Tenant	Feb. 2022	1	181	6.1	92.5%
Target Center [3]	Multi-Tenant	Feb. 2022	1	84	1.9	100.0%
The Center at Hobbs Brook [3]	Multi-Tenant	Feb. 2022	1	231	4.5	100.0%
Fourth Creek Landing [3]	Multi-Tenant	Feb. 2022	1	68	3.8	100.0%
Lafayette Pavillion [3]	Multi-Tenant	Feb. 2022	1	382	5.4	71.7%
North Lake Square [3]	Multi-Tenant	Feb. 2022	1	140	6.5	99.0%
Western Crossing [3]	Multi-Tenant	Feb. 2022	1	68	6.6	100.0%
Almeda Crossing [3]	Multi-Tenant	Mar. 2022	1	223	3.1	85.0%
Boston Commons [3]	Multi-Tenant	Mar. 2022	1	103	5.6	95.5%
Wallace Commons [3]	Single-Tenant	Apr. 2022	1	99	5.1	100.0%
Academy Sports [3]	Single-Tenant	Apr. 2022	1	72	8.3	100.0%
Walgreens [3]	Multi-Tenant	Apr. 2022	1	15	3.7	100.0%
Parkway Centre South [3]	Multi-Tenant	Apr. 2022	1	132	4.4	100.0%
The Marquis [3]	Multi-Tenant	Apr. 2022	1	135	5.3	66.6%
HEB Center [3]	Multi-Tenant	Apr. 2022	1	115	4.4	95.8%
Bed Bath & Beyond/Golfsmith [3]	Multi-Tenant	Apr. 2022	1	101	2.2	100.0%
Walgreens & KeyBank [3]	Multi-Tenant	Apr. 2022	1	18	11.4	100.0%
Terrell Mill Village [3]	Multi-Tenant	Apr. 2022	1	75	6.0	92.7%
Fresh Market Center [3]	Multi-Tenant	Apr. 2022	1	32	3.3	88.8%
Decatur Commons [3]	Multi-Tenant	Apr. 2022	1	126	3.6	91.8%
Stoneridge Village [3]	Multi-Tenant	Apr. 2022	1	72	3.3	100.0%
Albany Square [3]	Multi-Tenant	Apr. 2022	1	118	3.1	75.9%
Coventry Crossing [3]	Multi-Tenant	Apr. 2022	1	21	9.2	94.9%
Springfield Commons [3]	Multi-Tenant	Apr. 2022	1	207	5.6	100.0%
Waterford Park South [3]	Multi-Tenant	Apr. 2022	1	92	5.4	87.5%
The Ridge at Turtle Creek [3]	Multi-Tenant	Apr. 2022	1	99	9.8	95.8%
Tire Kingdom & Starbucks [3]	Multi-Tenant	Apr. 2022	1	7	7.5	100.0%
Walmart Neighborhood Market [3]	Multi-Tenant	Apr. 2022	1	51	9.4	100.0%
Harbor Town Center [3]	Multi-Tenant	Apr. 2022	1	139	4.5	97.8%
East West Commons [3]	Multi-Tenant	Apr. 2022	1	173	4.5	79.4%
Morganton Heights [3]	Multi-Tenant	Apr. 2022	1	285	2.5	95.6%
Poplar Springs [3]	Multi-Tenant	Apr. 2022	1	64	1.0	96.7%
The Plant [3]	Multi-Tenant	May 2022	1	509	6.7	79.8%
Imperial Reliance II	Single-Tenant	May 2022	8	32	19.7	100.0%
McGowin Park [3]	Multi-Tenant	July 2022	1	375	3.7	98.2%
			1,050	28,778	7.0	92.6%

(1) Remaining lease term in years as of September 30, 2022. If the portfolio has multiple properties with varying lease expirations, remaining lease term is calculated on a weighted-average basis.

(2) Includes eight properties leased to Truist Bank (one, two and five in Truist I, II, and III, respectively) which were unoccupied as of September 30, 2022 and are being marketed for sale, four of which are under contract to be disposed and are included in assets held for sale on the consolidated balance sheets. Please see Note 3 — *Real Estate Investments* to our consolidated financial statements in this Quarterly Report on Form 10-Q for further details.

(3) Acquired in the CIM Portfolio Acquisition. See Note 1 — *Organization* to our consolidated financial statements in this Quarterly Report on Form 10-Q for additional information.

(4) The tenant's lease at this property expired effective July 1, 2021.

The following table details the classification of our properties by segment:

Segment	Number of Properties	Rentable Square Feet	Remaining Lease Term [(1)]	Percentage Leased
		(In thousands)		
Single-Tenant	939	11,913	9.8	95.5 %
Multi-Tenant	111	16,865	4.6	90.6 %
Total	1,050	28,778	7.0	92.6 %

(1) Remaining lease term in years as of September 30, 2022. If the portfolio has multiple properties with varying lease expirations, remaining lease term is calculated as a weighted-average based on annualized rental income on a straight-line basis.

Leasing Activity

The following tables summarize our leasing activity by segment during the periods indicated:

Single-Tenant Properties	Three Months Ended September 30, 2022					
			(In thousands)			
	Number of Leases	Rentable Square Feet	Annualized SLR [(1)] prior to Lease Execution/Renewal	Annualized SLR [(1)] after Lease Execution/Renewal	Costs to execute lease	Costs to execute lease per square foot
New leases [(2)]	—	—	$ —	$ —	$ —	$ —
Lease renewals/amendments [(2)]	3	22,032	$ 436	$ 453	$ 52	$ 2.36
Lease terminations [(3)]	—	—	$ —	$ —	$ —	$ —

(1) Annualized rental income on a straight-line basis as of September 30, 2022. Represents the GAAP basis annualized straight-line rent that is recognized over the term on the respective leases, which includes free rent, periodic rent increases, and excludes recoveries.

(2) New leases reflect leases in which a new tenant took possession of the space during the three months ended September 30, 2022, excluding new property acquisitions. Lease renewals/amendments reflect leases in which an existing tenant executed terms to extend the term or change the rental terms of the lease during the three months ended September 30, 2022. This excludes lease modifications for deferrals/abatements in response to COVID-19 negotiations which qualify for FASB relief. For more information — see *Management Update on the Impacts of the COVID-19 Pandemic.*

(3) Represents leases that were terminated prior to their contractual lease expiration dates.

Multi-Tenant Properties	Three Months Ended September 30, 2022					
			(In thousands)			
	Number of Leases	Rentable Square Feet	Annualized SLR [(1)] prior to Lease Execution/Renewal	Annualized SLR [(1)] after Lease Execution/Renewal	Costs to execute lease	Costs to execute lease per square foot
New leases [(2)]	41	512,130	$ —	$ 3,531	$ 1,472	$ 2.87
Lease renewals/amendments [(2)]	42	571,739	$ 7,778	$ 8,377	$ 1,294	$ 2.26
Lease terminations [(3)]	—	—	$ —	$ —	$ —	$ —

(1) Annualized rental income on a straight-line basis as of September 30, 2022. Represents the GAAP basis annualized straight-line rent that is recognized over the term on the respective leases, which includes free rent, periodic rent increases, and excludes recoveries.

(2) New leases reflect leases in which a new tenant took possession of the space during the three months ended September 30, 2022, excluding new property acquisitions. Lease renewals/amendments reflect leases in which an existing tenant executed terms to extend the term or change the rental terms of the lease during the three months ended September 30, 2022. This excludes lease modifications for deferrals/abatements in response to COVID-19 negotiations which qualify for FASB relief. For more information — see *Management Update on the Impacts of the COVID-19 Pandemic.*

(3) Represents leases that were terminated prior to their contractual lease expiration dates.

Single-Tenant Properties	Nine Months Ended September 30, 2022					
			(In thousands)			
	Number of Leases	Rentable Square Feet	Annualized SLR [(1)] prior to Lease Execution/Renewal	Annualized SLR [(1)] after Lease Execution/Renewal	Costs to execute lease	Costs to execute lease per square foot
New leases [(2)]	—	—	$ —	$ —	$ —	$ —
Lease renewals/amendments [(2)]	18	156,570	$ 3,414	$ 3,435	$ 98	$ 0.63
Lease terminations [(3)]	7	87,947	$ 1,799	$ —	$ —	$ —

(1) Annualized rental income on a straight-line basis as of September 30, 2022. Represents the GAAP basis annualized straight-line rent that is recognized over the term on the respective leases, which includes free rent, periodic rent increases, and excludes recoveries.

(2) New leases reflect leases in which a new tenant took possession of the space during the nine months ended September 30, 2022, excluding new property acquisitions. Lease renewals/amendments reflect leases in which an existing tenant executed terms to extend the term or change the rental terms of the lease during the nine months ended September 30, 2022. This excludes lease modifications for deferrals/abatements in response to COVID-19 negotiations which qualify for FASB relief. For more information — see *Management Update on the Impacts of the COVID-19 Pandemic.*

(3) Represents leases that were terminated prior to their contractual lease expiration dates.

	Nine Months Ended September 30, 2022 (In thousands)					
Multi-Tenant Properties	**Number of Leases**	**Rentable Square Feet**	**Annualized SLR (1) prior to Lease Execution/Renewal**	**Annualized SLR (1) after Lease Execution/Renewal**	**Costs to execute lease**	**Costs to execute lease per square foot**
New leases (2)	70	769,256	$ —	$ 6,590	$ 2,932	$ 3.81
Lease renewals/amendments (2)	98	1,167,061	$ 15,371	$ 16,455	$ 2,392	$ 2.05
Lease terminations (3)	3	70,001	$ 439	$ —	$ —	$ —

(1) Annualized rental income on a straight-line basis as of September 30, 2022. Represents the GAAP basis annualized straight-line rent that is recognized over the term on the respective leases, which includes free rent, periodic rent increases, and excludes recoveries.

(2) New leases reflect leases in which a new tenant took possession of the space during the nine months ended September 30, 2022, excluding new property acquisitions. Lease renewals/amendments reflect leases in which an existing tenant executed terms to extend the term or change the rental terms of the lease during the nine months ended September 30, 2022. This excludes lease modifications for deferrals/abatements in response to COVID-19 negotiations which qualify for FASB relief. For more information — see *Management Update on the Impacts of the COVID-19 Pandemic.*

(3) Represents leases that were terminated prior to their contractual lease expiration dates.

Results of Operations

In December 2021, we signed the purchase and sale agreement for the CIM Portfolio Acquisition, representing a strategic shift away from a sole focus on single-tenant retail properties. Accordingly, as of December 31, 2021, we began operating in two reportable business segments for management and internal financial reporting purposes. In our single-tenant operating segment, we own, manage and lease single-tenant properties where tenants are required to pay for property operating expenses, which may be subject to expense exclusions and floors, in addition to base rent. In our multi-tenant operating segment, we own, manage and lease multi-tenant properties where we generally pay for the property operating expenses for those properties and most of our tenants are required to pay their pro rata share of property operating expenses.

In addition to the comparative period-over-period discussion below, please see the *"Overview — Management Update on the Impacts of the COVID-19 Pandemic"* section above for additional information on the risks and uncertainties associated with the COVID-19 pandemic and management's actions taken to mitigate those risks and uncertainties, and please see the *Inflation* and *Part II — Item 1A. Risk Factors* sections below (as well as Part 1, Item 1A "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2021) for additional information on the risks and uncertainties associated with inflation, rising interest rates and labor shortages and costs.

Comparison of the Three Months Ended September 30, 2022 and 2021

	Three Months Ended September 30, 2022	Three Months Ended September 30, 2021	Increase (Decrease) $
Revenue from tenants	$ 116,176	$ 91,915	$ 24,261
Operating expenses:			
Asset management fees to related party	7,939	9,880	(1,941)
Property operating expense	28,051	13,384	14,667
Impairment of real estate investments	30,046	4,554	25,492
Acquisition, transaction and other costs	210	3,426	(3,216)
Equity-based compensation	3,857	4,149	(292)
General and administrative	8,499	5,589	2,910
Depreciation and amortization	57,494	32,762	24,732
Total operating expenses	136,096	73,744	62,352
Operating (loss) income before gain on sale of real estate investments	(19,920)	18,171	(38,091)
Gain on sale of real estate investments	1,608	478	1,130
Operating (loss) income	(18,312)	18,649	(36,961)
Other (expense) income:			
Interest expense	(32,402)	(19,232)	(13,170)
Other income	25	18	7
Total other expense, net	(32,377)	(19,214)	(13,163)
Net loss	(50,689)	(565)	(50,124)
Net loss attributable to non-controlling interests	60	(4)	64
Allocation for preferred stock	(5,837)	(5,837)	—
Net loss attributable to common stockholders	$ (56,466)	$ (6,406)	$ (50,060)

Net Loss Attributable to Common Stockholders

Net loss attributable to common stockholders was $56.5 million for the three months ended September 30, 2022, as compared to a loss of $6.4 million for the three months ended September 30, 2021. The change in net loss attributable to common stockholders is discussed in detail for each line item of the consolidated statements of operations in the sections that follow.

Same Store Properties

Information based on Same Store, Acquisitions and Dispositions (as each are defined below) allows us to evaluate the performance of our portfolio based on a consistent population of properties owned for the entire period of time covered. As of September 30, 2022, we owned 1,050 properties. There were 914 properties owned for the entire three months ended September 30, 2022 and 2021 (our "Three Month Same Store Properties") which were 93.6% leased as of September 30, 2022. Since July 1, 2021 and through September 30, 2022, we acquired 136 properties (our "Acquisitions Since July 1, 2021") which were 90.9% leased as of September 30, 2022, and disposed of 27 properties (our "Dispositions Since July 1, 2021").

	Single-Tenant Properties	Multi-Tenant Properties	Total Properties
Number of properties, June 30, 2021	906	33	939
Acquisition activity during the six months ended December 31, 2021	45	—	45
Disposition activity during the six months ended December 31, 2021	(8)	—	(8)
Number of properties, December 31, 2021	**943**	**33**	**976**
Acquisition activity during the nine months ended September 30, 2022	13	80	93
Disposition activity during the nine months ended September 30, 2022	(17)	(2)	(19)
Number of properties, September 30, 2022	**939**	**111**	**1,050**
Number of Same Store Properties	**881**	**33**	**914**

Net Operating Income

Net operating income ("NOI") is a non-GAAP financial measure used by us to evaluate the operating performance of our real estate portfolio. NOI is equal to revenue from tenants less property operating expense. NOI excludes all other financial statement amounts included in net loss attributable to common stockholders. We believe NOI provides useful and relevant information because it reflects only those income and expense items that are incurred at the property level and presents such items on an unlevered basis. See "Non-GAAP Financial Measures" included elsewhere in this Quarterly Report on Form 10-Q for additional disclosure and a reconciliation to our net loss attributable to common stockholders.

