UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2018

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: 001-37390

GNL GLOBAL NET LEASE

Global Net Lease, Inc.

(Exact name of registrant as specified in its charter)

Maryland	**45-2771978**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

405 Park Ave., 3 rd Floor New York, NY 10022

(Address of principal executive offices)

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

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

Title of each class	Name of each exchange on which registered
Common Stock, $0.01 par value	New York Stock Exchange
7.25% Series A Cumulative Redeemable Preferred Stock, $0.01 par value	New York Stock Exchange

Securities registered pursuant to section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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 submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T 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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

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 definition of “large accelerated filer,” “accelerated filer,” “smaller reporting company” and "emerging growth company" in Rule 12b-2 of the Exchange Act.

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

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

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

The aggregate market value of the registrant's common stock held by non-affiliates of the registrant was $1.4 billion based on the closing sales price on the New York Stock Exchange as of June 30, 2018 , the last business day of the registrant's most recently completed second fiscal quarter.

On February 22, 2019 , the registrant had 83,840,503 shares of common stock outstanding .

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant’s proxy statement to be delivered to stockholders in connection with the registrant’s 2019 Annual Meeting of Stockholders are incorporated by reference into Part III of this Form 10-K. The registrant intends to file its proxy statement within 120 days after its fiscal year end.

GLOBAL NET LEASE, INC.

FORM 10-K
Year Ended December 31, 2018

Forward-Looking Statements

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

The following are some of the risks and uncertainties, although not all risks and uncertainties, that could cause our actual results to differ materially from those presented in our forward-looking statements:

- All of our executive officers are also officers, managers, employees or holders of a direct or indirect controlling interest in the Global Net Lease Advisors, LLC (the "Advisor") and other entities affiliated with AR Global Investments, LLC (the successor business to AR Capital LLC, "AR Global"). As a result, our executive officers, the Advisor and its affiliates face conflicts of interest, including significant conflicts created by the Advisor's compensation arrangements with us and other investment programs advised by AR Global affiliates and conflicts in allocating time among these investment programs and us. These conflicts could result in unanticipated actions.

- Because investment opportunities that are suitable for us may also be suitable for other investment programs advised by affiliates of AR Global, the Advisor and its affiliates face conflicts of interest relating to the purchase of properties and other investments and these conflicts may not be resolved in our favor.

- We are obligated to pay fees which may be substantial to the Advisor and its affiliates.

- We depend on tenants for our rental revenue and, accordingly, our rental revenue is dependent upon the success and economic viability of our tenants.

- Increases in interest rates could increase the amount of our debt payments.

- We may be unable to repay, refinance, restructure or extend our indebtedness as it becomes due.

- Adverse changes in exchange rates may reduce the net income and cash flow associated with our properties located outside of the United States ("U.S.").

- The Advisor may not be able to identify a sufficient number of property acquisitions satisfying our investment objectives on a timely basis and on acceptable terms and prices, or at all.

- We may be unable to continue to raise additional debt or equity financing on attractive terms, or at all, and there can be no assurance we will be able to fund future acquisitions.

- Provisions in our revolving credit facility (our "Revolving Credit Facility") and the related term loan facility (our "Term Loan"), which together comprise our senior unsecured multi-currency credit facility (our ‘‘Credit Facility’’), may limit our ability to pay dividends on our common stock, $0.01 par value per share ("Common Stock"), our 7.25% Series A Cumulative Redeemable Preferred Stock, $0.01 par value per share ("Series A Preferred Stock") or any other stock we may issue.

- We may be unable to pay or maintain cash dividends or increase dividends over time.

- We may not generate cash flows sufficient to pay dividends to our stockholders or fund operations, and, as such, we may be forced to borrow at unfavorable rates to pay dividends to our stockholders or fund our operations.

- Any dividends that we pay on our Common Stock, our Series A Preferred Stock, or any other stock we may issue, may exceed cash flows from operations, reducing the amount of capital available to invest in properties and other permitted investments.

- We are subject to risks associated with our international investments, including risks associated with compliance with and changes in foreign laws, fluctuations in foreign currency exchange rates and inflation.

- We are subject to risks associated with any dislocations or liquidity disruptions that may exist or occur in the credit markets of the U.S. and Europe from time to time.

- We may fail to continue to qualify as a real estate investment trust for U.S. federal income tax purposes ("REIT"), which would result in higher taxes, may adversely affect operations, and would reduce the trading price of our Common Stock and Series A Preferred Stock, and our cash available for dividends.

- We may be exposed to risks due to a lack of tenant diversity, investment types and geographic diversity.

- We are exposed to changes in general economic, business and political conditions, including the possibility of intensified international hostilities, acts of terrorism, and changes in conditions of U.S. or international lending, capital and financing markets, including as a result of the U.K.'s potential or actual withdrawal from the European Union or any other events that create, or give the impression they could create, economic or political instability in Europe, which may cause the revenue derived from, and the market value of, properties located in the United Kingdom and continental Europe to decline.

All forward-looking statements should be read in light of the risks identified in Part I, Item 1A of this Annual Report on Form 10-K.

PART I

Item 1. Business.

Overview

We were incorporated on July 13, 2011 as a Maryland corporation that elected to be taxed as a real estate investment trust ("REIT") beginning with the taxable year ended December 31, 2013. We completed our initial public offering on June 30, 2014 and, on June 2, 2015 , we listed our Common Stock on the NYSE under the symbol "GNL."

We invest in commercial properties, with an emphasis on sale-leaseback transactions involving single tenant net-leased commercial properties. Substantially all of our business is conducted through the Global Net Lease Operating Partnership, L.P. (the "OP"). Our properties are managed and leased to third parties by Global Net Lease Properties, LLC (the "Property Manager"). Pursuant to our advisory agreement with the Advisor, we have retained the Advisor to manage our affairs on a day-to-day basis. The Advisor and the Property Manager are under common control with AR Global, and these related parties receive compensation and fees for various services provided to us.

As of December 31, 2018 , we owned 342 properties consisting of 27.5 million rentable square feet, which were 99.2% leased, with a weighted average remaining lease term of 8.3 years. Based on the percentage of annualized rental income on a straight-line basis as of December 31, 2018 , 55.7% of our properties are located in the United States ("U.S.") and 44.3% in Europe. We may also originate or acquire first mortgage loans, preferred equity or securitized loans (secured by real estate). As of December 31, 2018 , we did not own any first mortgage loans, mezzanine loans, mezzanine loans, preferred equity or securitized loans.

Following the termination of Moor Park Capital Partners LLP (the "Former Service Provider"), effective as of March 17, 2018, the Advisor, together with its service providers, assumed full management responsibility of our European real estate portfolio. Prior to the termination of the Former Service Provider, the Former Service Provider provided, subject to the Advisor's oversight and pursuant to a service provider agreement (the “Service Provider Agreement”), certain real estate related services, as well as sourcing and structuring of investment opportunities, performance of due diligence, and arranging debt financing and equity investment syndicates, solely with respect to investments in Europe. Since the termination of the Former Service Provider, the Advisor has built a European-focused management team and engaged third-party service providers to assume certain duties previously performed by the Former Service Provider. See Item 3. Legal Proceedings for additional information.

Merger Transaction

On August 8, 2016, we entered into an agreement and plan of merger (the "Merger Agreement") with American Realty Capital Global Trust II, Inc. ("Global II"). We and Global II each are or were sponsored, directly or indirectly, by an affiliate of AR Global, which, through its affiliates, provide or provided asset management services to us and Global II pursuant to advisory agreements. On December 22, 2016 (the "Merger Date"), pursuant to the Merger Agreement, Global II merged with and into Mayflower Acquisition LLC (the "Merger Sub"), a Maryland limited liability company and wholly owned subsidiary of ours, at which time the separate existence of Global II ceased and we became the parent of the Merger Sub (the "Merger"). In addition, pursuant to the Merger Agreement, American Realty Capital Global II Operating Partnership, L.P., a Delaware limited partnership and the operating partnership of Global II (the "Global II OP"), merged with the OP, a Delaware limited partnership and our operating partnership, with the OP being the surviving entity (the "Partnership Merger" and together with the Merger, the "Mergers"). As a result of the Mergers, we acquired the business of Global II, which immediately prior to the effective time of the Merger, owned a portfolio of commercial properties, including single tenant net-leased commercial properties, two of which were located in the U.S., three of which were located in the United Kingdom, and 10 of which were located in continental Europe (see *Note 3 — Merger Transaction* to our consolidated financial statements included in this Annual Report on Form 10-K).

Common Stock Offerings

ATM Program — Common Stock

We have an “at the market” equity offering program (the “ATM Program”) pursuant to which we may sell shares of Common Stock, from time to time through our sales agents. During the year ended December 31, 2017, we sold 820,988 shares of Common Stock through the ATM Program for gross sales proceeds of $18.7 million , before issuance costs of $0.4 million . During the year ended December 31, 2018 , we sold 164,927 shares of Common Stock through the ATM program for gross proceeds of $3.5 million , before commissions paid of $35,140 and additional issuance costs of $0.3 million . These costs are recorded in additional paid-in capital on the accompanying audited consolidated balance sheets.

During January 2019, we sold 7,759,322 shares of Common Stock through the ATM Program for gross proceeds of $152.8 million , before commissions of $1.5 million and additional issuance costs of $2,000 . Following these sales, we had raised all $175.0 million contemplated by our existing equity distribution agreement related to the ATM Program and, in February 2019, we terminated our existing equity distribution agreement and entered into a new equity distribution agreement with substantially the same sales agents on substantially the same terms. The new equity distribution agreement provides for the continuation of our ATM Program to raise additional aggregate sales proceeds of up to $250.0 million. See *Note 16 — Subsequent Events* to our consolidated financial statements included in this Annual Report on Form 10-K and " Item 9B. Other Information" for further information.

Underwritten Offerings — Common Stock

On August 20, 2018, we completed the issuance and sale of 4,600,000 shares of Common Stock (including 600,000 shares issued and sold pursuant to the underwriters' exercise of their option to purchase additional shares in full) in an underwritten public offering at a price per share of $20.65 . The gross proceeds from this offering were $95.0 million before deducting the underwriting discount of $3.8 million and additional offering expenses of $0.3 million .

On November 28, 2018, we completed the issuance and sale of 4,000,000 shares of Common Stock in an underwritten public offering at a price per share of $20.20 . The gross proceeds from this offering were $80.8 million before deducting the underwriting discount of $3.2 million and additional offering expenses of $0.1 million .

Preferred Stock Offerings

ATM Program — Series A Preferred Stock

In March 2018, we established an "at the market" equity offering program for our Series A Preferred Stock (the "Preferred Stock ATM Program") pursuant to which we may raise aggregate sales proceeds of $200.0 million through sales of shares of Series A Preferred Stock from time to time through our sales agents. During the year ended December 31, 2018, we sold 7,240 shares of Series A Preferred Stock through the Preferred Stock ATM Program for gross proceeds of $0.2 million , before commissions paid of $2,724 and additional issuance costs of $0.4 million .

Underwritten Offerings — Series A Preferred Stock

On September 12, 2017, we completed the issuance and sale of 4,000,000 shares of the Series A Preferred Stock in an underwritten public offering at a public offering price equal to the liquidation preference of $25.00 per share, and, on October 11, 2017, we issued and sold an additional 259,650 shares of Series A Preferred Stock pursuant to the underwriters' partial exercise of their option to purchase additional shares in accordance with terms of the underwriting agreement. The gross proceeds from this offering were $106.5 million before deducting the underwriting discount of $3.4 million and additional offering expenses of $0.5 million.

On December 19, 2017, we completed the issuance and sale of 1,150,000 shares of the Series A Preferred Stock (including 150,000 shares pursuant to the underwriter's exercise of its option to purchase additional shares in full) in an underwritten public offering at a public offering price equal to the liquidation preference of $25.00 per share. The gross proceeds from this offering were $28.8 million before deducting the underwriting discount of $0.8 million and additional offering expenses of $0.2 million.

Investment Strategy

Our investment strategy is to own and acquire a portfolio of commercial properties that is diversified in terms of geography, industry, and tenants. Based on the percentage of annualized rental income on a straight-line basis as of December 31, 2018 , 55.7% of our properties are located in the U.S. and 44.3% in Europe. Based on annualized rental income on a straight-line basis as of December 31, 2018 , approximately 53% of our investments are in office properties, 39% of our investments are in industrial/distribution properties, and 8% of our investments are in retail properties. No individual tenant accounted for more than 10% of our annualized rental income on a straight-line basis for the years ended December 31, 2018 , 2017 and 2016 .

We seek to:

- support a stable and consistent dividend by generating stable and consistent cash flows by acquiring properties with, or entering into new leases with, long lease terms;
- facilitate dividend growth by acquiring properties with, or entering into new leases with, contractual rent escalations or inflation adjustments included in the lease terms; and
- enhance the diversity of our asset base by continuously evaluating opportunities in different geographic regions of the U.S. and Europe and leveraging the market presence of the Advisor.

Acquisition and Investment Policies

Primary Investment Focus

We primarily focus on acquiring net lease properties with existing net leases, or we acquire properties pursuant to sale-leaseback transactions. We are in the business of acquiring real estate properties and leasing the properties to tenants. Our goal is to grow through acquiring additional properties. We have signed two non-binding letters of intent and one definitive purchase and sale agreement to acquire a total of three net lease properties, all of which are located in the United States, for an aggregate purchase price of $42.0 million . The two letters of intent may not lead to definitive agreements and the one definitive agreement is subject to conditions. There can be no assurance we will complete any of these acquisitions on their contemplated terms, or at all. During the year ended December 31, 2018, we acquired 23 properties for $479.6 million , including capitalized acquisition costs. As part of our acquisition strategy, we intend to increase the percentage of our portfolio located in the U.S. to 60% and increase the percentage of our portfolio consisting of industrial/distribution properties which was 39.0% based on annualized straight-line rent as of December 31, 2018. As of December 31, 2018 , we owned 342 properties, including 273 properties located in the U.S., 43 properties located in the United Kingdom and 26 properties located across continental Europe.

Investing in Real Property

When evaluating prospective investments in real property, our Advisor considers relevant real estate and financial factors, including the location of the property, the leases and other agreements affecting it, the creditworthiness of its major tenants, its income producing capacity, its physical condition, its prospects for appreciation, its prospects for liquidity, tax considerations and other factors. In this regard, the Advisor has substantial discretion with respect to the selection of specific investments, subject to board approval and any guidelines established by our board of directors.

The termination, delinquency or non-renewal of leases by any major tenant may have a material adverse effect on our revenues.

Other Investments

We believe that the presence of the Advisor in the commercial real estate marketplace may present attractive opportunities to invest in properties other than long-term net leased properties, such as partially leased properties, multi-tenanted properties, vacant or undeveloped properties and properties subject to short-term net leases. We may in the future acquire or originate real estate debt such as first mortgage debt loans, mezzanine loans, preferred equity or securitized loans secured by real estate. We may also invest in real estate-related securities issued by real estate market participants such as real estate funds or other REITs. Real estate-related securities include commercial mortgage-backed securities ("CMBS"), preferred equity and other higher-yielding structured debt and equity investments. As of December 31, 2018 , we do not own any of these types of investments.

Acquisition Structure

We acquire properties through the OP and its subsidiaries. We have acquired properties through asset purchases and through purchases of the equity of entities owning properties. We typically acquire fee interests in a property (a “fee interest” is the absolute, legal possession and ownership of land, property, or rights), although we have acquired 13 leasehold interest properties (a “leasehold interest” is a right to enjoy the exclusive possession and use of an asset or property for a stated definite period as created by a written lease).

We may enter into joint ventures, partnerships and other co-ownership arrangements (including preferred equity investments) for the purpose of making investments, provided these investments would not cause us to be required to register as an "investment company" under the Investment Company Act of 1940, as amended.

Financing Strategies and Policies

We have used financing for acquisitions and other investments, property improvements, tenant improvements, leasing commissions and other working capital needs. We expect to obtain additional financing for similar purposes in the future. The form of our indebtedness will vary and could be long-term or short-term, secured or unsecured, or fixed-rate or floating rate. We will not enter into interest rate swaps or caps, or similar hedging transactions or derivative arrangements for speculative purposes, but may do so in order to manage or mitigate our interest rate risk on variable rate debt. As of December 31, 2018 , and based on the prevailing exchange rates on that date, our aggregate gross borrowings are equal to 49.3% of the purchase price of our real estate investments, or 54.0% of our total assets.

We may reevaluate and change our financing policies without a stockholder vote. Factors that we would consider when reevaluating or changing our debt policy include among other things, current economic conditions, the relative cost and availability of debt and equity capital, our expected investment opportunities, the ability of our investments to generate sufficient cash flow to cover debt service requirements.

Mortgage Notes Payable

We have various mortgage loans outstanding, which are secured by our properties. Our mortgage loans typically bear interest at margin plus a floating rate which is mostly fixed through interest rate swap agreements (see *Note 5* — *Mortgage Notes Payable, Net* to our consolidated financial statements included in this Annual Report on Form 10-K for mortgage loans in respective currency and interest rate detail).

Credit Facility

On July 24, 2017 , we, through the OP, entered into a credit agreement with KeyBank National Association (“KeyBank”), as agent, and the other lender parties thereto, which as of December 31, 2018 provides for a $632.0 million senior unsecured multi-currency revolving credit facility (the “Revolving Credit Facility”), and a €246.5 million ($286.8 million USD equivalent as of August 16, 2018) senior unsecured term loan facility (the “Term Loan” and, together with the Revolving Credit Facility, the “Credit Facility”).

The aggregate total commitments under the Credit Facility were $725.0 million based on USD equivalents at closing on July 24, 2017. On July 2, 2018, upon our request, the lenders under the Credit Facility increased the aggregate total commitments from $722.2 million to $914.4 million , based on the prevailing exchange rate on that date, with approximately $132.0 million of the increase allocated to the USD portion of the Revolving Credit Facility and approximately €51.8 million ($60.2 million based on the prevailing exchange rate on that date) allocated to the Term Loan. We used the proceeds from the increased borrowings under the Term Loan to repay amounts outstanding under the Revolving Credit Facility. Upon our request, subject in all respects to the consent of the lenders in their sole discretion, the aggregate total commitments under the Credit Facility may be increased up to an aggregate additional amount of $35.6 million , allocated to either or both portions of the Credit Facility, with total commitments under the Credit Facility not to exceed $950.0 million . The availability of borrowings under the Revolving Credit Facility is based on the value of a pool of eligible unencumbered real estate assets owned by us and compliance with various ratios related to those assets. As of December 31, 2018 , approximately $42.2 million was available for future borrowings under the Revolving Credit Facility. For additional information, see *Note 6 — Credit Facilities* to our consolidated financial statements included in this Annual Report on Form 10-K for further information on our Credit Facility.

Tax Status

We elected to be taxed as a REIT under Sections 856 through 860 of the Internal Revenue Code of 1986, as amended (the "Code"), commencing with our taxable year ended December 31, 2013. Commencing with such taxable year, we were organized and began operating in such a manner as to qualify for taxation as a REIT under the Code and believe we have so qualified. We intend to continue to operate in such a manner to continue to qualify as a REIT for such purposes, but no assurance can be given that we will operate in a manner so as to remain qualified as a REIT for U.S. federal income tax purposes. In order to continue to qualify for taxation as a REIT, we must, among other things, distribute annually at least 90% of our REIT taxable income. REITs are subject to a number of other organizational and operational requirements. Even if we continue to qualify for taxation as a REIT, we may be subject to certain federal, state, local and foreign taxes on our income and assets, taxes on any undistributed income and state, local or foreign income, franchise, property and transfer taxes if we were subject to any of these forms of taxation, it would decrease our earnings and our available cash.

In addition, our international assets and operations, including those owned through direct or indirect subsidiaries that are disregarded entities for U.S. federal income tax purposes, continue to be subject to taxation in the foreign jurisdictions where those assets are held or those operations are conducted.

Competition

The commercial real estate market is highly competitive. In all of our markets we compete for tenants with other owners and operators of real estate. Factors affecting competition for tenants include location, rental rates, security, suitability of the property's design to prospective tenants' needs and the manner in which the property is operated and marketed. The adverse impact of competition may have a material effect on our occupancy levels, rental rates or operating expenses of our properties and may require us to make capital improvements.

In addition, we compete with other parties engaged in real estate investment activities to identify suitable properties to acquire and to find tenants and purchasers for our properties. These competitors include American Finance Trust, Inc. ("AFIN"), a REIT advised by an affiliate of AR Global, with an investment strategy similar to our investment strategy with respect to properties located in the U.S., other REITs, specialty finance companies, savings and loan associations, banks, mortgage bankers, insurance companies, mutual funds, institutional investors, investment banking firms, lenders, governmental bodies and other entities. There are also other REITs with asset acquisition objectives similar to ours, and others that may be organized in the future. Some of these competitors, including larger REITs, have substantially greater marketing and financial resources than we have, and may be able to accept more risk than we can prudently manage, including risks with respect to the creditworthiness of tenants. In addition, these same competitors seek financing through similar channels as us, which may impact our ability to obtain financing. Therefore, we compete for financing in a market where funds for real estate investment may decrease.

Competition from these and other real estate investors may limit the number of suitable investment opportunities available to us. Competition also may cause us to face higher prices to acquire assets, lower yields on assets and a narrower spread of yields over our borrowing costs, making it more difficult for us to acquire new investments on attractive terms. In addition, competition for desirable investments could delay investments in desirable assets, which may in turn reduce our earnings per share and negatively affect our ability to maintain dividends to stockholders.

Regulations - General

Our investments are subject to various federal, state, local and foreign laws, ordinances and regulations, including, among other things, zoning regulations, land use controls, environmental controls relating to air and water quality, noise pollution and indirect environmental impacts such as increased motor vehicle activity. We believe that we have all permits and approvals necessary under current law to operate our investments.

Regulations - Environmental

As an owner of real estate, we are subject to various environmental laws of federal, state and local governments and foreign governments at various levels. Compliance with existing laws has not had a material adverse effect on our financial condition or results of operations, and management does not believe it will have such an impact in the future. However, we cannot predict the impact of unforeseen environmental contingencies or new or changed laws or regulations on properties in which we hold an interest, or on properties that may be acquired directly or indirectly in the future. As part of our efforts to mitigate these risks, we typically engage third parties to perform assessments of potential environmental risks when evaluating a new acquisition of property, and we frequently require sellers to address them before closing or obtain contractual protection (indemnities, cash reserves, letters of credit, or other instruments) from property sellers, tenants, a tenant's parent company, or another third party to address known or potential environmental issues.

Advisory Agreement

We are externally managed by the Advisor pursuant to the terms of our advisory agreement with the Advisor, which was subsequently amended on August 14, 2018 (the "August Amendment") and November 6, 2018 (the "November Amendment"). The advisory agreement requires us to pay a base management fee (the "Base Management Fee") in a minimum amount of $18.0 million per annum, payable in cash on a pro rata monthly basis at the beginning of each month, plus a variable fee amount equal to 1.25% of the cumulative net proceeds realized by us from the issuance of any common equity, including any common equity issued in exchange for or conversion of preferred stock or exchangeable notes, as well as, from any other issuances of common, preferred, or other forms of our equity, including units of any operating partnership. Additionally, we pay the Advisor an incentive fee ("Incentive Compensation"), payable 50% in cash and 50% in shares of Common Stock.

Under the advisory agreement, prior to the August Amendment, the Incentive Compensation was equal to 15% of our Core AFFO (as defined in the advisory agreement) in excess of $2.37 per share plus 10% of our Core AFFO in excess of $3.08 per share. Under the advisory agreement, as amended by the August Amendment, the Incentive Fee Lower Hurdle (as defined in the advisory agreement) was decreased from $2.37 to (a) $2.15 for the 12 months ending June 30, 2019, and (b) $2.25 for the 12 months ending June 30, 2020, and the Incentive Fee Upper Hurdle (as defined in the advisory agreement) was decreased from $3.08 to (a) $2.79 for the 12 months ending June 30, 2019, and (b) $2.92 for the 12 months ending June 30, 2020.

In addition, the August Amendment revised the provisions in the advisory agreement governing adjustments to these annual thresholds. The annual thresholds may, beginning with effect from July 1, 2020, be increased each year in the sole discretion of a majority of our independent directors (in their good faith reasonable judgment, after consultation with the Advisor), by a percentage equal to between 0% and 3% instead of 1% and 3%. In addition, in August 2023 and every five years thereafter, the Advisor will have a right to request that our independent directors reduce the then current Incentive Fee Lower Hurdle and Incentive Fee Upper Hurdle and make a determination whether any reduction in the annual thresholds is warranted.

We reimburse the Advisor or its affiliates for expenses of the Advisor and its affiliates incurred on our behalf, except for those expenses that are specifically the responsibility of the Advisor under the advisory agreement, such as fees and compensation paid to any third-party service providers engaged by the Advisor and the Advisor's overhead expenses, rent and travel expenses, professional services fees incurred with respect to the Advisor for the operation of its business, insurance expenses (other than with respect to our directors and officers) and information technology expenses.

No later than April 30 of each year, our independent directors are required to determine, in good faith, whether the Advisor has satisfactorily achieved annual performance standards for the immediately preceding year based primarily on actions or inactions of the Advisor, and determines the annual performance standards for the next year.

The advisory agreement has an initial term expiring June 1, 2035 , with automatic renewals for consecutive five-year terms unless terminated in accordance with the terms of the advisory agreement. In the event of a termination in connection with a change in control of us or the Advisor's failure (based on a good faith determination by our independent directors) to meet annual performance standards for the year based primarily on actions or inactions of the Advisor, we would be required to pay a termination fee that could be up to two and a half times the compensation paid to the Advisor in the previous year, plus expenses.

See *Note 11* — *Related Party Transactions* to our consolidated financial statements included in this Annual Report on Form10-K for further details.

Employees

As of December 31, 2018 , we have one employee based in Europe. The employees of our Advisor, Property Manager and other affiliates of AR Global perform a full range of real estate services for us, including acquisitions, property management, accounting, legal, asset management and investor relations services. Pursuant to the Service Provider Agreement, the Former Service Provider agreed to provide, subject to the Advisor's oversight, certain real estate-related services, as well as sourcing and structuring of investment opportunities, performance of due diligence, and arranging debt financing and equity investment syndicates, solely with respect to investments in Europe. As discussed above, on January 16, 2018, we notified the Former Service Provider that it was being terminated effective as of March 17, 2018. We depend on third parties and affiliates for services that are essential to us, including asset acquisition decisions, property management and other general administrative responsibilities. In the event that any of these companies were unable to provide these services to us we would be required to provide such services ourselves or obtain such services from other sources at potentially higher cost. Since the termination of the Former Service Provider, the Advisor has built a European-focused management team and engaged third-party service providers to assume certain duties previously performed by the Former Service Provider.

Available Information

We electronically file annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and all amendments to those reports, and proxy statements, with the SEC. You may read and copy any materials we file with the SEC at the SEC's Internet address located at http://www.sec.gov. The website contains reports, proxy statements and information statements, and other information, which you may obtain free of charge. In addition, copies of our filings with the SEC may be obtained from the website maintained for us and our affiliates at www.globalnetlease.com. Access to these filings is free of charge. We are not incorporating our website or any information from the website into this Form 10-K.

Item 1A. Risk Factors

Set *forth below are the risk factors that we believe are material to our investors. The occurrence of any of the risks discussed in this Annual Report on Form 10-K could have a material adverse effect on our business, our financial condition, our results of operations, our ability to pay dividends and the trading price of our Common Stock and Series A Preferred Stock.*

Risks Related to Our Properties and Operations

We may be unable to enter into and consummate property acquisitions on advantageous terms or our property acquisitions may not perform as we expect.

Our goal is to grow through acquiring additional properties, and pursuing this investment objective exposes us to numerous risks, including:

- competition from other real estate investors with significant capital, including both publicly traded REITs and institutional investment funds;
- we may acquire properties that are not accretive;
- we may not successfully manage and lease the properties we acquire to meet our expectations or market conditions may result in future vacancies and lower-than expected rental rates;
- we may be unable to obtain debt financing or raise equity required to fund acquisitions on favorable terms, or at all;
- we may need to spend more than budgeted amounts to make necessary improvements or renovations to acquired properties;
- agreements for the acquisition of properties are typically subject to customary conditions to closing that may or may not be completed, and we may spend significant time and money on potential acquisitions that we do not consummate;
- the process of acquiring or pursuing the acquisition of a new property may divert the attention of our management team from our existing business operations; and
- we may acquire properties without recourse, or with only limited recourse, for liabilities, whether known or unknown.

We rely upon our Advisor and the real estate professionals affiliated with our Advisor to identify suitable investments, and there can be no assurance that our Advisor will be successful in obtaining suitable further investments on financially attractive terms or that our objectives will be achieved. If our Advisor is unable to timely locate suitable investments, we may be unable or limited in our ability to pay dividends and we may not be able to meet our investment objectives.

Our ability to implement our business strategy depends on our ability to access capital from external sources, and there can be no assurance we will be able to so on favorable terms or at all.

In order to meet our strategic goals, which include acquiring additional properties, we will need to access third-party sources of capital. Our access to capital depends, in part, on:

- general market conditions;
- the market's view of the quality of our assets;
- the market's perception of our growth potential;
- our current and expected debt levels;
- our current and expected future earnings;
- our current and expected cash flow and cash dividend payments; and
- market price per share of our Common Stock, Series A Preferred Stock and any other class or series of equity security we may seek to issue.

We cannot assure you that we will be able to obtain debt financing or raise equity on terms favorable or acceptable to us or at all. If we are unable to do so, our ability to successfully pursue our strategy of growth through property acquisitions will be limited. Failure to achieve this strategic objective could adversely affect us.

If we are not able to increase the amount of cash we have available to pay dividends, including through additional cash flows we expect to generate from completing acquisitions, we may have to reduce dividend payments or identify other financing sources to fund the payment of dividends at their current levels.

We cannot guarantee that we will be able to pay dividends on a regular basis with respect to our Common Stock, our Series A Preferred Stock, or any other classes or series of preferred stock we may issue in a future offering. Decisions on whether, when and in what amounts to pay any future dividends will remain at all times entirely at the discretion of our board of directors, which reserves the right to change our dividend policy at any time and for any reason. Any accrued and unpaid dividends payable with respect to our Series A Preferred Stock become part of the liquidation preference thereof.

Pursuant to our Credit Facility, we may not pay distributions, including cash dividends payable with respect to Common Stock, Series A Preferred Stock, or any other classes or series of preferred stock we may issue in a future offering, or redeem or otherwise repurchase shares of our capital stock, Common Stock, Series A Preferred Stock, or any other classes or series of preferred stock we may issue in a future offering, that exceed 95% of our Adjusted FFO as defined in our Credit Facility (which is different from AFFO as discussed and analyzed in this Annual Report on Form 10-K) for any period of four consecutive fiscal quarters, except in limited circumstances, including that for one fiscal quarter in each calendar year, we may pay cash distributions, make redemptions and make repurchases in an aggregate amount equal to no more than 100% of our Adjusted FFO. We used this exception to pay dividends that were between 95% of Adjusted FFO to 100% of Adjusted FFO during the quarter ended on June 30, 2018. On November 19, 2018, the lenders under our Credit Facility consented to an increase in the maximum amount we may use to pay cash distributions, make redemptions and make repurchases from 95% of Adjusted FFO to 100% of Adjusted FFO solely for the quarter ended December 31, 2018 and, during that quarter, we paid dividends that were between 95% of Adjusted FFO to 100% of Adjusted FFO. There can be no assurance that our lenders will consent to any additional modifications to the restrictions in our Credit Facility on our ability to pay dividends necessary to maintain our compliance thereunder if we pay dividends that exceed 95% of Adjusted FFO in more than one fiscal quarter during 2019 or any future calendar year. In addition, the agreements governing our future debt agreements may also include additional restrictions on our ability to pay dividends.

Our ability to pay dividends in the future is dependent on our ability to generate cash flows from our operations. Our cash flows provided by operations were $144.6 million for the year ended December 31, 2018. During the year ended December 31, 2018, we paid dividends of $157.8 million , which includes payments to holders of our Common and Series A Preferred Stock and distributions to holders of the ordinary units of limited partner interest in the OP ("OP Units") and long term incentive plan units of limited partner interest in the OP ("LTIP Units"). Of these payments, $134.8 million , or 85.4% , was funded from cash flows provided by operations after payment of preferred dividends and $23.1 million was funded from cash on hand, consisting of proceeds from borrowings.

Our ability to maintain compliance with the restrictions on the payment of distributions in our Credit Facility depends on our ability, and the time needed, to invest the approximately $151.2 million of net proceeds we received from the sale of approximately 7.8 million shares of Common Stock pursuant to our ATM Program during January 2019 in new acquisitions. There can be no assurance we will complete acquisitions on a timely basis or on acceptable terms and conditions, if at all. If we fail to do so (and we are not otherwise able to increase the amount of cash we have available to pay dividends and distributions), our ability to comply with the restrictions on the payment of distributions in our Credit Facility may be adversely affected. Moreover, we could be subject to similar considerations in connection with any other offering of Common Stock or other equity securities we may conduct in the future.

If we are not able to generate sufficient cash from operations or otherwise maintain compliance with our Credit Facility, we may have to reduce the amount of dividends we pay or identify other financing sources to fund the payment of dividends at their current levels. There can be no assurance that other sources will be available on favorable terms, or at all. Funding dividends from borrowings restricts the amount we can borrow for property acquisitions and investments. Using proceeds from the sale of assets or the issuance of our Common Stock, Series A Preferred Stock or other equity securities to fund dividends rather than invest in assets will likewise reduce the amount available to invest. Funding dividends from the sale of additional securities could also result in a dilution of our stockholders' investment.

We depend on the Advisor and Property Manager, to provide us with executive officers, key personnel and all services required for us to conduct our operations and our operating performance may be impacted by any adverse changes in the financial health or reputation of the Advisor.

We have no employees. Personnel and services that we require are provided to us under contracts with the Advisor and its affiliate, the Property Manager. We depend on the Advisor, any entities it may engage with our approval, and the Property Manager to manage our operations and to acquire and manage our portfolio of real estate assets.

Thus, our success depends to a significant degree upon the contributions of our executive officers and other key personnel of the Advisor. Neither we nor the Advisor has an employment agreement with any of these key personnel, except for the agreement between Mr. Nelson and the Advisor, and we cannot guarantee that all, or any particular one, will remain employed by the Advisor and available to continue to perform services for us. If any of our key personnel were to cease their affiliation with the Advisor, our operating results, business and prospects could suffer. Further, we do not maintain key person life insurance on any person.

We believe that our success depends, in large part, upon the ability of the Advisor to hire, retain or contract services of highly skilled managerial, operational and marketing personnel. Competition for skilled personnel is intense, and there can be no assurance that the Advisor will be successful in attracting and retaining skilled personnel. If the Advisor loses or is unable to obtain the services of key personnel, the Advisor's ability to manage our business and implement our investment strategies could be delayed or hindered, and the value of an investment in shares of our stock may decline.

On March 8, 2017, the creditor trust established in connection with the bankruptcy of RCS Capital Corp. ("RCAP"), which prior to its bankruptcy filing was under common control with the Advisor, filed suit against AR Global, the Advisor, advisors of other entities sponsored by affiliates of AR Global, and AR Global's principals. The suit alleges, among other things, certain breaches of duties to RCAP. We are neither a party to the suit, nor are there allegations related to the services the Advisor provides to us. On May 26, 2017, the defendants moved to dismiss. On November 30, 2017, the Court issued an opinion partially granting the defendants' motion. On December 7, 2017, the creditor trust moved for limited reargument of the court's partial dismissal of its breach of fiduciary duty claim, and on January 10, 2018, the defendants filed a supplemental motion to dismiss certain claims. On April 5, 2018, the court issued an opinion denying the creditor trust's motion for reconsideration while partially granting the defendants' supplemental motion to dismiss. The Advisor has informed us that it believes the suit is without merit and intends to defend against it vigorously. On November 5, 2018, the defendants moved for leave to amend their answers and for partial summary judgment on certain of the claims at issue in the case. The creditor trust opposed the motion, and it was argued before the court on February 6, 2019. The court has not yet ruled on the motion. On January 18, 2019, the defendants requested that the scheduling order governing the case be modified to bifurcate liability and damages issues for discovery purposes and trial. That request is also pending.

Any adverse changes in the financial condition or financial health of, or our relationship with, the Advisor, including any change resulting from an adverse outcome in any litigation, could hinder its ability to successfully manage our operations and our portfolio of investments. Additionally, changes in ownership or management practices, the occurrence of adverse events affecting the Advisor or its affiliates or other companies advised by the Advisor and its affiliates could create adverse publicity and adversely affect us and our relationship with lenders, tenants or counterparties.

We may terminate the advisory agreement in only limited circumstances, which may require payment of a termination fee.

We have limited rights to terminate the Advisor. The initial term of the advisory agreement expires on June 1, 2035, but is automatically renewed for consecutive five-year terms unless notice of termination is provided by either party 365 days in advance of the expiration of the term. Further, we may terminate the agreement only under limited circumstances. In the event of a termination in connection with a change in control of us or the Advisor's failure (based on a good faith determination by our independent directors) to meet annual performance standards for the prior year based primarily on actions or inactions of the Advisor, we would be required to pay a termination fee that could be up to two and a half times the compensation paid to the Advisor in the previous year, plus expenses. The limited termination rights of the advisory agreement will make it difficult for us to renegotiate the terms of the advisory agreement or replace the Advisor even if the terms of the advisory agreement are no longer consistent with the terms generally available to externally-managed REITs for similar services.

Moreover, our property management and leasing agreement with the Property Manager is only terminable without cause upon 12 months prior notice, which will make it difficult for us to renegotiate the terms of the property management and leasing agreement or replace the Property Manager even if the terms of the property management and leasing agreement are no longer consistent with the terms generally available to externally-managed REITs for similar services.

We rely significantly on major tenants and therefore are subject to tenant credit concentrations that make us more susceptible to adverse events with respect to those tenants.

The value of our investment in a real estate asset is historically driven by the credit quality of the underlying tenant, and an adverse change in a major tenant's financial condition or a decline in the credit rating of such tenant may result in a decline in the value of our investments. As of December 31, 2018, we derived 5% of our consolidated annualized rental income on a straight-line basis from FedEx.

A high concentration of our properties in a particular geographic area magnifies the effects of downturns in that geographic area and could have a disproportionate adverse effect on the value of our investments.

As of December 31, 2018, the following countries and states accounted for 5.0% or more of our consolidated annualized rental income on a straight-line basis:

Country	December 31, 2018
European Countries:	
United Kingdom	19.0%
Germany	7.4%
The Netherlands	6.1%
Finland	5.4%
Other European Countries	6.4%
Total European Countries	44.3%
United States & Puerto Rico:	
Michigan	13.7%
Texas	8.8%
Other States and Puerto Rico	33.2%
Total United States and Puerto Rico	55.7%
Total	100.0%

Any adverse situation that disproportionately affects the states and countries listed above may have a magnified adverse effect on us. Factors that may negatively affect economic conditions in these states or countries include:

- restrictions on international trade;
- business layoffs, downsizing or relocations;
- industry slowdowns;
- changing demographics;
- climate change;
- increased telecommuting and use of alternative work places;
- infrastructure quality;
- any oversupply of, or reduced demand for, real estate;
- concessions or reduced rental rates under new leases for properties where tenants defaulted; and
- increased insurance premiums.

Brexit and other events that create, or give the impression they could create, economic or political instability in Europe could adversely affect us.

On June 23, 2016, the United Kingdom held a referendum in which a majority of voters approved an exit from the European Union, commonly referred to as "Brexit." On March 29, 2017, the United Kingdom gave formal notice of its exit from the European Union and commenced the two-year period of negotiations to determine the terms of the United Kingdom's relationship with the European Union after the exit, including, among other things, the terms of trade between the United Kingdom and the European Union. On June 26, 2018, the European Union (Withdrawal) Act was enacted into law, which made most existing European Union law the domestic law of the United Kingdom and provides that the European Union can no longer enact future laws for the United Kingdom. The European Union (Withdrawal) Act also fixed the "exit day" as 11.00 p.m. on March 29, 2019. On January 15, 2019, the Parliament of the United Kingdom voted to reject Prime Minister Theresa May's draft EU withdrawal agreement, which had previously been agreed to between the European Union and United Kingdom representatives. Discussions continue, and any final agreement on different terms will require the approval of Parliament in both the United Kingdom and the European Union. The uncertainty surrounding when and on what terms the United Kingdom will ultimately exit the European Union, as well as uncertainty surrounding the ultimate impact of these events on both the United Kingdom and the European Union, has caused, and may continue to cause, significant volatility in global stock markets and currency exchange fluctuations, including a sharp decline in the value of the British pound sterling as compared to the U.S. dollar and other currencies. In addition to the long-term effects of Brexit that depend on whether the United Kingdom is able to retain access to European Union markets either during a transitional period or more permanently, Brexit could lead to legal uncertainty and potentially divergent national laws and regulations as the United Kingdom determines which European Union laws to replace or replicate. As a general matter, Brexit may:

- adversely affect European and worldwide economic and market conditions;

- adversely affect commercial property market values and rental rates in the United Kingdom and continental Europe;
- result in foreign currency exchange rate fluctuations that could adversely affect our results of operations, especially if we are unable to effectively hedge currency exchange exposure; and
- adversely affect the availability of financing for commercial properties in the United Kingdom and continental Europe, which could impair our ability to acquire properties and may reduce the price for which we are able to sell properties we have acquired.

The effects of Brexit, including effects we cannot anticipate, could adversely affect us. However, the terms, timing and effects of Brexit are not clear at this time, and it is not possible to determine the ultimate impact that the United Kingdom's departure from the European Union or any related matters may have on us.

In addition to Brexit, there are other events that create, or give the impression they could create, economic or political instability in Europe. For example, concerns persist regarding the debt burden of certain Eurozone countries, their potential inability to meet their future financial obligations, and the overall stability of the European Union, and these concerns could lead to the introduction of individual currencies in one or more Eurozone countries, or, in more extreme circumstances, the possible dissolution of the Euro currency entirely. These potential developments, or market perceptions concerning these and related issues, could materially adversely affect the value of our investments and obligations in Europe (including the United Kingdom).

We are subject to additional risks from our international investments.

Based on the percentage of annualized rental income on a straight-line basis as of December 31, 2018, 44.3% of our properties are located in Europe, primarily in the United Kingdom, Germany, The Netherlands, Finland, France and Luxembourg, and 55.7% of our properties are located in the U.S. As part of our strategy of growth through property acquisitions, we intend to increase our portfolio located in the U.S. to 60.0%, but, even while implementing this strategy, we may purchase other properties and may make additional investments in Europe or elsewhere. These investments may be affected by factors peculiar to the laws and business practices of the jurisdictions in which the properties are located. These laws and business practices may expose us to risks that are different from and in addition to those commonly found in the U.S. Foreign investments pose several risks, including the following:

- the burden of complying with a wide variety of foreign laws;
- changing governmental rules and policies, including changes in land use and zoning laws, more stringent environmental laws or changes in such laws;
- existing or new laws relating to the foreign ownership of real property or loans and laws restricting the ability of foreign persons or companies to remove profits earned from activities within the country to the person's or company's country of origin;
- the potential for expropriation;
- possible currency transfer restrictions;
- imposition of adverse or confiscatory taxes;
- changes in real estate and other tax rates and changes in other operating expenses in particular countries;
- possible challenges to the anticipated tax treatment of the structures that allow us to acquire and hold investments;
- adverse market conditions caused by terrorism, civil unrest and changes in national or local governmental or economic conditions;
- the willingness of domestic or foreign lenders to make loans in certain countries and changes in the availability, cost and terms of loan funds resulting from varying national economic policies;
- general political and economic instability in certain regions;
- the potential difficulty of enforcing obligations in other countries; and
- the Advisor's limited experience and expertise in foreign countries relative to its experience and expertise in the U.S.

Investments in properties or other real estate investments outside the U.S. subject us to foreign currency risk.

Investments we make outside the U.S. are generally subject to foreign currency risk due to fluctuations in exchange rates between foreign currencies and the U.S. dollar. Revenues generated from properties or other real estate investments located in foreign countries are generally denominated in the local currency. Further, as of December 31, 2018, we had $1.1 billion ($474.6 million , €325.6 million and £230.0 million) in gross outstanding mortgage debt, $363.9 million ($278.6 million , €30.0 million and £40.0 million) in outstanding debt under the Revolving Credit Facility and $278.7 million , net (€246.5 million) of outstanding debt under the Term Loan. We may continue to borrow in foreign currencies when purchasing properties outside the Unites States, including draws under our Revolving Credit Facility. Changes in exchange rates of any of these foreign currencies to U.S. dollars may affect our revenues, operating margins and the amount of cash generated by these properties and the amount of cash we have available to pay dividends. Changes to exchange rates may also affect the book value of our assets and the amount of stockholders' equity.

Changes in foreign currency exchange rates used to value a REIT's foreign assets may be considered changes in the value of the REIT's assets. These changes may adversely affect our status as a REIT.

Foreign exchange rates may be influenced by many factors, including:

- changing supply and demand for a particular currency;
- the prevailing interest rates in one country as compared to another country;
- monetary policies of governments (including exchange control programs, restrictions on local exchanges or markets and limitations on foreign investment in a country or an investment by residents of a country in other countries);
- trade restrictions and other factors that could lead to changes in balances of payments and trade, including the recent and proposed tariffs by the U.S. government and the potential for an international trade war; and
- currency devaluations and revaluations.

Also, governments from time to time intervene in the currency markets, directly and by regulation, in order to influence exchange rates. These events and actions are unpredictable.

We use foreign currency derivatives including options, currency forward and cross currency swap agreements to help reduce our exposure to fluctuations in GBP-USD and EUR-USD exchange rates, but there can be no assurance our hedging strategy will be successful. If we fail to effectively hedge our currency exposure, or if we experience other losses related to our exposure to foreign currencies, our operating results could be negatively impacted and cash flows could be reduced.

Market and economic challenges experienced by the U.S. and global economies may adversely impact aspects of our operating results and operating condition.

Our business may be affected by market and economic challenges experienced by the U.S. and global economies. These conditions may materially affect the commercial real estate industry, the businesses of our tenants and the value and performance of our properties, and may affect our ability to pay dividends, and the availability or the terms of financing that we have or may anticipate utilizing. Challenging economic conditions may also impact the ability of certain of our tenants to enter into new leasing transactions or satisfy rental payments under existing leases. Specifically, global market and economic challenges may have adverse consequences, including:

- decreased demand for our properties due to significant job losses that occur or may occur in the future, resulting in lower rents and occupancy levels;
- an increase in the number of bankruptcies or insolvency proceedings of our tenants and lease guarantors, which could delay or preclude our efforts to collect rent and any past due balances under the relevant leases;
- widening credit spreads as investors demand higher risk premiums, resulting in lenders increasing the cost for debt financing;
- reduction in the amount of capital that is available to finance real estate, which, in turn, could lead to a decline in real estate values generally, slow real estate transaction activity, a reduction the loan-to-value ratio upon which lenders are willing to lend, and difficulty refinancing our debt;
- a decrease in the market value of our properties, which may limit our ability to obtain debt financing secured by our properties;
- a need for us to establish significant provisions for losses or impairments;
- reduction in the value and liquidity of our short-term investments and increased volatility in market rates for such investments; and
- reduction in cash flows from our operations as a result of foreign currency losses resulting from our operations in continental Europe and the United Kingdom if we are unsuccessful in hedging these potential losses or if, as part of our risk management strategies, we choose not to hedge some or all of the risk.

Inflation may have an adverse effect on our investments.

Inflation, along with governmental measures to curb inflation, coupled with public speculation about the possible future governmental measures to be adopted, has had significant negative effects on these international economies in the past and this could occur again in the future.

Inflation could erode the value of long-term leases that do not contain indexed escalation provisions. High inflation in the countries in which we own or purchase real estate or make other investments could also increase expenses, and we may not be able to pass these increased costs onto our tenants. An increase in our expenses or a decrease in revenues could adversely impact results of operations. As of December 31, 2018, certain of our leases, based on annualized rental income on a straight-line basis, for properties in foreign countries contain upward adjustments to fair market value every five years or contain capped indexed escalation provisions, but there can be no assurance that future leases on properties in foreign countries will contain such provisions or that such provisions will protect us from all potential adverse effects of inflation.

Conversely, low inflation can cause deflation, or an outright decline in prices. Deflation can lead to a negative cycle where consumers delay purchases in anticipation of lower prices, causing businesses to stop hiring and postpone investments as sales weaken. Deflation would have a serious impact on economic growth and may adversely affect the financial condition of our tenants and the rental rates at which we renew or enter into leases.

A high concentration of our tenants in a similar industry magnifies the effects of downturns in that industry and would have a disproportionate adverse effect on the value of investments.

If tenants of our properties are concentrated in a certain industry category, any adverse effect to that industry generally would have a disproportionately adverse effect on our portfolio. As of December 31, 2018, the following industries had concentrations of properties accounting for 5.0% or more of our consolidated annualized rental income on a straight-line basis:

Industry	December 31, 2018
Financial Services	12.2%
Technology	6.4%
Discount Retail	5.7%
Aerospace	5.3%
Telecommunications	5.2%
Freight	5.2%
Government	5.1%

Any adverse situation that disproportionately affects the industries listed above may have a magnified adverse effect on our portfolio.

Our bank deposits in excess of insured limits expose us to risk of failure of any bank in which we deposit our funds.

We hold cash and cash equivalents at several banking institutions. These institutions are generally insured by the Federal Deposit Insurance Corporation in the U.S. or other entities in Europe, and each of these entities generally only insure limited amounts per depositor per insured bank. We have cash and cash equivalents and restricted cash deposited in interest-bearing accounts at certain financial institutions exceeding these insured levels. If any of the banking institutions in which we have deposited funds ultimately fails, we may lose the portion of the deposits that exceed the insured levels.

Our business and operations could suffer if our Advisor or any other party that provides us with services essential to our operations experiences system failures or cyber incidents or a deficiency in cybersecurity.

The internal information technology networks and related systems of our Advisor and other parties that provide us with services essential to our operations are vulnerable to damage from any number of sources, including computer viruses, unauthorized access, energy blackouts, natural disasters, terrorism, war and telecommunication failures. Any system failure or accident that causes interruptions in our operations could result in a material disruption to our business. We may also incur additional costs to remedy damages caused by these disruptions.

As reliance on technology has increased, so have the risks posed to those systems. Our Advisor and other parties that provide us with services essential to our operations must continuously monitor and develop their networks and information technology to prevent, detect, address and mitigate the risk of unauthorized access, misuse, computer viruses, and social engineering, such as phishing. We are continuously working, including with the aid of third party service providers, to install new, and to upgrade our existing, network and information technology systems, to create processes for risk assessment, testing, prioritization, remediation, risk acceptance, and reporting, and to provide awareness training around phishing, malware and other cyber risks to ensure that our Advisor, other parties that provide us with services essential to our operations and we are protected against cyber risks and security breaches. However, these upgrades, processes, new technology and training may not be sufficient to protect us from all risks. Even the most well protected information, networks, systems and facilities remain potentially vulnerable because the techniques and technologies used in attempted attacks and intrusions evolve and generally are not recognized until launched against a target. In some cases, attempted attacks and intrusions are designed not to be detected and, in fact, may not be detected.

The remediation costs and lost revenues experienced by a subject of an intentional cyberattack or other event which results in unauthorized third party access to systems to disrupt operations, corrupt data or steal confidential information may be significant and significant resources may be required to repair system damage, protect against the threat of future security breaches or to alleviate problems, including reputational harm, loss of revenues and litigation, caused by any breaches. Additionally, any failure to adequately protect against unauthorized or unlawful processing of personal data, or to take appropriate action in cases of infringement may result in significant penalties under privacy law.

Furthermore, a security breach or other significant disruption involving the information technology networks and related systems of our Advisor or any other party that provides us with services essential to our operations could:

- result in misstated financial reports, violations of loan covenants, missed reporting deadlines and/or missed permitting deadlines;
- affect our ability to properly monitor our compliance with the rules and regulations regarding our qualification as a REIT;
- result in the unauthorized access to, and destruction, loss, theft, misappropriation or release of, proprietary, confidential, sensitive or otherwise valuable information (including information about tenants), which others could use to compete against us or for disruptive, destructive or otherwise harmful purposes and outcomes;
- result in our inability to maintain the building systems relied upon by our tenants for the efficient use of their leased space;
- require significant management attention and resources to remedy any damages that result;
- subject us to claims for breach of contract, damages, credits, penalties or termination of leases or other agreements; or
- adversely impact our reputation among our tenants and investors generally.

Although our Advisor and other parties that provide us with services essential to our operations intend to continue to implement industry-standard security measures, there can be no assurance that those measures will be sufficient, and any material adverse effect experienced by our Advisor and other parties that provide us with services essential to our operations could, in turn, have an adverse impact on us.

There can be no assurance as to whether the litigation related to our termination of the Former Service Provider will be settled on the anticipated terms, or at all.

On January 25, 2018, the Former Service Provider filed a complaint against us and the Advisor, the Property Manager, AR Global and various of their respective affiliates alleges that terminating the Former Service Provider Agreement, was a pretext to enable the Advisor and AR Global to seize the Former Service Provider's business seeks: (i) monetary damages against the defendants, (ii) to enjoin the termination of the Former Service Provider Agreement, and (iii) judgment declaring the termination to be void. The parties are currently engaged in discovery. During the year ended December 31, 2018, we incurred $2.9 million of litigation costs relating to the matter and recorded a reserve of $7.4 million related to the anticipated settlement of this litigation. The settlement is not, however, final and remains subject to the parties agreeing to a definitive settlement agreement. The terms and conditions of this agreement, including the amounts we agree to pay, may differ from the amount reserved.

