REFINITIV

DELTA REPORT

10-Q

NET LEASE OFFICE PROPERTI

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	1981
CHANGES	147
DELETIONS	909
ADDITIONS	925

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

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

FORM 10-Q

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

For the quarterly period ended September 30, 2023 March 31, 2024

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: 001-41812

NLOP_Logo_Color.jpg

Net Lease Office Properties
(Exact name of registrant as specified in its charter)

Maryland	**92-0887849**
(State of incorporation)	(I.R.S. Employer Identification No.)
One Manhattan West, 395 9th Avenue, 58th Floor	
New York, New York	**10001**
(Address of principal executive offices)	(Zip Code)

Investor Relations (212) 492-1140
(844) 656-7348
(Registrant's telephone numbers, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Shares of Beneficial Interest, par value $0.001 per share	NLOP	New York Stock Exchange

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	☑		

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

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 ☑

Registrant has 14,620,919 14,785,118 common shares of beneficial interest, $0.001 par value, outstanding at November 13, 2023 May 3, 2024.

EXPLANATORY NOTE

This quarterly report of Net Lease Office Properties (the "Company", "NLOP", "we" or "us") includes the financial statements of the Company, as of and for the nine months ended September 30, 2023, and the Company's predecessor, Net Lease Office Properties Predecessor ("NLOP Predecessor," as defined below), as of and for the three and nine months ended September 30, 2023 and 2022. NLOP had no operating activity for the three months ended September 30, 2023 and, therefore, no activity is presented for that period.

On November 1, 2023, W. P. Carey Inc. ("WPC") completed the spin-off (the "Spin-Off") of NLOP, pursuant to which WPC contributed 59 office properties to the Company. The Spin-Off was effected pursuant to the Separation and Distribution Agreement, dated October 31, 2023 (the "Separation and Distribution Agreement"), between the Company and WPC, as further described in the Information Statement (defined below). "NLOP Predecessor" means the combination of entities under common control that have been "carved-out" of WPC's consolidated financial statements and presented on a combined basis.

The Spin-Off is more fully described in the preliminary information statement included as Exhibit 99.1 to the Company's Registration Statement on Form 10 (File No. 001-41812) (the "Form 10") filed with the U.S. Securities and Exchange Commission (the "SEC") on October 4, 2023, the final version of which was included as Exhibit 99.1 to the Current Report on Form 8-K/A filed with the SEC on October 11, 2023 (the "Information Statement"). The Spin-Off became effective at 5:01 p.m., Eastern Time, on November 1, 2023.

Following the Spin-Off, the Company became an independent publicly traded company and intends to qualify and elect to be taxed as a real estate investment trust ("REIT") under Sections 856 through 860 of the Internal Revenue Code of 1986, as amended (the "Code"), commencing with the Company's initial taxable year ending December 31, 2023. The Company's common shares trade on the New York Stock Exchange under the symbol "NLOP".

The financial statements of the Company covered in this report present the financial condition of the Company as of September 30, 2023, which is prior to the Spin-Off. Therefore, the discussion of the Company's results of operations, cash flows and financial condition set forth in this report is not necessarily indicative of the future results of operations, cash flows or financial condition of the Company as an independent, publicly traded company. Moreover, the combined financial statements for NLOP Predecessor are not necessarily indicative of the Company's results of operations, cash flows or financial position following the completion of the Spin-Off. For more information regarding the risks related to our business, refer to risk factors contained in the Form 10.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

INDEX

Forward-Looking Statements

This Quarterly Report on Form 10-Q (this "Report"), including Management's Discussion and Analysis of Financial Condition and Results of Operations in Item 2 of Part I of this Report, contains forward-looking statements within the meaning of the federal securities laws. These forward-

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

looking statements generally are identified by the words “believe,” “project,” “expect,” “anticipate,” “estimate,” “intend,” “strategy,” “plan,” “may,” “should,” “will,” “would,” “will be,” “will continue,” “will likely result,” and similar expressions. These forward-looking statements include, but are not limited to, statements regarding: our corporate strategy and estimated or future economic performance and results, including our expectations surrounding the impact of the broader macroeconomic environment and the ability of tenants to pay rent, financial condition, liquidity, results of operations, and prospects; our future capital expenditure and leverage levels, debt service obligations, and plans to fund our liquidity needs, including our ability to sell or dispose of properties; prospective statements regarding our access to the capital markets; statements that we make regarding our ability to remain qualified for taxation as a real estate investment trust (“REIT”); and the impact of recently issued accounting pronouncements and regulatory activity.

These statements are based on the current expectations of our management. It is important to note that our actual results could be materially different from those projected in such forward-looking statements. There are a number of risks and uncertainties that could cause actual results to differ materially from these forward-looking statements. Other unknown or unpredictable risks or uncertainties, like the risks related to inflation and increased interest rates, the effects of pandemics and global outbreaks of contagious diseases, (such as the COVID-19 pandemic) and domestic or geopolitical crises, such as terrorism, military conflict, war or the perception that hostilities may be imminent, political instability or civil unrest, or other conflict, could also have material adverse effects on our business, financial condition, liquidity, results of operations, and prospects. You should exercise caution in relying on forward-looking statements as they involve known and unknown risks, uncertainties, and other factors that may materially affect our future results, performance, achievements, or transactions. Information on factors that could impact actual results and cause them to differ from what is anticipated in the forward-looking statements contained herein is included in this Report, as well as in our other filings with the SEC, Securities and Exchange Commission (“SEC”), including but not limited to risk factors contained those described in Part I, Item 1A. Risk Factors in our Annual Report on Form 10. 10-K for the year ended December 31, 2023, as filed with the SEC on March 6, 2024 (the “2023 Annual Report”). Moreover, because we operate in a very competitive and rapidly changing environment, new risks are likely to emerge from time to time. Given these risks and uncertainties, potential investors are cautioned not to place undue reliance on these forward-looking statements as a prediction of future results, which speak only as of the date of this Report, unless noted otherwise. Except as required by federal securities laws and the rules and regulations of the SEC, we do not undertake to revise or update any forward-looking statements.

All references to “Notes” throughout the document refer to the footnotes to the consolidated and/or combined financial statements of the registrant in Part I, Item 1. Financial Statements (Unaudited).

PART I — FINANCIAL INFORMATION

Item 1. Financial Statements.

NET LEASE OFFICE PROPERTIES
CONSOLIDATED BALANCE SHEETS (UNAUDITED)

	September 30, 2023	December 31, 2022
Assets		
Cash	$ 1	$ 1
Other assets	64	—
Total assets	$ 65	$ 1
Liabilities and Equity		
Equity		
Common shares, $0.001 par value, 1,000 shares authorized; 1,000 shares issued and outstanding	$ 1	$ 1
Additional paid-in capital	303	—
Accumulated deficit	(239)	—
Total equity	$ 65	$ 1

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

(in thousands, except share and per share amounts)

	March 31, 2024	December 31, 2023
Assets		
Investments in real estate:		
Land, buildings and improvements	$ 1,139,227	$ 1,203,991
Net investments in finance leases	—	10,522
In-place lease intangible assets and other	345,665	357,788
Above-market rent intangible assets	57,483	57,954
Investments in real estate	1,542,375	1,630,255
Accumulated depreciation and amortization	(457,349)	(458,430)
Net investments in real estate	1,085,026	1,171,825
Restricted cash	48,593	51,560
Cash and cash equivalents	39,753	16,269
Other assets, net	58,427	65,435
Total assets	$ 1,231,799	$ 1,305,089
Liabilities and Equity		
Debt:		
NLOP Mortgage Loan, net	$ 259,807	$ 266,844
NLOP Mezzanine Loan, net	108,038	106,299
Non-recourse mortgages, net	147,328	168,836
Debt, net	515,173	541,979
Accounts payable, accrued expenses and other liabilities	52,471	59,527
Below-market rent intangible liabilities, net	9,202	10,643
Deferred income taxes	3,346	10,450
Dividends payable	—	1,060
Total liabilities	580,192	623,659
Commitments and contingencies (Note 10)		
Preferred stock, $0.001 par value, 5,000,000 shares authorized; none issued	—	—
Common stock, $0.001 par value, 45,000,000 shares authorized; 14,785,118 and 14,620,919 shares, respectively, issued and outstanding	15	15
Additional paid-in capital	855,641	855,554
Distributions in excess of accumulated earnings	(170,813)	(142,960)
Accumulated other comprehensive loss	(37,618)	(35,600)
Total shareholders' equity	647,225	677,009
Noncontrolling interests	4,382	4,421
Total equity	651,607	681,430
Total liabilities and equity	$ 1,231,799	$ 1,305,089

See accompanying notes Notes to the financial statements. Consolidated Financial Statements.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

NET LEASE OFFICE PROPERTIES

STATEMENT CONSOLIDATED STATEMENTS OF LOSS OPERATIONS (UNAUDITED)

(in thousands, except share and per share amounts)

	Nine Months Ended September 30, 2023
Revenues	$ —
Other expenses	(239)
Net Loss	$ (239)
Basic Earnings (Loss) Per Share	$ (0.24)
Diluted Earnings (Loss) Per Share	$ (0.24)
Weighted-Average Shares Outstanding	
Basic	1,000
Diluted	1,000

	Three Months Ended March 31,	
	2024	2023
Revenues		
Lease revenues	$ 38,314	$ 41,439
Income from finance leases	89	442
Other lease-related income	5,604	783
	44,007	42,664
Operating Expenses		
Depreciation and amortization	17,970	17,738
Reimbursable tenant costs	6,200	6,829
Impairment charges — real estate	4,065	—
Property expenses, excluding reimbursable tenant costs	2,251	2,071
General and administrative	1,901	3,428
Asset management fees	1,804	—
Separation and distribution related costs and other	16	590
	34,207	30,656
Other Income and Expenses		
Interest expense	(20,800)	(7,822)
Loss on sale of real estate, net	(15,776)	—
Other gains and (losses)	(821)	12
	(37,397)	(7,810)
(Loss) income before income taxes	(27,597)	4,198
Provision for income taxes	(224)	(437)
Net (Loss) Income	(27,821)	3,761

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

Net income attributable to noncontrolling interests	(21)	(18)
Net (Loss) Income Attributable to NLOP	$ (27,842)	$ 3,743
Basic and Diluted (Loss) Earnings Per Share	$ (1.88)	$ 0.26
Weighted-Average Shares Outstanding		
Basic and Diluted	14,785,118	14,620,919

See accompanying notes Notes to the financial statements. Consolidated Financial Statements.

NET LEASE OFFICE PROPERTIES

STATEMENT CONSOLIDATED STATEMENTS OF EQUITY COMPREHENSIVE (LOSS) INCOME (UNAUDITED)

	Common Shares (Shares)	*Common Shares (Amount)*	*Additional Paid-in capital*	*Accumulated Deficit*	*Total Shareholder's Equity*
Balance at January 1, 2023	*1,000*	*$ 1*	*$ —*	*$ —*	*$ 1*
Contribution			*303*		*303*
Net loss				*(239)*	*(239)*
Balance at September 30, 2023	*1,000*	*$ 1*	*$ 303*	*$ (239)*	*$ 65*

(in thousands)

	Three Months Ended March 31,	
	2024	**2023**
Net (Loss) Income	$ (27,821)	$ 3,761
Other Comprehensive (Loss) Income		
Foreign currency translation adjustments	(2,230)	131
Unrealized gain on derivative instruments	212	—
	(2,018)	131
Comprehensive (Loss) Income	(29,839)	3,892
Amounts Attributable to Noncontrolling Interests		
Net income	(21)	(18)
Comprehensive income attributable to noncontrolling interests	(21)	(18)
Comprehensive (Loss) Income Attributable to NLOP	$ (29,860)	$ 3,874

See accompanying notes Notes to the financial statements. Consolidated Financial Statements.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

NET LEASE OFFICE PROPERTIES

STATEMENT CONSOLIDATED STATEMENTS OF CASH FLOWS EQUITY (UNAUDITED)

	Nine Months Ended September 30, 2023
Cash Flows — Operating Activities	
Net loss	*$ (239)*
Net changes in other operating assets and liabilities	*(64)*
Net Cash Used in Operating Activities	*(303)*
Cash Flows — Financing Activities	
Contribution	*303*
Net Cash Provided by Financing Activities	*303*
Change in Cash During the Period	
Effect of exchange rate changes on cash	*—*
Net increase in cash	*—*
Cash, beginning of period	*1*
Cash, end of period	*$ 1*

(in thousands, except share amounts)

	Common Stock $0.001 Par Value Shares	Common Stock $0.001 Par Value Amount	Additional Paid-In Capital	Distributions in Excess of Accumulated Earnings	Accumulated Other Comprehensive Loss	Total Shareholders' Equity	Noncontrolling Interests	Total Equity
Balance at January 1, 2024	14,620,919	$ 15	$ 855,554	$ (142,960)	$ (35,600)	$ 677,009	$ 4,421	$ 681,430
Net income				(27,842)		(27,842)	21	(27,821)
Shares issued	164,199	—	12	(11)		1		1
Amortization of stock-based compensation expense			75			75		75
Distributions to noncontrolling interests						—	(60)	(60)
Other comprehensive loss:								
Foreign currency translation adjustments					(2,230)	(2,230)		(2,230)
Unrealized gain on derivative instruments					212	212		212
Balance at March 31, 2024	14,785,118	$ 15	$ 855,641	$ (170,813)	$ (37,618)	$ 647,225	$ 4,382	$ 651,607

	Accumulated Other Comprehensive Loss	Net Parent Investment	Total Shareholders' Equity	Noncontrolling Interests	Total Equity
Balance at January 1, 2023	$ (42,464)	$ 1,150,240	$ 1,107,776	$ 1,743	$ 1,109,519
Net income		3,743	3,743	18	3,761
Net transfers from parent		(17,375)	(17,375)		(17,375)
Contributions from noncontrolling interests			—	2,840	2,840
Other comprehensive income:					
Foreign currency translation adjustments	131		131		131

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

Balance at March 31, 2023	$ (42,333)	$ 1,136,608	$ 1,094,275	$ 4,601	$ 1,098,876

See accompanying notes Notes to the financial statements. Consolidated Financial Statements.

NET LEASE OFFICE PROPERTIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
(in thousands)

	Three Months Ended March 31,	
	2024	**2023**
Cash Flows — Operating Activities		
Net (loss) income	$ (27,821)	$ 3,761
Adjustments to net (loss) income:		
Depreciation and amortization, including intangible assets and deferred financing costs	24,388	18,171
Loss on sale of real estate, net	15,776	—
Impairment charges — real estate	4,065	—
Amortization of rent-related intangibles and deferred rental revenue	(3,637)	976
Net realized and unrealized losses on extinguishment of debt, foreign currency exchange rate movements, and other	1,342	238
Straight-line rent adjustments	777	(690)
Deferred income tax benefit	(123)	(411)
Stock-based compensation expense	75	775
Proceeds from sales of net investments in sales-type leases	10,392	—
Net changes in other operating assets and liabilities	1,159	(2,361)
Net Cash Provided by Operating Activities	26,393	20,459
Cash Flows — Investing Activities		
Proceeds from sales of real estate	32,423	—
Funding for real estate construction, redevelopments, and other capital expenditures on real estate	(5,666)	(236)
Net Cash Provided by (Used in) Investing Activities	26,757	(236)
Cash Flows — Financing Activities		
Payments of mortgage principal and other debt instruments	(30,916)	(5,134)
Distributions paid	(1,071)	—
Distributions to noncontrolling interests	(60)	—
Other financing activities, net	10	—
Net transfers with Parent	—	(14,889)
Contributions from noncontrolling interests	—	2,840
Net Cash Used in Financing Activities	(32,037)	(17,183)

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

Change in Cash and Cash Equivalents and Restricted Cash During the Period		
Effect of exchange rate changes on cash and cash equivalents and restricted cash	(596)	(59)
Net increase in cash and cash equivalents and restricted cash	20,517	2,981
Cash and cash equivalents and restricted cash, beginning of period	67,829	5,998
Cash and cash equivalents and restricted cash, end of period	$ 88,346	$ 8,979

See Notes to Consolidated Financial Statements.

NET LEASE OFFICE PROPERTIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

Note 1. Organization Business and Description Organization

Pursuant to the terms of Business
Net Lease Office Properties ("NLOP" or the "Company") was formed in the state of Maryland on October 21, 2022. As of September 30, 2023, the Company was a wholly-owned subsidiary of separation and distribution agreement, W. P. Carey Inc. ("WPC").

In September 2023, WPC announced spun off a plan to spin off portfolio of 59 of its office properties assets into NLOP, so that it would become a separate publicly-traded REIT company (the "Spin-Off"). To accomplish this Spin-Off, WPC formed a Maryland real estate investment trust, Net Lease Office Properties ("NLOP"), on October 21, 2022, to own the 59 office assets. Information with respect to number of properties and square footage is unaudited.

On November 1, 2023, WPC completed the Spin-Off, contributing 59 office properties to NLOP. Following the closing of the Spin-Off, NLOP operates as a separate publicly-traded REIT, which real estate investment trust ("REIT"), and certain wholly-owned affiliates of WPC (our "Advisor") externally manages manage NLOP pursuant to certain advisory agreements (the "NLOP Advisory Agreements") (Note 4). The Spin-Off was accomplished via a pro rata dividend of 1 NLOP common share for every 15 shares of WPC common stock outstanding.

The Company NLOP intends to qualify and elect to be taxed as a REIT under Sections 856 through 860 of the Internal Revenue Code, commencing with the Company's initial taxable year ending ended December 31, 2023. As a REIT, NLOP will not be subject to federal income taxes on income and gains that NLOP distributes to its shareholders as long as it satisfies certain requirements, principally relating to the nature of the Company's income and the level of its distributions, as well as other factors. NLOP also owns real property in jurisdictions outside the United States through foreign subsidiaries and will be subject to income taxes on the Company's pre-tax income earned from properties in such countries.

WPC is considered the accounting predecessor NLOP operates as one segment, and through its subsidiaries, owns, operates, and finances office buildings. As of the Company. Through September 30, 2023 March 31, 2024, NLOP had not conducted any business as NLOP's portfolio was comprised of full or partial ownership interests in 53 properties, net leased to 55 corporate tenants, totaling approximately 8.6 million leasable square feet (including 0.6 million of operating square footage for a separate company other than start-up related activities. parking garage at a domestic property), with a weighted-average lease term of 5.7 years.

Note 2. Summary of Significant Accounting Policies

The financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") as set forth within the Financial Accounting Standards Board's Accounting Standards Codification. In the opinion of management, the unaudited financial information for the interim periods presented in this Report reflects all normal and recurring adjustments necessary for a fair presentation of financial position, results of operations, and cash flows.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

The Company was capitalized with the issuance of 1,000 common shares to WPC ($0.001 par value per share) for a total of $1 on November 7, 2022. During the nine months ended September 30, 2023, the Company received a contribution of $303 from WPC.

Organizational Costs

Organizational costs are expensed as incurred. Such costs are comprised of the legal and professional fees associated with the Company.

Note 3. Transactions with Related Parties

Upon closing of the Spin-Off on November 1, 2023, NLOP is externally managed by wholly-owned affiliates of WPC pursuant to the NLOP Advisory Agreements (Note 4).