Segment Results — Single-Tenant Properties

The following table presents the components of NOI and the period change within the single-tenant segment for the three months ended September 30, 2022 and 2021:

	Same Store [1]			Acquisitions [2]			Disposals [3]			Segment Total [4]		
	Three Months Ended September 30,		Increase (Decrease)	Three Months Ended September 30,		Increase (Decrease)	Three Months Ended September 30,		Increase (Decrease)	Three Months Ended September 30,		Increase (Decrease)
	2022	2021	$	2022	2021	$	2022	2021	$	2022	2021	$
Revenue from tenants	$ 45,360	$ 46,188	$ (828)	$ 3,105	$ 1,297	$ 1,808	$ 9	$ 15,811	$ (15,802)	$ 48,474	$ 63,296	$ (14,822)
Less: Property operating	3,804	2,696	1,108	33	12	21	90	92	(2)	3,927	2,800	1,127
NOI	$ 41,556	$ 43,492	$ (1,936)	$ 3,072	$ 1,285	$ 1,787	$ (81)	$ 15,719	$ (15,800)	$ 44,547	$ 60,496	$ (15,949)

(1) Our single-tenant segment included 881 Three Month Same Store Properties.
(2) Our single-tenant segment included 58 Acquisitions Since July 1, 2021.
(3) Our single-tenant segment included 25 Dispositions Since July 1, 2021.
(4) Our single-tenant segment included 939 total properties.

Revenue from Tenants

Revenue from tenants decreased $14.8 million to $48.5 million for the three months ended September 30, 2022, compared to $63.3 million for the three months ended September 30, 2021. This decrease in revenue from tenants was due to a decrease of $15.8 million from our Dispositions Since July 1, 2021 and a decrease in our Three Month Same Store Properties revenue of approximately $0.8 million, partially offset by incremental revenue from our Acquisitions Since July 1, 2021 of approximately $1.8 million.

Total revenue from tenants for the three months ended September 30, 2021 includes a $10.4 million lease termination fee in connection with a termination agreement which was entered into in the three months ended September 30, 2021 with a tenant at 12 of our properties (the "Third Quarter 2021 Termination Fee"), of which $9.6 million relates to our Dispositions Since July 1, 2021 and $0.8 million relates to our Three Month Same Store Properties. The full amount of the Third Quarter 2021 Termination Fee was received in October 2021.

The decrease in our Three Month Same Store Properties revenue was primarily due to $0.8 million of the Third Quarter 2021 Termination Fee described above, which relates to one property which was subsequently disposed in October 2022, and lower revenue of $0.5 million from other properties which were vacant in the three months ended September 30, 2022 but which were occupied in the three months ended September 30, 2021. These decreases were partially offset by an increase of $0.6 million of operating expense reimbursement revenue.

The decrease in our revenue from Dispositions Since July 1, 2021 was primarily due to (i) $9.6 million of the Third Quarter 2021 Termination Fee described above, (ii) the disposition of our Sanofi property in January 2022, which had annual rents of $17.2 million, or rents of $4.3 million for the three months ended September 30, 2021 and (iii) lower revenue of $1.9 million from other disposed properties.

Property Operating Expenses

Property operating expenses primarily consist of the costs associated with maintaining our properties including real estate taxes, utilities, and repairs and maintenance. Property operating expenses increased $1.1 million to $3.9 million for the three months ended September 30, 2022 compared to $2.8 million for the three months ended September 30, 2021. This increase was driven by an increase in property operating expenses of approximately $1.1 million in our Three Month Same Store Properties.

Segment Results — Multi-Tenant Properties

The following table presents the components of NOI and the period change within the multi-tenant segment for the three months ended September 30, 2022 and 2021:

	Same Store [1]			Acquisitions [2]			Disposals [3]			Total [4]		
	Three Months Ended September 30,		Increase (Decrease)	Three Months Ended September 30,		Increase (Decrease)	Three Months Ended September 30,		Increase (Decrease)	Three Months Ended September 30,		Increase (Decrease)
	2022	2021	$	2022	2021	$	2022	2021	$	2022	2021	$
Revenue from tenants	$ 28,539	$ 28,619	$ (80)	$ 39,024	$ —	$ 39,024	$ 139	$ —	$ 139	$ 67,702	$ 28,619	$ 39,083
Less: Property operating	10,955	10,584	371	13,041	—	13,041	128	—	128	24,124	10,584	13,540
NOI	$ 17,584	$ 18,035	$ (451)	$ 25,983	$ —	$ 25,983	$ 11	$ —	$ 11	$ 43,578	$ 18,035	$ 25,543

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(1) Our multi-tenant segment included 33 Three Month Same Store Properties.

(2) Our multi-tenant segment included 78 Acquisitions Since July 1, 2021, excluding two properties recently acquired in the CIM Portfolio Acquisition that were disposed in the three months ended September 30, 2022.

(3) Our multi-tenant segment included two Dispositions Since July 1, 2021, including two properties recently acquired in the CIM Portfolio Acquisition that were disposed in the three months ended September 30, 2022.

(4) Our multi-tenant segment included 111 total properties.

Revenue from Tenants

Revenue from tenants increased $39.1 million to $67.7 million for the three months ended September 30, 2022, compared to $28.6 million for the three months ended September 30, 2021. This increase in revenue from tenants was primarily due to incremental revenue from our Acquisitions Since July 1, 2021 of approximately $39.0 million. The increase in revenue from tenants was also affected by an increase in our Three Month Same Store Properties revenue of approximately $0.1 million and finally by an increase in our Dispositions Since July 1, 2021 of $0.1 million. Please see *Note 1* — *Organization* to our consolidated financial statements in this Quarterly Report on Form 10-Q for further details on the CIM Portfolio Acquisition.

The increase in our Three Month Same Store Properties revenue was mainly due to an increase in occupancy and rental rates in the three months ended September 30, 2022 as compared to the three months ended September 30, 2021.

Property Operating Expenses

Property operating expenses primarily consist of the costs associated with maintaining our properties including real estate taxes, utilities, and repairs and maintenance. Property operating expenses increased $13.5 million to $24.1 million for the three months ended September 30, 2022 compared to $10.6 million for the three months ended September 30, 2021. This increase was primarily due to an increase in property operating expenses of $13.0 million from our Acquisitions Since July 1, 2021. This increase was also due to an increase in property operating expenses of $0.4 million from our Three Month Same Store Properties, and by an increase in property operating expenses of $0.1 million from our Dispositions Since July 1, 2021. Please see *Note 1 — Organization* to our consolidated financial statements in this Quarterly Report on Form 10-Q for further details on the CIM Portfolio Acquisition.

Other Results of Operations

Asset Management Fees to Related Party

Asset management fees paid to the Advisor decreased $1.9 million to $7.9 million for the three months ended September 30, 2022, compared to $9.9 million for the three months ended September 30, 2021, primarily due to the occurrence of a $2.3 million incentive variable management fee incurred in the three months ended September 30, 2021 for which no amounts were incurred in the three months ended September 30, 2022, partially offset by an increase of $0.4 million in the variable portion of the base management fee due to our equity issuances in 2022 and in 2021.

The variable portion of the base management fee is calculated on a monthly basis and is equal to one-twelfth of 1.25% of the cumulative net proceeds of any equity raised by us (including, among other things, common stock, including shares subject to repurchase, preferred stock and certain convertible debt but excluding, among other things, equity-based compensation). The variable portion of the base management fee will increase in connection with future issuances of equity securities.

In light of the unprecedented market disruption resulting from the COVID-19 pandemic, in March 2020, we agreed with the Advisor to amend the advisory agreement to temporarily lower the quarterly thresholds we must reach on a quarterly basis for the Advisor to receive the variable incentive management fee through the end of 2020, and in January 2021, we agreed with the Advisor to further amend the advisory agreement to extend the expiration of these thresholds through the end of 2021, at which point it was not renewed. Please see *Note 11 — Related Party Transactions and Arrangements* to our consolidated financial statements included in this Quarterly Report on Form 10-Q for additional information regarding fees incurred from the Advisor.

Impairment Charges

We recorded impairment charges of $30.0 million for the three months ended September 30, 2022, of which $27.7 million related to three multi-tenant properties (one of which was recently acquired from the CIM Portfolio Acquisition and was impaired by $2.0 million), and $2.4 million related to three vacant single-tenant properties (two of which were formerly leased to Truist Bank). All of the impaired properties were impaired to adjust the properties' carrying values to their fair values as determined by their respective purchase and sale agreements. These impairment charges include an incremental impairment charge of $2.4 million recorded on one multi-tenant property, which was impaired in the three months ended June 30, 2022 for $49.6 million, to reflect a subsequent change in its purchase and sale agreement with the potential buyer as a result of deteriorating market conditions and rising interest rates.

We recorded $4.6 million of impairment charges for the three months ended September 30, 2021 related to six vacant held-for-use properties located in various states (including certain of the properties for which we terminated leases in the period). Five of these properties were impaired to adjust their carrying values to their fair values as determined by the sales price in their respective signed purchase and sale agreements or non-binding letters of intent, and one property was impaired to adjust its carrying value to its fair value as determined by the income approach.

Please see *Note 3 — Real Estate Investments* to our consolidated financial statements included in this Quarterly Report on Form 10-Q for additional information regarding impairment charges.

Acquisition, Transaction and Other Costs

Acquisition, transaction and other costs decreased by $3.2 million to $0.2 million for the three months ended September 30, 2022, compared to $3.4 million for the three months ended September 30, 2021. The decrease was primarily due to prepayment penalties on two mortgage notes which were fully repaid in the three months ended September 30, 2021 which totaled $3.3 million.

Equity-Based Compensation

Equity-based compensation decreased by $0.3 million to $3.9 million during the three months ended September 30, 2022, compared to $4.1 million during the three months ended September 30, 2021. Equity-based compensation expenses relate to restricted shares of Class A common stock ("restricted shares") granted to our board of directors and employees of the Advisor or its affiliates who are involved in providing services to us and the LTIP Units (as defined below) that were granted to our Advisor in 2021 pursuant to the 2021 OPP (as defined below) or granted in 2018 pursuant to the 2018 OPP (as defined below).

The higher expense recorded in the three months ended September 30, 2021 was due to $0.6 million of additional non-cash equity-based compensation expense from the 2021 multi-year outperformance agreement with the Advisor (the “2021 OPP”) in the form of a new award of units of limited partnership in the OP designated as “LTIP Units” (“LTIP Units”) authorized by our independent directors on May 4, 2021 to be issued to the Advisor under the 2021 OPP after the performance period of the multi-year outperformance agreement previously entered into with the Advisor in 2018 (the “2018 OPP”) expired on July 19, 2021. The three months ended September 30, 2021 includes expenses for both the 2018 OPP and the 2021 OPP. The higher expense recorded in the three months ended September 30, 2021 was partially offset by $0.3 million of net equity-based compensation expense representing the value of new replacement grants net of a reversal of $0.1 million in previously recognized compensation on forfeited grants. See Note 13 — *Equity-Based Compensation* for additional information.

General and Administrative Expense

General and administrative expense increased $2.9 million to $8.5 million for the three months ended September 30, 2022, compared to $5.6 million for the three months ended September 30, 2021. The increase was primarily due to $1.6 million of increased professional expense reimbursements. The increased professional expense reimbursements are due to additional staffing needed by the Advisor as a result of the CIM Portfolio Acquisition. Additionally, legal expenses increased $0.3 million, accounting fees increased $0.2 million and miscellaneous fees increased $0.5 million in the three months ended September 30, 2022 as compared to the three months ended September 30, 2021.

Depreciation and Amortization Expense

Depreciation and amortization expense increased $24.7 million to $57.5 million for the three months ended September 30, 2022, compared to $32.8 million for the three months ended September 30, 2021. Depreciation and amortization expense was impacted by an increase of $27.3 million related to our Acquisitions Since July 1, 2021 (including, most notably, the CIM Portfolio Acquisition), partially offset by a decrease of $0.3 million from our Three Month Same Store Properties as well as by a decrease of $2.8 million from our Dispositions Since July 1, 2021.

Depreciation and amortization expense for the three months ended September 30, 2022 was impacted by an out-of-period adjustment of $3.7 million for certain in-place lease intangibles associated with certain leases with below market rents that were acquired as part of the CIM Portfolio Acquisition in the first and second quarters of 2022. See Note 2 — *Significant Accounting Policies* for additional information.

Gain on Sale of Real Estate Investments

During the three months ended September 30, 2022, we sold eight properties (including six single-tenant and two multi-tenant properties). These properties sold for an aggregate contract price of $35.4 million, resulting in aggregate gains on sale of $1.6 million. During the three months ended September 30, 2021, we sold three single-tenant properties for an aggregate contract price of $3.0 million, resulting in aggregate gains on sale of $0.5 million.

Interest Expense

Interest expense increased $13.2 million to $32.4 million for the three months ended September 30, 2022, compared to $19.2 million for the three months ended September 30, 2021. This increase was mainly due to (i) interest expense of $5.6 million and deferred financing cost amortization of $0.3 million on our $500.0 million of 4.50% per annum Senior Notes issued in October 2021, (ii) increased interest expense of $2.1 million and increased deferred financing cost and discount/premium amortization of $1.1 million on our mortgage debt and (iii) increased interest expense of $4.1 million on our Credit Facility borrowings. The increases to interest expense on our mortgage debt and borrowings under our Credit Facility largely result from the assumption of mortgage debt and borrowings under our Credit Facility to finance the CIM Portfolio Acquisition. Please see Note 1 — *Organization* to our consolidated financial statements in this Quarterly Report on Form 10-Q for further details on the CIM Portfolio Acquisition.

During the three months ended September 30, 2022 and 2021, the average outstanding balances on our mortgage notes payable were $1.8 billion and $1.6 billion, respectively, and the average outstanding balances under our revolving, unsecured corporate credit facility (the “Credit Facility”) were $483.2 million and $158.1 million, respectively. For the three months ended September 30, 2022 and 2021, the weighted-average interest rates on our mortgage notes payable were 3.83% and 3.77%, respectively, and the weighted-average interest rates on our Credit Facility were 4.22% and 2.49%, respectively. The increase in the weighted-average interest rate on our Credit Facility during the three months ended September 30, 2022 as compared to the three months ended September 30, 2021 is primarily due to increases in one-month LIBOR rates during 2022.