We believe this lawsuit is without merit and, if we are unable to reach agreement on a settlement, we intend to continue to contest the suit vigorously. An unfavorable judgment against us could have a material adverse impact on our financial condition, liquidity, our business and our acquisition strategy. Further, if the termination is enjoined, the Advisor would be required to maintain its relationship with the Former Service Provider, which could adversely affect the quality of the services provided to us. As with any litigation, the dispute and resulting litigation may divert management’s attention from the day-to-day operations of our business and result in substantial cost to us, including amounts that may become payable to reimburse AR Global, the Advisor and their affiliates for their legal costs in defending themselves against the Former Service Provider’s lawsuit pursuant to our indemnification obligations to them.

We may in the future acquire or originate real estate debt or invest in real estate-related securities issued by real estate market participants, which would expose us to additional risks.

As of the date of this Annual Report on Form 10-K, we have not invested in any first mortgage debt loans, mezzanine loans, preferred equity or securitized loans, commercial mortgage-backed securities ("CMBS"), preferred equity and other higher-yielding structured debt and equity investments. In the future, however, we may choose to acquire or originate real estate debt or invest in real estate-related securities issued by real estate market participants, which would expose us not only to the risks and uncertainties we are currently exposed to through our direct investments in real estate but also to additional risks and uncertainties attendant to investing in and holding these types of investments, such as:

- risk of defaults by borrowers in paying debt service on outstanding indebtedness and to other impairments of our loans and investments;
- increased competition from entities engaged in mortgage lending and, or investing in our target assets;
- deterioration in the performance of properties securing our investments may cause deterioration in the performance of our investments and, potentially, principal losses to us;
- fluctuations in interest rates and credit spreads could reduce our ability to generate income on our loans and other investments;
- difficulty in redeploying the proceeds from repayments of our existing loans and investments;
- the illiquidity of certain of these investments;
- lack of control over certain of our loans and investments;
- the potential need to foreclose on certain of the loans we originate or acquire, which could result in losses additional risks, including the risks of the securitization process, posed by investments in CMBS and other similar structured finance investments, as well as those we structure, sponsor or arrange; use of leverage may create a mismatch with the duration and interest rate of the investments that we financing; and
- the need to structure, select and more closely monitor our investments such that we continue to maintain our qualification as a REIT and our exemption from registration under the Investment Company Act of 1940, as amended.

Risks Related to Conflicts of Interest

The Advisor faces conflicts of interest relating to the purchase and leasing of properties, and these conflicts may not be resolved in our favor, which could adversely affect our investment opportunities.

We rely on the Advisor and the executive officers and other key real estate professionals at the Advisor to identify suitable investment opportunities for us. Several of the other key real estate professionals at the Advisor are also the key real estate professionals at AR Global and other entities advised by affiliates of AR Global. Many investment opportunities that are suitable for us may also be suitable for other entities advised by affiliates of AR Global. For example, AFIN seeks, like us, to invest in sale-leaseback transactions involving single tenant net-leased commercial properties, in the U.S., and we are party to an investment opportunity allocation agreement with AFIN pursuant to which each opportunity to acquire one or more domestic office or industrial properties will be presented first to us, and each opportunity to acquire one or more domestic retail or distribution properties will be presented first to AFIN. There can be no assurance the executive officers and real estate professionals at the Advisor will not direct attractive investment opportunities to AFIN, which has contractual priority over us with respect to domestic retail or distribution properties, or other entities advised by affiliates of AR Global.

We and other entities advised by affiliates of AR Global also rely on these real estate professionals to supervise the property management and leasing of properties. These executive officers and key real estate professionals, as well as AR Global, are not prohibited from engaging, directly or indirectly, in any business or from possessing interests in other businesses and ventures, including businesses and ventures involved in the acquisition, development, ownership, leasing or sale of real estate investments.

The Advisor faces conflicts of interest relating to joint ventures, which could result in a disproportionate benefit to the other venture partners at our expense.

We may enter into joint ventures with other entities advised by affiliates of AR Global for the acquisition, development or improvement of properties. The Advisor may have conflicts of interest in determining which entity advised by affiliates of AR Global should enter into any particular joint venture agreement. The co-venturer may have economic or business interests or goals that are or may become inconsistent with our business interests or goals. In addition, the Advisor may face a conflict in structuring the terms of the relationship between our interests and the interest of the affiliated co-venturer and in managing the joint venture. Due to the role of the Advisor and its affiliates, agreements and transactions between the co-venturers with respect to any such joint venture will not have the benefit of arm’s-length negotiation of the type normally conducted between unrelated co-venturers, which may result in the co-venturer receiving benefits greater than the benefits that we receive. In addition, we may assume liabilities related to the joint venture that exceeds the percentage of our investment in the joint venture.

Our officers and directors face conflicts of interest related to the positions they hold with related parties.

Certain of our executive officers, including James Nelson, chief executive officer and president, and Christopher Masterson, chief financial officer, treasurer and secretary, also are officers of the Advisor and the Property Manager. Our directors also are directors of other REITs sponsored directly or indirectly by the parent of AR Global. As a result, these individuals owe fiduciary duties to these other entities which may conflict with the duties that they owe to us.

These conflicting duties could result in actions or inactions that are detrimental to our business. Conflicts with our business and interests are most likely to arise from involvement in activities related to (a) allocation of new investments and management time and services between us and the other entities, (b) our purchase of properties from, or sale of properties, to entities sponsored by or affiliated with AR Global, (c) the timing and terms of the investment in or sale of an asset, (d) development of our properties by affiliates of AR Global, (e) investments with affiliates of the Advisor, and (f) compensation to the Advisor and its affiliates, including the Property Manager.

Moreover, involvement in the management of multiple REITs by certain of the key personnel of the Advisor may significantly reduce the amount of time they are able to spend on activities related to us, which may cause our operating results to suffer.

The Advisor faces conflicts of interest relating to the structure of the compensation it may receive.

Under the advisory agreement, the Advisor is entitled to substantial minimum compensation regardless of performance as well as incentive compensation, and, under the 2018 OPP, the Advisor is entitled to earn LTIP Units (see *Note 11 — Related Party Transactions* and *Note 13 — Share-Based Compensation* to our consolidated financial statements included in this Annual Report on Form 10-K). These arrangements, coupled with the fact that the Advisor does not maintain a significant equity interest in us, may result in the Advisor taking actions or recommending investments that are riskier or more speculative than an advisor with a more significant investment in us might take or recommend.

Risks Related to our Corporate Structure, Common Stock and Series A Preferred Stock

The trading prices of our Common Stock and Series A Preferred Stock may fluctuate significantly.

Our Common Stock and Series A Preferred Stock are listed on the NYSE. The trading prices of our Common Stock and Series A Preferred Stock are impacted by a number of factors, many of which are outside our control. Among the factors that could affect the prices of our Common Stock and Series A Preferred Stock are:

- our financial condition and performance;
- our ability to achieve our strategy of growth through property acquisitions, and the terms, including with respect to financing availability and our pace of completing acquisitions, upon which we are able to do so;
- the financial condition of our tenants, including the extent of tenant bankruptcies or defaults;
- actual or anticipated quarterly fluctuations in our operating results and financial condition;
- the amount and frequency of our payment of dividends;
- additional issuances of equity securities, including Common Stock or Series A Preferred Stock;
- the reputation of REITs and real estate investments generally and the attractiveness of REIT equity securities in comparison to other equity securities, and fixed income securities;
- our reputation and the reputation of AR Global, its affiliates or entities advised by AR Global;
- uncertainty and volatility in the equity and credit markets;
- fluctuations in interest rates and exchange rates;
- changes in revenue or earnings estimates, if any, or publication of research reports and recommendations by financial analysts or actions taken by rating agencies with respect to our securities or those of other REITs;
- failure to meet analyst revenue or earnings estimates;
- strategic actions by us or our competitors, such as acquisitions or restructurings;
- the extent of investment in our Common Stock by institutional investors;
- the extent of short-selling of our Common Stock;
- general financial and economic market conditions and, in particular, developments related to market conditions for REITs and other real estate related companies;
- failure to maintain our REIT status;
- changes in tax laws;
- domestic and international economic factors unrelated to our performance; and
- all other risk factors addressed elsewhere in this Annual Report on the Form 10-K.

Moreover, although a market has developed for our Series A Preferred Stock, there can be no assurance that an active and liquid trading market will be developed or maintained. If an active and liquid trading market is not developed or maintained, the market price and liquidity of our Series A Preferred Stock may be adversely affected.

We depend on our OP and its subsidiaries for cash flow and are structurally subordinated in right of payment to the obligations of our OP and its subsidiaries.

Our only significant asset is our interest in our OP. We conduct, and intend to continue conducting, all of our business operations through our OP. Accordingly, our only source of cash to pay our obligations is distributions from our OP and its subsidiaries.

There is no assurance that our OP or its subsidiaries will be able to, or be permitted to, pay distributions to us that will enable us to pay dividends to our stockholders and distributions to holders of LTIP Units from cash flows from operations or otherwise pay any other obligations. Each of our OP's subsidiaries is a distinct legal entity and, under certain circumstances, legal and contractual restrictions may limit our ability to obtain cash from these entities. In addition, any claims we may have will be structurally subordinated to all existing and future liabilities and obligations of our OP and its subsidiaries. Therefore, in the event of our bankruptcy, liquidation or reorganization, our assets and those of our OP and its subsidiaries will be available to satisfy the claims of our creditors or to pay dividends to our stockholders only after all the liabilities and obligations of our OP and its subsidiaries have been paid in full.

We may issue additional equity securities in the future.

Existing stockholders do not have preemptive rights to any shares issued by us in the future. Our charter authorizes us to issue up to 166,670,000 shares of stock, consisting of 150,000,000 shares of common stock, par value $0.01 per share, and 16,670,000 shares of preferred stock, par value $0.01 per share. As of February 22, 2019 , we had the following stock issued and outstanding: (i) 83,840,503 shares of Common Stock, and (ii) 5,416,890 shares of Series A Preferred Stock. Subject to the approval rights of holders of our Series A Preferred Stock regarding authorization or issuance of equity securities ranking senior to the Series A Preferred Stock, our board of directors, without stockholder approval, may amend our charter from time to time to increase or decrease the aggregate number of authorized shares of stock, or the number of authorized shares of any class or series of stock, or may classify or reclassify any unissued shares into the classes or series of stock without the necessity of obtaining stockholder approval. All of our authorized but unissued shares of stock may be issued in the discretion of our board of directors. The issuance of additional shares of our Common Stock could dilute the interests of the holders of our Common Stock, and any issuance of shares of preferred stock senior to our Common Stock, such as our Series A Preferred Stock, or any incurrence of additional indebtedness, could affect our ability to pay dividends on our Common Stock. The issuance of additional shares of preferred stock ranking equal or senior to our Series A Preferred Stock, including preferred stock convertible into shares of our Common Stock, could dilute the interests of the holders of Common Stock and Series A Preferred Stock, and any issuance of shares of preferred stock senior to our Series A Preferred Stock or of additional indebtedness could affect our ability to pay dividends on, redeem or pay the liquidation preference on our Series A Preferred Stock. These issuances could also adversely affect the trading price of our Common Stock and our Series A Preferred Stock.

In addition, we may issue shares of our Common Stock pursuant to stock awards granted to our officers and directors, pursuant to the advisory agreement in payment of fees thereunder, or in connection with the Advisor earning LTIP Units pursuant to the 2018 OPP. LTIP Units are convertible into OP Units after they have been earned and subject to several other conditions. We may also issue OP Units to sellers of properties we acquire. We also may issue shares of our Common Stock or Series A Preferred Stock pursuant to our existing at-the-market programs or any similar future program.

Any issuance of additional equity securities by us could dilute the interest of our existing stockholders.

The limit on the number of shares a person may own may discourage a third party from acquiring us in a manner that might result in a premium price to our stockholders.

Our charter, with certain exceptions, authorizes our directors to take such actions as are necessary and desirable to preserve our qualification as a REIT. Unless exempted by our board of directors, no person may own more than 9.8% in value of the aggregate of the outstanding shares of our stock or more than 9.8% (in value or in number of shares, whichever is more restrictive) of any class or series of shares of our stock. This restriction may have the effect of delaying, deferring or preventing a change in control of us, including an extraordinary transaction (such as a merger, tender offer or sale of all or substantially all our assets) that might provide a premium price for holders of our Common Stock.

The terms of our Series A Preferred Stock, and the terms other preferred stock we may issue, may discourage a third party from acquiring us in a manner that might result in a premium price to our stockholders.

The change of control conversion and redemption features of our Series A Preferred Stock may make it more difficult for a party to acquire us or discourage a party from seeking to acquire us. Upon the occurrence of a change of control, holders of Series A Preferred Stock will, under certain circumstances, have the right to convert some of or all their shares of Series A Preferred Stock into shares of our Common Stock (or equivalent value of alternative consideration) and under these circumstances we will also have a special optional redemption right to redeem shares of Series A Preferred Stock. These features of our Series A Preferred Stock may have the effect of discouraging a third party from seeking to acquire us or of delaying, deferring or preventing a change of control under circumstances that otherwise could provide the holders of our Common Stock and Series A Preferred Stock with the opportunity to realize a premium over the then-current market price or that stockholders may otherwise believe is in their best interests. We may also issue other classes or series of preferred stock that could also have the same effect.

We have a classified board, which may discourage a third party from acquiring us in a manner that might result in a premium price to our stockholders.

Our board of directors is divided into three classes of directors. At each annual meeting, directors of one class are elected to serve until the annual meeting of stockholders held in the third year following the year of their election and until their successors are duly elected and qualify. The classification of our board of directors may have the effect of delaying, deferring or preventing a change in control of us, including an extraordinary transaction (such as a merger, tender offer or sale of all or substantially all our assets) that might result in a premium price for our stockholders.

Maryland law prohibits certain business combinations, which may make it more difficult for us to be acquired and may discourage a third party from acquiring us in a manner that might result in a premium price to our stockholders.

Under Maryland law, "business combinations" between a Maryland corporation and an interested stockholder or an affiliate of an interested stockholder are prohibited for five years after the most recent date on which the interested stockholder becomes an interested stockholder. These business combinations include a merger, consolidation, share exchange or, in circumstances specified in the statute, an asset transfer or issuance or reclassification of equity securities. An interested stockholder is defined as:

- any person who beneficially owns, directly or indirectly, 10% or more of the voting power of the corporation's outstanding voting stock; or
- an affiliate or associate of the corporation who, at any time within the two-year period prior to the date in question, was the beneficial owner, directly or indirectly, of 10% or more of the voting power of the then outstanding stock of the corporation.

A person is not an interested stockholder under the statute if the board of directors approved in advance the transaction by which he or she otherwise would have become an interested stockholder. However, in approving a transaction, the board of directors may provide that its approval is subject to compliance, at or after the time of approval, with any terms and conditions determined by the board.

After the five-year prohibition, any business combination between the Maryland corporation and an interested stockholder generally must be recommended by the board of directors of the corporation and approved by the affirmative vote of at least:

- 80% of the votes entitled to be cast by holders of outstanding shares of voting stock of the corporation; and
- two-thirds of the votes entitled to be cast by holders of voting stock of the corporation other than shares held by the interested stockholder with whom or with whose affiliate the business combination is to be effected or held by an affiliate or associate of the interested stockholder.

These super-majority vote requirements do not apply if the corporation's common stockholders receive a minimum price, as defined under Maryland law, for their shares in the form of cash or other consideration in the same form as previously paid by the interested stockholder for its shares. The business combination statute permits various exemptions from its provisions, including business combinations that are exempted by the board of directors prior to the time that the interested stockholder becomes an interested stockholder. Pursuant to the statute, our board of directors has exempted any business combination involving the Advisor or any affiliate of the Advisor. Consequently, the five-year prohibition and the super-majority vote requirements will not apply to business combinations between us and the Advisor or any affiliate of the Advisor. As a result, the Advisor and any affiliate of the Advisor may be able to enter into business combinations with us that may not be in the best interest of our stockholders, without compliance with the super-majority vote requirements and the other provisions of the statute. The business combination statute may discourage others from trying to acquire control of us and increase the difficulty of consummating any offer.

Our bylaws designate the Circuit Court for Baltimore City, Maryland as the sole and exclusive forum for certain actions and proceedings that may be initiated by our stockholders.

Our bylaws provide that, unless we consent in writing to the selection of an alternative forum, the Circuit Court for Baltimore City, Maryland, or, if that court does not have jurisdiction, the United States District Court for the District of Maryland, Baltimore Division, is the sole and exclusive forum for (a) any derivative action or proceeding brought on our behalf, (b) any action asserting a claim of breach of any duty owed by any of our directors or officer or other employees to us or our stockholders, (c) any action asserting a claim against the us or any of our directors or officers or other employees arising pursuant to any provision of Maryland law, our charter or our bylaws, or (d) any action asserting a claim against us or any of our directors or officers or other employees that is governed by the internal affairs doctrine for certain types of actions and proceedings that may be initiated by our stockholders with respect to us, our directors, our officers or our employees. This choice of forum provisions may limit a stockholder's ability to bring a claim in a judicial forum that the stockholder believes is favorable. Alternatively, if a court were to find this provision of our bylaws inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving these matters in other jurisdictions.

Maryland law limits the ability of a third-party to buy a large stake in us and exercise voting power in electing directors, which may discourage a third party from acquiring us in a manner that might result in a premium price to our stockholders.

The Maryland Control Share Acquisition Act provides that holders of "control shares" of a Maryland corporation acquired in a "control share acquisition" have no voting rights except to the extent approved by the stockholders by the affirmative vote of two-thirds of all the votes entitled to be cast on the matter, excluding all shares of stock owned by the acquirer, by officers or by employees who are directors of the corporation. "Control shares" are voting shares of stock which, if aggregated with all other shares of stock owned by the acquirer or in respect of which the acquirer can exercise or direct the exercise of voting power (except solely by virtue of a revocable proxy), would entitle the acquirer to exercise voting power in electing directors within specified ranges of voting power. Control shares do not include shares the acquiring person is then entitled to vote as a result of having previously obtained stockholder approval or shares acquired directly from the corporation. A "control share acquisition" means the acquisition of issued and outstanding control shares. The control share acquisition statute does not apply (a) to shares acquired in a merger, consolidation or share exchange if the corporation is a party to the transaction, or (b) to acquisitions approved or exempted by the charter or bylaws of the corporation. Our bylaws contain a provision exempting from the Maryland Control Share Acquisition Act any and all acquisitions of our stock by any person. There can be no assurance that this provision will not be amended or eliminated at any time in the future.

Our board of directors may change our investment policies without stockholder approval.

Our board of directors may change our investment policies over time. The methods of implementing our investment policies also may vary, as new real estate development trends emerge and new investment techniques are developed. Our investment policies, the methods for their implementation, and our other objectives, policies and procedures may be altered by our board of directors without the approval of our stockholders. As a result, the nature of our investments could change without stockholder approval.

Subject to conditions and exceptions, we have indemnified our officers, directors, the Advisor and its affiliates against claims or liability they may become subject to due to their service to us, and our rights and the rights of our stockholders to recover claims against our officers, directors, the Advisor and its affiliates are limited.

Maryland law provides that a director has no liability in that capacity if he or she performs his or her duties in good faith, in a manner he or she reasonably believes to be in the corporation's best interests and with the care that an ordinarily prudent person in a like position would use under similar circumstances. In addition, subject to certain limitations set forth therein or under Maryland law, our charter provides that no director or officer will be liable to us or our stockholders for monetary damages and permits us to indemnify our directors and officers from liability and advance certain expenses to them in connection with claims or liability they may become subject to due to their service to us, and we are not restricted from indemnifying our Advisor or its affiliates on a similar basis. We have entered into indemnification agreements to this effect with our directors and officers, certain former directors and officers, the Advisor and certain of its affiliates. We and our stockholders may have more limited rights against our directors, officers, employees and agents, and the Advisor and its affiliates, than might otherwise exist under common law, which could reduce the recovery of our stockholders and our recovery against them. In addition, we may be obligated to fund the defense costs incurred by our directors, officers, employees and agents or the Advisor and its affiliates in some cases. Subject to conditions and exceptions, we also indemnify our Advisor and its affiliates from losses arising in the performance of their duties under the advisory agreement and have agreed to advance certain expenses to them in connection with claims or liability they may become subject to due to their service to us..

Payment of fees to the Advisor and its affiliates reduces cash available for investment and other uses including payment of dividends to our stockholders.

The Advisor its affiliates perform services for us in connection with the selection and acquisition of our investments, the management of our properties, and the administration of our investments. They are paid substantial fees for these services, which reduces cash available for investment, other corporate purposes, including payment of dividends to our stockholders.

Risks Related to Net Lease Sale-Leaseback Investments

The inability of a tenant in single-tenant properties to pay rent will materially reduce our revenues.

Substantially all of our properties are occupied by single tenants and, therefore, the success of our investments is materially dependent on the financial stability of these individual tenants. Many of our single tenant leases require that certain property level operating expenses and capital expenditures, such as real estate taxes, insurance, utilities, maintenance and repairs (other than, in certain circumstances structural repairs, such as repairs to the foundation, exterior walls and rooftops) including increases with respect thereto, be paid, or reimbursed to us, by our tenants. A default of any tenant on its lease payments to us would cause us to lose the revenue from the property and potentially increase our expenses and cause us to have to find an alternative source of revenue to meet any mortgage payment and prevent a foreclosure if the property is subject to a mortgage. In the event of a default, we may experience delays in enforcing our rights as landlord and may incur substantial costs in protecting our investment and reletting our property. If a lease is terminated, there is no assurance that we will be able to lease the property for the rent previously received or sell the property without incurring a loss. A default by a tenant, the failure of a guarantor to fulfill its obligations or other premature termination of a lease, or a tenant's election not to extend a lease upon its expiration, could have an adverse effect.

Single-tenant properties may be difficult to sell or re-lease upon tenant defaults or early lease terminations.

If a lease for one of our single-tenant properties is terminated or not renewed or, in the case of a mortgage loan, if we take such property in foreclosure, we may be required to renovate the property or to make rent concessions in order to lease the property to another tenant or sell the property. Special use single-tenant properties may be relatively illiquid compared to other types of real estate and financial assets. This illiquidity will limit our ability to quickly change our portfolio in response to changes in economic or other conditions. In addition, in the event we are forced to sell the property, we may have difficulty selling it to a party other than the tenant or borrower due to the special purpose for which the property may have been designed. These and other limitations may affect our ability to re-lease or sell properties.

If a sale-leaseback transaction is recharacterized in a tenant's bankruptcy proceeding, our financial condition and ability to pay dividends to our stockholders could be adversely affected.

We have entered and may continue to may enter into sale-leaseback transactions, whereby we purchase a property and then lease the same property back to the person from whom we purchased it. In the event of the bankruptcy of a tenant, a transaction structured as a sale-leaseback may be recharacterized as either a financing or a joint venture, and either type of recharacterization could adversely affect our business. If the sale-leaseback were recharacterized as a financing, we might not be considered the owner of the property, and as a result would have the status of a creditor. In that event, we would no longer have the right to sell or encumber our ownership interest in the property. Instead, we would have a claim against the tenant for the amounts owed under the lease. The tenant/debtor might have the ability to propose a plan restructuring the term, interest rate and amortization schedule of its outstanding balance. If this plan were confirmed by the bankruptcy court, we would be bound by the new terms. If the sale-leaseback were recharacterized as a joint venture, our lessee and we could be treated as co-venturers with regard to the property. As a result, we could be held liable, under some circumstances, for debts incurred by the lessee relating to the property.

Highly leveraged tenants may have a higher possibility of filing for bankruptcy or insolvency.

Highly leveraged tenants that experience downturns in their operating results due to adverse changes to their business or economic conditions may have a higher possibility of filing for bankruptcy or insolvency. In bankruptcy or insolvency, a tenant may have the option of vacating a property instead of paying rent. Until such a property is released from bankruptcy, our revenues may be reduced.

If a tenant or lease guarantor declares bankruptcy or becomes insolvent, we may be unable to collect balances due under relevant leases.

Any of our tenants, or any guarantor of a tenant's lease obligations, could become insolvent or be subject to a bankruptcy proceeding pursuant to Title 11 of the United States Code. A bankruptcy filing of our tenants or any guarantor of a tenant's lease obligations would result in a stay of all efforts by us to collect pre-bankruptcy debts from these entities or their assets, unless we receive an enabling order from the bankruptcy court. Post-bankruptcy debts would be required to be paid currently. If a lease is assumed by the tenant, all pre-bankruptcy balances owing under it must be paid in full. If a lease is rejected by a tenant in bankruptcy, we would have a general unsecured claim for damages. If a lease is rejected, it is unlikely we would receive any payments from the tenant because our claim is capped at the rent reserved under the lease, without acceleration, for the greater of one year or 15% of the remaining term of the lease, but not greater than three years, plus rent already due but unpaid as of the date of the bankruptcy filing (post-bankruptcy rent would be payable in full). This claim could be paid only if funds were available, and then only in the same percentage as that realized on other unsecured claims.

A tenant or lease guarantor bankruptcy could delay efforts to collect past due balances under the relevant leases, and could ultimately preclude full collection of these sums. A tenant or lease guarantor bankruptcy could cause a decrease or cessation of rental payments that would mean a reduction in our cash flow and the amount available for dividends to our stockholders. In the event of a bankruptcy, we cannot assure our stockholders that the tenant or its trustee will assume our lease, and that our cash flow and the amounts available for dividends to our stockholders will not be adversely affected.

For any foreign tenant or lease guarantor, the tenant or lease guarantor could become insolvent or be subject to an insolvency or bankruptcy proceeding pursuant to a foreign jurisdiction instead of Title 11 of the United States Code. The effect of the insolvency or bankruptcy proceeding on us will depend in each case on the relevant jurisdiction and its own insolvency regime or code but in all events we will face difficulties in collecting amounts owed to us with respect to the applicable lease under these circumstances.

The credit profile of our tenants may create a higher risk of lease defaults and therefore lower revenues.

Based on annualized rental income on a straight-line basis as of December 31, 2018, 21.7% of our tenants are not evaluated or ranked by credit rating agencies, or are ranked below "investment grade," which includes both actual investment grade ratings of the tenant and "implied investment grade," which includes ratings of the tenant's parent (regardless of whether or not the parent has guaranteed the tenant's obligation under the lease) or lease guarantor. Implied Investment Grade ratings are also determined using a proprietary Moody's analytical tool, which compares the risk metrics of the non-rated company to those of a company with an actual rating. Of our "investment grade" tenants, 39.0% have actual investment grade ratings and 39.3% have "implied investment grade" ratings.

Our long-term leases with certain of these tenants may therefore pose a higher risk of default than would long-term leases with tenants who have investment grade ratings.

Net leases may not result in fair market lease rates over time.

All of our rental income is generated from net leases, which generally provide the tenant greater discretion in using the leased property than ordinary property leases, such as the right to freely sublease the property, to make alterations in the leased premises and to terminate the lease prior to its expiration under specified circumstances. Net leases may not result in fair market lease rates over time, which could negatively impact our results of operations.

Long-term leases may result in income lower than short term leases.

We generally seek to enter into long-term leases with our tenants. As of December 31, 2018, 21.7% of our annualized rental income on a straight-line basis was generated from net leases, with remaining lease term of more than 10 years. Leases of long duration, or with renewal options that specify a maximum rate increase, may not result in fair market lease rates over time if we do not accurately judge the potential for increases in market rental rates.

Some of our leases do not contain any rent escalation provisions. As a result, our income may be lower than it would otherwise be if we did not lease properties through long-term leases. Further, if our properties are leased for long term leases at below market rental rates, our properties will be less attractive to potential buyers, which could affect our ability to sell the property at an advantageous price.

General Risks Related to Investments in Real Estate

Our operating results are affected by economic and regulatory changes that have an adverse impact on the real estate market in general, and we cannot assure our stockholders that we will be profitable or that we will realize growth in the value of our properties.

Our operating results and value of our properties are subject to risks generally incident to the ownership of real estate, including:

- changes in general, economic or local conditions;
- changes in supply of or demand for similar or competing properties in an area;
- changes in interest rates and availability of mortgage financing on favorable terms, or at all;
- changes in tax, real estate, environmental and zoning laws; and
- the possibility that one or more of our tenants will be unable to pay their rental obligations.

These and other risks may prevent us from being profitable or from realizing growth or maintaining the value of our real estate properties.

Properties may have vacancies for a significant period of time.

A property may have vacancies either due to tenant defaults or the expiration of leases. If vacancies continue for a long period of time, we may suffer reduced revenues resulting in less cash available for things such as dividends. In addition, because the market value of a property depends principally on the cash generated by the property, the resale value of a property with prolonged vacancies could decline significantly.

We generally obtain only limited warranties when we purchase a property and therefore have only limited recourse if our due diligence does not identify any issues that lower the value of our property, which could adversely affect our financial condition and ability to pay dividends to you.

We have acquired, and may continue to acquire, properties in "as is" condition on a "where is" basis and "with all faults," without any warranties of merchantability or fitness for a particular use or purpose. In addition, purchase agreements may contain only limited warranties, representations and indemnifications that will only survive for a limited period after the closing. The purchase of properties with limited warranties increases the risk that we may lose some or all of our invested capital in the property as well as the loss of rental income from that property.

We may be unable to secure funds for future tenant improvements or capital needs, which could impact the value of the applicable property or our ability to lease the applicable property on favorable terms.

If a tenant does not renew its lease or otherwise vacate its space, we likely will be required to expend substantial funds for tenant improvements and tenant refurbishments to the vacated space. In addition, we will likely be responsible for any major structural repairs, such as repairs to the foundation, exterior walls and rooftops, even if our leases with tenants require tenants to pay routine property maintenance costs. We will have to obtain financing from sources, such as cash flow from operations, borrowings, property sales or future equity offerings to fund these capital requirements. These sources of funding may not be available on attractive terms or at all. If we cannot procure additional funding for capital improvements, the value of the applicable property or our ability to lease the applicable property on favorable terms could be adversely impacted.

We may not be able to sell a property when we desire to do so.

The real estate market is affected by many factors, such as general economic conditions, availability of financing, interest rates and other factors, including supply and demand, that are beyond our control. In addition, we may not have funds available to correct defects or make improvements that are necessary or desirable before the sale of a property. We cannot predict whether we will be able to sell any property for the price or on the terms set by us, or whether any price or other terms offered by a prospective purchaser would be acceptable to us. We cannot predict the length of time needed to find a willing purchaser and to close the sale of a property. In addition, our ability to sell properties that have been held for less than two years is limited as any gain recognized on the sale or other disposition of such property could be subject to the 100% prohibited transaction tax, as discussed in more detail below.

We have acquired or financed, and may continue to acquire or finance, properties with lock-out provisions which may prohibit us from selling a property, or may require us to maintain specified debt levels for a period of years on some properties.

Lock-out provisions, such as the provisions contained in certain mortgage loans we have entered into, could materially restrict our ability to sell or otherwise dispose of or refinance properties, including by requiring the payment of a yield maintenance premium in connection with the required prepayment of principal upon a sale or disposition. Lock-out provisions may also prohibit us from reducing the outstanding indebtedness with respect to any properties, refinancing such indebtedness on a non-recourse basis at maturity, or increasing the amount of indebtedness with respect to such properties. Lock-out provisions could also impair our ability to take other actions during the lock-out period that may otherwise be in the best interests of our stockholders. In particular, lock-out provisions could preclude us from participating in major transactions that could result in a disposition of our assets or a change in control. Payment of yield maintenance premiums in connection with dispositions or refinancings could adversely affect our results of operations and cash available to pay dividends.

Rising expenses could reduce cash flow.

The properties that we own or may acquire are subject to operating risks common to real estate in general, any or all of which may negatively affect us. If any property is not fully occupied or if rents are being paid in an amount that is insufficient to cover operating expenses, we could be required to expend funds with respect to that property for operating expenses. Properties may be subject to increases in tax rates, utility costs, operating expenses, insurance costs, repairs and maintenance and administrative expenses. Renewals of leases or future leases may not be negotiated on that basis, in which event we may have to pay those costs. If we are unable to lease properties on a triple-net-lease basis or on a basis requiring the tenants to pay all or some of such expenses, or if tenants fail to pay required tax, utility and other impositions, we could be required to pay those costs which would, among other things, limit the amount of funds we have available for other purposes, including the payment of dividends and future acquisitions.

Real estate-related taxes may increase and if these increases are not passed on to tenants, our cash available for dividends will be reduced.

Some local real property tax assessors may seek to reassess some of our properties as a result of our acquisition of the property, and, from time to time, our property taxes may increase as property values or assessment rates change or for other reasons deemed relevant by the assessors. An increase in the assessed valuation of a property for real estate tax purposes will result in an increase in the related real estate taxes on that property. There is no assurance that renewal leases or future leases will be negotiated on the same basis. Increases not passed through to tenants will adversely affect our cash available for dividends.

Our properties and our tenants may face competition that may affect tenants' ability to pay rent.

Our properties typically are, and we expect properties we acquire in the future will be, located in developed areas. Therefore, there are and will be numerous other properties within the market area of each of our properties that will compete with us for tenants. The number of competitive properties could have a material effect on our ability to rent space at our properties and the amount of rents charged. We could be adversely affected if additional competitive properties are built in locations competitive with our properties, causing increased competition for customer traffic and creditworthy tenants. Tenants may also face competition from such properties if they are leased to tenants in a similar industry. For example, as of December 31, 2018, 8% of our properties, based on annualized rental income on a straight-line basis, were retail properties, and our retail tenants face competition from numerous retail channels such as discount or value retailers, factory outlet centers and wholesale clubs. Retail tenants may also face competition from alternative retail channels, such as mail order catalogs and operators, television shopping networks and shopping via the internet. Competition that we face from other properties within our market areas, and competition our tenants face from tenants in such properties could result in decreased cash flow from tenants and may require us to make capital improvements.

We may incur significant costs to comply with governmental laws and regulations, including those relating to environmental matters.

All real property and the operations conducted on real property are subject to federal, state and local laws and regulations, and various foreign laws and regulations, relating to environmental protection and human health and safety. These laws and regulations generally govern wastewater discharges, air emissions, the operation and removal of underground and above-ground storage tanks, the use, storage, treatment, transportation and disposal of solid and hazardous materials, and the remediation of contamination associated with disposals. Environmental laws and regulations may impose joint and several liability on tenants, owners or operators for the costs to investigate or remediate contaminated properties, regardless of fault or whether the acts causing the contamination were legal. This liability could be substantial. In addition, the presence of hazardous substances, or the failure to properly remediate them, may adversely affect our ability to sell, rent or pledge a property as collateral for future borrowings.

Some of these laws and regulations have been amended so as to require compliance with new or more stringent standards as of future dates. Compliance with new or more stringent laws or regulations or stricter interpretation of existing laws may require material expenditures by us. Future laws, ordinances or regulations may impose material environmental liability. Additionally, our tenants' operations, the existing condition of land when we buy it, operations in the vicinity of our properties, such as the presence of underground storage tanks, or activities of unrelated third parties may affect our properties. In addition, there are various local, state and federal fire, health, life-safety and similar regulations with which we may be required to comply, and that may subject us to liability in the form of fines or damages for noncompliance.

State and federal laws, and various foreign laws and regulations, in this area are constantly evolving, and we monitor these laws and take commercially reasonable steps to protect ourselves from the impact of these laws, including obtaining environmental assessments of most properties that we acquire; however, we do not obtain an independent third-party environmental assessment for every property we acquire. In addition, any assessment that we do obtain may not reveal all environmental liabilities or reveal that a prior owner of a property created a material environmental condition unknown to us. We may incur significant costs to defend against claims of liability, comply with environmental regulatory requirements, remediate any contaminated property, or pay personal injury claims.

If we sell properties by providing financing to purchasers, we will be exposed to defaults by the purchasers.

In some instances, we may sell our properties by providing financing to purchasers. If we provide financing to purchasers, we will bear the risk that the purchaser may default, which could negatively impact our cash dividends to stockholders. Even in the absence of a purchaser default, the distribution of the proceeds of sales to our stockholders, or their reinvestment in other assets, will be delayed until the promissory notes or other property we may accept upon the sale are actually paid, sold, refinanced or otherwise disposed of. In some cases, we may receive initial down payments in cash and other property in the year of sale in an amount less than the selling price and subsequent payments will be spread over a number of years.

Costs associated with complying with the Americans with Disabilities Act may affect cash available for dividends.

Our domestic properties are subject to the Americans with Disabilities Act of 1990 ("Disabilities Act"). Under the Disabilities Act, all places of public accommodation are required to comply with federal requirements related to access and use by disabled persons. The Disabilities Act has separate compliance requirements for "public accommodations" and "commercial facilities" that generally require that buildings and services, including restaurants and retail stores, be made accessible and available to people with disabilities. The Disabilities Act's requirements could require removal of access barriers and could result in the imposition of injunctive relief, monetary penalties, or, in some cases, an award of damages. However, we cannot assure our stockholders that we will be able to acquire properties or allocate responsibilities in this manner.

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

We own and acquire real estate assets located in major metropolitan areas as well as densely populated sub-markets that are susceptible to terrorist attack. In addition, any kind of terrorist activity or violent criminal acts, including terrorist acts against public institutions or buildings or modes of public transportation (including airlines, trains or buses) could have a negative effect on our business. These events may directly impact the value of our assets through damage, destruction, loss or increased security costs. Although we may obtain terrorism insurance, we may not be able to obtain sufficient coverage to fund any losses we may incur. The Terrorism Risk Insurance Act, which was designed for a sharing of terrorism losses between insurance companies and the federal government, will expire on December 31, 2020, and there can be no assurance that Congress will act to renew or replace it.

More generally, any terrorist attack, other act of violence or war, including armed conflicts, could result in increased volatility in, or damage to, the worldwide financial markets and economy. Increased economic volatility could adversely affect us and our properties.

Recent changes in U.S. and international accounting standards regarding operating leases may make the leasing of our properties less attractive to our potential tenants, which could reduce overall demand for our properties.

Under authoritative accounting guidance for leases through December 31, 2018, a lease was classified by a tenant as a capital lease if the significant risks and rewards of ownership were considered to reside with the tenant. Under capital lease accounting for a tenant, both the leased asset and liability were reflected on their balance sheet. If the lease did not meet any of the criteria for a capital lease, the lease was considered an operating lease by the tenant, and the obligation did not appear on the tenant's balance sheet, rather, the contractual future minimum payment obligations were only disclosed in the footnotes thereto. Thus, entering into an operating lease could have appeared to enhance a tenant's balance sheet in comparison to direct ownership. The new standards, which were effective as of January 1, 2019, affect both our accounting for leases as well as that of our current and potential tenants. These changes may affect how the real estate leasing business is conducted. For example, as a result of the revised accounting standards regarding the financial statement classification of operating leases, companies may be less willing to enter into leases in general or desire to enter into leases with shorter terms because the apparent benefits to their balance sheets could be reduced or eliminated. For additional information on the new standard issued in the U.S., which the Company adopted on January 1, 2019, see *Note 2* — *Summary of Significant Accounting Policies — Recently Issued Accounting Pronouncements* to our consolidated financial statements included in this Annual Report on Form 10-K.

Risks Associated with Debt Financing

Our level of indebtedness may increase our business risks.

As of December 31, 2018, we had total outstanding indebtedness of approximately $1.8 billion , net. In addition, we may incur significant additional indebtedness in the future for various purposes. The amount of this indebtedness could have material adverse consequences for us, including:

- hindering our ability to adjust to changing market, industry or economic conditions;
- limiting our ability to access the capital markets to raise additional equity or debt on favorable terms or at all, whether to refinance maturing debt, to fund acquisitions, to fund dividends or for other corporate purposes;
- limiting the amount of free cash flow available for future operations, acquisitions, distributions, stock repurchases or other uses; and
- making us more vulnerable to economic or industry downturns, including interest rate increases.

We generally acquire real properties by using either existing financing or borrowing new funds. In addition, we typically incur mortgage debt and may pledge all or some of our real properties as security for that debt to obtain funds to acquire additional real properties or fund working capital. We may also borrow if we need funds to continue to satisfy the REIT tax qualification requirement that we generally distribute annually to our stockholders at least 90% of our REIT taxable income (which does not equal net income as calculated in accordance with GAAP), determined without regard to the deduction for dividends paid and excluding any net capital gain. We also may borrow if we otherwise deem it necessary or advisable to ensure that we maintain our qualification as a REIT.

If there is a shortfall between the cash flow from a property and the cash flow required to service mortgage debt on a property, then we must identify other sources to fund the payment or risk defaulting on the indebtedness. In addition, incurring mortgage debt increases the risk of loss because defaults on indebtedness secured by a property may result in lenders initiating foreclosure actions. In that case, we could lose the property securing the loan that is in default. For U.S. federal income tax purposes, a foreclosure of any of our properties would be treated as a sale of the property for a purchase price equal to the outstanding balance of the debt secured by the mortgage. If the outstanding balance of the debt secured by the mortgage exceeds our tax basis in the property, we would recognize taxable income on foreclosure, but would not receive any cash proceeds. In this event, we may be unable to pay the amount of dividends required in order to maintain our REIT status. We may give full or partial guarantees to lenders of mortgage debt to the entities that own our properties. If we provide a guaranty on behalf of an entity that owns one of our properties, we will be responsible to the lender for repaying the debt if it is not paid by the entity. If any mortgages contain cross-collateralization or cross-default provisions, a default on a single property could affect multiple properties.

The Credit Facility, and certain of our other indebtedness, contains restrictive covenants that limit our operating flexibility.

The Credit Facility imposes certain affirmative and negative covenants on us including restrictive covenants with respect to, among other things, liens, indebtedness, investments, distributions, mergers, asset sales and replacing the Advisor, as well as financial covenants requiring us maintain, among other things, ratios related to leverage, secured leverage, fixed charge coverage and unencumbered debt services, as well as a minimum consolidated tangible net worth. Our mortgage loans also generally require compliance with certain property-level financial covenants, such as debt service coverage ratios, interest coverage ratios and loan-to-value ratios. Certain of our other indebtedness, and future indebtedness we may incur, contain or may contain similar restrictions. These or other restrictions may adversely affect our flexibility and our ability to achieve our investment and operating objectives.

Changes in the debt markets could have a material adverse impact on our earnings and financial condition.

The domestic and international commercial real estate debt markets are subject to changing levels of volatility, resulting in, from time to time, the tightening of underwriting standards by lenders and credit rating agencies. If our overall cost of borrowings increase, either due to increases in the index rates or due to increases in lender spreads, we will need to factor such increases into the economics of future acquisitions. This may result in future acquisitions generating lower overall economic returns. If these disruptions in the debt markets persist, our ability to borrow monies to finance the purchase of, or other activities related to, real estate assets will be negatively impacted.

If we are unable to borrow monies on terms and conditions that we find acceptable, we likely will have to reduce the number of properties we can purchase, and the return on the properties we do purchase may be lower. In addition, we may find it difficult, costly or impossible to refinance maturing indebtedness.

In addition, the state of the debt markets could have an impact on the overall amount of capital investing in real estate, which may result in price or value decreases of real estate assets. This could negatively impact the value of our assets after the time we acquire them.

Increases in mortgage rates may make it difficult for us to finance or refinance properties.

We have incurred, and may continue to incur, mortgage debt. We run the risk of being unable to refinance our mortgage loans when they come due or we otherwise desire to do so on favorable terms, or at all. If interest rates are higher when the properties are refinanced, we may not be able to refinance the loan and we may be required to obtain equity financing to repay the mortgage or the property may be subject to foreclosure.

Increasing interest rates could increase the amount of our debt payments and we may be adversely affected by uncertainty surrounding the LIBOR.

We have incurred, and may continue to incur, variable-rate debt. As of December 31, 2018, approximately 20.1% of our $1.8 billion in total outstanding debt was variable-rate debt and not fixed by swap. Increases in interest rates on our variable-rate debt would increase our interest cost.

Some or all of our variable-rate indebtedness may use the London Inter-Bank Offered Rate (“LIBOR”) or similar rates as a benchmark for establishing the applicable interest rate. LIBOR rates increased in 2018 and may continue to increase in future periods. If we need to repay existing debt during periods of rising interest rates, we may need to sell one or more of our investments in properties even though we would not otherwise choose to do so.

Moreover, in July 2017, the Financial Conduct Authority (the authority that regulates LIBOR) announced it intends to stop compelling banks to submit rates for the calculation of LIBOR after 2021. The Alternative Reference Rates Committee ("ARRC") has proposed that the Secured Overnight Financing Rate ("SOFR") is the rate that represents best practice as the alternative to USD-LIBOR for use in derivatives and other financial contracts that are currently indexed to USD-LIBOR. ARRC has proposed a paced market transition plan to SOFR from USD-LIBOR and organizations are currently working on industry wide and company specific transition plans as it relates to derivatives and cash markets exposed to USD-LIBOR. The consequence of these developments cannot be entirely predicted but could include an increase in the cost of our variable rate indebtedness.

U.S. Federal Income Tax Risks

Our failure to remain qualified as a REIT would subject us to U.S. federal income tax and potentially state and local tax, and would adversely affect our operations and the market price of our Common Stock and Series A Preferred Stock.

We elected to be taxed as a REIT, commencing with our taxable year ended December 31, 2013 and intend to operate in a manner that would allow us to continue to qualify as a REIT for U.S. federal income tax purposes. However, we may terminate our REIT qualification, if our board of directors determines that not qualifying as a REIT is in the best interests of our stockholders, or inadvertently. Our qualification as a REIT depends upon our satisfaction of certain asset, income, organizational, distribution, stockholder ownership and other requirements on a continuing basis. We have structured and intend to continue structuring our activities in a manner designed to satisfy all the requirements for qualification as a REIT. However, the REIT qualification requirements are extremely complex and interpretation of the U.S. federal income tax laws governing qualification as a REIT is limited. Furthermore, any opinion of our counsel, including tax counsel, as to our eligibility to remain qualified as a REIT is not binding on the Internal Revenue Service (the "IRS") and is not a guarantee that we will continue to qualify as a REIT. Accordingly, we cannot be certain that we will be successful in operating so we can remain qualified as a REIT. Our ability to satisfy the asset tests depends on our analysis of the characterization and fair market values of our assets, some of which are not susceptible to a precise determination, and for which we will not obtain independent appraisals. Our compliance with the REIT income or quarterly asset requirements also depends on our ability to successfully manage the composition of our income and assets on an ongoing basis. Accordingly, if certain of our operations were to be recharacterized by the IRS, such recharacterization would jeopardize our ability to continue to satisfy all the requirements for continued qualification as a REIT. Furthermore, future legislative, judicial or administrative changes to the U.S. federal income tax laws could be applied retroactively, which could result in our disqualification as a REIT.

If we fail to continue to qualify as a REIT for any taxable year, and we do not qualify for certain statutory relief provisions, we will be subject to U.S. federal income tax on our taxable income at the corporate rate. In addition, we would generally be disqualified from treatment as a REIT for the four taxable years following the year of losing our REIT qualification. Losing our REIT qualification would reduce our net earnings available for investment or distributions to stockholders because of the additional tax liability. In addition, distributions to stockholders would no longer qualify for the dividends paid deduction, and we would no longer be required to make distributions. If this occurs, we might be required to borrow funds or liquidate some investments in order to pay the applicable tax.

Even if we continue to qualify as a REIT, in certain circumstances, we may incur tax liabilities that would reduce our cash available for distribution to you.

Even if we maintain our status as a REIT, we may be subject to U.S. federal, state and local income taxes. For example, net income from the sale of properties that are “dealer” properties sold by a REIT and that do not meet a safe harbor available under the Code (a “prohibited transaction” under the Code) will be subject to a 100% tax. We may not make sufficient distributions to avoid excise taxes applicable to REITs. Similarly, if we were to fail an income test (and did not lose our REIT status because such failure was due to reasonable cause and not willful neglect) we would be subject to tax on the income that does not meet the income test requirements. We also may decide to retain net capital gain we earn from the sale or other disposition of our property and pay U.S. federal income tax directly on such income. In that event, our stockholders would be treated as if they earned that income and paid the tax on it directly. However, stockholders that are tax-exempt, such as charities or qualified pension plans, would have no benefit from their deemed payment of such tax liability unless they file U.S. federal income tax returns and thereon seek a refund of such tax. We also will be subject to corporate tax on any undistributed REIT taxable income. We also may be subject to state and local taxes on our income or property, including franchise, payroll and transfer taxes, either directly or at the level of our operating partnership or at the level of the other companies through which we indirectly own our assets, such as our taxable REIT subsidiaries, which are subject to full U.S. federal, state, local and foreign corporate-level income taxes.

To continue to qualify as a REIT we must meet annual distribution requirements, which may force us to forgo otherwise attractive opportunities or borrow funds during unfavorable market conditions. This could delay or hinder our ability to meet our investment objectives.

In order to continue to qualify as a REIT, we must distribute annually to our stockholders at least 90% of our REIT taxable income (which does not equal net income as calculated in accordance with GAAP), determined without regard to the deduction for dividends paid and excluding net capital gain. We will be subject to U.S. federal income tax on our undistributed REIT taxable income and net capital gain and to a 4% nondeductible excise tax on any amount by which distributions we make with respect to any calendar year are less than the sum of (a) 85% of our ordinary income, (b) 95% of our capital gain net income and (c) 100% of our undistributed income from prior years. These requirements could cause us to distribute amounts that otherwise would be spent on investments in real estate assets and it is possible that we might be required to borrow funds, possibly at unfavorable rates, or sell assets to fund these distributions. Although we intend to make distributions sufficient to meet the annual distribution requirements and to avoid U.S. federal income and excise taxes on our earnings while we continue to qualify as a REIT, it is possible that we might not always be able to do so.

Recharacterization of sale-leaseback transactions may cause us to lose our REIT status.

With respect to properties acquired in sale-leaseback transactions, we will use commercially reasonable efforts to structure any such sale-leaseback transaction such that the lease will be characterized as a "true lease" for U.S. federal income tax purposes, thereby allowing us to be treated as the owner of the property for U.S. federal income tax purposes. However, the IRS may challenge such characterization. In the event that any such sale-leaseback transaction is challenged and recharacterized as a financing transaction or loan for U.S. federal income tax purposes, deductions for depreciation and cost recovery relating to such property would be disallowed. If a sale-leaseback transaction were so recharacterized, we might fail to continue to satisfy the REIT qualification "asset tests" or "income tests" and, consequently, lose our REIT status effective with the year of recharacterization. Alternatively, the amount of our REIT taxable income could be recalculated which might also cause us to fail to meet the distribution requirement for a taxable year.

Certain of our business activities are potentially subject to the prohibited transaction tax.

For so long as we continue to qualify as a REIT, our ability to dispose of property during the first few years following acquisition may be restricted to a substantial extent as a result of our REIT qualification. Under applicable provisions of the Code regarding prohibited transactions by REITs, while we qualify as a REIT and provided we do not meet a safe harbor available under the Code, we will be subject to a 100% penalty tax on the net income from the sale or other disposition of any property (other than foreclosure property) that we own, directly or indirectly through any subsidiary entity, including our operating partnership, but generally excluding taxable REIT subsidiaries, that is deemed to be inventory or property held primarily for sale to customers in the ordinary course of a trade or business. Whether property is inventory or otherwise held primarily for sale to customers in the ordinary course of a trade or business depends on the particular facts and circumstances surrounding each property. We intend to avoid the 100% prohibited transaction tax by (1) conducting activities that may otherwise be considered prohibited transactions through a taxable REIT subsidiary (but such taxable REIT subsidiary will incur corporate rate income taxes with respect to any income or gain recognized by it), (2) conducting our operations in such a manner so that no sale or other disposition of an asset we own, directly or through any subsidiary, will be treated as a prohibited transaction or (3) structuring certain dispositions of our properties to comply with the requirements of the prohibited transaction safe harbor available under the Code for properties that, among other requirements, have been held for at least two years. Despite our present intention, no assurance can be given that any particular property we own, directly or through any subsidiary entity, including our operating partnership, but generally excluding taxable REIT subsidiaries, will not be treated as inventory or property held primarily for sale to customers in the ordinary course of a trade or business.

Our taxable REIT subsidiaries are subject to corporate-level taxes and our dealings with our taxable REIT subsidiaries may be subject to a 100% excise tax.

A REIT may own up to 100% of the stock of one or more taxable REIT subsidiaries. Both the subsidiary and the REIT must jointly elect to treat the subsidiary as a taxable REIT subsidiary. A corporation of which a taxable REIT subsidiary directly or indirectly owns more than 35% of the voting power or value of the stock will automatically be treated as a taxable REIT subsidiary. Overall, no more than 20% (25% for our taxable years beginning prior to January 1, 2018) of the gross value of a REIT's assets may consist of stock or securities of one or more taxable REIT subsidiaries. A taxable REIT subsidiary may hold assets and earn income that would not be qualifying assets or income if held or earned directly by a REIT, including gross income from operations pursuant to management contracts. Accordingly, we may use taxable REIT subsidiaries generally to hold properties for sale in the ordinary course of a trade or business or to hold assets or conduct activities that we cannot conduct directly as a REIT. A taxable REIT subsidiary will be subject to applicable U.S. federal, state, local and foreign income tax on its taxable income. In addition, the Code imposes a 100% excise tax on certain transactions between a taxable REIT subsidiary and its parent REIT that are not conducted on an arm's-length basis.

If our operating partnership failed to qualify as a partnership or is not otherwise disregarded for U.S. federal income tax purposes, we would cease to qualify as a REIT.

If the IRS were to successfully challenge the status of our operating partnership as a partnership or disregarded entity for U.S. federal income tax purposes, our operating partnership would be taxable as a corporation. In such event, this would reduce the amount of distributions that the operating partnership could make to us. This also would result in our failing to maintain our REIT qualification and becoming subject to a corporate level tax on our income. This substantially would reduce our cash available to pay distributions to our stockholders. In addition, if any of the partnerships or limited liability companies through which our operating partnership owns its properties, in whole or in part, loses its characterization as a partnership and is otherwise not disregarded for U.S. federal income tax purposes, the partnership or limited liability company would be subject to taxation as a corporation, thereby reducing distributions to the operating partnership. Such a recharacterization of an underlying property owner could also threaten our ability to maintain our REIT qualification.