Note 4. Subsequent Events

Spin-Off

On November 1, 2023, WPC completed the Spin-Off of 59 office properties into NLOP, subject to the conditions set forth in the Separation and Distribution Agreement. The Spin-Off was accomplished via a pro rata dividend of 1 NLOP common share for every 15 shares of WPC common stock outstanding, resulting in a distribution of an aggregate of 14,620,919 NLOP common shares. Following the closing of the Spin-Off, NLOP operates as a separate publicly-traded REIT, for which wholly-owned subsidiaries of WPC serve as advisors pursuant to the NLOP Advisory Agreements executed in connection with the Spin-Off, as described below in further detail.

Pursuant to the NLOP Advisory Agreements, which WPC and NLOP entered into on November 1, 2023, WPC provides NLOP with strategic management services, including asset management, property disposition support, and various related services. NLOP will pay WPC an asset management fee of approximately $7.5 million annually, which will be proportionately reduced following the disposition of a portfolio property. In addition, NLOP will reimburse WPC a base administrative amount of approximately $4.0 million annually, for certain administrative services, including day-to-day management services, investor relations, accounting, tax, legal, and other administrative matters.

On October 31, 2023, WPC and NLOP entered into a Separation and Distribution Agreement, which set forth the various individual transactions to be consummated that comprised the separation and the distribution, including the assets transferred to and liabilities assumed by NLOP.

On October 31, 2023, WPC and NLOP also entered into a Tax Matters Agreement, which governs the respective rights, responsibilities, and obligations of WPC and NLOP after the Spin-Off, with respect to tax liabilities and benefits, the preparation and filing of tax returns, the control of audits and other tax proceedings, tax covenants, tax indemnification, cooperation, and information sharing.

Following the closing of the Spin-Off, NLOP owns 59 properties totaling approximately 9.3 million leasable square feet (including 0.6 million of operating square footage for a parking garage at a domestic property) primarily leased to corporate tenants on a single-tenant net lease basis. The vast majority of the Company’s office properties are located in the United States, with the balance in Europe. NLOP’s portfolio consists of 62 corporate tenants operating in a variety of industries.

On September 20, 2023, in connection with the proposed Spin-Off (Note 1), certain wholly-owned subsidiaries of NLOP entered into financing arrangements for which funding was subject to certain conditions (including the closing of the Spin-Off), including (i) a $335.0 million senior secured mortgage loan maturing on November 9, 2025 (the “NLOP Mortgage Loan”) and (ii) a $120.0 million mezzanine loan facility maturing on November 9, 2028 (the “NLOP Mezzanine Loan” and, together with the NLOP Mortgage Loan, the “NLOP Financing Arrangements”). At that time, NLOP was a wholly-owned subsidiary of WPC.

The funding of the NLOP Financing Arrangements also occurred on November 1, 2023. NLOP borrowed an aggregate of $455.0 million and each of the NLOP Mortgage Loan and the NLOP Mezzanine Loan was fully drawn. Approximately $350.0 million of the proceeds from the financing (net of

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

transaction expenses) was transferred to WPC in connection with the Spin-Off.

The NLOP Mortgage Loan bears interest at an annual rate of one-month forward-looking term rate based on the Secured Overnight Financing Rate ("SOFR") (the "Term SOFR" rate), subject to a floor of 3.85%, plus 5.0%. In addition, NLOP entered into an interest rate cap agreement at a strike rate of 5.35% under the terms set forth under the NLOP Mortgage Loan. The NLOP Mezzanine Loan bears interest at an annual rate of 14.5% (10.0% of which is required to be paid current on a monthly basis, and 4.5% of which is a payment-in-kind accrual, on a quarterly basis).

NET LEASE OFFICE PROPERTIES PREDECESSOR
COMBINED BALANCE SHEETS (UNAUDITED)
(in thousands)

	September 30, 2023	December 31, 2022
Assets		
Investments in real estate:		
Land, buildings and improvements	$ 1,300,956	$ 1,287,547
Net investments in direct finance leases	—	14,728
In-place lease intangible assets and other	374,565	375,453
Above-market rent intangible assets	58,642	58,983
Investments in real estate	1,734,163	1,736,711
Accumulated depreciation and amortization	(449,032)	(392,025)
Net investments in real estate	1,285,131	1,344,686
Cash and cash equivalents	5,083	4,671
Other assets, net	66,061	49,261
Goodwill	62,648	63,583
Total assets	$ 1,418,923	$ 1,462,201
Liabilities and Equity		
Non-recourse mortgages, net	$ 166,715	$ 174,289
Parent debt	94,270	101,774
Accounts payable, accrued expenses and other liabilities	47,301	49,950
Below-market rent intangible liabilities, net	12,178	14,671
Deferred income taxes	10,310	11,998
Total liabilities	330,774	352,682
Commitments and contingencies (Note 8)		
Equity		
Net parent investment	1,125,079	1,150,240
Accumulated other comprehensive loss	(41,525)	(42,464)
Total shareholders' equity	1,083,554	1,107,776
Noncontrolling interests	4,595	1,743
Total equity	1,088,149	1,109,519
Total liabilities and equity	$ 1,418,923	$ 1,462,201

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

See Notes to Combined Financial Statements.

NET LEASE OFFICE PROPERTIES PREDECESSOR
COMBINED STATEMENTS OF INCOME (UNAUDITED)
(in thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Revenues				
Lease revenues	$ 41,977	$ 39,137	$ 124,972	$ 109,833
Income from direct finance leases	294	436	1,175	1,301
Other lease-related income	835	728	2,424	2,481
	43,106	40,301	128,571	113,615
Operating Expenses				
Depreciation and amortization	17,785	16,540	53,226	45,467
Reimbursable tenant costs	7,091	6,217	20,831	17,289
General and administrative	3,435	3,330	10,034	8,741
Property expenses, excluding reimbursable tenant costs	2,352	1,780	6,479	5,640
Separation and distribution related costs and other	1,343	3,719	2,882	4,037
	32,006	31,586	93,452	81,174
Other Income and Expenses				
Interest expense	(8,053)	(7,638)	(24,433)	(18,228)
Other gains and (losses)	(25)	(3)	26	(11)
	(8,078)	(7,641)	(24,407)	(18,239)
Income before income taxes	3,022	1,074	10,712	14,202
Provision for income taxes	(232)	(1)	(303)	(480)
Net Income	2,790	1,073	10,409	13,722
Net (income) loss attributable to noncontrolling interests	(26)	7	(77)	7
Net Income Attributable to NLOP Predecessor	$ 2,764	$ 1,080	$ 10,332	$ 13,729

See Notes to Combined Financial Statements.

NET LEASE OFFICE PROPERTIES PREDECESSOR

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

COMBINED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

(in thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Net Income	$ 2,790	$ 1,073	$ 10,409	$ 13,722
Other Comprehensive Income (Loss)				
Foreign currency translation adjustments	1,282	(739)	939	(1,245)
	1,282	(739)	939	(1,245)
Comprehensive Income	4,072	334	11,348	12,477
Amounts Attributable to Noncontrolling Interests				
Net (income) loss	(26)	7	(77)	7
Comprehensive (income) loss attributable to noncontrolling interests	(26)	7	(77)	7
Comprehensive Income Attributable to NLOP Predecessor	$ 4,046	$ 341	$ 11,271	$ 12,484

See Notes to Combined Financial Statements.

NET LEASE OFFICE PROPERTIES PREDECESSOR
COMBINED STATEMENTS OF EQUITY (UNAUDITED)

(in thousands)

	Net Parent Investment	Accumulated Other Comprehensive Loss	Total Shareholders' Equity	Noncontrolling Interests	Total Equity
Balance at July 1, 2023	$ 1,121,578	$ (42,807)	$ 1,078,771	$ 4,634	$ 1,083,405
Net income	2,764		2,764	26	2,790
Net transfers from parent	737		737		737
Distributions to noncontrolling interests			—	(65)	(65)
Other comprehensive income:					
Foreign currency translation adjustments		1,282	1,282		1,282
Balance at September 30, 2023	$ 1,125,079	$ (41,525)	$ 1,083,554	$ 4,595	$ 1,088,149

	Net Parent Investment	Accumulated Other Comprehensive Loss	Total Shareholders' Equity	Noncontrolling Interests	Total Equity
Balance at July 1, 2022	$ 1,071,342	$ (41,737)	$ 1,029,605	$ —	$ 1,029,605
Net income	1,080		1,080	(7)	1,073
Net transfers from parent	55,927		55,927		55,927

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

Acquisition of noncontrolling interest in connection with the CPA:18 Merger			—	1,742	1,742
Other comprehensive loss:					
Foreign currency translation adjustments		(739)	(739)		(739)
Balance at September 30, 2022	$ 1,128,349	$ (42,476)	$ 1,085,873	$ 1,735	$ 1,087,608

(Continued)

NET LEASE OFFICE PROPERTIES PREDECESSOR
COMBINED STATEMENTS OF EQUITY (UNAUDITED)
(Continued)
(in thousands)

	Net Parent Investment	Accumulated Other Comprehensive Loss	Total Shareholders' Equity	Noncontrolling Interests	Total Equity
Balance at January 1, 2023	$ 1,150,240	$ (42,464)	$ 1,107,776	$ 1,743	$ 1,109,519
Net income	10,332		10,332	77	10,409
Net transfers to parent	(35,493)		(35,493)		(35,493)
Contributions from noncontrolling interests			—	2,775	2,775
Other comprehensive income:					
Foreign currency translation adjustments		939	939		939
Balance at September 30, 2023	$ 1,125,079	$ (41,525)	$ 1,083,554	$ 4,595	$ 1,088,149

	Net Parent Investment	Accumulated Other Comprehensive Loss	Total Shareholders' Equity	Noncontrolling Interests	Total Equity
Balance at January 1, 2022	$ 1,098,737	$ (41,231)	$ 1,057,506	$ —	$ 1,057,506
Net income	13,729		13,729	(7)	13,722
Net transfers from parent	15,883		15,883		15,883
Acquisition of noncontrolling interest in connection with the CPA:18 Merger			—	1,742	1,742
Other comprehensive loss:					
Foreign currency translation adjustments		(1,245)	(1,245)		(1,245)
Balance at September 30, 2022	$ 1,128,349	$ (42,476)	$ 1,085,873	$ 1,735	$ 1,087,608

See Notes to Combined Financial Statements.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

NET LEASE OFFICE PROPERTIES PREDECESSOR
COMBINED STATEMENTS OF CASH FLOWS (UNAUDITED)
(in thousands)

	Nine Months Ended September 30,	
	2023	2022
Cash Flows — Operating Activities		
Net income	$ 10,409	$ 13,722
Adjustments to net income:		
Depreciation and amortization, including intangible assets and deferred financing costs	54,755	46,020
Amortization of rent-related intangibles and deferred rental revenue	2,720	1,038
Stock-based compensation expense	2,566	2,259
Straight-line rent adjustments	(1,116)	(2,202)
Net realized and unrealized losses on extinguishment of debt, foreign currency exchange rate movements, and other	1,041	1,152
Deferred income tax benefit	(821)	(573)
Net changes in other operating assets and liabilities	(5,685)	5,902
Net Cash Provided by Operating Activities	63,869	67,318
Cash Flows — Investing Activities		
Funding for real estate construction, redevelopments, and other capital expenditures on real estate	(4,617)	(2,910)
Cash paid to stockholders of CPA:18 – Global in the CPA:18 Merger	—	(20,969)
Cash and restricted cash acquired in connection with the CPA:18 Merger	—	2,768
Net Cash Used in Investing Activities	(4,617)	(21,111)
Cash Flows — Financing Activities		
Net transfers with Parent	(35,493)	(44,350)
Payment of financing costs	(14,365)	—
Prepayments of mortgage principal and other debt instruments	(7,507)	(1,787)
Scheduled payments of mortgage principal	(3,900)	(1,415)
Contributions from noncontrolling interests	2,775	—
Other financing activities, net	(526)	(7)
Net Cash Used in Financing Activities	(59,016)	(47,559)
Change in Cash and Cash Equivalents and Restricted Cash During the Period		
Effect of exchange rate changes on cash and cash equivalents and restricted cash	(35)	(393)
Net increase (decrease) in cash and cash equivalents and restricted cash	201	(1,745)
Cash and cash equivalents and restricted cash, beginning of period	5,998	9,298
Cash and cash equivalents and restricted cash, end of period	$ 6,199	$ 7,553

See Notes to Combined Financial Statements.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

NET LEASE OFFICE PROPERTIES PREDECESSOR
NOTES TO COMBINED FINANCIAL STATEMENTS (UNAUDITED)

Note 1. Nature of Business

Pursuant to the terms of a separation and distribution agreement, W. P. Carey Inc. ("WPC") spun off into a separate publicly-traded company a portfolio of 59 real property assets (the "Spin-Off"). To accomplish this Spin-Off, on October 21, 2022, WPC formed a Maryland real estate investment trust, Net Lease Office Properties ("NLOP"), to own the NLOP Predecessor. For purposes of these combined financial statements, references to "we," "us," "NLOP Predecessor," "Predecessor," and the "Company" refer to, for periods prior to completion of the Spin-Off, the Predecessor, and for periods after the completion of the Spin-Off, NLOP Business. Information with respect to number of properties and square footage is unaudited.

On November 1, 2023, WPC completed the Spin-Off, contributing 59 office properties to NLOP. Following the closing of the Spin-Off, NLOP operates as a separate publicly-traded real estate investment trust ("REIT"), which WPC externally manages pursuant to certain advisory agreements (the "NLOP Advisory Agreements"). The Spin-Off was accomplished via a pro rata dividend of 1 NLOP common share for every 15 shares of WPC common stock outstanding (Note 12).

NLOP intends to qualify and elect to be taxed as a REIT under Sections 856 through 860 of the Internal Revenue Code, commencing with the Company's initial taxable year ending December 31, 2023.

The NLOP Business will be operated as one segment, and through its subsidiaries, will own, operate, and finance office buildings. As of September 30, 2023, NLOP Predecessor's portfolio was comprised of full or partial ownership interests in 59 properties, totaling approximately 9.3 million leasable square feet (including 0.6 million of operating square footage for a parking garage at a domestic property).

On August 1, 2022, WPC completed a merger with CPA:18 – Global, in which CPA:18 – Global merged with and into one of WPC's indirect subsidiaries in exchange for shares of its common stock and cash (the "CPA:18 Merger"). Nine of the net lease properties that WPC acquired in the CPA:18 Merger were transferred to NLOP Predecessor in connection with the Spin-Off. Costs related to the CPA:18 Merger have been expensed as incurred and classified within Separation and distribution related costs and other in the combined statements of income, totaling $0.8 million and $1.1 million for the three and nine months ended September 30, 2022.

Note 2. Basis of Presentation

Basis of Presentation

NLOP

For periods after November 1, 2023, the consolidated financial statements include the results of NLOP and all entities in which the Company has a controlling interest. Intercompany transactions and balances have been eliminated in consolidation.

Our interim consolidated financial statements have been prepared in accordance with the instructions to Form 10-Q and, therefore, do not necessarily include all information and footnotes necessary for a complete statement of our consolidated financial position, results of operations, and cash flows in accordance with generally accepted accounting principles in the United States ("GAAP"). In the opinion of management, the unaudited financial information for the interim periods presented in this Report reflects all normal and recurring adjustments necessary for a fair presentation of financial position, results of operations, and cash flows. Our interim consolidated financial statements should be read in conjunction with our audited consolidated financial statements and accompanying notes for the year ended December 31, 2023, which are included in the 2023 Annual Report, as certain disclosures that would substantially duplicate those contained in the audited consolidated financial statements have not been included in this Report. Operating results for interim periods are not necessarily indicative of operating results for an entire year.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts and the disclosure of contingent amounts in our consolidated financial statements and the accompanying notes. Actual results could differ from those estimates.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

Prior to the Spin-Off

For periods prior to November 1, 2023, the accompanying historical unaudited combined consolidated financial statements and related notes of NLOP Predecessor do not represent the balance sheet, statement of operations and cash flows of a legal entity, but rather a combination of entities under common control that have been "carved-out" of WPC's consolidated financial statements and presented herein, on a combined basis, in each case, in accordance with U.S. generally accepted accounting principles ("GAAP"). GAAP. Intercompany transactions and balances have been eliminated in combination. The preparation of these unaudited combined consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the dates of the unaudited combined consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates. In the opinion of management, the unaudited financial information for the interim periods presented in this Report reflects all normal and recurring adjustments necessary for a fair presentation of financial position, results of operations, and cash flows.

These unaudited combined consolidated financial statements reflect the revenues and direct expenses of the NLOP Predecessor and include material assets and liabilities of WPC that are specifically attributable to the NLOP Predecessor Business. NLOP Predecessor equity NLOP. Equity in these unaudited combined consolidated financial statements represents the excess of total assets over total liabilities. NLOP Predecessor equity Equity is impacted by contributions from and distributions to WPC, which are the result of treasury activities and net funding provided by or distributed to WPC prior to the Spin-Off, as well as the allocated costs and expenses described below.

The unaudited combined consolidated financial statements also include an allocation of indirect costs and expenses incurred by WPC related to the NLOP, Business, primarily consisting of compensation and other general and administrative costs using the relative percentage of property ABR annualized base rent ("ABR") of the NLOP Predecessor and WPC management's knowledge of the NLOP Predecessor. NLOP. In addition, the unaudited combined consolidated financial statements reflect the allocation of interest expense from WPC unsecured debt, excluding debt that is specifically attributable to the NLOP Predecessor (Note 7 9); interest expense was allocated by calculating the unencumbered net investment in real estate of each property held by the NLOP Predecessor as a percentage of WPC's total consolidated unencumbered net investment in real estate and multiplying that percentage by the corporate interest expense on WPC unsecured debt (Note 11 9). The amounts allocated in the accompanying unaudited combined consolidated financial statements are not necessarily indicative of the actual amount of such indirect expenses that would have been recorded had the NLOP Predecessor been a separate independent entity during the applicable periods. WPC believes the assumptions underlying WPC's allocation of indirect expenses are reasonable.

Goodwill attributable to NLOP Predecessor was determined by first identifying those assets within NLOP Predecessor that were previously deemed to be a part of a business combination and that WPC paid a premium for. This premium was then allocated to the NLOP Predecessor assets based on the fair values of the NLOP Predecessor assets at the time of acquisition relative to the value of all the real estate acquired as part of the business combination. Any goodwill directly attributable to deferred taxes assumed as part of a business combination and related to our European operations is recorded in functional currency and translated at period end rates where applicable.

The amounts allocated in the accompanying unaudited combined consolidated financial statements are not necessarily indicative of the actual amount of such indirect expenses that would have been recorded had the NLOP Predecessor been a separate independent entity. WPC believes the assumptions underlying WPC's allocation of indirect expenses are reasonable.

Reclassifications — Certain debt agreements with wholly-owned affiliates Basis of WPC Consolidation

Our consolidated financial statements reflect all of our accounts, including those of our controlled subsidiaries. The portions of equity in consolidated subsidiaries that are not attributable, directly or indirectly, to us are presented as noncontrolling interests. All significant intercompany accounts and transactions have been reclassified eliminated.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

When we obtain an economic interest in an entity, we evaluate the entity to Parent Debt determine if it should be deemed a VIE and, if so, whether we are the primary beneficiary and are therefore required to consolidate the entity. There have been no significant changes in our VIE policies from what was disclosed in the 2023 Annual Report.