The interest rate on our Credit Facility has increased throughout 2022, and we anticipate that the interest rate on our Credit Facility will further increase, which could have an adverse impact on our acquisition and investment activity. See *“Item 1.A Risk Factors”* and *“Liquidity and Capital Resources”* for additional information.

Other Income

Other income was $25,000 and $18,000 for the three months ended September 30, 2022 and 2021, respectively.

Comparison of the Nine Months Ended September 30, 2022 and 2021

	Nine Months Ended September 30,		Increase (Decrease)
	2022	2021	$
Revenue from tenants	$ 328,048	$ 252,679	$ 75,369
Operating expenses:			
Asset management fees to related party	24,061	25,123	(1,062)
Property operating expense	74,710	40,152	34,558
Impairment of real estate investments	94,942	4,645	90,297
Acquisition, transaction and other costs	695	3,604	(2,909)
Equity-based compensation	10,878	13,779	(2,901)
General and administrative	23,722	15,578	8,144
Depreciation and amortization	141,755	97,509	44,246
Total operating expenses	370,763	200,390	170,373
Operating (loss) income before gain on sale of real estate investments	(42,715)	52,289	(95,004)
Gain on sale of real estate investments	68,615	775	67,840
Operating income	25,900	53,064	(27,164)
Other (expense) income:			
Interest expense	(84,471)	(58,927)	(25,544)
Other income	987	62	925
Gain on non-designated derivatives	2,250	—	2,250
Total other expense, net	(81,234)	(58,865)	(22,369)
Net loss	(55,334)	(5,801)	(49,533)
Net (income) loss attributable to non-controlling interests	54	4	50
Allocation for preferred stock	(17,511)	(17,425)	(86)
Net loss attributable to common stockholders	$ (72,791)	$ (23,222)	$ (49,569)

Net Loss Attributable to Common Stockholders

Net loss attributable to common stockholders was $72.8 million for the nine months ended September 30, 2022, as compared to net loss attributable to common stockholders of $23.2 million for the nine months ended September 30, 2021. The change in net loss attributable to common stockholders is discussed in detail for each line item of the consolidated statements of operations and comprehensive loss in the sections that follow.

Same Store Properties

Information based on Same Store, Acquisitions and Dispositions (as each are defined below) allows us to evaluate the performance of our portfolio based on a consistent population of properties owned for the entire period of time covered. As of September 30, 2022, we owned 1,050 properties. There were 890 properties owned for the entire nine months ended September 30, 2022 and 2021 (our “Nine Month Same Store Properties”) which were 93.6% leased as of September 30, 2022. Since January 1, 2021 and through September 30, 2022, we acquired 160 properties (our “Acquisitions Since January 1, 2021”) which were 90.9% leased as of September 30, 2022, and disposed of 32 properties (our “Dispositions Since January 1, 2021”).

	Single-Tenant Properties	Multi-Tenant Properties	Total Properties
Number of properties, December 31, 2020	887	33	920
Acquisition activity during the year ended December 31, 2021	69	—	69
Disposition activity during the year ended December 31, 2021	(13)	—	(13)
Number of properties, December 31, 2021	**943**	**33**	**976**
Acquisition activity during the nine months ended September 30, 2022	13	80	93
Disposition activity during the nine months ended September 30, 2022	(17)	(2)	(19)
Number of properties, September 30, 2022	**939**	**111**	**1,050**
Number of Same Store Properties	**857**	**33**	**890**

Net Operating Income

NOI is a non-GAAP financial measure used by us to evaluate the operating performance of our real estate portfolio. NOI is equal to revenue from tenants less property operating expense. NOI excludes all other financial statement amounts included in net loss attributable to common stockholders. We believe NOI provides useful and relevant information because it reflects only those income and expense items that are incurred at the property level and presents such items on an unlevered basis. See “Non-GAAP Financial Measures” included elsewhere in this Quarterly Report on Form 10-Q for additional disclosure and a reconciliation to our net loss attributable to common stockholders.

Segment Results — Single-Tenant Properties

The following table presents the components of NOI and the period change within the single-tenant segment for the nine months ended September 30, 2022 and 2021:

	Same Store [(1)]			Acquisitions [(2)]			Disposals [(3)]			Total [(4)]		
	Nine Months Ended September 30,		Increase (Decrease)	Nine Months Ended September 30,		Increase (Decrease)	Nine Months Ended September 30,		Increase (Decrease)	Nine Months Ended September 30,		Increase (Decrease)
	2022	2021	$	2022	2021	$	2022	2021	$	2022	2021	$
Revenue from tenants	$ 139,510	$ 134,256	$ 5,254	$ 12,869	$ 3,735	$ 9,134	$ 5,264	$ 27,614	$ (22,350)	$ 157,643	$ 165,605	$ (7,962)
Less: Property operating	10,874	7,489	3,385	820	160	660	207	266	(59)	11,901	7,915	3,986
NOI	$ 128,636	$ 126,767	$ 1,869	$ 12,049	$ 3,575	$ 8,474	$ 5,057	$ 27,348	$ (22,291)	$ 145,742	$ 157,690	$ (11,948)

(1) Our single-tenant segment included 857 Nine Month Same Store Properties.
(2) Our single-tenant segment included 82 Acquisitions Since January 1, 2021.
(3) Our single-tenant segment included 30 Dispositions Since January 1, 2021.
(4) Our single-tenant segment included 939 total properties.

Revenue from Tenants

Revenue from tenants decreased $8.0 million to $157.6 million for the nine months ended September 30, 2022, compared to $165.6 million for the nine months ended September 30, 2021. The decrease was primarily due to a decrease in revenue from our Dispositions Since January 1, 2021 of $22.4 million. This decrease was partially offset by incremental income from our Acquisitions Since January 1, 2021 of approximately $9.1 million, and an increase in our Nine Month Same Store Properties revenue of approximately $5.3 million.

Total revenue from tenants for the nine months ended September 30, 2021 includes the Third Quarter 2021 Termination Fee of which $9.6 million relates to our Dispositions Since January 1, 2021 and $0.8 million relates to our Nine Month Same Store Properties. The full amount of the 2021 Termination Fee was received in October 2021. See *Comparison of the Three Months Ended September 30, 2022 and 2021* for additional information.

Total revenue from tenants for the nine months ended September 30, 2022 includes $10.1 million of termination fee income which relates to termination agreements entered into during the three months ended December 31, 2021 and the six months ended June 30, 2022 (the "Termination Fees Since December 2021"). The full amount of the Termination Fees Since December 2021 was recognized over the remaining occupancy periods of the related properties, all of which expired during the nine months ended September 30, 2022 (see Note 2 — *Summary of Significant Accounting Policies – Revenue Recognition* for additional information). Of the total $10.1 million from the Termination Fees Since December 2021 recognized in the nine months ended September 30, 2022, $6.8 million related to our Nine Month Same Store Properties and $3.3 million related to our Dispositions Since January 1, 2021.

The increase in our Nine Month Same Store Properties revenue was mainly due to: (i) the Termination Fees Since December 2021, of which $6.8 million related to our Nine Month Same Store Properties, (ii) increased operating expense reimbursement revenue of $3.0 million and (iii) a decrease of $0.5 million of bad debt expense, which is recorded as a reduction to revenue. These increases were partially offset by (i) lower revenue from our United Healthcare property of $2.7 million which had annual rents of $5.4 million prior to its vacancy on June 30, 2021, (ii) the Third Quarter 2021 Termination Fee, of which $0.8 million related to our Nine Month Same Store Properties and (iii) lower revenue of $1.5 million from other properties which were vacant in the nine months ended September 30, 2022 but which were occupied in the nine months ended September 30, 2021.

The decrease in our revenue from Dispositions Since January 1, 2021 was primarily due to: (i) the Third Quarter 2021 Termination Fee, of which $9.6 million related to our Dispositions Since January 1, 2021, (ii) the disposition of our Sanofi property in January 2022, which had annual rents of $17.2 million, or rents of $12.9 million for the nine months ended September 30, 2021 and (iii) lower revenue from other disposed properties of $3.2 million. These decreases were partially offset by the Termination Fees Since December 2021, of which $3.3 million related to our Dispositions Since January 1, 2021.

Property Operating Expenses

Property operating expenses increased $4.0 million to $11.9 million for the nine months ended September 30, 2022, compared to $7.9 million for the nine months ended September 30, 2021. This increase was primarily driven by an increase in property operating expenses of $0.7 million from our Acquisitions Since January 1, 2021, and by an increase in property operating expenses from our Nine Month Same Store Properties of $3.4 million, partially offset by a decrease in property operating expenses from our Dispositions Since January 1, 2021 of $0.1 million.

Segment Results — Multi-Tenant Properties

The following table presents the components of NOI and the period change within the multi-tenant segment for the nine months ended September 30, 2022 and 2021:

	Same Store [1]			Acquisitions [2]			Disposals [3]			Total [4]		
	Nine Months Ended September 30,		Increase (Decrease)	Nine Months Ended September 30,		Increase (Decrease)	Nine Months Ended September 30,		Increase (Decrease)	Nine Months Ended September 30,		Increase (Decrease)
	2022	2021	$	2022	2021	$	2022	2021	$	2022	2021	$
Revenue from tenants	$ 87,204	$ 87,074	$ 130	$ 82,419	$ —	$ 82,419	$ 782	$ —	$ 782	$ 170,405	$ 87,074	$ 83,331
Less: Property operating	33,480	32,237	1,243	28,922	—	28,922	407	—	407	62,809	32,237	30,572
NOI	$ 53,724	$ 54,837	$ (1,113)	$ 53,497	$ —	$ 53,497	$ 375	$ —	$ 375	$ 107,596	$ 54,837	$ 52,759

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(1) Our multi-tenant segment included 33 Nine Month Same Store Properties.

(2) Our multi-tenant segment included 78 Acquisitions Since January 1, 2021, excluding two properties recently acquired in the CIM Portfolio Acquisition that were disposed in the nine months ended September 30, 2022.

(3) Our multi-tenant segment included two Dispositions Since January 1, 2021, including two properties recently acquired in the CIM Portfolio Acquisition that were disposed in the nine months ended September 30, 2022.

(4) Our multi-tenant segment included 111 total properties.

Revenue from Tenants

Revenue from tenants increased $83.3 million to $170.4 million for the nine months ended September 30, 2022, compared to $87.1 million for the nine months ended September 30, 2021. This increase in revenue from tenants was due to incremental revenue from our Acquisitions Since January 1, 2021 of $82.4 million ($81.6 million of which was attributable to the CIM Portfolio Acquisition), an increase of $0.8 million from our Dispositions Since January 1, 2021 and an increase in our Nine

Month Same Store Properties revenue of $0.1 million. Please see Note 1 — *Organization* to our consolidated financial statements in this Quarterly Report on Form 10-Q for further details on the CIM Portfolio Acquisition.

The increase in our Nine Month Same Store Properties revenue was primarily due to $1.0 million of increased operating expense reimbursement revenue and $1.0 million from marginally higher occupancy and higher rental rates, partially offset by $1.1 million of decreased termination fee income and a recovery of $0.8 million relating to a lease settlement fee from a tenant which was recorded in the nine months ended September 30, 2021.

Property Operating Expenses

Property operating expenses primarily consist of the costs associated with maintaining our properties including real estate taxes, utilities, and repairs and maintenance. Property operating expenses increased $30.6 million to $62.8 million for the nine months ended September 30, 2022, compared to $32.2 million for the nine months ended September 30, 2021. This increase was driven by an increase in property operating expenses of approximately $1.2 million in our Nine Month Same Store Properties, by an increase in property operating expenses of $28.9 million from our Acquisitions Since January 1, 2021 ($28.9 million of which was attributable to the CIM Portfolio Acquisition) and by an increase in property operating expenses of $0.4 million from our Dispositions Since January 1, 2021. Please see Note 1 — *Organization* to our consolidated financial statements in this Quarterly Report on Form 10-Q for further details on the CIM Portfolio Acquisition.

Other Results of Operations

Asset Management Fees to Related Party

Asset management fees paid to the Advisor decreased $1.1 million to $24.1 million for the nine months ended September 30, 2022, compared to $25.1 million for the nine months ended September 30, 2021, primarily due to a decrease of $2.6 million of incentive variable management fees, partially offset by an increase of $1.6 million in the variable portion of the base management fee during the nine months ended September 30, 2022 as compared to the nine months ended September 30, 2021 due to our equity issuances in 2022 and in 2021.

The variable portion of the base management fee is calculated on a monthly basis and is equal to one-twelfth of 1.25% of the cumulative net proceeds of any equity raised by us (including, among other things, common stock, including shares subject to repurchase, preferred stock and certain convertible debt but excluding, among other things, equity-based compensation). The variable portion of the base management fee will increase in connection with future issuances of equity securities.

In light of the unprecedented market disruption resulting from the COVID-19 pandemic, in March 2020, we agreed with the Advisor to amend the advisory agreement to temporarily lower the quarterly thresholds we must reach on a quarterly basis for the Advisor to receive the variable incentive management fee through the end of 2020, and in January 2021, we agreed with the Advisor to further amend the advisory agreement to extend the expiration of these thresholds through the end of 2021, at which point it was not renewed. Please see Note 11 — *Related Party Transactions and Arrangements* to our consolidated financial statements included in this Quarterly Report on Form 10-Q for more information on fees incurred from the Advisor.

Impairment Charges

We recorded impairment charges of $94.9 million for the nine months ended September 30, 2022, of which (i) $80.8 million related to four multi-tenant properties (two of which were recently acquired in the CIM Portfolio Acquisition and were impaired by $5.6 million), (ii) $10.4 million related to 10 vacant single-tenant properties (nine of which were formerly leased to Truist Bank) and (iii) $3.8 million related to one vacant single-tenant property formerly leased to United Healthcare. The United Healthcare property has been vacant since June 30, 2021 when the tenant did not renew its lease. We previously impaired the United Healthcare property by $26.9 million during the three months ended December 31, 2021. All of the impaired properties were impaired to adjust the properties' carrying values to their fair values as determined by their respective purchase and sale agreements if under a contract to be disposed, or their estimated fair values if not under a contract to be disposed. These impairment charges include an incremental impairment charge of $2.4 million recorded on one multi-tenant property, which was impaired in the three months ended June 30, 2022 for $49.6 million, to reflect a subsequent change in its purchase and sale agreement with the potential buyer as a result of deteriorating market conditions and rising interest rates.