We may choose to make distributions in our own stock, in which case you may be required to pay U.S. federal income taxes in excess of the cash portion of distributions you receive.

In connection with our continued qualification as a REIT, we are required to distribute annually to our stockholders at least 90% of our REIT taxable income (which does not equal net income as calculated in accordance with GAAP), determined without regard to the deduction for dividends paid and excluding net capital gain. In order to satisfy this requirement, we may make distributions with respect to our Common Stock that are payable in cash and/or shares of our Common Stock (which could account for up to 80% of the aggregate amount of such distributions) at the election of each stockholder. Taxable stockholders receiving such distributions will be required to include the full amount of such distributions as ordinary dividend income to the extent of our current or accumulated earnings and profits, as determined for U.S. federal income tax purposes. As a result, U.S. stockholders may be required to pay U.S. federal income taxes with respect to such distributions in excess of the cash portion of the dividend received. Accordingly, U.S. stockholders receiving a distribution of our shares may be required to sell shares received in such distribution or may be required to sell other stock or assets owned by them, at a time that may be disadvantageous, in order to satisfy any tax imposed on such distribution. If a U.S. stockholder sells the stock that it receives as part of the distribution in order to pay this tax, the sales proceeds may be less than the amount included in income with respect to the distribution, depending on the market price of our stock at the time of the sale. Furthermore, with respect to certain non-U.S. stockholders, we may be required to withhold U.S. tax with respect to such distribution, including in respect of all or a portion of such distribution that is payable in stock, by withholding or disposing of part of the shares included in such distribution and using the proceeds of such disposition to satisfy the withholding tax imposed. In addition, if a significant number of our stockholders determine to sell shares of our Common Stock in order to pay taxes owed on dividend income, such sale may put downward pressure on the market price of our Common Stock.

Various tax aspects of such a taxable cash/stock distribution are uncertain and have not yet been addressed by the IRS. No assurance can be given that the IRS will not impose requirements in the future with respect to taxable cash/stock distributions, including on a retroactive basis, or assert that the requirements for such taxable cash/stock distributions have not been met.

The taxation of distributions to you can be complex; however, distributions that we make to you generally will be taxable as ordinary income, which may reduce the anticipated return from an investment in us.

Distributions that we make to our taxable stockholders out of current and accumulated earnings and profits (and not designated as capital gain dividends or qualified dividend income) generally will be taxable as ordinary income. For tax years beginning after December 31, 2017, noncorporate stockholders are entitled to a 20% deduction with respect to these ordinary REIT dividends which would, if allowed in full, result in a maximum effective federal income tax rate on them of 29.6% (or 33.4% including the 3.8% surtax on net investment income); although the 20% deduction is scheduled to sunset after December 31, 2025.

However, a portion of our distributions may (1) be designated by us as capital gain dividends generally taxable as long-term capital gain to the extent that they are attributable to net capital gain recognized by us, (2) be designated by us as qualified dividend income taxable at capital gains rates generally to the extent they are attributable to dividends we receive from our taxable REIT subsidiaries, or (3) constitute a return of capital generally to the extent that they exceed our accumulated earnings and profits as determined for U.S. federal income tax purposes. A return of capital is not taxable, but has the effect of reducing the tax basis of a stockholder’s investment in our stock. Distributions that exceed our current and accumulated earnings and profits and a stockholder’s tax basis in our stock generally will be taxable as capital gain.

Dividends payable by REITs generally do not qualify for the reduced tax rates available for some dividends.

Currently, the maximum tax rate applicable to qualified dividend income payable to U.S. stockholders that are individuals, trusts and estates is 20%. Dividends payable by REITs, however, generally are not eligible for this reduced rate. Although this legislation does not adversely affect the taxation of REITs or dividends payable by REITs, the more favorable rates applicable to regular corporate qualified dividends could cause investors who are individuals, trusts and estates to perceive investments in REITs to be relatively less attractive than investments in the stocks of non-REIT corporations that pay dividends, which could adversely affect the value of the shares of REITs, including our Common Stock and Series A Preferred Stock . Tax rates could be changed in future legislation.

Complying with REIT requirements may limit our ability to hedge our liabilities effectively and may cause us to incur tax liabilities.

The REIT provisions of the Code may limit our ability to hedge our liabilities. Any income from a hedging transaction we enter into to manage risk of interest rate changes, price changes or currency fluctuations with respect to borrowings made or to be made to acquire or carry real estate assets or in certain cases to hedge previously acquired hedges entered into to manage risks associated with property that has been disposed of or liabilities that have been extinguished, if properly identified under applicable Treasury Regulations, does not constitute “gross income” for purposes of the 75% or 95% gross income tests. To the extent that we enter into other types of hedging transactions, the income from those transactions will likely be treated as non-qualifying income for purposes of both of the gross income tests. As a result of these rules, we may need to limit our use of advantageous hedging techniques or implement those hedges through a taxable REIT subsidiary. This could increase the cost of our hedging activities because our taxable REIT subsidiaries would be subject to tax on gains or expose us to greater risks associated with changes in interest rates than we would otherwise want to bear. In addition, losses in a taxable REIT subsidiary generally will not provide any tax benefit, except for being carried forward against future taxable income of such taxable REIT subsidiary.

Complying with REIT requirements may force us to forgo or liquidate otherwise attractive investment opportunities.

To continue to qualify as a REIT, we must ensure that we meet the REIT gross income tests annually and that at the end of each calendar quarter, at least 75% of the value of our assets consists of cash, cash items, government securities and qualified REIT real estate assets, including certain mortgage loans and certain kinds of mortgage-related securities. The remainder of our investment in securities (other than securities that qualify for the 75% asset test and securities of qualified REIT subsidiaries and taxable REIT subsidiaries) generally cannot exceed 10% of the outstanding voting securities of any one issuer 10% of the total value of the outstanding securities of any one issuer, or 5% of the value of our assets as to any one issuer. In addition, no more than 20% of the value of our total assets may be represented by securities of one or more taxable REIT subsidiaries and no more than 25% of our assets may be represented by publicly offered REIT debt instruments that do not otherwise qualify under the 75% asset test. If we fail to comply with these requirements at the end of any calendar quarter, we must correct the failure within 30 days after the end of the calendar quarter or qualify for certain statutory relief provisions to avoid losing our REIT qualification and suffering adverse tax consequences. As a result, we may be required to liquidate assets from our portfolio or not make otherwise attractive investments in order to maintain our qualification as a REIT.

The ability of our board of directors to revoke our REIT qualification without stockholder approval may subject us to U.S. federal income tax and reduce distributions to you.

Our charter provides that our board of directors may revoke or otherwise terminate our REIT election, without the approval of our stockholders, if it determines that it is no longer in our best interest to continue to qualify as a REIT. While we intend to continue to qualify as a REIT, we may terminate our REIT election if we determine that continuing to qualify as a REIT is no longer in our best interests. If we cease to be a REIT, we would become subject to corporate-level U.S. federal income tax on our taxable income (as well as any applicable state and local corporate tax) and would no longer be required to distribute most of our taxable income to our stockholders, which may have adverse consequences on our total return to our stockholders and on the market price of our Common Stock and Series A Preferred Stock.

We may be subject to adverse legislative or regulatory tax changes that could increase our tax liability, reduce our operating flexibility and reduce the market price of our Common Stock and Series A Preferred Stock.

In recent years, numerous legislative, judicial and administrative changes have been made in the provisions of U.S. federal income tax laws applicable to investments similar to an investment in shares of our Common Stock or Series A Preferred Stock. Additional changes to the tax laws are likely to continue to occur, and there can be no assurance that any such changes will not adversely affect the taxation of a stockholder. Any such changes could have an adverse effect on an investment in our shares or on the market value or the resale potential of our assets. Investors are urged to consult with an independent tax advisor with respect to the impact of recent legislation on any investment in our shares and the status of legislative, regulatory or administrative developments and proposals and their potential effect on an investment in our shares. Investors also should note that our counsel's tax opinion is based upon existing law, applicable as of the date of its opinion, all of which will be subject to change, either prospectively or retroactively.

Although REITs generally receive better tax treatment than entities taxed as regular corporations, it is possible that future legislation would result in a REIT having fewer tax advantages, and it could become more advantageous for a company that invests in real estate to elect to be treated for U.S. federal income tax purposes as a corporation. As a result, our charter provides our board of directors with the power, under certain circumstances, to revoke or otherwise terminate our REIT election and cause us to be taxed as a regular corporation, without the vote of our stockholders. Our board of directors has fiduciary duties to us and our stockholders and could only cause such changes in our tax treatment if it determines in good faith that such changes are in the best interest of our stockholders.

The share ownership restrictions of the Code for REITs and the 9.8% share ownership limit in our charter may inhibit market activity in our shares of stock and restrict our business combination opportunities.

In order to continue to qualify as a REIT, five or fewer individuals, as defined in the Code, may not own, actually or constructively, more than 50% in value of our issued and outstanding shares of stock at any time during the last half of each taxable year, other than the first year for which a REIT election is made. Attribution rules in the Code determine if any individual or entity actually or constructively owns our shares of stock under this requirement. Additionally, at least 100 persons must beneficially own our shares of stock during at least 335 days of a taxable year for each taxable year, other than the first year for which a REIT election is made. To help ensure that we meet these tests, among other purposes, our charter restricts the acquisition and ownership of our shares of stock.

Our charter, with certain exceptions, authorizes our directors to take such actions as are necessary and desirable to preserve our qualification as a REIT while we so qualify. Unless exempted by our board of directors, for so long as we continue to qualify as a REIT, our charter prohibits, among other limitations on ownership and transfer of shares of our stock, any person from beneficially or constructively owning (applying certain attribution rules under the Code) more than 9.8% in value of the aggregate of our outstanding shares of stock and more than 9.8% (in value or in number of shares, whichever is more restrictive) of any class or series of our shares of stock. Our board of directors may not grant an exemption from these restrictions to any proposed transferee whose ownership in excess of the 9.8% ownership limit would result in the termination of our continued qualification as a REIT. These restrictions on transferability and ownership will not apply, however, if our board of directors determines that it is no longer in our best interest to continue to qualify as a REIT or that compliance with the restrictions is no longer required in order for us to continue to qualify as a REIT.

These ownership limits could delay or prevent a transaction or a change in control that might involve a premium price for our Common Stock or Series A Preferred Stock or otherwise be in the best interest of the stockholders.

Non-U.S. stockholders will be subject to U.S. federal withholding tax and may be subject to U.S. federal income tax on distributions received from us and upon the disposition of our shares.

Subject to certain exceptions, distributions received from us will be treated as dividends of ordinary income to the extent of our current or accumulated earnings and profits. Such dividends ordinarily will be subject to U.S. withholding tax at a 30% rate, or such lower rate as may be specified by an applicable income tax treaty, unless the distributions are treated as "effectively connected" with the conduct by the non-U.S. stockholder of a U.S. trade or business. Pursuant to the Foreign Investment in Real Property Tax Act of 1980 ("FIRPTA"), capital gain distributions attributable to sales or exchanges of "U.S. real property interests" ("USRPIs"), generally will be taxed to a non-U.S. stockholder (other than a qualified foreign pension plan) as if such gain were effectively connected with a U.S. trade or business. However, a capital gain dividend will not be treated as effectively connected income if (a) the distribution is received with respect to a class of stock that is regularly traded on an established securities market located in the U.S. and (b) the non-U.S. stockholder does not own more than 10% of the class of our stock at any time during the one-year period ending on the date the distribution is received.

Gain recognized by a non-U.S. stockholder upon the sale or exchange of our Common Stock or Series A Preferred Stock generally will not be subject to U.S. federal income taxation unless such stock constitutes a USRPI under FIRPTA. Our Common Stock and Series A Preferred Stock will not constitute a USRPI so long as we are a "domestically-controlled qualified investment entity." A domestically-controlled qualified investment entity includes a REIT if at all times during a specified testing period, less than 50% in value of such REIT's stock is held directly or indirectly by non-U.S. stockholders. We believe, but there can be no assurance, that we will be a domestically-controlled qualified investment entity.

Even if we do not qualify as a domestically-controlled qualified investment entity at the time a non-U.S. stockholder sells or exchanges our Common Stock or Series A Preferred Stock, gain arising from such a sale or exchange would not be subject to U.S. taxation under FIRPTA as a sale of a USRPI if: (a) the shares are of a class of our stock that is "regularly traded," as defined by applicable Treasury regulations, on an established securities market, and (b) such non-U.S. stockholder owned, actually and constructively, 10% or less of our outstanding shares of that class at any time during the five-year period ending on the date of the sale.

Potential characterization of distributions or gain on sale may be treated as unrelated business taxable income to tax-exempt investors.

If (a) we are a "pension-held REIT," (b) a tax-exempt stockholder has incurred (or is deemed to have incurred) debt to purchase or hold our Common Stock, or (c) a holder of our Common Stock is a certain type of tax-exempt stockholder, dividends on, and gains recognized on the sale of, Common Stock by such tax-exempt stockholder may be subject to U.S. federal income tax as unrelated business taxable income under the Code.

Item 1B. Unresolved Staff Comments.

None.

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Item 2. Properties.

We acquire and operate commercial properties. All such properties may be acquired and operated by us alone or jointly with another party. Our portfolio of real estate properties was comprised of the following properties as of December 31, 2018 :

Portfolio	Acquisition Date	Country	Number of Properties	Square Feet (in thousands)	Average Remaining Lease Term [(1)]
McDonald's	Oct. 2012	UK	1	9	5.2
Wickes Building Supplies I	May 2013	UK	1	30	5.8
Everything Everywhere	Jun. 2013	UK	1	65	8.5
Thames Water	Jul. 2013	UK	1	79	3.7
Wickes Building Supplies II	Jul. 2013	UK	1	29	8.0
PPD Global Labs	Aug. 2013	US	1	77	6.0
Northern Rock	Sep. 2013	UK	2	86	4.7
Wickes Building Supplies III	Nov. 2013	UK	1	28	9.9
Con-way Freight	Nov. 2013	US	7	105	4.9
Wolverine	Dec. 2013	US	1	469	4.1
Encanto	Dec. 2013	PR	18	65	6.5
Rheinmetall	Jan. 2014	GER	1	320	5.0
GE Aviation	Jan. 2014	US	1	369	7.0
Provident Financial	Feb. 2014	UK	1	117	16.9
Crown Crest	Feb. 2014	UK	1	806	20.1
Trane	Feb. 2014	US	1	25	4.9
Aviva	Mar. 2014	UK	1	132	10.5
DFS Trading I	Mar. 2014	UK	5	240	11.2
GSA I	Mar. 2014	US	1	135	3.6
National Oilwell Varco I	Mar. 2014	US	1	24	4.6
Talk Talk	Apr. 2014	UK	1	48	6.2
GSA II	Apr. 2014	US	2	25	4.1
OBI DIY	Apr. 2014	GER	1	144	5.1
DFS Trading II	Apr. 2014	UK	2	39	11.2
GSA III	Apr. 2014	US	2	28	6.3
GSA IV	May 2014	US	1	33	6.6
Indiana Department of Revenue	May 2014	US	1	99	4.0
National Oilwell Varco II	May 2014	US	1	23	11.2
Nissan	May 2014	US	1	462	9.8
GSA V	Jun. 2014	US	1	27	4.2
Lippert Components	Jun. 2014	US	1	539	7.7
Select Energy Services I	Jun. 2014	US	3	136	7.8
Bell Supply Co I	Jun. 2014	US	6	80	10.0
Axon Energy Products (2)	Jun. 2014	US	3	214	3.8
Lhoist	Jun. 2014	US	1	23	4.0
GE Oil & Gas	Jun. 2014	US	2	70	6.5
Select Energy Services II	Jun. 2014	US	4	143	7.9
Bell Supply Co II	Jun. 2014	US	2	19	10.0
Superior Energy Services	Jun. 2014	US	2	42	5.3
Amcor Packaging	Jun. 2014	UK	7	295	5.9
GSA VI	Jun. 2014	US	1	7	5.3
Nimble Storage	Jun. 2014	US	1	165	2.8
FedEx -3-Pack	Jul. 2014	US	3	339	3.5
Sandoz, Inc.	Jul. 2014	US	1	154	7.6
Wyndham	Jul. 2014	US	1	32	6.3
Valassis	Jul. 2014	US	1	101	4.3
GSA VII	Jul. 2014	US	1	26	5.9
AT&T Services	Jul. 2014	US	1	402	7.5

Portfolio	Acquisition Date	Country	Number of Properties	Square Feet (in thousands)	Average Remaining Lease Term [(1)]
PNC - 2-Pack	Jul. 2014	US	2	210	10.6
Fujitsu	Jul. 2014	UK	3	163	11.2
Continental Tire	Jul. 2014	US	1	91	3.6
Achmea	Jul. 2014	NETH	2	190	5.0
BP Oil	Aug. 2014	UK	1	3	6.8
Malthurst	Aug. 2014	UK	2	4	6.9
HBOS	Aug. 2014	UK	3	36	6.6
Thermo Fisher	Aug. 2014	US	1	115	5.7
Black & Decker	Aug. 2014	US	1	71	3.1
Capgemini	Aug. 2014	UK	1	90	4.3
Merck & Co.	Aug. 2014	US	1	146	6.7
Dollar Tree - 65-Pack	Aug. 2014	US	58	486	10.7
GSA VIII	Aug. 2014	US	1	24	5.6
Waste Management	Sep. 2014	US	1	84	4.0
Intier Automotive Interiors	Sep. 2014	UK	1	153	5.4
HP Enterprise Services	Sep. 2014	UK	1	99	7.2
FedEx II	Sep. 2014	US	1	12	5.3
Shaw Aero Devices, Inc.	Sep. 2014	US	1	131	3.7
Dollar General - 39-Pack	Sep. 2014	US	21	200	9.2
FedEx III	Sep. 2014	US	2	221	5.6
Mallinkrodt Pharmaceuticals	Sep. 2014	US	1	90	5.7
Kuka	Sep. 2014	US	1	200	5.5
CHE Trinity	Sep. 2014	US	2	374	3.9
FedEx IV	Sep. 2014	US	2	255	4.1
GE Aviation	Sep. 2014	US	1	102	4.0
DNV GL	Oct. 2014	US	1	82	6.2
Bradford & Bingley	Oct. 2014	UK	1	121	10.8
Rexam	Oct. 2014	GER	1	176	6.2
FedEx V	Oct. 2014	US	1	76	5.5
C&J Energy	Oct. 2014	US	1	97	4.8
Dollar Tree II	Oct. 2014	US	34	283	10.8
Panasonic	Oct. 2014	US	1	48	9.5
Onguard	Oct. 2014	US	1	120	5.0
Metro Tonic	Oct. 2014	GER	1	636	6.8
Axon Energy Products	Oct. 2014	US	1	26	5.8
Tokmanni	Nov. 2014	FIN	1	801	14.7
Fife Council	Nov. 2014	UK	1	37	5.1
Dollar Tree III	Nov. 2014	US	2	16	10.7
GSA IX	Nov. 2014	US	1	28	3.3
KPN BV	Nov. 2014	NETH	1	133	8.0
RWE AG	Nov. 2014	GER	3	594	5.9
Follett School	Dec. 2014	US	1	487	6.0
Quest Diagnostics	Dec. 2014	US	1	224	5.7
Diebold	Dec. 2014	US	1	158	3.0
Weatherford Intl	Dec. 2014	US	1	20	6.8
AM Castle	Dec. 2014	US	1	128	5.8
FedEx VI	Dec. 2014	US	1	28	5.7
Constellium Auto	Dec. 2014	US	1	321	10.9
C&J Energy II	Mar. 2015	US	1	125	4.8
Fedex VII	Mar. 2015	US	1	12	5.8
Fedex VIII	Apr. 2015	US	1	26	5.8

Portfolio	Acquisition Date	Country	Number of Properties	Square Feet (in thousands)	Average Remaining Lease Term [(1)]
Crown Group I	Aug. 2015	US	3	296	7.1
Crown Group II	Aug. 2015	US	3	643	10.7
Mapes & Sprowl Steel, Ltd.	Sep. 2015	US	1	61	11.0
JIT Steel Services	Sep. 2015	US	2	127	11.0
Beacon Health System, Inc.	Sep. 2015	US	1	50	7.3
Hannibal/Lex JV LLC	Sep. 2015	US	1	109	10.8
FedEx Ground	Sep. 2015	US	1	91	6.5
Office Depot	Sep. 2015	NETH	1	206	10.2
Finnair	Sep. 2015	FIN	4	656	5.7
Auchan	Dec. 2016	FR	1	152	4.6
Pole Emploi	Dec. 2016	FR	1	41	4.5
Sagemcom	Dec. 2016	FR	1	265	5.1
NCR Dundee	Dec. 2016	UK	1	132	7.9
FedEx Freight I	Dec. 2016	US	1	69	4.7
DB Luxembourg	Dec. 2016	LUX	1	156	5.0
ING Amsterdam	Dec. 2016	NETH	1	509	6.5
Worldline	Dec. 2016	FR	1	111	5.0
Foster Wheeler	Dec. 2016	UK	1	366	5.6
ID Logistics I	Dec. 2016	GER	1	309	5.8
ID Logistics II	Dec. 2016	FR	2	964	5.9
Harper Collins	Dec. 2016	UK	1	873	6.7
DCNS	Dec. 2016	FR	1	97	5.8
Cott Beverages Inc	Feb. 2017	US	1	170	8.1
FedEx Ground - 2 Pack	Mar. 2017	US	2	162	7.7
Bridgestone Tire	Sep. 2017	US	1	48	8.6
GKN Aerospace	Oct. 2017	US	1	98	8.0
NSA-St. Johnsbury I	Oct. 2017	US	1	84	13.8
NSA-St. Johnsbury II	Oct. 2017	US	1	85	13.8
NSA-St. Johnsbury III	Oct. 2017	US	1	41	13.8
Tremec North America	Nov. 2017	US	1	127	8.8
Cummins	Dec. 2017	US	1	59	6.4
GSA X	Dec. 2017	US	1	26	11.0
NSA Industries	Dec. 2017	US	1	83	14.0
Chemours	Feb. 2018	US	1	300	9.1
Fiat Chrysler	Mar. 2018	US	1	128	9.2
Lee Steel	Mar. 2018	US	1	114	9.8
LSI Steel - 3 Pack	Mar. 2018	US	3	218	8.8
Contractors Steel Company	May 2018	US	5	1,392	9.1
FedEx Freight II	Jun. 2018	US	1	22	13.7
DuPont Pioneer	Jun. 2018	US	1	200	10.0
Rubbermaid - Akron OH	Jul. 2018	US	1	669	10.1
NetScout - Allen TX	Aug. 2018	US	1	145	11.7
Bush Industries - Jamestown NY	Sep. 2018	US	1	456	19.8
FedEx - Greenville NC	Sep. 2018	US	1	29	14.1
Penske	Nov. 2018	US	1	606	9.9
NSA Industries	Nov. 2018	US	1	65	19.9
LKQ Corp.	Dec. 2018	US	1	58	12.1
Walgreens	Dec. 2018	US	1	86	6.9
Grupo Antolin	Dec. 2018	US	1	360	13.8
VersaFlex	Dec. 2018	US	1	113	20.0
Total			342	27,505	8.3

(1) If the portfolio has multiple properties with varying lease expirations, average remaining lease term is calculated on a weighted-average basis. Weighted-average remaining lease term in years is calculated based on square feet as of December 31, 2018 .

(2) Of the three properties, one location is vacant while the other two properties remain in use.

The following table details distribution of our portfolio by country/location as of December 31, 2018 :

Country	Acquisition Date	Number of Properties	Square Feet (in thousands)	Percentage of Properties by Square Feet	Average Remaining Lease Term [(1)]
Finland	Nov. 2014 - Sep. 2015	5	1,457	5.3%	10.6
France	Dec. 2016	7	1,632	5.9%	5.6
Germany	Jan. 2014 - Dec. 2016	8	2,179	7.9%	6.0
Luxembourg	Dec. 2016	1	156	0.6%	5.0
The Netherlands	Jul. 2014 - Dec. 2016	5	1,039	3.8%	7.1
United Kingdom	Oct. 2012 - Dec. 2016	43	4,080	14.8%	10.1
United States	Aug. 2013 - Dec. 2018	255	16,897	61.4%	8.3
Puerto Rico	Dec. 2013	18	65	0.2%	6.5
Total		342	27,505	100.0%	8.3

(1) If the portfolio has multiple properties with varying lease expirations, average remaining lease term is calculated on a weighted-average basis. Weighted average remaining lease term in years is calculated based on square feet as of December 31, 2018 .

The following table details the tenant industry distribution of our portfolio as of December 31, 2018 :

Industry	Number of Properties	Annualized Straight-Line Rent [(1)] (in thousands)	Annualized Straight-Line Rent as a Percentage of the Total Portfolio	Square Feet (in thousands)	Square Feet as a Percentage of the Total Portfolio
Financial Services	13	$ 34,081	12%	2,316	8%
Technology	9	17,831	6%	906	3%
Discount Retail	116	15,871	6%	1,786	6%
Aerospace	7	14,868	5%	1,258	5%
Telecommunications	5	14,500	5%	913	3%
Freight	25	14,433	5%	1,446	5%
Government	15	14,400	5%	536	2%
Healthcare	4	13,680	5%	647	2%
Metal Processing	12	13,162	5%	2,472	9%
Utilities	4	12,521	4%	673	2%
Energy	29	11,891	4%	1,043	4%
Logistics	4	11,710	4%	1,879	7%
Engineering	1	10,818	4%	366	1%
Pharmaceuticals	4	10,808	4%	476	2%
Retail Food Distribution	3	7,313	3%	1,128	4%
Auto Manufacturing	9	6,856	2%	2,068	8%
Publishing	1	6,535	2%	873	3%
Metal Fabrication	10	6,117	2%	785	3%
Automotive Parts Supplier	3	3,897	1%	469	2%
Auto Manufacturer	1	3,767	1%	360	1%
Consumer Goods	4	3,691	1%	940	3%
Restaurant - Quick Service	19	3,390	1%	74	—%
Specialty Retail	7	2,916	1%	280	1%
Other [2]	37	24,874	12%	3,811	16%
Total	342	$ 279,930	100%	$ 27,505	100%

(1) Annualized straight-line rent converted from local currency into USD as of December 31, 2018 for the in-place lease in the property on a straight-line basis, which includes tenant concessions such as free rent, as applicable. Assumes exchange rates of £1.00 to $1.27 for British Pounds Sterling ("GBP") and €1.00 to $1.14 for EUR, as of December 31, 2018 for illustrative purposes, as applicable.

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The following table details the geographic distribution, by U.S. state or country/location, of our portfolio as of December 31, 2018 :

Region	Number of Properties	Annualized Straight-Line Rent [1] *(in thousands)*	Annualized Straight-Line Rent as a Percentage of the Total Portfolio	Square Feet *(in thousands)*	Square Feet as a Percentage of the Total Portfolio
United States	**255**	**$ 152,603**	**54.6%**	**16,898**	**61.3%**
Michigan	23	38,483	13.7%	4,503	16.5%
Texas	46	24,566	8.8%	2,014	7.3%
California	2	10,478	3.7%	389	1.4%
New Jersey	4	9,012	3.2%	397	1.4%
Tennessee	12	7,123	2.5%	789	2.9%
Ohio	9	6,476	2.3%	1,437	5.2%
Indiana	7	4,841	1.7%	1,414	5.1%
Illinois	7	4,095	1.5%	789	2.9%
New York	3	3,959	1.4%	677	2.5%
Missouri	5	3,427	1.2%	309	1.1%
South Carolina	14	3,318	1.2%	414	1.5%
Florida	8	3,014	1.1%	206	0.7%
Pennsylvania	5	2,971	1.1%	320	1.2%
Kentucky	6	2,740	1.0%	355	1.3%
Massachusetts	3	2,453	0.9%	192	0.7%
North Carolina	8	2,290	0.8%	221	0.8%
Minnesota	4	2,143	0.8%	150	0.5%
Mississippi	11	2,105	0.8%	381	1.4%
Kansas	7	2,092	0.7%	292	1.1%
Maine	3	1,990	0.7%	59	0.2%
South Dakota	2	1,287	0.5%	54	0.2%
Nebraska	7	1,267	0.5%	116	0.4%
Louisiana	7	1,264	0.5%	137	0.5%
Vermont	3	1,166	0.4%	213	0.8%
Colorado	1	1,088	0.4%	27	0.1%
Alabama	9	1,021	0.4%	123	0.4%
West Virginia	1	980	0.4%	104	0.4%
Iowa	3	886	0.3%	232	0.8%
North Dakota	3	884	0.3%	47	0.2%
Oklahoma	9	825	0.3%	89	0.3%
Maryland	1	785	0.3%	120	0.4%
Idaho	3	644	0.2%	38	0.1%
New Mexico	5	556	0.2%	46	0.2%
Georgia	5	452	0.2%	41	0.1%
Montana	1	441	0.2%	58	0.2%
New Hampshire	1	399	0.1%	83	0.3%
Utah	2	397	0.1%	20	0.1%
Delaware	1	362	0.1%	10	—%
Arizona	2	156	0.1%	16	0.1%
Arkansas	1	91	—%	8	—%
Virginia	1	76	—%	8	—%
United Kingdom	43	53,047	19.0%	4,080	14.8%
Germany	8	20,730	7.4%	2,178	7.9%
The Netherlands	5	16,963	6.1%	1,039	3.8%
Finland	5	14,985	5.4%	1,457	5.3%
France	7	12,872	4.4%	1,632	6.1%
Luxembourg	1	5,518	2.0%	156	0.6%
Puerto Rico	18	3,212	1.1%	65	0.2%
Total	342	$ 279,930	100%	27,505	100%

(1) Annualized straight-line rent converted from local currency into USD as of December 31, 2018 for the in-place lease in the property on a straight-line basis, which includes tenant concessions such as free rent, as applicable. Assumes exchange rates of £1.00 to $1.27 for GBP and €1.00 to $1.14 for EUR as of December 31, 2018 for illustrative purposes, as applicable.

Future Minimum Lease Payments

The following table presents future minimum base rent payments, on a cash basis, due to us over the next ten calendar years and thereafter on the properties we owned as of December 31, 2018 :

(In thousands)	Future Minimum Base Rent Payments [1]
2019	$ 275,118
2020	278,651
2021	279,630
2022	270,569
2023	247,237
2024	203,067
2025	143,213
2026	112,644
2027	95,490
2028	78,208
Thereafter	224,216
Total	$ 2,208,043

(1) Assumes exchange rates of £1.00 to $1.27 for GBP and €1.00 to $1.14 for EUR as of December 31, 2018 for illustrative purposes, as applicable.

Future Lease Expirations

The following is a summary of lease expirations for the next ten calendar years on the properties we owned as of December 31, 2018 :

Year of Expiration	Number of Leases Expiring	Annualized Straight-Line Rent [1]	Annualized Straight-Line Rent as a Percentage of the Total Portfolio	Leased Rentable Square Feet	Percent of Portfolio Rentable Square Feet Expiring
		(In thousands)		*(In thousands)*	
2019	1	$ 150	0.1%	232	0.9%
2020	1	1,055	0.4%	100	0.4%
2021	2	4,944	1.8%	323	1.2%
2022	16	23,758	8.5%	1,553	5.7%
2023	30	28,156	10.1%	2,497	9.1%
2024	45	67,919	24.3%	5,887	21.6%
2025	39	38,256	13.7%	3,285	12.0%
2026	16	20,938	7.5%	2,042	7.5%
2027	16	7,077	2.5%	745	2.7%
2028	39	26,377	9.4%	3,625	13.3%
Total	205	$ 218,630	78.3%	20,289	74.4%

(1) Assumes exchange rates of £1.00 to $1.27 for GBP and €1.00 to $1.14 for EUR as of December 31, 2018 for the in-place lease in the property on a straight-line basis, which includes tenant concessions such as free rent, as applicable.

Tenant Concentration

As of December 31, 2018 , we did not have any tenant whose rentable square footage or annualized rental income represented greater than 10% of total portfolio rentable square footage or annualized rental income, respectively.

Significant Properties

As of December 31, 2018 , we did not have any property whose rentable square footage or annualized rental income represented greater than 5% of total portfolio rentable square footage or annualized rental income, respectively.

Property Financings

See *Note 5 — Mortgage Notes Payable, Net* and *Note 6 — Credit Facilities* to our consolidated financial statements included in this Annual Report on Form 10-K for property financings as of December 31, 2018 and 2017 .

Item 3. Legal Proceedings.

Former Service Provider Complaint

On January 25, 2018, the Former Service Provider filed a complaint against (i) us and the OP; (ii) the Property Manager, Global Net Lease Special Limited Partner, LLC, an affiliate of AR Global that directly owns the Advisor and the Property Manager, and the Advisor (collectively, the "GNL Advisor Defendants"); and (iii) AR Capital Global Holdings, LLC, and AR Global (together, the "AR Defendants"), in the Supreme Court of the State of New York, County of New York ("New York Supreme Court"). The complaint alleges that the notice sent to the Former Service Provider by us on January 15, 2018, terminating the Former Service Provider Agreement, was a pretext to enable the AR Defendants to seize the Former Service Provider's business. The complaint alleges breach of contract against us, the OP and the GNL Advisor Defendants, and tortious interference against the AR Defendants. The complaint seeks: (i) monetary damages against the defendants, (ii) to enjoin the termination of the Service Provider Agreement, and (iii) judgment declaring the termination to be void. The defendants believe the allegations in the complaint are without merit, and intend to defend against them vigorously. On January 26, 2018, the Former Service Provider made a motion seeking to preliminarily enjoin the defendants from terminating the Service Provider Agreement pending resolution of the lawsuit. On February 13, 2018, the defendants responded and moved to dismiss.

At a hearing on March 15, 2018, the New York Supreme Court issued a ruling (i) denying the Former Service Provider's request for a preliminary injunction preventing defendants from terminating the Former Service Provider, (ii) dismissing the Former Service Provider's claim for a declaratory judgment that the termination is void and of no force and effect, and (iii) allowing the Former Service Provider's remaining claims to proceed. On April 16, 2018, the defendants filed answers and counterclaims against the Former Service Provider alleging damages resulting from the Former Service Provider's underperformance of its duties, as well as damages related to the Former Service Provider's retention of approximately $91,000 in pre-paid fees for the post- termination period. The New York Supreme Court held a preliminary conference on April 17, 2018 at which it set a discovery schedule, and the parties are currently engaged in discovery. As with any litigation, the dispute and resulting litigation may divert management's attention from the day-to-day operations of our business and result in substantial cost to us, including amounts that may become payable to reimburse AR Global, the Advisor and their affiliates for their legal costs in defending themselves against the Former Service Provider's lawsuit pursuant to our indemnification obligations to them. During the year ended December 31, 2018, we incurred $2.9 million of litigation costs relating to the matter and recorded a reserve of $7.4 million related to the anticipated settlement of this litigation. The settlement reserve was recorded in the fourth quarter of 2018 as a result of settlement discussions with the Former Service Provider through February of 2019. Based on the progression of these discussions, we were able to reasonably estimate an amount to reserve, however the actual settlement, if any, may differ from the amount reserved. These costs are included in acquisition, transaction and other costs in our consolidated statement of operations.

Item 4. Mine Safety Disclosures.

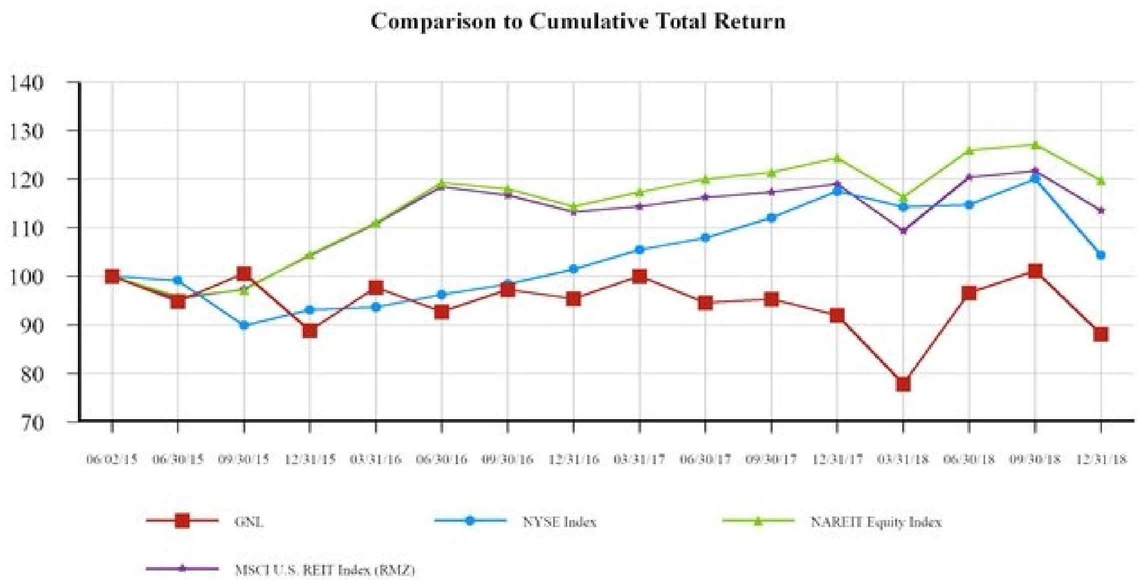
Not applicable.

PART II

Item 5. Market for Registrants Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information

Our Common Stock is traded on the NYSE under the symbol "GNL." Set forth below is a line graph comparing the cumulative total stockholder return on our Common Stock, based on the market price of the Common Stock, with the FTSE National Association of Real Estate Investment Trusts Equity Index ("NAREIT"), Modern Index Strategy Indexes ("MSCI"), and the New York Stock Exchange Index ("NYSE Index") for the period commencing June 2, 2015 , the date on which we listed our shares on the NYSE and ending December 31, 2018 . The graph assumes an investment of $100 on June 2, 2015 .



Holders

As of February 22, 2019 , we had 83.8 million shares outstanding held by 1,816 stockholders of record.

Dividends

We elected to be taxed as a REIT, commencing with our taxable year ended December 31, 2013. As a REIT, we are required to distribute at least 90% of our REIT taxable income to our stockholders annually. Our ability to pay dividends in the future is dependent on our ability to operate profitably and to generate cash flows from our operations. In addition, pursuant to the Credit Facility, we may not pay distributions, including cash dividends payable with respect to Series A Preferred Stock and Common Stock, or redeem or otherwise repurchase shares of our capital stock, including Series A Preferred Stock and Common Stock, in an aggregate amount exceeding 95% of our Adjusted FFO as defined in the Credit Facility (which is different from AFFO as discussed and analyzed in this Annual Report on Form 10-K) for any period of four consecutive fiscal quarters, except in limited circumstances, including that for one fiscal quarter in each calendar year, we may pay cash dividends, make redemptions and make repurchases in an aggregate amount equal to no more than 100% of our Adjusted FFO. For additional information on the restrictions on dividends and other distributions in our Credit Facility, see *Note 6 — Credit Facilities* to our consolidated financial statements included in this Annual Report on Form 10-K and " Item 1A. Risk Factors - If we are not able to increase the amount of cash we have available to pay dividends, including through additional cash flows we expect to generate from completing acquisitions, we may have to reduce dividend payments or identify other sources to fund the payment of dividends at their current levels."

For tax purposes, of the amounts distributed during the year ended December 31, 2018 , 73.7% , or $1.57 per share per annum, and 26.3% , or $0.56 per share per annum, represented a return of capital and ordinary dividends, respectively. During the year ended December 31, 2017 , 18.3% , or $0.39 per share per annum, and 81.7% , or $1.74 per share per annum, represented a return of capital and ordinary dividends, respectively. See *Note 9 — Stockholders' Equity* to our consolidated financial statements included in this Annual Report on Form 10-K for further discussion on tax characteristics of dividends.

Dividends to Common Stockholders

We generally pay dividends on our Common Stock on the 15th day of each month (or, if not a business day, the next succeeding business day) to Common Stock holders of record on the applicable record date during the month at an annualized rate of $2.13 per share or $0.1775 per share on a monthly basis. Prior to July 2018, the record date for our regular monthly dividend was generally the 8th day of the applicable month. The amount of dividends payable to our common stockholders is determined by our board of directors and is dependent on a number of factors, including funds available for dividends, our financial condition, provisions in our Credit Facility or other agreements that may restrict our ability to pay dividends, capital expenditure requirements, as applicable, requirements of Maryland law and annual distribution requirements needed to maintain our status as a REIT. We cannot guarantee that we will be able to pay dividends with respect to our Common Stock on regular basis in the future.

Dividends to Series A Preferred Stock Holders

Dividends on our Series A Preferred Stock accrue in an amount equal to $0.453125 per share per quarter to Series A Preferred Stock holders, which is equivalent to 7.25% of the $25.00 liquidation preference per share of Series A Preferred Stock per annum. Dividends on the Series A Preferred Stock are payable quarterly in arrears on the 15th day of January, April, July and October of each year (or, if not on a business day, on the next succeeding business day) to holders of record on the close of business on the record date set by our board of directors, which must be not more than 30 nor fewer than 10 days prior to the applicable payment date. We cannot guarantee that we will be able to pay dividends with respect to the Series A Preferred Stock on a regular basis in the future.

Share-Based Compensation

The following table sets forth information regarding securities authorized for issuance under our stock option plan (the “Plan”), our employee and director incentive restricted share plan (the “RSP”) and our multi-year outperformance agreement entered into with the Advisor in July 2018 (the "2018 OPP") as of December 31, 2018 :

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants, and Rights	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available For Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)
	(a)	(b)	(c)
Equity Compensation Plans approved by security holders	—	—	—
Equity Compensation Plans not approved by security holders	2,554,930 (1)	—	7,992,251 (2)
Total	2,554,930 (1)	—	7,992,251 (2)

(1) Represents shares of Common Stock underlying LTIP Units awarded pursuant to the 2018 OPP. These LTIP Units may be earned by the Advisor based on our achieving of threshold, target or maximum performance goals based on our absolute and relative total stockholder return over a performance period commencing on June 2, 2018 and ending on the earliest of (i) June 2, 2021, (ii) the effective date of any Change of Control (as defined in the 2018 OPP) and (iii) the effective date of any termination of the Advisor’s service as our advisor. LTIP Units earned as of the last day of the performance period will also become vested as of that date. Effective as of that same date, any LTIP Units that are not earned will automatically and without notice be forfeited without the payment of any consideration by us. For additional information on the 2018 OPP, please see *Note 13 — Share-Based Compensation* to our consolidated financial statements included in this Annual Report on Form 10-K.

(2) A total of 500,000 shares have been authorized and reserved for issuance under the Plan. As of December 31, 2018, no stock options had been awarded under the Plan. The total number of shares that may be issued under or subject to awards under the RSP is 10.0% of our outstanding shares of Common Stock on a fully diluted basis at any time. As of December 31, 2018, we had 76,080,210 shares of Common Stock issued and outstanding on a fully diluted basis, and 115,700 shares of Common Stock had been issued under or were subject to awards under the RSP. For additional information on the Plan and the RSP, please see *Note 13 — Share-Based Compensation* to our consolidated financial statements included in this Annual Report on Form 10-K.

Unregistered Sales of Equity Securities

On November 16, 2018, we issued 17,337.3 shares of Common Stock to our Advisor pursuant to the terms of the advisory agreement as the stock portion of the Incentive Compensation earned by the Advisor for the three months ended September 30, 2018. The shares were issued in reliance upon an exemption from the registration requirements of the Securities Act of 1933 (the “Securities Act”) under Section 4(a)(2) of the Securities Act. For additional information on the Incentive Compensation, please see *Note 11 — Related Party Transactions* to our consolidated financial statements included in this Annual Report on Form 10-K.

Item 6. Selected Financial Data

The following is selected financial data as of and for the years ended December 31, 2018 , 2017 , 2016 , 2015 , and 2014 :

	December 31,				
Balance sheet data *(In thousands)*	2018	2017	2016	2015	2014
Total real estate investments, at cost	$ 3,420,899	$ 3,172,677	$ 2,931,695	$ 2,546,304	$ 2,340,039
Total assets	3,309,478	3,038,595	2,891,467	2,540,522	2,424,825
Mortgage notes payable, net	1,129,807	984,876	747,381	524,262	277,214
Revolving credit facilities	363,894	298,909	616,614	717,286	659,268
Term loan, net	278,727	229,905	—	—	
Mezzanine facility, net	—	—	55,383	—	—
Total liabilities	1,880,732	1,624,352	1,535,486	1,320,403	1,008,156
Total equity	1,428,746	1,414,243	1,355,981	1,220,119	1,416,669

Operating data *(In thousands, except share and per share data)*	Year Ended December 31, 2018	2017	2016	2015	2014
Total revenues	$ 282,207	$ 259,295	$ 214,174	$ 205,332	$ 93,383
Operating expenses	(208,436)	(173,247)	(153,892)	(172,123)	(136,943)
(Loss) gain on dispositions of real estate investments	(5,751)	1,089	13,341	—	—
Operating income (loss)	68,020	87,137	73,623	33,209	(43,560)
Total other expenses	(54,689)	(60,411)	(21,624)	(29,335)	(11,465)
Income tax (expense) benefit	(2,434)	(3,140)	(4,422)	(5,889)	1,431
Net income (loss)	10,897	23,586	47,577	(2,015)	(53,594)
Non-controlling interests	—	(21)	(437)	(50)	—
Preferred stock dividends	(9,815)	(2,834)	—	—	—
Net income (loss) attributable to common stockholders	$ 1,082	$ 20,731	$ 47,140	$ (2,065)	$ (53,594)
Other data:					
Cash flows provided by (used in) operations	$ 144,597	$ 130,954	$ 114,394	$ 102,155	$ (9,693)
Cash flows (used in) provided by investing activities	(457,946)	(78,978)	134,147	(222,279)	(1,517,175)
Cash flows provided by (used in) financing activities	312,192	(30,657)	(236,700)	121,604	1,582,907
Per share data:					
Common stock dividends declared per common share	$ 2.13	$ 2.13	$ 2.13	$ 2.13	$ 2.13
Net income (loss) per common share attributable to common stockholders - basic and diluted	$ 0.01	$ 0.30	$ 0.82	$ (0.04)	$ (1.28)
Weighted-average number of common shares outstanding:					
Basic	69,411,061	66,877,620	56,720,448	58,103,298	42,026,456
Diluted	69,663,208	66,877,620	56,720,448	58,103,298	42,026,456

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis should be read in conjunction with the accompanying financial statements. The following information contains forward-looking statements, which are subject to risks and uncertainties. Should one or more of these risks or uncertainties materialize, actual results may differ materially from those expressed or implied by the forward-looking statements. Please see "Forward-Looking Statements" elsewhere in this report for a description of these risks and uncertainties.

Overview

We were incorporated on July 13, 2011 as a Maryland corporation that elected to be taxed as a REIT beginning with our taxable year ended December 31, 2013. We completed our initial public offering on June 30, 2014 , and, on June 2, 2015 we listed our Common Stock on the NYSE under the symbol "GNL."

We invest in commercial properties, with an emphasis on sale-leaseback transactions involving single tenant net-leased commercial properties. Substantially all of our business is conducted through the OP. Our properties are managed and leased to third parties by the Property Manager. Pursuant to the advisory agreement, we have retained the Advisor to manage our affairs on a day-to-day basis. The Advisor and the Property Manager are under common control with AR Global, and these related parties receive compensation and fees for various services provided to us.

As of December 31, 2018 , we owned 342 properties consisting of 27.5 million rentable square feet, which were 99.2% leased with a weighted-average remaining lease term of 8.3 years. Based on the percentage of annualized rental income on a straight-line basis as of December 31, 2018 , 55.7% of our properties are located in the U.S and 44.3% are located in Europe. We may also originate or acquire first mortgage loans, mezzanine loans, preferred equity or securitized loans secured by real estate. As of December 31, 2018 , we did not own any first mortgage loans, mezzanine loans, preferred equity or securitized loans.

Following the termination of the Former Service Provider, effective as of March 17, 2018, the Advisor, together with its service providers, assumed full management responsibility of our European real estate portfolio. Prior to the termination of the Former Service Provider, the Former Service Provider provided, subject to the Advisor's oversight and pursuant to the Service Provider Agreement, certain real estate related services, as well as sourcing and structuring of investment opportunities, performance of due diligence, and arranging debt financing and equity investment syndicates, solely with respect to investments in Europe. Since the termination of the Former Service Provider, the Advisor has built a European-focused management team and engaged third-party service providers to assume certain duties previously performed by the Former Service Provider. See Item 3. Legal Proceedings for additional information.

During the year ended December 31, 2018 , we acquired 23 properties and sold two properties (see *Note 4 — Real Estate Investments, Net* to our consolidated financial statements included in this Annual Report on Form 10-K for further discussion).

Merger Transaction

On August 8, 2016, we entered into the Merger Agreement with Global II. On December 22, 2016, pursuant to the Merger Agreement, Global II merged with and into the Merger Sub, at which time the separate existence of Global II ceased and we became the parent of the Merger Sub. In addition, pursuant to the Merger Agreement, Global II OP, merged with our OP, with our OP being the surviving entity. We and Global II each were sponsored, directly or indirectly, by an affiliate of AR Global which, through its affiliates, provide or provided asset management services to us and Global II pursuant to advisory agreements. See *Note 3 — Merger Transaction* to our consolidated financial statements in this Annual Report on Form 10-K.

Significant Accounting Estimates and Accounting Policies

Set forth below is a summary of the significant accounting estimates and accounting policies that management believes are important to the preparation of our financial statements. Certain of our accounting estimates are particularly important for an understanding of our financial position and results of operations, and require the application of significant judgment by our management. As a result, these estimates are subject to a degree of uncertainty. These significant accounting estimates and accounting policies include:

Revenue Recognition

Our revenues, which are derived primarily from rental income, include rents that each tenant pays in accordance with the terms of each lease agreement and are reported on a straight-line basis over the initial term of the lease. Since many of our leases provide for rental increases at specified intervals, straight-line basis accounting requires us to record a receivable and include in revenues unbilled rent receivables that we will only receive if the tenant makes all rent payments required through the expiration of the initial term of the lease. For each new lease after acquisition, the commencement date is the date the tenant takes possession of the space. For a lease modification, the commencement date is the date the lease modification is executed. We defer the revenue related to lease payments received from tenants in advance of their due dates. When we acquire a property, the acquisition date for purposes of this calculation is the commencement date.

As of December 31, 2018 and 2017 , cumulative straight-line rents receivable in our audited consolidated balance sheets were $47.2 million and $42.7 million , respectively. For the years ended December 31, 2018 and 2017 , our rental revenue included impacts of unbilled rental revenue of $6.3 million and $10.5 million , respectively, to adjust contractual rent to straight-line rent.

We regularly review receivables related to rent and unbilled rent receivables and determine collectability by taking into consideration the tenant's payment history, the financial condition of the tenant, business conditions in the industry in which the tenant operates and economic conditions in the geographic area in which the property is located. In the event that the collectability of a receivable is in doubt, we record an increase in our allowance for uncollectible accounts or record a direct write-off of the receivable in our audited consolidated statements of operations.

Cost recoveries from tenants are included in operating expense reimbursement in the period that the related costs are incurred, as applicable.

Investments in Real Estate

Investments in real estate are recorded at cost. Improvements and replacements are capitalized when they extend the useful life of the asset. Costs of repairs and maintenance are expensed as incurred.

We evaluate the inputs, processes and outputs of each asset acquired to determine if the transaction is a business combination or asset acquisition. If an acquisition qualifies as a business combination, the related transaction costs are recorded as an expense in the audited consolidated statements of operations. If an acquisition qualifies as an asset acquisition, the related transaction costs are generally capitalized and subsequently amortized over the useful life of the acquired assets.

In both a business combination and an asset acquisition, we allocate the purchase price of acquired properties to tangible and identifiable intangible assets or liabilities based on their respective fair values. Tangible assets may include land, land improvements, buildings, fixtures and tenant improvements. Intangible assets or liabilities may include the value of in-place leases, above- and below- market leases and other identifiable assets or liabilities based on lease or property specific characteristics. In addition, any assumed mortgages receivable or payable and any assumed or issued non-controlling interests (in a business combination) are recorded at their estimated fair values. In allocating the fair value to assumed mortgages, amounts are recorded to debt premiums or discounts based on the present value of the estimated cash flows, which is calculated to account for either above- or below-market interest rates. In a business combination, the difference between the purchase price and the fair value of identifiable net assets acquired is either recorded as goodwill or as a bargain purchase gain. In an asset acquisition, the difference between the acquisition price (including capitalized transaction costs) and the fair value of identifiable net assets acquired is allocated to the non-current assets. All acquisitions during the years ended December 31, 2018 and 2017 were asset acquisitions.

Disposal of real estate investments representing a strategic shift in operations that will have a major effect on our operations and financial results are required to be presented as discontinued operations in our consolidated statements of operations. No properties were presented as discontinued operations as of December 31, 2018 and 2017 . Properties that are intended to be sold are designated as “held for sale” on our consolidated balance sheets at the lesser of carrying amount or fair value less estimated selling costs when they meet specific criteria to be presented as held for sale, most significantly that the sale is probable within one year. We evaluate probability of sale based on specific facts including whether a sales agreement is in place and the buyer has made significant non-refundable deposits. Properties are no longer depreciated when they are classified as held for sale. As of December 31, 2018 , we had three properties designated as held for sale. As of December 31, 2017 , we had three properties designated as held for sale (see Note 4 — *Real Estate Investments, Net* to our consolidated financial statements included in this Annual Report on Form 10-K for further details).