At both March 31, 2024 and December 31, 2023, we considered one entity to be a VIE (given certain decision-making rights each partner has in accordance with the basis partnership agreement), which we consolidated, as we are considered the primary beneficiary. The following table presents a summary of presentation selected financial data of the historical combined financial statements (Note 7).consolidated VIE included in our consolidated balance sheets (in thousands):

	March 31, 2024	December 31, 2023
Land, buildings and improvements	$ 37,917	$ 37,917
In-place lease intangible assets and other	9,685	9,685
Above-market rent intangible assets	4,338	4,338
Accumulated depreciation and amortization	(4,327)	(3,679)
Total assets	49,064	49,410
Total liabilities	$ 304	$ 304

*Cash and Cash Equivalents — We consider all short-term, highly liquid investments that are both readily convertible to cash and have a maturity of three months or less at the time of purchase to be cash equivalents. Items classified as cash equivalents include commercial paper and money market funds. Our cash and cash equivalents are held in the custody of several financial institutions, and these balances, at times, exceed federally insurable limits. We seek to mitigate this risk by depositing funds only with major financial institutions.***Restricted Cash**

Restricted Cash — Restricted cash primarily consists of security deposits and amounts required to be reserved pursuant to lender agreements for debt service, capital improvements, and real estate taxes and is included within other assets on the balance sheet. The following table provides a reconciliation of cash and cash equivalents and restricted cash reported within the combined consolidated balance sheets to the combined consolidated statements of cash flows (in thousands):

		September 30, 2023	December 31, 2022
	March 31, 2024	March 31, 2024	December 31, 2023
Cash and cash equivalents	Cash and cash equivalents	$ 5,083	$ 4,671
Restricted cash (a)	Restricted cash (a)	1,116	1,327
Total cash and cash equivalents and restricted cash	Total cash and cash equivalents and restricted cash	$ 6,199	$ 5,998

____

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

(a) Restricted cash is included within Other assets, net on our combined balance sheets.

Revenue Recognition, Real Estate Leased Amounts as of March 31, 2024 and December 31, 2023 include approximately $45.3 million and $48.4 million related to Others — We lease real estate to others primarily on a net leased basis, whereby the tenant is generally responsible for operating expenses relating certain reserve requirements pursuant to the property, including property taxes, insurance, maintenance, repairs, and improvements. There have been no significant changes in our policies for revenue from what was previously disclosed in the Information Statement for the year ended December 31, 2022 NLOP Financing Arrangements (Note 9).

Net Parent Investment—

In the combined balance sheets, consolidated statements of equity, the net parent investment represents WPC's historical investment in NLOP Predecessor, prior to the Spin-Off, accumulated net earnings after taxes, and the net effect of transactions between NLOP Predecessor and WPC.

Earnings Per Share

Basic earnings per share is calculated by dividing net income available to common shareholders by the weighted-average number of shares of common shares outstanding during the year. Diluted earnings per share reflects potentially dilutive securities using the treasury stock method, except when the effect would be anti-dilutive.

Earnings per share is computed by dividing the net loss for the period by the weighted-average number of common shares outstanding during the period post Spin-Off. For the three months ended March 31, 2024, we recognized net loss. Therefore, all potentially dilutive securities were antidilutive and accordingly, basic net loss per share equals diluted net loss per share for the three months ended March 31, 2024. The calculation of basic and diluted earnings per share for any of the periods presented prior to the Spin-Off were based on the number of shares outstanding on November 1, 2023. For periods prior to the Spin-Off, it is assumed that there are no dilutive equity instruments as there were no NLOP stock-based awards outstanding prior to the Spin-Off.

Note 3. Agreements and Transactions with Related Parties

Advisory Agreements

Pursuant to the NLOP Advisory Agreements, which we entered into on November 1, 2023, our Advisor provides us with strategic management services, including asset management, property disposition support, and various related services. We pay our Advisor an asset management fee that was initially set at an annual amount of $7.5 million and is being proportionately reduced each month following the disposition of each portfolio property. In addition, we reimburse our Advisor a base administrative amount of approximately $4.0 million annually, for certain administrative services, including day-to-day management services, investor relations, accounting, tax, legal, and other administrative matters.

The following tables present a summary of fees we paid and expenses we reimbursed to our Advisor in accordance with the terms of the NLOP Advisory Agreements (in thousands):

	Three Months Ended March 31, 2024
Asset management fees (a)	$ 1,804
Administrative reimbursements (b)	1,000
	$ 2,804

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

(a) Included within Asset management fees in the consolidated statements of operations.
(b) Included within General and administrative expenses in the consolidated statements of operations.

The following table presents a summary of amounts due to affiliates, which are included within Accounts payable, accrued expenses and other liabilities in the consolidated financial statements (in thousands):

	March 31, 2024	December 31, 2023
Asset management fees payable	$ 595	$ 1,245
Administrative reimbursements payable and other	375	676
	$ 970	$ 1,921

Other Transactions with WPC

NLOP Share Costs

Historically, prior to the Spin-Off, NLOP was managed and operated in the normal course of business consistent with other affiliates of WPC. Accordingly, certain shared costs were allocated to NLOP and reflected as expenses in the consolidated statements of operations. Management considers the allocation methodologies used to be reasonable and appropriate reflections of the historical WPC expenses attributable to NLOP for purposes of the consolidated financial statements of NLOP. However, the expenses reflected in the consolidated statements of operations may not be indicative of the actual expenses that would have been incurred during the periods presented if NLOP historically operated as a separate, stand-alone entity. In addition, the expenses reflected in the consolidated statements of operations may not be indicative of related expenses that will be incurred in the future by NLOP.

The following table presents amounts of shared costs that were allocated to NLOP (in thousands):

	Three Months Ended March 31, 2023
General and administrative (a)	$ 3,424
Interest expense (b)	5,196
Total	$ 8,620

____

(a) General and administrative fees are inclusive of expenses such as employee compensation and benefits, stock-based compensation and professional fees.
(b) NLOP's income statement prior to the Spin-Off includes an allocation of interest expense associated with WPC unsecured debt utilized partially to fund property assets of NLOP.

Net parent investment shown in the consolidated statements of equity include contributions from WPC, which are the result of treasury activities and net funding provided by WPC prior to the Spin-Off, and also includes the indirect costs and expenses allocated to NLOP by WPC as described in Note 2.

Other Transactions with Related Parties

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

At March 31, 2024, we owned an interest in one jointly owned investment in real estate, with the remaining interest held by a third party. We consolidate this investment.

Note 3. 4. Land, Buildings and Improvements

Land, Buildings and Improvements

Land and buildings leased to others, which are subject to operating leases, and real estate under construction, are summarized as follows (in thousands):

		September 30, 2023	December 31, 2022		
	March 31, 2024			March 31, 2024	December 31, 2023
Land	Land	$ 178,896	$ 178,362		
Buildings and improvements	Buildings and improvements	1,121,993	1,109,185		
Real estate under construction		67	—		
Less: Accumulated depreciation	Less: Accumulated depreciation	(213,092)	(190,516)		
		$1,087,864	$1,097,031		
	$				

During the nine three months ended September 30, 2023 March 31, 2024, the U.S. dollar weakened strengthened against the British pound sterling, but strengthened against the euro, and Norwegian Krone. As a result of this fluctuation in foreign currency exchange rates, the carrying value of our Land, buildings and improvements decreased by $6.6 million $4.9 million from December 31, 2022 December 31, 2023 to September 30, 2023 March 31, 2024.

In connection with a change in lease classification due to an extension of the underlying lease, we reclassified a portfolio of four properties with an aggregate carrying value of $14.6 million from Net investments in direct finance leases to Land, buildings and improvements during the nine months ended September 30, 2023 (Note 4).

Depreciation expense, including the effect of foreign currency translation, on our buildings and improvements subject to operating leases was $7.8 million $7.1 million and $7.5 million $7.8 million for the three months ended September 30, 2023 March 31, 2024 and 2022, respectively, and $23.3 million and $21.2 million for the nine months ended September 30, 2023 and 2022, 2023, respectively.

Real Estate Under Construction

During the nine three months ended September 30, 2023 March 31, 2024, we capitalized real estate under construction less than $0.1 million. One construction project accrued costs of $0.8 million within Land, buildings and improvements related to capital expenditures at certain properties, which is a non-cash investing activity.

Dispositions of Properties

During the three months ended March 31, 2024, we sold one property, which was in progress, with classified as Land, buildings and improvements. As a result, the balance included in real estate under construction as carrying value of September 30, 2023 our Land, buildings and improvements decreased by $46.7 million from December 31, 2023 to March 31, 2024 (Note 13).

Leases

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

Operating Lease Income

Lease income related to operating leases recognized and included in the combined consolidated statements of income operations is as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	Three Months Ended March 31,			
	Three Months Ended March 31,			
	Three Months Ended March 31,			
	2024			
	2024			
	2024			
Lease income — fixed				
Lease income — fixed				
Lease income — fixed Lease income — fixed	$ 34,184	$ 32,398	$ 102,109	$ 91,641
Lease income — variable (a) Lease income — variable (a)	7,793	6,739	22,863	18,192
Lease income — variable (a)				
Lease income — variable (a)				
Total operating lease income Total operating lease income	$ 41,977	$ 39,137	$ 124,972	$ 109,833
Total operating lease income				
Total operating lease income				

(a) Includes (i) rent increases based on changes in the U.S. Consumer Price Index and other comparable indices and (ii) reimbursements for property taxes, insurance, and common area maintenance services.

Other Lease-Related Income

Other For the three months ended March 31, 2024, other lease-related income on our combined consolidated statements of operations included lease termination income was primarily comprised of $4.7 million recognized from one tenant.

In addition, for the three months ended March 31, 2024 and 2023, other lease-related income on our consolidated statements of operations included income from a parking garage attached to one of our net-leased properties totaling $0.6 million for both the three months ended September 30, 2023 $0.5 million and 2022, and $1.8 million and $1.9 million for the nine months ended September 30, 2023 and 2022, $0.4 million, respectively.

Lease Cost

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

Lease costs for operating leases (land leases) are included in (i) property expenses, excluding reimbursable tenant costs, and (ii) reimbursable tenant costs in the combined statements of income. Certain information related to the total lease cost for operating leases is as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Fixed lease cost	$ 135	$ 128	$ 406	$ 350
Variable lease cost	24	23	70	66
Total lease cost	$ 159	$ 151	$ 476	$ 416

Note 4. 5. Finance Receivables

Assets representing rights to receive money on demand or at fixed or determinable dates are referred to as finance receivables. Our finance receivables portfolio consists of our Net investments in direct finance leases. Operating leases are not included in finance receivables.

Net Investments in Direct Financing Sales-Type Leases

One property was classified as a net investment in sales-type leases as of December 31, 2023. We had previously entered into an agreement to sell the property to the tenant occupying the property during the fourth quarter of 2023 and recognized a Loss on sale of real estate, net, of $8.3 million during the three months ended December 31, 2023 related to this transaction. During the three months ended March 31, 2024, we sold this property, which had an aggregate carrying value of $10.5 million as of December 31, 2023. Net investments in sales-type leases is summarized in the table below (in thousands):

	March 31, 2024	December 31, 2023
Lease payments receivable	$ —	$ 10,614
	—	10,614
Less: unearned income	—	(92)
	$ —	$ 10,522

At December 31, 2023, there was no reserve or estimate of credit loss on the financing leases.

Earnings from our net investments in sales-type leases were included in Income from finance leases in the consolidated financial statements, and totaled less than $0.1 million for the three months ended March 31, 2024. Prior to its reclassification to net investments in sales-type leases, earnings from this investment were recognized in Lease revenues in the consolidated financial statements.

Net Investments in Direct Financing Leases

During the third quarter of 2023, we reclassified an investment classified as a direct financing lease as of December 31, 2022. During the nine months ended September 30, 2023, we reclassified this investment (comprised of four properties) with an aggregate carrying value of $14.6 million from Net investments in direct finance leases to Land, buildings and improvements in connection with a change in lease classification due to an extension of the underlying lease. Net Income from this direct financing lease was $0.4 million for the three months ended March 31, 2023. We had no net investments in direct financing leases is summarized in the table below (in thousands):

	September 30, 2023	December 31, 2022
Lease payments receivable	$ —	$ 11,423
Unguaranteed residual value	—	14,558
	—	25,981
Less: unearned income	—	(11,253)
	$ —	$ 14,728

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

At December 31, 2022, there was no reserve or estimate as of credit loss on the financing leases.

Income from direct financing leases was $0.3 million March 31, 2024 and $0.4 million for the three months ended September 30, 2023 and 2022, respectively, and $1.2 million and $1.3 million for the nine months ended September 30, 2023 and 2022. December 31, 2023.

Credit Quality of Finance Receivables

We generally invest in facilities that we believe are critical to a tenant's business and therefore have a lower risk of tenant default. At both September 30, 2023 and December 31, 2022, no material balances of our finance receivables were past due.

We evaluate the credit quality of our finance receivables utilizing an internal five-point credit rating scale, with one representing the highest credit quality and five representing the lowest. A credit quality of one through three indicates a range of investment grade to stable. A credit quality of four through five indicates a range of inclusion on the watch list to risk of default. The credit quality evaluation of our finance receivables is updated quarterly.

Our finance receivable internal credit quality rating was three one as of December 31, 2022 December 31, 2023.

Note 5. 6. Goodwill Intangible Assets and Other Intangibles Liabilities

We have net lease intangibles that are being amortized over periods ranging from two years one year to 40 years. In-place lease intangibles, at cost are included in In-place lease intangible assets and other in the combined consolidated financial statements. Above-market rent intangibles, at cost are included in Above-market rent intangible assets in the combined consolidated financial statements. Accumulated amortization of in-place lease and above-market rent intangibles is included in Accumulated depreciation and amortization in the combined consolidated financial statements. Below-market rent intangibles are included in Below-market rent and other intangible liabilities, net in the combined consolidated financial statements.

Goodwill decreased by $1.0 million during the nine months ended September 30, 2023 due to foreign currency translation adjustments to $62.6 million as of September 30, 2023, from $63.6 million as of December 31, 2022.

Current accounting guidance requires that we test for the recoverability of goodwill at the reporting unit level. We have only one reporting unit. We perform our test for impairment annually. We did not identify any triggering events as of September 30, 2023, and therefore no impairment assessment was performed. Should any triggering event occur, we would evaluate the carrying value of our goodwill through an impairment test. If impairment is warranted, the charge would be recorded through the combined income statement as a reduction to earnings.

Intangible assets intangible and liabilities and goodwill are summarized as follows (in thousands):

	September 30, 2023			December 31, 2022		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount

March 31, 2024	March 31, 2024	December 31, 2023

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

		Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Finite-Lived Intangible Assets	**Finite-Lived Intangible Assets**						
Lease Intangibles:							
In-place lease							
In-place lease							
In-place lease	In-place lease	$370,188	$(205,854)	$164,334	$370,971	$(176,951)	$194,020
Above-market rent	Above-market rent	58,642	(30,086)	28,556	58,983	(24,559)	34,424
		428,830	(235,940)	192,890	429,954	(201,510)	228,444
Goodwill							
Goodwill		62,648	—	62,648	63,583	—	63,583
Total intangible assets	Total intangible assets	$491,478	$(235,940)	$255,538	$493,537	$(201,510)	$292,027
Finite-Lived Intangible Liabilities	**Finite-Lived Intangible Liabilities**						
Finite-Lived Intangible Liabilities							
Finite-Lived Intangible Liabilities							
Below-market rent							
Below-market rent							
Below-market rent	Below-market rent	$(27,665)	$ 15,487	$(12,178)	$(27,792)	$ 13,121	$(14,671)
Total intangible liabilities	Total intangible liabilities	$(27,665)	$ 15,487	$(12,178)	$(27,792)	$ 13,121	$(14,671)

During the nine three months ended September 30, 2023 March 31, 2024, the U.S. dollar weakened strengthened against the British pound sterling, but strengthened against the euro, and Norwegian krone, resulting in a decrease of $1.7 million $0.5 million in the carrying value of our net intangible assets from December 31, 2022 December 31, 2023 to September 30, 2023 March 31, 2024.

Net amortization of intangibles, including the effect of foreign currency translation, was $10.8 million $11.7 million and $9.7 million $10.8 million for the three months ended September 30, 2023 March 31, 2024 and 2022, respectively, and $32.3 million and $25.2 million for the nine months ended September 30, 2023 and 2022, 2023, respectively. Amortization of below-market rent and above-market rent intangibles is recorded as an adjustment to Lease revenues and amortization of in-place lease intangibles is included in Depreciation and amortization.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

Note 6. 7. Fair Value Measurements

The fair value of an asset is defined as the exit price, which is the amount that would either be received when an asset is sold or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The guidance establishes a three-tier fair value hierarchy based on the inputs used in measuring fair value. These tiers are: Level 1, for which quoted market prices for identical instruments are available in active markets, such as money market funds, equity securities, and U.S. Treasury securities; Level 2, for which there are inputs other than quoted prices included within Level 1 that are observable for the instrument, such as certain derivative instruments including interest rate caps, interest rate swaps, and foreign currency collars; and Level 3, for securities that do not fall into Level 1 or Level 2 and for which little or no market data exists, therefore requiring us to develop our own assumptions.

Items Measured at Fair Value on a Recurring Basis

The methods and assumptions described below were used to estimate the fair value of each class of financial instrument. For significant Level 3 items, we have also provided the unobservable inputs.

Derivative Assets — Our derivative assets, which are included in Other assets, net in the consolidated financial statements, are comprised of interest rate caps (Note 8).

The valuation of our 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, spot and forward rates, and implied volatilities. We did not incorporate credit valuation adjustments to appropriately reflect both our own nonperformance risk and the respective counterparty's nonperformance risk in the fair value measurements. In adjusting the fair value of our derivative instruments for the effect of nonperformance risk, we have considered the impact of netting and any transfers into or out of Level 1, applicable credit enhancements, such as collateral postings, thresholds, mutual puts, and guarantees. These derivative instruments were classified as Level 2 and Level 3 category of measurements during the three and nine months ended September 30, 2023 or 2022. as these instruments are custom, over-the-counter contracts with various bank counterparties that are not traded in an active market.

Our material financial instruments had the following carrying values and fair values as of the dates shown (in thousands):

		March 31, 2024		December 31, 2023	
	Level	Carrying Value	Fair Value	Carrying Value	Fair Value
NLOP Mortgage Loan, net (a) (b) (c)	3	$ 259,807	$ 280,160	$ 266,844	$ 291,358
NLOP Mezzanine Loan, net (a) (b) (c)	3	108,038	113,880	106,299	113,797
Non-recourse mortgages, net (a) (b) (c)	3	147,328	143,883	168,836	165,077

____

(a) The carrying value of the NLOP Mortgage Loan, net includes unamortized deferred financing costs of $5.4 million and $6.7 million at March 31, 2024 and December 31, 2023, respectively. The carrying value of the NLOP Mezzanine Loan, net includes unamortized deferred financing costs of $1.9 million and $2.4 million at March 31, 2024 and December 31, 2023, respectively. The carrying value of Non-recourse mortgages, net includes unamortized deferred financing costs of less than $0.1 million at December 31, 2023. There were no unamortized deferred financing costs on our Non-recourse mortgages, net as of March 31, 2024.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

(b) The carrying value of the NLOP Mortgage Loan, net includes unamortized discount of $12.4 million and $15.3 million at March 31, 2024 and December 31, 2023, respectively. The carrying value of the NLOP Mezzanine Loan, net includes unamortized discount of $4.4 million and $5.6 million at March 31, 2024 and December 31, 2023, respectively. The carrying value of Non-recourse mortgages, net includes unamortized discount of $0.4 million and $0.7 million at March 31, 2024 and December 31, 2023, respectively.