We recorded impairment charges of $4.6 million during the nine months ended September 30, 2021 related to seven vacant single-tenant held-for-use properties (including certain of the properties for which we terminated leases in the period). Five of these properties were impaired to adjust their carrying values to their fair values as determined by the sales price in their respective signed purchase and sale agreements or non-binding letters of intent, and two properties were impaired to adjust their carrying value to their fair value as determined by the income approach.

Please see Note 3 — *Real Estate Investments* to our consolidated financial statements included in this Quarterly Report on Form 10-Q for additional information regarding impairment charges.

Acquisition, Transaction and Other Costs

Acquisition, transaction and other costs decreased $2.9 million to $0.7 million for the nine months ended September 30, 2022, compared to $3.6 million for the nine months ended September 30, 2021. The decrease was primarily due to prepayment penalties on two mortgage notes which were fully repaid in the nine months ended September 30, 2021 which totaled $3.3 million, partially offset by $0.4 million from increased acquisition activity in the nine months ended September 30, 2022 as compared to the nine months ended September 30, 2021.

Equity-Based Compensation

Equity-based compensation decreased by approximately $2.9 million to $10.9 million for the nine months ended September 30, 2022, compared to $13.8 million for the nine months ended September 30, 2021. This decrease was primarily due to additional non-cash equity-based compensation expense from the 2021 OPP and additional non-cash equity-based compensation expense from a new grant of restricted shares in the second quarter of 2021 as well as an amendment to the original award agreement on February 26, 2021 for restricted shares previously issued to our former chief financial officer (see additional details below).

Our independent directors, acting as a group, authorized the issuance of a new award of LTIP Units on May 4, 2021 which was subsequently issued to the Advisor under the 2021 OPP after the performance period under the 2018 OPP expired on July 19, 2021. The nine months ended September 30, 2021 includes expenses for both the 2018 OPP and the 2021 OPP (see *Note 13— Equity-Based Compensation*). The performance period for the 2018 OPP ended on July 19, 2021 and therefore no further expense has been recorded for the 2018 OPP after the third quarter of 2021.

In addition, there were higher equity-based compensation expenses for restricted shares recorded in the first nine months of 2021 which was due to new grants as well as an amendment to the original award agreement on February 26, 2021 for restricted shares previously issued to our former chief financial officer which accelerated the vesting of those restricted shares on April 9, 2021 upon the effectiveness of her resignation. These restricted shares were scheduled to vest in 25% increments on each of the first four anniversaries of the grant date (September 15, 2020). Also, we recorded additional expense for the excess of the new value of those awards on the date of modification over the fair value of the awards immediately prior to the amendment. In addition, we granted our former chief financial officer an additional award of restricted shares that also fully vested upon the effectiveness of her resignation on April 9, 2021, contributing to the higher equity-based compensation expense recorded during the nine months ended September 30, 2021. The acceleration of vesting of the prior grant and the new grant resulted in approximately $1.1 million of higher equity-based compensation expense recorded during the nine months ended September 30, 2021. These higher equity-based compensation expenses were partially offset by $0.3 million of net equity-based compensation expense representing the value of new replacement grants net of a reversal of $0.1 million in previously recognized compensation on forfeited grants which was recorded in the nine months ended September 30, 2022. See *Note 13 — Equity-Based Compensation* for additional information.

General and Administrative Expense

General and administrative expense increased $8.1 million to $23.7 million for the nine months ended September 30, 2022, compared to $15.6 million for the nine months ended September 30, 2021. The increase was primarily due to $4.5 million of increased professional expense reimbursements, and was also impacted by a $1.4 million professional fee credit in the nine months ended September 30, 2021 which did not occur in the nine months ended September 30, 2022. The increased professional expense reimbursements are due to additional staffing needed by the Advisor as a result of the CIM Portfolio Acquisition. Additionally, accounting fees increased $0.5 million, legal fees increased $0.4 million and miscellaneous fees increased $1.3 million in the nine months ended September 30, 2022 as compared to the nine months ended September 30, 2021.

Depreciation and Amortization Expense

Depreciation and amortization expense increased $44.2 million to $141.8 million for the nine months ended September 30, 2022, compared to $97.5 million for the nine months ended September 30, 2021. Depreciation and amortization expense was impacted by an increase of $53.5 million related to our Acquisitions Since January 1, 2021 (including, most notably, the CIM Portfolio Acquisition), partially offset by a decrease of $1.5 million from our Nine Month Same Store Properties and a decrease of $7.7 million from our Dispositions Since January 1, 2021.

Gain on Sale of Real Estate Investments

During the nine months ended September 30, 2022, we sold 19 properties for an aggregate contract price of $331.0 million, resulting in aggregate gains on sale of $68.6 million. During the nine months ended September 30, 2021, we sold eight properties for an aggregate contract price of $6.1 million, resulting in aggregate gains on sale of $0.8 million.

Interest Expense

Interest expense increased $25.5 million to $84.5 million for the nine months ended September 30, 2022, compared to $58.9 million for the nine months ended September 30, 2021. This increase was mainly due to (i) interest expense of $16.9 million and deferred financing cost amortization of $1.0 million on our $500.0 million of 4.50% per annum Senior Notes which were issued in October 2021, (ii) increased interest expense of $1.6 million and increased deferred financing cost and discount/premium amortization of $1.6 million on our mortgage debt and (iii) increased interest expense of $4.4 million on our borrowings under the Credit Facility. The increases to interest expense on our mortgage debt and borrowings under our Credit Facility largely result from the assumption of mortgage debt and borrowings under our Credit Facility to finance the CIM Portfolio Acquisition. Please see *Note 1 — Organization* to our consolidated financial statements in this Quarterly Report on Form 10-Q for further details on the CIM Portfolio Acquisition.

During the nine months ended September 30, 2022 and 2021, the average outstanding balances on our mortgage notes payable were $1.7 billion and $1.6 billion, respectively, and the average outstanding balances under our Credit Facility were $372.3 million and $231.1 million, respectively. For the nine months ended September 30, 2022 and 2021, the weighted-average interest rates on our mortgage notes payable were 3.82% and 3.98%, respectively, and the weighted-average interest rates on our Credit Facility were 3.26% and 2.72%, respectively. The increase in the weighted-average interest rate on our Credit Facility during the nine months ended September 30, 2022 as compared to the nine months ended September 30, 2021 is primarily due to increases in one-month LIBOR rates during 2022.

The interest rate on our Credit Facility has increased throughout 2022, and we anticipate that the interest rate on our Credit Facility will further increase, which could have an adverse impact on our acquisition and investment activity. See *"Item 1.A Risk Factors"* and *"Liquidity and Capital Resources"* for additional information.

Other Income

Other income was $1.0 million for the nine months ended September 30, 2022, compared to $62,000 for the nine months ended September 30, 2021. The increase in other income was primarily due to the settlement of $0.9 million of liens incurred on our Prairie Towne property in the three months ended June 30, 2020 as a result of a settlement with the lien holder during the nine months ended September 30, 2022.

Gain on Non-Designated Derivative

Gain on non-designated derivatives for the nine months ended September 30, 2022 was $2.3 million, and was related to an embedded derivative on the common stock issued in connection with the CIM Portfolio Acquisition. The stock was issued in the three months ended March 31, 2022. No gain on non-designated derivatives was recorded in the nine months ended September 30, 2021. For additional information, see *Note 8 — Derivatives and Hedging Activities* to our consolidated financial statements included in this Quarterly Report on Form 10-Q.

Cash Flows from Operating Activities

Our cash flows provided by or used in operating activities is affected by the rental income generated from leasing activity, including leasing activity due to acquisitions and dispositions, restricted cash we are required to maintain, the timing of interest payments, the receipt of scheduled rent payments and the level of property operating expenses. Our cash flows from operating activities were $131.6 million during the nine months ended September 30, 2022 and consisted of net loss of $55.3 million, adjusted for non-cash items of $183.7 million, including depreciation and amortization of tangible and intangible real estate assets, amortization of deferred financing costs, amortization of mortgage premiums on borrowings, share-based compensation, gain on non-designated derivatives, gain on sale of real estate investments and impairment charges. In addition, cash flows from operating activities were impacted by an increase in the straight-line rent receivable of $5.2 million, a decrease in deferred rent of $1.6 million, an increase in accounts payable and accrued expenses of $17.0 million and an increase in prepaid expenses and other assets of $6.9 million.

Our cash flows from operating activities were $100.5 million during the nine months ended September 30, 2021 and consisted of net loss of $5.8 million, adjusted for non-cash items of $118.7 million, including depreciation and amortization of tangible and intangible real estate assets, amortization of deferred financing costs, amortization of mortgage premiums on borrowings, share-based compensation, gain on sale of real estate investments and impairment charges. In addition, cash flows from operating activities were impacted by an increase in the straight-line rent receivable of $4.9 million, an increase in deferred rent of $0.2 million, an increase in accounts payable and accrued expenses of $5.3 million and an increase in prepaid expenses and other assets of $16.3 million.

Cash Flows from Investing Activities

The net cash used in investing activities during the nine months ended September 30, 2022 of $701.4 million consisted primarily of investments in real estate and other assets of $996.6 million (including, most notably, the CIM Portfolio Acquisition), capital expenditures of $10.9 million and deposits for real estate acquisitions of $0.1 million, partially offset by cash received from the sale of real estate investments of $306.1 million.

The net cash used in investing activities during the nine months ended September 30, 2021 of $159.8 million consisted primarily of investments in real estate and other assets of $153.7 million, capital expenditures of $10.1 million and deposits for real estate acquisitions of $0.6 million, partially offset by cash received from the sale of real estate investments of $4.6 million.

Cash Flows from Financing Activities

The net cash provided by financing activities of $393.4 million during the nine months ended September 30, 2022 consisted primarily of proceeds from our Credit Facility of $513.0 million and net proceeds from the issuance of Class A common stock of $33.2 million. These cash inflows were partially offset by cash dividends paid to holders of our Class A common stock of $83.6 million, payments on our Credit Facility of $35.0 million, payments on our mortgages of $11.6 million, cash dividends paid to holders of our Series A Preferred Stock (as defined below) of $11.2 million, cash dividends paid to holders of our Series C Preferred Stock (as defined below) of $6.4 million and payments of deferred financing costs of $3.1 million.

The net cash provided by financing activities of $60.8 million during the nine months ended September 30, 2021 consisted primarily of net proceeds from mortgage notes payable, primarily resulting from the issuance of net lease mortgage notes and related mortgage payoffs, of $102.0 million, net proceeds from the issuance of Class A common stock of $126.9 million, net proceeds from the issuance of 7.50% Series A Cumulative Redeemable Perpetual Preferred Stock, par value $0.01 per share ("Series A Preferred Stock") of $2.0 million and net proceeds from the issuance of 7.375% Series C Cumulative Redeemable Perpetual Preferred Stock, $0.01 par value per share ("Series C Preferred Stock") of $25.6 million. These cash inflows were partially offset by net payments on our Credit Facility of $94.6 million, cash dividends paid to holders of Class A common stock of $71.3 million, cash dividends paid to holders of our Series A Preferred Stock of $11.1 million and cash dividends paid to holders of Series C Preferred Stock of $4.4 million.

Liquidity and Capital Resources

Our principal demands for cash are to fund operating and administrative expenses, debt service obligations, dividends on our Class A common stock, dividends on our Series A Preferred Stock, dividends on our Series C Preferred Stock, distributions on our LTIP Units and distributions for limited partnership units that correspond to shares of our Class A common stock, and capital expenditures. In addition, we may also use cash to purchase additional properties.

CIM Portfolio Acquisition

In December 2021, we signed a purchase and sale agreement for the CIM Portfolio Acquisition, which consists of 79 multi-tenant retail centers and two single-tenant properties, for an aggregate contract purchase price of $1.3 billion. We closed on the properties of the CIM Portfolio Acquisition in multiple stages as follows:

- In the three months ended March 31, 2022, we closed on the acquisition of 56 of these properties for an aggregate contract purchase price of $801.1 million. We funded the closing of these properties with cash of $728.4 million, including $378.0 million of borrowings under our Credit Facility, the assumption of $19.3 million of existing mortgage debt and the issuance of 6,450,107 shares of our Class A common stock, representing consideration of $50.0 million in fair value at issuance ($53.4 million in contractual value), which were issued at a weighted-average price of $7.75 per share in fair value at issuance ($8.28 per share in contractual value).
- In the three months ended June 30, 2022, we closed on 24 additional properties from the CIM Portfolio Acquisition for an aggregate contract purchase price of $452.8 million in three closings. The acquisitions were funded with the assumption of $294.5 million of fixed-rate mortgage debt, $128.2 million of $135.0 million of borrowings under the Credit Facility, the application of $23.8 million of our $40.0 million deposit and the remainder with cash on hand. The assumed mortgages bear stated interest rates between 3.65% and 4.62% and mature between April 2023 and September 2033.
- In the three months ended September 30, 2022, we closed on the one remaining property from the CIM Portfolio Acquisition for a contract purchase price of $71.1 million. The acquisition was funded with the assumption of $39.0 million of fixed-rate mortgage debt, the application of the remaining $16.2 million of our $40.0 million deposit, and the remainder with cash on hand (including $6.8 million of previous borrowings under the Credit Facility). The assumed mortgage bears a stated interest rate of 4.05% and matures in May 2024.
- The aggregate contract purchase prices above do not include contingent consideration relating to leasing activity at each respective acquired property for a six-month period subsequent to the respective closing dates of each acquired property. We paid $10.2 million, $13.3 million and $26.1 million for such contingent consideration with cash on hand in the three months ended March 31, 2022, June 30, 2022 and September 30, 2022, respectively, and we have accrued for $5.2 million of contingent consideration based on leases executed as of September 30, 2022. Additional amounts may be due for leases executed through January 2023 (six months following the acquisition date of the final property of the CIM Portfolio Acquisition).

The cash used in the CIM Portfolio Acquisition consisted of $420.5 million, which included net proceeds from the approximately $260.7 million sale of our Sanofi property, the remaining proceeds from our Senior Notes offering, and $513.0 million from borrowings under our Credit Facility. In addition, we acquired 11 additional single-tenant properties and one additional multi-tenant property in the nine months ended September 30, 2022 for an aggregate contract purchase price of $63.4 million, which was funded entirely with cash on hand. Of the 93 properties acquired in the nine months ended September 30, 2022, 61 properties were added to the borrowing base of the Credit Facility.