We evaluate acquired leases and new leases on acquired properties based on capital lease criteria. A lease is classified by a tenant as a capital lease if the significant risks and rewards of ownership are considered to reside with the tenant. This situation is generally considered to be met if, among other things, the non-cancelable lease term is more than 75% of the useful life of the asset or if the present value of the minimum lease payments equals 90% or more of the leased property’s fair value at lease inception.

Gain on Dispositions of Real Estate Investments

Gains on sales of rental real estate after January 1, 2018 are not considered sales to customers and will generally recognized pursuant to the provisions included in ASC 610-20, *Gains and Losses from the Derecognition of Nonfinancial Assets* (“ASC 610-20”).

Gain on sales of real estate prior to January 1, 2018 are recognized pursuant to the provisions included in ASC 360-20, Real Estate Sales (“ASC 360-20”). The specific timing of a sale was measured against various criteria in and ASC 360-20 related to the terms of the transaction and any continuing involvement in the form of management or financial assistance associated with the properties. If the sales criteria for the full accrual method are not met, depending on the circumstances, the Company may not record a sale or it may record a sale but may defer some or all of the gain recognition. If the criteria for full accrual are not met, the Company may account for the transaction by applying the finance, leasing, profit sharing, deposit, installment or cost recovery methods, as appropriate, until the sales criteria for the full accrual method are met.

Purchase Price Allocation

We allocate the purchase price of acquired properties to tangible and identifiable intangible assets acquired based on their respective fair values. Tangible assets include land, land improvements, buildings, fixtures and tenant improvements on an as-if vacant basis. We utilize various estimates, processes and information to determine the as-if vacant property value. Estimates of value are made using customary methods, including data from appraisals, comparable sales, discounted cash flow analysis and other methods. Amounts allocated to land, land improvements, buildings and fixtures are based on cost segregation studies performed by independent third parties or on our analysis of comparable properties in our portfolio. Identifiable intangible assets include amounts allocated to acquire leases for above- and below-market lease rates, the value of in-place leases, and the value of customer relationships, as applicable.

Factors considered in the analysis of the in-place lease intangibles include an estimate of carrying costs during the expected lease-up period for each property, taking into account current market conditions and costs to execute similar leases. In estimating carrying costs, we include real estate taxes, insurance and other operating expenses and estimates of lost rentals at contract rates during the expected lease-up period, which typically ranges from 12 to 18 months . We also estimate costs to execute similar leases including leasing commissions, legal and other related expenses.

Above-market and below-market lease values for acquired properties are initially recorded based on the present value (using a discount rate which reflects the risks associated with the leases acquired) of the difference between (i) the contractual amounts to be paid pursuant to each in-place lease, and (ii) management's estimate of fair market lease rates for each corresponding in-place lease, measured over a period equal to the remaining term of the lease for above-market leases and the remaining initial term plus the term of any below-market fixed rate renewal options for below-market leases. The capitalized above-market lease values are amortized as a reduction of base rental revenue over the remaining terms of the respective leases, and the capitalized below-market lease values are amortized as an increase to base rental revenue over the remaining initial terms plus the terms of any below-market fixed rate renewal options of the respective leases. If a tenant with a below market rent renewal does not renew, any remaining unamortized amount will be taken into income at that time.

The aggregate value of intangible assets related to customer relationship, as applicable, is measured based on our evaluation of the specific characteristics of each tenant's lease and our overall relationship with the tenant. Characteristics considered by us in determining these values include the nature and extent of its existing business relationships with the tenant, growth prospects for developing new business with the tenant, the tenant's credit quality and expectations of lease renewals, among other factors.

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

In making estimates of fair values for purposes of allocating purchase price, we utilize a number of sources, including independent appraisals that may be obtained in connection with the acquisition or financing of the respective property and other market data. We also consider information obtained about each property as a result of our pre-acquisition due diligence in estimating the fair value of the tangible and intangible assets acquired and intangible liabilities assumed.

As more fully discussed in *Note 3* — *Merger Transaction* to our consolidated financial statements included in this Annual Report on Form 10-K, the Merger was accounted for under the acquisition method for business combinations with us as the accounting acquirer.

Depreciation and Amortization

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

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

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

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

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

Impairment of Long Lived Assets

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

Goodwill

We evaluate goodwill for possible impairment at least annually or upon the occurrence of a triggering event. A triggering event is an event or circumstance that would more likely than not reduce the fair value of a reporting unit below its carrying amount. We performed a qualitative assessment to determine whether it is more likely than not that the fair value of the reporting unit is less than its carrying value. Based on our assessment we determined that our goodwill is not impaired as of December 31, 2018 and no further analysis is required.

Derivative Instruments

We may use derivative financial instruments, including interest rate swaps, caps, options, floors and other interest rate derivative contracts, to hedge all or a portion of the interest rate risk associated with our borrowings. Certain of our foreign operations expose us to fluctuations of foreign interest rates and exchange rates. These fluctuations may impact the value of our cash receipts and payments in our functional currency, USD. We enter into derivative financial instruments to protect the value or fix the amount of certain obligations in terms of our functional currency.

We record all derivatives on our audited consolidated balance sheets at fair value. The accounting for changes in the fair value of derivatives depends on the intended use of the derivative, whether we have elected to designate a derivative in a hedging relationship and apply hedge accounting, and whether the hedging relationship has satisfied the criteria necessary to apply hedge accounting. Derivatives designated and qualifying as a hedge of the exposure to changes in the fair value of an asset, liability, or firm commitment attributable to a particular risk, such as interest rate risk, are considered fair value hedges. Derivatives designated and qualifying as a hedge of the exposure to variability in expected future cash flows, or other types of forecasted transactions, are considered cash flow hedges. Derivatives may also be designated as hedges of the foreign currency exposure of a net investment in a foreign operation. Hedge accounting generally provides for the matching of the timing of gain or loss recognition on the hedging instrument with the recognition of the changes in the fair value of the hedged asset or liability that is attributable to the hedged risk in a fair value hedge or the earnings effect of the hedged forecasted transactions in a cash flow hedge. We may enter into derivative contracts that are intended to economically hedge certain risk, even though hedge accounting does not apply or we elect not to apply hedge accounting.

The accounting for subsequent changes in the fair value of these derivatives depends on whether each has been designed and qualifies for hedge accounting treatment. If we elect not to apply hedge accounting treatment, any changes in the fair value of these derivative instruments is recognized immediately in gains (losses) on derivative instruments in the consolidated statements of operations. If the derivative is designated and qualifies for hedge accounting treatment the change in the estimated fair value of the derivative is recorded in other comprehensive income (loss) in the consolidated statements of comprehensive income (loss) to the extent that it is effective. Any ineffective portion of a change in derivative fair value will be immediately recognized in earnings.

Multi-Year Outperformance Agreements

Concurrent with the Listing and modifications to the advisory agreement, we entered into a multi-year outperformance agreement with the OP and the Advisor in June 2015 (the "2015 OPP"). Following the end of the performance period under the 2015 OPP on June 2, 2018, we entered into the 2018 OPP. Under the 2015 OPP, which expired on June 2, 2018, we recorded equity-based compensation expense associated with the awards over the requisite service period on a graded basis. Under the 2018 OPP, effective June 2, 2018, we record equity-based compensation evenly over the requisite service period of approximately 2.8 years from the grant date, which was July 16, 2018. Prior to January 1, 2019, the equity-based compensation expense associated with the 2015 OPP and the 2018 OPP was adjusted each reporting period for changes in the estimated market-related performance. Under new accounting guidance adopted by us on January 1, 2019 that will apply to the 2018 OPP, total equity-based compensation expense calculated as of adoption of the new guidance will be fixed as of that date and will not be remeasured in subsequent periods. For additional information see Note 2 — *Summary of Significant Accounting Policies — Recently Issued Accounting Pronouncements* to our consolidated financial statements included in this Annual Report on Form 10-K.

Recently Issued Accounting Pronouncements

See Note 2 — *Summary of Significant Accounting Policies — Recently Issued Accounting Pronouncements* to our consolidated financial statements included in this Annual Report on Form 10-K for further discussion.

Results of Operations

Comparison of the Year Ended December 31, 2018 to the Year Ended December 31, 2017

During 2018 , we acquired 23 properties by purchase (net 21 after two dispositions), bringing our total portfolio of properties to 342 as of December 31, 2018 . The net impact of the acquisitions drove our operating results for the year ended December 31, 2018 , which were also impacted by increases during the year ended December 31, 2018 of 3.6% in the average exchange rate for GBP to USD and of 4.5% in the average exchange rate for Euro to USD, when compared to the same period last year and other factors as discussed in more detail below.

Rental Income

Rental income was $265.3 million and $242.5 million for the years ended December 31, 2018 and 2017 , respectively. Our rental income increased primarily as a result of incremental income from our net acquisition of 21 properties during the year ended December 31, 2018 and income of $3.0 million relating to a lease termination fee from the sale of the Veolia Water property. Prior to the sale, we agreed to terminate the lease with the existing tenant and, as a result, received the termination fee in accordance with the terms of the lease. The increase was also driven, in part, by increases during the year ended December 31, 2018 in the average exchange rate for GBP to USD of 3.6% and Euro to USD of 4.5% , when compared to the year ended December 31, 2017 .

Operating Expense Reimbursements

Operating expense reimbursements from tenants were $16.9 million and $16.8 million for the years ended December 31, 2018 and 2017 , respectively. Our lease agreements generally require tenants to pay all property operating expenses, in addition to base rent, however some limited property operating expenses may be absorbed by us. Operating expense reimbursements increased due to the net acquisition of 21 properties during the year ended December 31, 2018 and certain adjustments for real estate taxes for several European properties relating to operations during the year ended December 31, 2017.

Property Operating Expense

Property operating expenses were $28.7 million and $28.9 million for the years ended December 31, 2018 and 2017 , respectively. These costs primarily relate to insurance costs and real estate taxes on our properties, which are generally reimbursable by our tenants. The main exceptions are GSA properties for which certain expenses are not reimbursable by tenants. Property operating expense also includes provisions for bad debt expense associated with receivables we believe are doubtful of collection. The decrease in property operating expenses was due to increases during the year ended December 31, 2018 in the average exchange rate for GBP to USD of 3.6% and Euro to USD of 4.5%, when compared to the year ended December 31, 2017 , partially offset by the impact of our net acquisition of 21 properties during the year ended December 31, 2018 .

During 2018, we recognized bad debt expense of $0.8 million with respect to receivables, which primarily related to three properties in which leases were terminated during the fourth quarter of 2018 (see the "Impairment Charges and Related Lease Intangible Write-offs" section below). During 2017, we recognized bad debt expense of $1.2 million with respect to receivables, which primarily related to one of our tenants that vacated its space and ceased making rental payments.

Operating Fees to Related Parties

Operating fees paid to related parties were $28.2 million and $24.5 million for the years ended December 31, 2018 and 2017 , respectively. Operating fees to related parties represent compensation to the Advisor for asset management services as well as property management fees paid to the Advisor and Property Manager, including amounts subsequently paid by the Advisor and the Property Manager to the Former Service Provider for our European investments, prior to the termination of the Former Service Provider, effective in March 2018. Our advisory agreement requires us to pay in cash a Base Management Fee of $18.0 million per annum ($4.5 million per quarter) plus a Variable Base Management Fee based on net proceeds from equity raised by us and, if the applicable hurdles are met, Incentive Compensation, payable in cash and shares (see Note 11 - *Related Party Transactions* to our consolidated financial statements included in this Annual Report on Form 10-K for details).

The increase to operating fees between the periods in part results from an increase of $1.9 million in the amount of the payments of the Variable Base Management Fee resulting from additional net proceeds of $171.5 million and $148.3 million during the years ended December 31, 2018 and 2017, respectively, from sales of equity securities in public offerings of Series A Preferred Stock and Common Stock pursuant to our ATM Programs. The Variable Base Management Fee would also increase in connection with other offerings or issuances of equity securities. The increase from the prior-year period was also due to an increase in the property management fees incurred from our net acquisition of 21 properties during the year ended December 31, 2018 . With respect to the third quarter of 2018, the Advisor was paid $0.4 million, in a quarterly installment, of Incentive Compensation due to the Advisor having met the applicable hurdles. Because, based on the calculation as of December 31, 2018 the hurdles had not been met, we recorded reversal of $0.4 million for Incentive Compensation previously recorded in the third quarter of 2018, and as a result, no Incentive Compensation was earned for the year ended December 31, 2018 . There was no Incentive Compensation earned during the year ended December 31, 2017.

Our Property Manager is entitled to fees for the management of our properties. Property management fees are calculated as a percentage of our gross revenues generated by the applicable properties. During the years ended December 31, 2018 and 2017 , we paid property management fees of $5.0 million and $4.3 million , respectively. The Property Manager elected to waive $1.2 million of the property management fees for the year ended December 31, 2017. No property management fees were forgiven for the year ended December 31, 2018 .

Impairment Charges and Related Lease Intangible Write-offs

During the year ended December 31, 2018, certain related entity tenants in six of our properties affiliated by a common guarantor were in financial difficulties. As part of negotiations, we terminated the leases for the tenants of four of the properties. We expect to sell one of the terminated lease properties and evaluated it for impairment and concluded that the carrying amount of the property was in excess of its estimated fair value and recorded an impairment charge of $1.6 million . The three remaining terminated lease properties were leased to other tenants and the Company wrote-off the related lease intangibles of $3.4 million associated with the original tenants. Two of the tenants are continuing to use the remaining two properties and are current on their rent. Based on expected future cash flows, we do not believe the five leased properties are impaired.

Acquisition, Transaction and Other Costs

We recognized $13.9 million of acquisition, transaction and other costs during the year ended December 31, 2018 , primarily comprised of expenses incurred in connection with litigation related to the termination of the Former Service Provider totaling $10.3 million, of which $7.4 million relates to a reserve recorded for the anticipated settlement of this litigation and $2.9 million relates to legal costs. In addition, acquisition, transaction and other costs for the year ended December 31, 2018 included $1.6 million in fees associated with the exploration of a potential foreign equity offering, $1.3 million in various legal and professional fees related to financing activities and $0.7 million of other costs.

We recorded $2.0 million of acquisition, transaction and other costs during the year ended December 31, 2017, which consisted of third-party professional fees relating to the Merger, fees related to the novation of our derivative contracts in connection with the refinancing in July 2017 of our prior credit facility pursuant to a credit agreement dated as July 25, 2013 (as amended from time to time thereafter, the "Prior Credit Facility") with the Credit Facility, bridge facility commitment letter fees and legal fees.

Our completed acquisitions in 2018 and 2017, and our dispositions are considered asset acquisitions, therefore any applicable transaction costs were capitalized. In addition, certain costs related to the Mergers, which was accounted for as a business combination, were expensed in 2017 (see *Note 3 — Merger Transaction* for additional information).

General and Administrative Expense

General and administrative expense was $10.4 million and $8.6 million for the years ended December 31, 2018 and 2017 , respectively, primarily consisting of professional fees including audit and taxation related services, board member compensation, and directors' and officers' liability insurance. The increase for the year ended December 31, 2018 , as compared to the year ended December 31, 2017 , was primarily due to an increase in professional fees.

Equity Based Compensation

During the years ended December 31, 2018 and 2017 , we recognized expense of $2.6 million and a reversal of prior expenses of $3.8 million , respectively, with respect to equity-based compensation related to the 2015 OPP for which the performance period ended on June 2, 2018, and the 2018 OPP, which was entered into in July 2018, as well as amortization of restricted stock units in respect of shares of Common Stock, ("RSUs"), granted to our independent directors.

The 2015 OPP and 2018 OPP were remeasured at fair market value as of each balance sheet date with a cumulative effect adjustment based on the new value each period and vesting. As the value declined, prior accruals were reversed and income was recognized. Ultimately, the 2015 OPP resulted in no LTIP Units being earned upon final measurement at June 2, 2018. During the years ended December 31, 2018 and 2017, we recorded reductions in expense of $1.1 million and $4.4 million , respectively, for the 2015 OPP. During the year ended December 31, 2018, we recorded expense of $3.3 million relating to the 2018 OPP.

Under new accounting guidance adopted by us on January 1, 2019 that will apply to the 2018 OPP in future periods, total equity-based compensation expense calculated as of adoption of the new guidance will be fixed as of that date and will not be remeasured in subsequent periods. For additional information see *Note 2 — Summary of Significant Accounting Policies - Recently Issued Accounting Pronouncements* to our consolidated financial statements included in this Annual Report on Form 10-K.

See *Note 13 - Share-Based Compensation* to our consolidated financial statements included in this Annual Report on Form 10-K for details regarding the 2018 OPP and 2015 OPP.

Depreciation and Amortization Expense

Depreciation and amortization expense was $119.6 million and $113.0 million for the years ended December 31, 2018 and 2017 , respectively. The increase was primarily due to additional depreciation and amortization expense incurred for the net acquisition of 21 properties during the year ended December 31, 2018 . Also, the higher depreciation and amortization expense was impacted by increases during the year ended December 31, 2018 of 3.6% in the average exchange rate for GBP to USD and 4.5% in the average exchange rate for Euro to USD when compared to the same period last year.

Interest Expense

Interest expense was $58.0 million and $48.5 million for the years ended December 31, 2018 and 2017 , respectively. The increase was primarily related to an increase in average borrowings and a higher effective interest rate on our debt. The amount of our total debt outstanding increased from $1.5 billion as of December 31, 2017 to $1.8 billion as of December 31, 2018 , and the weighted-average effective interest rate of our total debt increased from 2.8% as of December 31, 2017 to 3.1% as of December 31, 2018 , which was partially due to an increase in LIBOR rates during 2018. Also, the higher interest expense was impacted by increases during the year ended December 31, 2018 of 3.6% in the average exchange rate for GBP to USD and 4.5% in the average exchange rate for Euro to USD when compared to the same period last year.

We view a mix of secured and unsecured financing sources as an efficient and accretive means to acquire properties and manage working capital. Our interest expense in future periods will vary based on our level of future borrowings, which will depend on our refinancing needs and acquisition activity. In addition, our interest expense will vary based on movements in interest rates, including LIBOR rates which increased through 2018 and may continue to increase in future periods.

Loss on Extinguishment of Debt

During the third quarter of 2018, we entered into a multi-tenant mortgage loan, yielding gross proceeds of £230.0 million secured by all 43 of our properties located in the United Kingdom. At closing, the £209.0 million of net proceeds were used to repay all outstanding mortgage indebtedness encumbering 38 of the 43 properties. As a result of this transaction, we recorded charges of $3.9 million, consisting of the write off $1.5 million of previously recorded deferred financing costs and prepayment penalties paid on early extinguishment of debt of $2.4 million.

(Loss) Gain on Dispositions of Real Estate Investments

During the year ended December 31, 2018 we recorded a loss on dispositions of real estate investments of $5.8 million . The loss related to the disposition of a property in Vandalia, Ohio, which resulted in a loss of $1.9 million, and a property in San Jose, California, which resulted in a loss of $3.8 million. Prior to the sale of the Ohio property, we agreed to terminate the lease with the existing tenant and received a termination fee of $3.0 million in accordance with the terms of the lease, which is recorded in rental income in the accompanying consolidated statements of operations for the year ended December 31, 2018 .

Gain on dispositions of real estate investments during the year ended December 31, 2017 of $1.1 million related to the disposition of a property leased to Kulicke & Soffa located in Ft. Washington, Pennsylvania, which resulted in a gain on sale of disposition of $0.4 million, and the reversal of the prior year Gain Fee under the advisory agreement of $0.8 million (see *Note 11* — *Related Party Transactions* to our consolidated financial statements included in this Annual Report on Form 10-K for further details).

Gain (Loss) on derivative instruments

The gains of $7.6 million and losses of $8.3 million on derivative instruments for the years ended December 31, 2018 and 2017 , respectively, reflect the marked-to-market impact from foreign currency and interest rate derivative instruments used to hedge the investment portfolio from currency and interest rate movements, and was mainly driven by rate changes in the GBP and EUR compared to the USD.

Unrealized Gain (Loss) on Undesignated Foreign Currency Advances and Other Hedge Ineffectiveness

During the years ended December 31, 2018 and 2017 , we recorded losses on undesignated foreign currency advances and other hedge ineffectiveness of $0.4 million and $3.7 million , respectively. The loss during the year ended December 31, 2017, primarily related to the mark-to-market adjustments on excess foreign currency draws over our net investments in the United Kingdom and Europe which are not designated as hedges. On July 24, 2017, in connection with the refinancing of the Prior Credit Facility, our GBP-denominated borrowings were substantially reduced, and there were no undesignated excess foreign advances in GBP thereafter. Accordingly, we do not expect similar charges/gains on excess amounts in the future.

Changes in the rates of exchange for the Euro and GBP currencies compared to the USD may affect costs and cash flows in our functional currency, the USD. We generally manage foreign currency exchange rate movements by matching our debt service obligation to the lender and the tenant's rental obligation to us in the same currency. This helps us manage the risk of our overall exposure to currency fluctuations. In addition, we may use currency hedging to further reduce the exposure risk to our net cash flow. We generally are a net receiver of these currencies (we receive more than we pay out), and therefore our results of operations of our foreign properties benefit from a weaker USD, and are adversely affected by a stronger USD, relative to the relevant foreign currency. During the year ended December 31, 2018 , the average exchange rate for GBP to USD increased by 3.6%, and the average exchange rate for Euro to USD increased by 4.5% , when compared to the same period last year.

Income Tax Expense

Although as a REIT we generally do not pay U.S. federal income taxes, we recognize income tax (expense) benefit domestically for state taxes and local income taxes incurred, if any, and also in foreign jurisdictions in which we own properties. In addition, we perform an analysis of potential deferred tax or future tax benefit and expense as a result of book and tax differences and timing differences in taxes across jurisdictions. Our current income tax expense fluctuates from period to period based primarily on the timing of those taxes. Income tax expense was $2.4 million and $3.1 million for the years ended December 31, 2018 and 2017 , respectively. During the year ended December 31, 2017, we recognized a deferred tax benefit of $1.0 million.

Comparison of the Year Ended December 31, 2017 to the Year Ended December 31, 2016

During 2017, we acquired 12 properties by purchase (net 11 after one disposition), bringing our total portfolio of properties to 321 as of December 31, 2017. Late in the fourth quarter of 2016, we acquired 15 properties for $565.8 million through Merger, bringing our total portfolio to 310 properties as of December 31, 2016. Our operating results generally reflect our ownership of 318 properties through the end of the fourth quarter of 2017 (three properties acquired late during the fourth quarter of 2017 had little to no impact on 2017 operating results given the timing of the acquisitions). As a result thereof, the results of operations for the year ended December 31, 2017 reflect significant changes in most categories when comparing to the year ended December 31, 2016.

Rental Income

Rental income was $242.5 million and $204.0 million for the years ended December 31, 2017 and 2016, respectively. Our rental income increased $38.5 million compared to 2016, as a result of a full year of rental income for the 15 properties acquired in the Merger, and a partial year of rental income on the 12 properties acquired by purchase during 2017, which, together, resulted in an incremental $48.1 million increase in rental income for the year ended December 31, 2017, and was partially aided by a rise in the value of the GBP and Euro throughout 2017 compared to the USD. This was partially offset by the impact from the sale of one property during 2017 for an aggregate sale price of $13.0 million, the sale of 34 properties during the last two quarters of 2016 for an aggregate sales price of $110.4 million and GBP and Euro currency declines in 2016.

Operating Expense Reimbursements

Operating expense reimbursements were $16.8 million and $10.1 million for the years ended December 31, 2017 and 2016, respectively. Our lease agreements generally require tenants to pay all property operating expenses, in addition to base rent, however some limited property operating expenses may be absorbed by us. Operating expense reimbursements primarily reflect insurance costs and real estate taxes incurred by us and subsequently reimbursed by the tenant. The increase over 2016 is largely driven by a full year of additional operating expense reimbursements related to the 15 properties acquired in the Merger and additional partial year of property operating expense reimbursements for the 12 properties acquired during 2017. This increase was also driven, in part, by a rise in the value of the GBP and Euro throughout 2017 compared to the USD, and was partially offset by the impact of our disposition of one property during the first quarter of 2017 and of 34 properties during the last two quarters of 2016.

Property Operating Expense

Property operating expenses were $28.9 million and $19.0 million for the years ended December 31, 2017 and 2016, respectively. These costs primarily relate to insurance costs and real estate taxes on our properties, which are generally reimbursable by the tenants. The main exceptions are GSA properties for which certain expenses are not reimbursable by tenants. Property operating expense also includes provisions for bad debt expense associated with receivables we believe are doubtful of collection. The increase is primarily driven by a full year of operating expenses recognized on 15 properties acquired in the Merger, most of which are subject to triple net leases, and additional partial year property operating expense reimbursements for the 12 properties acquired during 2017. This increase was also driven, in part, by a rise in the value of the GBP and Euro throughout 2017 compared to the USD, and was partially offset by the impact of our disposition of one property during the first quarter of 2017 and of 34 properties during the last two quarters of 2016, bad debt expense, and GBP and Euro currency declines in 2016.

During 2017, we recognized bad debt expense of $1.0 million with respect to receivables related to one of our tenants that vacated its space and ceased making rental payments. This resulted in a decrease in the portfolio's total occupancy from 100.0% as of December 31, 2016, to 99.5% as of December 31, 2017 based on rentable square feet. Additionally, we incurred non-reimbursable repairs and maintenance expense during the year ended December 31, 2017 of $0.6 million. As a result of these non-recurring charges, when coupled with impact of the acquired properties net of disposed properties, our recovery of property operating expenses increased from 53.2% during the year ended December 31, 2016 to 58.1% during the during the year ended December 31, 2017.

Operating Fees to Related Parties

Operating fees paid to related parties were $24.5 million and $19.8 million for the years ended December 31, 2017 and 2016, respectively. Operating fees to related parties represent compensation to the Advisor for asset management services as well as property management fees paid to the Advisor and Property Manager, including amounts subsequently paid by the Advisor and the Property Manager to the Former Service Provider for our European investments. Our advisory agreement requires us to pay a Base Management Fee of $18.0 million per annum ($4.5 million per quarter) and a Variable Base Management Fee, both payable in cash, and Incentive Compensation, payable in cash and shares, if the applicable hurdles are met (see *Note 11* - *Related Party Transactions* to our consolidated financial statements included in this Annual Report on Form 10-K for details). The increase to operating fees in 2017 is driven in part by the payment of the Variable Base Management fee equal to $3.4 million resulting from the issuance of $370.4 million of equity in connection with the Merger, issuances of shares of Common Stock pursuant to the ATM Program and issuances of Series A Preferred Stock. In addition, our operating fees paid to related parties increased due to an increase in the property management fees incurred on the acquisition of 12 properties during 2017, and was partially offset by our disposition of one property during the first quarter of 2017, and the disposition of 34 properties during the last two quarters of 2016. No Incentive Compensation was earned for the years ended December 31, 2017 and 2016, respectively.

Our Property Manager is entitled to fees for the management of our properties. Property management fees that we pay our Property Manager, including amounts subsequently paid by the Advisor and the Property Manager to the Former Service Provider for our European investments, are calculated as a percentage of our gross revenues. During the years ended December 31, 2017 and 2016, property management fees we paid were $4.3 million and $3.8 million, respectively. The Property Manager elected to forgive $1.2 million and $2.3 million of the property management fees for the years ended December 31, 2017 and 2016, respectively.

Acquisition, Transaction and Other Costs

We recorded $2.0 million of acquisition, transaction and other costs during the year ended December 31, 2017, which consisted of third-party professional fees relating to the Merger, fees related to the novation of our derivative contracts in connection with the refinancing in July 2017 of our Prior Credit Facility with the Credit Facility, bridge facility commitment letter fees and legal fees. Our 2017 acquisitions and dispositions are considered as asset acquisitions and disposal, therefore any applicable transaction costs were capitalized. Acquisition, transaction and other costs during the year ended December 31, 2016 of $9.8 million were primarily related to the Merger.

General and Administrative Expense

General and administrative expense was $8.6 million and $7.1 million for the years ended December 31, 2017 and 2016, respectively, primarily consisting of professional fees including audit and taxation related services, board member compensation, and directors' and officers' liability insurance. The increase for the year ended December 31, 2017 compared to the year ended December 31, 2016 is primarily due to the increase in directors and officer's liability insurance premiums and professional fees.

Equity Based Compensation

During the years ended December 31, 2017 and 2016, we recognized income of $(4.4) million and expense of $3.4 million, respectively, with respect to equity-based compensation primarily related to changes in the fair value of the OPP offset by the amortization of Restricted Shares and RSUs granted to our independent directors. The decrease in equity based compensation in 2017 is primarily due to a decrease in the OPP valuation, which resulted from the second year of the performance period under the OPP having ended without any LTIP Units having been earned, due to a decrease in our stock price, and our peer groups having generally outperformed us. See *Note 13* - *Share-Based Compensation* to our consolidated financial statements included in this Annual Report on Form 10-K for details regarding the OPP.

Depreciation and Amortization Expense

Depreciation and amortization expense was $113.0 million and $94.5 million for the years ended December 31, 2017 and 2016, respectively. The increase in 2017 is due to a full year of depreciation and amortization expense for the 15 properties acquired through the Merger during 2016, coupled with our short-period depreciation and amortization for the 12 properties acquired in 2017, and aided by a rise in the value of the GBP and Euro throughout 2017 compared to the USD. This expense is offset slightly by the absence of depreciation and amortization for the one property disposition in the first quarter of 2017 and for the 34 properties sold during the last two quarters of 2016. Additionally, in connection with the financial difficulties of a tenant, we wrote off the tenant related lease intangibles with a carrying amount of $1.8 million, net of accumulated amortization, during the third quarter of 2017.

Interest Expense

Interest expense was $48.5 million and $39.1 million for the years ended December 31, 2017 and 2016, respectively. The increase was primarily related to $386.1 million of debt assumed in the Merger and borrowings of $720.9 million based on USD equivalent incurred on July 24, 2017 under the Credit Facility. These new borrowings were offset by the full repayment of $56.5 million outstanding under the mezzanine facility assumed in connection with the Merger (the "Mezzanine Facility") on March 30, 2017, the full repayment of $725.7 million outstanding under the Prior Credit Facility on July 24, 2017 and the repayment of

$200.0 million outstanding under the Credit Facility. We also had additional interest expense in the fourth quarter of 2017 due to our new $187.0 million multi-tenant mortgage loan and repayment of approximately $120.0 million under the Revolving Credit Facility. Overall increase to interest expense was also driven, in part, by a rise in the value of the GBP and Euro throughout 2017 compared to the USD. These increases were partially offset by interest savings due to the paydown of the $21.6 million Encanto mortgage in the second quarter of 2017. After the mortgage was repaid, this property became part of our borrowing base under the Credit Facility. Our total consolidated debt was $1.5 billion and $1.4 billion as of December 31, 2017 and 2016, respectively. The weighted-average effective interest rate of our total consolidated debt decreased from 3.08% as of December 31, 2016 to 2.77% as of December 31, 2017.

We view a mix of secured and unsecured financing sources as an efficient and accretive means to acquire properties and manage working capital. Our interest expense in future periods will vary based on our level of future borrowings, which will depend on our refinancing needs and our acquisition activity.

Gains on Dispositions of Real Estate Investments

Gains on dispositions of real estate investments during the year ended 2017 of $1.1 million related to the disposition of Kulicke & Soffa located in Ft. Washington, Pennsylvania, which resulted in a gain on sale of disposition of $0.4 million, and the reversal of the prior year Gain Fee of $0.8 million. There were gains of $13.3 million on disposition of real estate investments relating to the sale of 34 assets during the year ended December 31, 2016.

Foreign Currency and Interest Rate Impact on Operations

The losses of $8.3 million and gains of $7.4 million on derivative instruments for the years ended December 31, 2017 and 2016, respectively, reflect the negative marked-to-market impact from foreign currency and interest rate derivative instruments used to hedge the investment portfolio from adverse currency and interest rate movements, and was mainly driven by volatility and gains in foreign currencies against the USD in 2017 and losses in 2016, particularly the GBP and Euro.

The losses of $3.7 million and gains of $10.1 million on undesignated foreign currency advances and other hedge ineffectiveness for the years ended December 31, 2017 and 2016, respectively, primarily relate to the marked-to-market adjustments on the excess foreign currency draws over our net investments in the United Kingdom and Europe which are not designated as hedges, and these were driven in part by a rise in the value of the GBP and Euro throughout 2017 compared to the USD, as well as similar rises in other foreign currencies. Effective on July 24, 2017, in connection with the refinancing of the Prior Credit Facility, our GBP-denominated borrowings were substantially reduced, and there were no undesignated excess foreign advances in GBP thereafter.

We had no unrealized gains or (losses) on non-functional foreign currency advances not designated as net investment hedges for year ended December 31, 2017 and 2016.

As a result of our foreign investments in Europe, we are subject to risk from the effects of exchange rate movements in the Euro and GBP currencies , which may affect costs and cash flows in our functional currency, the USD. We generally manage foreign currency exchange rate movements by matching our debt service obligation to the lender and the tenant's rental obligation to us in the same currency. This reduces our overall exposure to currency fluctuations. In addition, we may use currency hedging to further reduce the exposure to our net cash flow. We are generally a net receiver of these currencies (we receive more cash than we pay out), and therefore our results of operations of our foreign properties benefit from a weaker USD, and are adversely affected by a stronger USD, relative to the foreign currency. During the year ended December 31, 2017, the average exchange rate for GBP to USD increased by 4.9% and the average exchange rate for Euro to USD increased by 2.1%, when compared to the same period last year. During the year ended December 31, 2016, the average exchange rate for GBP to USD decreased by 9.3% and the average exchange rate for Euro to USD decreased by 13.9%, when compared to the same period last year.

Income Tax Expense

Although as a REIT we generally do not pay U.S. federal income taxes, we recognize income tax (expense) benefit domestically for state taxes and local income taxes incurred, if any, and also in foreign jurisdictions in which we own properties. In addition, we perform an analysis of potential deferred tax or future tax benefit and expense as a result of book and tax differences and timing differences in taxes across jurisdictions. Our current income tax expense fluctuates from period to period based primarily on the timing of those taxes. Income tax expense was $3.1 million and $4.4 million for the years ended December 31, 2017 and 2016, respectively. During the year ended December 31, 2017, we recognized a deferred tax benefit of $1.0 million.

Cash Flows from Operating Activities

During the year ended December 31, 2018 , net cash provided by operating activities was $144.6 million . The level of cash flows provided by operating activities is driven by, among other things, rental income received, operating fees paid to related parties for asset and property management, and interest payments on outstanding borrowings. Cash flows provided by operating activities during the year ended December 31, 2018 reflect net income of $10.9 million , adjusted for non-cash items of $125.3 million (primarily depreciation, amortization of intangibles, amortization of deferred financing costs, amortization of mortgage premium/discount, amortization of above- and below-market lease and ground lease assets and liabilities, bad debt expense, unbilled straight-line rent, and equity-based compensation). In addition, working capital items decreased operating cash flows by $2.3 million .

During the year ended December 31, 2017, net cash provided by operating activities was $131.0 million. Cash flows provided by operating activities during the year ended December 31, 2017 reflect net income of $23.6 million, adjusted for non-cash items of $107.1 million (primarily depreciation, amortization of intangibles, amortization of deferred financing costs, amortization of mortgage premium/discount, amortization of mezzanine discount, amortization of above- and below-market lease and ground lease assets and liabilities, bad debt expense, unbilled straight-line rent, and equity-based compensation) and working capital items of $10.9 million.

During the year ended December 31, 2016, net cash provided by operating activities was $114.4 million. Cash flows provided by operating activities during the year ended December 31, 2016 reflect net income of $47.6 million, adjusted for non-cash items of $94.0 million (primarily depreciation, amortization of intangibles, amortization of deferred financing costs, amortization of mortgage premium/discount, amortization of mezzanine discount, amortization of above/below-market lease and ground lease assets and liabilities, bad debt expense, unbilled straight-line rent, and equity based compensation) and working capital items of $2.7 million.

Cash Flows from Investing Activities

Net cash used in investing activities during the year ended December 31, 2018 of $457.9 million was primarily driven by property acquisitions of $479.6 million and capital expenditures of $1.5 million . These cash uses were partially offset by proceeds from asset dispositions of $23.7 million during the year ended December 31, 2018 .

Net cash used in investing activities during the year ended December 31, 2017 of $79.0 million was primarily driven by property acquisitions of $98.8 million and capital expenditures of $3.1 million, partially offset by net proceeds from the sale of real estate investments of $12.3 million from the disposition of Kulicke & Soffa and net proceeds from settlement of derivatives of $10.6 million.

Net cash provided by investing activities during the year ended December 31, 2016 of $134.1 million primarily related to proceeds from sale of real estate investments of $107.8 million on dispositions of 34 properties, cash acquired in Merger transaction of $19.0 million and restricted cash acquired in Merger transaction of $7.6 million.

Cash Flows from Financing Activities

Net cash provided by financing activities of $312.2 million during the year ended December 31, 2018 primarily related to net borrowings on our Revolving Credit Facility of $69.6 million , proceeds from mortgage notes payable of $494.7 million , net proceeds from issuance of Common Stock of $171.8 million and proceeds from our Term Loan of $60.4 million . These cash inflows were partially offset by payments on mortgage notes payable of $313.2 million , dividends paid to common stockholders of $147.4 million , dividends paid to preferred stockholders of $9.8 million and payments of financing costs of $10.6 million .

Net cash used in financing activities of $30.7 million during the year ended December 31, 2017 related to repayments on the Prior Credit Facility and the Credit Facility of $1.0 billion, dividends to common stockholders of $142.7 million, repayment of the Mezzanine Facility of $56.5 million and repayments of mortgage notes payable of $21.9 million. These cash outflows were partially offset by borrowings from the Revolving Credit Facilities of $647.4 million, proceeds from the Term Loan of $225.0 million, proceeds from mortgage notes payable of $187.0 million and proceeds from the issuance of Series A Preferred Stock of $130.4 million.

Net cash used in financing activities of $236.7 million during the year ended December 31, 2016 related to borrowings on the Credit Facility of $62.7 million and net advances from related parties of $2.2 million, offset by repayments on Credit Facility of $113.9 million, Mezzanine Facility of $51.8 million and mortgage notes payable of $13.4 million. Other payments included dividends to stockholders of $120.4 million and distributions to non-controlling interest holders of $2.0 million.

Liquidity and Capital Resources

As of December 31, 2018 , we had cash and cash equivalents of $100.3 million . Principal future demands on cash and cash equivalents will include the purchase of additional properties or other investments in accordance with our investment strategy, payment of related acquisition costs, improvement costs, the payment of our operating and administrative expenses, continuing debt service obligations and dividends to holders of our Common Stock and Series A Preferred Stock, as well as any future class or series of preferred stock we may issue. Management expects that operating income from our existing properties and properties we expect to acquire should cover operating expenses and the payment of our monthly dividend to our common stockholders and the quarterly dividend payable to holders of our Series A Preferred Stock, but in prior periods we have needed to fund these amounts from cash on hand generated from other sources and we may also need to do so in future periods.

During the year ended December 31, 2018 , cash used to pay our dividends was generated mainly from cash flows provided by operations and cash on hand generated from our other sources of capital. These other sources of capital, which we expect to continue to use for dividends and other capital needs, include proceeds received from our ATM Program and Preferred Stock ATM Program (or any similar future program), proceeds from our Revolving Credit Facility, proceeds from secured or unsecured financings from banks or other lenders, proceeds from future offerings of debt or equity securities (including preferred equity securities), proceeds from the sale of properties and undistributed funds from operations, if any.

Acquisitions and Dispositions

Acquisitions

We are in the business of acquiring real estate properties and leasing the properties to tenants. Our goal is to grow through acquiring additional properties. We have signed two non-binding letters of intent and one definitive purchase and sale agreement to acquire a total of three net lease properties, all of which are located in the United States, for an aggregate purchase price of $42.0 million . The two letters of intent may not lead to definitive agreements and the one definitive agreement is subject to conditions. There can be no assurance we will complete any of these acquisitions on their contemplated terms, or at all. Additionally, we have signed definitive agreements that will increase the annual rent at four of our properties, that are leased to a single tenant, in exchange for our funding of $11.4 million in capital expenditures to expand and remodel the properties. During the year ended December 31, 2018 , we acquired 23 properties for $479.6 million , including capitalized acquisition costs. Generally, we fund our acquisitions through a combination of cash and cash equivalents and mortgage or other debt, but we also may acquire assets free and clear of permanent mortgage or other indebtedness (see *Note 5 - Mortgage Notes Payable, Net* and *Note 6 — Credit Facilities* to our consolidated financial statements included in this Annual Report on Form 10-K for further discussion). We funded our 2018 acquisitions, including closing costs, primarily through a combination of an increase in mortgage debt of $181.5 million , net of mortgage repayments, additional borrowings of approximately $69.6 million , net of repayments under our Revolving Credit Facility, additional borrowings on our Term Loan of approximately $60.4 million and net proceeds from the issuance of Common Stock of $171.8 million .

We expect to fund acquisitions in the short term primarily with the net proceeds of $151.2 million from sales under the ATM Program during January 2019 or borrowings under the Revolving Credit Facility following repayments of amounts outstanding thereunder with those net proceeds. We intend to use proceeds from potential future offerings of equity securities (including preferred equity securities), borrowings under our Revolving Credit Facility, and proceeds from any dispositions of real estate investments to fund future acquisitions.

Dispositions

During June 2018, we sold one property for gross proceeds of $20.3 million, which resulted in net proceeds of $1.3 million after repayment of mortgage debt. In addition, during July 2018, we sold one real estate asset for a total contract sales price of $5.0 million. Prior to the sale, we agreed to terminate the lease with the existing tenant and received a termination fee of $3.0 million in accordance with the terms of the lease. At closing, we paid approximately $3.0 million in excess of proceeds received for the repayment of mortgage debt and recorded a loss of $1.9 million.

We have signed non-binding letters of intent to dispose of two net lease properties, one of which is located in the United States, while the other is located in the United Kingdom. The United States disposition is for a contract sales price of $13.0 million , and there is no debt associated with the property. The United Kingdom disposition is for a contract sales price of £7.2 million , and it is expected to generate £3.0 million in net proceeds after repayment of associated debt. There can be no assurance these letters of intent will lead to definitive agreements or completed dispositions on the contemplated terms, or at all. Additionally, we entered into definitive purchase and sale agreements to sell two properties in the United States and three properties in Germany. The two United States dispositions are for a total contract sales price of $11.4 million , and there is no debt associated with these properties. The Germany dispositions are for a contract sales price of €135.0 million and are expected to generate €72.5 million after repayment of associated debt. These pending dispositions are subject to conditions, and there can be no assurance they will be completed on their current terms, or at all.

Common Stock Offerings

ATM Program — Common Stock

We have the ATM Program, an "at the market" equity offering program, pursuant to which we may sell shares of Common Stock from time to time through our sales agents. During the year ended December 31, 2017, we sold 820,988 shares of Common Stock through the ATM Program for gross sales proceeds of $18.7 million , before issuance costs of $0.4 million . During the year ended December 31, 2018 , we sold 164,927 shares of Common Stock through the ATM program for gross proceeds of $3.5 million , before commissions paid of $35,140 and additional issuance costs of $0.3 million . These costs are recorded in additional paid-in capital on the accompanying audited consolidated balance sheets.

During January 2019, we sold 7,759,322 shares of Common Stock through the ATM Program for gross proceeds of $152.8 million , before commissions of $1.5 million and additional issuance costs of $2,000 . Following these sales, we had raised all $175.0 million contemplated by our existing equity distribution agreement related to the ATM Program, and in February 2019, we terminated our existing equity distribution agreement and entered into a new equity distribution agreement with substantially the same sales agents on substantially the same terms. The new equity distribution agreement provides for the continuation of our ATM Program to raise additional aggregate sales proceeds of up to $250.0 million. See *Note 16 — Subsequent Events* to our consolidated financial statements included in this Annual Report on Form 10-K and " Item 9B. Other Information" for further information.

Underwritten Offerings — Common Stock

On August 20, 2018, we completed the issuance and sale of 4,600,000 shares of Common Stock (including 600,000 shares issued and sold pursuant to the underwriters' exercise of their option to purchase additional shares in full) in an underwritten public offering at a price per share of $20.65 . The gross proceeds from this offering were $95.0 million before deducting the underwriting discount of $3.8 million and additional offering expenses of $0.3 million .

On November 28, 2018, we completed the issuance and sale of 4,000,000 shares of Common Stock in an underwritten public offering at a price per share of $20.20 . The gross proceeds from this offering were $80.8 million before deducting the underwriting discount of $3.2 million and additional offering expenses of $0.1 million .

Preferred Stock Offerings

ATM Program — Series A Preferred Stock

In March 2018, we established the Preferred Stock ATM Program, an "at the market" equity offering program for our Series A Preferred Stock pursuant to which we may raise aggregate sales proceeds of $200.0 million through sales of shares of Series A Preferred Stock from time to time through our sales agents. During the year ended December 31, 2018, we sold 7,240 shares of Series A Preferred Stock through the Preferred Stock ATM Program for gross proceeds of $0.2 million , before commissions paid of $2,724 and additional issuance costs of $0.4 million .

Underwritten Offerings — Series A Preferred Stock

On September 12, 2017, we completed the issuance and sale of 4,000,000 shares of the Series A Preferred Stock in an underwritten public offering at a public offering price equal to the liquidation preference of $25.00 per share, and on October 11, 2017, we issued and sold an additional 259,650 shares of Series A Preferred Stock pursuant to the underwriters' partial exercise of their option to purchase additional shares in accordance with terms of the underwriting agreement. The gross proceeds from this offering were $106.5 million before deducting the underwriting discount of $3.4 million and additional offering expenses of $0.5 million.

On December 19, 2017, we completed the issuance and sale of 1,150,000 shares of the Series A Preferred Stock (including 150,000 shares pursuant to the underwriter's full exercise of its option to purchase additional shares) in an underwritten public offering at a public offering price equal to the liquidation preference of $25.00 per share. The gross proceeds from this offering were $28.8 million before deducting the underwriting discount of $0.8 million and additional offering expenses of $0.2 million.

Borrowings

As of December 31, 2018 , we had total debt outstanding of $1.8 billion with a weighted average interest rate per annum equal to 3.1% , representing secured mortgage notes payable of $1.1 billion , net of mortgage discounts and deferred financing costs and outstanding advances under the Credit Facility of $642.6 million , net of deferred financing costs. As of December 31, 2018, 79.9% of our total debt outstanding either bore interest at fixed rates, or was swapped to a fixed rate, which bore interest at a weighted average interest rate of 3.0% per annum. As of December 31, 2018 , 20.1% of our total debt outstanding was variable-rate debt, which bore interest at a weighted average interest rate of 3.4% per annum. The total gross carrying value of unencumbered assets as of December 31, 2018 is $1.3 billion , of which approximately $1.2 billion of this amount was included in the unencumbered asset pool comprising the borrowing base under the Revolving Credit Facility and therefore is not available to serve as collateral for future borrowings.

Our debt leverage ratio was 49.3% (total debt as a percentage of total purchase price of real estate investments, based on the exchange rate at the time of purchase) as of December 31, 2018 . See *Note 7 — Fair Value of Financial Instruments* to our consolidated financial statements included in this Annual Report on Form 10-K for fair value of such debt as of December 31, 2018 . As of December 31, 2018 the weighted-average maturity of our indebtedness was 4.2 years. We believe we have the ability to service our obligations as they come due.

Mortgage Notes Payable

On January 26, 2018, we entered into a multi-tenant mortgage loan, yielding gross proceeds of $32.8 million with a fixed interest rate of 4.3%, and with a 10-year maturity. The multi-tenant mortgage loan is secured by eight properties in six states totaling approximately 627,500 square feet. Proceeds were used to pay down approximately $30.0 million of outstanding indebtedness under our Revolving Credit Facility, while the remainder was used for general corporate purposes.

On August 16, 2018, we entered into a multi-tenant mortgage loan, yielding gross proceeds of £230.0 million and bearing interest at a rate of 1.975% plus 3-month GBP LIBOR, maturing in August 2023. With respect to the interest, 80.0% of the principal amount is fixed by a swap agreement, while the remaining 20.0% of the principal remains variable. The loan is secured by all 43 of our properties located in the United Kingdom. At closing, £209.0 million of the net proceeds were used to repay all outstanding mortgage indebtedness encumbering 38 of the 43 properties, while the remainder was used for general corporate purposes. The other five properties were unencumbered prior to the loan.

On November 9, 2018, we entered into a multi-tenant mortgage loan, yielding gross proceeds of $98.5 million with a fixed interest rate of approximately 4.9% and a 10 -year maturity in December 2028. The multi-tenant mortgage loan is secured by seven properties in six states, totaling approximately 651,313 square feet. Proceeds were used to pay down $90.0 million of outstanding indebtedness under the Revolving Credit Facility.

On November 14, 2018, we entered into a mortgage loan, yielding gross proceeds of approximately $70.0 million with a fixed rate of 4.6% and a 10 -year maturity. Proceeds were used to fund a portion of the $126.6 million purchase price to acquire a cold storage facility located in Romulus, Michigan. The remainder was funded from cash on hand, consisting of proceeds from borrowings.

For the year ending December 31, 2019, we have future scheduled principal payments on our mortgage notes of $235.0 million , with a weighted average interest rate of 2.3% .

In January 2019, we paid off two maturing mortgages totaling approximately $17.3 million using cash on hand.

On February 6, 2019, we borrowed an aggregate of €74.0 million ($84.2 million based on the prevailing exchange rate on that date) secured by mortgages of our five properties in Finland. The maturity date of the loan is February 1, 2024, and it bears interest at a rate of 3 -month Euribor plus 1.4% , with the interest rate for approximately €59.2 million ($67.4 million based on the prevailing exchange rate on that date), representing 80% of the principal amount of the loan, fixed at 1.8% by an interest rate swap agreement. The loan is interest-only with the principal due at maturity. At the closing of the loan, €57.4 million ($65.3 million based on the prevailing exchange rate on that date) was used to repay all outstanding indebtedness encumbering the five properties, with the remaining proceeds, after costs and fees related to the loan, available for working capital and general corporate purposes.

Credit Facility

On July 24, 2017 , we, through the OP, entered into a credit agreement with KeyBank. Based on USD equivalents at closing, the aggregate total commitments under the Credit Facility were $725.0 million . On July 2, 2018, upon our request, the lenders under the Credit Facility increased the aggregate total commitments from $722.2 million to $914.4 million , based on the prevailing exchange rate on that date, with approximately $132.0 million of the increase allocated to the Revolving Credit Facility and approximately $60.2 million allocated to the Term Loan. We used all the proceeds from the increased borrowings under the Term Loan to repay amounts outstanding under the Revolving Credit Facility. Upon our request, subject in all respects to the consent of the lenders in their sole discretion, the aggregate total commitments under the Credit Facility may be increased up to an aggregate additional amount of $35.6 million , allocated to either or both portions of the Credit Facility, with total commitments under the Credit Facility not to exceed $950.0 million . As of December 31, 2018, based on the prevailing exchange rate on that date, approximately $363.9 million was outstanding under our Revolving Credit Facility and approximately $278.7 million was outstanding under our Term Loan.

The Credit Facility consists of two components, a Revolving Credit Facility and a Term Loan. The Revolving Credit Facility is interest-only and matures on July 24, 2021 , subject to one one -year extension at our option. The Term Loan portion of the Credit Facility is interest-only and matures on July 24, 2022 . Borrowings under the Credit Facility bear interest at a variable rate per annum based on an applicable margin that varies based on the ratio of our consolidated total indebtedness to our consolidated total asset value plus either (i) LIBOR, as applicable to the currency being borrowed, or (ii) a "base rate" equal to the greatest of (a) KeyBank's "prime rate," (b) 0.5% above the Federal Funds Effective Rate or (c) 1.0% above one-month LIBOR. The range of applicable interest rate margins is from 0.60% to 1.20% per annum with respect to base rate borrowings and 1.60% to 2.20% per annum with respect to LIBOR borrowings. As of December 31, 2018 , the Credit Facility had a weighted average effective interest rate of 2.9% , after giving effect to interest rate swaps in place.

The Credit Facility requires us to pay an unused fee per annum of 0.25% of the unused balance of the Revolving Credit Facility if the unused balance exceeds or is equal to 50% of the total commitment or a fee per annum of 0.15% of the unused balance of the Revolving Credit Facility if the unused balance is less than 50% of the total commitment. From and after the time we obtain an investment grade credit rating, the unused fee will be replaced with a facility fee based on the total commitment under the Revolving Credit Facility multiplied by 0.30% , decreasing as our credit rating increases.

The availability of borrowings under the Revolving Credit Facility is based on the value of a pool of eligible unencumbered real estate assets owned by us and compliance with various ratios related to those assets. As of December 31, 2018 , approximately $42.2 million was available for future borrowings under the Revolving Credit Facility. Any future borrowings may, at our option, be denominated in USD, EUR, Canadian Dollars, GBP or Swiss Francs. Amounts borrowed may not, however, be converted to, or repaid in, another currency once borrowed.

We may reduce the amount committed under the Revolving Credit Facility and repay outstanding borrowings under the Credit Facility, in whole or in part, at any time without premium or penalty, other than customary "breakage" costs payable on LIBOR borrowings. In the event of a default, the lender has the right to terminate its obligations under the Credit Facility agreement and to accelerate the payment on any unpaid principal amount of all outstanding loans. The Credit Facility also imposes certain affirmative and negative covenants on us including restrictive covenants with respect to, among other things, liens, indebtedness, investments, distributions, mergers and asset sales, as well as financial covenants requiring the OP to maintain, among other things, ratios related to leverage, secured leverage, fixed charge coverage and unencumbered debt services, as well as a minimum consolidated tangible net worth.