(c) We determined the estimated fair value of our NLOP Mortgage Loan, NLOP Mezzanine Loan, and non-recourse mortgage loans using a discounted cash flow model that estimates the present value of the future loan payments by discounting such payments at current estimated market interest rates. The estimated market interest rates consider interest rate risk and the value of the underlying collateral, which includes quality of the collateral, the credit quality of the tenant/obligor, and the time until maturity. We determined that the fair value of Parent debt approximates its carrying value.

Our materialWe estimated that our other financial instruments had the following carrying values assets and fair values as of the dates shown (in thousands):

		September 30, 2023		December 31, 2022	
	Level	Carrying Value	Fair Value	Carrying Value	Fair Value
Non-recourse mortgages, net (a) (b)	3	$ 166,715	$ 161,707	$ 174,289	$ 167,458

(a) The carrying value of Non-recourse mortgages, net liabilities, excluding finance receivables (Note 7 5) includes unamortized deferred financing costs of less than $0.1 million , had fair values that approximated their carrying values at both September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023.

(b) The carrying value of Non-recourse mortgages, net (Note 7) includes unamortized discount of $1.1 million, and unamortized premium of $2.0 million at September 30, 2023 and December 31, 2022, respectively.

Items Measured at Fair Value on a Non-Recurring Basis (Including Impairment Charges)

We periodically assess whether there are any indicators that the value of our real estate investments may be impaired or that their carrying value may not be recoverable. There have been no significant changes in our impairment policies from what was disclosed in the 2023 Annual Report.

No The following table presents information about assets for which we recorded an impairment was deemed necessary charge and that were measured at fair value on a non-recurring basis (in thousands):

	Three Months Ended March 31,			
	2024		2023	
	Fair Value Measurements	Impairment Charges	Fair Value Measurements	Impairment Charges
Impairment Charges				
Real estate	$ 13,710	$ 4,065	$ —	$ —
		$ 4,065		$ —

Impairment charges, and their related triggering events and fair value measurements, recognized during the three and nine months ended September 30, 2023 and 2022. March 31, 2024, were as follows (during the three months ended March 31, 2023, we did not incur any impairment

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

charges):

Real Estate

The impairment charges described below are reflected within Impairment charges — real estate in our consolidated statements of operations.

2024 — During the three months ended March 31, 2024, we recognized impairment charges totaling $4.1 million on two properties in order to reduce their carrying values to their estimated fair values, which approximated their estimated selling prices.

Note 7. Debt 8. Risk Management and Use of Derivative Financial Instruments

Non-Recourse Mortgages Risk Management

Non-recourse mortgages consist In the normal course of mortgage notes payable, which our ongoing business operations, we encounter economic risk. There are collateralized by the assignment four main components of real estate properties economic risk that were part of the NLOP Predecessor during the applicable periods. At September 30, 2023, the weighted-average impact us: interest rate for risk, credit risk, market risk, and foreign currency risk. We are primarily subject to interest rate risk on our total non-recourse mortgage notes payable was 4.8% (fixed-rate and interest-bearing liabilities, including our unhedged variable-rate non-recourse mortgage notes payable were 4.8% loans. Credit risk is the risk of default on our operations and 4.6% our tenants' inability or unwillingness to make contractually required payments. Market risk includes changes in the value of our properties and related loans, due to changes in interest rates or other market factors. We own investments in the United States and Europe and are subject to risks associated with fluctuating foreign currency exchange rates.

Derivative Financial Instruments

There have been no significant changes in our derivative financial instrument policies from what was disclosed in the 2023 Annual Report. At both March 31, 2024 and December 31, 2023, respectively), with maturity dates ranging from January 2024 to May 2026. no cash collateral had been posted nor received for any of our derivative positions.

The following table sets forth certain information regarding our derivative instruments (in thousands):

		Asset Derivatives Fair Value at	
Derivatives Designated as Hedging Instruments	**Balance Sheet Location**	**March 31, 2024**	**December 31, 2023**
Interest rate cap	Other assets, net	$ 428	$ 433
		428	433
Total derivatives		$ 428	$ 433

The following tables present the impact of our derivative instruments in the consolidated financial statements (in thousands):

	Amount of Gain (Loss) Recognized on Derivatives in Other Comprehensive (Loss) Income	
	Three Months Ended March 31,	
Derivatives in Cash Flow Hedging Relationships	**2024**	**2023**
Interest rate cap	$ 212	$ —
Total	$ 212	$ —

		Amount of Gain (Loss) on Derivatives Reclassified from Other Comprehensive (Loss) Income	
		Three Months Ended March 31,	
Derivatives in Cash Flow Hedging Relationships	**Location of Gain (Loss) Recognized in Income**	**2024**	**2023**
Interest rate cap	Interest expense	$ (215)	$ —

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

Total		$	(215)	$	—

Repayments and Scheduled Mortgage Payments Amounts reported in Other comprehensive (loss) income related to interest rate derivative contracts will be reclassified to Interest expense as interest is incurred on our variable-rate debt. As of March 31, 2024, we estimate that an additional $0.9 million will be reclassified as Interest expense during the next 12 months.

During The following table presents the nine months ended September 30, 2023, we (i) prepaid non-recourse mortgage loans totaling $2.9 million and (ii) made scheduled mortgage payments impact of approximately $3.9 million. We recognized an aggregate net gain on extinguishment of debt of less than $0.1 million on these repayments, primarily comprised of prepayment gains (losses) on extinguishment of debt, which is included within Other gains and (losses) our derivative instruments in the consolidated financial statements (in thousands):

Derivatives in Cash Flow Hedging Relationships	Location of Gain (Loss) Recognized in Income	Amount of Gain (Loss) on Derivatives Recognized in Income — Three Months Ended March 31, 2024	2023
Interest rate cap	Interest expense	$ (2)	$ —
Total		$ (2)	$ —

See below for information on our combined statements purposes for entering into derivative instruments.

Interest Rate Caps

We are exposed to the impact of income. The weighted-average interest rate for changes primarily through our borrowing activities. We have obtained, and may in the future obtain, variable-rate debt (our NLOP Financing Arrangements), and, as a result, we have entered into, and may continue to enter into, interest rate cap agreements with counterparties. Interest rate caps limit the effective borrowing rate of variable-rate debt obligations while allowing participants to share in downward shifts in interest rates. Our objective in using these non-recourse mortgage loans derivatives is to limit our exposure to interest rate movements.

The interest rate caps that our consolidated subsidiaries had outstanding at March 31, 2024 are summarized as follows (currency in thousands):

Interest Rate Derivatives	Number of Instruments	Notional Amount		Fair Value at March 31, 2024
Designated as Cash Flow Hedging Instruments				
Interest rate cap	1	335,000	USD	$ 428
				$ 428

Credit Risk-Related Contingent Features

We measure our credit exposure on their respective dates a counterparty basis as the net positive aggregate estimated fair value of prepayment our derivatives, net of any collateral received. No collateral was received as of March 31, 2024. At March 31, 2024, both our total credit exposure and repayment the maximum exposure to any single counterparty was 5.5% $0.4 million.

Parent
Note 9. Debt

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

Certain wholly-owned affiliates of WPC entered into debt agreements with the international NLOP Predecessor entities to provide the funding necessary to acquire certain international assets. These debt instruments are reflected in these financials as Parent debt, and had fixed interest rates that averaged 5.9% at both September 30, 2023 and December 31, 2022. During the nine months ended September 30, 2023, we prepaid Parent debt totaling $4.6 million.

Debt Facility

On September 20, 2023, in connection with the proposed Spin-Off (Note 1), we and certain of our wholly-owned subsidiaries entered into financing arrangements for which funding was subject to certain conditions (including the closing of the Spin-Off), including (i) a $335.0 million $335.0 million senior secured mortgage loan maturing with an original maturity on November 9, 2025, with two separate one-year extension options subject to certain conditions (the "NLOP Mortgage Loan") and (ii) a $120.0 million $120.0 million mezzanine loan facility maturing on November 9, 2028 (the "NLOP Mezzanine Loan" and, together with the NLOP Mortgage Loan, the "NLOP Financing Arrangements"). At that time, Upon closing of the Spin-Off on November 1, 2023 (Note 1), the NLOP Financing Arrangements were drawn in full, and approximately $343.9 million of the proceeds from the financing (net of transaction expenses) was a wholly-owned subsidiary of WPC. transferred to WPC in connection with the Spin-Off.

The NLOP Financing Arrangements were initially collateralized by the assignment of 40 of our previously unencumbered real estate properties. As of March 31, 2024, the NLOP Financing Arrangements were collateralized by 36 of our properties, following the dispositions of four properties in December 2023.

The NLOP Mortgage Loan bears interest at an annual rate of one-month forward-looking term rate based on the Secured Overnight Financing Rate ("SOFR") (the "Term SOFR" rate), subject to a floor of 3.85%, plus 5.0%. In addition, NLOP we entered into an interest rate cap agreement at a strike that limits our SOFR rate of exposure to 5.35% under the terms set forth under the NLOP Mortgage Loan. (Note 8). The NLOP Mezzanine Loan bears interest at an annual rate of 14.5% (10.0% of which is required to be paid current on a monthly basis, and 4.5% of which is a payment-in-kind accrual, on a quarterly basis). See

Note 12 for information about The NLOP Mortgage Loan is subject to certain deleveraging thresholds that require us to make repayments on the original loan balance totaling (i) 15% (or $50.3 million) on or prior to November 1, 2024, which is 12 months following the funding date of the loan; (ii) 25% (or $83.8 million) on or prior to November 1, 2025, which is 12 months following the initial deleveraging threshold of the loan, such that no less than 40% of the loan has been repaid, and (iii) in the event we exercise the first one-year extension option, 30% (or $100.5 million) on or prior to November 1, 2026, which is 12 months following the second deleveraging threshold of the loan, such that no less than 70% of the loan has been repaid. To the extent the deleveraging thresholds are not met, we may be subject to certain fees and restrictions, in accordance with the terms of the NLOP Financing Arrangements, in connection with until these thresholds are met. We reached the closing 15% and 25% deleveraging thresholds during the first and second quarters of the Spin-Off on November 1, 2023.

In connection with the closing of the NLOP Financing Arrangements, we incurred financing costs totaling $14.4 million as of September 30, 2023, which is included in Other assets, net, on our combined financial statements and was reimbursed to WPC by us in connection with the Spin-Off 2024, respectively (Note 12 15).

Interest Paid

Interest paid was $8.1 million We are required to use the net proceeds from property sales collateralizing the NLOP Financing Arrangements to repay the portions of the NLOP Mortgage Loan and $7.6 million NLOP Mezzanine Loan representing the release amount for any individual property sale. Property sales are subject to the satisfaction of certain conditions, including satisfaction of a debt yield test and minimum release prices. During the three months ended September 30, 2023 March 31, 2024, we repaid $11.3 million of outstanding principal on the NLOP Mortgage Loan using

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

excess cash from operations. In April 2024, we repaid $78.1 million and 2022, $14.5 million of outstanding principal on the NLOP Mortgage Loan and NLOP Mezzanine Loan, respectively, using proceeds from certain dispositions (Note 15).

The following table presents a summary of our NLOP Financing Arrangements (dollars in thousands):

NLOP Financing Arrangements	Original Principal Balance		Interest Rate at March 31, 2024	Maturity Date at March 31, 2024	Principal Outstanding Balance at March 31, 2024		Principal Outstanding Balance at December 31, 2023	
NLOP Mortgage Loan (a) (b) (c)	$	335,000	10.4%	11/9/2025	$	277,609	$	288,895
NLOP Mezzanine Loan (d)		120,000	14.5%	11/9/2028		114,336		114,336
					$	391,945	$	403,231

(a) Interest rate is based on SOFR plus 5.0%. The interest rate is subject to an interest rate cap that limits our SOFR rate exposure at 5.35%.
(b) The NLOP Mortgage Loan is subject to two separate one-year extension options.
(c) Balance excludes unamortized discount of $12.4 million and $15.3 million at March 31, 2024 and December 31, 2023, respectively, and $24.4 million unamortized deferred financing costs of $5.4 million and $18.2 million for $6.7 million at March 31, 2024 and December 31, 2023, respectively.
(d) Balance excludes unamortized discount of $4.4 million and $5.6 million at March 31, 2024 and December 31, 2023, respectively, and unamortized deferred financing costs of $1.9 million and $2.4 million at March 31, 2024 and December 31, 2023, respectively.

Non-Recourse Mortgages

Non-recourse mortgages consist of mortgage notes payable, which are collateralized by the assignment of real estate properties. At March 31, 2024, our non-recourse mortgage notes payable encumbered nine properties, with an aggregate weighted-average interest rate of 4.8% (fixed-rate and variable-rate non-recourse mortgage notes payable were both 4.8%), and maturity dates ranging from April 2024 to May 2026. In April 2024, we transferred ownership of two properties and the related non-recourse mortgage loans (which had an aggregate outstanding principal balance of $33.0 million and maturity dates in April 2024) to the respective lenders (Note 15).

Repayments

During the three months ended September 30, 2023 March 31, 2024, we prepaid one non-recourse mortgage loan for $19.2 million. We recognized a net loss on extinguishment of debt of $0.3 million on this repayment, which is included within Other gains and 2022, respectively. (losses) on our consolidated statements of operations. The interest rate for this non-recourse mortgage loan on its date of repayment was 5.2%. As a result of this repayment, WPC no longer serves as guarantor for any of our non-recourse mortgage loans.

Parent Debt

Prior to the Spin-Off, certain wholly-owned affiliates of WPC entered into debt agreements with the international NLOP entities to provide the funding necessary to acquire certain international assets. In connection with the Spin-Off, WPC assigned to us the receivable related to these debt amounts, which eliminates in consolidation. These debt instruments were reflected in these financials as Parent debt. During the three months ended March 31, 2023, we prepaid Parent debt totaling $1.5 million.

Foreign Currency Exchange Rate Impact

During the nine three months ended September 30, 2023 March 31, 2024, the U.S. dollar strengthened against the Norwegian krone, resulting in a decrease of $3.1 million $2.6 million in the aggregate carrying value of our Non-recourse mortgages, net from December 31, 2022 December 31,

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

2023 to September 30, 2023 March 31, 2024.

Scheduled Mortgage Debt Principal Payments

Scheduled mortgage debt principal payments as of September 30, 2023 March 31, 2024 are as follows (in thousands):

Years Ending December 31,	Years Ending December 31,	Total	Years Ending December 31,	Total
2023 (remainder)		$ 652		
2024		34,812		
2024 (remainder)				
2025	2025	124,789		
2026	2026	7,540		
2027	2027	—		
2028				
Total principal payments	Total principal payments	167,793		
Unamortized discount, net	Unamortized discount, net	(29)		
Unamortized deferred financing costs	Unamortized deferred financing costs	(1,049)		
Total	Total	$166,715		

Certain amounts in the table above are based on the applicable foreign currency exchange rate at September 30, 2023 March 31, 2024.

Scheduled Parent Debt Principal Payments

As of September 30, 2023, no Parent debt principal is scheduled to be repaid during the year ending December 31, 2023. Other remaining Parent debt principal balances are scheduled to mature and due for payment during 2025 and after 2027.

Note 8. 10. Commitments and Contingencies

At September 30, 2023 March 31, 2024, we were not involved in any material litigation. Various claims and lawsuits arising in the normal course of business are pending against us. The results of these proceedings are not expected to have a material adverse effect on our combined consolidated financial position or results of operations.

Note 9. 11. Stock-Based Compensation and Equity

Stock-Based Compensation

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

We maintain a stock-based compensation plan, which is more fully described in the 2023 Annual Report. The total compensation expense for awards issued under this plan was less than $0.1 million for the three months ended March 31, 2024, which was included in General and administrative expense in the consolidated financial statements.

Restricted and Conditional Awards

As of both March 31, 2024 and December 31, 2023, we had 28,653 shares of nonvested restricted stock units (“RSUs”) with a weighted-average grant date fair value of $10.47. The grant date fair value of RSUs reflect our share price on the date of grant on a one-for-one basis. At March 31, 2024, total unrecognized compensation expense related to these awards was approximately $0.2 million, with an aggregate weighted-average remaining term of 0.6 years.

Equity

Common Shares

During the fourth quarter of 2023, our Board of Trustees declared a dividend of $0.34 per share, which was paid on January 29, 2024 to shareholders of record as of December 18, 2023. Shareholders had the option to elect to receive their dividend in the form of cash or additional NLOP shares, with the aggregate amount of cash distributed by NLOP limited to a maximum of 20% of the total dividend. The total number of shares issued in the share dividend was 164,199 shares. Cash paid in connection with the share dividend totaled $1.1 million, which includes cash paid in lieu of fractional shares.

Earnings Per Share

The following table summarizes basic and diluted earnings (dollars in thousands):

	Three Months Ended March 31,	
	2024	**2023**
Net (loss) income — basic and diluted	$ (27,842)	$ 3,743
Weighted-average shares outstanding – basic and diluted	14,785,118	14,620,919

For the three months ended March 31, 2024, we recognized net loss. Therefore, all potentially dilutive securities are antidilutive and accordingly, basic net loss per share equals diluted net loss per share. For the three months ended March 31, 2023, there were no potentially dilutive securities excluded from the computation of diluted earnings per share.

Reclassifications Out of Accumulated Other Comprehensive Loss

The following tables present a reconciliation of changes in Accumulated other comprehensive loss by component for the periods presented (in thousands):

	Three Months Ended March 31, 2024		
	Gains and (Losses) on Derivative Instruments	**Foreign Currency Translation Adjustments**	**Total**

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

Beginning balance	$	(1,191)	$	(34,409)	$	(35,600)
Other comprehensive loss before reclassifications		(3)		(2,230)		(2,233)
Amounts reclassified from accumulated other comprehensive loss to:						
Interest expense		215		—		215
Total		215		—		215
Net current period other comprehensive loss		212		(2,230)		(2,018)
Ending balance	$	(979)	$	(36,639)	$	(37,618)

	Three Months Ended March 31, 2023					
	Gains and (Losses) on Derivative Instruments		Foreign Currency Translation Adjustments		Total	
Beginning balance	$	—	$	(42,464)	$	(42,464)
Net current period other comprehensive income		—		131		131
Ending balance	$	—	$	(42,333)	$	(42,333)

See Note 8 for additional information on our derivatives activity recognized within Other comprehensive (loss) income for the periods presented.