Short-Term Material Cash Requirements

As of September 30, 2022 and December 31, 2021, we had cash and cash equivalents of $41.2 million and $214.9 million, respectively.

We expect to fund our future short-term material cash requirements over the next year through a combination of cash on hand, net cash provided by our property operations and borrowings under our Credit Facility. We may also generate additional liquidity through property dispositions and, to the extent available, secured or unsecured borrowings including the issuance of additional Senior Notes or similar securities, issuances under our “at the market” equity offering program for Class A common stock (the “Class A Common Stock ATM Program”), our “at the market” equity offering program for Series A Preferred Stock (the “Series A Preferred Stock ATM Program”), our “at the market” equity offering program for Series C Preferred Stock (the “Series C Preferred Stock ATM Program”), as well as other offerings of debt or equity securities.

Deleveraging Initiative

In May 2021, we began a deleveraging initiative to reduce our net debt relative to our earnings. We hope to achieve this initiative by:

- reducing outstanding debt over time;
- funding acquisitions through cash on hand rather than proceeds from debt, or at lower debt-to-equity ratios;
- raising equity to fund acquisitions and pay down debt; and
- increasing revenues through external and internal growth factors such as property acquisitions and multi-tenant leasing activity.

The CIM Portfolio Acquisition has increased our leverage in the nine months ended September 30, 2022 as compared to prior periods. We plan to continue with our deleveraging strategy now that the CIM Portfolio Acquisition is complete. We may, however, issue additional Senior Notes or similar securities in the future particularly as we revise our capital structure following the CIM Portfolio Acquisition in a similar fashion as we may add or refinance existing mortgage debt or indebtedness under our Credit Facility. We have additionally identified certain assets acquired in the CIM Portfolio Acquisition, and other properties in our portfolio, that we intend to market for sale, the net proceeds of which, after taxes and selling costs, will be used to repay debt. In the three months ended September 30, 2022, we disposed of two properties from the CIM Portfolio Acquisition for an aggregate contract sales price of $13.7 million, and we recorded an aggregate loss on sale of $0.6 million for these properties. We had previously recorded impairment charges of $3.5 million for one of these properties in the nine months ended September 30, 2022. The funds received from these dispositions were used to repay $10.0 million of amounts outstanding under our Credit Facility in the three months ended September 30, 2022.

Additionally, we have entered into an agreement to dispose of one other multi-tenant property acquired in the CIM Portfolio Acquisition for a contract sales price of $2.8 million. During the three months ended September 30, 2022, we recorded $2.0 million of impairment charges on this property. We have also entered into one non-binding letter of intent to dispose of one multi-tenant property acquired in the CIM Portfolio Acquisition for a contract sales price of $180.0 million, which is encumbered by a mortgage with a principal balance of $123.0 million as of September 30, 2022. There is no assurance that we will be able to enter into further agreements to sell other assets on acceptable terms and conditions, or at all.

Mortgage Notes Payable, Credit Facility and Senior Notes — September 30, 2022

As of September 30, 2022, we had $1.8 billion of gross mortgage notes payable outstanding, $500.0 million of gross Senior Notes outstanding and $478.0 million outstanding under our Credit Facility. Of our total gross debt, 83.1% is fixed-rate and 16.9% is variable-rate.

As of September 30, 2022, our net debt to gross asset value ratio was 51.5%. We define net debt as the principal amount of our outstanding debt (excluding the effect of deferred financing costs, net and mortgage premiums and discounts, net) less cash and cash equivalents. Gross asset value is defined as total assets plus accumulated depreciation and amortization. As of September 30, 2022, the weighted-average effective interest rates on the mortgage notes payable, Credit Facility and Senior Notes were 3.83%, 5.09% and 4.50%, respectively.

We assumed $352.8 million in fixed rate mortgage debt in the nine months ended September 30, 2022 related to the closing of 81 properties of the CIM Portfolio Acquisition, which bear interest at stated rates between 3.65% and 4.62%, maturing between April 2023 and September 2033. As of September 30, 2022, the assumed debt from the CIM Portfolio Acquisition had an aggregate principal balance of $351.8 million.

Based on debt outstanding as of September 30, 2022, future anticipated principal payments on our mortgage notes payable for the remainder of 2022 and the year ended December 31, 2023 are $1.6 million and $289.8 million, respectively. We do not anticipate the need to make any significant additional principal payments for the remainder of 2022, but for the year ended December 31, 2023, we will need to repay or refinance $287.7 million (which bears a weighted-average effective interest rate of 3.91%) of the total $351.8 million, as of September 30, 2022, that we assumed from the CIM Portfolio Acquisition. In light of the current direction of interest rates, the rates we pay on debt which we refinance may be higher than the rates on debt we assumed.

As of September 30, 2022, we had $5.2 billion in gross real estate assets, at cost, and we had pledged approximately $3.0 billion in gross real estate assets, at cost, as collateral for our mortgage notes payable. In addition, approximately $2.0 billion of these gross real estate assets, at cost, were included in the unencumbered asset pool comprising the borrowing base under the Credit Facility which had a total borrowing capacity thereunder of $517.9 million. Therefore, this real estate is only available to serve as collateral or satisfy other debts and obligations if it is first removed from the borrowing base under the Credit Facility, which would reduce the amount available to us on the Credit Facility.

Net Lease Mortgage Notes

On June 3, 2021, through subsidiaries, we issued $318.0 million aggregate principal amount of Net Lease Mortgage Notes (the "2021 Net Lease Mortgage Notes"). The 2021 Net Lease Mortgage Notes are cross-collateralized with the $242.0 million in aggregate principal amount of Net Lease Mortgage Notes issued through subsidiaries in 2019 (the "2019 Net Lease Mortgage Notes" and, together with the 2021 Net Lease Mortgage Notes, the "Notes"). The Notes were issued using a master trust structure, which enables additional series of notes to be issued upon the contribution of additional properties to the collateral pool without the need to structure a new securitization transaction. Any new notes that are so issued will be cross-collateralized with the Notes.

The 2021 Net Lease Mortgage Notes were issued in six classes: Class A-1 (AAA), Class A-2 (AAA), Class A-3 (A), Class A-4 (A), Class B-1 (BBB) and Class B-2 (BBB). The Class A-1 (AAA) Notes are rated AAA (sf) by Standard & Poors and are comprised of $55.0 million initial principal amount of 2021 Net Lease Mortgage Notes with an anticipated repayment date in May 2028 and an interest rate of 2.21%. The Class A-2 (AAA) Notes are rated AAA (sf) by Standard & Poors and are comprised of $95.0 million initial principal amount of 2021 Net Lease Mortgage Notes with an anticipated repayment date in May 2031 and an interest rate of 2.79%. The Class A-3 (A) Notes are rated A (sf) by Standard & Poors and are comprised of $35.0 million initial principal amount of 2021 Net Lease Mortgage Notes with an anticipated repayment date in May 2028 and an interest rate of 3.03%. The Class A-4 (A) Notes are rated A (sf) by Standard & Poors and are comprised of $55.0 million initial principal amount of 2021 Net Lease Mortgage Notes with an anticipated repayment date in May 2031 and an interest rate of 3.60%.

The Class B Notes are currently retained by the OP and are eliminated upon consolidation, and are therefore not presented in our consolidated financial statements. The Class B Notes may be sold to unaffiliated third parties in the future. The Class B-1 (BBB) Notes are rated BBB (sf) by Standard & Poors and are comprised of $30.0 million initial principal amount of 2021 Net Lease Mortgage Notes with an anticipated repayment date in May 2028 and an interest rate of 4.02%. The Class B-2 (BBB) Notes are rated BBB (sf) by Standard & Poors and are comprised of $48.0 million initial principal amount of 2021 Net Lease Mortgage Notes with an anticipated repayment date in May 2031 and an interest rate of 4.58%. The 2021 Net Lease Mortgage Notes have a rated final payment date in May 2051.

The 2019 Net Lease Mortgage Notes were issued in two classes, Class A-1 (AAA) and Class A-2 (A). The Class A-1 (AAA) Notes are rated AAA (sf) by Standard & Poors and are comprised of $121.0 million initial principal amount of 2019 Net Lease Mortgage Notes with an anticipated repayment date in May 2026 and an interest rate of 3.78%. The Class A-2 (A) Notes are rated A (sf) by Standard & Poors and are comprised of $121.0 million initial principal amount of 2019 Net Lease Mortgage Notes with an anticipated repayment date in May 2029 and an interest rate of 4.46%. The 2019 Net Lease Mortgage Notes have a rated final payment date in May 2049.

The Notes may be redeemed at any time prior to their anticipated repayment date subject to payment of a make-whole premium. If any class of Notes is not paid in full at its respective anticipated repayment date, additional interest will begin to accrue on those Notes.

Senior Notes

The $500.0 million aggregate principal amount of 4.50% Senior Notes due 2028 (the "Senior Notes") were issued on October 7, 2021 and are fully and unconditionally guaranteed (the "Senior Note Guarantees") on a joint and several basis by the subsidiaries of the Company and the OP that are guarantors under the Credit Facility. Subject to certain exceptions, each future subsidiary of these entities that subsequently guarantees indebtedness under the Credit Facility, any other syndicated loan facility or certain capital markets indebtedness, in each case, will be required to execute a Senior Note Guarantee.

As of September 30, 2022, we were in compliance with all the operating and financial covenants under the Senior Notes and mortgages.

Credit Facility — Terms and Capacity

As of September 30, 2022 we had $478.0 million outstanding under the Credit Facility. We did not have any amounts outstanding under the Credit Facility as of December 31, 2021.

The aggregate total commitments under the Credit Facility are $815.0 million, including a $50.0 million sublimit for letters of credit and a $55.0 million sublimit for swingline loans. The Credit Facility includes an uncommitted "accordion feature" permitting us to increase the commitments under the Credit Facility by up to an additional $435.0 million, subject to obtaining commitments from new lenders or additional commitments from participating lenders and certain customary conditions.

The Credit Facility is supported by a pool of eligible unencumbered properties that are owned by the subsidiaries of the OP that serve as Guarantors. We may add or remove properties to or from this pool so long as at any time there are at least 15 eligible unencumbered properties with a value of at least $300.0 million, among other things. The amount available for future borrowings under the Credit Facility depends on the amount outstanding thereunder relative to the aggregate commitments; however, the amount we may borrow under the Credit Facility will be limited by financial maintenance covenants.

The Credit Facility requires payments of interest only prior to maturity. The Credit Facility bears interest at a rate equal to either (i) the Base Rate (as defined in the Credit Facility) plus an applicable spread ranging from 0.45% to 1.05%, or (ii) LIBOR plus an applicable spread ranging from 1.45% to 2.05%, in each case depending on our consolidated leverage ratio. In addition, (i) if either we or the OP achieves an investment grade credit rating, the OP can elect for the spread to be based on the credit rating of ours or the OP, and (ii) the "floor" on LIBOR is 0%. The Credit Facility includes provisions related to the anticipated transition from LIBOR to an alternative benchmark rate. As of September 30, 2022, we have elected to use LIBOR for all our borrowings under the Credit Facility.

The Credit Facility matures on April 1, 2026, subject to our right, subject to customary conditions, to extend the maturity date by up to two additional six-month terms. Borrowings under the Credit Facility may be prepaid at any time, in whole or in part, without premium or penalty, subject to customary LIBOR breakage costs.

As of September 30, 2022, we were in compliance with the operating and financial covenants under the Credit Facility.

Of the 93 properties acquired in the nine months ended September 30, 2022, 61 properties were added to the borrowing base of the Credit Facility. As of September 30, 2022, we had $39.9 million available for future borrowings.

See *Note 5 — Credit Facility* to our consolidated financial statements included in this Quarterly Report on Form 10-Q for additional information regarding our Credit Facility.

LIBOR Exposure

In July 2017, the Financial Conduct Authority (which regulates LIBOR) announced 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 LIBOR in derivatives and other financial contracts. On November 30, 2020, the Financial Conduct Authority announced a partial extension of this deadline, indicating its intention to cease the publication of the one-week and two-month USD LIBOR settings immediately following December 31, 2021, and the remaining USD LIBOR settings immediately following the LIBOR publication on June 30, 2023.

While we expect LIBOR to be available in substantially its current form until at least the end of June 2023, it is possible that LIBOR will become unavailable prior to that time. To transition from LIBOR under the Credit Facility, we will either utilize the Base Rate (as defined in the Credit Facility) or an alternative benchmark established by the agent in accordance with the terms of the Credit Facility, which will be SOFR if available or an alternate benchmark that is being widely used in the market at that time as selected by the agent.

Acquisitions and Dispositions — Three and Nine Months Ended September 30, 2022

One of our primary uses of cash during the three and nine months ended September 30, 2022 was to acquire properties.

During the three months ended September 30, 2022, we acquired two properties for an aggregate purchase price of $90.6 million, including capitalized acquisition costs. The acquisitions during the three months ended September 30, 2022 include one property from the CIM Portfolio Acquisition. The acquisition of the one property from the CIM Portfolio Acquisition was funded with the assumption of $39.0 million of fixed-rate mortgage debt, the application of the remaining $16.2 million of our $40.0 million deposit, and the remainder with cash on hand (including $6.8 million of previous borrowings under the Credit Facility). The remaining property acquired in the three months ended September 30, 2022 was funded entirely with cash on hand.

During the nine months ended September 30, 2022, we acquired 93 properties for an aggregate purchase price of $1.4 billion, including capitalized acquisition costs. The acquisitions during the nine months ended September 30, 2022 include 81 properties from the CIM Portfolio Acquisition. The acquisition of the 81 properties from the CIM Portfolio Acquisition was funded with the assumption of $352.8 million of existing mortgage debt, $513.0 million of borrowings under the Credit Facility, the application of our $40 million deposit, the issuance of 6,450,107 shares of our Class A common stock, representing consideration of $50.0 million in fair value at issuance ($53.4 million in contractual value), which were issued at a weighted-average price of $7.75 per share in fair value at issuance ($8.28 per share in contractual value), $5.2 million of contingent consideration to be paid in fourth quarter of 2022 and the remainder with cash on hand. The remaining 12 properties acquired in the nine months ended September 30, 2022 were funded entirely with cash on hand.