Loan Obligations

Our loan obligations generally require us to pay principal and interest on a monthly or quarterly basis with all unpaid principal and interest due at maturity. Our loan agreements (including the Credit Facility) stipulate compliance with specific reporting covenants. Our mortgage notes payable agreements require compliance with certain property-level financial covenants including debt service coverage ratios. As of December 31, 2018, we were in compliance with the covenants under our Credit Facility and mortgage notes payable agreements.

Non-GAAP Financial Measures

This section includes non-GAAP financial measures, including Funds from Operations ("FFO"), Core Funds from Operations ("Core FFO") and Adjusted Funds from Operations ("AFFO"). A description of these non-GAAP measures and reconciliations to the most directly comparable GAAP measure, which is net income, is provided below.

Caution on Use of Non-GAAP Measures

FFO, Core FFO, and AFFO should not be construed to be more relevant or accurate than the current GAAP methodology in calculating net income or in its applicability in evaluating our operating performance. The method utilized to evaluate the value and performance of real estate under GAAP should be construed as a more relevant measure of operational performance and considered more prominently than the non-GAAP FFO, Core FFO and AFFO measures. Other REITs may not define FFO in accordance with the current NAREIT definition (as we do), or may interpret the current NAREIT definition differently than we do, or may calculate Core FFO or AFFO differently than we do. Consequently, our presentation of FFO, Core FFO and AFFO may not be comparable to other similarly-titled measures presented by other REITs.

We consider FFO, Core FFO and AFFO useful indicators of our performance. Because FFO, Core FFO and AFFO calculations exclude such factors as depreciation and amortization of real estate assets and gain or loss from sales of operating real estate assets (which can vary among owners of identical assets in similar conditions based on historical cost accounting and useful-life estimates), FFO, Core FFO and AFFO presentations facilitate comparisons of operating performance between periods and between other REITs.

As a result, we believe that the use of FFO, Core FFO and AFFO, together with the required GAAP presentations, provide a more complete understanding of our operating performance including relative to our peers and a more informed and appropriate basis on which to make decisions involving operating, financing, and investing activities. However, FFO, Core FFO and AFFO are not indicative of cash available to fund ongoing cash needs, including the ability to make cash distributions. Investors are cautioned that FFO, Core FFO and AFFO should only be used to assess the sustainability of our operating performance excluding these activities, as they exclude certain costs that have a negative effect on our operating performance during the periods in which these costs are incurred.

Funds from Operations, Core Funds from Operations and Adjusted Funds from Operations

Funds from Operations

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

We define FFO, a non-GAAP measure, consistent with the standards established over time by the Board of Governors of NAREIT, as restated in a White Paper approved by the Board of Governors of NAREIT effective in December 2018 (the "White Paper"). The White Paper defines FFO as net income or loss computed in accordance with GAAP, excluding depreciation and amortization related to real estate, gains and losses from the sale of certain real estate assets, gains and losses from change in control and impairment write-downs of certain real estate assets and investments in entities when the impairment is directly attributable to decreases in the value of depreciable real estate held by the entity. Our FFO calculation complies with NAREIT's definition.

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

Core Funds from Operations

In calculating Core FFO, we start with FFO, then we exclude certain non-core items such as acquisition, transaction and other costs, as well as certain other costs that are considered to be non-core, such as debt extinguishment costs, fire loss and other costs related to damages at our properties. The purchase of properties, and the corresponding expenses associated with that process, is a key operational feature of our core business plan to generate operational income and cash flows in order to make dividend payments to stockholders. In evaluating investments in real estate, we differentiate the costs to acquire the investment from the operations derived from the investment. We also add back non-cash write-offs of deferred financing costs and prepayment penalties incurred with the early extinguishment of debt which are included in net income but are considered financing cash flows when paid in the statement of cash flows. We consider these write-offs and prepayment penalties to be capital transactions and not indicative of operations. By excluding expensed acquisition, transaction and other costs as well as non-core costs, we believe Core FFO provides useful supplemental information that is comparable for each type of real estate investment and is consistent with management's analysis of the investing and operating performance of our properties.

Adjusted Funds from Operations

In calculating AFFO, we start with Core FFO, then we exclude certain income or expense items from AFFO that we consider more reflective of investing activities, other non-cash income and expense items and the income and expense effects of other activities that are not a fundamental attribute of our business plan. These items include early extinguishment of debt (adjustment included in Core FFO) and unrealized gain and loss, which may not ultimately be realized, such as gain or loss on derivative instruments, gain or loss on foreign currency transactions, and gain or loss on investments. In addition, by excluding non-cash income and expense items such as amortization of above-market and below-market leases intangibles, amortization of deferred financing costs, straight-line rent and equity-based compensation from AFFO, we believe we provide useful information regarding income and expense items which have a direct impact on our ongoing operating performance. We also include the realized gain or loss on foreign currency exchange contracts for AFFO as such items are part of our ongoing operations and affect our current operating performance. By providing AFFO, we believe we are presenting useful information that can be used to better assess the sustainability of our ongoing operating performance without the impacts of transactions that are not related to the ongoing profitability of our portfolio of properties. AFFO presented by us may not be comparable to AFFO reported by other REITs that define AFFO differently.

In calculating AFFO, we exclude certain expenses which under GAAP are characterized as operating expenses in determining operating net income. All paid and accrued merger, acquisition, transaction and other costs (including prepayment penalties for debt extinguishments) and certain other expenses negatively impact our operating performance during the period in which expenses are incurred or properties are acquired will also have negative effects on returns to investors, but are not reflective of on-going performance. Further, under GAAP, certain contemplated non-cash fair value and other non-cash adjustments are considered operating non-cash adjustments to net income. In addition, as discussed above, we view gain and loss from fair value adjustments as items which are unrealized and may not ultimately be realized and not reflective of ongoing operations and are therefore typically adjusted for when assessing operating performance. Excluding income and expense items detailed above from our calculation of AFFO provides information consistent with management's analysis of our operating performance. Additionally, fair value adjustments, which are based on the impact of current market fluctuations and underlying assessments of general market conditions, but can also result from operational factors such as rental and occupancy rates, may not be directly related or attributable to our current operating performance. By excluding such changes that may reflect anticipated and unrealized gain or loss, we believe AFFO provides useful supplemental information. We believe that in order to facilitate a clear understanding of our operating results, AFFO should be examined in conjunction with net income (loss) as presented in our consolidated financial statements. AFFO should not be considered as an alternative to net income (loss) as an indication of our performance or to cash flows as a measure of our liquidity or ability to make distributions.

The table below reflects the items deducted from or added to net income attributable to common stockholders in our calculation of FFO, Core FFO and AFFO for the periods indicated. Adjustments for unconsolidated partnerships and joint ventures are calculated to reflect the proportionate share of adjustments for non-controlling interest to arrive at FFO, Core FFO and AFFO, as applicable.

	Year Ended December 31,		
(In thousands)	2018	2017	2016
Net income attributable to common stockholders (in accordance with GAAP)	$ 1,082	$ 20,731	$ 47,140
Impairment charges and related lease intangible write-offs	5,000	—	—
Depreciation and amortization	119,582	113,048	94,455
Loss (gain) on dispositions of real estate investments [(1)]	5,751	(1,089)	(11,841)
Proportionate share of adjustments for non-controlling interest to arrive at FFO	—	(78)	(669)
FFO (as defined by NAREIT) attributable to common stockholders	131,415	132,612	129,085
Acquisition, transaction and other costs [(2)]	13,850	1,979	9,792
Loss on extinguishment of debt [(3)]	3,897	—	—
Fire (recovery) loss	(50)	45	—
Proportionate share of adjustments for non-controlling interest to arrive at Core FFO	—	(1)	(79)
Core FFO attributable to common stockholders	149,112	134,635	138,798
Non-cash equity-based compensation	2,649	(3,787)	3,748
Non-cash portion of interest expense	5,193	4,420	6,698
Amortization of above- and below- market leases and ground lease assets and liabilities, net	2,130	1,930	(41)
Straight-line rent	(6,310)	(10,537)	(10,613)
Unrealized loss (gain) on undesignated foreign currency advances and other hedge ineffectiveness	434	3,679	(10,109)
Eliminate unrealized (gain) loss on foreign currency transactions [(4)]	(7,127)	10,182	(1,072)
Amortization of mortgage discounts and premiums, net and mezzanine discount	1,249	827	(437)
Deferred tax benefit	—	(693)	—
Proportionate share of adjustments for non-controlling interest to arrive at AFFO	—	(4)	89
AFFO attributable to common stockholders [(5)]	$ 147,330	$ 140,652	$ 127,061
Summary			
FFO (as defined by NAREIT) attributable to common stockholders	$ 131,415	$ 132,612	$ 129,085
Core FFO attributable to common stockholders	$ 149,112	$ 134,635	$ 138,798
AFFO attributable to common stockholders	$ 147,330	$ 140,652	$ 127,061

(1) Gains on dispositions of real estate investments for the year ended December 31, 2016 is net of $1.5 million of tax recognized on the sale of Hotel Winston, The Netherlands property.

(2) For the year ended December 31, 2018 , acquisition, transaction and other costs are comprised of expenses incurred in connection with litigation related to the termination of the Former Service Provider totaling $10.3 million, of which $7.4 million relates to a reserve recorded for the anticipated settlement of this litigation and $2.9 million relates to legal costs. In addition, includes $1.6 million in fees associated with the exploration of a potential foreign equity offering, $1.3 million various legal and professional fees related to financing activities and $0.7 million of other costs. For the year ended December 31, 2017, acquisition, transaction and other costs primarily comprised of approximately $0.8 million of merger and deal related costs and also include approximately $0.9 million in derivative novation costs in connection with the replacement of related counterparties, which are non-recurring costs and are considered to be non-core. For the year ended December 31, 2016, acquisition, transaction and other costs represent merger related costs of approximately $9.8 million.

(3) For the year ended December 31, 2018 , includes non-cash write-off of deferred financing costs of $1.5 million and prepayment penalties paid on early extinguishment of debt of $2.4 million. Prepayment penalties paid on early extinguishment of debt of $1.3 million that occurred during the three months ended June 30, 2018 were classified as acquisition and transaction fees in our Quarterly Report on Form 10-Q for the three months ended June 30, 2018 and were reclassified as loss on extinguishment of debt in our Quarterly Report on Form 10-Q for the three months ended September 30, 2018.

(4) For the year ended December 31, 2018 , gains on derivative instruments were $7.6 million which were comprised of unrealized gains of $7.1 million and realized gains of $0.5 million . For the year ended December 31, 2017, losses on derivative instruments were $8.3 million which were comprised of unrealized losses of $10.2 million and realized gains of $1.9 million. For the year ended December 31, 2016, gains on derivative instruments were $7.4 million which were comprised of unrealized gains of $1.1 million and realized gains of $6.3 million.

(5) AFFO for the year ended December 31, 2018 includes income from a lease termination fee of $3.0 million, which is recorded in rental income in the unaudited consolidated statements of operations, related to a real estate asset sold during the third quarter of 2018.

Dividends

We generally pay dividends on our Common Stock on the 15th day of each month (or, if not a business day, the next succeeding business day) to Common Stock holders of record on the applicable record date during the month at an annualized rate of $2.13 per share, or $0.1775 per share on a monthly basis. Prior to July 2018, the record date for our regular monthly dividend was generally the 8th day of the applicable month. The amount of dividends payable to our common stockholders is determined by our board of directors and is dependent on a number of factors, including funds available for dividends, our financial condition, capital expenditure requirements, as applicable, requirements of Maryland law and annual distribution requirements needed to maintain our status as a REIT.

Dividends on our Series A Preferred Stock accrue in an amount equal to $0.453125 per share per quarter to Series A Preferred Stock holders, which is equivalent to 7.25% of the $25.00 liquidation preference per share of Series A Preferred Stock per annum. Dividends on the Series A Preferred Stock are payable quarterly in arrears on the 15th day of January, April, July and October of each year (or, if not on a business day, on the next succeeding business day) to holders of record on the close of business on the record date set by our board of directors, which must be not more than 30 nor fewer than 10 days prior to the applicable payment date. Any accrued and unpaid dividends payable with respect to the Series A Preferred Stock become part of the liquidation preference thereof.

Dividend payments are dependent on the availability of funds. Our board of directors may alter the amount of dividends paid or suspend dividend payments at any time and therefore dividend payments are not assured. There is no assurance that we will continue to declare and pay dividends at the current rates. Provisions in our Credit Facility restrict our ability to pay distributions, including cash dividends or other distributions payable with respect to Series A Preferred Stock and Common Stock.

Pursuant to our Credit Facility, we may not pay distributions, including cash dividends payable with respect to Common Stock, Series A Preferred Stock, or any other classes or series of preferred stock we may issue in a future offering, or redeem or otherwise repurchase shares of our capital stock, Common Stock, Series A Preferred Stock, or any other classes or series of preferred stock we may issue in a future offering, that exceed 95% of our Adjusted FFO as defined in our Credit Facility (which is different from AFFO as discussed and analyzed in this Annual Report on Form 10-K) for any period of four consecutive fiscal quarters, except in limited circumstances, including that for one fiscal quarter in each calendar year, we may pay cash distributions, make redemptions and make repurchases in an aggregate amount equal to no more than 100% of our Adjusted FFO. We used this exception to pay dividends that were between 95% of Adjusted FFO to 100% of Adjusted FFO during the quarter ended on June 30, 2018. On November 19, 2018, the lenders under our Credit Facility consented to an increase in the maximum amount we may use to pay cash distributions, make redemptions and make repurchases from 95% of Adjusted FFO to 100% of Adjusted FFO solely for the quarter ended December 31, 2018, and, during that quarter, we paid dividends that were between 95% of Adjusted FFO to 100% of Adjusted FFO. There can be no assurance that our lenders will consent to any additional modifications to the restrictions in our Credit Facility on our ability to pay dividends necessary to maintain our compliance thereunder if we pay dividends that exceed 95% of Adjusted FFO in more than one fiscal quarter during 2019 or any future calendar year. In addition, the agreements governing our future debt agreements may also include additional restrictions on our ability to pay dividends.

Our ability to maintain compliance with the restrictions on the payment of distributions in our Credit Facility depends on our ability, and the time needed, to invest the approximately $151.2 million of net proceeds we received from the sale of approximately 7.8 million shares of Common Stock pursuant to our ATM Program during January 2019 in new acquisitions. There can be no assurance we will complete acquisitions on a timely basis or on acceptable terms and conditions, if at all. If we fail to do so (and we are not otherwise able to increase the amount of cash we have available to pay dividends and distributions), our ability to comply with the restrictions on the payment of distributions in our Credit Facility may be adversely affected. Moreover, we could be subject to similar considerations in connection with any other offering of Common Stock or other equity securities we may conduct in the future. If we are not able to generate sufficient cash from operations or otherwise maintain compliance with our Credit Facility, we may have to reduce the amount of dividends we pay or identify other financing sources to fund the payment of dividends at their current levels. See “Item 1A. Risk Factors - If we are not able to increase the amount of cash we have available to pay dividends, including through additional cash flows we expect to generate from completing acquisitions, we may have to reduce dividend payments or identify other financing sources to fund the payment of dividends at their current levels.”

During the year ended December 31, 2018 , we paid total dividends of $157.8 million , including dividends paid to holders of Common Stock of $147.4 million , dividends to holders of Series A Preferred Stock of $9.8 million and distributions paid to holders of LTIP Units of $0.6 million . During the year ended December 31, 2018 , cash used to pay dividends was generated from cash flows from operations and cash available on hand, consisting of proceeds from borrowings.

The following table shows the sources for the payment of dividends to holders of Common Stock and Series A Preferred Stock for the periods indicated:

	Three Months Ended								Year Ended	
	March 31, 2018		June 30, 2018		September 30, 2018		December 31, 2018		December 31, 2018	
(In thousands)		Percentage of Dividends		Percentage of Dividends		Percentage of Dividends		Percentage of Dividends		Percentage of Dividends
Dividends:										
Dividends to holders of Common Stock	$ 35,834		$ 35,836		$ 36,682		$ 39,092		$ 147,444	
Dividends to holders of Series A Preferred Stock	2,451		2,453		2,453		2,455		9,812	
Other	158		111		179		137		585	
Total dividends	$ 38,443		$ 38,400		$ 39,314		$ 41,684		$ 157,841	
Source of dividend coverage:										
Cash flows provided by operations	$ 40,677		$ 29,011		$ 33,709		$ 41,200		$ 144,597	
Dividends paid to preferred stockholders	(2,451)		(2,453)		(2,453)		(2,455)		(9,812)	
Cash flows provided by operations - after payment of Series A Preferred Stock dividends	38,226	99.4%	26,558	69.2%	31,256	79.5%	38,745	92.9%	$ 134,785	85.4%
Available cash on hand	217	0.6%	11,842	30.8%	8,058	20.5%	2,939	7.1%	23,056	14.6%
Total sources of dividend coverage	$ 38,443	100.0%	$ 38,400	100.0%	$ 39,314	100.0%	$ 41,684	100.0%	$ 157,841	100.0%
Cash flows provided by operations (GAAP basis) [1]	$ 40,677		$ 29,011		$ 33,709		$ 41,200		$ 144,597	
Net income (loss) attributable to common stockholders (in accordance with GAAP)	$ 2,361		$ 5,288		$ 177		$ (6,744)		$ 1,082	

[1] Cash flows provided by operations for the year ended December 31, 2018 include acquisition, transaction and other costs of $13.9 million .

Foreign Currency Translation

Our reporting currency is the USD. The functional currency of our foreign investments is the applicable local currency for each foreign location in which we invest. Assets and liabilities in these foreign locations (including intercompany balances for which settlement is not anticipated in the foreseeable future) are translated at the spot rate in effect at the applicable reporting date. The amounts reported in the audited consolidated statements of operations are translated at the average exchange rates in effect during the applicable period. The resulting unrealized cumulative translation adjustment is recorded as a component of accumulated other comprehensive income (loss) in the audited consolidated statements of equity. We are exposed to fluctuations in foreign currency exchange rates on property investments in foreign countries which pay rental income, incur property related expenses and hold debt instruments in currencies other than our functional currency, the USD. We use foreign currency derivatives including foreign currency put options, foreign currency forward contracts and cross-currency swap agreements to manage our exposure to fluctuations in foreign currency exchange rates, such as the GBP-USD and EUR-USD exchange rates (see *Note 8 — Derivatives and Hedging Activities* to our consolidated financial statements included in this Annual Report on Form 10-K for further discussion).

Contractual Obligations

The following table presents our estimated future payments under contractual obligations at December 31, 2018 and the effect these obligations are expected to have on our liquidity and cash flow in the specified future periods:

(In thousands)	Total	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years
Principal on mortgage notes payable	$ 1,140,113	$ 235,026	$ 238,802	$ 278,035	$ 388,250
Interest on mortgage notes payable (1)	325,194	38,739	58,852	51,062	176,541
Principal on Revolving Credit Facility	363,894	—	363,894	—	—
Interest on Revolving Credit Facility	34,894	13,965	20,929	—	—
Principal on Term Loan	282,069	—	—	282,069	—
Interest on Term Loan (1)	19,011	5,434	10,882	2,695	—
Operating ground lease rental payments due (2)	47,374	1,371	2,742	2,742	40,519
Total (3) (4)	$ 2,212,549	$ 294,535	$ 696,101	$ 616,603	$ 605,310

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(1) Based on exchange rates of £1.00 to $1.27 for GBP and €1.00 to $1.14 for EURO as of December 31, 2018 .

(2) Ground lease rental payments due for our ING Amsterdam lease are not included in the table above as our ground for this property is prepaid through 2050.

(3) Amounts in the table above that relate to our foreign operations are based on the exchange rate of the local currencies at December 31, 2018 , which consisted primarily of the Euro and the GBP. At December 31, 2018 , we had no material capital lease obligations for which we were the lessee, either individually or in the aggregate.

(4) Derivative payments are not included in this table due to the uncertainty of the timing and amounts of payments. Additionally, as derivatives can be settled at any point in time, they are generally not considered long-term in nature.

Election as a REIT

We elected to be taxed as a REIT under sections 856 through 860 of the Code, commencing with our taxable year ended December 31, 2013. Commencing with such taxable year, we were organized and operate in such a manner as to qualify for taxation as a REIT under the Code and we believe we have so qualified. We intend to continue to operate in such a manner to qualify for taxation as a REIT, but no assurance can be given that we will operate in a manner so as to remain qualified as a REIT. In order to continue to qualify for taxation as a REIT, we must, among other things, distribute annually at least 90% of our REIT taxable income. REITs are subject to a number of other organizational and operational requirements. Even if we continue to qualify for taxation as a REIT, we may be subject to certain federal, state, local and foreign taxes on our income and assets, taxes on any undistributed income and state, local or foreign income, franchise, property and transfer taxes. Any of these taxes decrease our earnings and our available cash.

In addition, our international assets and operations, including those owned through direct or indirect subsidiaries that are disregarded entities for U.S. federal income tax purposes, continue to be subject to taxation in the foreign jurisdictions where those assets are held or those operations are conducted.

Inflation

We may be adversely impacted by inflation on any leases that do not contain an indexed escalation provision. In addition, we may be required to pay costs for maintenance and operation of properties which may adversely impact our results of operations due to potential increases in costs and operating expenses resulting from inflation.

Related-Party Transactions and Agreements

Please see *Note 11* - *Related Party Transactions* to our consolidated financial statements included in this Annual Report on Form 10-K.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements as of December 31, 2018 that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to investors other than our future obligations under noncancelable operating ground leases (see *Note 10* — *Commitments and Contingencies* to our consolidated financial statements included in this Annual Report on Form 10-K for details).

Item 7A. 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 risks to which we are exposed are interest rate risk and foreign currency exchange risk, and we are also exposed to further market risk as a result of concentrations of tenants in certain industries and/or geographic regions. 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 in our investment decisions we attempt to diversify our portfolio so that we are not overexposed to a particular industry or geographic region.

Generally, we do not use derivative instruments to hedge credit risks or for speculative purposes. However, from time to time, we have entered and may continue to enter into foreign currency forward contracts to hedge our foreign currency cash flow exposures.

Interest Rate Risk

The values of our real estate and related fixed-rate 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, all of 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, which would create lower revenues from these assets and lower investment performance. Increases in interest rates may also have an impact on the credit profile of certain tenants.

We are exposed to the impact of interest rate changes primarily through our borrowing activities. We have obtained, and may in the future obtain, variable-rate, non-recourse mortgage loans, and as a result, we have entered into, and may continue to enter into, interest rate swap agreements or interest rate cap agreements with lenders. Interest rate swap agreements effectively convert the variable-rate debt service obligations of the loan to a fixed rate, while interest rate cap agreements limit the underlying interest rate from exceeding a specified strike rate. Interest rate swaps are agreements in which one party exchanges a stream of interest payments for a counterparty's stream of cash flows over a specific period, and interest rate caps limit the effective borrowing rate of variable-rate debt obligations while allowing participants to share in downward shifts in interest rates. These interest rate swaps and caps are derivative instruments designated as cash flow hedges on the forecasted interest payments on the debt obligation. The face amount on which the swaps or caps are based is not exchanged. Our objective in using these derivatives is to limit our exposure to interest rate movements. At December 31, 2018 , we estimated that the total fair value of our interest rate swaps, which are included in Derivatives, at fair value in the audited consolidated financial statements, was in a net asset position of $4.8 million (see *Note 8 — Derivatives and Hedging Activities* to our consolidated financial statements included in this Annual Report on Form 10-K).

As of December 31, 2018 , our total consolidated debt, which includes borrowings under the Credit Facility and secured mortgage financings, had a total carrying value of $1.8 billion , an estimated fair value of $1.8 billion and a weighted average effective interest rate per annum of 3.1% . At December 31, 2018 , a significant portion (approximately 79.9%) of our long-term debt either bore interest at fixed rates, or was swapped to a fixed rate. The annual interest rates on our fixed-rate debt mortgage debt at December 31, 2018 ranged from 1.0% to 4.9% and had a weighted average interest rate of 3.0% . The contractual annual interest rates on our variable-rate debt at December 31, 2018 ranged from 1.9% to 4.4% and had a weighted average interest rate of 3.4% . Our interest expense in future periods will vary based on our level of future borrowings, which will depend on our refinancing needs and acquisition activity. In addition, our interest expense will vary based on movements in interest rates, including LIBOR rates which increased through 2018 and may continue to increase in future periods. Our debt obligations are more fully described in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations-Contractual Obligations above.

The following table presents future principal cash flows based upon expected maturity dates of our debt obligations outstanding at December 31, 2018 :

(In thousands)	Fixed-rate debt [(1)] [(2)]	Variable-rate debt [(1)]	Total Debt
2019	$ 182,226	$ 52,800	$ 235,026
2020	175,819	34,054	209,873
2021	176,462	216,361	392,823
2022	297,351	3,820	301,171
2023	207,146	51,787	258,933
Thereafter	388,250	—	388,250
Total	$ 1,427,254	$ 358,822	$ 1,786,076

(1) Assumes exchange rates of £1.00 to $1.27 for GBP and €1.00 to $1.14 for EUR as of December 31, 2018 , for illustrative purposes, as applicable.

(2) Fixed-rate debt includes variable debt that bears interest at margin plus a floating rate which is fixed through our interest rate swap agreements.

The estimated fair value of our fixed-rate debt and our variable-rate debt that currently bears interest at fixed rates or has effectively been converted to a fixed rate through the use of interest rate swaps is affected by changes in interest rates. A decrease or increase in interest rates of 1% would change the estimated fair value of this debt at December 31, 2018 by an aggregate increase of $42.9 million or an aggregate decrease of $32.5 million , respectively.

Annual interest expense on our unhedged variable-rate debt that does not bear interest at fixed rates at December 31, 2018 would increase by $1.4 million and decrease by $0.6 million , respectively for each respective 1% change in annual interest rates.

Foreign Currency Exchange Rate Risk

We own foreign investments, primarily in Europe and as a result are subject to risk from the effects of exchange rate movements in the Euro and the GBP which may affect future costs and cash flows, in our functional currency, the USD. We generally manage foreign currency exchange rate movements by matching our debt service obligation to the lender and the tenant's rental obligation to us in the same currency. This reduces our overall exposure to currency fluctuations. In addition, we have used and may continue to use currency hedging to further reduce the exposure to our net cash flow. We are generally a net receiver of the Euro and the GBP (we receive more cash than we pay out), and therefore our results of operations of our foreign properties benefit from a weaker USD, and are adversely affected by a stronger USD, relative to the foreign currency.

We have designated all current foreign currency draws under the Credit Facility as net investment hedges to the extent of our net investment in foreign subsidiaries. To the extent foreign draws in each currency exceed the net investment, we reflect the effects of changes in currency on such excess in earnings. As of December 31, 2018 , we did not have any draws in excess of our net investments (see *Note 8* — *Derivatives and Hedging Activities* to our consolidated financial statements included in this Annual Report on Form 10-K).

We enter into foreign currency forward contracts and put options to hedge certain of our foreign currency cash flow exposures. A foreign currency forward contract is a commitment to deliver a certain amount of foreign currency at a certain price on a specific date in the future. By entering into forward contracts and holding them to maturity, we are locked into a future currency exchange rate for the term of the contract. A foreign currency put option contract consists of a right, but not the obligation, to sell a specified amount of foreign currency for a specified amount of another currency at a specific date. If the exchange rate of the currency fluctuates favorably beyond the strike rate of the put at maturity, the option would be considered "in-the-money" and exercised accordingly. The total estimated fair value of our foreign currency forward contracts and put options, which are included in derivatives, at fair value in the audited consolidated balance sheets, was in a net asset position of $5.5 million at December 31, 2018 (see *Note 7* — *Fair Value of Financial Instruments* to our consolidated financial statements included in this Annual Report on Form 10-K). We have obtained, and may in the future obtain, non-recourse mortgage financing in a foreign currency. To the extent that currency fluctuations increase or decrease rental revenues as translated to USD, the change in debt service, as translated to USD, will partially offset the effect of fluctuations in revenue and, to some extent, mitigate the risk from changes in foreign currency exchange rates.

Scheduled future minimum rents, exclusive of renewals, under non-cancelable operating leases, for our foreign operations as of December 31, 2018 , during each of the next five calendar years and thereafter, are as follows:

(In thousands)	Future Minimum Base Rent Payments (1) EUR	GBP	Total
2019	$ 70,303	$ 51,771	$ 122,074
2020	70,789	53,151	123,940
2021	71,140	53,790	124,930
2022	71,505	53,217	124,722
2023	70,498	50,472	120,970
Thereafter	126,472	244,253	370,725
Total	$ 480,707	$ 506,654	$ 987,361

(1) Assumes exchange rates of £1.00 to $1.27 for GBP and €1.00 to $1.14 for EUR as of December 31, 2018 for illustrative purposes, as applicable.

Scheduled debt service payments (principal and interest) for mortgage notes payable for our foreign operations as of December 31, 2018 , during each of the next five calendar years and thereafter, are as follows (in thousands):

	Future Debt Service Payments (1) (2)		
	Mortgage Notes Payable		
(In thousands)	EUR	GBP	Total
2019	$ 188,816	$ 11,229	$ 200,045
2020	176,575	11,914	188,489
2021	16,738	21,525	38,263
2022	—	27,844	27,844
2023	—	265,552	265,552
Thereafter	—	—	—
Total	$ 382,129	$ 338,064	$ 720,193

	Future Debt Service Payments (1) (2)		
	Credit Facility (Term Loan Portion)		
(In thousands)	EUR	GBP	Total
2019	$ 5,434	$ —	$ 5,434
2020	5,449	—	5,449
2021	5,433	—	5,433
2022	284,764	—	284,764
2023	—	—	—
Thereafter	—	—	—
Total	$ 301,080	$ —	$ 301,080

(1) Assumes exchange rates of £1.00 to $1.27 for GBP and €1.00 to $1.14 for EUR as of December 31, 2018 for illustrative purposes, as applicable. Contractual rents and debt obligations are denominated in the functional currency of the country of each property.

(2) Interest on variable-rate debt not fixed through our interest rate swap agreements was calculated using the applicable annual interest rates and balances outstanding at December 31, 2018 .

We currently anticipate that, by their respective due dates, we will have repaid or refinanced certain of these loans, or extended it, but there can be no assurance that we will be able to refinance these loans on favorable terms, if at all. If refinancing has not occurred, we would expect to use our cash resources, including unused capacity on our Credit Facility, to make these payments, if necessary.

Concentration of Credit Risk

Concentrations of credit risk arise when a number of tenants are engaged in similar business activities or have similar economic risks or conditions that could cause them to default on their lease obligations to us. We regularly monitor our portfolio to assess potential concentrations of credit risk. While we believe our portfolio is reasonably well diversified, it does contain concentrations in excess of 10%, based on the percentage of our annualized rental income as of December 31, 2018 , in certain areas. See Item 2. Properties in this Annual Report on Form 10-K for further discussion on distribution across countries and industries.

Based on our annualized rental income, the majority of our directly owned real estate properties and related loans are located in the U.S. (55.7%) and the remaining are in Finland (5.4%), France (4.4%), Germany (7.4%), Luxembourg (2.0%), The Netherlands (6.1%) and the United Kingdom (19.0%). No individual tenant accounted for more than 10% of our annualized rental income at December 31, 2018 . Based on annualized rental income, at December 31, 2018 , our directly owned real estate properties contain significant concentrations in the following asset types: office (53%), industrial/distribution (39%), and retail (8%).

Item 8. Financial Statements and Supplementary Data.

The information required by this Item 8 is hereby incorporated by reference to our consolidated financial statements beginning on page F-1 of this Annual Report on Form 10-K.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

Item 9A. Controls and Procedures.

Disclosure Controls and Procedures

In accordance with Rules 13a-15(b) and 15d-15(b) of the Exchange Act, we, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, carried out an evaluation of the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act) as of the end of the period covered by this Annual Report on Form 10-K. Based on such evaluation, our Chief Executive Officer and Chief Financial Officer have concluded, as of December 31, 2018 , the end of such period, that our disclosure controls and procedures are effective in recording, processing, summarizing and reporting, within the time periods specified in the SEC rules and forms, information required to be disclosed by us in our reports that we file or submit under the Exchange Act, and in such information being accumulated and communicated to management as appropriate to allow timely decisions regarding required disclosure.

Management's Annual Reporting on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rules 13a-15(f) or 15d-15(f) promulgated under the Exchange Act.

Our management assessed the effectiveness of our internal control over financial reporting as of December 31, 2018 . In making that assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in *Internal Control-Integrated Framework* (2013).

Based on its assessment, our management concluded that, as of December 31, 2018 , our internal control over financial reporting was effective.

The effectiveness of our internal control over financial reporting as of December 31, 2018 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated on their report, which is included on page F-2 in this Annual Report on Form 10-K.

Changes in Internal Control Over Financial Reporting

During the year ended December 31, 2018 , there were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information.

New Equity Distribution Agreement

We have the ATM Program, an “at the market” equity offering program pursuant to which we may sell shares of Common Stock, from time to time through our sales agents. During January 2019, we sold 7,759,322 shares of Common Stock through the ATM Program for gross proceeds of $152.8 million, before commissions of $1.5 million and additional issuance costs of $2,000. Following these sales, we had raised all $175.0 million contemplated by our existing equity distribution agreement related to the ATM Program.

On February 27, 2019, we terminated our existing equity distribution agreement, and on February 28, 2019, we entered into a new equity distribution agreement on substantially the same terms with the sales agents under our existing equity distribution agreement, UBS Securities LLC, Robert W. Baird & Co. Incorporated, Capital One Securities, Inc., Mizuho Securities USA LLC, B. Riley FBR, Inc., KeyBanc Capital Markets Inc., and BMO Capital Markets Corp., as well as three new sales agents, BBVA

Securities Inc., SMBC Nikko Securities America, Inc. and Stifel, Nicolaus & Company, Incorporated (collectively, the “Agents”). The new equity distribution agreement provides for the continuation of the ATM Program to raise additional aggregate sales proceeds of up to $250.0 million.

Subject to the terms and conditions of the new equity distribution agreement, the Agents will use their commercially reasonable efforts to sell, on our behalf, shares of Common Stock offered by us under and in accordance with the new equity distribution agreement. The sales, if any, of shares of Common Stock, made under the new equity distribution agreement will be made by means of ordinary brokers’ transactions or otherwise at market prices prevailing at the time of sale, at prices related to prevailing market prices or at negotiated prices. Actual sales will depend on a variety of factors to be determined by us from time to time.

We intend to continue to use any net proceeds from the ATM Program for general corporate purposes, including funding investment activity, repaying outstanding indebtedness (including borrowings under the Revolving Credit Facility), and for working capital.

The ATM Program is registered under the Securities Act of 1933, as amended, pursuant to our shelf registration statement on Form S-3 (Registration No. 333-214579). Following the filing of this Annual Report on Form 10-K, we will file a prospectus supplement with the Securities and Exchange Commission in connection with the offer and sale of shares of Common Stock pursuant to the new equity distribution agreement. Copies of the opinions of Venable LLP and Proskauer Rose LLP relating to the ATM Program are attached to this Annual Report on Form 10-K as Exhibits 5.1 and 8.1, respectively.

The new equity distribution agreement contains customary representations, warranties, and agreements of both parties, indemnification rights and termination provisions.

Certain of the Agents or their affiliates are or have been lenders to us under the Credit Facility and other loans, agents under the Preferred Stock ATM Program or counterparties with respect to certain of our derivative contracts.

The foregoing description of the material terms of the new equity distribution agreement in this Item 9B does not purport to be complete and is qualified in its entirety by reference to the full text of the new equity distribution agreement, which is filed as an exhibit to this Annual Report on Form 10-K and incorporated herein by reference.

Charter Amendment

On February 27, 2019, we filed an amendment to our charter with the State Department of Assessments and Taxation of Maryland, which became effective upon filing. Pursuant to this amendment, we increased the number of shares of stock our charter authorizes us to issue from up to 116,670,000 shares of stock, consisting of 100,000,000 shares of common stock and 16,670,000 shares of preferred stock, to up to 166,670,000 shares of stock, consisting of 150,000,000 shares of common stock and 16,670,000 shares of preferred stock.

The foregoing description of the material terms of this charter amendment in this Item 9B does not purport to be complete and is qualified in its entirety by reference to the full text of this charter amendment, which is filed as an exhibit to this Annual Report on Form 10-K and incorporated herein by reference.

Property Management and Leasing Agreement Amendment

On February 27, 2019, we entered into an amendment to our primary property management and leasing agreement with the Property Manager (the "Primary PMLA"), pursuant to which the Property Manager provides property management and leasing services for almost all our properties. For more information about the terms of the Primary PMLA see *Note 11 — Related Party Transactions* to our consolidated financial statements included in this Annual Report on Form 10-K.

Following this amendment, the Primary PMLA continues to have a one-year term that is automatically extended for an unlimited number of successive one-year terms unless terminated by either party upon notice. Under the Primary PMLA prior to this amendment, either we or the Property Manager could terminate upon 60 days’ written notice prior to end of the applicable term. Following this amendment, either we or the Property Manager may terminate the Primary PMLA at any time upon at least 12 months’ prior written notice.

The foregoing description of the material terms of this amendment in this Item 9B does not purport to be complete and is qualified in its entirety by reference to the full text of this amendment, which is filed as an exhibit to this Annual Report on Form 10-K and incorporated herein by reference.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

We have adopted a Code of Business Conduct and Ethics that applies to all of our executive officers and directors, including but not limited to, our principal executive officer and principal financial officer. A copy of our Code of Business Conduct and Ethics may be obtained, free of charge, by sending a written request to our executive office – 405 Park Avenue – 3rd Floor, New York, NY 10022, attention Chief Financial Officer. Our Code of Business Conduct and Ethics is also available on our website, www.globalnetlease.com.

The information required by this Item will be set forth in our definitive proxy statement with respect to our 2019 annual meeting of shareholders to be filed on or before April 30, 2019 , and is incorporated herein by reference.

Item 11. Executive Compensation.

The information required by this Item will be set forth in our definitive proxy statement with respect to our 2019 annual meeting of shareholders to be filed on or before April 30, 2019 , and is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The information required by this Item will be set forth in our definitive proxy statement with respect to our 2019 annual meeting of shareholders to be filed on or before April 30, 2019 , and is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

The information required by this Item will be set forth in our definitive proxy statement with respect to our 2019 annual meeting of shareholders to be filed on or before April 30, 2019 , and is incorporated herein by reference.

Item 14. Principal Accounting Fees and Services.

The information required by this Item will be set forth in our definitive proxy statement with respect to our 2019 annual meeting of shareholders to be filed on or before April 30, 2019 , and is incorporated herein by reference.

PART IV

Item 15. Exhibits and Financial Statement Schedules.

(a) Financial Statement Schedules

See the Index to audited consolidated financial statements at page F-1 of this report.

The following financial statement schedule is included herein at page F-52 of this report:

Schedule III – Real Estate and Accumulated Depreciation as of December 31, 2018 and for the years ended December 31, 2018 and 2017 .

(b) Exhibits

EXHIBITS INDEX

The following exhibits are included, or incorporated by reference, in this Annual Report on Form 10-K for the year ended December 31, 2018 (and are numbered in accordance with Item 601 of Regulation S-K).

Exhibit No.	Description
1.1 (1)	Equity Distribution Agreement dated December 12, 2016.
1.2 (2)	Amendment No. 1 to Equity Distribution Agreement, by and among Global Net Lease, Inc., UBS Securities LLC, Robert W. Baird & Co, Inc., Capital One Securities, Inc., Mizuho Securities USA LLC, FBR Capital Markets & Co., and KeyBanc Capital Markets Inc., dated as of May 19, 2017.
1.3 (3)	Equity Distribution Agreement, dated March 23, 2018, by and among Global Net Lease, Inc., Global Net Lease Operating Partnership, L.P. and Ladenburg Thalmann & Co., BMO Capital Markets Corp. and B. Riley FBR, Inc.
1.4 (4)	Underwriting Agreement, dated as of August 16, 2018 by and among Global Net Lease, Inc., Global Net Lease Operating Partnership, L.P., BMO Capital Markets Corp. and UBS Securities LLC
1.5 (5)	Amendment No. 2 to Equity Distribution Agreement, by and among Global Net Lease, Inc., UBS Securities LLC, Robert W. Baird & Co, Inc., Capital One Securities, Inc., Mizuho Securities USA LLC, B. Riley FBR, Inc., KeyBanc Capital Markets Inc., and BMO Capital Markets Corp., dated as of October 4, 2018.
1.6 (6)	Underwriting Agreement, dated November 28, 2018, by and among Global Net Lease, Inc., Global Net Lease Operating Partnership, L.P., BMO Capital Markets Corp. and UBS Securities LLC as representatives of the underwriters listed on Schedule I thereto.
1.7 *	Equity Distribution Agreement, dated February 28, 2019, by and among Global Net Lease, Inc., Global Net Lease Operating Partnership, L.P., UBS Securities LLC, Robert W. Baird & Co. Incorporated, Capital One Securities, Inc., Mizuho Securities USA LLC, B. Riley FBR, Inc., KeyBanc Capital Markets Inc., BMO Capital Markets Corp., BBVA Securities, Inc., SMBC Nikko Securities America, Inc. and Stifel, Nicolaus & Company, Incorporated.
2.1 (7)	Agreement and Plan of Merger, dated as of August 8, 2016, among Global Net Lease, Inc., American Realty Capital Global Trust II, Inc., Mayflower Acquisition, LLC, Global Net Lease Operating Partnership, L.P., and American Realty Capital Global Trust II Operating Partnership, L.P.
3.1 (8)	Articles of Restatement of Global Net Lease, Inc., effective February 26, 2018.
3.2 (9)	Amended and Restated Bylaws of Global Net Lease, Inc.
3.3 (3)	Articles Supplementary classifying additional shares of 7.25% Series A Cumulative Redeemable Preferred Stock, $0.01 par value per share filed on March 23, 2018.
3.4 *	Articles of Amendment filed on February 27, 2019
4.1 (10)	Second Amended and Restated Agreement of Limited Partnership of Global Net Lease Operating Partnership, L.P., dated June 2, 2015, between Global Net Lease, Inc. and Global Net Lease Special Limited Partner, LLC.
5.1 *	Opinion of Venable LLP
8.1 *	Opinion of Proskauer Rose LLP
10.1 (10)	Fourth Amended and Restated Advisory Agreement, dated as of June 2, 2015, among Global Net Lease, Inc., Global Net Lease Operating Partnership, L.P. and Global Net Lease Advisors, LLC.

Exhibit No.	Description
10.2 (11)	Property Management and Leasing Agreement, dated as of April 20, 2012, among Global Net Lease, Inc. (f/k/a American Realty Capital Global Trust, Inc.), Global Net Lease Operating Partnership, L.P. (f/k/a American Realty Capital Global Operating Partnership, L.P.) and Global Net Lease Properties, LLC) (f/k/a American Realty Capital Global Properties, LLC).
10.3 (12)	Amended and Restated Incentive Restricted Share Plan of Global Net Lease, Inc. (f/k/a American Realty Capital Global Trust, Inc.).
10.4 (11)	Global Net Lease, Inc. (f/k/a American Realty Capital Global Daily Net Asset Trust, Inc.) 2012 Stock Option Plan.
10.5 (13)	Credit Agreement, dated as of July 25, 2013, by and among American Realty Capital Global Partnership, L.P., JPMorgan Chase Bank, N.A., and the lenders and agents party thereto.
10.6 (14)	Third Amendment to Credit Agreement, dated as of June 24, 2014, among American Realty Capital Global Operating Partnership, Global Net Lease, Inc., ARC Global Holdco, LLC, JPMorgan Chase Bank, N.A. and the other parties named thereto.
10.7 (15)	Fourth Amendment to Credit Agreement, dated as of July 29, 2014, among American Realty Capital Global Operating Partnership, Global Net Lease, Inc., ARC Global Holdco, LLC, JPMorgan Chase Bank, N.A. and the other parties named thereto.
10.8 (15)	Fifth Amendment to Credit Agreement, dated as of October 16, 2014, among American Realty Capital Global Operating Partnership, Global Net Lease, Inc., ARC Global Holdco, LLC, JPMorgan Chase Bank, N.A. and the other parties named thereto.
10.9 (15)	Sixth Amendment to Credit Agreement, dated as of December 16, 2014, among American Realty Capital Global Trust, Operating Partnership, Global Net Lease, Inc., ARC Holdco. LLC, JPMorgan Chase Bank, N.A. and the other parties named thereto.
10.11 (10)	Seventh Amendment to Credit Agreement, dated as of June 1, 2015, among Global Net Lease Operating Partnership, L.P., Global Net Lease, Inc., ARC Global Holdco, LLC, the guarantors party thereto, the lenders party thereto and JPMorgan Chase Bank, N.A., as administrative agent for the lenders.
10.12 (15)	Second Amended and Restated 2015 Advisor Multi-Year Outperformance Agreement, dated as of February 25, 2016, among Global Net Lease, Inc., Global Net Lease Operating Partnership, L.P. and Global Net Lease Advisors, LLC.
10.13 (16)	Indemnification Agreement, dated as of June 2, 2015, among Global Net Lease, Inc., Scott J. Bowman, Peter M. Budko, Patrick J. Goulding, William M. Kahane, P. Sue Perrotty, Nicholas Radesca, Edward G. Rendell, Nicholas S. Schorsch, Abby M. Wenzel, Andrew Winer, Edward M. Weil, Jr., Global Net Lease Advisors, LLC, AR Capital, LLC and RCS Capital Corporation.
10.14 (17)	Eighth Amendment to Credit Agreement, dated as of August 24, 2015, among Global Net Lease Operating Partnership, L.P., Global Net Lease, Inc., ARC Global Holdco, LLC, the guarantors party thereto, the lenders party thereto and JPMorgan Chase Bank, N.A., as administrative agent for the lenders.
10.15 (15)	Indemnification Agreement between Global Net Lease, Inc. and Timothy Salvemini, dated as of December 22, 2015.
10.16 (18)	Indemnification Agreement between Global Net Lease, Inc. and Edward M. Weil, Jr., dated as of January 3, 2017.
10.17 (18)	Indemnification Agreement between Global Net Lease, Inc. and Nicholas Radesca, dated as of January 6, 2017.
10.18 (18)	Letter Agreement, dated as of December 16, 2016, by and among American Realty Capital Global Trust II, Inc., American Realty Capital Global II Advisors, LLC and AR Global Investments, LLC.
10.19 (19)	Credit Agreement, dated as of July 24, 2017, by and among Global Net Lease Operating Partnership, L.P., as borrower, the lenders party thereto and KeyBank National as agent.
10.20 (19)	Unconditional Guaranty of Payment and Performance, dated as of July 24, 2017, by Global Net Lease, Inc., ARC Global Holdco, LLC, Global II Holdco, LLC and the other subsidiary parties thereto for the benefit of KeyBank National Association and the other lender parties thereto.
10.21 (19)	Contribution Agreement, dated as of July 24, 2017, by and among Global Net Lease, Inc., Global Net Lease Operating Partnership, L.P., ARC Global Holdco, LLC, ARC Global II Holdco, LLC, and the other subsidiary parties thereto.
10.22 (20)	Second Amendment, dated as of September 11, 2017, to the Second Amended and Restated Agreement of Limited Partnership of Global Net Lease Operating Partnership, L.P., dated June 2, 2015.
10.23 (21)	Loan Agreement, dated as of October 27, 2017, by and among the wholly owned subsidiaries of Global Net Lease Operating Partnership, L.P. listed on Schedule I attached thereto, as borrower, and Column Financial, Inc. and Citi Real Estate Funding, Inc., as lender.

Exhibit No.	Description
10.24 (21)	Guaranty Agreement, dated as of October 27, 2017, by Global Net Lease Operating Partnership, L.P. for the benefit of Column Financial, Inc. and Citi Real Estate Funding, Inc.
10.25 (21)	Environmental Indemnity Agreement, dated as of October 27, 2017, by Global Net Lease Operating Partnership, L.P. and the wholly owned subsidiaries of Global Net Lease Operating Partnership, L.P. listed on Schedule I attached thereto, in favor of Column Financial, Inc. and Citi Real Estate Funding, Inc.
10.26 (21)	Property Management and Leasing Agreement, dated as of October 27, 2017, among the entities listed on Exhibit A attached thereto and Global Net Lease Properties, LLC.
10.27 (21)	First Amendment, dated as of October 27, 2017, to the Property Management and Leasing Agreement, dated as of April 20, 2012, among Global Net Lease, Inc., Global Net Lease Operating Partnership, L.P. and Global Net Lease Properties, LLC.
10.28 (21)	Indemnification Agreement between Global Net Lease, Inc. and Christopher J. Masterson, dated as of November 2, 2017.
10.29 (22)	Third Amendment, dated as of December 15, 2017, to the Second Amended and Restated Agreement of Limited Partnership of Global Net Lease Operating Partnership, L.P., dated June 2, 2015.
10.30 (8)	Second Amendment, dated as of February 27, 2018, to the Property Management and Leasing Agreement, dated as of April 20, 2012, among Global Net Lease, Inc., Global Net Lease Operating Partnership, L.P. and Global Net Lease Properties, LLC.
10.31 (3)	Fourth Amendment, dated as of March 23, 2018, to the Second Amended and Restated Agreement of Limited Partnership of Global Net Lease Operating Partnership, L.P., dated June 2, 2015.
10.32 (26)	First Amendment to Credit Agreement, dated as of March 29, 2018 by and among Global Net Lease Operating Partnership, L.P., as borrower, Global Net Lease, Inc. as the REIT and guarantor, the lenders party thereto. and KeyBank National Association as agent.
10.33 (23)	Fifth Amendment, dated as of July 19, 2018, to the Second Amended and Restated Agreement of Limited Partnership of Global Net Lease Operating Partnership, L.P., dated June 2, 2015.
10.34 (23)	2018 Advisor Multi-Year Outperformance Award Agreement, dated as of July 19, 2018, between Global Net Lease, Inc., Global Net Lease Operating Partnership, L.P. and Global Net Lease Advisors, LLC.
10.35 (24)	First Amendment to the Fourth Amended And Restated Advisory Agreement, dated as of August 14, 2018, by and among Global Net Lease, Inc., Global Net Lease Operating Partnership, L.P., and Global Net Lease Advisors, LLC.
10.36 (26)	Second Amendment to the Fourth Amended And Restated Advisory Agreement, dated as of November 6, 2018, by and among Global Net Lease, Inc., Global Net Lease Operating Partnership, L.P., and Global Net Lease Advisors, LLC.
10.37 (25)	Investment Facility Agreement, dated as August 13, 2018, among the borrower and guarantor entities thereto and Lloyds Bank PLC.
10.38 *	Form of Restricted Stock Unit Award Agreement.
10.39 *	Letter Agreement, dated as of November 19, 2018, regarding Credit Agreement, dated as of July 24, 2017, by and among Global Net Lease Operating Partnership, L.P., as borrower, the lenders party thereto and KeyBank National as agent.
10.40 *	First Amendment, dated as of February 27, 2019, to 2018 Advisor Multi-Year Outperformance Award Agreement, dated as of July 19, 2018, between Global Net Lease, Inc., Global Net Lease Operating Partnership, and Global Net Lease Advisors, LLC.
10.41 *	Third Amendment, dated as of February 27, 2019, to the Property Management and Leasing Agreement, dated as of April 20, 2012, among Global Net Lease, Inc., Global Net Lease Operating Partnership, L.P. and Global Net Lease Properties, LLC.
99.1 *	Material U.S. Federal Income Tax Considerations.
21.1 *	List of Subsidiaries.
23.1 *	Consent of PricewaterhouseCoopers LLP.
23.2	Consent of Venable LLP (included in Exhibit 5.1 hereto).
23.3	Consent of Proskauer Rose LLP (included in Exhibit 8.1 hereto).
31.1 *	Certification of the Principal Executive Officer of Global Net Lease, Inc. pursuant to Securities Exchange Act Rule 13a-14(a) or 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2 *	Certification of the Principal Financial Officer of Global Net Lease, Inc. pursuant to Securities Exchange Act Rule 13a-14(a) or 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

Exhibit No.	Description
32 *	Written statements of the Principal Executive Officer and Principal Financial Officer of Global Net Lease, Inc. pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.1 *	XBRL (eXtensible Business Reporting Language). The following materials from Global Net Lease, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2018 formatted in XBRL: (i) the Consolidated Balance Sheets at December 31, 2018 and 2017, (ii) the Consolidated Statements of Operations for the years ended December 31, 2018, 2017, and 2016, (iii) the Consolidated Statements of Comprehensive Income (Loss) for the years ended December 31, 2018, 2017, and 2016, (iv) the Consolidated Statements of Equity for the years ended December 31, 2018, 2017, and 2016, (v) the Consolidated Statements of Cash Flows for the years ended December 31, 2018, 2017, and 2016, (vi) the Notes to the Consolidated Financial Statements, and (vii) Schedule III — Real Estate and Accumulated Depreciation.