Note 12. Income Taxes

As of September 30, 2023, NLOP Predecessor was owned by WPC, which has elected We intend to qualify and elect to be treated as a REIT since 2012. We commencing with our taxable year ended December 31, 2023 and believe that WPC has we have been organized and has have operated in such a manner to maintain its qualification qualify as a REIT for federal and state income tax purposes. As a REIT, WPC is we would generally not be subject to corporate level federal income taxes on earnings distributed to its our shareholders. Accordingly, we have not included any provisions for federal income taxes related to the REIT in the accompanying combined consolidated financial statements for the three and nine months ended September 30, 2023 March 31, 2024 and 2022. 2023.

Current income tax expense was $0.4 million $0.3 million and $0.8 million for both the three months ended September 30, 2023 March 31, 2024 and 2022, and $1.1 million for both the nine months ended September 30, 2023 and 2022. 2023, respectively. Deferred income tax benefit was $0.1 million and $0.4 million for the three months ended September 30, 2023 March 31, 2024 and 2022, respectively, and $0.8 million and $0.6 million for the nine months ended September 30, 2023 and 2022, 2023, respectively.

Note 13. Property Dispositions

Net Lease Office Properties 9/30/2023 10-Q Our property dispositions are also discussed in Note 4 and – Note 522 .

During the three months ended March 31, 2024, we sold two properties for total proceeds, net of selling costs, of $42.8 million and recognized a net loss on these sales totaling $15.8 million (inclusive of income taxes totaling $0.1 million recognized upon sale).

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

Note 10. 14. Geographic Information

Our portfolio is comprised of domestic and international investments. At September 30, 2023 March 31, 2024, our international investments were comprised of investments in Poland, United Kingdom, and Norway. No international tenant or country individually comprised at least 10% of our total lease revenues for the three and nine months ended September 30, 2023 March 31, 2024 or 2022, 2023, or at least 10% of our total long-lived assets at September 30, 2023 March 31, 2024 or December 31, 2022 December 31, 2023. One domestic tenant comprised (i) 19.1% 18.4% and 19.5% 18.0% of our total lease revenues for the three months ended September 30, 2023 March 31, 2024 and 2022, respectively, (ii) 18.7% and 20.8% for the nine months ended September 30, 2023 and 2022, 2023, respectively, and (iii) 13.3% (ii) 15.4% and 14.4% of our total long-lived assets at both September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively. Another domestic tenant comprised 10.5% and 9.2% of our total lease revenues for the three months ended March 31, 2024 and 2023, respectively. The following tables present the geographic information (in thousands):

	Three Months Ended March 31,	
	2024	2023
Revenues		
Domestic	$ 40,531	$ 38,860
International	3,476	3,804
Total	$ 44,007	$ 42,664

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Revenues				
Domestic	$ 39,253	$ 36,865	$ 117,169	$ 103,866
International	3,853	3,436	11,402	9,749
Total	$ 43,106	$ 40,301	$ 128,571	$ 113,615

		September 30, 2023	December 31, 2022		
	March 31, 2024			March 31, 2024	December 31, 2023
Long-lived Assets (a)	**Long-lived Assets** (a)				
Domestic	Domestic	$1,136,341	$1,181,943		
International		148,790	162,743		
Domestic					
Domestic					
International (b)					
Total	Total	$1,285,131	$1,344,686		

(a) Consists of Net investments in real estate.

Note 11. Transactions with WPC

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

Historically, NLOP Predecessor has been managed and operated in the normal course of business consistent with other affiliates of WPC. Accordingly, certain shared costs have been allocated to NLOP Predecessor and reflected as expenses in the combined statements of income. Management considers the allocation methodologies used to be reasonable and appropriate reflections of the historical WPC expenses attributable to NLOP Predecessor for purposes of the combined financial statements of NLOP Predecessor. However, the expenses reflected in the combined statements of income may not be indicative of the actual expenses that would have been incurred(b) We sold two international properties during the periods presented if NLOP Predecessor historically operated as a separate, stand-alone entity. In addition, the expenses reflected in the combined statements of income may not be indicative of related expenses that will be incurred in the future by NLOP Predecessor.

The following table presents amounts charged to the company by WPC for the three and nine months ended September 30, 2023 and 2022 (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
General and administrative (a)	$ 3,426	$ 3,328	$ 9,970	$ 8,734
Interest expense (b)	5,945	4,545	16,376	14,170
Total	$ 9,371	$ 7,873	$ 26,346	$ 22,904

(a) General and administrative fees are inclusive of expenses such as employee compensation and benefits, stock-based compensation and professional fees March 31, 2024 (Note 2 4, Note 5, Note 13).

(b) NLOP Predecessor's income statement includes an allocation of interest expense associated with WPC unsecured debt utilized partially to fund property assets of NLOP Predecessor (Note 2).

The following presents amounts owed to WPC by the Company as of September 30, 2023 and December 31, 2022 (in thousands):

	September 30, 2023	December 31, 2022
Parent debt (a)	$ 94,270	$ 101,774
Accounts payable, accrued expenses, and other liabilities (b)	2,805	2,553
Total	$ 97,075	$ 104,327

(a) Certain wholly-owned affiliates of WPC entered into debt agreements with the international NLOP Predecessor entities to provide the funding necessary to acquire certain international assets (Note 7).

(b) Represents amounts owed to WPC for accrued interest related to the Parent debt, and services and fees which were directly attributable to NLOP Predecessor as discussed above.

Net parent investment shown in the combined statements of equity include contributions from WPC, which are the result of treasury activities and net funding provided by WPC prior to the Spin-Off, and also includes the indirect costs and expenses allocated to NLOP Predecessor by WPC as described in Note 2.

Note 12. 15. Subsequent Events

Spin-Off Dispositions

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

On November 1, 2023, WPC completedIn April 2024, we transferred ownership of a property in Warrenville, Illinois, and the Spin-Off related non-recourse mortgage loan, which had an aggregate net asset carrying value of 59 office properties into NLOP, subject approximately $19.5 million and mortgage principal outstanding of $19.8 million, respectively, on the date of transfer, to the conditions set forth mortgage lender (Note 9).

In April 2024, we transferred ownership of a property in Tempe, Arizona, and the related non-recourse mortgage loan, which had an aggregate net asset carrying value of approximately $13.3 million and mortgage principal outstanding of $13.2 million, respectively, on the date of transfer, to the mortgage lender (Note 9).

In April 2024, we sold two properties for gross proceeds totaling $98.5 million, including (i) a property in Collierville, Tennessee, for gross proceeds of $62.5 million, and (ii) a property in Hoffman Estates, Illinois, for gross proceeds of $36.0 million. These properties were included in the Separation and Distribution Agreement. The Spin-Off was accomplished via a pro rata dividend of 1 NLOP common share collateral pool for every 15 shares of WPC common stock outstanding, resulting in a distribution of an aggregate of 14,620,919 NLOP common shares. Following the closing of the Spin-Off, NLOP operates as a separate publicly-traded REIT, for which wholly-owned subsidiaries of WPC serve as advisors pursuant to the NLOP Advisory Agreements executed in connection with Financing Arrangements at the Spin-Off.

The funding time of sales and net proceeds from the sales were used to repay portions of the NLOP Financing Arrangements, also occurred as described below (Note 9).

Repayments of NLOP Financing Arrangements

In April 2024, we repaid $78.1 million and $14.5 million of outstanding principal on November 1, 2023. We borrowed an aggregate of $455.0 million and each of the NLOP Mortgage Loan and the NLOP Mezzanine Loan, was fully drawn. Approximately $350.0 million of the respectively, using proceeds from the financing (net sales of transaction expenses) was transferred to WPC in connection with properties described above (Note 9). As a result of these repayments, we reached the Spin-Off.

Lease Extension and Lease Termination

On October 25, 2023, NLOP, through one of its subsidiaries, entered into (i) an amended and restated lease agreement (the “Lease Extension”) with respect to the two properties leased by BCBSM, Inc. located at 1800 Yankee Doodle Road and 3400 Yankee Doodle Road in Eagan, Minnesota (the “Extension Premises”) and (ii) lease termination agreements (collectively, the “Lease Terminations”) with respect to the four properties leased by BCBSM, Inc. located at 3535 Blue Cross Road, 1750 Yankee Doodle Road, 3311 Terminal Drive, and 3545 Blue Cross Road (the “Termination Premises”).

The Lease Extension, among other things, extends the lease expiration date second deleveraging threshold for the Extension Premises by ten years until January 31, 2037, subject NLOP Mortgage Loan, which was repayments on the original loan balance totaling 25% (or $83.8 million) on or prior to November 1, 2025 (Note 9). Following the tenant’s right to further extend the lease term for two additional five-year periods following the new lease expiration date.

The Lease Terminations, among other things, shorten the lease term of each sales of the Termination Premises from January 31, 2027 to the earlier properties described above, as of (i) June 30, 2024 and (ii) the sale of the respective property. In connection with the Lease Terminations, the tenant has agreed to pay NLOP termination fees of approximately $12.0 million to $13.0 million in the aggregate for all of the Termination Premises payable and determined based on the date of each property’s termination date. this Report, the NLOP Financing Arrangements were collateralized by 34 of our properties (Note 9).

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

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

Management's Discussion and Analysis of Financial Condition and Results of Operations is intended to assist in understanding our financial statements and the reasons for changes in certain key components of our financial statements from period to period. This item also provides our perspective on our financial position and liquidity, as well as certain other factors that may affect our future results. Certain risks may cause our actual results, performance, or achievements to differ materially from those expressed or implied by the following discussion. For a complete discussion Our Management's Discussion and Analysis of such risk factors, see the section titled "Risk Factors" included Financial Condition and Results of Operations should be read in the preliminary information statement included as Exhibit 99.1 to the Company's Registration Statement on Form 10 (File No. 001-41812) (the "Form 10") filed conjunction with the U.S. 2023 Annual Report and subsequent reports filed under the Securities and Exchange Commission Act of 1934, as amended (the "SEC" "Exchange Act") on October 4, 2023, . Refer to Item 1 of the final version 2023 Annual Report for a description of which was included as Exhibit 99.1 to the Current Report on Form 8-K/A filed with the SEC on October 11, 2023 (the "Information Statement"). our business.

Basis of Presentation

Prior to the Spin-Off

The historical results of operations and liquidity and capital resources of NLOP Predecessor prior to the Spin-Off do not represent the historical results of operations and liquidity and capital resources of a legal entity, but rather a combination of entities under common control that have been "carved-out" of WPC's consolidated financial statements and presented on a combined basis, herein, in each case, in accordance with U.S. GAAP. Intercompany transactions and balances have been eliminated in combination. The preparation of the financial results of NLOP Predecessor prior to the Spin-Off required management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the dates of the relevant reporting periods and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

The financial results of NLOP Predecessor prior to the Spin-Off reflect the revenues and direct expenses of the NLOP Predecessor and include material assets and liabilities of WPC that are specifically attributable to the NLOP Predecessor. NLOP Predecessor equity NLOP. Equity represents the excess of total assets over total liabilities. Predecessor equity Equity is impacted by contributions from and distributions to WPC, which are the result of treasury activities and net funding provided by or distributed to WPC prior to the Separation, as well as the allocated costs and expenses.

The financial results of NLOP prior to the NLOP Predecessor Spin-Off also include an allocation of indirect costs and expenses incurred by WPC related to the NLOP, Predecessor, primarily consisting of compensation and other general and administrative costs using the relative percentage of property revenue of the NLOP Predecessor and WPC management's knowledge of the NLOP Predecessor. NLOP. In addition, the financial results reflect the allocation of interest expense from WPC unsecured debt, excluding debt that is specifically attributable to the NLOP Predecessor; NLOP; interest expense was allocated by calculating the unencumbered net investment in real estate of each property held by the NLOP Predecessor as a percentage of WPC's total consolidated unencumbered net investment in real estate and multiplying that percentage by the interest expense on WPC unsecured debt. The amounts allocated in the financial results of NLOP Predecessor prior to the Spin-Off are not necessarily indicative of the actual amount of such indirect expenses that would have been recorded had the NLOP Predecessor been a separate independent entity during the applicable periods. NLOP believes the assumptions underlying NLOP's allocation of indirect expenses prior to the Spin-Off are reasonable.

Spin-Off

On November 1, 2023, WPC completed the Spin-Off of 59 office properties into NLOP. The Spin-Off was accomplished via a pro rata dividend of 1 NLOP common share for every 15 shares of WPC common stock outstanding, resulting in a distribution of an aggregate of 14,620,919 NLOP common shares. Following the closing of the Spin-Off, NLOP operates as a separate publicly-traded REIT, for which wholly-owned subsidiaries of WPC serve as advisors pursuant to the NLOP Advisory Agreements executed in connection with the Spin-Off (Note 12).

Emerging Growth Company

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

NLOP is an "emerging growth company," as defined in Section 2(a) of the U.S. Securities Act of 1933, as amended (the "Securities Act"), as modified by the Jumpstart Our Business Startups Act of 2012, as amended (the "JOBS Act"), and it may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies, including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002, as amended, (the "Sarbanes-Oxley Act"), reduced disclosure obligations regarding executive compensation in NLOP's periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation, and stockholder shareholder approval of any golden parachute payments not previously approved.

Further, Section 102(b)(1) of the JOBS Act exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies (that is, those that have not had a Securities Act registration statement declared effective or do not have a class of securities registered under the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act")) Act) are required to comply with the new or revised financial accounting standards. The JOBS Act provides that a company can elect to opt out of the extended transition period and comply with the requirements that apply to non-emerging growth companies but any such election to opt out is irrevocable. NLOP has elected to take advantage of such extended transition period, which means that when a standard is issued or revised and it has different application dates for public or private companies, NLOP, as an emerging growth company, can adopt the new or revised standard at the time private companies adopt the new or revised standard. This may make comparison of NLOP's financial statements with certain other public companies difficult or impossible because of the potential differences in accounting standards used.

NLOP will remain an emerging growth company until the earlier of: (i) the last day of the fiscal year (a) following the fifth anniversary of the closing of the Distribution, Spin-Off, (b) in which NLOP has total annual gross revenue of at least $1.235 billion, or (c) in which NLOP is deemed to be a large accelerated filer, which means the market value of the common equity of NLOP that is held by non-affiliates exceeds $700 million as of the last business day of its most recently completed second fiscal quarter; and (ii) the date on which NLOP has issued more than $1.00 billion in non-convertible debt securities during the prior three-year period. References herein to "emerging growth company" have the meaning associated with it in the JOBS Act.

Financial Highlights

During the three months ended March 31, 2024 and through the date of this Report, we completed the following (as further described in the consolidated financial statements):

Dispositions

- During the three months ended March 31, 2024, we disposed of two properties for total proceeds, net of selling costs, of $42.8 million (Note 13).
- In April 2024, we sold two properties for gross proceeds totaling $98.5 million. In addition, we disposed of two properties by transferring ownership to the respective mortgage lenders, in satisfaction of non-recourse mortgage loans encumbering the properties totaling $33.0 million (Note 15).

Debt Payoffs

- During the three months ended March 31, 2024, we repaid $11.3 million of outstanding principal on the NLOP Mortgage Loan using excess cash from operations (Note 9).
- During the three months ended March 31, 2024, we prepaid one non-recourse mortgage loan for $19.2 million, which had an interest rate of 5.2% on its date of repayment (Note 9).

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

- In April 2024, we repaid $78.1 million and $14.5 million of outstanding principal on the NLOP Mortgage Loan and NLOP Mezzanine Loan, respectively, using proceeds from the sales of certain properties (Note 15).

Summary Results

(in thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Total revenues	$ 43,106	$ 40,301	$ 128,571	$ 113,615
Net income attributable to NLOP Predecessor	2,764	1,080	10,332	13,729
Net cash provided by operating activities			63,869	67,318
Net cash used in investing activities			(4,617)	(21,111)
Net cash used in financing activities			(59,016)	(47,559)
Supplemental financial measures (a):				
Funds from operations attributable to NLOP Predecessor (FFO)	20,497	17,585	63,403	59,161
Adjusted funds from operations attributable to NLOP Predecessor (AFFO)	24,212	22,930	72,310	65,580

	Three Months Ended March 31,	
	2024	2023
Total revenues	$ 44,007	$ 42,664
Net (loss) income attributable to NLOP	(27,842)	3,743
Net cash provided by operating activities (a)	26,393	20,459
Net cash provided by (used in) investing activities	26,757	(236)
Net cash used in financing activities	(32,037)	(17,183)
Supplemental financial measures (b):		
Funds from operations attributable to NLOP (FFO)	9,917	21,429
Adjusted funds from operations attributable to NLOP (AFFO)	20,014	23,407

(a) Amount for the three months ended March 31, 2024 includes $10.4 million of proceeds from the sale of a net investment in sales-type lease (Note 5). Such proceeds are included within Net cash provided by operating activities in accordance with Accounting Standards Codification 842, *Leases.*

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

(b) We consider Funds from operations (“FFO”) and Adjusted funds from operations (“AFFO”), supplemental measures that are not defined by GAAP (a “non-GAAP measure”), to be important measures in the evaluation of our operating performance. See Supplemental Financial Measures below for our definition of this non-GAAP measure and a reconciliation to its most directly comparable GAAP measure.

Revenues

Total revenues increased for the three and nine months ended September 30, 2023 as compared to the same periods in 2022, primarily due to higher lease revenues contributed from the nine properties acquired in the CPA:18 Merger, which closed on August 1, 2022.

Net Income Attributable to NLOP Predecessor

Net income attributable to NLOP Predecessor increased for the three months ended September 30, 2023 March 31, 2024 as compared to the same period in 2022, 2023, primarily due to lower separation and distribution costs. lease termination income recognized during the current year period, partially offset by the impact of disposition activity.

Net (Loss) Income Attributable to NLOP

We recognized net loss attributable to NLOP for the three months ended March 31, 2024, compared to net income attributable to NLOP Predecessor for the three months ended March 31, 2023, primarily due to loss on sale of real estate and impairment charges recognized during the current year period, as well as higher interest expense.

FFO

FFO decreased for the nine three months ended September 30, 2023 March 31, 2024 as compared to the same period in 2022, 2023, primarily due to higher interest expense (including amortization of deferred financing costs) and the impact of disposition activity, partially offset by the accretive impact of the CPA:18 Merger.

FFO

FFO increased for the three and nine months ended September 30, 2023 as compared to the same periods in 2022, primarily due to lower separation and distribution costs and the accretive impact of the CPA:18 Merger. higher other lease-related income.

AFFO

AFFO increased decreased for the three and nine months ended September 30, 2023 March 31, 2024 as compared to the same periods period in 2022, 2023, primarily due to higher interest expense and the accretive impact of the CPA:18 Merger. disposition activity, partially offset by higher other lease-related income.

Portfolio Overview

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

Portfolio Summary

Portfolio information is provided on a pro rata basis, unless otherwise noted below, to better illustrate the economic impact of our one jointly owned investment. See Terms and Definitions below for a description of pro rata amounts.