During the three months ended September 30, 2022, we sold eight properties for an aggregate contract sales price of $35.4 million, excluding disposition related costs. Of the eight properties sold in the three months ended September 30, 2022, one was formerly encumbered under the loan agreement with Column Financial, Inc. (the "Column Financial Mortgage Notes") and two were formerly part of the unencumbered asset pool comprising the Credit Facility. The proceeds from these dispositions were used to repay $10.0 million of amounts outstanding under our Credit Facility in the three months ended September 30, 2022.

During the nine months ended September 30, 2022, we sold 19 properties for an aggregate contract sales price of $331.0 million excluding disposition related costs. These dispositions included the sale of three office buildings leased to Sanofi S.A. for a contract purchase price of $260.7 million (the "Sanofi Sale"). The net proceeds of $254.5 million from the Sanofi Sale were used to partially fund the closing of the first tranche of the CIM Portfolio Acquisition as discussed above. Of the 18 other properties sold in the nine months ended September 30, 2022, two were formerly encumbered under the Column Financial Mortgage Notes, two were formerly encumbered under the 2021 Net Lease Mortgage Notes and six were formerly part of the unencumbered asset pool comprising the Credit Facility. The proceeds from these dispositions were used to repay $35.0 million of amounts outstanding under our Credit Facility in the nine months ended September 30, 2022.

Acquisitions and Dispositions — Subsequent to September 30, 2022

Subsequent to September 30, 2022, we did not acquire any properties. We have entered into a non-binding letter of intent to acquire two additional single-tenant properties for a contract purchase price of approximately $3.0 million. There can be no assurance we will complete this acquisition on its contemplated terms, or at all. We anticipate primarily using cash on hand, which may include proceeds from our ATM Programs, and, if necessary, proceeds from borrowings under our Credit Facility, to fund the consideration required to complete this acquisition.

Subsequent to September 30, 2022, we disposed of four properties for an aggregate contract sales price of $1.6 million. We have entered into six purchase and sale agreements to dispose of six properties for an aggregate contract sales price of $77.7 million. We have also entered into two non-binding letters of intent to dispose of two properties for an aggregate contract sales price of $181.3 million. The purchase and sale agreements and non-binding letters of intent are subject to conditions, and there can be no assurance we will complete any of these dispositions on their contemplated terms, or at all. One of the purchase and sale agreements relates to a property acquired in the CIM Portfolio Acquisition, which was impaired in the three months ended September 30, 2022 for $2.0 million. One of the non-binding letters of intent relates to a property acquired in the CIM Portfolio Acquisition which is encumbered by a mortgage with a principal balance of $123.0 million as of September 30, 2022.

ATM Programs

We sold 997,230 shares of Class A common stock through our Class A Common Stock ATM Program during the three months ended September 30, 2022, which generated $8.0 million of gross proceeds, and net proceeds of $7.9 million after commissions, fees and other offering costs incurred of $0.1 million. We sold 3,762,559 shares of Class A common stock through our Class A Common Stock ATM Program during the nine months ended September 30, 2022, which generated $33.0 million of gross proceeds, and net proceeds of $32.5 million after commissions, fees and other offering costs incurred of $0.5 million.

During the nine months ended September 30, 2022, we did not sell any shares of Series A Preferred Stock under the Series A Preferred Stock ATM Program.

We did not sell any shares of Series C Preferred Stock under the Series C Preferred Stock ATM Program in the three months ended September 30, 2022. During the nine months ended September 30, 2022, we sold 677 shares of Series C Preferred Stock under the Series C Preferred Stock ATM Program which did not generate material proceeds.

Distribution Reinvestment Plan

Our distribution reinvestment plan ("DRIP") allows stockholders who have elected to participate in the DRIP to have dividends payable with respect to all or a portion of their shares of Class A common stock reinvested in additional shares of Class A common stock. Shares issued pursuant to the DRIP are, at our election, either (i) acquired directly from us, by issuing new shares, at a price based on the average of the high and low sales prices of Class A common stock on Nasdaq on the date of reinvestment, or (ii) acquired through open market purchases for each participant by the plan administrator at a price based on the weighted-average of the actual prices paid for all of the shares of Class A common stock purchased by the plan administrator with all participants' reinvested dividends for the related quarter, less a per share processing fee. During the nine months ended September 30, 2022 and the year ended December 31, 2021, all shares acquired by participants pursuant to the DRIP were acquired through open market purchases by the plan administrator and not issued to stockholders by us.

Capital Expenditures and Construction in Progress

We invest in capital expenditures to enhance and maintain the value of our properties. We define revenue enhancing capital expenditures as improvements to our properties that we believe will result in higher income generation over time. Capital expenditures for maintenance are generally necessary, non-revenue generating improvements that extend the useful life of the property and are less frequent in nature. By providing this metric, we believe we are presenting useful information for investors that can help them assess the components of our capital expenditures that are expected to either grow or maintain our current revenue. Detail related to our capital expenditures during the nine months ended September 30, 2022 is as follows:

	Nine Months Ended September 30, 2022		
(In thousands)	**Single-Tenant Properties**	**Multi-Tenant Properties**	**Total**
Capital Expenditures			
Revenue enhancing	$ 136	$ 7,438	$ 7,574
Maintenance	1,042	2,558	3,600
Total Capital Expenditures	1,178	9,996	11,174
Leasing commissions	658	2,564	3,222
Total	$ 1,836	$ 12,560	$ 14,396

Also, as of September 30, 2022 and December 31, 2021, we had $4.1 million and $1.5 million, respectively, of construction in progress which is included in the prepaid expenses and other assets on the consolidated balance sheets.

Non-GAAP Financial Measures

This section discusses the non-GAAP financial measures we use to evaluate our performance, including Funds from Operations ("FFO"), Adjusted Funds from Operations ("AFFO") and NOI. While NOI is a property-level measure, AFFO is based on our total performance and therefore reflects the impact of other items not specifically associated with NOI such as interest expense, general and administrative expenses and operating fees to related parties. Additionally, NOI as defined herein, does not reflect an adjustment for straight-line rent but AFFO does include this adjustment. A description of these non-GAAP measures and reconciliations to the most directly comparable GAAP measure, which is net income (loss), is provided below. Adjustments for unconsolidated partnerships and joint ventures are calculated to exclude the proportionate share of the non-controlling interest to arrive at FFO, AFFO and NOI attributable to stockholders.

Funds from Operations and Adjusted Funds from Operations

Funds from Operations

Due to certain unique operating characteristics of real estate companies, as discussed below, the National Association of Real Estate Investment Trusts ("NAREIT"), an industry trade group, has promulgated a performance measure known as FFO, which we believe to be an appropriate supplemental measure to reflect the operating performance of a REIT. FFO is not equivalent to net income or loss as determined under GAAP.

We calculate FFO, a non-GAAP measure, consistent with the standards established over time by the Board of Governors of NAREIT, as restated in a White Paper and approved by the Board of Governors of NAREIT effective in December 2018 (the "White Paper"). The White Paper defines FFO as net income or loss computed in accordance with GAAP, excluding depreciation and amortization related to real estate, gains and losses from sales of certain real estate assets, gains and losses from change in control and impairment write-downs of certain real estate assets and investments in entities when the impairment is directly attributable to decreases in the value of depreciable real estate held by the entity. Adjustments for consolidated partially-owned entities (including our OP) and equity in earnings of unconsolidated affiliates are made to arrive at our proportionate share of FFO attributable to our stockholders. Our FFO calculation complies with NAREIT's definition.

The historical accounting convention used for real estate assets requires straight-line depreciation of buildings and improvements, and straight-line amortization of intangibles, which implies that the value of a real estate asset diminishes predictably over time. We believe that, because real estate values historically rise and fall with market conditions, including inflation, interest rates, unemployment and consumer spending, presentations of operating results for a REIT using historical accounting for depreciation and certain other items may be less informative. Historical accounting for real estate involves the use of GAAP. Any other method of accounting for real estate such as the fair value method cannot be construed to be any more accurate or relevant than the comparable methodologies of real estate valuation found in GAAP. Nevertheless, we believe that the use of FFO, which excludes the impact of real estate related depreciation and amortization, among other things, provides a more complete understanding of our performance to investors and to management, and when compared year over year, reflects the impact on our operations from trends in occupancy rates, rental rates, operating costs, general and administrative expenses, and interest costs, which may not be immediately apparent from net income.

Adjusted Funds from Operations

In calculating AFFO, we start with FFO, then we exclude certain income or expense items from AFFO that we consider to be more reflective of investing activities, such as non-cash income and expense items and the income and expense effects of other activities that are not a fundamental attribute of our day to day operating business plan, such as amounts related to litigation arising out of the merger with American Realty Capital-Retail Centers of America, Inc. in February 2017 (the "RCA Merger"). These amounts include legal costs incurred as a result of the litigation, portions of which have been and may in the future be reimbursed under insurance policies maintained by us. Insurance reimbursements are deducted from AFFO in the period of reimbursement. We believe that excluding the litigation costs arising out of the RCA Merger helps to provide a better understanding of the operating performance of our business. Other income and expense items also include early extinguishment of debt and unrealized gains and losses, which may not ultimately be realized, such as gains or losses on derivative instruments and gains and losses on investments. In addition, by excluding non-cash income and expense items such as amortization of above-market and below-market lease intangibles, amortization of deferred financing costs, straight-line rent, and share-based compensation related to restricted shares, the 2018 OPP and the 2021 OPP from AFFO, we believe we provide useful information regarding those income and expense items which have a direct impact on our ongoing operating performance.

In calculating AFFO, we exclude certain expenses which under GAAP are characterized as operating expenses in determining operating net income (loss). All paid and accrued merger, acquisition and transaction related fees and certain other expenses negatively impact our operating performance during the period in which expenses are incurred or properties are acquired and will also have negative effects on returns to investors, but are not reflective of our on-going performance. In addition, legal fees and expense associated with COVID-19-related lease disputes involving certain tenants negatively impact our operating performance but are not reflective of our on-going performance. Further, under GAAP, certain contemplated non-cash fair value and other non-cash adjustments are considered operating non-cash adjustments to net income (loss). In addition, as discussed above, we view gains and losses from fair value adjustments as items which are unrealized and may not ultimately be realized and not reflective of ongoing operations and are therefore typically adjusted for when assessing operating performance. Excluding income and expense items detailed above from our calculation of AFFO provides information consistent with management's analysis of our operating performance. Additionally, fair value adjustments, which are based on the impact of current market fluctuations and underlying assessments of general market conditions, but can also result from operational factors such as rental and occupancy rates, may not be directly related or attributable to our current operating performance. By excluding such changes that may reflect anticipated and unrealized gains or losses, we believe AFFO provides useful supplemental information. By providing AFFO, we believe we are presenting useful information that can be used, among other things, to assess our performance without the impact of transactions or other items that are not related to our portfolio of properties. AFFO presented by us may not be comparable to AFFO reported by other REITs that define AFFO differently. Furthermore, we believe that in order to facilitate a clear understanding of our operating results, AFFO should be examined in conjunction with net income (loss) as presented in our consolidated financial statements. AFFO should not be considered as an alternative to net income (loss) as an indication of our performance or to cash flows as a measure of our liquidity or ability to pay dividends. FFO and AFFO may include income from lease termination fees, which is recorded in revenue from tenants in the consolidated statements of operations.

Accounting Treatment of Rent Deferrals/Abatements

The majority of the concessions granted to our tenants as a result of the COVID-19 pandemic have been rent deferrals or temporary rent abatements with the original lease term unchanged and collection of deferred rent deemed probable (see the *"Overview - Management Update on the Impacts of the COVID-19 Pandemic"* section of this Management's Discussion and Analysis of Financial Condition and Results of Operations for additional information). As a result of relief granted by the FASB and SEC related to lease modification accounting, rental revenue used to calculate Net Income and NAREIT FFO has not been, and we do not expect it to be, significantly impacted by these types of deferrals. In addition, since we currently believe that these deferral amounts are collectable, we have excluded from the increase in straight-line rent for AFFO purposes the amounts recognized under GAAP relating to these types of rent deferrals. Conversely, for abatements where contractual rent has been reduced, the reduction in revenue is reflected over the remaining lease term for accounting purposes but represents a permanent reduction in revenue and we have, accordingly, reduced our AFFO. For a detailed discussion of our revenue recognition policy, including details related to the relief granted by the FASB and SEC, see Note 2 — *Significant Accounting Polices* to our consolidated financial statements included in this Quarterly Report on Form 10-Q.

The table below reflects the items deducted from or added to net income or loss in our calculation of FFO and AFFO for the periods presented:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In thousands)	2022	2021	2022	2021
Net loss attributable to common stockholders (in accordance with GAAP)	$ (56,466)	$ (6,406)	$ (72,791)	$ (23,222)
Impairment of real estate investments	30,046	4,554	94,942	4,645
Depreciation and amortization	57,494	32,762	141,755	97,509
Gain on sale of real estate investments	(1,608)	(478)	(68,615)	(775)
Proportionate share of adjustments for non-controlling interests to arrive at FFO	(115)	(150)	(215)	(251)
FFO (as defined by NAREIT) attributable to common stockholders [1]	**29,351**	**30,282**	**95,076**	**77,906**
Acquisition, transaction and other costs [2]	210	3,426	695	3,604
Legal fees and expenses — COVID-19 lease disputes [3]	7	44	57	222
Accretion of market lease and other intangibles, net	(574)	(1,474)	(3,254)	(3,450)
Straight-line rent	(2,586)	(1,392)	(5,209)	(4,878)
Straight-line rent (rent deferral agreements) [4]	(27)	(876)	(915)	(2,975)
Amortization of mortgage (premiums) and discounts on borrowings, net	454	(328)	615	(972)
Gain on non-designated derivatives [5]	—	—	(2,250)	—
Equity-based compensation [6]	3,857	4,149	10,878	13,779
Amortization of deferred financing costs, net [7]	3,474	2,620	9,603	7,990
Gain on settlement of Prairie Towne liens [8]	—	—	(887)	—
Proportionate share of adjustments for non-controlling interests to arrive at AFFO	(6)	(18)	(13)	(29)
AFFO attributable to common stockholders [1]	**$ 34,160**	**$ 36,433**	**$ 104,396**	**$ 91,197**

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(1) FFO and AFFO for the nine months ended September 30, 2022 include income from lease modification/termination revenue of $10.2 million, and the three and nine months ended September 30, 2021 include income from lease modification/termination revenue of $10.4 million and $11.2 million, respectively, which is recorded in revenue from tenants in the consolidated statements of operations. See Note 2 — *Summary of Significant Accounting Policies – Revenue Recognition* to our consolidated financial statements included in this Quarterly Report on Form 10-Q for additional information.