* Filed herewith

(1) Filed as an exhibit to our Current Report on Form 8-K filed with the SEC on December 13, 2016.
(2) Filed as an exhibit to our Current Report on Form 8-K filed with the SEC on May 19, 2017.
(3) Filed as an exhibit to our Current Report on Form 8-K filed with the SEC on March 23, 2018.
(4) Filed as an exhibit to our Current Report on Form 8-K filed with the SEC on August 17, 2018.
(5) Filed as an exhibit to our Current Report on Form 8-K filed with the SEC on October 4, 2018.
(6) Filed as an exhibit to our Current Report on Form 8-K filed with the SEC on November 28, 2018.
(7) Filed as an exhibit to our Current Report on Form 8-K filed with the SEC on August 8, 2016.
(8) Filed as an exhibit to our Annual Report on Form 10-K for the year ended December 31, 2017 filed with the SEC on February 28, 2018.
(9) Filed as an exhibit to our Current Report on Form 8-K filed with the SEC on June 3, 2015.
(10) Filed as an exhibit to our Current Report on Form 8-K filed with the SEC on June 2, 2015.
(11) Filed as an exhibit to our Annual Report on Form 10-K for the year ended December 31, 2012 filed with the SEC on March 11, 2013.
(12) Filed as an exhibit to our Current Report on Form 8-K filed with the SEC on April 9, 2015.
(13) Filed as an exhibit to our Quarterly Report on Form 10-Q for the quarter ended June 30, 2013 filed with the SEC on August 13, 2013.
(14) Filed as an exhibit to our Quarterly Report on Form 10-Q for the quarter ended June 30, 2014 filed with the SEC on August 11, 2014.
(15) Filed as an exhibit to our Annual Report on Form 10-K for the year ended December 31, 2015 filed with the SEC on February 29, 2016.
(16) Filed as an exhibit to our Quarterly Report on Form 10-Q for the quarter ended June 30, 2015 filed with the SEC on August 10, 2015.
(17) Filed as an exhibit to our Quarterly Report on Form 10-Q for the quarter ended September 30, 2015 filed with the SEC on November 10, 2015.
(18) Filed as an exhibit to our Annual Report on Form 10-K for the year ended December 31, 2016 filed with the SEC on February 28, 2017.
(19) Filed as an exhibit to our Current Report on Form 8-K filed with the SEC on July 25, 2017.
(20) Filed as an exhibit to our Current Report on Form 8-K filed with the SEC on September 11, 2017.
(21) Filed as an exhibit to our Quarterly Report on Form 10-Q for the quarter ended September 30, 2017 filed with the SEC on November 7, 2017.
(22) Filed as an exhibit to our Current Report on Form 8-K filed with the SEC on December 18, 2017.
(23) Filed as an exhibit to our Current Report on Form 8-K filed with the SEC on July 23, 2018.
(24) Filed as an exhibit to our Current Report on Form 8-K filed with the SEC on August 14, 2018.
(25) Filed as an exhibit to our Current Report on Form 8-K filed with the SEC on August 16, 2018.
(26) Filed as an exhibit to our Current Report on Form 10-Q for the quarter ended September 30, 2018 filed with the SEC on November 7, 2018.

Item 16. Form 10-K Summary.

None.

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 this 28th day of February, 2019 .

GLOBAL NET LEASE, INC.

By: /s/ James L. Nelson

James L. Nelson

CHIEF EXECUTIVE OFFICER AND PRESIDENT

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this Annual Report on Form 10-K has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Name	Capacity	Date
/s/ P. Sue Perrotty P. Sue Perrotty	Non-Executive Chair of the Board of Directors, Audit Committee Chair and Nominating and Corporate Governance Committee Chair	February 28, 2019
/s/ Edward M. Weil, Jr. Edward M. Weil, Jr.	Director	February 28, 2019
/s/ James L. Nelson James L. Nelson	Chief Executive Officer, President and Director (Principal Executive Officer)	February 28, 2019
/s/ Christopher J. Masterson Christopher J. Masterson	Chief Financial Officer, Treasurer and Secretary (Principal Financial Officer and Principal Accounting Officer)	February 28, 2019
/s/ Lee M. Elman Lee M. Elman	Independent Director	February 28, 2019
/s/ Edward G. Rendell Edward G. Rendell	Independent Director, Compensation Committee Chair	February 28, 2019
/s/ Abby M. Wenzel Abby M. Wenzel	Independent Director	February 28, 2019

GLOBAL NET LEASE, INC.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Financial statement schedules other than those listed above are omitted because the required information is given in the financial statements, including the notes thereto, or because the conditions requiring their filing do not exist.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of Global Net Lease, Inc.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets Global Net Lease, Inc. and its subsidiaries (the "Company") as of December 31, 2018 and 2017, and the related consolidated statements of operations, comprehensive income, equity and cash flows for each of the three years in the period ended December 31, 2018, including the related notes and financial statement schedule listed in the accompanying index (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2018, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2018 and 2017 **,** and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2018 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2018, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Annual Reporting on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers LLP

New York, New York

February 28, 2019

We have served as the Company's auditor since 2015.

GLOBAL NET LEASE, INC.

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

	December 31,	
	2018	2017
ASSETS		
Real estate investments, at cost (Note 4):		
Land	$ 398,911	$ 402,318
Buildings, fixtures and improvements	2,345,202	2,138,405
Construction in progress	1,235	2,328
Acquired intangible lease assets	675,551	629,626
Total real estate investments, at cost	3,420,899	3,172,677
Less accumulated depreciation and amortization	(437,974)	(339,931)
Total real estate investments, net	2,982,925	2,832,746
Assets held for sale	112,902	—
Cash and cash equivalents	100,324	102,425
Restricted cash	3,369	5,302
Derivative assets, at fair value (Note 8)	8,730	2,176
Unbilled straight-line rent	47,183	42,739
Prepaid expenses and other assets	22,245	22,617
Due from related parties	16	16
Deferred tax assets	3,293	1,029
Goodwill and other intangible assets, net	22,180	22,771
Deferred financing costs, net	6,311	6,774
Total Assets	$ 3,309,478	$ 3,038,595
LIABILITIES AND EQUITY		
Mortgage notes payable, net (Note 5)	$ 1,129,807	$ 984,876
Revolving credit facility (Note 6)	363,894	298,909
Term loan, net (Note 6)	278,727	229,905
Acquired intangible lease liabilities, net	35,757	31,388
Derivative liabilities, at fair value (Note 8)	3,886	15,791
Due to related parties	790	829
Accounts payable and accrued expenses	31,529	23,227
Prepaid rent	16,223	18,535
Deferred tax liability	15,227	15,861
Taxes payable	2,228	2,475
Dividends payable	2,664	2,556
Total Liabilities	1,880,732	1,624,352
Commitments and contingencies (Note 10)	—	—
Stockholders' Equity (Note 9):		
7.25% Series A cumulative redeemable preferred shares, $0.01 par value, liquidation preference $25.00 per share, 13,409,650 and 5,409,650 authorized, 5,416,890 and 5,409,650 issued and outstanding as of December 31, 2018 and 2017, respectively	54	54
Common stock, $0.01 par value, 100,000,000 shares authorized, 76,080,625 and 67,287,231 shares issued and outstanding at December 31, 2018 and 2017, respectively	2,091	2,003
Additional paid-in capital	2,031,981	1,860,058
Accumulated other comprehensive income	6,810	19,447
Accumulated deficit	(615,448)	(468,396)
Total Stockholders' Equity	1,425,488	1,413,166
Non-controlling interest	3,258	1,077
Total Equity	1,428,746	1,414,243
Total Liabilities and Equity	$ 3,309,478	$ 3,038,595

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

GLOBAL NET LEASE, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except share and per share data)

	Year Ended December 31,		
	2018	2017	2016
Revenues:			
Rental income	$ 265,298	$ 242,532	$ 204,049
Operating expense reimbursements	16,909	16,763	10,125
Total revenues	282,207	259,295	214,174
Expenses (income):			
Property operating	28,732	28,857	19,038
Fire (recovery) loss	(50)	45	—
Operating fees to related parties	28,234	24,457	19,751
Impairment charges and related lease intangible write-offs	5,000	—	—
Acquisition, transaction and other costs (Note 10)	13,850	1,979	9,792
General and administrative	10,439	8,648	7,108
Equity-based compensation	2,649	(3,787)	3,748
Depreciation and amortization	119,582	113,048	94,455
Total expenses	208,436	173,247	153,892
Operating income before (loss) gain on dispositions of real estate investments	73,771	86,048	60,282
(Loss) gain on dispositions of real estate investments	(5,751)	1,089	13,341
Operating income	68,020	87,137	73,623
Other income (expense):			
Interest expense	(57,973)	(48,450)	(39,121)
Loss on extinguishment of debt	(3,897)	—	—
Gain (loss) on derivative instruments	7,638	(8,304)	7,368
Unrealized (loss) gain on undesignated foreign currency advances and other hedge ineffectiveness	(434)	(3,679)	10,109
Other (loss) income	(23)	22	20
Total other expense, net	(54,689)	(60,411)	(21,624)
Net income before income tax	13,331	26,726	51,999
Income tax expense	(2,434)	(3,140)	(4,422)
Net income	10,897	23,586	47,577
Net income attributable to non-controlling interest	—	(21)	(437)
Preferred stock dividends	(9,815)	(2,834)	—
Net income attributable to common stockholders	$ 1,082	$ 20,731	$ 47,140
Basic and Diluted Earnings Per Common Share:			
Basic and diluted net income per share attributable to common stockholders	$ 0.01	$ 0.30	$ 0.82
Weighted average common shares outstanding:			
Basic	69,411,061	66,877,620	56,720,448
Diluted	69,663,208	66,877,620	56,720,448

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

GLOBAL NET LEASE, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In thousands)

	Year Ended December 31,		
	2018	2017	2016
Net income	$ 10,897	$ 23,586	$ 47,577
Other comprehensive income (loss)			
Cumulative translation adjustment	(17,555)	27,954	(6,447)
Designated derivatives, fair value adjustments	4,918	8,163	(6,705)
Other comprehensive (loss) income	(12,637)	36,117	(13,152)
Comprehensive (loss) income	(1,740)	59,703	34,425
Amounts attributable to non-controlling interest			
Net income	—	(21)	(437)
Cumulative translation adjustment	—	2	52
Designated derivatives, fair value adjustments	—	23	54
Comprehensive loss (income) attributable to non-controlling interest	—	4	(331)
Preferred stock dividends	(9,815)	(2,834)	—
Comprehensive (loss) income attributable to common stockholders	$ (11,555)	$ 56,873	$ 34,094

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

GLOBAL NET LEASE, INC.

CONSOLIDATED STATEMENTS OF EQUITY
Years Ended December 31, 2018, 2017 and 2016
(In thousands, except share data)

	Preferred Stock		Common Stock							
	Number of Shares	Par Value	Number of Shares	Par Value	Additional Paid-in Capital	Accumulated Other Comprehensive Income	Accumulated Deficit	Total Stockholders' Equity	Non-controlling interest	Total Equity
Balance, December 31, 2015	—	$ —	56,312,211	$ 1,692	$ 1,480,162	$ (3,649)	$ (272,812)	$ 1,205,393	$ 14,726	$ 1,220,119
Issuance of common stock, net	—	—	9,561,388	287	220,581	—	—	220,868	—	220,868
Related party fees acquired in Merger (Note 3)	—	—	(50,200)	(2)	(1,158)	—	—	(1,160)	—	(1,160)
Conversion of OP Units to common stock	—	—	421,383	13	9,264	—	—	9,277	(9,277)	—
Dividends declared	—	—	—	—	—	—	(120,386)	(120,386)	—	(120,386)
Equity-based compensation	—	—	13,777	—	386	—	—	386	3,362	3,748
Distributions to non-controlling interest holders	—	—	—	—	—	—	—	—	(1,633)	(1,633)
Net Income	—	—	—	—	—	—	47,140	47,140	437	47,577
Cumulative translation adjustment	—	—	—	—	—	(6,395)	—	(6,395)	(52)	(6,447)
Designated derivatives, fair value adjustments	—	—	—	—	—	(6,651)	—	(6,651)	(54)	(6,705)
Rebalancing of ownership percentage	—	—	—	—	(694)	—	—	(694)	694	—
Balance, December 31, 2016	—	—	66,258,559	1,990	1,708,541	(16,695)	(346,058)	1,347,778	8,203	1,355,981
Issuance of common stock, net	—	—	820,988	8	18,287	—	—	18,295	—	18,295
Conversion of OP Units to common stock	—	—	181,841	5	2,624	—	—	2,629	(2,629)	—
Issuance of preferred shares, net	5,409,650	54	—	—	129,997	—	—	130,051	—	130,051
Common dividends declared	—	—	—	—	—	—	(142,427)	(142,427)	—	(142,427)
Preferred dividends declared	—	—	—	—	—	—	(2,834)	(2,834)	—	(2,834)
Equity-based compensation	—	—	25,843	—	662	—	—	662	(4,449)	(3,787)
Distributions to non-controlling interest holders	—	—	—	—	—	—	(642)	(642)	(97)	(739)
Net income	—	—	—	—	—	—	23,565	23,565	21	23,586
Cumulative translation adjustment	—	—	—	—	—	27,956	—	27,956	(2)	27,954
Designated derivatives, fair value adjustments	—	—	—	—	—	8,186	—	8,186	(23)	8,163
Rebalancing of ownership percentage	—	—	—	—	(53)	—	—	(53)	53	—
Balance, December 31, 2017	5,409,650	$ 54	67,287,231	2,003	1,860,058	19,447	(468,396)	1,413,166	1,077	1,414,243
Issuance of Common Stock, net	—	—	8,793,394	88	171,682	—	—	171,770	—	171,770
Issuance of Preferred Stock, net	7,240	—	—	—	(227)	—	—	(227)	—	(227)
Common Stock dividends declared	—	—	—	—	—	—	(147,549)	(147,549)	—	(147,549)
Preferred Stock dividends declared	—	—	—	—	—	—	(9,815)	(9,815)	—	(9,815)
Equity-based compensation	—	—	—	—	468	—	—	468	2,181	2,649
Distributions to non-controlling interest holders	—	—	—	—	—	—	(585)	(585)	—	(585)
Net Income	—	—	—	—	—	—	10,897	10,897	—	10,897
Cumulative translation adjustment	—	—	—	—	—	(17,555)	—	(17,555)	—	(17,555)
Designated derivatives, fair value adjustments	—	—	—	—	—	4,918	—	4,918	—	4,918
Balance, December 31, 2018	5,416,890	$ 54	76,080,625	$ 2,091	$ 2,031,981	$ 6,810	$ (615,448)	$ 1,425,488	$ 3,258	$ 1,428,746

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

GLOBAL NET LEASE, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Year Ended December 31,		
	2018	2017	2016
Cash flows from operating activities:			
Net income	$ 10,897	$ 23,586	$ 47,577
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Depreciation	64,849	59,385	50,333
Amortization of intangibles	54,733	53,663	44,122
Amortization of deferred financing costs	5,193	4,420	6,698
Amortization of mortgage discounts and premiums, net	1,249	810	(446)
Amortization of mezzanine discount	—	17	9
Amortization of below-market lease liabilities	(3,463)	(3,364)	(2,559)
Amortization of above-market lease assets	4,614	4,346	2,335
Amortization of above- and below- market ground lease assets	979	948	183
Bad debt expense	835	1,185	236
Unbilled straight-line rent	(6,310)	(10,537)	(10,613)
Equity based compensation	2,649	(3,787)	3,748
Unrealized (gains) losses on foreign currency transactions, derivatives, and other	(7,127)	10,182	(1,072)
Unrealized losses (gains) on undesignated foreign currency advances and other hedge ineffectiveness	434	3,679	(10,109)
Payments for settlement of derivatives	(1,926)	(1,547)	—
Loss on extinguishment of debt	3,897	—	—
Loss (gain) on dispositions of real estate investments	5,751	(1,089)	(13,341)
Impairment charges	5,000	—	—
Changes in operating assets and liabilities, net:			
Prepaid expenses and other assets	(463)	(6,225)	(1,151)
Deferred tax assets	(2,264)	549	1,342
Accounts payable and accrued expenses	8,263	(593)	(3,010)
Prepaid rent	(2,312)	106	(3,063)
Deferred tax liability	(634)	1,804	978
Taxes payable	(247)	(6,584)	2,197
Net cash provided by operating activities	144,597	130,954	114,394
Cash flows from investing activities:			
Investment in real estate and real estate related assets	(479,648)	(98,777)	—
Capital expenditures	(1,454)	(3,118)	(200)
Proceeds from dispositions of real estate investments	23,717	12,292	107,789
(Payments for) proceeds from settlement of derivatives	(561)	10,625	—
Cash acquired in merger transaction	—	—	18,983
Restricted cash acquired in merger transaction	—	—	7,575
Net cash (used in) provided by investing activities	(457,946)	(78,978)	134,147
Cash flows from financing activities:			
Borrowings under revolving credit facilities	247,000	647,353	62,682
Repayments on revolving credit facilities	(177,375)	(1,006,949)	(113,868)
Repayment of mezzanine facility	—	(56,537)	(51,803)
Proceeds from mortgage notes payable	494,689	187,000	—
Payments on mortgage notes payable	(313,225)	(21,918)	(13,377)
Payments on early extinguishment of debt charges	(2,398)	—	—
Proceeds from issuance of common stock, net	171,770	18,295	—
Proceeds from issuance of preferred stock, net	(227)	130,434	—
Proceeds from term loan	60,400	225,000	—
Payments of financing costs	(10,601)	(14,612)	(126)
Dividends paid on common stock	(147,444)	(142,739)	(120,386)
Dividends paid on preferred stock	(9,812)	(383)	—

Distributions to non-controlling interest holders	(585)	(739)	(2,008)
Payments received on related party notes receivable acquired in Merger	—	5,138	—
Advances from related parties, net	—	—	2,186
Net cash provided by (used in) financing activities	312,192	(30,657)	(236,700)
Net change in cash, cash equivalents and restricted cash	(1,157)	21,319	11,841
Effect of exchange rate changes on cash	(2,877)	9,080	(7,770)
Cash, cash equivalents, and restricted cash at beginning of period	107,727	77,328	73,257
Cash, cash equivalents and restricted cash at end of period	$ 103,693	$ 107,727	$ 77,328

GLOBAL NET LEASE, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Year Ended December 31,		
	2018	**2017**	**2016**
Supplemental Disclosures:			
Cash paid for interest	$ 49,113	$ 43,555	$ 36,195
Cash paid for income taxes	4,350	9,437	3,778
Non-Cash Investing and Financing Activities: [(1)]			
Conversion of OP Units to common stock	$ —	$ 2,629	$ 9,277
Related party fees acquired in Merger (Note 3)	—	—	(1,054)

(1) Excludes non-cash activity in connection with the Merger transaction (see *Note 3* — *Merger Transaction*).

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

Note 1 — Organization

Global Net Lease, Inc. (the "Company"), formerly known as American Realty Capital Global Trust, Inc., incorporated on July 13, 2011, is a Maryland corporation that elected to be taxed as a real estate investment trust ("REIT") for United States ("U.S.") federal income tax purposes beginning with the taxable year ended December 31, 2013. On June 30, 2014 , the Company completed its initial public offering, and on June 2, 2015 (the "Listing Date"), the Company listed its Common Stock (the "Listing") on the New York Stock Exchange ("NYSE") under the symbol "GNL."

The Company invests in commercial properties, with an emphasis on sale-leaseback transactions involving single tenant net-leased commercial properties. Substantially all of the Company's business is conducted through the Global Net Lease Operating Partnership, L.P. (the "OP"), a Delaware limited partnership. The Company has retained Global Net Lease Advisors, LLC (the "Advisor") to manage the Company's affairs on a day-to-day basis. The Company's properties are managed and leased to third parties by Global Net Lease Properties, LLC (the "Property Manager"). The Advisor and the Property Manager are under common control with AR Global Investments, LLC (the successor business to AR Capital LLC, "AR Global"), and these related parties receive compensation and fees for various services provided to the Company.

As of December 31, 2018 , the Company owned 342 properties (all references to number of properties and square footage are unaudited) consisting of 27.5 million rentable square feet, which were 99.2% leased, with a weighted average remaining lease term of 8.3 years. Based on the percentage of annualized rental income on a straight-line basis as of December 31, 2018 , 55.7% of the Company's properties are located in the U.S. and 44.3% in Europe. The Company may also originate or acquire first mortgage loans, preferred equity or securitized loans (secured by real estate). As of December 31, 2018 , the Company did not own any first mortgage loans, mezzanine loans, mezzanine loans, preferred equity or securitized loans.

Following the termination of Moor Park Capital Partners LLP (the "Former Service Provider"), effective as of March 17, 2018, the Advisor, together with its service providers, assumed full management responsibility of the Company's European real estate portfolio. Prior to the termination of the Former Service Provider, the Former Service Provider provided, subject to the Advisor's oversight and pursuant to a service provider agreement (the "Service Provider Agreement"), certain real estate related services, as well as sourcing and structuring of investment opportunities, performance of due diligence, and arranging debt financing and equity investment syndicates, solely with respect to investments in Europe. Since the termination of the Former Service Provider, the Advisor has built a European-focused management team and engaged third-party service providers to assume certain duties previously performed by the Former Service Provider. See *Note 10 — Commitments and Contingencies* for further details.

For additional information on transactions between related parties, see *Note 11 — Related Party Transactions* .

Merger Transaction

The Company and American Realty Capital Global Trust II, Inc. ("Global II"), an entity formerly sponsored by an affiliate of the Sponsor, entered into an agreement and plan of merger on August 8, 2016 ("the Merger Agreement"). On December 22, 2016, pursuant to the Merger Agreement, Global II merged with and into Mayflower Acquisition LLC (the "Merger Sub"), a Maryland limited liability company and wholly owned subsidiary of the Company, at which time the separate existence of Global II ceased and the Company became the parent of the Merger Sub (the "Merger").

In addition, pursuant to the Merger Agreement, American Realty Capital Global II Operating Partnership, L.P., a Delaware limited partnership and the operating partnership of Global II (the "Global II OP"), merged with the OP, with the OP being the surviving entity (the "Partnership Merger" and together with the Merger, the "Mergers"). As a result of the Mergers, the Company acquired the business of Global II, which immediately prior to the effective time of the Merger, owned a portfolio of commercial properties, including single tenant net-leased commercial properties, two of which were located in the U.S., three of which were located in the United Kingdom and 10 of which were located in continental Europe.

The Company and Global II each were sponsored, directly or indirectly, by the Sponsor. The Sponsor and its affiliates provide or provided asset management services to the Company and Global II pursuant to written advisory agreements. In connection with the Merger Agreement, the Sponsor and its affiliates had the vesting of certain of their restricted interests in Global II and the Global II OP accelerated.

For additional information on the Merger Transaction, see *Note 3 — Merger Transaction* .

Note 2 — Summary of Significant Accounting Policies

Basis of Accounting

The accompanying consolidated financial statements of the Company are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Principles of Consolidation

The consolidated financial statements include the accounts of the Company, the OP and its subsidiaries. All intercompany accounts and transactions are eliminated in consolidation. In determining whether the Company has a controlling financial interest in a joint venture and the requirement to consolidate the accounts of that entity, management considers factors such as ownership interest, authority to make decisions and contractual and substantive participating rights of the other partners or members as well as whether the entity is a variable interest entity ("VIE") for which the Company is the primary beneficiary.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Management makes significant estimates regarding revenue recognition, purchase price allocations to record investments in real estate, real estate taxes, income taxes, derivative financial instruments, hedging activities, equity-based compensation expenses related to multi-year outperformance agreements entered into with the Advisor in 2015 (the “2015 OPP”) and 2018 (the "2018 OPP") and fair value measurements, as applicable.

Revenue Recognition

The Company's revenues, which are derived primarily from rental income, include rents that each tenant pays in accordance with the terms of each lease agreement and are reported on a straight-line basis over the initial term of the lease. Since many of the Company's leases provide for rental increases at specified intervals, straight-line basis accounting requires the Company to record a receivable, and include in revenues, unbilled rent receivables that the Company will only receive if the tenant makes all rent payments required through the expiration of the initial term of the lease. For new leases after acquisition, the commencement date is considered to be the date the lease is executed. The Company defers the revenue related to lease payments received from tenants in advance of their due dates. When the Company acquires a property, the acquisition date is considered to be the commencement date for purposes of this calculation.

As of December 31, 2018 and 2017 , the Company's cumulative straight-line rents receivable in the consolidated balance sheets was $47.2 million and $42.7 million , respectively. For the years ended December 31, 2018 , 2017 and 2016 , the Company’s rental revenue included impacts of unbilled rental revenue of $6.3 million , $10.5 million and $10.6 million , respectively, to adjust contractual rent to straight-line rent.

The Company reviews receivables related to rent and unbilled rent receivables and determines collectability by taking into consideration the tenant’s payment history, the financial condition of the tenant, business conditions in the industry in which the tenant operates and economic conditions in the area in which the property is located. In the event that the collectability of a receivable is in doubt, the Company records an increase in the Company's allowance for uncollectible accounts or records a direct write-off of the receivable in the Company's consolidated statements of operations.

Cost recoveries from tenants are included in operating expense reimbursement in the period the related costs are incurred, as applicable.

Investments in Real Estate

Investments in real estate are recorded at cost. Improvements and replacements are capitalized when they extend the useful life of the asset. Costs of repairs and maintenance are expensed as incurred.

The Company evaluates the inputs, processes and outputs of each asset acquired to determine if the transaction is a business combination or an asset acquisition. If an acquisition qualifies as a business combination, the related transaction costs are recorded as an expense in the consolidated statements of operations. If an acquisition qualifies as an asset acquisition, the related transaction costs are generally capitalized and subsequently amortized over the useful life of the acquired assets.

In both a business combination and an asset acquisition, the Company allocates the purchase price of acquired properties to tangible and identifiable intangible assets or liabilities based on their respective fair values. Tangible assets may include land, land improvements, buildings, fixtures and tenant improvements. Intangible assets or liabilities may include the value of in-place leases, above- and below- market leases and other identifiable assets or liabilities based on lease or property specific characteristics. In addition, any assumed mortgages receivable or payable and any assumed or issued non-controlling interests (in a business combination) are recorded at their estimated fair values. In allocating the fair value to assumed mortgages, amounts are recorded to debt premiums or discounts based on the present value of the estimated cash flows, which is calculated to account for either above or below-market interest rates. In a business combination, the difference between the purchase price and the fair value of identifiable net assets acquired is either recorded as goodwill or as a bargain purchase gain. In an asset acquisition, the difference between the acquisition price (including capitalized transaction costs) and the fair value of identifiable net assets acquired is allocated to the non-current assets. All acquisitions during the years ended December 31, 2018 and 2017 were asset acquisitions.

Disposal of real estate investments that represent a strategic shift in operations that will have a major effect on the Company's operations and financial results are required to be presented as discontinued operations in the consolidated statements of operations. No properties were presented as discontinued operations as of December 31, 2018 and 2017 . Properties that are intended to be sold are to be designated as “held for sale” on the consolidated balance sheets at the lesser of carrying amount or fair value less estimated selling costs when they meet specific criteria to be presented as held for sale, most significantly that the sale is probable within one year. The Company evaluates probability of sale based on specific facts including whether a sales agreement is in place and the buyer has made significant non-refundable deposits. Properties are no longer depreciated when they are classified as held for sale. As of December 31, 2018 , we had three properties classified as held for sale (see Note 4 — *Real Estate Investments, Net* for additional information). As of December 31, 2017 , we did no t have any properties designated as held for sale.

The Company evaluates acquired leases and new leases on acquired properties based on capital lease criteria. A lease is classified by a tenant as a capital lease if the significant risks and rewards of ownership reside with the tenant. This situation is met if, among other things, the non-cancelable lease term is more than 75% of the useful life of the asset or if the present value of the minimum lease payments equals 90% or more of the leased property’s fair value at lease inception.

Gain on Dispositions of Real Estate Investments

Gains on sales of rental real estate after January 1, 2018 are not considered sales to customers and will generally recognized pursuant to the provisions included in ASC 610-20, *Gains and Losses from the Derecognition of Nonfinancial Assets* (“ASC 610-20”).

Gain on sales of real estate prior to January 1, 2018 are recognized pursuant to the provisions included in ASC 360-20, Real Estate Sales (“ASC 360-20”). The specific timing of a sale was measured against various criteria in and ASC 360-20 related to the terms of the transaction and any continuing involvement in the form of management or financial assistance associated with the properties. If the sales criteria for the full accrual method are not met, depending on the circumstances, the Company may not record a sale or it may record a sale but may defer some or all of the gain recognition. If the criteria for full accrual are not met, the Company may account for the transaction by applying the finance, leasing, profit sharing, deposit, installment or cost recovery methods, as appropriate, until the sales criteria for the full accrual method are met.

Purchase Price Allocation

The Company allocates the purchase price of acquired properties to tangible and identifiable intangible assets acquired, including those acquired in the Merger, based on their respective fair values. Tangible assets include land, land improvements, buildings, fixtures and tenant improvements on an as-if vacant basis. The Company utilizes various estimates, processes and information to determine the as-if vacant property value. Estimates of value are made using customary methods, including data from appraisals, comparable sales, discounted cash flow analysis and other methods. Amounts allocated to land, land improvements, buildings and fixtures are based on cost segregation studies performed by independent third parties or on the Company's analysis of comparable properties in the Company's portfolio. Identifiable intangible assets include amounts allocated to acquire leases for above- and below-market lease rates, the value of in-place leases, and the value of customer relationships, as applicable.

Factors considered in the analysis of the in-place lease intangibles include an estimate of carrying costs during the expected lease-up period for each property, taking into account current market conditions and costs to execute similar leases. In estimating carrying costs, the Company includes real estate taxes, insurance and other operating expenses and estimates of lost rentals at contract rates during the expected lease-up period, which typically ranges from 12 to 18 months . The Company also estimates costs to execute similar leases including leasing commissions, legal and other related expenses.

Above-market and below-market lease values for acquired properties are initially recorded based on the present value (using a discount rate which reflects the risks associated with the leases acquired) of the difference between (i) the contractual amounts to be paid pursuant to each in-place lease, and (ii) management’s estimate of fair market lease rates for each corresponding in-place lease, measured over a period equal to the remaining term of the lease for above-market leases and the remaining initial term plus the term of any below-market fixed rate renewal options for below-market leases. The capitalized above-market lease values are amortized as a reduction of base rental revenue over the remaining terms of the respective leases, and the capitalized below-market lease values are amortized as an increase to base rental revenue over the remaining initial terms plus the terms of any below-market fixed rate renewal options of the respective leases. If a tenant with a below market rent renewal does not renew, any remaining unamortized amount will be taken into income at that time.

The aggregate value of intangible assets related to customer relationship, as applicable, is measured based on the Company's evaluation of the specific characteristics of each tenant’s lease and the Company's overall relationship with the tenant. Characteristics considered by the Company in determining these values include the nature and extent of its existing business relationships with the tenant, growth prospects for developing new business with the tenant, the tenant’s credit quality and expectations of lease renewals, among other factors.

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

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

Depreciation and Amortization

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

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

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

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

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

Impairment of Long Lived Assets

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

Goodwill

The Company evaluates goodwill for impairment at least annually or upon the occurrence of a triggering event. A triggering event is an event or circumstance that would more likely than not reduce the fair value of a reporting unit below its carrying amount. The Company performed a qualitative assessment to determine whether it is more likely than not that the fair value of the reporting unit is less than its carrying value. Based on our assessment we determined that the goodwill is not impaired as of December 31, 2018 .

Cash and Cash Equivalents

Cash and cash equivalents include cash in bank accounts as well as investments in highly-liquid money market funds with original maturities of three months or less. The Company deposits cash with high quality financial institutions. Deposits in the U.S. and other countries where we have deposits are guaranteed by the Federal Deposit Insurance Company ("FDIC") in the U.S., Financial Services Compensation Scheme ("FSCS") in the United Kingdom, Duchy Deposit Guarantee Scheme ("DDGS") in Luxembourg and by similar agencies in the other countries, up to insurance limits. The Company had deposits in the U.S., United Kingdom, Luxembourg, Germany, Finland, France and The Netherlands totaling $100.3 million at December 31, 2018 , of which

$14.3 million , $35.4 million and $41.8 million are currently in excess of amounts insured by the FDIC, FSCS and European equivalent deposit insurance companies including DDGS, respectively. At December 31, 2017 , the Company had deposits in the U.S., United Kingdom, Luxembourg, Germany, Finland and The Netherlands totaling $102.4 million , of which $48.8 million , $18.5 million and $25.8 million were in excess of the amounts insured by the FDIC, FSCS and European equivalent deposit insurance companies including DDGS, respectively. Although the Company bears risk to amounts in excess of those insured, losses are not anticipated.

Restricted Cash

Restricted cash primarily consists of debt service and real estate tax reserves. The Company had restricted cash of $3.4 million and $5.3 million as of December 31, 2018 and 2017 , respectively.

Deferred Financing Costs, Net

Deferred financing costs, net are costs associated with the Revolving Credit Facility (as defined in Note 6 — *Credit Facilities*) and represent commitment fees, legal fees, and other costs associated with obtaining commitments for financing. These costs are amortized over the terms of the respective financing agreements using the effective interest method. Unamortized deferred financing costs are expensed when the associated debt is refinanced or paid down before maturity. Costs incurred in seeking financial transactions that do not close are expensed in the period in which it is determined that the financing will not close.

Derivative Instruments

The Company may use derivative financial instruments, including interest rate swaps, caps, options, floors and other interest rate derivative contracts, to hedge all or a portion of the interest rate risk associated with its borrowings. Certain of the Company's foreign operations expose the Company to fluctuations of foreign interest rates and exchange rates. These fluctuations may impact the value of the Company's cash receipts and payments in the Company's functional currency, the U.S. dollar ("USD"). The Company enters into derivative financial instruments to protect the value or fix the amount of certain obligations in terms of its functional currency.

The Company records all derivatives on the consolidated balance sheets at fair value. The accounting for changes in the fair value of derivatives depends on the intended use of the derivative, whether the Company has elected to designate a derivative in a hedging relationship and apply hedge accounting and whether the hedging relationship has satisfied the criteria necessary to apply hedge accounting. Derivatives designated and qualifying as a hedge of the exposure to changes in the fair value of an asset, liability, or firm commitment attributable to a particular risk, such as interest rate risk, are considered fair value hedges. Derivatives designated and qualifying as a hedge of the exposure to variability in expected future cash flows, or other types of forecasted transactions, are considered cash flow hedges. Derivatives may also be designated as hedges of the foreign currency exposure of a net investment in a foreign operation. Hedge accounting generally provides for the matching of the timing of gain or loss recognition on the hedging instrument with the recognition of the changes in the fair value of the hedged asset or liability that are attributable to the hedged risk in a fair value hedge or the earnings effect of the hedged forecasted transactions in a cash flow hedge. The Company may enter into derivative contracts that are intended to economically hedge certain risk, even though hedge accounting does not apply or the Company elects not to apply hedge accounting.

The accounting for subsequent changes in the fair value of these derivatives depends on whether each has been designed and qualifies for hedge accounting treatment. If the Company elects not to apply hedge accounting treatment (or for derivatives that do not qualify as hedges), any changes in the fair value of these derivative instruments is recognized immediately in gains (losses) on derivative instruments in the consolidated statements of operations. If a derivative is designated and qualifies for cash flow hedge accounting treatment, the change in the estimated fair value of the derivative is recorded in other comprehensive income (loss) in the consolidated statements of comprehensive income (loss) to the extent that it is effective. Any ineffective portion of a change in derivative fair value is immediately recorded in earnings.

Share-Based Compensation

The Company has a stock-based incentive award plan for its directors, which are accounted for under the guidance for employee share based payments. The cost of services received in exchange for a stock award is measured at the grant date fair value of the award and the expense for such awards is included in equity based compensation on consolidated statements of operations and is recognized over the vesting period or when the requirements for exercise of the award have been met (see Note 13 — *Share-Based Compensation*).

Multi-Year Outperformance Agreements

Concurrent with the Listing and modifications to the Fourth Amended and Restated Advisory Agreement (the "Advisory Agreement") by and among the Company, the OP and the Advisor, the Company entered into the 2015 OPP with the Advisor. Also, in July 2018, the Company entered into the 2018 OPP, a new multi-year outperformance agreement with the Advisor (see *Note 13 — Share-Based Compensation).* Under the 2015 OPP, which expired on June 2, 2018, we recorded equity-based compensation expense associated with the awards over the requisite service period on a graded basis. Under the 2018 OPP, effective June 2, 2018, we record equity-based compensation evenly over the requisite service period of approximately 2.8 years from the grant date. The equity-based compensation expense is adjusted each reporting period for changes in the estimated market-related performance. Under new accounting guidance adopted by the Company on January 1, 2019 total equity-based compensation expense calculated as of adoption of the new guidance will be fixed as of that date and will not be remeasured in subsequent periods. For additional information see *Recently Issued Accounting Pronouncements* section below.

Income Taxes

The Company elected to be taxed as a REIT under Sections 856 through 860 of the Internal Revenue Code of 1986, as amended (the "Code"), beginning with the taxable year ended December 31, 2013. Commencing with such taxable year, the Company was organized to operate in such a manner as to qualify for taxation as a REIT under the Code and believes it has so qualified. The Company intends to continue to operate in such a manner to continue to qualify for taxation as a REIT, but no assurance can be given that it will operate in a manner so as to remain qualified as a REIT. As a REIT, the Company generally will not be subject to U.S. federal corporate income tax to the extent it distributes annually all of its REIT taxable income. REIT's are subject to a number of other organizational and operational requirements.

The Company conducts business in various states and municipalities within the U.S. and Puerto Rico, the United Kingdom and Western Europe and, as a result, the Company or one of its subsidiaries file income tax returns in the U.S. federal jurisdiction and various states and certain foreign jurisdictions. As a result, the Company may be subject to certain federal, state, local and foreign taxes on its income and assets, including alternative minimum taxes, taxes on any undistributed income and state, local or foreign income, franchise, property and transfer taxes. Any of these taxes decrease Company's earnings and available cash.

In addition, the Company's international assets and operations, including those owned through direct or indirect subsidiaries that are disregarded entities for U.S. federal income tax purposes, continue to be subject to taxation in the foreign jurisdictions where those assets are held or those operations are conducted. During the period from July 13, 2011 (date of inception) to December 31, 2012, the Company elected to be taxed as a corporation, pursuant to which income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recorded for the future tax consequences attributable to differences between the financial statement carrying amounts and income tax basis of assets and liabilities and the expected benefits of utilizing net operating loss and tax credit carryforwards, using expected tax rates in effect for each taxing jurisdiction in which the Company operates for the year in which those temporary differences are expected to be recovered or settled. The Company recognizes the financial statement effects of a tax position when it is more-likely-than-not, based on technical merits, that the position will be sustained upon examination. Because, the Company elected to be taxed as a REIT commencing with the taxable year ended December 31, 2013, it does not anticipate that any applicable deferred tax assets or liabilities will be realized.

Significant judgment is required in determining the Company's tax provision and in evaluating its tax positions. The Company establishes tax reserves based on a benefit recognition model, which the Company believes could result in a greater amount of benefit (and a lower amount of reserve) being initially recognized in certain circumstances. Provided that the tax position is deemed more likely than not of being sustained, the Company recognizes the largest amount of tax benefit that is greater than 50 percent likely of being ultimately realized upon settlement. The Company derecognizes the tax position when the likelihood of the tax position being sustained is no longer more likely than not.

The Company recognizes deferred income taxes in certain of its subsidiaries taxable in the U.S. or in foreign jurisdictions. Deferred income taxes are generally the result of temporary differences (items that are treated differently for tax purposes than for GAAP purposes). In addition, deferred tax assets arise from unutilized tax net operating losses, generated in prior years. The Company provides a valuation allowance against its deferred income tax assets when it believes that it is more likely than not that all or some portion of the deferred income tax asset may not be realized. Whenever a change in circumstances causes a change in the estimated realizability of the related deferred income tax asset, the resulting increase or decrease in the valuation allowance is included in deferred income tax expense (benefit).

The Company derives most of its REIT taxable income from its real estate operations in the U.S. and has historically distributed all of its REIT taxable income to its shareholders. As such, the Company's real estate operations are generally not subject to federal tax, and accordingly, no provision has been made for U.S. federal income taxes in the consolidated financial statements for these operations. These operations may be subject to certain state, local, and foreign taxes, as applicable.

The Company's deferred tax assets and liabilities are primarily the result of temporary differences related to the following:

- Basis differences between tax and GAAP for certain international real estate investments. For income tax purposes, in certain acquisitions, the Company assumes the seller's basis, or the carry-over basis, in the acquired assets. The carry-over basis is typically lower than the purchase price, or the GAAP basis, resulting in a deferred tax liability with an offsetting increase to goodwill or the acquired tangible or intangible assets;
- Timing differences generated by differences in the GAAP basis and the tax basis of assets such as those related to capitalized acquisition costs and depreciation expense; and
- Tax net operating losses in certain subsidiaries, including those domiciled in foreign jurisdictions that may be realized in future periods if the respective subsidiary generates sufficient taxable income.

The Company's current income tax provision for the years ended December 31, 2018 , 2017 and 2016 was $2.4 million , $2.1 million , and $2.5 million , respectively. The Company's deferred income tax provision (benefit) for the years ended December 31, 2018 , 2017 , and 2016 was $3.3 million , $1.0 million , and $1.9 million , respectively. Deferred tax assets are net of a valuation allowance in the amounts of $3.0 million and $7.2 million as of December 31, 2018 and 2017 , respectively.

The Company recognizes current income tax expense for state and local income taxes and taxes incurred in its foreign jurisdictions. The Company's current income tax expense fluctuates from period to period based primarily on the timing of its taxable income. For the years ended December 31, 2018 , 2017 and 2016 the Company recognized an income tax expense of $2.4 million , $3.1 million and $4.4 million , respectively. Deferred income tax (expense) benefit is generally a function of the period's temporary differences and the utilization of net operating losses generated in prior years that had been previously recognized as deferred income tax assets from state and local taxes in the U.S. or in foreign jurisdictions.

The amount of dividends payable to the Company's stockholders is determined by the board of directors and is dependent on a number of factors, including funds available for distributions, financial condition, capital expenditure requirements, as applicable, and annual dividend requirements needed to qualify and maintain the Company's status as a REIT under the Code.

Foreign Currency Translation

The Company's reporting currency is the USD. The functional currency of the Company's foreign operations is the applicable local currency for each foreign subsidiary. Assets and liabilities of foreign subsidiaries (including intercompany balances for which settlement is not anticipated in the foreseeable future) are translated at the spot rate in effect at the applicable reporting date. The amounts reported in the consolidated statements of operations are translated at the average exchange rates in effect during the applicable period. The resulting unrealized cumulative translation adjustment is recorded as a component of accumulated other comprehensive income ("AOCI") in the consolidated statements of equity.

Per Share Data

The Company calculates basic earnings per share of Common Stock by dividing net income (loss) for the period by weighted-average shares of its Common Stock outstanding for a respective period. Diluted income per share takes into account the effect of dilutive instruments such as unvested restricted stock units in respect of shares of Common Stock ("RSUs"), long term incentive plan units of limited partner interest in the OP ("LTIP Units") and ordinary units of limited partner interest in the OP ("OP Units"), based on the average share price for the period in determining the number of incremental shares that are to be added to the weighted-average number of shares outstanding (see Note 14 — *Earnings Per Share*).

Reportable Segments

The Company determined that it has one reportable segment, with activities related to investing in real estate. The Company's investments in real estate generate rental revenue and other income through the leasing of properties, which comprise 100% of total consolidated revenues. Management evaluates the operating performance of the Company's investments in real estate on an individual property level.

The Company owns and invests in commercial properties, principally in the U.S., United Kingdom, and continental Europe, that are then leased to companies, primarily on a triple-net lease basis. The Company earns lease revenues from its wholly-owned real estate investments. The Company's portfolio was comprised of full ownership interests in 342 properties, substantially all of which were net leased to 111 tenants, with an occupancy rate of 99.2% , and totaled approximately 27.5 square feet.

The Company evaluates its results from operations in one reportable segment by its local currency. Other than the U.S. and United Kingdom, no country or tenant individually comprised more than 10% of the Company's total lease revenues, or total long lived-assets at December 31, 2018 .

The following tables present the geographic information for Revenues and Investments in Real Estate:

(In thousands)	Year Ended December 31, 2018	2017	2016
Revenues:			
United States	$ 148,588	$ 133,060	$ 133,315
United Kingdom	54,025	52,567	37,263
Europe (Finland, France, Germany, Luxembourg, and the Netherlands)	79,594	73,668	43,596
Total	$ 282,207	$ 259,295	$ 214,174

(In thousands)	As of December 31, 2018	2017
Investments in Real Estate:		
United States	$ 2,073,022	$ 1,625,472
United Kingdom	586,836	621,776
Europe (Finland, France, Germany, Luxembourg, and the Netherlands)	761,041	925,429
Total	$ 3,420,899	$ 3,172,677

Reclassifications

Reclassifications have been made to the 2017 and 2016 consolidated financial statements to conform to the current period presentation.

Out-of-Period Adjustments

During the year ended December 31, 2017, the Company recorded $0.5 million of additional rental income and unbilled straight-line rent due to an error in the calculation of straight-line rent for one of the Company's properties acquired during 2014. The Company concluded that this adjustment was not material to the financial position or results of operations for the current period or any prior period.

Also, during the year ended December 31, 2017, the Company identified certain historical errors in its current taxes payable as well as its statement of comprehensive income (loss), consolidated statement of changes in equity, and statement of cash flows since 2013 which impacted the quarterly financial statements and annual periods previously issued. Specifically, when recording its annual provision, the Company had adjusted its current taxes payable to the cumulative amount of taxes payable without consideration for cumulative payments. This adjustment was made with an offsetting amount in cumulative translation adjustments within other comprehensive income ("OCI") and AOCI. As of December 31, 2016, income taxes payable were overstated and AOCI was understated by $4.7 million . OCI was understated by $2.9 million , $1.9 million and overstated by $0.1 million for the years ended December 31, 2016, 2015 and Pre-2015, respectively. We concluded that the errors noted above were not material to the current period or any historical periods presented and have adjusted the amounts on a cumulative basis in the year ended December 31, 2017.

Recently Issued Accounting Pronouncements

Adopted as of January 1, 2018

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606 *),* and has since issued several additional amendments thereto (collectively referred to herein as "ASC 606"). ASC 606 establishes a comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Under ASC 606, an entity is required to recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASC 606 is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2017. A reporting entity may apply the amendments in ASC 606 using either a modified retrospective approach, by recording a cumulative-effect adjustment to equity as of the beginning of the fiscal year of adoption or a full retrospective approach. The Company adopted this guidance effective January 1, 2018, for all future financial statements issued, under the modified retrospective approach and it did not have an impact on the Company's consolidated financial statements.

In January 2016, the FASB issued ASU 2016-01, *Financial Instruments-Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities.* Also, in February 2018, the FASB issued ASU 2018-03, *Technical*

Corrections and Improvements to Financial Instruments-Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities , which updated guidance previously issued by ASU 2016-01. The guidance in ASU 2016-01 and 2018-01 amends the recognition and measurement of financial instruments. The new guidance significantly revises an entity’s accounting related to equity investments and the presentation of certain fair value changes for financial liabilities measured at fair value. Among other things, it also amends the presentation and disclosure requirements associated with the fair value of financial instruments. The Company adopted ASU 2016-01 and ASU 2018-03 effective January 1, 2018, using the modified retrospective transition method, and there was no material impact to the Company's consolidated financial statements.

In August 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments,* which provides guidance on how certain transactions should be classified and presented in the statement of cash flows as either operating, investing or financing activities. Among other things, the update provides specific guidance on where to classify debt prepayment and extinguishment costs, payments for contingent consideration made after a business combination and distributions received from equity method investments. The Company adopted the new guidance beginning in the first quarter of 2018, with reclassification of prior period amounts, where applicable, and it did not have a significant impact on its statement of cash flows.

In January 2017, the FASB issued ASU 2017-01, *Business Combinations (Topic 805): Clarifying the Definition of a Business* , which revises the definition of a business. Amongst other things, this new guidance is applicable when evaluating whether an acquisition (disposal) should be treated as either a business acquisition (disposal) or an asset acquisition (disposal). Under the revised guidance, when substantially all of the fair value of gross assets acquired is concentrated in a single asset or group of similar assets, the assets acquired would not be considered a business. The revised guidance is effective for reporting periods beginning after December 15, 2017, and the amendments will be applied prospectively. The Company early adopted the provisions of this guidance effective January 1, 2017. While the Company's acquisitions have historically been classified as either business combinations or asset acquisitions, certain acquisitions that were classified as business combinations by the Company likely would have been considered asset acquisitions under the new standard. As a result, future transaction costs are more likely to be capitalized since the Company expects most of its future acquisitions to be classified as asset acquisitions under this new standard. All of the Company's acquisitions during 2018 and 2017 have been classified as asset acquisitions.

In February 2017, the FASB issued ASU 2017-05, *Other Income - Gains and Losses from the Derecognition of Nonfinancial Assets (Subtopic 610-20): Clarifying the Scope of Assets Derecognition Guidance and Accounting for Partial Sales of Nonfinancial Assets,* which provides guidance related to partial sales of non-financial assets, eliminates rules specifically addressing the sales of real estate, clarifies the definition of in substance non-financial assets, removes exception to the financial asset derecognition model and clarifies the accounting for contributions of non-financial assets to joint ventures. The Company adopted this guidance effective January 1, 2018 using the modified transition method. The Company expects that any future sales of real estate in which the Company retains a non-controlling interest in the property would result in the full gain amount being recognized at the time of the partial sale. Historically, the Company has not retained any interest in properties it has sold.

In May 2017, the FASB issued ASU 2017-09, *Compensation—Stock Compensation (Topic 718): Scope of Modification Accounting,* which provides guidance that clarifies which changes to the terms or conditions of a share-based payment award require an entity to apply modification accounting. The update states that modification accounting should be used unless the fair value of the award, the vesting terms of the award, and the classification of the award as either equity or liability, all do not change as a result of the modification. The Company adopted this guidance effective January 1, 2018 using the modified retrospective transition method. The Company expects that any future modifications to the Company's issued share-based awards will be accounted for using modification accounting, unless the modification meets all of the exception criteria noted above. As a result, the modification would be treated as an exchange of the original award for a new award, with any incremental fair value being treated as additional compensation cost.

Pending Adoption as of December 31, 2018

<u>ASU No. 2016-02 — Leases</u>

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)* (“ASU 2016-02"). The most significant changes in ASU 2016-02 is recognition of right-of-use ("ROU") assets and lease liabilities by lessees for those leases classified as operating leases, with less significant changes for lessors. Also, beginning in the first quarter of 2019, the new guidance requires additional disclosures that help enable users of the financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. The Company elected the practical expedient package that allows the Company: (a) to not reassess whether any expired or existing contracts entered into prior to January 1, 2019 are or contain leases; (b) to not reassess the lease classification for any expired or existing leases entered into prior to January 1, 2019; and (c) to not reassess initial direct costs for any expired or existing leases entered into prior to January 1, 2019. In addition, the Company elected to not record on its consolidated balance sheets leases whose term is less than 12 months at lease inception. ASU 2016-02 originally required a modified retrospective method of adoption, however, ASU No. 2018-11, *Leases (Topic 842): Targeted Improvements* ("ASU 2018-11"), provides companies with an additional transition option that would permit the application of ASU 2016-02 as of the adoption date rather than to all periods presented. The Company assessed the impact of adoption from both a lessor and lessee perspective, which is discussed in more detail below, and adopted the new guidance prospectively on January 1, 2019, as allowed under ASU 2018-11.

Lessor Accounting

ASU 2016-02 originally stated that companies would be required to bifurcate certain lease revenues between lease and non-lease components, however, ASU 2018-11 allows lessors a practical expedient, which we have elected, by class of underlying assets to account for lease and non-lease components as a single lease component if certain criteria are met. Additionally, only incremental direct leasing costs may be capitalized under this new guidance, which is consistent with the Company's existing policies.

Upon adoption, the new guidance did not impact the Company's revenue recognition pattern or have any other impacts on its leases in place as of January 1, 2019 in which it is the lessor.

Lessee Accounting

Under ASU 2016-02, companies are required to record a ROU asset and a lease liability for all leases with a term greater than 12 months equal to the present value of the remaining lease payments as of the adoption date of the new standard. Since our leases do not provide an implicit rate, we will use our incremental borrowing rate in determining the present value of lease payments. The new standard also requires lessees to apply a dual lease classification approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease, respectively, as well as the balance sheet classification of the ROU asset. Leases with a term of 12 months or less will be accounted for similar to previous guidance for operating leases.

The Company is a lessee for a several properties in which it has ground leases as of December 31, 2018. Since the Company has elected the practical expedients described above, it determined that its current ground leases will continue to be classified as operating leases under the new standard. As a result, the Company recorded a ROU asset and lease liability of approximately $20.0 million , which is equal to the present value of the remaining lease payments as of January 1, 2019. Future lease expense after adoption will continue to be recorded on a straight-line basis as required for operating leases.

Other Recently Issued Accounting Pronouncements

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* , which changes how entities measure credit losses for financial assets carried at amortized cost. The update eliminates the requirement that a credit loss must be probable before it can be recognized and instead requires an entity to recognize the current estimate of all expected credit losses. Additionally, the update requires credit losses on available-for-sale debt securities to be carried as an allowance rather than as a direct write-down of the asset. The amendments become effective for reporting periods beginning after December 15, 2019. On July 25, 2018, the FASB proposed an amendment to ASU 2016-13 to clarify that operating lease receivables recorded by lessors (including unbilled straight-line rent) are explicitly excluded from the scope of ASU 2016-13. Early adoption is permitted for reporting periods beginning after December 15, 2018. The Company is currently evaluating the impact of this new guidance.

In July 2017, the FASB issued ASU 2017-11, *Earnings Per Share (Topic 260); Distinguishing Liabilities from Equity (Topic 480); Derivatives and Hedging (Topic 815)* : (Part I) Accounting for Certain Financial Instruments with Down Round Features, (Part II) Replacement of the Indefinite Deferral for Mandatorily Redeemable Financial Instruments of Certain Nonpublic Entities and Certain Mandatorily Redeemable Non-Controlling Interests with a Scope Exception guidance that changes the method to determine the classification of certain financial instruments with a down round feature as liabilities or equity instruments and clarify existing disclosure requirements for equity-classified instruments. A down round feature no longer precludes equity classification when assessing whether the instrument is indexed to an entity's own stock. As a result, a freestanding equity-linked financial instrument no longer would be accounted for as a derivative liability, rather, an entity that presents earnings per share is required to recognize the effect of the down round feature when it is triggered. That effect is treated as a dividend and as a reduction of income available to common shareholders in basic EPS. Convertible instruments with embedded conversion options that have down round features are now subject to the specialized guidance for contingent beneficial conversion features. The revised guidance is effective for annual periods and interim periods within those annual periods, beginning after December 15, 2018. The revised guidance became effective for the Company effective January 1, 2019 and it did not have an impact on the Company's consolidated financial statements.