	September 30, 2023	December 31, 2022
ABR (in thousands)	$ 145,043	$ 140,572
Number of properties	59	59
Occupancy	97.1 %	97.1 %
Weighted-average lease term (in years)	5.7	6.2
Leasable square footage (in thousands) (a)	8,682	8,678

Portfolio Summary

	March 31, 2024	December 31, 2023
ABR (in thousands)	$ 128,331	$ 142,438
Number of properties	53	55
Number of tenants	55	59
Occupancy	92.6 %	97.0 %
Weighted-average lease term (in years)	5.7	5.8
Leasable square footage (in thousands) (a)	8,023	8,379

(a) Excludes 0.6 million 570,999 of operating square footage for a parking garage at a domestic property.

Portfolio

The tables below represent information about our portfolio at March 31, 2024 on a pro rata basis. See Terms and Definitions below for a description of pro rata amounts and ABR.

Top Ten Tenants by ABR
(dollars in thousands)

Tenant/Lease Guarantor	State/Country	ABR	ABR Percent	Square Footage (a)	Number of Properties	Weighted-Average Lease Term (Years)
KBR, Inc.	Texas	$ 20,156	15.7 %	913,713	1	6.2
BCBSM, Inc.	Minnesota	12,788	10.0 %	1,029,966	5	4.8
JPMorgan Chase Bank, N.A.	Florida, Texas	9,069	7.1 %	666,869	3	5.2
FedEx Corporation (b)	Tennessee	5,491	4.3 %	390,380	1	15.7
Siemens AS (c)	Norway	4,404	3.4 %	165,905	1	1.7
CVS Health Corporation	Arizona	4,300	3.3 %	354,888	1	15.1
Pharmaceutical Product Development, LLC	North Carolina	3,983	3.1 %	219,812	1	9.7
Omnicom Group, Inc.	California	3,961	3.1 %	120,000	1	4.5
Orbital ATK, Inc.	Minnesota	3,821	3.0 %	191,336	1	5.7
E.On UK PLC (c)	United Kingdom	3,602	2.8 %	217,339	1	1.3
Total		$ 71,575	55.8 %	4,270,208	16	6.7

(a) Excludes 570,999 of operating square footage for a parking garage at a domestic property.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

(b) This property was sold in April 2024 (Note 15).

(c) ABR amounts are subject to fluctuations in foreign currency exchange rates.

Lease Expirations
(dollars in thousands)

Year of Lease Expiration (a)	Number of Leases Expiring	Number of Tenants with Leases Expiring	ABR	ABR Percent	Square Footage (b)	Square Footage Percent
Remaining 2024	9	6	$ 12,443	9.7 %	863,272	10.8 %
2025	13	13	17,162	13.4 %	859,031	10.7 %
2026	8	8	9,376	7.3 %	574,783	7.2 %
2027	7	6	8,713	6.8 %	499,571	6.2 %
2028	7	6	13,903	10.8 %	627,627	7.8 %
2029	5	4	6,785	5.3 %	358,013	4.5 %
2030	5	4	31,157	24.3 %	1,669,375	20.8 %
2031	1	1	615	0.5 %	50,600	0.6 %
2032	2	2	3,620	2.8 %	257,008	3.2 %
2033	1	1	3,983	3.1 %	219,812	2.7 %
2035	2	2	2,951	2.3 %	201,229	2.5 %
2037	2	2	5,374	4.2 %	402,962	5.0 %
2038	1	1	2,458	1.9 %	104,598	1.3 %
2039	2	2	9,791	7.6 %	745,268	9.3 %
Vacant	—	—	—	— %	589,924	7.4 %
Total	65		$ 128,331	100.0 %	8,023,073	100.0 %

(a) Assumes tenants do not exercise any renewal options or purchase options.

(b) Excludes 570,999 of operating square footage for a parking garage at a domestic property.

Terms and Definitions

Pro Rata Metrics — The portfolio information above contains certain metrics prepared on a pro rata basis. We refer to these metrics as pro rata metrics. We have one investment in which our economic ownership is less than 100%. On a full consolidation basis, we report 100% of the assets, liabilities, revenues, and expenses of this investment that is deemed to be under our control, even if our ownership is less than 100%. On a pro rata basis, we generally present our proportionate share, based on our economic ownership of this jointly owned investment, of the portfolio metrics of this investment. Multiplying this jointly owned investment’s financial statement line items by our percentage ownership and adding or subtracting those amounts from our totals, as applicable, may not accurately depict the legal and economic implications of holding an ownership interest of less than 100% in our jointly owned investment.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

ABR — ABR represents contractual minimum annualized base rent for our properties and reflects exchange rates as of September 30, 2023 March 31, 2024. If there is a rent abatement, we annualize the first monthly contractual base rent following the free rent period.

Results of Operations

Revenues

(in thousands)	Three Months Ended March 31, 2024	2023	Change
Revenues			
Lease revenues	$ 38,314	$ 41,439	$ (3,125)
Income from finance leases	89	442	(353)
Other lease-related income	5,604	783	4,821
	$ 44,007	$ 42,664	$ 1,343

Results of Operations

Revenues

(in thousands)	Three Months Ended September 30, 2023	2022	Change	Nine Months Ended September 30, 2023	2022	Change
Revenues						
Lease revenues	$ 41,977	$ 39,137	$ 2,840	$ 124,972	$ 109,833	$ 15,139
Income from direct financing leases	294	436	(142)	1,175	1,301	(126)
Other lease-related income	835	728	107	2,424	2,481	(57)
	$ 43,106	$ 40,301	$ 2,805	$ 128,571	$ 113,615	$ 14,956

Lease Revenues

For the three and nine months ended September 30, 2023 March 31, 2024 as compared to the same periods period in 2022, 2023, lease revenues increased decreased by $2.8 million and $15.1 million $3.1 million, respectively, primarily due to additional lease revenues from the nine properties acquired in the CPA:18 Merger. disposition activity and tenant vacancies at two properties.

Income from Direct Financing Finance Leases

For both the three and nine months ended September 30, 2023 March 31, 2024 as compared to the same periods period in 2022, 2023, income from direct finance leases decreased by $0.1 million $0.4 million, due to the reclassification of our remaining direct financing lease investment to operating lease during the third quarter of 2023 (Note 4 5).

Other Lease-Related Income

Other lease-related income is described in Note 3 4.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

Operating Expenses

		Three Months Ended September 30,			Nine Months Ended September 30,		
		Three Months Ended March 31,					
		Three Months Ended March 31,					
		Three Months Ended March 31,					
(in thousands)							
(in thousands)							
(in thousands)	*(in thousands)*	2023	2022	Change	2023	2022	Change
Operating Expenses	**Operating Expenses**						
Operating Expenses							
Operating Expenses							
Depreciation and amortization							
Depreciation and amortization							
Depreciation and amortization	Depreciation and amortization	$ 17,785	$ 16,540	$ 1,245	$ 53,226	$ 45,467	$ 7,759
Reimbursable tenant costs	Reimbursable tenant costs	7,091	6,217	874	20,831	17,289	3,542
Reimbursable tenant costs							
Reimbursable tenant costs							
Impairment charges — real estate							
Impairment charges — real estate							
Impairment charges — real estate							
Property expenses, excluding reimbursable tenant costs							
Property expenses, excluding reimbursable tenant costs							
Property expenses, excluding reimbursable tenant costs							
General and administrative	General and administrative	3,435	3,330	105	10,034	8,741	1,293
Property expenses, excluding reimbursable tenant costs		2,352	1,780	572	6,479	5,640	839
General and administrative							
General and administrative							
Asset management fees							
Asset management fees							
Asset management fees							
Separation and distribution related costs and other	Separation and distribution related costs and other	1,343	3,719	(2,376)	2,882	4,037	(1,155)

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

	$ 32,006	$ 31,586	$ 420	$ 93,452	$ 81,174	$ 12,278
Separation and distribution related costs and other						
Separation and distribution related costs and other						
	$					
	$					
	$					

Depreciation and Amortization

For the three and nine months ended September 30, 2023 March 31, 2024 as compared to the same periods period in 2022, 2023, depreciation and amortization expense increased by $1.2 million and $7.8 million $0.2 million, respectively, primarily due to accelerated amortization of intangible assets during the current year period in connection with a lease restructuring, partially offset by the impact of additional expenses from the nine disposition activity and tenant vacancies at two properties acquired (intangible assets for such properties were fully amortized upon lease expiration in the CPA:18 Merger. January 2024).

Reimbursable Tenant Costs

For the three and nine months ended September 30, 2023 March 31, 2024 as compared to the same periods period in 2022, 2023, reimbursable tenant costs decreased by $0.6 million, primarily due to lower repair and maintenance costs.

Impairment Charges — Real Estate

Our impairment charges on real estate are described in Note 7.

Property Expenses, Excluding Reimbursable Tenant Costs

For the three months ended March 31, 2024 as compared to the same period in 2023, property expenses, excluding reimbursable tenant costs, increased by $0.9 million and $3.5 million $0.2 million, respectively, primarily due to tenant vacancies during the addition of nine properties acquired current year period (which resulted in the CPA:18 Merger. property expenses no longer being reimbursable).

General and Administrative

For the three and nine months ended September 30, 2023 as compared Prior to the same periods in 2022, general and administrative expenses increased by $0.1 million and $1.3 million Spin-Off on November 1, 2023 (Note 1), respectively, primarily due to the nine additional properties acquired in the CPA:18 Merger, along with higher general and administrative corporate expense subject to allocation. General and administrative expenses were allocated to NLOP Predecessor based on the relative percentage of ABR annualized based rent of the NLOP Predecessor Business. NLOP. The amounts allocated are not necessarily indicative of the actual amount of indirect expenses that would have been recorded had NLOP Predecessor been a separate independent entity.

Property Expenses, Excluding Reimbursable Tenant Costs

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

For the three and nine months ended September 30, 2023 March 31, 2024 as compared to the same periods period in 2022, property 2023, general and administrative expenses excluding reimbursable tenant costs, increased decreased by $0.6 million and $0.8 million $1.5 million, respectively, primarily due since the current year period represents actual direct expenses incurred (including $1.0 million of administrative reimbursements paid to higher maintenance expense at certain properties. our Advisor (Note 3)), compared to the allocation of expenses described above for the prior year period.

Asset Management Fees

Upon completion of the Spin-Off on November 1, 2023 (Note 1), we began paying asset management fees to our Advisor, which totaled $1.8 million during the three months ended March 31, 2024 (Note 3).

Separation and Distribution Related Costs and Other

Separation and distribution related costs and other are comprised of (i) costs related to the Spin-Off for the three and nine months ended September 30, 2023 and 2022, and (ii) CPA:18 Merger-related costs for the three and nine months ended September 30, 2022 March 31, 2023.

Other Income and (Expenses), and Provision for Income Taxes

		Three Months Ended September 30,			Nine Months Ended September 30,		
		Three Months Ended March 31,					
		Three Months Ended March 31,					
		Three Months Ended March 31,					
(in thousands)							
(in thousands)							
(in thousands)	*(in thousands)*	2023	2022	Change	2023	2022	Change
Other Income and (Expenses), and Provision for Income Taxes	**Other Income and (Expenses), and Provision for Income Taxes**						
Other Income and (Expenses), and Provision for Income Taxes							
Other Income and (Expenses), and Provision for Income Taxes							
Interest expense	Interest expense	$ (8,053)	$ (7,638)	$ (415)	$ (24,433)	$ (18,228)	$ (6,205)
Interest expense							
Interest expense							
Loss on sale of real estate, net							
Loss on sale of real estate, net							
Loss on sale of real estate, net							
Other gains and (losses)							
Other gains and (losses)							

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

Other gains and (losses)	Other gains and (losses)	(25)	(3)	(22)	26	(11)	37
Provision for income taxes	Provision for income taxes	(232)	(1)	(231)	(303)	(480)	177
		$ (8,310)	$ (7,642)	$ (668)	$ (24,710)	$ (18,719)	$ (5,991)
Provision for income taxes							
Provision for income taxes							
		$					
		$					
		$					

Interest Expense

For the three and nine months ended September 30, 2023 as compared to the same periods in 2022, interest expense increased by $0.4 million and $6.2 million, respectively, primarily related to non-recourse loans assumed in the CPA:18 Merger, as well as higher corporate interest expense subject to allocation. Interest expense is comprised of interest on Non-recourse mortgages, our NLOP Mortgage Loan, and our NLOP Mezzanine Loan, as well as interest expense on Parent debt specific to NLOP Predecessor properties and that was allocated to NLOP Predecessor based on the relative percentage of unencumbered net investment in real estate of each property compared to WPC. WPC (prior to the Spin-Off). The amounts allocated to Parent debt in the accompanying combined consolidated financial statements are not necessarily indicative of the actual amount of interest expense that would have been recorded had the NLOP Predecessor been a separate independent entity during the applicable periods. We expect increasing

For the three months ended March 31, 2024 as compared to the same period in 2023, interest rates and higher debt balances expense increased by $13.0 million, primarily due to have a material impact the $455.0 million of NLOP Financing Arrangements entered into during the fourth quarter of 2023 (Note 9).

Loss on our results Sale of operations depending Real Estate, Net

Loss on sale of real estate, net, consists of loss on the terms we are able to obtain sale of properties that were disposed of during the reporting period, as more fully described in new financings or refinancings.Note 4, Note 5, and Note 13.

Other Gains and (Losses)

For the three months ended March 31, 2024, other gains and (losses) of $0.8 million were primarily comprised of net realized and unrealized losses on foreign currency exchange rate movements of $0.7 million and a loss on extinguishment of debt of $0.3 million (Note 9).

For the three months ended March 31, 2023, other gains and (losses) were immaterial.

Provision for Income Taxes

For the three months ended September 30, 2023 March 31, 2024 as compared to the same period in 2022, provision for income taxes increased by $0.2 million, primarily due to higher taxes recognized on a property located in Norway, which was acquired in the CPA:18 Merger.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

For the nine months ended September 30, 2023 as compared to the same period in 2022, 2023, provision for income taxes decreased by $0.2 million, primarily due to lower taxes recognized on a the impact of an international property located in disposition during the United Kingdom. current year period.

Liquidity and Capital Resources

Sources and Uses of Cash During the Period

We use the cash flow generated from our investments primarily to meet our operating expenses, capital expenditures and debt service. Our cash flows fluctuate periodically due to a number of factors, which may include, among other things: the timing of purchases capital expenditures and sales of real estate; the timing of the repayment of mortgage loans debt and receipt of lease revenues; the timing and amount of other lease-related payments; and changes in foreign currency exchange rates. the timing of advisory fees and reimbursements paid to our Advisor. Despite these fluctuations, we believe that we will generate sufficient cash from operations to meet our normal recurring short-term and long-term liquidity needs. We may also use existing cash resources and proceeds from dispositions of properties in order to meet these needs. We assess our ability to access capital on an ongoing basis. The following table summarizes the changes in cash flows for the periods presented (in thousands):

		Nine Months Ended September 30,		
		2023	2022	Increase (Decrease)
	Three Months Ended March 31,	Three Months Ended March 31,		
	2024			Increase (Decrease)
Net cash provided by operating activities	Net cash provided by operating activities	$63,869	$67,318	$ (3,449)
Net cash used in investing activities		(4,617)	(21,111)	16,494
Net cash provided by operating activities				
Net cash provided by operating activities				
Net cash provided by (used in) investing activities				
Net cash used in financing activities	Net cash used in financing activities	(59,016)	(47,559)	(11,457)

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

Net Cash Provided by Operating Activities — Net cash provided by operating activities decreased increased by $3.4 million $5.9 million during the nine three months ended September 30, 2023 March 31, 2024 as compared to the same period in 2022, 2023, primarily due to $10.4 million of proceeds received from the sale of a net investment in sales-type lease (Note 5), partially offset by higher interest expense. expense and the impact of dispositions.

Net Cash Used in Provided by (Used in) Investing Activities — Net cash used in provided by (used in) investing activities decreased increased by $16.5 million $27.0 million during the nine three months ended September 30, 2023 March 31, 2024 as compared to the same period in 2022, 2023, primarily due to cash paid to stockholders of CPA:18 – Global in the CPA:18 Merger proceeds from a disposition during the nine months ended September 30, 2022. current year period.

Net Cash Used in Financing Activities — Net cash used in financing activities increased by $11.5 million $14.9 million during the nine three months ended September 30, 2023 March 31, 2024 as compared to the same period in 2022, 2023, primarily due to financing costs incurred during the current year period in connection with the NLOP Financing Arrangements, as well as an increase in prepayments and scheduled higher payments of non-recourse mortgages. mortgage principal.

Summary of Financing

The table below summarizes our non-recourse mortgages, NLOP Mortgage Loan, and NLOP Mezzanine Loan (dollars in thousands):

March 31, 2024		March 31, 2024	December 31, 2023
Carrying Value			
Fixed rate:			
Fixed rate:			
Fixed rate:			
NLOP Mezzanine Loan (a)			
NLOP Mezzanine Loan (a)			
NLOP Mezzanine Loan (a)			
Non-recourse mortgages (a)			
214,093			
Variable rate:			
NLOP Mortgage Loan — Amount subject to interest rate cap (a)			

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

NLOP Mortgage Loan — Amount subject to interest rate cap (a)			
NLOP Mortgage Loan — Amount subject to interest rate cap (a)			
Non-recourse mortgages (a)			
	301,080		
	$		

	September 30, 2023	December 31, 2022
Carrying Value (a)		
Fixed rate:		
Non-recourse mortgages (b)	$125,153	$127,794
	125,153	127,794
Variable rate:		
Non-recourse mortgages (b):		
Floating interest rate mortgage loans	41,562	46,495
	41,562	46,495
	$166,715	$174,289
Percent of Total Non-Recourse Mortgages		

Percent of Total Debt

Percent of Total Debt

Percent of Total Debt

Fixed rate

Fixed rate

Fixed rate	Fixed rate	75 %	73 %		42 %	43 %
Variable rate	Variable rate	25 %	27 %	Variable rate	58 %	57 %
		100 %	100 %			
	100				100 %	100 %
Weighted-Average Interest Rate at End of Period	**Weighted-Average Interest Rate at End of Period**					
Fixed rate	Fixed rate	4.8 %	4.9 %			

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

Fixed rate						
Fixed rate					9.8 %	9.4 %
Variable rate	Variable rate	4.6 %	4.6 %	Variable rate	9.6 %	9.6 %
Total non-recourse mortgages		4.8 %	4.8 %			
Total debt				Total debt	9.7 %	9.5 %

____

(a) Table represents external mortgage debt of NLOP Predecessor excluding Parent debt. It does not reflect the Spin-Off financing arrangements discussed below.

(b) Aggregate debt balance includes unamortized discount, net, totaling $1.1 million $17.2 million and $2.0 million $21.6 million as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively, and unamortized deferred financing costs totaling less than $0.1 million $7.3 million and $9.2 million as of both September 30, 2023 March 31, 2024 and December 31, 2022. December 31, 2023, respectively.