(2) Includes primarily prepayment costs incurred in connection with early debt extinguishment as well as litigation costs related to the RCA Merger.

(3) Reflects legal costs incurred related to disputes with tenants due to store closures or other challenges resulting from COVID-19. The tenants involved in these disputes had not recently defaulted on their rent and, prior to the second and third quarters of 2020, had recently exhibited a pattern of regular payment. Based on the tenants involved in these matters, their history of rent payments, and the impact of the pandemic on current economic conditions, we view these costs as COVID-19-related and separable from our ordinary general and administrative expenses related to tenant defaults. We engaged counsel in connection with these issues separate and distinct from counsel we typically engage for tenant defaults. The amount reflects what we believe to be only those incremental legal costs above what we typically incur for tenant-related dispute issues. We may continue to incur these COVID-19 related legal costs in the future.

(4) Represents amounts related to deferred rent pursuant to lease negotiations which qualify for FASB relief for which rent was deferred but not reduced. These amounts are included in the straight-line rent receivable on our consolidated balance sheet but are considered to be earned revenue attributed to the current period for which rent was deferred for purposes of AFFO as they are expected to be collected. Accordingly, when the deferred amounts are collected, the amounts reduce AFFO. For rent abatements (including those qualified for FASB relief), where contractual rent has been reduced, the reduction in revenue is reflected over the remaining lease term for accounting purposes but represents a permanent reduction in revenue and we have, accordingly reduced our AFFO.

(5) In the nine months ended September 30, 2022, we recognized a gain of $2.3 million related to the change in fair value of an embedded derivative within the purchase and sale agreement of the CIM Portfolio Acquisition. We do not consider non-cash gains or losses for embedded derivative fair value adjustments to be capital in nature, nor do we consider them a part of recurring operations. Accordingly, such amounts are excluded for AFFO purposes. See Note 8 — *Derivatives and Hedging Activities* to our consolidated financial statements included in this Quarterly Report on Form 10-Q for more information.

(6) Includes expense related to the amortization of our restricted common shares and LTIP Units related to our multi-year outperformance agreements for all periods presented.

(7) We issued $500.0 million in Senior Notes in October 2021. The Senior Notes pay semiannual interest which we accrue interest over time for GAAP purposes. Accordingly, to better reflect our operating performance, beginning with the year ended December 31, 2021 and for all periods thereafter, we have elected to remove the impact of the change in accrued interest from the calculation of AFFO, which was previously included in this line item. The

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impact to AFFO for the removal of the change in accrued interest included in this line item for the three and nine months ended September 30, 2021 was an increase to AFFO of $428,000 and $968,000, respectively.

(8) Included in other income for the nine months ended September 30, 2022 was a gain of $0.9 million on prior liens incurred on our Prairie Towne property as a result of a settlement with the lien holder during the three months ended June 30, 2022. Management does not consider this gain to be part of our normal operating performance and has, accordingly, reduced our AFFO for this amount.

Net Operating Income

NOI is a non-GAAP financial measure used by us to evaluate the operating performance of our real estate. NOI is equal to total revenues, excluding contingent purchase price consideration, less property operating and maintenance expense. NOI excludes all other items of expense and income included in the financial statements in calculating net income (loss). We believe NOI provides useful and relevant information because it reflects only those income and expense items that are incurred at the property level and presents such items on an unleveraged basis. We use NOI to assess and compare property level performance and to make decisions concerning the operation of the properties. Further, we believe NOI is useful to investors as a performance measure because, when compared across periods, NOI reflects the impact on operations from trends in occupancy rates, rental rates, operating expenses and acquisition activity on an unleveraged basis, providing perspective not immediately apparent from net income (loss).

NOI excludes certain items included in calculating net income (loss) in order to provide results that are more closely related to a property's results of operations. For example, interest expense is not necessarily linked to the operating performance of a real estate asset. In addition, depreciation and amortization, because of historical cost accounting and useful life estimates, may distort operating performance at the property level. NOI presented by us may not be comparable to NOI reported by other REITs that define NOI differently. We believe that in order to facilitate a clear understanding of our operating results, NOI should be examined in conjunction with net income (loss) as presented in our consolidated financial statements. NOI should not be considered as an alternative to net income (loss) as an indication of our performance or to cash flows as a measure of our liquidity or ability to pay dividends.

The following table reflects the items deducted from or added to net loss attributable to common stockholders in our calculation of NOI for the three months ended September 30, 2022:

	Same Store		Acquisitions		Disposals			
(In thousands)	Single-Tenant	Multi-Tenant	Single-Tenant	Multi-Tenant	Single-Tenant	Multi-Tenant	Non-Property Specific	Total
Net income (loss) attributable to common stockholders (in accordance with GAAP)	$ 3,367	$ (21,666)	$ 1,686	$ (5,015)	$ 1,927	$ (587)	$ (36,178)	$ (56,466)
Asset management fees to related party	—	—	—	—	—	—	7,939	7,939
Impairment of real estate investments	2,390	25,624	—	2,032	—	—	—	30,046
Acquisition, transaction and other costs	13	44	—	42	—	—	111	210
Equity-based compensation	—	—	—	—	—	—	3,857	3,857
General and administrative	81	712	—	98	—	3	7,605	8,499
Depreciation and amortization	18,623	10,823	1,386	26,501	103	58	—	57,494
Interest expense	17,133	2,055	—	2,325	—	—	10,889	32,402
Gain on sale of real estate investments	(34)	—	—	—	(2,111)	537	—	(1,608)
Other income	(17)	(8)	—	—	—	—	—	(25)
Allocation for preferred stock	—	—	—	—	—	—	5,837	5,837
Net loss attributable to non-controlling interests	—	—	—	—	—	—	(60)	(60)
NOI	**$ 41,556**	**$ 17,584**	**$ 3,072**	**$ 25,983**	**$ (81)**	**$ 11**	**$ —**	**$ 88,125**

The following table reflects the items deducted from or added to net loss attributable to common stockholders in our calculation of NOI for the three months ended September 30, 2021:

	Same Store		Acquisitions		Disposals		Non-Property Specific	Total
(In thousands)	Single-Tenant	Multi-Tenant	Single-Tenant	Multi-Tenant	Single-Tenant	Multi-Tenant		
Net income (loss) attributable to common stockholders (in accordance with GAAP)	$ 5,475	$ 4,399	$ 690	$ —	$ 8,967	$ —	$ (25,938)	$ (6,407)
Asset management fees to related party	—	—	—	—	—	—	9,880	9,880
Impairment of real estate investments	320	—	—	—	4,233	—	—	4,553
Acquisition, transaction and other costs	1,203	2,212	—	—	—	—	11	3,426
Equity-based compensation	—	—	—	—	—	—	4,149	4,149
General and administrative	57	269	—	—	—	—	5,263	5,589
Depreciation and amortization	18,045	11,125	595	—	2,997	—	—	32,762
Interest expense	18,405	33	—	—	—	—	794	19,232
Gain on sale of real estate investments	—	—	—	—	(478)	—	—	(478)
Other income	(15)	(3)	—	—	—	—	—	(18)
Allocation for preferred stock	—	—	—	—	—	—	5,837	5,837
Net loss attributable to non-controlling interests	—	—	—	—	—	—	4	4
NOI	**$ 43,490**	**$ 18,035**	**$ 1,285**	**$ —**	**$ 15,719**	**$ —**	**$ —**	**$ 78,529**

The following table reflects the items deducted from or added to net loss attributable to common stockholders in our calculation of NOI for the nine months ended September 30, 2022:

	Same Store		Acquisitions		Disposals		Non-Property Specific	Total
(In thousands)	Single-Tenant	Multi-Tenant	Single-Tenant	Multi-Tenant	Single-Tenant	Multi-Tenant		
Net income (loss) attributable to common stockholders (in accordance with GAAP)	$ 13,090	$ (57,878)	$ 6,656	$ (2,103)	$ 70,755	$ (4,045)	$ (99,266)	$ (72,791)
Asset management fees to related party	—	—	—	—	—	—	24,061	24,061
Impairment of real estate investments	11,550	75,184	—	2,032	2,637	3,539	—	94,942
Acquisition, transaction and other costs	89	—	—	86	—	—	520	695
Equity-based compensation	—	—	—	—	—	—	10,878	10,878
General and administrative	224	786	—	616	5	10	22,081	23,722
Depreciation and amortization	52,739	32,965	5,393	49,549	775	334	—	141,755
Interest expense	51,032	3,603	—	3,317	—	—	26,519	84,471
Gain on sale of real estate investments	(37)	—	—	—	(69,115)	537	—	(68,615)
Other income	(51)	(936)	—	—	—	—	—	(987)
Gain on non-designated derivatives	—	—	—	—	—	—	(2,250)	(2,250)
Allocation for preferred stock	—	—	—	—	—	—	17,511	17,511
Net income attributable to non-controlling interests	—	—	—	—	—	—	(54)	(54)
NOI	**$ 128,636**	**$ 53,724**	**$ 12,049**	**$ 53,497**	**$ 5,057**	**$ 375**	**$ —**	**$ 253,338**

The following table reflects the items deducted from or added to net loss attributable to common stockholders in our calculation of NOI for the nine months ended September 30, 2021:

(In thousands)	Same Store Single-Tenant	Same Store Multi-Tenant	Acquisitions Single-Tenant	Acquisitions Multi-Tenant	Disposals Single-Tenant	Disposals Multi-Tenant	Non-Property Specific	Total
Net income (loss) attributable to common stockholders (in accordance with GAAP)	$ 18,470	$ 17,513	$ 2,104	$ —	$ 14,974	$ —	$ (76,283)	$ (23,222)
Asset management fees to related party	—	—	—	—	—	—	25,123	25,123
Impairment of real estate investments	321	—	—	—	4,324	—	—	4,645
Acquisition, transaction and other costs	1,230	2,212	—	—	—	—	162	3,604
Equity-based compensation	—	—	—	—	—	—	13,779	13,779
General and administrative	242	808	—	—	6	—	14,522	15,578
Depreciation and amortization	53,423	33,795	1,471	—	8,820	—	—	97,509
Interest expense	53,129	515	—	—	—	—	5,283	58,927
Gain on sale of real estate investments	—	—	—	—	(775)	—	—	(775)
Other income	(48)	(6)	—	—	(1)	—	(7)	(62)
Allocation for preferred stock	—	—	—	—	—	—	17,425	17,425
Net loss attributable to non-controlling interests	—	—	—	—	—	—	(4)	(4)
NOI	**$ 126,767**	**$ 54,837**	**$ 3,575**	**$ —**	**$ 27,348**	**$ —**	**$ —**	**$ 212,527**

Dividends and Distributions

We pay dividends on our Class A common stock, on a quarterly basis, at an annual rate of $0.85. The amount of dividends payable on our Class A common stock to our common stock holders is determined by our board of directors and is dependent on a number of factors, including funds available for dividends, our financial condition, provisions in our Credit Facility or other agreements that may restrict our ability to pay dividends, capital expenditure requirements, as applicable, requirements of Maryland law and annual distribution requirements needed to maintain our status as a REIT. We anticipate dividends will continue to be paid on a quarterly basis in arrears on the 15th day of the first month following the end of each fiscal quarter (unless otherwise specified) to Class A common stockholders of record on the record date for such payment.

Dividends on our Series A Preferred Stock accrue in an amount equal to $1.875 per share each year, which is equivalent to the rate of 7.50% of the $25.00 liquidation preference per share per annum. Dividends on the Series A Preferred Stock are payable quarterly in arrears on the 15th day of each of January, April, July and October of each year (or, if not a business day, the next succeeding business day) to holders of record on the applicable record date.

Dividends on our Series C Preferred Stock accrue in an amount equal to $1.844 per share each year, which is equivalent to the rate of 7.375% of the $25.00 liquidation preference per share per annum. Dividends on the Series C Preferred Stock are payable quarterly in arrears on the 15th day of each of January, April, July and October of each year (or, if not a business day, the next succeeding business day) to holders of record on the applicable record date. The first dividend for the Series C Preferred Stock was paid on April 15, 2021 and represented an accrual for more than a full quarter, covering the period from December 18, 2020 to March 31, 2021.

Our Credit Facility contains provisions restricting our ability to pay distributions, including paying cash dividends on equity securities (including the Series A Preferred Stock and Series C Preferred Stock). We are generally permitted to pay dividends on the Series A Preferred Stock, Series C Preferred Stock, and Class A common stock and other distributions for any fiscal quarter in an aggregate amount of up to 105% of annualized Modified Funds from Operations ("MFFO", as defined in the Credit Facility) for a look-back period of four consecutive fiscal quarters but only if, as of the last day of the period, after giving effect to the payment of those dividends and distributions, we are able to satisfy a maximum leverage ratio and maintain a combination of cash, cash equivalents and amounts available for future borrowings under the Credit Facility of not less than $60 million. If these conditions are not satisfied, the applicable threshold percentage of MFFO will be 95% instead of 105%. If applicable, during the continuance of an event of default under the Credit Facility, we may not pay dividends or other distributions in excess of the amount necessary for us to maintain our status as a REIT.

We may repurchase shares if we satisfy a maximum leverage ratio after giving effect to the repurchase and also have a combination of cash, cash equivalents and amounts available for future borrowings under the Credit Facility of not less than $40.0 million.

Notwithstanding the previous amendments, there is no assurance that the lenders will consent to any additional amendments to the Credit Facility that may become necessary to maintain compliance with the Credit Facility.

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During the three and nine months ended September 30, 2022, cash used to pay dividends on our Class A common stock, dividends on our Series A Preferred Stock, dividends on our Series C Preferred Stock, distributions on our LTIP Units and distributions for our limited partnership units that correspond to shares of our Class A common stock was generated from cash flows provided by operations. We have, in prior periods, funded dividends from other sources. If we need to identify financing sources other than operating cash flows to fund dividends at their current level, there can be no assurance that other sources will be available on favorable terms, or at all.

Complying with the restriction on the payment of dividends and other distributions in our Credit Facility may limit our ability to incur additional indebtedness and use cash that would otherwise be available to us. Funding dividends from borrowings restricts the amount we can borrow for property acquisitions and investments. Using proceeds from the sale of assets or the issuance of our Class A common stock, Series A Preferred Stock, Series C Preferred Stock or other equity securities to fund dividends rather than invest in assets will likewise reduce the amount available to invest. Funding dividends from the sale of additional securities could also dilute our stockholders.