In August 2017, the FASB issued ASU 2017-12, *Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities* ("ASU 2017-12"). The purpose of this updated guidance is to better align a company's financial reporting for hedging activities with the economic objectives of those activities. ASU 2017-12 is effective for public business entities for fiscal years beginning after December 15, 2018. The Company adopted ASU 2017-12 on January 1, 2019 using a modified retrospective transition method, as required, and recognized the cumulative effect of the change on the opening balance of each affected component of equity as of the date of adoption. The opening balance sheet adjustment specifically related to the elimination of the requirement for separate measurement of hedge ineffectiveness and resulted in a credit to accumulated deficit of $0.3 million , with a corresponding debit, or decrease, to accumulated other comprehensive income.

In February 2018, the FASB issued ASU 2018-02, *Income Statement- Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income.* The new guidance addresses the impact of Tax Cuts and Jobs Act signed into law on December 22, 2017, ("Tax Cuts and Jobs Act") on items within AOCI which do not reflect the appropriate tax rate. ASU 2018-02 allows the Company to retrospectively reclassify the income tax effects on items in AOCI to retained earnings for all periods in which the effect of the change in the U.S. federal corporate income tax rate was recognized. In addition, all companies are required to disclose whether the company has elected to reclassify the income tax effects of the Tax Cuts and Jobs Act to retained earnings and disclose information about any other income tax effects that are reclassified from AOCI by the Company. The amendments are effective for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years. Early adoption is permitted. Companies are required to apply the proposed amendments either in the period of adoption or retrospectively to each period (or periods) in which the effect of the change in the U.S. federal corporate income tax rate in the Tax Cuts and Jobs Act is recognized. The revised guidance became effective for the Company effective January 1, 2019 and it did not have an impact on the Company's consolidated financial statements.

In July 2018, the FASB issued ASU 2018-07, *Compensation- Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting* ("ASU 2018-07") as an amendment and update expanding the scope of Topic 718. The amendment specifies that Topic 718 now applies to all share-based payment transactions, even non-employee awards, in which a grantor acquires goods or services to be used or consumed in a grantor's own operations by issuing share-based payment awards. Under the new guidance, a wards to nonemployees are measured on the grant date, rather than on the earlier of the performance commitment date or the date at which the nonemployee's performance is complete. Also, the awards would be measured by estimating the fair value of the equity instruments to be issued, rather than the fair value of the goods or services received or the fair value of the equity instruments issued, whichever can be measured more reliably. In addition, entities may use the expected term to measure nonemployee awards or elect to use the contractual term as the expected term, on an award-by-award basis. The new guidance is effective for the Company in annual periods beginning after December 15, 2018, and interim periods within those annual periods, with early adoption permitted. The Company adopted the new guidance on January 1, 2019 and will apply the new rules to its non-employee award made to the Advisor pursuant to the 2018 OPP. As a result, total equity-based compensation expense calculated as of adoption of the new guidance will be fixed as of that date and will not be remeasured in subsequent periods. In addition, the expense will be recorded over the requisite service period of approximately 2.8 years from the grant date. See *Note 12* — *Share-Based Compensation* for additional information on the awards to the Advisor pursuant to the 2018 OPP and the 2015 OPP.

Note 3 — Merger Transaction

Pursuant to the Merger Agreement, each outstanding share of Global II's common stock, including restricted shares of common stock, par value $0.01 per share ("Global II Common Stock"), other than shares owned by the Company, any subsidiary of the Company or any wholly owned subsidiary of Global II, was converted into the right to receive 2.27 shares of Common Stock (such consideration, the "Stock Merger Consideration"), and each outstanding unit of limited partnership interest and Class B units of limited partnership interest of Global II's OP ("Global II Class B Units" and, together with the outstanding ordinary units of limited partnership interest of Global II's OP, "Global II OP Units") was converted into the right to receive 2.27 shares of Company Common Stock (together with the Stock Merger Consideration, the "Merger Consideration"), in each case with cash paid in lieu of fractional shares.

In addition, as provided in the Merger Agreement, all outstanding restricted shares of Global II Common Stock became fully vested and entitled to receive the Merger Consideration.

The Company issued 9.6 million shares of Common Stock as consideration in the Merger. Based upon the closing price of the shares of Common Stock of $23.10 on December 21, 2016 , as reported on the NYSE, and the number of shares of Global II Common Stock outstanding, including unvested restricted shares and Global II OP Units, net of any fractional shares on December 21, 2016 , the aggregate fair value of the Merger Consideration paid to former holders of Global II Common Stock and former holders of Global II OP Units was $220.9 million .

On December 22, 2016 (the "Merger Date"), pursuant to the Merger Agreement, Global II merged with and into the Merger Sub. In addition, Global II OP, merged with the OP (see Note 1 — *Organization* for details). The fair value of the consideration transferred for the Mergers totaled $220.9 million and consisted of the following:

		As of Mergers Date
Fair Value of Consideration Transferred:		
Cash	$	—
Common Stock		220,868
Total Consideration Transferred	$	220,868

Accounting Treatment of the Mergers

The Mergers are accounted for under the acquisition method for business combinations pursuant to GAAP, with the Company as the accounting acquirer of Global II. The consideration to be transferred by the Company to acquire Global II establishes a new accounting basis for the assets acquired, liabilities assumed and any non-controlling interests, measured at their respective fair value as of the Merger Date. To the extent fair value of the Merger Consideration exceeded fair value of net assets acquired, any such excess represented goodwill. Alternatively, if fair value of net assets acquired exceeds fair value of the Merger Consideration, the transaction could result in a bargain purchase gain that is recognized immediately in earnings and attributable to holders of Common Stock. Adjustments to estimated fair value of identifiable assets and liabilities of Global II, as well as adjustments to the Merger Consideration may change the determination and amount of goodwill and/or bargain purchase gain and may impact depreciation, amortization and accretion based on revised fair value of assets acquired and liabilities assumed. The actual value of the Merger Consideration is based upon the market price of the Common Stock at the time of closing of the Merger.

Allocation of Consideration

The consideration transferred pursuant to the Merger was allocated to the assets acquired and liabilities assumed for Global II, based upon their estimated fair values as of the Merger Date. The following table summarizes the estimated fair values of the assets acquired and liabilities assumed, including all measurement period adjustments, at the Merger Date.

(Dollar amounts in thousands)		Global II
Total Consideration:		
Fair value of Company's shares of Common Stock issued, net of fractional shares	$	220,868
Assets Acquired at Fair Value		
Land		70,176
Buildings, fixtures and improvements		384,428
Acquired intangible lease assets		111,097
Total real estate investments, at fair value		565,701
Restricted cash		7,575
Derivatives, at fair value		21,808
Prepaid expenses and other assets		1,317
Related party notes receivable acquired in Merger		5,138
Due from related parties		1,463
Deferred tax assets		368
Goodwill and other intangible assets, net		18,204
Total Assets Acquired at Fair Value		621,574
Liabilities Assumed at Fair Value		
Mortgage notes payable		279,032
Mortgage (discount) premium, net		(2,724)
Mezzanine facility		107,047
Mezzanine discount, net		(26)
Acquired intangible lease liabilities, net		8,510
Derivatives, at fair value		3,911
Accounts payable and accrued expenses		7,212
Prepaid rent		6,001
Deferred tax liability		9,063
Taxes payable		1,661
Dividend payable		2
Total Liabilities Assumed at Fair Value		419,689
Net assets acquired excluding cash		201,885
Cash acquired on acquisition	$	18,983

The allocations in the table above from land, buildings and fixtures and improvements, acquired intangible lease assets and liabilities, have been provisionally assigned to each class of assets and liabilities, pending final confirmation from the third-party specialist for the Merger acquisitions acquired on the Merger Date.

Acquired Related Party Receivable

On December 16, 2016, Global II entered into a letter agreement (the "Letter Agreement") with American Realty Capital Global II Advisors, LLC ("Global II Advisor"), and AR Global, the parent of the Global II Advisor, pursuant to which the Global II Advisor agreed to reimburse Global II $6.3 million in organization and offering costs incurred by Global II in its IPO (the "Global II IPO") that exceeded 2.0% of gross offering proceeds in the Global II IPO (the "Excess Amount"). Global II's IPO was suspended in November 2015 and lapsed in accordance with its terms in August 2016. The Letter Agreement was negotiated on behalf of Global II, and approved, by the independent directors of Global II.

The Letter Agreement provided for reimbursement of the Excess Amount to Global II through (1) the tender of 66,344 Global II Class B Units, previously issued to the Global II Advisor as payment in lieu of cash for its provision of asset management services, and (2) the payment of the balance of the Excess Amount in equal cash installments over an eight -month period. The value of the Excess Amount was determined using a valuation for each Global II Class B Unit based on 2.27 times the 30 -day volume weighted-average price of each share of Common Stock on the Merger Date.

Upon consummation of the Merger, Class B Units were tendered to the Company and the balance of the excess amount of $5.1 million is payable in eight equal monthly installments beginning on January 15, 2017 . Such receivable was acquired by the Company in the Merger. As of December 31, 2017, the Company had received the full amount of $5.1 million in payments with respect to the excess organization and offering costs incurred by Global II.

Note 4 — Real Estate Investments, Net

Property Acquisitions

The following table presents the allocation of the assets acquired and liabilities assumed during the year ended December 31, 2018 and 2017 based on the applicable exchange rate at the time of purchase.

	Year Ended December 31,	
(Dollar amounts in thousands)	2018	2017
Real estate investments, at cost:		
Land	$ 34,291	$ 18,410
Buildings, fixtures and improvements	384,603	66,704
Total tangible assets	418,894	85,114
Acquired intangible lease assets:		
In-place leases	70,414	15,365
Above-market lease assets	48	235
Below-market lease liabilities	(9,708)	(1,937)
Cash paid for acquired real estate investments	$ 479,648	$ 98,777
Number of properties purchased	23	12

Acquired Intangible Lease Assets

We allocate a portion of the fair value of real estate acquired to identified intangible assets and liabilities, consisting of the value of origination costs (tenant improvements, leasing commissions, and legal and marketing costs), the value of above-market and below-market leases, and the value of tenant relationships, if applicable, based in each case on their relative fair values. The Company periodically assesses whether there are any indicators that the value of the intangible assets may be impaired by performing a net present value analysis of future cash flows, discounted for the inherent risk associated with each investment. During the year ended December 31, 2018, we wrote off certain lease intangibles related to terminated leases (see the "Impairment Charges and Related Lease Intangible Write-offs" section below). We did not record any impairment charges for the intangible assets associated with our real estate investments during the years ended December 31, 2017 and 2016.

Dispositions

When the Company sells a property, any gains or losses from the sale are reflected within (Loss) gain on dispositions of real estate investments in the consolidated statements of operations.

During the year ended December 31, 2018 the Company sold two properties for a total contract sales price of $25.3 million . At closing, the Company paid approximately $1.7 million , net, in excess of proceeds received from the sales for the repayment of mortgage debt and a recorded a loss of $5.8 million , net. Prior to the sale of one of the properties, the Company agreed to terminate the lease with the existing tenant and received a termination fee of $3.0 million in accordance with the terms of the lease. This amount is recorded in Rental income in the consolidated statements of operations for the year ended December 31, 2018 .

During the year ended December 31, 2017, the Company sold its property located in Fort Washington, Pennsylvania for net proceeds of $12.3 million , resulting in a net gain of $1.1 million , comprised of a $0.4 million gain on sale and a reduction of approximately $0.8 million in the Gain Fee payable to the Advisor (see *Note 11* — *Related Party Transactions* for details).

During the year ended December 31, 2016, the Company sold 34 properties for net proceeds of $107.8 million , resulting in a net gain of $13.3 million , comprised of a $14.3 million gain on sale and the recording of a Gain Fee payable to the Advisor of approximately $1.0 million (see *Note 11* — *Related Party Transactions* for details).

The following table summarizes the aforementioned properties sold:

Portfolio	State	Disposition Date	Number of Properties	Square Feet
Properties Sold in 2018:				
Western Digital	California	June 8, 2018	1	286,330
Veolia Water	Ohio	July 31, 2018	1	70,000
			2	356,330
Properties Sold in 2017:				
Kulicke & Soffa	Pennsylvania	February 17, 2017	1	88,000
Properties Sold in 2016:				
Fresenius II	Georgia	September 2, 2016	1	6,192
Garden Ridge	North Carolina	September 29, 2016	1	119,258
Dollar General	Ohio	September 29, 2016	1	9,026
Dollar General - Choctaw	Oklahoma	October 13, 2016	1	9,100
Dollar Tree - 8-Pack	Florida	October 13, 2016	8	63,510
Dollar General - Allentown	Pennsylvania	October 25, 2016	1	9,026
Dollar General - Uniontown	Pennsylvania	October 27, 2016	1	9,014
Dollar General - 15-Pack	Various [(1)]	October 28, 2016	15	145,938
Fresenius I	South Carolina	November 2, 2016	1	10,155
Garden Ridge	Texas	November 21, 2016	1	140,381
Hotel Winston	The Netherlands	December 15, 2016	1	24,283
Garden Ridge	Arizona	December 20, 2016	1	143,271
Garden Ridge	Kentucky	December 20, 2016	1	162,000
			34	851,154

[(1)] Consists of properties sold in Pennsylvania, Ohio and Oklahoma.

Impairment Charges and Related Lease Intangible Write-offs

During the year ended December 31, 2018 , certain related entity tenants in six of the Company's properties affiliated by a common guarantor were in financial difficulties. As part of negotiations, the Company terminated the leases for the tenants of four of the properties, while the tenants of the remaining two properties continue to operate under their existing lease terms. Of these four properties with lease terminations, two were re-leased to other tenants and two are in the process of being sold. Based on expected future cash flows, the Company concluded that the carrying amount was in excess of the estimated fair value of one of the properties being sold, resulting in an impairment charge of $1.6 million . Due to the four lease terminations, the Company wrote-off related lease intangibles of $3.4 million associated with the original tenants.

Assets Held for Sale

When assets are identified by management as held for sale, the Company stops recognizing depreciation and amortization expense on the identified assets and estimates the sales price, net of costs to sell, of those assets. If the carrying amount of the assets classified as held for sale exceeds the estimated net sales price, the Company records an impairment charge equal to the amount by which the carrying amount of the assets exceeds the Company’s estimate of the net sales price of the assets.

As of December 31, 2018 , the Company had three properties classified as held for sale. As of December 31, 2017 , the Company did not have any properties that were classified as assets held for sale. During the year ended December 31, 2018 , these three properties were the only properties classified as held for sale. Accordingly, the operating results of these properties remain classified within continuing operations for all periods presented.

The following table details the major classes of assets associated with the properties that have been reclassified as held for sale as of December 31, 2018 . There were no assets classified as held for sale as of December 31, 2017 .

(Dollar amounts in thousands)	December 31, 2018
Real estate investments held for sale, at cost:	
Land	$ 19,250
Buildings, fixtures and improvements	104,221
Total real estate assets held for sale, at cost	123,471
Less accumulated depreciation and amortization	(10,569)
Total real estate investments held for sale, net	$ 112,902

Intangible Lease Assets and Lease Liabilities

Acquired intangible lease assets and lease liabilities consist of the following:

	December 31, 2018			December 31, 2017		
(In thousands)	Gross Carrying Amount	Accumulated Amortization	Net Carrying amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying amount
Intangible assets:						
In-place leases	$ 602,631	$ 201,344	$ 401,287	$ 552,458	$ 153,846	$ 398,612
Above-market leases	41,049	14,020	27,029	43,838	10,203	33,635
Below-market ground leases	31,871	2,384	29,487	33,330	1,427	31,903
Total acquired intangible lease assets	$ 675,551	$ 217,748	$ 457,803	$ 629,626	$ 165,476	$ 464,150
Intangible liabilities:						
Below-market leases	$ 43,708	$ 9,857	$ 33,851	$ 37,406	$ 8,079	$ 29,327
Above-market ground lease	2,108	202	1,906	2,207	146	2,061
Total acquired intangible lease liabilities	$ 45,816	$ 10,059	$ 35,757	$ 39,613	$ 8,225	$ 31,388

Projected Amortization for intangible lease assets and liabilities

The following table provides the weighted-average amortization periods as of December 31, 2018 for intangible assets and liabilities and the projected amortization expense and adjustments to revenues and property operating expense for the next five calendar years:

(In thousands)	Weighted-Average Amortization Years	2019	2020	2021	2022	2023
In-place leases	7.6	$ 56,892	$ 56,791	$ 56,236	$ 52,754	$ 45,564
Total to be included as an increase to depreciation and amortization		$ 56,892	$ 56,791	$ 56,236	$ 52,754	$ 45,564
Above-market lease assets	6.5	$ 4,398	$ 4,398	$ 4,398	$ 4,363	$ 4,187
Below-market lease liabilities	9.4	(4,050)	(4,050)	(4,050)	(3,956)	(3,931)
Total to be included as a decrease to rental income		$ 348	$ 348	$ 348	$ 407	$ 256
Below-market ground lease assets	30.8	$ 1,010	$ 1,010	$ 1,010	$ 1,010	$ 1,010
Above-market ground lease liabilities	30.7	(62)	(62)	(62)	(62)	(62)
Total to be included as an increase to property operating expense		$ 948	$ 948	$ 948	$ 948	$ 948

Future Minimum Rents

The following presents future minimum base rental cash payments due to the Company over the next five calendar years and thereafter as of December 31, 2018 . These amounts exclude contingent rent payments, as applicable, that may be collected from certain tenants based on provisions related to sales thresholds and increases in annual rent based on exceeding certain economic indexes among other items.

(In thousands)	Future Minimum Base Rent Payments [(1)]
2019	$ 275,118
2020	278,651
2021	279,630
2022	270,569
2023	247,237
Thereafter	856,838
Total	$ 2,208,043

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(1) Assumes exchange rates of £1.00 to $1.27 for GBP and €1.00 to $1.14 for EUR as of December 31, 2018 for illustrative purposes, as applicable.

There were no tenants whose annualized rental income on a straight-line basis represented 10% or greater of consolidated annualized rental income on a straight-line basis for all properties as of December 31, 2018 , 2017 and 2016 . The termination, delinquency or non-renewal of leases by any major tenant may have a material adverse effect on revenues.

Geographic Concentration

The following table lists the countries and states where the Company has concentrations of properties where annualized rental income on a straight-line basis represented greater than 10% of consolidated annualized rental income on a straight-line basis as of December 31, 2018 , 2017 and 2016 .

	December 31,		
Country / U.S. State	**2018**	**2017**	**2016**
United States	55.7%	48.9%	51.0%
Michigan	13.7%	*	*
United Kingdom	19.0%	22.1%	21.9%

Note 5 — Mortgage Notes Payable, Net

Mortgage notes payable as of December 31, 2018 and 2017 consisted of the following:

			Outstanding Loan Amount [(1)]					
Country	**Portfolio**	**Encumbered Properties**	**December 31, 2018**	**December 31, 2017**	**Effective Interest Rate**		**Interest Rate**	**Maturity**
			(In thousands)	*(In thousands)*				
Finland:	Finnair [(8)]	4	$ 32,501	$ 34,022	2.2%	(2)	Fixed	Sep. 2020
	Tokmanni [(8)]	1	33,159	34,711	2.4%	(2)	Fixed	Oct. 2020
France:	Auchan	1	9,498	9,943	1.7%	(2)	Fixed	Dec. 2019
	Pole Emploi	1	6,637	6,948	1.7%	(2)	Fixed	Dec. 2019
	Sagemcom	1	41,083	43,006	1.7%	(2)	Fixed	Dec. 2019
	Worldline	1	5,722	5,990	1.9%	(2)	Fixed	Jul. 2020
	DCNS	1	10,872	11,381	1.5%	(2)	Fixed	Dec. 2020
	ID Logistics II	2	12,016	12,578	1.3%		Fixed	Jun. 2021
Germany	Rheinmetall [(9)]	1	12,130	12,698	2.6%	(2)	Fixed	Jan. 2019
	OBI DIY [(9)]	1	5,150	5,391	2.4%		Fixed	Jan. 2019

	RWE AG	3	71,524	74,872	1.6%	[2]	Fixed	Oct. 2019
	Rexam	1	5,876	6,301	1.8%	[2]	Fixed	Oct. 2019
	Metro Tonic	1	30,326	31,746	1.7%	[2]	Fixed	Dec. 2019
	ID Logistics I	1	4,578	4,792	1.0%		Fixed	Oct. 2021
Luxembourg:	DB Luxembourg	1	41,198	43,126	1.4%	[2]	Fixed	May 2020
The Netherlands:	ING Amsterdam	1	50,353	52,710	1.7%	[2]	Fixed	Jun. 2020
	Total EUR denominated	22	372,623	390,215				
United Kingdom:	McDonald's	—	—	1,025	—%		—	—
	Wickes Building Supplies I	—	—	2,226	—%		—	—
	Everything Everywhere	—	—	5,397	—%		—	—
	Thames Water	—	—	8,096	—%		—	—
	Wickes Building Supplies II	—	—	2,626	—%		—	—
	Northern Rock	—	—	7,084	—%		—	—
	Wickes Building Supplies III	—	—	2,564	—%		—	—
	Provident Financial	—	—	17,203	—%		—	—
	Crown Crest	—	—	25,973	—%		—	—
	Aviva	—	—	21,183	—%		—	—
	Bradford & Bingley	—	—	10,200	—%		—	—
	Intier Automotive Interiors	—	—	6,375	—%		—	—
	Capgemini	—	—	6,381	—%		—	—
	Fujitsu	—	—	33,435	—%		—	—
	Amcor Packaging	—	—	4,218	—%		—	—
	Fife Council	—	—	2,474	—%		—	—
	Malthrust	—	—	4,318	—%		—	—
	Talk Talk	—	—	5,161	—%		—	—
	HBOS	—	—	7,272	—%		—	—
	DFS Trading	—	—	13,680	—%		—	—
	DFS Trading	—	—	3,203	—%		—	—
	HP Enterprise Services	—	—	12,531	—%		—	—
	Foster Wheeler	—	—	53,026	—%		—	—
	Harper Collins	—	—	37,880	—%		—	—
	NCR Dundee	—	—	7,610	—%		—	—
	UK Multi-Property Cross Collateralized Loan	43	292,890	—	3.2%	[3]	Fixed	Aug. 2023
	Total GBP denominated	43	292,890	301,141				
United States:	Quest Diagnostics	1	52,800	52,800	4.4%	[4]	Variable	Sep. 2019
	Western Digital	—	—	17,363	—%	[5]	—	—
	AT&T Services	1	33,550	33,550	2.0%	[6]	Variable	Dec. 2020
	FedEx Freight	—	—	6,165	—%		—	—
	Veolia Water	—	—	4,110	—%		—	—
	Penske Logistics	1	70,000	—	4.7%		Fixed	Nov. 2028
	U.S. Multi-Tenant Mortgage Loan I	12	187,000	187,000	4.4%		Fixed	Nov. 2027
	U.S Multi-Tenant Mortgage Loan II	8	32,750	—	4.4%		Fixed	Feb. 2028
	U.S. Multi-Tenant Mortgage Loan III	7	98,500	—	4.9%		Fixed	Dec. 2028
	Total USD denominated	30	474,600	300,988				
	Gross mortgage notes payable	95	1,140,113	992,344	3.2%			
	Mortgage discount		(569)	(1,927)	—			
	Deferred financing costs, net of accumulated amortization [7]		(9,737)	(5,541)	—			
	Mortgage notes payable, net of deferred financing costs	95	$ 1,129,807	$ 984,876	3.2%			

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(1) Amounts borrowed in local currency and translated at the spot rate in effect at the applicable reporting date.
(2) Fixed as a result of an interest rate swap agreement.
(3) 80% fixed as a result of an interest rate swap agreement and 20% variable. Variable portion is approximately 2.0% plus 3-month GBP LIBOR. LIBOR rate in effect is as of December 31, 2018 .
(4) The interest rate is 2.0% plus 1-month LIBOR. LIBOR rate in effect is as of December 31, 2018 .
(5) The debt prepayment costs associated with the sale of Western Digital were $1.3 million.
(6) The interest rate is 2.0% plus 1- month Adjusted LIBOR as defined in the mortgage agreement. LIBOR rate in effect is as of December 31, 2018 .
(7) Deferred financing costs represent commitment fees, legal fees, and other costs associated with obtaining commitments for financing. These costs are amortized over the terms of the respective financing agreements using the effective interest method. Unamortized deferred financing costs are expensed when the associated debt is refinanced or paid down before maturity. Costs incurred in seeking financial transactions that do not close are expensed in the period in which it is determined that the financing will not close.
(8) The Company's two outstanding mortgage loans encumbering all five properties the Company owns in Finland were refinanced in February 2019. See Note 16 — *Subsequent Events* for additional information.
(9) These loans were repaid in full upon their maturity in January 2019.

The following table presents future scheduled aggregate principal payments on the mortgage notes payable over the next five calendar years and thereafter as of December 31, 2018 :

(In thousands)	Future Principal Payments [1]
2019	$ 235,026
2020	209,873
2021	28,929
2022	19,102
2023	258,933
Thereafter	388,250
Total	$ 1,140,113

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(1) Assumes exchange rates of £1.00 to $1.27 for GBP and €1.00 to $1.14 for EUR as of December 31, 2018 for illustrative purposes, as applicable.

The Company's mortgage notes payable agreements require compliance with certain property-level financial covenants including debt service coverage ratios. As of December 31, 2018 , the Company was in compliance with all financial covenants under its mortgage notes payable agreements. As of December 31, 2017, the Company was in breach of a loan-to-vacant possession financial covenant on one mortgage note payable agreement, which had an outstanding principal balance of $37.9 million (£28.1 million) as of December 31, 2017. During the fourth quarter of 2017, the Company repaid £0.8 million and in January 2018 the Company repaid €0.1 million of principal on two separate mortgage note payable agreements in order to cure loan to value financial covenant breaches which did not result in events of default. The Company was in compliance with the remaining covenants under its mortgage notes payable agreements as of December 31, 2017.

The total gross carrying value of unencumbered assets as of December 31, 2018 is $1.3 billion , of which approximately $1.2 billion of this amount was included in the unencumbered asset pool comprising the borrowing base under the Revolving Credit Facility (as defined in Note 6 — *Credit Facilities*) and therefore is not available to serve as collateral for future borrowings.

U.K. Multi-Property Loan

On August 13, 2018, the Company entered into a multi-tenant mortgage loan, yielding gross proceeds of £230.0 million and bearing interest at a rate of approximately 2.0% plus 3-month GBP LIBOR, maturing in August 2023. With respect to the interest, 80% of the principal amount is fixed by a swap agreement, while the remaining 20.0% of the principal remains variable. The loan is interest-only for the first two years, followed by scheduled principal amortization of £37.9 million in the final three years of the loan, with the remaining principal balance due on maturity. The loan is secured by all 43 of the Company's properties located in the United Kingdom. At closing, £209.0 million of the net proceeds were used to repay all outstanding mortgage indebtedness encumbering 38 of the 43 properties. The other five properties were unencumbered prior to the loan.

Penske Logistics

On November 14, 2018, we entered into a mortgage loan, yielding gross proceeds of approximately $70.0 million with a fixed rate of 4.6% and a 10 -year maturity. Proceeds were used to fund a portion of the $126.6 million purchase price to acquire a cold storage facility located in Romulus, Michigan. The borrower's (a wholly owned subsidiary of ours) financial statements are included within the Company's consolidated financial statements, however, the borrowers' assets and credit are only available to pay the debts of the borrowers and their liabilities constitute obligations of the borrowers.

U.S. Multi-Tenant Mortgage Loan I

On October 27, 2017, 12 wholly owned subsidiaries of the OP closed on a loan agreement with Column Financial, Inc. and Citi Real Estate Funding Inc. The Company received gross proceeds of $187.0 million with a fixed interest rate of 4.4% and a maturity date of November 2027. This multi-tenant mortgage loan is interest-only with the principal balance due on maturity, and it is secured by 12 single tenant net leased office and industrial properties in nine states totaling approximately 2.6 million square feet. The borrowers' (wholly owned subsidiaries of ours) financial statements are included within the Company's consolidated financial statements, however, the borrowers' assets and credit are only available to pay the debts of the borrowers and their liabilities constitute obligations of the borrowers.

At the closing of this multi-tenant mortgage loan, the net proceeds after accrued interest and closing costs (including $2.2 million in expenses related to the mortgaged properties) were used to repay approximately $120.0 million of indebtedness that was outstanding under the Revolving Credit Facility, while the remaining balance was used by the Company for general corporate purposes, including acquisitions.

U.S. Multi-Tenant Mortgage Loan II

On January 26, 2018, the Company entered into a multi-tenant mortgage loan, yielding gross proceeds of $32.8 million with a fixed interest rate of 4.3% and a 10 -year maturity in February 2028. This multi-tenant mortgage loan is interest-only with a principal balance due on maturity, and it is secured by eight properties in six states, totaling approximately 627,500 square feet. Proceeds were used to pay down approximately $30.0 million of outstanding indebtedness under the Revolving Credit Facility and for general corporate purposes and acquisitions.

U.S. Multi-Tenant Mortgage Loan III

On November 9, 2018, the Company entered into a multi-tenant mortgage loan, yielding gross proceeds of $98.5 million with a fixed interest rate of 4.9% and 10 -year maturity in December 2028. This multi-tenant mortgage loan is interest-only with a principal balance due on maturity, and it is secured by seven properties in six states, totaling approximately 651,313 square feet. Proceeds were used to pay down $90.0 million of outstanding indebtedness under the Revolving Credit Facility.

Note 6 — Credit Facilities

The table below details the outstanding balances as of December 31, 2018 and December 31, 2017 under the credit agreement with KeyBank National Association ("KeyBank"), as agent, and the other lender parties thereto, which provides for a $632.0 million senior unsecured multi-currency revolving credit facility (the "Revolving Credit Facility") and a €246.5 million ($282.1 million U.S. Dollar ("USD") based on the prevailing exchange rate as of December 31, 2018) senior unsecured term loan facility (the "Term Loan" and, together with the Revolving Credit Facility, the "Credit Facility").

	December 31, 2018				December 31, 2017			
(In thousands)	TOTAL USD [(1)]	USD	GBP	EUR	TOTAL USD [(2)]	USD	GBP	EUR
Revolving Credit Facility	$ 363,894	$ 278,625	£ 40,000	€ 30,000	$ 298,909	$ 209,000	£ 40,000	€ 30,000
Term Loan	282,069	—	—	246,481	233,165	—	—	194,637
Deferred financing costs	(3,342)	—	—	—	(3,260)	—	—	—
Term Loan, Net	278,727	—	—	246,481	229,905	—	—	194,637
Total Credit Facility	$ 642,621	$ 278,625	£ 40,000	€ 276,481	$ 528,814	$ 209,000	£ 40,000	€ 224,637

(1) Assumes exchange rates of £1.00 to $1.27 for GBP and €1.00 to $1.14 for EUR as of December 31, 2018 for illustrative purposes, as applicable.
(2) Assumes exchange rates of £1.00 to $1.35 for GBP and €1.00 to $1.20 for EUR as of December 31, 2017 for illustrative purposes, as applicable.

Credit Facility - Terms

On July 24, 2017 , the Company, through the OP, entered into a credit agreement with KeyBank. Based on USD equivalents at closing, the aggregate total commitments under the Credit Facility were $725.0 million . On July 2, 2018, upon the Company's request, the lenders under the Credit Facility increased the aggregate total commitments from $722.2 million to $914.4 million , based on the prevailing exchange rate on that date, with approximately $132.0 million of the increase allocated to the Revolving

Credit Facility and approximately €51.8 million ($60.2 million based on the prevailing exchange rate on that date) allocated to the Term Loan. The Company used all the proceeds from the increased borrowings under the Term Loan to repay amounts outstanding under the Revolving Credit Facility. Upon the Company's request, subject in all respects to the consent of the lenders in their sole discretion, the aggregate total commitments under the Credit Facility may be increased up to an aggregate additional amount of $35.6 million , allocated to either or both portions of the Credit Facility, with total commitments under the Credit Facility not to exceed $950.0 million .

The Credit Facility consists of two components, a Revolving Credit Facility and a Term Loan. The Revolving Credit Facility is interest-only and matures on July 24, 2021 , subject to one one -year extension at the Company's option. The Term Loan portion of the Credit Agreement is interest-only and matures on July 24, 2022 . Borrowings under the Credit Facility bear interest at a variable rate per annum based on an applicable margin that varies based on the ratio of consolidated total indebtedness and the consolidated total asset value of the Company and its subsidiaries plus either (i) LIBOR, as applicable to the currency being borrowed, or (ii) a "base rate" equal to the greatest of (a) KeyBank's "prime rate," (b) 0.5% above the Federal Funds Effective Rate or (c) 1.0% above one-month LIBOR. The range of applicable interest rate margins is from 0.60% to 1.20% per annum with respect to base rate borrowings and 1.60% to 2.20% per annum with respect to LIBOR borrowings. As of December 31, 2018 , the Credit Facility had a weighted average effective interest rate of 2.9% after giving effect to interest rate swaps in place.

The Credit Facility requires the Company through the OP to pay an unused fee per annum of 0.25% of the unused balance of the Revolving Credit Facility if the unused balance exceeds or is equal to 50% of the total commitment or a fee per annum of 0.15% of the unused balance of the Revolving Credit Facility if the unused balance is less than 50% of the total commitment. From and after the time the Company obtains an investment grade credit rating, the unused fee will be replaced with a facility fee based on the total commitment under the Revolving Credit Facility multiplied by 0.30% , decreasing as the Company's credit rating increases.

The availability of borrowings under the Revolving Credit Facility is based on the value of a pool of eligible unencumbered real estate assets owned by the Company and compliance with various ratios related to those assets. As of December 31, 2018 , approximately $42.2 million was available for future borrowings under the Revolving Credit Facility. Any future borrowings may, at the option of the Company, be denominated in USD, EUR, Canadian Dollars, British Pounds Sterling ("GBP") or Swiss Francs. Amounts borrowed may not, however, be converted to, or repaid in, another currency once borrowed.

The Company, through the OP, may reduce the amount committed under the Revolving Credit Facility and repay outstanding borrowings under the Credit Facility, in whole or in part, at any time without premium or penalty, other than customary "breakage" costs payable on LIBOR borrowings. In the event of a default, the lender has the right to terminate its obligations under the Credit Facility agreement and to accelerate the payment on any unpaid principal amount of all outstanding loans. The Credit Facility also imposes certain affirmative and negative covenants on the OP, the Company and certain of its subsidiaries including restrictive covenants with respect to, among other things, liens, indebtedness, investments, distributions (see additional information below), mergers and asset sales, as well as financial covenants requiring the OP to maintain, among other things, ratios related to leverage, secured leverage, fixed charge coverage and unencumbered debt services, as well as a minimum consolidated tangible net worth.

Under the terms of the Credit Facility, the Company may not pay distributions, including cash dividends payable with respect to Common Stock, Series A Preferred Stock, or any other classes or series of preferred stock that the Company may issue in a future offering, or redeem or otherwise repurchase shares of the Company's capital stock, Common Stock, Series A Preferred Stock, or any other classes or series of preferred stock the Company may issue in a future offering, that exceed 95% of the Company's Adjusted FFO as defined in the Credit Facility for any period of four consecutive fiscal quarters, except in limited circumstances, including that for one fiscal quarter in each calendar year, the Company may pay cash distributions, make redemptions and make repurchases in an aggregate amount equal to no more than 100% of its Adjusted FFO. The Company used the exception to pay dividends that were between 95% of Adjusted FFO to 100% of Adjusted FFO during the quarter ended on June 30, 2018. On November 19, 2018, the lenders under the Credit Facility consented to an increase in the maximum amount the Company may use to pay cash distributions, make redemptions and make repurchases from 95% of Adjusted FFO to 100% of Adjusted FFO solely for the quarter ended December 31, 2018, and, during that quarter, the Company paid dividends that were between 95% of Adjusted FFO to 100% of Adjusted FFO. There can be no assurance that the Company's lenders will consent to any additional modifications to the restrictions in the Credit Facility on the Company's ability to pay dividends necessary to maintain its compliance thereunder if the Company pays dividends that exceed 95% of Adjusted FFO in more than one fiscal quarter during 2019 or any future calendar year. In addition, if the Company is not able to generate sufficient cash from operations, including through additional cash flows the Company expects to generate from completing acquisitions, or otherwise maintain compliance with the Credit Facility, the Company may have to reduce the amount of dividends it pays or identify other sources to fund the payment of dividends at their current levels. There can be no assurance the Company will complete acquisitions on a timely basis or on acceptable terms and conditions, if at all. Alternatively, the Company could elect to pay a portion of its dividends in shares if approved by the Company's board of directors.

The Company and certain of its subsidiaries have guaranteed the OP's obligations under the Credit Facility pursuant to a guarantee and a related contribution agreement which governs contribution rights of the guarantors in the event any amounts become payable under the guaranty.

In connection with the Company’s replacement of its Prior Credit Facility (see definition below) with its Credit Facility, and the change in borrowings by currency resulting therefrom, the Company terminated its existing £160.3 million notional GBP-LIBOR interest rate swap and entered into a new £150.0 million notional five year USD-LIBOR interest rate swap. Additionally, the Company novated its existing £224.4 million notional Euribor interest rate swap from its existing counterparty to a new counterparty.

Prior Credit Facility

On July 24, 2017, the Company terminated a credit facility (as amended from time to time, the "Prior Credit Facility") and repaid the outstanding balance of $725.8 million (including €255.7 million , £160.2 million and $221.6 million) of which $720.9 million was repaid with proceeds from the Credit Facility (as described below) and $4.9 million from cash on hand.

The Prior Credit Facility, which was entered into in July 25, 2013, provided for borrowings of up to $740.0 million (subject to borrowing base availability). Under the Prior Credit Facility, the Company had the option to have draws under the Prior Credit Facility priced at either the Alternate Base Rate (as described below) plus, depending upon the Company's consolidated leverage ratio, 0.60% to 1.20% or at Adjusted LIBOR (as described below) plus, depending upon the Company's consolidated leverage ratio, 1.60% to 2.20% . The Alternate Base Rate was defined in the Prior Credit Facility as a rate per annum equal to the greatest of (a) the fluctuating annual rate of interest announced from time to time by the lender as its “prime rate” in effect on such day, (b) the federal funds effective rate in effect on such day plus half of 1% , and (c) the Adjusted LIBOR for a one-month interest period on such day plus 1% . Adjusted LIBOR was defined as LIBOR multiplied by the statutory reserve rate, as determined by the Federal Reserve System of the United States. The Prior Credit Facility agreement required the Company to pay an unused fee per annum of 0.25% if the unused balance of the Prior Credit Facility exceeded or was equal to 50% of the available facility or a fee per annum of 0.15% if the unused balance of the Prior Credit Facility was less than 50% of the available facility.

Bridge Loan Facility

On August 8, 2016, in connection with the execution of the Merger Agreement, the OP entered into a bridge loan commitment letter, pursuant to which UBS Securities LLC and UBS AG (Stamford, CT Branch) agreed to provide a $150.0 million senior secured bridge loan facility (the "Bridge Loan Facility") for a term of 364 days from date of the merger transaction. The Bridge Loan Facility required a 1.50% fee of the commitment amount upon execution. Upon closing of the Merger, the Company did not exercise its rights under the bridge loan commitment letter and as a result thereof the bridge loan commitment was automatically terminated at the Merger.

Mezzanine Facility

In connection with the Merger, the Company assumed the mezzanine loan agreement (the "Mezzanine Facility") with an estimated aggregate fair value of $107.0 million and which provided for aggregate borrowings up to €128.0 million subject to certain conditions. The Mezzanine Facility bore interest at 8.25% per annum, payable quarterly, and was scheduled to mature on August 13, 2017 . On March 30, 2017, the Company terminated the Mezzanine Facility agreement and repaid in full the outstanding balance of $56.5 million (or €52.7 million).

Note 7 — Fair Value of Financial Instruments

The Company determines fair value based on quoted prices when available or through the use of alternative approaches, such as discounting the expected cash flows using market interest rates commensurate with the credit quality and duration of the investment. This alternative approach also reflects the contractual terms of the derivatives, including the period to maturity, and uses observable market-based inputs, including interest rate curves and implied volatilities. The guidance defines three levels of inputs that may be used to measure fair value:

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

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

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

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

Although the Company has determined that the majority of the inputs used to value its derivatives fall within Level 2 of the fair value hierarchy, the credit valuation adjustments associated with those derivatives utilize Level 3 inputs, such as estimates of current credit spreads to evaluate the likelihood of default by the Company and its counterparties. As of December 31, 2018 and 2017 , the Company has assessed the significance of the impact of the credit valuation adjustments on the overall valuation of its derivative positions and has determined that the credit valuation adjustments are not significant to the overall valuation of the Company's derivatives. As a result, the Company has determined that its derivative valuations in their entirety are classified in Level 2 of the fair value hierarchy.

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

Financial Instruments Measured at Fair Value on a Recurring Basis

The following table presents information about the Company's assets and liabilities (including derivatives that are presented net) measured at fair value on a recurring basis as of December 31, 2018 and 2017 , aggregated by the level in the fair value hierarchy level within which those instruments fall.

(In thousands)	Quoted Prices in Active Markets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Total
December 31, 2018				
Foreign currency forwards, net (GBP & EUR)	$ —	$ 5,472	$ —	$ 5,472
Interest rate swaps, net (GBP & EUR)	$ —	$ (628)	$ —	$ (628)
2018 OPP [1]	$ —	$ —	$ (18,804)	$ (18,804)
December 31, 2017				
Cross currency swaps, net (GBP & EUR)	$ —	$ (4,511)	$ —	$ (4,511)
Foreign currency forwards, net (GBP & EUR)	$ —	$ (2,737)	$ —	$ (2,737)
Interest rate swaps, net (GBP & EUR)	$ —	$ (6,450)	$ —	$ (6,450)
Put options (GBP & EUR)	$ —	$ 63	$ —	$ 63
2015 OPP (see Note 13)	$ —	$ —	$ (1,600)	$ (1,600)

[1] Effective with the adoption of ASU 2018-07 on January 1, 2019, the 2018 OPP will no longer be measured at fair market value on a recurring basis (see *Note 2 — Summary of Significant Accounting Policies — Recently Issued Accounting Pronouncements* and see *Note 13 — Share-Based Compensation for additional information).*

The valuation of the 2018 OPP and 2015 OPP were determined using a Monte Carlo simulation. This analysis reflected the contractual terms of the 2018 OPP and 2015 OPP, including the performance periods and total return hurdles, as well as observable market-based inputs, including interest rate curves, and unobservable inputs, such as expected volatility. As a result, the Company has determined that the 2018 OPP and 2015 OPP valuations in its entireties were classified in Level 3 of the fair value hierarchy.

A review of the fair value hierarchy classification is conducted on a quarterly basis. Changes in the type of inputs may result in a reclassification for certain assets. There were no transfers between Level 1 and Level 2 of the fair value hierarchy during the years ended December 31, 2018 or 2017 .

Level 3 Valuations

The following is a reconciliation of the beginning and ending balance for the changes in instruments with Level 3 inputs in the fair value hierarchy for the year ended December 31, 2018 :

(In thousands)	2018 OPP	2015 OPP
Beginning Value as of December 31, 2017	$ —	$ 1,600
Initial value	27,600	—
Fair value adjustment	(8,796)	(1,600)
Ending Value as of December 31, 2018	$ 18,804	$ —

The following table provides quantitative information about the significant Level 3 inputs used (in thousands):

Financial Instrument	Fair Value at December 31, 2018	Principal Valuation Technique	Unobservable Inputs	Input Value
	(In thousands)			
2018 OPP	$ 18,804	Monte Carlo Simulation	Expected volatility	23.0%

The following discussion provides a description of the impact on a fair value measurement of a change in each unobservable input in isolation. For the relationship described below, the inverse relationship would also generally apply.

Expected volatility is a measure of the variability in possible returns for an instrument, parameter or market index given how much the particular instrument, parameter or index changes in value over time. Generally, the higher the expected volatility of the underlying instrument, parameter or market index, the wider the range of potential future returns. An increase in expected volatility, in isolation, would generally result in an increase in the fair value measurement of an instrument.

Financial Instruments not Measured at Fair Value on a Recurring Basis

The Company is required to disclose the fair value of financial instruments for which it is practicable to estimate value. The fair value of short-term financial instruments such as cash and cash equivalents, due to/from affiliates, accounts payable and dividends payable approximates their carrying value on the consolidated balance sheets due to their short-term nature. The fair values of the Company's remaining financial instruments that are not reported at fair value on the audited consolidated balance sheets are reported below.

		December 31, 2018		December 31, 2017	
(In thousands)	Level	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Mortgage notes payable [(1)] [(2)]	3	$ 1,129,807	$ 1,157,710	$ 984,876	$ 963,751
Revolving Credit Facility [(3)]	3	$ 363,894	$ 365,591	$ 298,909	$ 297,890
Term Loan [(3)] [(4)]	3	$ 278,727	$ 283,558	$ 229,905	$ 233,916

(1) Carrying value includes $1,140.1 million gross mortgage notes payable less $0.6 million of mortgage discounts and $9.7 million of deferred financing costs as of December 31, 2018 .

(2) Carrying value includes $992.3 million gross mortgage notes payable less $1.9 million of mortgage discounts and $5.5 million of deferred financing costs as of December 31, 2017 .

(3) Both the Revolving Credit Facility and Term Loan are part of the Credit Facility (see Note 6 - *Credit Facilities* for more information).

(4) Carrying value includes $282.1 million and $233.2 million gross Term Loan payable less $3.3 million and $3.3 million of deferred financing costs as of December 31, 2018 and 2017 , respectively.

The fair value of the gross mortgage notes payable, the Revolving Credit Facility and the Term Loan are estimated using a discounted cash flow analysis, based on the Advisor's experience with similar types of borrowing arrangements.

Note 8 — Derivatives and Hedging Activities

Risk Management Objective of Using Derivatives

The Company may use derivative financial instruments, including interest rate swaps, caps, options, floors and other interest rate derivative contracts, to hedge all or a portion of the interest rate risk associated with its borrowings. Certain of the Company's foreign operations expose the Company to fluctuations of foreign interest rates and exchange rates. These fluctuations may impact the value of the Company’s cash receipts and payments in terms of the Company’s functional currency. The Company enters into derivative financial instruments to help protect the value or fix the amount of certain obligations in terms of its functional currency, the USD.

The principal objective of such arrangements is to minimize the risks and/or costs associated with the Company's operating and financial structure as well as to hedge specific anticipated transactions. The Company does not intend to utilize derivatives for speculative or other purposes other than interest rate and currency risk management. The use of derivative financial instruments carries certain risks, including the risk that any counterparty to a contractual arrangement may not able to perform under the agreement. To mitigate this risk, the Company only enters into a derivative financial instrument with a counterparty with a high credit rating with a major financial institution which the Company and its affiliates may also have other financial relationships with. The Company does not anticipate that any such counterparty will fail to meet its obligations.

The table below presents the fair value of the Company's derivative financial instruments as well as their classification on the audited consolidated balance sheets as of December 31, 2018 and 2017 :

		December 31,	
(In thousands)	**Balance Sheet Location**	**2018**	**2017**
Derivatives designated as hedging instruments:			
Foreign currency forwards (EUR-USD)	Derivative liabilities, at fair value	$ —	$ (304)
Cross currency swaps (EUR)	Derivative liabilities, at fair value	—	(3,328)
Cross currency swaps (GBP)	Derivative liabilities, at fair value	—	(1,183)
Interest rate swaps (USD)	Derivative assets, at fair value	3,258	2,093
Interest rate swaps (GBP)	Derivative liabilities, at fair value	(1,157)	(3,713)
Interest rate swaps (EUR)	Derivative liabilities, at fair value	(1,443)	(2,446)
Total		$ 658	$ (8,881)
Derivatives not designated as hedging instruments:			
Foreign currency forwards (GBP-USD)	Derivative assets, at fair value	$ 3,247	$ 20
Foreign currency forwards (GBP-USD)	Derivative liabilities, at fair value	—	(1,175)
Foreign currency forwards (EUR-USD)	Derivative assets, at fair value	2,225	—
Foreign currency forwards (EUR-USD)	Derivative liabilities, at fair value	—	(1,258)
Put options (GBP)	Derivative assets, at fair value	—	63
Interest rate swaps (EUR)	Derivative liabilities, at fair value	(1,286)	(2,384)
Total		$ 4,186	$ (4,734)

Cash Flow Hedges of Interest Rate Risk

The Company's objectives in using interest rate derivatives are to add stability to interest expense and to manage its exposure to interest rate movements. To accomplish this objective, the Company primarily uses interest rate swaps. Interest rate swaps designated as cash flow hedges involve the receipt of variable-rate amounts from a counterparty in exchange for the Company making fixed-rate payments over the life of the agreements without exchange of the underlying notional amount.

The effective portion of changes in the fair value of derivatives designated and that qualify as cash flow hedges is recorded in AOCI and is subsequently reclassified into earnings in the period that the hedged forecasted transaction impacts earnings. During 2018 , such derivatives were used to hedge the variable cash flows associated with variable-rate debt. The ineffective portion of the change in fair value of the derivatives is recognized directly in earnings. During the years ended December 31, 2018 , 2017 and 2016 , the Company recorded a loss of $0.4 million , and gains of $0.2 million and $0.1 million of ineffectiveness in earnings, respectively. Additionally, during the year ended December 31, 2018 and 2017, the Company accelerated the reclassification of amounts in other comprehensive income to earnings as a result of the hedged forecasted transactions becoming probable not to occur. The accelerated amounts were losses of $0.1 million and $1.1 million for the years ended December 31, 2018 and 2017, respectively.

Amounts reported in AOCI related to derivatives will be reclassified to interest expense as interest payments are made on the Company's variable-rate debt. During the next 12 months , the Company estimates that an additional $1.2 million will be reclassified from other comprehensive income as an increase to interest expense.

As of December 31, 2018 and 2017 , the Company had the following outstanding interest rate derivatives that were designated as cash flow hedges of interest rate risk:

	December 31, 2018		December 31, 2017	
Derivatives	Number of Instruments	Notional Amount	Number of Instruments	Notional Amount
		(In thousands)		(In thousands)
Interest rate swaps (GBP)	48	$ 234,312	19	$ 301,155
Interest rate swaps (EUR)	13	212,255	13	222,190
Interest rate swaps (USD)	3	150,000	3	150,000
Total	64	$ 596,567	35	$ 673,345

In connection with a multi-property loan which refinanced all of the Company's mortgage notes payable denominated in GBP (see Note 5 — *Mortgage Notes Payable*) the Company terminated 15 interest rate swaps with an aggregate notional amount of £208.8 million and one floor with a notional amount of £28.1 million . Following these terminations, the amount relating to GBP borrowings still outstanding of approximately $1.2 million will remain in AOCI and be recorded as an adjustment to interest expense over the term of the related GBP borrowings. Of the amount recorded in AOCI following these terminations, $0.4 million was recorded as an increase to interest expense for the year ended December 31, 2018, resulting in $0.8 million remaining in AOCI as of December 31, 2018.

In connection with the July 24, 2017 refinancing of the Prior Credit Facility, the Company terminated an interest rate swap with notional amount of £160.0 million for a payment of $1.5 million . This swap was designated as a cash flow hedge on the Company's GBP borrowings which were partially paid off. As a result of the termination, the Company accelerated the reclassification of amounts in other comprehensive income to earnings as a result of the hedged forecasted transactions becoming probable not to occur. The portion of the termination payment relating to the GBP borrowings that were paid off resulted in a charge to earnings of $1.1 million , included in losses on derivative instruments for the year ended December 31, 2017. The remaining amount relating to GBP borrowings still outstanding remained in AOCI and was recorded as an adjustment to interest expense over the term of the related GBP borrowings. During the remainder of 2017 and the year ended December 31, 2018, $0.2 million and $0.2 million was recorded as an increase to interest expense and there was no remaining amount in AOCI as of December 31, 2018.

As a result of negative interest rates, specifically the Euro LIBOR, two interest rate swap positions fell out of designation during the quarter ended June 30, 2016 due to the fact that they were no longer highly effective. These positions did not have a zero percent interest rate floor embedded into the positions to mirror the interest rate floors on the underlying debt.

In connection with the July 24, 2017 refinancing of the Prior Credit Facility, the Company novated an interest rate swap with a notional amount of €224.0 million . Subsequent to the novation, the swap no longer qualified for hedge accounting. The interest swap liability of $0.7 million at was recorded in AOCI and was recorded as an adjustment to interest expense over the term of the related LIBOR borrowings. During the remainder of 2017 and the year ended December 31, 2018, $0.3 million and $0.4 million was recorded as an increase to interest expense and there was no remaining amount in AOCI as of December 31, 2018. Subsequent changes in the value of the swap were reflected in earnings.

The table below details the location in the consolidated financial statements of the gain or loss recognized on interest rate derivatives designated as cash flow hedges for the years ended December 31, 2018 , 2017 and 2016 :

	Year Ended December 31,		
(In thousands)	2018	2017	2016
Amount of gain (loss) recognized in AOCI from derivatives (effective portion)	$ 2,739	$ (12,893)	$ (12,634)
Amount of loss reclassified from AOCI into income as interest expense (effective portion)	$ (3,746)	$ (6,029)	$ (5,318)
Amount of loss recognized on derivative instruments (ineffective portion, reclassifications of missed forecasted transactions and amounts excluded from effectiveness testing)	$ (559)	$ (931)	$ (99)

Net Investment Hedges

The Company is exposed to fluctuations in foreign currency exchange rates on property investments in foreign countries which pay rental income, incur property related expenses and hold debt instruments in currencies other than its functional currency, the USD. During the year ended December 31, 2017 and through the third quarter of 2018, the Company used foreign currency derivatives including cross currency swaps to hedge its exposure to changes in foreign exchange rates on certain of its foreign investments. Cross currency swaps involve fixing the applicable exchange rate for delivery of a specified amount of foreign currency on specified dates.