In connection with the Spin-Off, we and certain of our wholly-owned subsidiaries entered into the NLOP Financing Arrangements, (Note 7). On November 1, 2023, we borrowed an aggregate of $455.0 million under the NLOP Financing Arrangements, and each comprised of the NLOP Mortgage Loan and the NLOP Mezzanine Loan was fully drawn. Approximately $350 million (Note 9). The NLOP Financing Arrangements are collateralized by the assignment of certain of our previously unencumbered real estate properties. Additionally, property sales are subject to the satisfaction of certain conditions, including satisfaction of a debt yield test and minimum release prices. We are required to use the net proceeds from the financing (net of transaction expenses) was transferred to WPC in accordance with the Separation and Distribution Agreement. The remainder of the proceeds from property sales collateralizing the NLOP Financing Arrangements is anticipated to be used to pay fees and expenses related to repay the origination portions of the NLOP Financing Arrangements Mortgage Loan and other transaction costs, to be deposited with NLOP Mezzanine Loan representing the Lenders in satisfaction of the reserve requirements pursuant to the NLOP Financing Arrangements, and release amount for other general corporate expenses. As of the November 1, 2023 completion of the Spin-Off, we had an estimated $622 million in consolidated debt principal outstanding. any individual property sale.

The NLOP Mortgage Loan is subject to certain deleveraging thresholds that require us to make repayments on the original loan balance. During the three months ended March 31, 2024, we repaid $11.3 million of outstanding principal on the NLOP Mortgage Loan using excess cash from operations and reached the first deleveraging threshold, which was repayments on the original loan balance totaling 15% (or $50.3 million) on or prior to November 1, 2024 (Note 9). At March 31, 2024, we had $277.6 million and $114.3 million total principal outstanding on the NLOP Mortgage Loan and NLOP Mezzanine Loan, respectively. In April 2024, we repaid $78.1 million and $14.5 million of outstanding principal on the NLOP Mortgage Loan and NLOP Mezzanine Loan, respectively, using proceeds from certain dispositions (Note 15). As a result of these repayments, we reached the second deleveraging threshold, which was repayments on the original loan balance totaling 25% (or $83.8 million) on or prior to November 1, 2025 (Note 9).

Cash Requirements and Liquidity Resources

At September 30, 2023 March 31, 2024, our cash resources consisted of the following:

- cash and cash equivalents totaling $5.1 million $39.8 million. Of this amount, $2.6 million $7.3 million, at then-current exchange rates, was held in foreign subsidiaries, and we could be subject to restrictions or significant costs should we decide to repatriate these amounts; and
- unleveraged properties that had an aggregate asset carrying value of approximately $1.2 billion $107.9 million at September 30, 2023 March 31, 2024, although there can be no assurance that we would be able to obtain financing for these properties.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

As of the completion of the Spin-Off on November 1, 2023, we had estimated cash Cash Requirements and cash equivalents of approximately $53.8 million (Note 12). ***Liquidity***

As of September 30, 2023 March 31, 2024, scheduled debt principal payments total $0.7 million through December 31, 2023 $33.9 million during the remainder of 2024 and $34.8 million through December 31, 2024 $383.9 million during 2025 (Note 7). These scheduled payments do not reflect the impact of the NLOP Financing Arrangements that were funded on November 1, 2023 (Note 12 9).

During the next 12 months following September 30, 2023 March 31, 2024 and thereafter, we expect that our significant cash requirements will include:

- making scheduled principal and balloon payments on our non-recourse mortgage debt obligations, totaling $35.0 million; $147.8 million, with $59.3 million due during the next 12 months;
- making scheduled interest payments on our non-recourse mortgage debt and parent debt obligations (future interest payments total $50.5 million $9.7 million, with $14.0 million $5.6 million due during the next 12 months);
- making scheduled principal payments on the NLOP Financing Arrangements, totaling $50.3 million (Note $391.9 million (no amounts are due during the next 12) months);
- making scheduled interest payments on the NLOP Financing Arrangements (future interest payments total $151.0 million $129.6 million, with $47.7 million $46.1 million due during the next 12 months) (Note 12); includes 4.5% payment-in-kind interest on the NLOP Mezzanine Loan that we have the option to capitalize into the principal balance;
- funding future capital commitments and tenant improvement allowances (Note 3); allowances; and
- other normal recurring operating expenses.

We expect to fund these cash requirements through cash generated from operations and cash received from dispositions of properties.

Our liquidity could be adversely affected by refinancing debt at higher interest rates, unanticipated costs, and greater-than-anticipated operating expenses.

Certain amounts disclosed above are based on the applicable foreign currency exchange rate at September 30, 2023 March 31, 2024.

Critical Accounting Policies and Estimates

There have been no significant changes in our critical accounting policies and estimates from what was previously disclosed in the Information Statement for the year ended December 31, 2022. Many of these accounting policies require judgment and the use of estimates and assumptions when applying these policies in the preparation of our combined financial statements. On a quarterly basis, we evaluate these estimates and judgments based on historical experience as well as other factors that we believe to be reasonable under the circumstances. These estimates are subject to change in the future if underlying assumptions or factors change. Certain accounting policies, while significant, may not require the use of estimates.

Supplemental Financial Measures

In the real estate industry, analysts and investors employ certain non-GAAP supplemental financial measures in order to facilitate meaningful comparisons between periods and among peer companies. Additionally, in the formulation of our goals and in the evaluation of the effectiveness of our strategies, we use FFO and AFFO, which are non-GAAP measures defined by our management. We believe that these measures are useful to investors to consider because they may assist them to better understand and measure the performance of our business over time and against

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

similar companies. A description of FFO and AFFO and reconciliations of these non-GAAP measures to the most directly comparable GAAP measures are provided below.

Funds from Operations and Adjusted 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 non-GAAP measure known as FFO, which we believe to be an appropriate supplemental measure, when used in addition to and in conjunction with results presented in accordance with GAAP, to reflect the operating performance of a REIT. The use of FFO is recommended by the REIT industry as a supplemental non-GAAP measure. FFO is not equivalent to, nor a substitute for, net income or loss as determined under GAAP.

We define FFO, a non-GAAP measure, consistent with the standards established by the White Paper on FFO approved by the Board of Governors of NAREIT, as restated in December 2018. The White Paper defines FFO as net income or loss computed in accordance with GAAP, excluding gains or losses from sales the sale of property, certain real estate, impairment charges on real estate or other assets incidental to the company’s main business, gains or losses on changes in control of interests in real estate, and depreciation and amortization from real estate assets; and after adjustments for unconsolidated partnerships and jointly owned investments. Adjustments for unconsolidated partnerships and jointly owned investments are calculated to reflect FFO. FFO on the same basis.

We also modify the NAREIT computation of FFO to adjust GAAP net income for certain non-cash charges, such as amortization of real estate-related intangibles, deferred income tax benefits and expenses, straight-line rent and related reserves, other non-cash rent adjustments, non-cash allowance for credit losses on loans receivable and finance leases, stock-based compensation, non-cash environmental accretion expense, amortization of discounts and premiums on debt, and amortization of deferred financing costs. Our assessment of our operations is focused on long-term sustainability and not on such non-cash items, which may cause short-term fluctuations in net income but have no impact on cash flows. Additionally, we exclude non-core income and expenses, such as gains or losses from extinguishment of debt, merger and acquisition expenses, and spin-off expenses. We also exclude realized and unrealized gains/losses on foreign currency exchange rate movements, which are not considered fundamental attributes of our business plan and do not affect our overall long-term operating performance. We refer to our modified definition of FFO as AFFO. We exclude these items from GAAP net income to arrive at AFFO as they are not the primary drivers in our decision-making process and excluding these items provides investors a view of our portfolio performance over time and makes it more comparable to other REITs. AFFO also reflects adjustments for jointly owned investments. We use AFFO as one measure of our operating performance when we formulate corporate goals and evaluate the effectiveness of our strategies.

We believe that AFFO is a useful supplemental measure for investors to consider as we believe it will help them to better assess the sustainability of our operating performance without the potentially distorting impact of these short-term fluctuations. However, there are limits on the usefulness of AFFO to investors. For example, impairment charges and unrealized foreign currency losses that we exclude may become actual realized losses upon the ultimate disposition of the properties in the form of lower cash proceeds or other considerations. We use our FFO and AFFO measures as supplemental financial measures of operating performance. We do not use our FFO and AFFO measures as, nor should they be considered to be, alternatives to net income computed under GAAP, or as alternatives to net cash provided by operating activities computed under GAAP, or as indicators of our ability to fund our cash needs.

Consolidated FFO and AFFO for NLOP Predecessor were as follows (in thousands):

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Net income attributable to NLOP Predecessor	$ 2,764	$ 1,080	$ 10,332	$ 13,729
	Three Months Ended March 31,			
	Three Months Ended March 31,			
	Three Months Ended March 31,			
	2024			
	2024			
	2024			
Net (loss) income attributable to NLOP				
Net (loss) income attributable to NLOP				
Net (loss) income attributable to NLOP				
Adjustments:				
Adjustments:				
Adjustments:				
Adjustments:				
Depreciation and amortization of real property				
Depreciation and amortization of real property	17,785	16,540	53,226	45,467
Depreciation and amortization of real property				
Depreciation and amortization of real property				
Loss on sale of real estate, net				
Loss on sale of real estate, net				
Loss on sale of real estate, net				
Impairment charges — real estate				
Impairment charges — real estate				
Impairment charges — real estate				
Proportionate share of adjustments for noncontrolling interests (a)				
Proportionate share of adjustments for noncontrolling interests (a)				
Proportionate share of adjustments for noncontrolling interests (a)				
Proportionate share of adjustments for noncontrolling interests (a)	(52)	(35)	(155)	(35)
Total adjustments				
Total adjustments	17,733	16,505	53,071	45,432
FFO (as defined by NAREIT) attributable to NLOP Predecessor	20,497	17,585	63,403	59,161
Total adjustments				
Total adjustments				
FFO (as defined by NAREIT) attributable to NLOP				

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

FFO (as defined by NAREIT) attributable to NLOP				
FFO (as defined by NAREIT) attributable to NLOP				
Adjustments:				
Adjustments:				
Separation and distribution related costs and other (b)	1,343	3,719	2,882	4,037
Adjustments:				
Adjustments:				
Amortization of deferred financing costs				
Amortization of deferred financing costs				
Amortization of deferred financing costs				
Above and below-market rent intangible lease amortization, net				
Above and below-market rent intangible lease amortization, net				
Above and below-market rent intangible lease amortization, net				
Other (gains) and losses (b)				
Other (gains) and losses (b)				
Other (gains) and losses (b)				
Straight-line and other leasing and financing adjustments				
Straight-line and other leasing and financing adjustments				
Straight-line and other leasing and financing adjustments				
Other amortization and non-cash items				
Other amortization and non-cash items				
Other amortization and non-cash items				
Tax benefit — deferred and other				
Tax benefit — deferred and other				
Tax benefit — deferred and other				
Stock-based compensation				
Stock-based compensation	952	713	2,566	2,259
Above and below-market rent intangible lease amortization, net	905	666	2,717	1,036
Amortization of deferred financing costs	293	1,405	2,296	1,412
Straight-line and other leasing and financing adjustments	259	(825)	(948)	(2,029)
Tax (benefit) expense — deferred and other	(145)	(420)	(821)	(574)
Other amortization and non-cash items	96	93	280	276
Other (gains) and losses (c)	25	3	(26)	11
Stock-based compensation				

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

Stock-based compensation					
Separation and distribution related costs and other (c)					
Separation and distribution related costs and other (c)					
Separation and distribution related costs and other (c)					
Proportionate share of adjustments for noncontrolling interests (a)					
Proportionate share of adjustments for noncontrolling interests (a)					
Proportionate share of adjustments for noncontrolling interests (a)	Proportionate share of adjustments for noncontrolling interests (a)	(13)	(9)	(39)	(9)
Total adjustments	Total adjustments	3,715	5,345	8,907	6,419
AFFO attributable to NLOP Predecessor		$ 24,212	$ 22,930	$ 72,310	$ 65,580
Total adjustments					
Total adjustments					
AFFO attributable to NLOP					
AFFO attributable to NLOP					
AFFO attributable to NLOP					
Summary	**Summary**				
FFO (as defined by NAREIT) attributable to NLOP Predecessor		$ 20,497	$ 17,585	$ 63,403	$ 59,161
AFFO attributable to NLOP Predecessor		$ 24,212	$ 22,930	$ 72,310	$ 65,580
Summary					
Summary					
FFO (as defined by NAREIT) attributable to NLOP					
FFO (as defined by NAREIT) attributable to NLOP					
FFO (as defined by NAREIT) attributable to NLOP					
AFFO attributable to NLOP					
AFFO attributable to NLOP					
AFFO attributable to NLOP					

____

(a) Adjustments disclosed elsewhere in this reconciliation are on a consolidated basis. This adjustment reflects our FFO or AFFO on a pro rata basis.

(b) Amounts are comprised of (i) costs related to the Spin-Off for the three and nine months ended September 30, 2023 and 2022, and (ii) CPA:18 Merger-related costs for the three and nine months ended September 30, 2022 (Note 1).

(c) Primarily comprised of gains and losses on extinguishment of debt, and foreign currency transactions.

(c) Amount for the three months ended March 31, 2023 is comprised of costs related to the Spin-Off.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

While we believe that FFO and AFFO are important supplemental measures, they should not be considered as alternatives to net income as an indication of a company's operating performance. These non-GAAP measures should be used in conjunction with net income as defined by GAAP. FFO and AFFO, or similarly titled measures disclosed by other REITs, may not be comparable to our FFO and AFFO measures.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Market Risk

Market risk is the exposure to loss resulting from changes in interest rates, foreign currency exchange rates, and equity prices. The primary market risks that we are exposed to are interest rate risk and foreign currency exchange risk.

We are also exposed to further market risk as a result of tenant concentrations in certain industries and/or geographic regions, since adverse market factors can affect the ability of tenants in a particular industry/region to meet their respective lease obligations. In order to manage this risk, we view our collective tenant roster as a portfolio and we attempt to diversify such portfolio so that we are not overexposed to a particular industry or geographic region.

Interest Rate Risk

The values of our real estate and related fixed-rate debt obligations, as well as the values of our unsecured debt obligations are subject to fluctuations based on changes in interest rates. The value of our real estate is also subject to fluctuations based on local and regional economic conditions and changes in the creditworthiness of lessees, which may affect our ability to refinance property-level mortgage debt when balloon payments are scheduled, if we do not choose to repay the debt when due. Interest rates are highly sensitive to many factors, including governmental monetary and tax policies, domestic and international economic and political conditions, and other factors beyond our control. An increase in interest rates would likely cause the fair value of our assets to decrease. Increases in interest rates may also have an impact on the credit profile of certain tenants.

We are exposed to the effects of interest rate changes as a result of borrowings used to maintain liquidity and to fund the financing and refinancing of our real estate investment portfolio and operations. Our profitability and the value of our real estate investment portfolio may be adversely affected during any period as a result of interest rate changes. We expect increasing interest rates and higher debt balances to have a material impact on our results of operations depending on the terms we are able to obtain in new financings or refinancings.

We have borrowed funds at a combination of fixed and variable rates. Interest rate fluctuations will generally not affect future earnings or cash flows on fixed rate debt unless such debt matures or is otherwise terminated. However, interest rate changes will affect the fair value of fixed rate instruments. Movements in interest rates on variable rate debt could change future earnings and cash flows, but not significantly affect the fair value of the debt. However, changes in required risk premiums would result in changes in the fair value of variable rate instruments. We have entered into, and may continue to enter into, interest rate cap agreements with counterparties related to certain of our variable-rate debt. See Note 8 for additional information on our interest rate caps.

At September 30, 2023 March 31, 2024, fixed-rate debt comprises 75.1% 42% of our Non-recourse mortgages debt and variable-rate debt comprises 24.9% 58%.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

Our debt obligations are more fully described in Note 7 9 and Liquidity and Capital Resources — Summary of Financing in Item 2 above. The following table presents principal cash flows based upon expected maturity dates of our debt obligations outstanding at September 30, 2023 March 31, 2024 (in thousands):

		2023 (Remainder)	2024	2025	2026	2027	Total	Fair Value							
	2024 (Remainder)								2024 (Remainder)	2025	2026	2027	2028	Total	Fair Value
Fixed-rate debt (a)	Fixed-rate debt (a)	$ 652	$34,812	$84,604	$7,540	$—	$127,608	$121,535							
Variable-rate debt (a)	Variable-rate debt (a)	$ —	$ —	$40,185	$ —	$—	$ 40,185	$ 40,172							

____

(a) Amounts are based on the exchange rate at September 30, 2023 March 31, 2024, as applicable.

Annual interest expense on our variable-rate debt at September 30, 2023 March 31, 2024 would increase or decrease by $0.4 million $3.2 million, for each respective 1% change in annual interest rates.

Foreign Currency Exchange Rate Risk

We own international investments in Europe, and as a result are subject to risk from the effects of exchange rate movements in three foreign currencies, primarily the Norwegian krone, British pound sterling, and euro which may affect future costs and cash flows. We have obtained, and may in the future obtain, non-recourse mortgage financing in the local currency. Volatile market conditions arising from macroeconomic factors, may result in significant fluctuations in foreign currency exchange rates. To the extent that currency fluctuations increase or decrease rental revenues, as translated to U.S. dollars, the change in debt service (comprised of principal and interest, excluding balloon payments), as translated to U.S. dollars, will partially offset the effect of fluctuations in revenue and, to some extent, mitigate the risk from changes in foreign currency exchange rates. We estimate that, for a 1% increase or decrease in the exchange rate between the Norwegian krone, British pound sterling, or euro and the U.S. dollar, there would be a corresponding change in the projected estimated cash flow (scheduled future rental revenues, net of scheduled future debt service payments for the next 12 months) for our combined consolidated foreign operations at September 30, 2023 March 31, 2024 of less than $0.1 million for all three currencies.

Concentration of Credit Risk

Concentrations of credit risk arise when a number of tenants are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations, including those to the Company, to be similarly affected by changes in economic conditions. The Company is subject to tenant, geographic and industry concentrations. Any downturn of the

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

economic conditions in one or more of these tenants, geographies or industries could result in a material reduction of our cash flows or material losses to us.

The factors we consider in determining the credit risk of our tenants include, but are not limited to: payment history; credit status (credit ratings for public companies are used as a primary metric); change in tenant space needs (i.e., expansion/downsize); tenant financial performance; economic conditions in a specific geographic region; and industry specific credit considerations. We believe that the credit risk of our portfolio is reduced by the high quality and diversity of our existing tenant base, reviews of prospective tenants' risk profiles prior to lease execution and consistent monitoring of our portfolio to identify potential problem tenants.

For the nine three months ended September 30, 2023 March 31, 2024, our combined consolidated portfolio as set forth in our unaudited combined financial statements had the following significant characteristics in excess of 10%, based on the percentage of our combined consolidated total revenues:

- 91% 92% related to domestic operations; which included concentrations of 31% 28% and 16% 25% in Texas and Minnesota, respectively; and
- 9% related to international operations. respectively.

Item 4. Controls and Procedures.

Disclosure Controls and Procedures

Our disclosure controls and procedures include internal controls and other procedures designed to provide reasonable assurance that information required to be disclosed in this and other reports filed under the Exchange Act is recorded, processed, summarized, and reported within the required time periods specified in the SEC's rules and forms; and that such information is accumulated and communicated to management, including our chief executive officer and chief financial officer, to allow timely decisions regarding required disclosures. It should be noted that no system of controls can provide complete assurance of achieving a company's objectives and that future events may impact the effectiveness of a system of controls.