The following table shows the sources for the payment of dividends to stockholders, including dividends on unvested restricted shares and other dividends and distributions for the periods indicated:

	Three Months Ended						Nine Months Ended September 30, 2022	
	March 31, 2022		June 30, 2022		September 30, 2022			
(In thousands)	Amount	Percentage of Dividends	Amount	Percentage of Dividends	Amount	Percentage of Dividends	Amount	Percentage of Dividends
Dividends and other cash distributions:								
Cash dividends paid to common stockholders	$ 26,677	81.5 %	$ 28,599	82.5 %	$ 28,331	81.8 %	$ 83,607	82.2 %
Cash dividends paid to Series A preferred stockholders	3,719	11.4 %	3,719	10.7 %	$ 3,719	10.7 %	11,157	11.0 %
Cash dividends paid to Series C preferred stockholders	2,118	6.5 %	2,118	6.1 %	$ 2,118	6.1 %	6,354	6.2 %
Cash distributions on LTIP Units	182	0.6 %	182	0.5 %	$ 181	0.5 %	545	0.5 %
Cash distributions on Class A Units	37	0.1 %	36	0.1 %	$ 37	0.1 %	110	0.1 %
Total dividends and other cash distributions paid	$ 32,733	100.0 %	$ 34,654	100.0 %	$ 34,386	100.0 %	$ 101,773	100.0 %
Source of dividend and other cash distributions coverage:								
Cash flows provided by operations [1]	$ 32,733	100.0 %	$ 34,654	100.0 %	$ 26,986	78.5 %	$ 101,773	100.0 %
Available cash on hand	—	— %	—	— %	7,400	21.5 %	—	— %
Total sources of dividend and other cash distributions coverage	$ 32,733	100.0 %	$ 34,654	100.0 %	$ 34,386	100.0 %	$ 101,773	100.0 %
Cash flows provided by operations (GAAP basis)	$ 45,103		$ 59,503		$ 26,986		$ 131,592	
Net income (loss) (in accordance with GAAP)	$ 45,835		$ (50,480)		$ (50,689)		$ (55,334)	

[1] Year-to-date totals do not equal the sum of the quarters. Each quarter and year-to-date period is evaluated separately for the purposes of this table.

Loan Obligations

The payment terms of certain of our mortgage loan obligations require principal and interest payments monthly, with all unpaid principal and interest due at maturity. Our loan agreements stipulate that we comply with specific reporting covenants. As of September 30, 2022, we were in compliance with the debt covenants under our loan agreements, including our Senior Notes and Credit Facility.

Election as a REIT

We elected to be taxed as a REIT under Sections 856 through 860 of the Internal Revenue Code of 1986, as amended (the "Code"), effective for our taxable year ended December 31, 2013. We believe that, commencing with such taxable year, we have been organized and have operated in a manner so that we qualify for taxation as a REIT under the Code. We intend to continue to operate in such a manner, but can provide no assurances that we will operate in a manner so as to remain qualified as a REIT. To continue to qualify for taxation as a REIT, we must distribute annually at least 90% of our REIT taxable income (which does not equal net income as calculated in accordance with GAAP), determined without regard for the deduction for dividends paid and excluding net capital gains, and must comply with a number of other organizational and operational requirements. If we continue to qualify for taxation as a REIT, we generally will not be subject to federal corporate income tax on the portion of our REIT taxable income that we distribute to our stockholders. Even if we qualify for taxation as a REIT, we may be subject to certain state and local taxes on our income and properties, as well as federal income and excise taxes on our undistributed income.

Inflation

We may be adversely impacted by inflation on the leases that do not contain indexed escalation provisions, or those leases which have escalations at rates which do not exceed or approximate current inflation rates. As of September 30, 2022, the increase to the 12-month CPI for all items, as published by the Bureau of Labor Statistics, was 8.2%. To help mitigate the adverse impact of inflation, approximately 63.9% of our leases with our tenants contain rent escalation provisions which increase the cash that is due under these leases over time by an average of 0.9% per year. These provisions generally increase rental rates during the terms of the leases either at fixed rates or indexed escalations (based on the Consumer Price Index or other measures). Approximately 61.6% are fixed-rate, 2.3% are based on the Consumer Price Index and 36.1% do not contain any escalation provisions.

In addition, we may be required to pay costs for maintenance and operation of properties which may adversely impact our results of operations due to potential increases in costs and operating expenses resulting from inflation. However, our net leases require the tenant to pay its allocable share of operating expenses, which may include common area maintenance costs, real estate taxes and insurance. This may reduce our exposure to increases in costs and operating expenses resulting from inflation. As the costs of general goods and services continue to rise, we may be adversely impacted by increases in general and administrative costs due to overall inflation.

Related-Party Transactions and Agreements

Please see *Note 11 — Related Party Transactions and Arrangements* to our consolidated financial statements in this Quarterly Report on Form 10-Q for a discussion of the various related party transactions, agreements and fees.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

There has been no material change in our exposure to market risk during the three months ended September 30, 2022. For a discussion of our exposure to market risk, refer to Item 7A, "Quantitative and Qualitative Disclosures about Market Risk," contained in our Annual Report on Form 10-K for the fiscal year ended December 31, 2021.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

In accordance with Rules 13a-15(b) and 15d-15(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), we, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, carried out an evaluation of the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) and Rule 15d-15(e) of the Exchange Act) as of the end of the period covered by this Quarterly Report on Form 10-Q and determined that our disclosure controls and procedures are effective.

Changes in Internal Control Over Financial Reporting

No change occurred in our internal control over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) of the Exchange Act) during the three months ended September 30, 2022 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

Item 1. Legal Proceedings.

Refer to "Litigation and Regulatory Matters" in Part I - Item 1 - *Note 10* - *Commitments and Contingencies,* in our accompanying Consolidated Financial Statements.

Item 1A. Risk Factors.

There have been no material changes to the risk factors disclosed in Part I, Item 1A, "Risk Factors" of our Annual Report on Form 10-K for the year ended December 31, 2021, and we direct your attention to those risk factors, other than those disclosed below:

Actual or threatened terrorist attacks and other acts of violence, civilian unrest or war may affect the markets in which we operate our business and our profitability.

We own properties in major metropolitan areas as well as densely populated sub-markets that are susceptible to terrorist attack or damage. Because many of our properties are open to the public, they are exposed to a number of incidents that may take place within or around their premises and that are beyond our control or ability to prevent. If an act of terror, a mass shooting or other violence were to occur, we may lose tenants or be forced to close one or more of our properties for some time. If any of these incidents were to occur, the relevant property could face material damage to its image and the revenues generated therefrom. In addition, we may be exposed to civil liability and be required to indemnify the victims, and our insurance premiums could rise in a material amount.

On February 24, 2022, Russian troops invaded Ukraine starting a military conflict, the length and breadth of which is highly unpredictable. Coupled with existing supply disruptions and changes in Federal Reserve policies on interest rates, this war has exacerbated, and may continue to exacerbate, inflation and significant volatility in commodity prices, credit and capital markets, as well as supply chain disruptions.

Additionally, the U.S., the European Union, and other countries, as well as other public and private actors and companies have imposed sanctions and other penalties on Russia including removing Russian-based financial institutions from the Society for Worldwide Interbank Financial Telecommunication payment system and restricted imports of Russian oil, liquefied natural gas and coal. The sanctions have caused supply disruptions in the oil and gas markets and could continue to cause significant increases in energy prices, which could have a material effect on inflation and may trigger a recession in the U.S. and Europe, among other areas.

These and other sanctions that may be imposed as well as the ongoing conflict could further adversely affect the global economy and financial markets and cause further instability negatively impacting liquidity in the capital markets and potentially making it more difficult for us to access additional debt or equity financing on attractive terms in the future.

The United States government has warned of the potential risk of Russian cyberattacks, which may create market volatility and economic uncertainty particularly if these attacks occur and spread to a broad array of countries and networks.

In addition, any actual or threatened terrorist activity or violent criminal acts, including terrorist acts against public institutions or buildings or modes of public transportation (including airlines, trains or buses) could have a negative effect on our business, the value of our properties and our results of operations. More generally, any terrorist attack, other act of violence or war, including armed conflicts, could result in increased volatility in, or damage to, the worldwide financial markets and economy, including demand for properties and availability of financing. Increased economic volatility could adversely affect our tenants' abilities to conduct their operations profitably or our ability to access capital markets.

Certain provisions in our bylaws and agreements may deter, delay or prevent a change in our control.

Provisions contained in our bylaws may deter, delay or prevent a change in control of our board of directors, including, for example, provisions requiring qualifications for an individual to serve as a director and a requirement that certain of our directors be "Managing Directors" and other directors be "Independent Directors", as defined in our governing documents. As changes occur in the marketplace for corporate governance policies, the provisions may change, be removed or new ones may be added.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

Recent Sale of Unregistered Equity Securities

There were no sales of unregistered equity securities by the Company and affiliated purchasers during the three months ended September 30, 2022.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

There were no purchases of equity securities by the Company and affiliated purchasers during the three months ended September 30, 2022.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

None.

Item 6. Exhibits.

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EXHIBITS INDEX

The following exhibits are included, or incorporated by reference, in this Quarterly Report on Form 10-Q for the quarter ended September 30, 2022 (and are numbered in accordance with Item 601 of Regulation S-K).

Exhibit No.	Description
3.1 (1)	Articles of Restatement
3.2 (2)	Articles Supplementary relating to reclassification of common stock, classification of additional shares of 7.375% Series C Cumulative Redeemable Perpetual Preferred Stock, $0.01 par value per share, and classification of additional shares of 7.50% Series A Cumulative Redeemable Perpetual Preferred Stock, par value $0.01 per share, filed on January 13, 2021.
3.3 (4)	Fifth Amended and Restated Bylaws
3.4 (6)	Amendment to Fifth Amended and Restated Bylaws
3.5 (3)	Articles of Amendment to the Articles of Restatement of American Finance Trust, Inc. as filed with the State Department of Assessments and Taxation of Maryland on February 10, 2022
10.1 (5)	Form of Property Management Agreement by and between Necessity Retail Properties, LLC and certain subsidiaries of The Necessity Retail REIT Operating Partnership, L.P.
10.2 (7)	Ninth Amendment to Agreement of Purchase and Sale, dated July 26, 2022, by and between the Sellers identified therein and The Necessity Retail REIT Operating Partnership
10.3 (8)	Amendment No. 3, dated as of August 8, 2022, by and among The Necessity Retail REIT, Inc., The Necessity Retail REIT Operating Partnership, L.P. and BMO Capital Markets Corp., B. Riley Securities, Inc., Capital One Securities, Inc., Comerica Securities, Inc., Credit Suisse Securities (USA) LLC, JMP Securities LLC, KeyBanc Capital Markets Inc., Ladenburg Thalmann & Co. Inc., SG Americas Securities, LLC, Synovus Securities, Inc. and Truist Securities, Inc. (Class A Common Stock)
31.1 *	Certification of the Principal Executive Officer of the Company pursuant to Securities Exchange Act Rule 13a-14(a) or 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2 *	Certification of the Principal Financial Officer of the Company pursuant to Securities Exchange Act Rule 13a-14(a) or 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32 *	Written statements of the Principal Executive Officer and Principal Financial Officer of the Company pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS *	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH *	Inline XBRL Taxonomy Extension Schema Document.
101.CAL *	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF *	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB *	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE *	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104 *	Cover Page Interactive Data File - the cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.

* Filed herewith.

(1) Filed as an exhibit to our Annual Report on Form 10-K for the year ended December 31, 2020 filed with the SEC on February 25, 2021 and incorporated herein by reference.

(2) Filed as an exhibit to our Current Report on Form 8-K filed with the SEC on January 13, 2021 and incorporated herein by reference.

(3) Filed as an exhibit to our Current Report on Form 8-K filed with the SEC on February 14, 2022 and incorporated herein by reference.

(4) Filed as an exhibit to our Annual Report on Form 10-K for the year ended December 31, 2021 filed with the SEC on February 24, 2022 and incorporated herein by reference.

(5) Filed as an exhibit to our Current Report on Form 8-K filed with the SEC on April 25, 2022 and incorporated herein by reference.

(6) Filed as an exhibit to our Current Report on Form 8-K filed with the SEC on July 19, 2022 and incorporated herein by reference.

(7) Filed as an exhibit to our Quarterly Report on Form 10-Q for the quarter ended June 30, 2022 filed with the SEC on August 4, 2022 and incorporated herein by reference.

(8) Filed as an exhibit to our Current Report on Form 8-K filed with the SEC on August 8, 2022 and incorporated herein by reference.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

The Necessity Retail REIT, Inc.

By: /s/ Edward M. Weil, Jr.

Edward M. Weil, Jr.
Chief Executive Officer and President
(Principal Executive Officer)

By: /s/ Jason F. Doyle

Jason F. Doyle
Chief Financial Officer, Treasurer and Secretary
(Principal Financial Officer and Principal Accounting Officer)

Dated: November 3, 2022

Exhibit 31.1

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

I, Edward M. Weil, Jr., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of The Necessity Retail REIT, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated this 3rd day of November, 2022

/s/ Edward M. Weil, Jr.

Edward M. Weil, Jr.
Chief Executive Officer and President
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

I, Jason F. Doyle, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of The Necessity Retail REIT, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated this 3rd day of November, 2022	/s/ Jason F. Doyle
	Jason F. Doyle Chief Financial Officer, Treasurer and Secretary (Principal Financial Officer and Principal Accounting Officer)

Exhibit 32

SECTION 1350 CERTIFICATIONS

This Certificate is being delivered pursuant to the requirements of Section 1350 of Chapter 63 (Mail Fraud) of Title 18 (Crimes and Criminal Procedures) of the United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

The undersigned, who are the Chief Executive Officer and Chief Financial Officer of The Necessity Retail REIT, Inc. (the “Company”), each hereby certify as follows:

The Quarterly Report on Form 10-Q of the Company, which accompanies this Certificate, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and all information contained in this quarterly report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated this 3rd day of November, 2022

/s/ Edward M. Weil, Jr.

Edward M. Weil, Jr.
Chief Executive Officer and President
(Principal Executive Officer)

/s/ Jason F. Doyle

Jason F. Doyle

Chief Financial Officer, Treasurer and Secretary

(Principal Financial Officer and Principal Accounting Officer)