Our chief executive officer and chief financial officer, after conducting an evaluation, together with members of our management, of the effectiveness of the design and operation of our disclosure controls and procedures as of September 30, 2023 March 31, 2024, have concluded that our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) were effective as of September 30, 2023 March 31, 2024 at a reasonable level of assurance.

Changes in Internal Control Over Financial Reporting

There have been no changes in our internal control over financial reporting during our most recently completed fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

PART II — OTHER INFORMATION

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

Item 1. Legal Proceedings.

As of the end of the period covered by this Quarterly Report on Form 10-Q, we have various claims and lawsuits arising in the normal course of business that are pending. The results of these proceedings are not expected to have a material adverse effect on its consolidated financial position or results of operations.

Item 1A. Risk Factors.

For a discussion of potential risks and uncertainties, please refer to the section titled “Risk Factors” included in the Information Statement.

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

In connection with the Separation and the Distribution, on November 1, 2023, NLOP issued 14,619,919 additional shares of NLOP’s common shares to WPC, such that WPC owned 14,620,919 shares of NLOP’s common shares. The issuance of these common shares was exempt from registration pursuant to Section 4(a)(2) of the Securities Act, as a transaction not involving a public offering.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Note 5. Other Information.

None.

Item 6. Exhibits.

The following exhibits are filed with this Report. Documents other than those designated as being filed herewith are incorporated herein by reference.

Exhibit No.	Description	Method of Filing
2.1* 10.1	Separation and Distribution Agreement, Second Amendment dated October 31, 2023, between W. P. Carey Inc. and Net Lease Office Properties.	Filed as Exhibit 2.1 to the Company’s Current Report on Form 8-K, filed on November 2, 2023 and incorporated herein by reference
2.2*	Tax Matters Agreement, dated October 31, 2023, between W. P. Carey Inc. and Net Lease Office Properties.	Filed as Exhibit 2.2 to the Company’s Current Report on Form 8-K, filed on November 2, 2023 and incorporated herein by reference
3.1	Amended and Restated Declaration of Trust of Net Lease Office Properties.	Filed as Exhibit 3.1 to the Company’s Current Report on Form 8-K, filed on November 2, 2023 and incorporated herein by reference
3.2	Amended and Restated Bylaws of Net Lease Office Properties.	Filed as Exhibit 3.2 to the Company’s Current Report on Form 8-K, filed on November 2, 2023 and incorporated herein by reference

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

10.1*	Advisory Agreement, dated November 1, 2023, between W. P. Carey Management LLC and Net Lease Office Properties.	Filed as Exhibit 10.1 to the Company's Current Report on Form 8-K/A, filed on November 7, 2023 and incorporated herein by reference	
10.2*	Advisory Agreement, dated November 1, 2023, between W. P. Carey & Co. B.V. and Net Lease Office Properties.	Filed as Exhibit 10.2 to the Company's Current Report on Form 8-K, filed on November 2, 2023 and incorporated herein by reference	
10.3*	Loan Agreement, dated September 20, 2023, by and among JPMorgan Chase Bank, N.A. and the borrowers named therein.	Filed as Exhibit 10.3 to the Company's Current Report on Form 8-K, filed on November 2, 2023 and incorporated herein by reference	
10.4*	Mezzanine Loan Agreement, dated September 20, 2023, between NLO Mezzanine Borrower LLC and JPMorgan Chase Bank, N.A.	Filed as Exhibit 10.4 to the Company's Current Report on Form 8-K, filed on November 2, 2023 and incorporated herein by reference	
10.5*	Amendment March 5, 2024 to Loan Agreement dated September 20, 2023, by and among JPMorgan JP Morgan Chase Bank, N.A. and the borrowers named therein. therein	Filed as Exhibit 10.5 to the Company's Current Report on Form 8-K, filed on November 2, 2023 and incorporated herein by reference herewith	
10.6*	Amendment to the Mezzanine Loan Agreement, dated September 20, 2023, between NLO Mezzanine Borrower LLC and JPMorgan Chase Bank, N.A.	Filed as Exhibit 10.6 to the Company's Current Report on Form 8-K, filed on November 2, 2023 and incorporated herein by reference	
10.7†	Net Lease Office Properties and NLO OP LLC 2023 Incentive Award Plan.	Filed as Exhibit 10.7 to the Company's Current Report on Form 8-K, filed on November 2, 2023 and incorporated herein by reference	
10.8†	Form of Net Lease Office Properties and NLO OP LLC.	Filed as Exhibit 10.8 to the Company's Current Report on Form 8-K, filed on November 2, 2023 and incorporated herein by reference	
10.9	Form of Indemnification Agreement to be entered into between Net Lease Office Properties and each of its trustees and executive officers.	Filed as Exhibit 10.9 to the Company's Current Report on Form 8-K, filed on November 2, 2023 and incorporated herein by reference	
31.1	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002		Filed herewith
31.2	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002		Filed herewith

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

Exhibit No.	Description	Method of Filing	
32	Certifications pursuant to Section 906 of the Sarbanes-Oxley Act of 2002		Filed herewith
101.INS	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	Filed herewith	
101.SCH	XBRL Taxonomy Extension Schema Document	Filed herewith	
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document	Filed herewith	
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document	Filed herewith	
101.LAB	XBRL Taxonomy Extension Label Linkbase Document	Filed herewith	
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document	Filed herewith	
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)	Filed herewith	

* Certain exhibits and schedules have been omitted pursuant to Item 601(a)(5) of Regulation S-K. The Company hereby undertakes to furnish supplemental copies of any of the omitted exhibits and schedules upon request by the SEC.

† Management contract or compensatory plan or arrangement

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

			Net Lease Office Properties
Date:	November 17, 2023 May 10, 2024	By:	/s/ ToniAnn Sanzone
			ToniAnn Sanzone
			Chief Financial Officer
			(Principal Financial Officer)
Date:	November 17, 2023 May 10, 2024	By:	/s/ Brian Zander
			Brian Zander
			Chief Accounting Officer
			(Principal Accounting Officer)

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

Exhibit 10.1

SECOND AMENDMENT TO LOAN AGREEMENT

This Second Amendment to Loan Agreement (this "**Amendment**"), dated as of March 5, 2024, is between **JPMORGAN CHASE BANK, N.A.**, having an address at 383 Madison Avenue, New York, New York 10179 (together with its successors and/or permitted assigns, "**Lender**") and **THE ENTITIES IDENTIFIED ON** EXHIBIT A **ATTACHED HERETO**, each having its principal place of business at c/o W. P. Carey Inc., One Manhattan West, 395 9th Avenue, 58th Floor, New York, New York 10001 (each, an "**Individual Borrower**" and collectively, "**Borrower**").

RECITALS

WHEREAS, reference is hereby made to that Loan Agreement, dated as of September 20, 2023, between Lender and Borrower (as amended by that certain Amendment to Loan Agreement, dated as of November 1, 2023, the "**Loan Agreement**"; all capitalized terms used but not defined herein shall have the respective meanings ascribed to such terms in the Loan Agreement).

WHEREAS, Lender and Borrower desire to amend the Loan Agreement in the manner hereinafter set forth.

NOW THEREFORE, for good and valuable consideration, Lender and Borrower hereby agree as follows:

Section 1. **Amendment to the Loan Agreement**. Section 7.8.2(a)(iii) of the Loan Agreement is hereby replaced in its entirety with the following::

"(iii) at Borrower's option, upon no less than ten (10) Business Days' prior written notice to Lender, in such proportion as determined by Borrower, (x) to the total Mezzanine PIK Accrued Amount (calculated as of the immediately succeeding Payment Date) and/or (y) to a prepayment of the Loan to be applied towards the next succeeding Mortgage Deleveraging Threshold; provided, that, if Borrower does not timely deliver notice of its election in accordance with this clause (iii), such amount shall be applied to the total Mezzanine PIK Accrued Amount (calculated as of the immediately succeeding Payment Date);"

Section 2. **Miscellaneous**.

(a) Borrower hereby represents and warrants that (i) Borrower has the power and authority to enter into this Amendment and to perform its obligations under the Loan Agreement as amended hereby, (ii) Borrower has duly authorized the execution and delivery of this Amendment by Borrower and (iii) this Amendment has been duly executed and delivered by Borrower and constitutes Borrower's legal, valid and binding obligations, enforceable in accordance with its terms, subject to bankruptcy, insolvency and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

EXHIBIT INDEX(b) Except as amended by this Amendment, the Loan Agreement shall continue to remain unmodified and in full force and effect. Each of the parties hereto hereby confirms and ratifies its respective obligations pursuant to the Loan Agreement, as amended by this Amendment, and confirms that such obligations shall apply in all respects as amended by this Amendment. References in the Loan Documents to the “Loan Agreement” shall mean the Loan Agreement as amended by this Amendment.

The following exhibits(c) Guarantor hereby (i) approves and consents to this Amendment, (ii) ratifies, confirms, renews and reaffirms all of its obligations under the Loan Documents to which it is a party (the “**Guarantor Documents**”), and (iii) acknowledges and agrees that its obligations under the Guarantor Documents remain in full force and effect, binding on and enforceable against it in accordance with the terms, covenants and conditions of such documents without impairment.

(d) Guarantor hereby represents and warrants that (i) it has the power and authority to acknowledge this Amendment and (ii) it has duly authorized such acknowledgement.

(e) All paragraph, section, exhibit and schedule headings and captions herein are filed with used for reference only and in no way limit or describe the scope or intent of, or in any way affect, this Report. Documents other than those designated as being filed herewith Amendment.

(f) Sections 10.3 (Governing Law) and 10.7 (Trial by Jury) of the Loan Agreement are incorporated herein by reference. this reference for all purposes, with the word “Agreement” being changed to “Amendment” solely for purposes of this incorporation by reference of such provisions into this Amendment.

(g) This Amendment may be executed in any number of counterparts, each of which when so executed and delivered shall be an original, but all of which shall together constitute one and the same instrument. Copies of originals, including copies delivered by facsimile, pdf or other electronic means, shall have the same import and effect as original counterparts and shall be valid, enforceable and binding for all purposes hereunder. Signatures executed electronically using DocuSign or similar signature software shall be regarded as original signatures for all purposes hereunder.

(h) The provisions of this Amendment are severable, and if any one clause or provision hereof shall be held invalid or unenforceable in whole or in part, then such invalidity or unenforceability shall affect only such clause or provision, or part thereof, and not any other clause or provision of this Amendment. In the event of any conflict, ambiguity or inconsistency between the terms of the Loan Agreement or any other Loan Document and the terms of this Amendment, the terms of this Amendment shall control to the extent of such conflict, ambiguity or inconsistency.

(i) The provisions of Section 9.3 of the Loan Agreement are hereby incorporated by reference as if fully set forth herein.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed by their duly authorized representatives, all as of the day and year first above written.

FLOUR POWER (OH) LLC
DRUG (AZ) LLC
500 JEFFERSON TOWER (TX) LLC
AUTOPRO (GA) LLC
MORISEK HOFFMAN (IL) LLC
RRD (IL) LLC
WPC CROWN COLONY (MA) LLC
HNGS AUTO (MI) LLC
HEALTH LANDLORD (MN) LLC
TELEGRAPH (MO) LLC
308 ROUTE 38 LLC
CALL LLC
SPRING FOREST ROAD (NC) LLC
VANDENBURG BLVD (PA) LLC
RUSH IT LLC
JPCENTRE (TX) LLC
AIRLIQ (TX) LLC
601 JEFFERSON TOWER (TX) LLC
ICALL BTS (VA) LLC
OAK CREEK 17 INVESTOR (WI) LLC
ADS2 (CA) LLC
each a Delaware limited liability company

By:

Exhibit No.	Description	Method of Filing
2.1*	Separation and Distribution Agreement, dated October 31, 2023, between W. P. Carey Inc. and Net Lease Office Properties.	Filed as Exhibit 2.1 to the Company’s Current Report on Form 8-K, filed on November 2, 2023 and incorporated herein by reference

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

reference NLO Holding Company LLC, a Delaware limited liability company, sole member

By: /s/ Mark Foresi

Name: Mark Foresi

Title: Managing Director

2.2*		Tax Matters Agreement, dated October 31, 2023, between W. P. Carey Inc. and Net Lease Office Properties.	Filed as Exhibit 2.2 to the Company's Current Report on Form 8-K, filed on November 2, 2023 and incorporated herein by reference
	3.1	Amended and Restated Declaration of Trust of Net Lease Office Properties.	Filed as Exhibit 3.1 to the Company's Current Report on Form 8-K, filed on November 2, 2023 and incorporated herein by reference
	3.2	Amended and Restated Bylaws of Net Lease Office Properties.	Filed as Exhibit 3.2 to the Company's Current Report on

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

		Form 8-K, filed on November 2, 2023 and incorporated herein by reference
10.1*	Advisory Agreement, dated November 1, 2023, between W. P. Carey Management LLC and Net Lease Office Properties.	Filed as Exhibit 10.1 to the Company's Current Report on Form 8-K/A, filed on November 7, 2023 and incorporated herein by reference
10.2*	Advisory Agreement, dated November 1, 2023, between W. P. Carey & Co. B.V. and Net Lease Office Properties.	Filed as Exhibit 10.2 to the Company's Current Report on Form 8-K, filed on November 2, 2023 and incorporated herein by reference
10.3*	Loan Agreement, dated September 20, 2023, by and among JPMorgan Chase Bank, N.A. and the borrowers named therein.	Filed as Exhibit 10.3 to the Company's Current Report on Form 8-K, filed on November 2, 2023 and incorporated herein by reference
10.4*	Mezzanine Loan Agreement, dated September 20, 2023, between NLO Mezzanine Borrower LLC and JPMorgan Chase Bank, N.A.	Filed as Exhibit 10.4 to the

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

		Company's Current Report on Form 8-K, filed on November 2, 2023 and incorporated herein by reference
10.5*	Amendment to Loan Agreement, dated September 20, 2023, by and among JPMorgan Chase Bank, N.A. and the borrowers named therein.	Filed as Exhibit 10.5 to the Company's Current Report on Form 8-K, filed on November 2, 2023 and incorporated herein by reference
10.6*	Amendment to the Mezzanine Loan Agreement, dated September 20, 2023, between NLO Mezzanine Borrower LLC and JPMorgan Chase Bank, N.A.	Filed as Exhibit 10.6 to the Company's Current Report on Form 8-K, filed on November 2, 2023 and incorporated herein by reference
10.7†	Net Lease Office Properties and NLO OP LLC 2023 Incentive Award Plan.	Filed as Exhibit 10.7 to the Company's Current Report on Form 8-K, filed on November 2, 2023 and incorporated herein by reference

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

10.8†	Form of Net Lease Office Properties and NLO OP LLC.	Filed as Exhibit 10.8 to the Company's Current Report on Form 8-K, filed on November 2, 2023 and incorporated herein by reference
10.9	Form of Indemnification Agreement to be entered into between Net Lease Office Properties and each of its trustees and executive officers.	Filed as Exhibit 10.9 to the Company's Current Report on Form 8-K, filed on November 2, 2023 and incorporated herein by reference
31.1	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed herewith
31.2	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed herewith

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

MORRISVILLE LANDLORD (NC) LP
a Delaware limited partnership

By: MORRISVILLE LANDLORD GP (NC) LLC, a Delaware limited liability company, its general partner

By: NLO Holding Company LLC, a Delaware limited liability company, its sole member

By: /s/ Mark Foresi
Name: Mark Foresi
Title: Managing Director

GRC-II (TX) LIMITED PARTNERSHIP,
a Delaware limited partnership

By: GRC-II (TX) LLC, a Delaware limited liability company, its general partner

By: NLO Holding Company LLC, a Delaware limited liability company, its sole member

By: /s/ Mark Foresi
Name: Mark Foresi
Title: Managing Director

DEVELOP (TX) LP,
a Delaware limited partnership

By: POPCORN (TX) LLC, a Delaware limited liability company, its general partner

By: NLO Holding Company LLC, a Delaware limited liability company, its sole member

By: /s/ Mark Foresi
Name: Mark Foresi
Title: Managing Director

ROOSEVELT BLVD NORTH (FL) LLC
HM BENEFITS (MI) LLC

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

Exhibit No.			
	6000 NATHAN (MN) LLC **TRUTH (MN) LLC** **MEDI (PA) LLC** **USO LANDLORD (TX) LLC** **STONE OAK 17 (TX) LLC,** each a Delaware limited liability company		
		Description	**Method of Filing**
32	By:	NLO MB TRS LLC, a Delaware limited liability company, its sole member	
	By:	/s/ Mark Foresi Name: Mark Foresi Title: Managing Director	

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

	Certifications pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	[Filed herewith]
101.INS		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
		Filed herewith

JPMORGAN CHASE BANK, N.A.

By:

Name:

Title:

5

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

101.SCH	XBRL Taxonomy Extension Schema Document	Filed herewith
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document	Filed herewith
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document	Filed herewith
101.LAB	XBRL Taxonomy Extension Label Linkbase Document	Filed herewith
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document	Filed herewith
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)	Filed herewith

Acknowledged and agreed solely with respect to Section 2(c) and Section 2(d):

GUARANTOR:

NET LEASE OFFICE PROPERTIES, a Maryland real estate investment trust

By: /s/ Mark Foresi

Name: Mark Foresi

Title: Managing Director

* Certain exhibits and schedules have been omitted pursuant to Item 601(a)(5) of Regulation S-K. The Company hereby undertakes to furnish supplemental copies of any of the omitted exhibits and schedules upon request by the SEC.

† Management contract or compensatory plan or arrangement

Exhibit 31.1

Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Jason E. Fox, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Net Lease Office Properties;

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;

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

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) Omitted; 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.

Date: November 17, 2023 May 10, 2024

/s/ Jason E. Fox
Jason E. Fox
Chief Executive Officer

Exhibit 31.2

Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, ToniAnn Sanzone, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Net Lease Office Properties;

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;

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

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) Omitted; 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.

Date: November 17, 2023 May 10, 2024

/s/ ToniAnn Sanzone
ToniAnn Sanzone
Chief Financial Officer

Exhibit 32

Certifications Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Net Lease Office Properties on Form 10-Q for the period ended September 30, 2023 March 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned officers of Net Lease Office Properties, does hereby certify, to the best of such officer's knowledge and belief, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Net Lease Office Properties.

Date: November 17, 2023 May 10, 2024

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

/s/ Jason E. Fox
Jason E. Fox
Chief Executive Officer

Date: November 17, 2023 May 10, 2024

/s/ ToniAnn Sanzone
ToniAnn Sanzone
Chief Financial Officer

The certification set forth above is being furnished as an exhibit solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and is not being filed as part of the Report as a separate disclosure document of Net Lease Office Properties or the certifying officers.

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Net Lease Office Properties and will be retained by Net Lease Office Properties and furnished to the Securities and Exchange Commission or its staff upon request.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

DISCLAIMER

THE INFORMATION CONTAINED IN THE REFINITIV CORPORATE DISCLOSURES DELTA REPORT™ IS A COMPARISON OF TWO FINANCIALS PERIODIC REPORTS. THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORT INCLUDING THE TEXT AND THE COMPARISON DATA AND TABLES. IN NO WAY DOES REFINITIV OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED IN THIS REPORT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S ACTUAL SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.

©2024, Refinitiv. All rights reserved. Patents Pending.

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.