For derivatives designated as net investment hedges, the effective portion of changes in the fair value of the derivatives are reported in AOCI (outside of earnings) as part of the cumulative translation adjustment. The ineffective portion of the change in fair value of the derivatives is recognized directly in earnings. Amounts are reclassified out of AOCI into earnings when the hedged net investment is either sold or substantially liquidated.

As of December 31, 2018 the Company did not have foreign currency derivatives that were designated as net investment hedges used to hedge its net investments in foreign operation. As of December 31, 2017 , the Company had the following outstanding foreign currency derivatives that were designated as net investment hedges used to hedge its net investments in foreign operations:

	December 31, 2017	
Derivatives	**Number of Instruments**	**Notional Amount**
		(In thousands)
Cross currency swaps (EUR-USD)	3	$ 43,222
Cross currency swaps (GBP-USD)	1	66,282
Foreign currency forwards (EUR-USD)	1	12,099
Total	5	$ 121,603

Foreign Denominated Debt Designated as Net Investment Hedges

Effective May 17, 2015, all foreign currency draws under the Prior Credit Facility were designated as net investment hedges. As such, the effective portion of changes in value due to currency fluctuations are reported in AOCI (outside of earnings) as part of the cumulative translation adjustment. The undesignated portion of the change in fair value of the derivatives is recognized directly in earnings. Amounts are reclassified out of AOCI into earnings when the hedged net investment is either sold or substantially liquidated, or if the Company should no longer possess a controlling interest. The Company records adjustments to earnings for currency impacts related to undesignated excess positions, if any. There were no undesignated excess positions at any time during the year ended December 31, 2018. The Company recorded losses of $3.7 million , and gains of $10.1 million for the years ended December 31, 2017 and 2016 , respectively, due to currency changes on the undesignated excess foreign currency advances over the related net investments.

Additionally, in connection with the July 24, 2017 refinancing of the Prior Credit Facility, the Company terminated a cross-currency swap with a notional amount of £49.1 million for a payment of $10.6 million . This swap was designated as a net investment hedge on the Company's EUR investments, and this swap is still outstanding. The termination payment amount will remain in AOCI until the hedged item is liquidated.

Non-Designated Derivatives

The Company is exposed to fluctuations in the exchange rates of its functional currency, the USD, against the GBP and the EUR. The Company uses foreign currency derivatives including options, currency forward and cross currency swap agreements to manage its exposure to fluctuations in GBP-USD and EUR-USD exchange rates. While these derivatives are economically hedging the fluctuations in foreign currencies, they do not meet the strict hedge accounting requirements to be classified as hedging instruments. Changes in the fair value of derivatives not designated as hedges under qualifying hedging relationships are recorded directly in net income (loss). The Company recorded a gain of $7.8 million , a loss of $7.1 million and a gain of $7.4 million on the non-designated hedges for the years ended December 31, 2018 , 2017 and 2016 , respectively.

As of December 31, 2018 and 2017 , the Company had the following outstanding derivatives that were not designated as hedges under qualifying hedging relationships:

	December 31, 2018		December 31, 2017	
Derivatives	Number of Instruments	Notional Amount	Number of Instruments	Notional Amount
		(In thousands)		(In thousands)
Foreign currency forwards (GBP - USD)	50	$ 43,000	24	$ 32,116
Foreign currency forwards (EUR - USD)	38	39,500	22	35,712
Interest rate swaps (EUR)	5	138,625	6	414,093
Options (GBP-USD)	—	—	1	675
Options (EUR-USD)	—	—	5	9,250
Total	93	$ 221,125	58	$ 491,846

Offsetting Derivatives

The table below presents a gross presentation, the effects of offsetting, and a net presentation of the Company's derivatives as of December 31, 2018 and 2017 . The net amounts of derivative assets or liabilities can be reconciled to the tabular disclosure of fair value. The tabular disclosure of fair value provides the location that derivative assets and liabilities are presented on the accompanying audited consolidated balance sheets.

					Gross Amounts Not Offset on the Balance Sheet		
(In thousands)	Gross Amounts of Recognized Assets	Gross Amounts of Recognized (Liabilities)	Gross Amounts Offset on the Balance Sheet	Net Amounts of Assets (Liabilities) presented on the Balance Sheet	Financial Instruments	Cash Collateral Received (Posted)	Net Amount
December 31, 2018	$ 8,730	$ (3,886)	$ —	$ 4,844	$ —	$ —	$ 4,844
December 31, 2017	$ 2,176	$ (15,791)	$ —	$ (13,615)	$ —	$ —	$ (13,615)

In addition to the above derivative arrangements, the Company also uses non-derivative financial instruments to hedge its exposure to foreign currency exchange rate fluctuations as part of its risk management program, including foreign denominated debt issued and outstanding with third parties to protect the value of its net investments in foreign subsidiaries against exchange rate fluctuations. The Company has drawn, and expects to continue to draw, foreign currency advances under the Prior Credit Facility and the Credit Facility to fund certain investments in the respective local currency which creates a natural hedge against the original equity invested in the real estate investments, removing the need for the final cross currency swaps.

Credit-Risk-Related Contingent Features

The Company has agreements with each of its derivative counterparties that contain a provision where if the Company either defaults or is capable of being declared in default on any of its indebtedness, then the Company could also be declared in default on its derivative obligations.

As of December 31, 2018 , the fair value of derivatives in net liability position including accrued interest but excluding any adjustment for nonperformance risk related to these agreements was $4.8 million . As of December 31, 2018 , the Company had not posted any collateral related to these agreements and was not in breach of any agreement provisions. If the Company had breached any of these provisions, it could have been required to settle its obligations under the agreements at their aggregate termination value.

Note 9 — Stockholders' Equity

Common Stock

As of December 31, 2018 and 2017 , the Company had 76,080,625 and 67,287,231 , respectively, shares of Common Stock outstanding, respectively, excluding unvested RSUs and LTIP Units issued in accordance with the 2018 OPP or 2015 OPP. LTIP Units may be convertible into shares of Common Stock in the future.

On September 2, 2016, 421,383 OP Units were converted to Common Stock, of which 305,411 were issued to individual members and employees of AR Global, 115,967 were issued to the Former Service Provider, and five were issued to Global Net Lease Special Limited Partner, LLC (the "Special Limited Partner"), an affiliate of AR Global that directly owns the Advisor and the Property Manager. During the first half of 2017, the remaining 181,841 OP Units, which were held by individual members and employees of AR Global, were converted into Common Stock. There were no OP Units held by anyone other than the Company outstanding as of December 31, 2018 and 2017.

In addition, in connection with the Merger Agreement, each outstanding share of Global II Common Stock, including restricted shares, other than shares owned by the Company or any wholly owned subsidiary of Global II, was converted into the right to receive 2.27 shares of Common Stock in connection with the Merger. Additionally, all outstanding Global II OP Units were converted into the right to receive 2.27 shares of Common Stock.

In 2016, the Company issued 9.6 million of shares of Common Stock as consideration in the Merger. Based on the closing price of the shares of Common Stock on December 22, 2016, as reported on the NYSE, the aggregate value of the Merger Consideration paid or payable to former holders of Global II Common Stock and former holders of units of Global II OP Units was approximately $220.9 million .

ATM Program — Common Stock

The Company has an "at the market" equity offering program (the "ATM Program") pursuant to which the Company may sell shares of Common Stock, from time to time through its sales agents. During the year ended December 31, 2017, the Company sold 820,988 shares of Common Stock through the ATM Program for gross sales proceeds of $18.7 million , before issuance costs of $0.4 million . During the year ended December 31, 2018 , the Company sold 164,927 shares of Common Stock through the ATM program for gross proceeds of $3.5 million , before commissions paid of $35,140 and additional issuance costs of $0.3 million . These costs are recorded in additional paid-in capital on the accompanying audited consolidated balance sheets.

In January 2019, the Company sold additional shares of common stock and in February 2019, the Company terminated its existing equity distribution agreement and entered into a new equity distribution agreement with substantially the same sales agents on substantially the same terms. For additional information, see *Note 16 — Subsequent Events*.

Underwritten Offerings — Common Stock

On August 20, 2018, the Company completed the issuance and sale of 4,600,000 shares of Common Stock (including 600,000 shares issued and sold pursuant to the underwriters' exercise of their option to purchase additional shares in full) in an underwritten public offering at a price per share of $20.65 . The gross proceeds from this offering were $95.0 million before deducting the underwriting discount of $3.8 million and additional offering expenses of $0.3 million .

On November 28, 2018, the Company completed the issuance and sale of 4,000,000 shares of Common Stock in an underwritten public offering at a price per share of $20.20 . The gross proceeds from this offering were $80.8 million before deducting the underwriting discount of $3.2 million and additional offering expenses of $0.1 million .

Preferred Stock

The Company is authorized to issue up to 16,670,000 shares of Preferred Stock, of which it has classified and designated 13,409,650 and 5,409,650 as authorized shares of its 7.25% Series A Cumulative Redeemable Preferred Stock, $0.01 par value per share ("Series A Preferred Stock"), as of December 31, 2018 and December 31, 2017, respectively. The Company had 5,416,890 and 5,409,650 shares of Series A Preferred Stock issued and outstanding, as of December 31, 2018 and December 31, 2017, respectively.

ATM Program — Series A Preferred Stock

In March 2018, the Company established an "at the market" equity offering program for its Series A Preferred Stock (the "Preferred Stock ATM Program") pursuant to which the Company may raise aggregate sales proceeds of $200.0 million through sales of shares of Series A Preferred Stock from time to time through its sales agents. During the year ended December 31, 2018, the Company sold 7,240 shares of Series A Preferred Stock through the Preferred Stock ATM Program for gross proceeds of $0.2 million , before commissions paid of $2,724 and additional issuance costs of $0.4 million .

Underwritten Offerings — Series A Preferred Stock

On September 7, 2017, the Company completed the issuance and sale of 4,000,000 shares of the Series A Preferred Stock in an underwritten public offering at a public offering price equal to the liquidation preference of $25.00 per share, and, on October 11, 2017, the Company issued and sold an additional 259,650 shares of Series A Preferred Stock pursuant to the underwriters' partial exercise of their option to purchase additional shares in accordance with terms of the underwriting agreement. The gross proceeds from this offering were $106.5 million before deducting the underwriting discount of $3.4 million and additional offering expenses of $0.5 million .

On December 14, 2017, the Company completed the issuance and sale of 1,150,000 shares of the Series A Preferred Stock (including 150,000 shares pursuant to the underwriter's exercise of its option to purchase additional shares in full) in an underwritten public offering at a public offering price equal to the liquidation preference of $25.00 per share. The gross proceeds from this offering were $28.8 million before deducting the underwriting discount of $0.8 million and additional offering expenses of $0.2 million.

Series A Preferred Stock - Terms

Holders of Series A Preferred Stock are entitled to cumulative dividends in an amount equal to $1.8125 per share each year, which is equivalent to the rate of 7.25% of the $25.00 liquidation preference per share per annum. The Series A Preferred Stock has no stated maturity and will remain outstanding indefinitely unless redeemed or otherwise repurchased. On and after September 12, 2022, at any time and from time to time, the Series A Preferred Stock will be redeemable in whole or in part, at the Company's option, at a cash redemption price of $25.00 per share plus an amount equal to all dividends accrued and unpaid (whether or not declared), if any, to, but not including, the redemption date. In addition, upon the occurrence of a Delisting Event or a Change of Control (each as defined in the articles supplementary governing the terms of the Series A Preferred Stock (the "Articles Supplementary"), the Company may, subject to certain conditions, at its option, redeem the Series A Preferred Stock, in whole but not in part, within 90 days after the first date on which the Delisting Event occurred or within 120 days after the first date on which the Change of Control occurred, as applicable, by paying the liquidation preference of $25.00 per share, plus an amount equal to all dividends accrued and unpaid (whether or not declared), if any, to, but not including, the redemption date. If the Company does not exercise these redemption rights upon the occurrence of a Delisting Event or a Change of Control, the holders of Series A Preferred Stock will have certain rights to convert Series A Preferred Stock into shares of Common Stock based on a defined formula subject to a cap whereby the holders of Series A Preferred Stock may receive a maximum of 2.301 shares of Common Stock (as adjusted for any stock splits) per share of Series A Preferred Stock. The necessary conditions to convert the Series A Preferred Stock into Common Stock have not been met as of December 31, 2018 . Therefore, Series A Preferred Stock will not impact Company's earnings per share calculations.

The Series A Preferred Stock ranks senior to the Common Stock, with respect to dividend rights and rights upon the Company's voluntary or involuntary liquidation, dissolution or winding up.

Voting rights for holders of Series A Preferred Stock exist primarily with respect to the ability to elect two additional directors to the Company's board of directors if six or more quarterly dividends (whether or not consecutive) payable on the Series A Preferred Stock are in arrears, and with respect to voting on amendments to the Company's charter (which includes the Articles Supplementary) that materially and adversely affect the rights of the Series A Preferred Stock or create additional classes or series of shares of the Company's capital stock that are senior to the Series A Preferred Stock. Other than the limited circumstances described above and in the Articles Supplementary, holders of Series A Preferred Stock do not have any voting rights.

Monthly Dividends and Change to Payment Dates

The Company generally pays dividends on its Common Stock on the 15th day of each month (or, if not a business day, the next succeeding business day) to Common Stock holders of record on the applicable record date during the month at an annualized rate of $2.13 per share or $0.1775 per share on a monthly basis. Prior to July 2018, the record date for the Company's regular dividend was generally the 8th day of the applicable month. The Company's board of directors may alter the amounts of dividends paid or suspend dividend payments at any time and therefore dividend payments are not assured. In addition, see Note 6 — *Credit Facilities* for additional information on the restrictions on the payment of dividends and other distributions imposed by our Credit Facility.

Dividends on Series A Preferred Stock accrue in an amount equal to $0.453125 per share per quarter to Series A Preferred Stock holders, which is equivalent to 7.25% of the $25.00 liquidation preference per share of Series A Preferred Stock per annum. Dividends on the Series A Preferred Stock are payable quarterly in arrears on the 15th day of January, April, July and October of each year (or, if not on a business day, on the next succeeding business day) to holders of record at the close of business on the record date set by the Company's board of directors, which must be not more than 30 nor fewer than 10 days prior to the applicable payment date. All dividends paid on the Series A Preferred Stock were considered 100% ordinary dividend income.

The following table details from a tax perspective, the portion of a common stock dividends classified as return of capital and ordinary dividend income, per share per annum:

	Year Ended December 31,					
(In thousands)	2018		2017		2016	
Return of capital	$ 1.57	73.7%	$ 0.39	18.3%	$ 1.32	62.0%
Ordinary dividend income	0.56	26.3%	1.74	81.7%	0.81	38.0%
Total	$ 2.13	100.0%	$ 2.13	100.0%	$ 2.13	100.0%

Note 10 — Commitments and Contingencies

Operating Ground Leases

Certain properties are subject to ground leases, which are accounted for as operating leases. The ground leases have varying ending dates, renewal options, and rental rate escalations, with the latest leases extending to April 2105. Future minimum rental payments to be made by the Company under these non-cancelable ground leases, excluding increases resulting from increases in the consumer price index, are as follows:

(In thousands)	Future Ground Lease Payments [1]
2019	$ 1,371
2020	1,371
2021	1,371
2022	1,371
2023	1,371
Thereafter	40,519
Total [2]	$ 47,374

(1) Assumes exchange rates of £1.00 to $1.27 for GBP and €1.00 to $1.14 for EUR as of December 31, 2018 for illustrative purposes, as applicable.

(2) Ground lease rental payments due for the Company's ING Amsterdam lease are not included in the table above as the Company's ground for this property is prepaid through 2050.

The Company incurred rent expense on ground leases of $1.3 million during the years ended December 31, 2018 , 2017 and 2016 .

Litigation and Regulatory Matters

In the ordinary course of business, the Company may become subject to litigation, claims and regulatory matters. There are no material legal or regulatory proceedings pending or known to be contemplated against the Company.

On January 25, 2018, the Former Service Provider filed a complaint against (i) the Company and the OP; (ii) the Property Manager, the Special Limited Partner, and the Advisor (collectively, the "GNL Advisor Defendants"); and (iii) AR Capital Global Holdings, LLC, and AR Global (together, the "AR Defendants"), in the Supreme Court of the State of New York, County of New York ("New York Supreme Court"). The complaint alleges that the notice sent to the Former Service Provider by the Company on January 15, 2018, terminating the Former Service Provider Agreement, was a pretext to enable the AR Defendants to seize the Former Service Provider's business. The complaint alleges breach of contract against the Company, the OP and the GNL Advisor Defendants, and tortious interference against the AR Defendants. The complaint seeks: (i) monetary damages against the defendants, (ii) to enjoin the termination of the Service Provider Agreement, and (iii) judgment declaring the termination to be void. The defendants believe the allegations in the complaint are without merit, and intend to defend against them vigorously. On January 26, 2018, the Former Service Provider made a motion seeking to preliminarily enjoin the defendants from terminating the Service Provider Agreement pending resolution of the lawsuit. On February 13, 2018, the defendants responded and moved to dismiss.

At a hearing on March 15, 2018, the New York Supreme Court issued a ruling (i) denying the Former Service Provider's request for a preliminary injunction preventing defendants from terminating the Former Service Provider, (ii) dismissing the Former Service Provider's claim for a declaratory judgment that the termination is void and of no force and effect, and (iii) allowing the Former Service Provider's remaining claims to proceed. On April 16, 2018, the defendants filed answers and counterclaims against the Former Service Provider alleging damages resulting from the Former Service Provider's underperformance of its duties, as well as damages related to the Former Service Provider's retention of approximately $91,000 in pre-paid fees for the post-termination period. The New York Supreme Court held a preliminary conference on April 17, 2018 at which it set a discovery schedule, and the parties are currently engaged in discovery. As with any litigation, the dispute and resulting litigation may divert management's attention from the day-to-day operations of our business and result in substantial cost to the Company, including amounts that may become payable to reimburse AR Global, the Advisor and their affiliates for their legal costs in defending themselves against the Former Service Provider's lawsuit pursuant to the Company's indemnification obligations to them. During the year ended December 31, 2018, the Company incurred $2.9 million of litigation costs relating to the matter and recorded a reserve of $7.4 million related to the anticipated settlement of this litigation. The settlement reserve was recorded in the fourth quarter of 2018 as a result of settlement discussions with the Former Service Provider through February of 2019. Based on the progression of these discussions, the Company was able to reasonably estimate an amount to reserve, however the actual settlement, if any, may differ from the amount reserved. These costs are included in acquisition, transaction and other costs in our consolidated statement of operations.

Environmental Matters

In connection with the ownership and operation of real estate, the Company may potentially be liable for costs and damages related to environmental matters. As of December 31, 2018 , the Company had not been notified by any governmental authority of any non-compliance, liability or other claim, and is not aware of any other environmental condition that it believes will have a material adverse effect on the results of operations.

Note 11 — Related Party Transactions

As of December 31, 2018 and 2017 , AR Global and certain affiliates owned, in the aggregate, 35,900 and 39,904 shares of the Company's outstanding Common Stock, respectively. The Advisor, which is an affiliate of AR Global, and its affiliates currently may, and, the Former Service Provider previously could incur costs and fees on behalf of the Company. As of December 31, 2018 and 2017 , the Company had $16,000 of receivables from affiliated entities and $0.8 million of payables to their affiliates, respectively.

As of December 31, 2018 , AR Global indirectly owned 95% of the membership interests in the Advisor and Scott J. Bowman, the Company's former chief executive officer and president, directly owned the other 5% of the membership interests in the Advisor. Prior to his resignation as chief executive officer and president of the Company, Mr. Bowman owned 10% of the membership interests in the Advisor and AR Global indirectly owned the other 90% of the membership interests in the Advisor. James L. Nelson, the Company's chief executive officer and president, holds a non-controlling profit interest in the Advisor and Property Manager. Mr. Nelson was appointed the Company's chief executive officer and president, effective as of August 8, 2017.

The Company is the sole general partner of the OP. On September 2, 2016, 421,383 of the OP Units were converted into Common Stock, of which 305,411 were issued to individual members and employees of AR Global, 115,967 were issued to the Former Service Provider and five were issued to the Special Limited Partner. During the first half of 2017, the remaining 181,841 OP Units, which were held by individual members and employees of AR Global, were converted into Common Stock. There were no OP Units held by anyone other than the Company outstanding as of December 31, 2018 and 2017. The OP made distributions to holders of OP Units other than the Company of $0.1 million and $1.0 million during the years ended December 31, 2017 and 2016, respectively.

In addition, the Company paid $0.6 million in distributions to the Advisor as the sole holder of LTIP Units (as defined in Note 13 — *Share-Based Compensation*) during the years ended December 31, 2018 and 2017, which are included in accumulated deficit in the audited consolidated statements of equity. As of December 31, 2018 and 2017 , the Company had no unpaid distributions on the LTIP Units.

Fees Paid in Connection with the Operations of the Company

On June 2, 2015, concurrent with its listing on the NYSE, the Company entered into the Advisory Agreement, which was subsequently amended on August 14, 2018 (the "August Amendment") and November 6, 2018 (the "November Amendment"). These amendments only revise the provisions regarding the effective annual thresholds of Core AFFO Per Share (as defined in the Advisory Agreement) that the Company must satisfy for the Advisor to be paid Incentive Compensation (as defined in the Advisory Agreement).

Under the Advisory Agreement, the Company pays the Advisor the following fees in cash:

(i) a base fee of $18.0 million per annum payable in cash monthly in advance ("Minimum Base Management Fee"); and

(ii) a variable fee, payable monthly in advance in cash, equal to 1.25% of the cumulative net proceeds realized by the Company from the issuance of any common equity, including any common equity issued in exchange for or conversion of preferred stock or exchangeable notes, as well as, from any other issuances of common, preferred, or other forms of equity of the Company, including units of any operating partnership ("Variable Base Management Fee").

Additionally, the Company pays the Advisor the Incentive Compensation, an amount earned each quarter, 50% payable in cash and 50% payable in shares of Common Stock (subject to certain lock up restrictions). The Incentive Compensation is calculated on an annual basis at the end of the Company's fiscal year but is payable throughout the course of a year, in quarterly installments, subject to a final year-end adjustment. At the end of each fiscal year, the difference, if any, between the amount of the Incentive Compensation actually paid to the Advisor in the preceding year under the quarterly installments and the actual amount payable for the fiscal year is either repaid by or paid to the Advisor as applicable. Shares of Common Stock that were issued as a portion of any quarterly installment payment are retained and, for purposes of any repayment required to be made by the Advisor, have the value they had at the time of issuance and are adjusted in respect of any dividend or other distribution received prior to the time of repayment but not subsequent dividends or other distributions.

Under the Advisory Agreement, prior to the August Amendment, the Incentive Compensation was equal to: (a) 15% of the Company's Core AFFO (as defined in the Advisory Agreement) per weighted-average share of Common Stock outstanding for the applicable period ("Core AFFO Per Share") (1) in excess of an incentive hurdle based on an annualized Core AFFO Per Share of $2.37 , plus (b) 10% of the Core AFFO Per Share in excess of an incentive hurdle of an annualized Core AFFO Per Share of $3.08 . The $2.37 and $3.08 incentive hurdles were subject to annual increases of 1% to 3% .

Under the Advisory Agreement, as amended by the August Amendment, the Incentive Fee Lower Hurdle (as defined in the Advisory Agreement) was decreased from $2.37 to (a) $2.15 for the 12 months ending June 30, 2019, and (b) $2.25 for the 12 months ending June 30, 2020, and the Incentive Fee Upper Hurdle (as defined in the Advisory Agreement) was decreased from $3.08 to (a) $2.79 for the 12 months ending June 30, 2019, and (b) $2.92 for the 12 months ending June 30, 2020. With respect to the third quarter of 2018, the hurdles were met and the Advisor was paid $0.4 million in a quarterly installment of Incentive Compensation. Because, based on the calculation as of December 31, 2018 the hurdles had not been met, the Company recorded a reversal of $0.4 million for Incentive Compensation previously recorded in the third quarter of 2018, and as a result, no Incentive Compensation was earned for the year ended December 31, 2018 . During the years ended December 31, 2017 and 2016 , no Incentive Compensation was earned.

In addition, the August Amendment revised the provisions in the Advisory Agreement governing adjustments to these annual thresholds. The annual thresholds may, beginning with effect from July 1, 2020, be increased each year in the sole discretion of a majority of the Company's independent directors (in their good faith reasonable judgment, after consultation with the Advisor), by a percentage equal to between 0% and 3% instead of 1% and 3% . In addition, in August 2023 and every five years thereafter, the Advisor will have a right to request that the Company's independent directors reduce the then current Incentive Fee Lower Hurdle and Incentive Fee Upper Hurdle and make a determination whether any reduction in the annual thresholds is warranted.

The annual aggregate amount of the Minimum Base Management Fee and Variable Base Management Fee (collectively, the "Base Management Fee") that may be paid under the Advisory Agreement are subject to varying caps based on assets under management ("AUM") (2) , as defined in the Advisory Agreement. The amount of the Base Management Fee to be paid under the Advisory Agreement is capped at the AUM for the preceding year multiplied by (a) 0.75% if equal to or less than $3.0 billion ; (b) 0.75% less (i) a fraction, (x) the numerator of which is the AUM for such specified period less $3.0 billion and (y) the denominator of which is $11.7 billion multiplied by 0.35% if AUM is greater than $3.0 billion but less than $14.6 billion ; or (c) 0.4% if equal to or greater than $14.7 billion .

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(1) For purposes of the Advisory Agreement, as amended by the November Amendment, Core AFFO per share means (i) net income adjusted for the following items (to the extent they are included in net income): (a) real estate related depreciation and amortization; (b) net income from unconsolidated partnerships and joint ventures; (c) one-time costs that the Advisor deems to be non-recurring; (d) non-cash equity compensation (other than any Restricted Share Payments (as defined in the Advisory Agreement)); (e) other non-cash income and expense items; (f) non-cash dividends related to the Class B Units of the OP and certain non-cash interest expenses related to securities that are convertible to Common Stock; (g) gain (or loss) from the sale of investments; (h) impairment loss on real estate; (i) acquisition and transactions related costs (now known as acquisition, transaction and other costs on the face of the Company's income statement); (j) straight-line rent; (k) amortization of above and below market leases assets and liabilities; (l) amortization of deferred financing costs; (m) accretion of discounts and amortization of premiums on debt investments; (n) marked-to-market adjustments included in net income; (o) unrealized gain (loss) resulting from consolidation from, or deconsolidation to, equity accounting, (p) consolidated and unconsolidated partnerships and joint ventures and (q) Incentive Compensation, (ii) divided by the weighted-average outstanding shares of Common Stock on a fully-diluted basis for such period.

(2) For purposes of the Advisory Agreement, AUM means, for a specified period, an amount equal to (A) (i) the aggregate costs of the Company's investments (including acquisition fees and expenses) at the beginning of such period (before reserves for depreciation of bad debts, or similar non-cash reserves) plus (ii) the aggregate cost of the Company's investment at the end of such period (before reserves from depreciation or bad debts, or similar non-cash reserves) divided by (B) two (2).

In addition, the per annum aggregate amount of the Base Management Fee and the Incentive Compensation to be paid under the Advisory Agreement is capped at (a) 1.25% of the AUM for the previous year if AUM is less than or equal to $5.0 billion ; (b) 0.95% if the AUM is equal to or exceeds $15.0 billion ; or (c) a percentage equal to: (A) 1.25% less (B) (i) a fraction, (x) the numerator of which is the AUM for such specified period less $5.0 billion and (y) the denominator of which is $10.0 billion multiplied by (ii) 0.30% if AUM is greater than $5.0 billion but less than $15.0 billion . The Variable Base Management Fee is also subject to reduction if there is a sale or sales of one or more Investments in a single or series of related transactions exceeding $200.0 million and a special dividend(s) related thereto is paid to stockholders.

Property Management Fees

The Property Manager provides property management and leasing services for properties owned by the Company, for which the Company pays fees equal to: (i) with respect to stand-alone, single-tenant net leased properties which are not part of a shopping center, 2.0% of gross revenues from the properties managed and (ii) with respect to all other types of properties, 4.0% of gross revenues from the properties managed.

For services related to overseeing property management and leasing services provided by any person or entity that is not an affiliate of the Property Manager, the Company pays the Property Manager an oversight fee equal to 1.0% of gross revenues of the property managed. This oversight fee is no longer applicable to 12 of the Company's properties which became subject to a separate property management and leasing agreement with the Property Manager in October 2017 (the " 12 -Property PMLA") on otherwise identical terms to our then effective primary property and management leasing agreement (the "Primary PMLA"), which remained applicable to all other properties.

In February 2019, the Company entered into an amendment to the Primary PMLA, following which it continues to have a one-year term that is automatically extended for an unlimited number of successive one-year terms unless terminated by either party upon notice. Under the Primary PMLA prior to this amendment, either the Company or the Property Manager could terminate upon 60 days' written notice prior to end of the applicable term. Following this amendment, either the Company or the Property Manager may terminate the Primary PMLA at any time upon at least 12 months' prior written notice. The 12 -Property PMLA was not similarly amended. For more information, see Note 16 — *Subsequent Events.*

Solely with respect to the Company's investments in properties located in Europe, prior to the effectiveness of the termination of the Former Service Provider in March 2018, the Former Service Provider received, from the Property Manager, a portion of the fees payable to the Property Manager equal to: (i) with respect to single-tenant net leased properties which are not part of a shopping center, 1.75% of the gross revenues from such properties and (ii) with respect to all other types of properties, 3.5% of the gross revenues from such properties. The Property Manager was paid 0.25% of the gross revenues from European single-tenant net leased properties which are not part of a shopping center and 0.5% of the gross revenues from all other types of properties, reflecting a split of the oversight fee with the Former Service Provider. Following the termination of the Former Service Provider, the Former Service Provider no longer receives any amounts from the Advisor. For additional information, see Note 1 — *Organization.*

Professional Fees and Other Reimbursements

The Company reimburses the Advisor's costs of providing administrative services, subject to the limitation that the Company will not reimburse the Advisor for any amount by which the Company's operating expenses (including the asset management fee) at the end of the four preceding fiscal quarters exceeds the greater of (a) 2.0% of average invested assets and (b) 25.0% of net income, unless the excess amount is otherwise approved by the Company's board of directors. Additionally, the Company reimburses the Advisor for expenses of the Advisor and its affiliates incurred on behalf of the Company, except for those expenses that are specifically the responsibility of the Advisor under the Advisory Agreement, such as fees and compensation paid to the Former Service Provider prior to its termination and the Advisor's overhead expenses, rent and travel expenses, professional services fees incurred with respect to the Advisor for the operation of its business, insurance expenses (other than with respect to the Company's directors and officers) and information technology expenses. No reimbursement was incurred from the Advisor for providing services during the years ended December 31, 2018 , 2017 and 2016 .

In certain instances, to improve the Company's working capital, the Advisor may elect to absorb a portion of the Company's general and administrative costs or property operating expenses. These absorbed costs are presented net in the accompanying audited consolidated statements of operations. During the year ended December 31, 2018, there were no property operating and general administrative expenses absorbed by the Advisor. During the year ended December 31, 2017, the Advisor elected to forgive $1.2 million of property management fees, and $4.2 million of property management fees were incurred. During the year ended December 31, 2016, the Property Manager elected to forgive $2.3 million of property management fees and $3.8 million of property management fees, respectively, were incurred.

The Company was also party to a transfer agency agreement with American National Stock Transfer, LLC ("ANST"), a subsidiary of the parent company of the Former Dealer Manager, pursuant to which ANST provided the Company with transfer agency services (including broker and stockholder servicing, transaction processing, year-end IRS reporting and other services), and supervisory services overseeing the transfer agency services performed by DST Systems, Inc. ("DST"), a third-party transfer agent. The Sponsor received written notice from ANST on February 10, 2016 that it would wind down operations by the end of the month and would withdraw as the transfer agent effective February 29, 2016. On February 26, 2016, the Company entered into a definitive agreement with DST to provide the Company directly with transfer agency services (including broker and stockholder servicing, transaction processing, year-end IRS reporting and other services). On April 22, 2016, the Company terminated its agreement with DST and entered into a definitive agreement American Stock Transfer and Trust Company, LLC ("AST") appointing AST as the Company's transfer agent and registrar.

During the year ended December 31, 2016, the Company incurred approximately $0.2 million of recurring transfer agent services fees to ANST which were included in general and administrative expenses in the audited consolidated statements of operations.

The Company has also agreed under the Advisory Agreement to reimburse, indemnify and hold harmless each of the Advisor and its affiliates, and the directors, officers, employees, partners, members, stockholders, other equity holders, agents and representatives of the Advisor and its affiliates (each, a “Advisor Indemnified Party”), of and from any and all expenses, losses, damages, liabilities, demands, charges and claims of any nature whatsoever (including reasonable attorneys’ fees) in respect of or arising from any acts or omissions of the Advisor Indemnified Party performed in good faith under the Advisory Agreement and not constituting bad faith, willful misconduct, gross negligence, or reckless disregard of duties on the part of the Advisor Indemnified Party. In addition, the Company has agreed to advance funds to an Advisor Indemnified Party for reasonable legal fees and other reasonable costs and expenses incurred as a result of any claim, suit, action or proceeding for which indemnification is being sought, subject to repayment if the Advisor Indemnified Party is later found pursuant to a final and non-appealable order or judgment to not be entitled to indemnification.

The following table reflects related party fees, as described above, incurred, forgiven and contractually due as of and for the periods presented:

	Year Ended December 31,							
	2018		2017		2016		(Receivable) Payable as of December 31,	
(In thousands)	Incurred	Forgiven	Incurred	Forgiven	Incurred	Forgiven	2018	2017
One-time fees and reimbursements:								
Fees on gain from sale of investments	$ —	$ —	$ —	$ 875	$ 923	$ —	$ 49 (4)	$ 49 (4)
Financing coordination fees (1)	—	—	—	—	16	—	—	—
Ongoing fees (7)(8) :								
Asset management fees (2)	23,212	—	21,353	—	18,230	—	—	240 (4)
Property management fees (3)	5,022	—	4,281	1,177	3,802	2,281	—	59 (4) (5)
Total related party operational fees and reimbursements	$ 28,234	$ —	$ 25,634	$ 2,052	$ 22,971	$ 2,281	$ 49	$ 348 (6)

(1) These related party fees are recorded as deferred financing costs and amortized over the term of the respective financing arrangement.

(2) The Advisor, in accordance with the Advisory Agreement, received asset management fees in cash equal to the annual Minimum Base Management Fee of $18.0 million and the Variable Base Management Fee. The Variable Base Management Fee was $5.2 million , $3.4 million and $0.2 million for the years ended December 31, 2018 , 2017 and 2016 , respectively.

(3) For all periods through the six months ended June 30, 2017, the Advisor waived 100% of fees from U.S. assets and its allocated portion of fees from European assets.

(4) Balance included within due to related parties on the audited consolidated balance sheets as of December 31, 2018 and 2017.

(5) Prepaid property management fees of $0.2 million as of December 31, 2017 are not included in the table above and are included in the prepaid expenses and other assets on the consolidated balance sheet.

(6) In addition, as of December 31, 2017, due to related parties include $0.3 million of costs accrued for Global II Advisor and transfer agent fees which were assumed through the Merger, $0.1 million of costs accrued for transfer agent fees and $0.1 million of costs relating to RCS Advisory Services, LLC, all of which are not reflected in the table above.

(7) The Company incurred general and administrative costs and other expense reimbursements of approximately $1.1 million , $0.1 million and $0.2 million for the years ended December 31, 2018 , 2017 and 2016 , respectively, which are recorded within general and administrative expenses on the audited consolidated statements of operations and are not reflected in the table above.

(8) In order to improve operating cash flows and the ability to pay dividends from operating cash flows, the Advisor or the Property Manager may forgive certain fees including asset management and property management fees. Because the Advisor or the Property Manager may forgive certain fees, cash flow from operations that would have been paid to the Advisor or the Property Manager may be available to pay dividends to stockholders. The fees that may be forgiven are not deferrals and accordingly, will not be paid to the Advisor or the Property Manager at any point in the future.

Fees Paid in Connection with the Liquidation of the Company's Real Estate Assets

In connection with any sale or similar transaction involving any investment, subject to the terms of the Advisory Agreement, the Company will pay to the Advisor a fee in connection with net gain recognized by the Company in connection with the sale or transaction (the "Gain Fee") unless the proceeds of such transaction or series of transactions are reinvested in one or more investments within 180 days thereafter. The Gain Fee shall be calculated at the end of each month and paid, to the extent due, with the next installment of the Base Management Fee. The Gain Fee is calculated by aggregating all of the gains and losses from the preceding month. During the year ended December 31, 2017, the Company reinvested proceeds of $30.3 million and sold one property which resulted in a reduction to the Gain Fee of $0.8 million . As of December 31, 2018 and 2017 , the Gain Fee due to the Advisor was approximately $49,000 . There was no Gain Fee for the year ended December 31, 2018 .

Acquired Related Party Receivable

As more fully described in Note 3 — *Merger Transaction* , the Company acquired a $5.1 million receivable from an affiliate of the Advisor. The Company received payment during the year ended December 31, 2017 and there is no balance remaining on this receivable.

Note 12 — Economic Dependency

Under various agreements, the Company has engaged or will engage the Advisor, its affiliates and entities under common control with the Advisor, to provide certain services that are essential to the Company, including asset management services, supervision of the management and leasing of properties owned by the Company, asset acquisition and disposition decisions, the
sale of shares of the Common Stock available for issue, transfer agency services, as well as other administrative responsibilities for the Company including accounting services and investor relations.

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

Note 13 — Share-Based Compensation

Stock Option Plan

The Company has a stock option plan (the "Plan") which authorizes the grant of nonqualified Common Stock options to the Company's directors, officers, advisors, consultants and other personnel of the Company, the Advisor and the Property Manager and their affiliates, subject to the absolute discretion of the board of directors and the applicable limitations of the Plan. The exercise price for all stock options granted under the Plan will be equal to the closing price of a share of Common Stock on the last trading day preceding the date of grant. A total of 0.5 million shares have been authorized and reserved for issuance under the Plan. As of December 31, 2018 , 2017 and 2016 , no stock options were issued under the Plan.

Restricted Share Plan

The Company's employee and director incentive restricted share plan ("RSP") provides the Company with the ability to grant awards of restricted shares of Common Stock ("Restricted Shares") and RSUs to the Company's directors, officers and employees, employees of the Advisor and its affiliates, employees of entities that provide services to the Company, directors of the Advisor or of entities that provide services to the Company, certain consultants to the Company and the Advisor and its affiliates or to entities that provide services to the Company.

We pay independent director compensation as follows: (i) the annual retainer payable to all independent directors is $100,000 per year, (ii) the annual retainer for the non-executive chair is $105,000 , (iii) the annual retainer for independent directors serving on the audit committee, compensation committee or nominating and corporate governance committee is $30,000 . All annual retainers are payable 50% in the form of cash and 50% in the form of RSUs which vest over a three -year period. In addition, the directors have the option to elect to receive the cash component in the form of RSUs which would vest over a three -year period.

Under the RSP, the number of shares of Common Stock available for awards is equal to 10.0% of the Company's outstanding shares of Common Stock on a fully diluted basis at any time. If any awards granted under the RSP are forfeited for any reason, the number of forfeited shares is again available for purposes of granting awards under the RSP. Restricted Share awards entitle the recipient to receive shares of Common Stock from us under terms that provide for vesting over a specified period of time. Restricted Shares may not, in general, be sold or otherwise transferred until restrictions are removed and the shares have vested. Holders of Restricted Shares may receive cash dividends prior to the time that the restrictions on the Restricted Shares have lapsed. Any dividends to holders of Restricted Shares payable in shares of Common Stock are subject to the same restrictions as the underlying Restricted Shares.

RSUs represent a contingent right to receive shares of Common Stock at a future settlement date, subject to satisfaction of applicable vesting conditions or other restrictions, as set forth in the RSP and an award agreement evidencing the grant of RSUs. RSUs may not, in general, be sold or otherwise transferred until restrictions are removed and the rights to the shares of Common Stock have vested. Holders of RSUs do not have or receive any voting rights with respect to the RSUs or any shares underlying any award of RSUs, but such holders are generally credited with dividend or other distribution equivalents which are subject to the same vesting conditions or other restrictions as the underlying RSUs and only paid at the time such RSUs are settled in shares of Common Stock. RSU award agreements generally provide for accelerated vesting of all unvested RSUs in connection with a termination without cause from the Company's board of directors or a change of control and accelerated vesting of the portion of the unvested RSUs scheduled to vest in the year of the recipient's voluntary resignation from or failure to be re-elected to the Company's board of directors.

The following table reflects RSU activity for the years ended December 31, 2018 , 2017 and 2016 .

	Number of Restricted Shares	Weighted-Average Issue Price
Unvested, December 31, 2015	62,646	$ 25.70
Granted	12,211	22.59
Vested	(13,758)	25.77
Unvested, December 31, 2016	61,099	25.07
Granted	13,861	22.54
Vested	(25,848)	25.25
Unvested, December 31, 2017	49,112	24.29
Granted	17,039	18.34
Vested	(19,799)	24.40
Unvested, December 31, 2018	46,352	22.04

The fair value of the RSUs granted prior to the Listing Date was based on the per share price in the IPO and the fair value of the RSUs granted on or after the Listing Date is based on the market price of Common Stock as of the grant date, and is expensed over the vesting period. Compensation expense related to RSUs was approximately $0.5 million , $0.7 million and $0.4 million during the years ended December 31, 2018 , 2017 and 2016 , respectively, and is recorded in Equity-based compensation in the accompanying audited consolidated statements of operations. As of December 31, 2018 , the Company had $0.7 million of unrecognized compensation cost related to unvested RSUs granted under the RSP. That cost is expected to be recognized over a weighted average period of 1.8 years.

Multi-Year Outperformance Agreement

On July 16, 2018, the Company's compensation committee approved the 2018 OPP, which was subsequently entered into by the Company and the OP with the Advisor on July 19, 2018. The 2018 OPP was entered into in connection with the conclusion of the performance period under the 2015 OPP on June 2, 2018. Because no performance goals under the 2015 OPP were achieved during the performance period, no LTIP Units issued under the 2015 OPP were earned and all LTIP Units issued under the 2015 OPP were automatically forfeited without the payment of any consideration by the Company or the OP effective as of June 2, 2018.

The Company recorded equity-based compensation expense associated with the awards pursuant to the 2015 OPP over the requisite service period on a graded vesting basis. Under the 2018 OPP, total equity-based compensation expense was valued and will be recorded evenly over the requisite service period of approximately 2.8 years from the grant date. Through December 31, 2018, the equity-based compensation expense was adjusted each reporting period for changes in the estimated market-related performance. Under new accounting rules adopted by the Company on January 1, 2019 that will apply to the 2018 OPP in future periods, total equity-based compensation expense calculated as of adoption of the new guidance will be fixed as of that date and will not be remeasured in subsequent periods (see Note 2 - *Summary of Significant Accounting Policies* for a description of new accounting rules related to non-employee equity awards).

During the years ended December 31, 2018 and 2017, the Company recorded reductions in expense of $1.1 million and $4.4 million , respectively, for the 2015 OPP. During the year ended December 31, 2018, the Company recorded expense of $3.3 million relating to the 2018 OPP.

LTIP Units/Distributions/Redemption

The rights of the Advisor as the holder of the LTIP Units (whether issued pursuant to the 2015 OPP or the 2018 OPP) are governed by the terms of the LTIP Units contained in the agreement of limited partnership of the OP. Until an LTIP Unit is earned in accordance with the provisions of the applicable outperformance award agreement, the holder of the LTIP Unit will be entitled to distributions on the LTIP Unit equal to 10% of the distributions (other than distributions of sale proceeds) made on an OP Unit. The Company paid $0.6 million in distributions related to LTIP Units during the years ended December 31, 2018 and 2017 , which is included in accumulated deficit in the consolidated statements of changes in equity. Distributions paid with respect to an LTIP Unit will not be subject to forfeiture, even if the LTIP Unit is ultimately forfeited because it is not earned in accordance with the terms of the agreement under which it was issued. After an LTIP Unit is earned, the holder will be entitled to a priority catch-up distribution per earned LTIP Unit equal to the accrued distributions on OP Units during the applicable performance period, less distributions already paid on the LTIP Unit during the performance period. As of the valuation date on the final day of the applicable performance period, the earned LTIP Units will become entitled to the same distributions as OP Units. At the time the Advisor's capital account with respect to an LTIP Unit is economically equivalent to the average capital account balance of an OP Unit, the LTIP Unit has been earned and it has been vested for 30 days, the Advisor, in its sole discretion, will be entitled to convert the LTIP Unit into an OP Unit in accordance with the limited partnership agreement of the OP. In accordance with, and subject to the terms of, the limited partnership agreement of the OP, OP Units may be redeemed on a one-for-one basis for, at the Company's election, shares of Common Stock or the cash equivalent thereof.

2018 OPP

Based on a maximum award value of $50.0 million and $19.57 (the "Initial Share Price"), the closing price of Common Stock on June 1, 2018, the trading day prior to the effective date of the 2018 OPP, the Advisor was issued a total of 2,554,930 LTIP Units (the "Award LTIP Units") pursuant to the 2018 OPP. The Award LTIP Units represent the maximum number of LTIP Units that could be earned by the Advisor based on the Company's total shareholder return ("TSR"), including both share price appreciation and Common Stock dividends, against the Initial Share Price over a performance period (the "Performance Period"), commencing on June 2, 2018 and ending on the earliest of (i) June 2, 2021, (ii) the effective date of any Change of Control (as defined in the 2018 OPP) and (iii) the effective date of any termination of the Advisor's service as advisor of the Company.

Half of the Award LTIP Units (the "Absolute TSR LTIP Units") will be eligible to be earned as of the last day of the Performance Period (the "Valuation Date") if the Company achieves an absolute TSR with respect to threshold, target and maximum performance goals for the Performance Period as follows:

Performance Level (% of Absolute TSR LTIP Units Earned)		Absolute TSR		Number of Absolute TSR LTIP Units Earned
Below Threshold	—%	Less than	24%	—
Threshold	25%		24%	319,366
Target	50%		30%	638,733
Maximum	100%		36% or higher	1,277,465

If the Company's absolute TSR is more than 24% but less than 30% , or more than 30% but less than 36% , the percentage of the Absolute TSR LTIP Units earned will be determined using linear interpolation as between those tiers, respectively.

Half of the Award LTIP Units (the "Relative TSR LTIP Units") will be eligible to be earned as of the Valuation Date if the amount, expressed in terms of basis points (bps), whether positive or negative, by which the Company's absolute TSR on the Valuation Date exceeds the average TSR of a peer group consisting of Lexington Realty Trust, W.P. Carey Inc. and (following an amendment to the 2018 OPP in February 2019 in light of the effectiveness of a merger of two members of the peer group, Government Properties Income Trust and Select Income REIT, with Government Properties Income Trust surviving the merger renamed as Office Properties Income Trust) Office Properties Income Trust as of the Valuation Date as follows:

Performance Level (% of Relative TSR LTIP Units Earned)		Relative TSR Excess			Number of Absolute TSR LTIP Units Earned
Below Threshold	—%	Less than	-600	basis points	—
Threshold	25%		-600	basis points	319,366
Target	50%		—	basis points	638,733
Maximum	100%		+600	basis points	1,277,465

If the relative TSR excess is more than -600 basis points but less than 0 basis points, or more than 0 basis points but less than +600 bps, the percentage of the Relative TSR LTIP Units earned will be determined using linear interpolation as between those tiers, respectively.

If the Valuation Date is the effective date of a Change of Control or a termination of the Advisor for any reason (i.e., with or without cause), then calculations relating to the number of Award LTIP Units earned pursuant to the 2018 OPP will be performed based on actual performance as of (and including) the effective date of the Change of Control or termination (as applicable) based on the performance through the last trading day prior to the effective date of the Change of Control or termination (as applicable), with the hurdles for calculating absolute TSR pro-rated to reflect that the Performance Period lasted less than three years but without pro-rating the number of Absolute TSR LTIP Units or Relative TSR LTIP Units the Advisor would be eligible to earn to reflect the shortened period.

The award of LTIP Units under the 2018 OPP is administered by the compensation committee of the Company's board of directors, provided that any of the compensation committee's powers can be exercised instead by the board if the board so elects. Following the Valuation Date, the compensation committee is responsible for determining the number of Absolute TSR LTIP Units and Relative TSR LTIP Units earned, as calculated by an independent consultant engaged by the compensation committee and as approved by the compensation committee in its reasonable and good faith discretion. The compensation committee also must approve the transfer of any Absolute TSR LTIP Units and Relative TSR LTIP Units (or OP Units into which they may be converted in accordance with the terms of the agreement of limited partnership of the OP).

LTIP Units earned as of the Valuation Date will also become vested as of the Valuation Date. Any LTIP Units that are not earned and vested after the Compensation Committee makes the required determination will automatically and without notice be forfeited without the payment of any consideration by the Company or the OP, effective as of the Valuation Date.

The rights of the Advisor as the holder of the LTIP Units are governed by the terms of the LTIP Units contained in the agreement of limited partnership of the OP. The agreement of limited partnership of the OP was amended in July 2018 in connection with the execution of the 2018 OPP to reflect the issuance of LTIP Units thereunder and to make certain clarifying and ministerial revisions, but these amendments did not alter the terms of the LTIP Units established in connection with the Company's entry into the 2015 OPP in June 2015.

During the third quarter of 2018, the OP made a distribution to the Advisor totaling approximately $0.1 million , representing the amount that would have been paid with respect to the Award LTIP Units after the June 2, 2018, the effective date of the 2018 OPP, but prior to July 19, 2018.

2015 OPP

In connection with the Listing, the Company entered into the 2015 OPP with the OP and the Advisor. Under the OPP, the Advisor was issued 3,013,933 LTIP Units in the OP with a maximum award value on the issuance date equal to 5.00% of the Company's market capitalization (the "OPP Cap"). Because no performance goals under the 2015 OPP were achieved, no LTIP Units issued under the 2015 OPP were earned and all LTIP Units issued under the 2015 OPP were automatically forfeited without the payment of any consideration by the Company or the OP, effective as of June 2, 2018.

Under the 2015 OPP, the Advisor was eligible to earn a number of LTIP Units with a value equal to a portion of the OPP Cap upon the first, second and third anniversaries of June 2, 2015, based on the Company's achievement of certain levels of absolute TSR and the amount by which the Company's absolute TSR exceeded the average TSR of a peer group for the three-year performance period commencing on June 2, 2015 (the " Three -Year Period"); each 12-month period during the Three -Year Period (the " One -Year Periods"); and the initial 24-month period of the Three -Year Period (the " Two -Year Period"), as follows:

	Performance Period	Annual Period	Interim Period
Absolute Component: 4% of any excess Total Return attained above an absolute hurdle measured from the beginning of such period:	21%	7%	14%
Relative Component: 4% of any excess Total Return attained above the Total Return for the performance period of the Peer Group*, subject to a ratable sliding scale factor as follows based on achievement of cumulative Total Return measured from the beginning of such period:			
• 100% will be earned if cumulative Total Return achieved is at least:	18%	6%	12%
• 50% will be earned if cumulative Total Return achieved is:	—%	—%	—%
• 0% will be earned if cumulative Total Return achieved is less than:	—%	—%	—%
• a percentage from 50% to 100% calculated by linear interpolation will be earned if the cumulative Total Return achieved is between:	0% - 18%	0% - 6%	0% - 12%

* The "Peer Group" was comprised of Gramercy Property Trust Inc., Lexington Realty Trust, Select Income REIT, and W.P. Carey Inc.

The potential outperformance award was calculated at the end of each One -Year Period, the Two -Year Period and the Three -Year Period. The award earned for the Three -Year Period was based on the formula in the table above less any awards earned for the Two -Year Period and One -Year Periods, but not less than zero; the award earned for the Two -Year Period is based on the formula in the table above less any award earned for the first and second One -Year Period, but not less than zero. Any LTIP Units that are unearned at the end of the Performance Period will be forfeited.

One third of any earned LTIP Units were to vest, subject to the Advisor's continued service through each vesting date, on each of the third, fourth and fifth anniversaries of June 2, 2015. Any earned and vested LTIP Units would have been converted into OP Units in accordance with the terms and conditions of the limited partnership agreement of the OP. The 2015 OPP provided for early calculation of LTIP Units earned and for the accelerated vesting of any earned LTIP Units in the event the Advisor was terminated or in the event the Company incurred a change in control, in either case prior to the end of the Three -Year Period. As of June 2, 2017 (end of the Two -Year Period) and June 2, 2016 (end of the first One -Year Period), and June 2, 2018 (end of the Three -Year Period), no LTIP units were earned by the Advisor under the terms of the 2015 OPP. Accordingly, all LTIP Units that had been issued under the 2015 OPP were automatically forfeited without the payment of any consideration by the Company or the OP as of the end of the Three-Year Period.

Other Share-Based Compensation

The Company may issue Common Stock in lieu of cash to pay fees earned by the Company's directors at each director's election. There are no restrictions on the shares issued since these payments in lieu of cash relate to fees earned for services performed. There were no such shares of Common Stock issued in lieu of cash during the years ended December 31, 2018 , 2017 and 2016 .

Note 14 — Earnings Per Share

The following is a summary of the basic and diluted net income per share computation for the years ended December 31, 2018 , 2017 and 2016 :

	Year Ended December 31,		
(In thousands, except share and per share data)	2018	2017	2016
Net income attributable to common stockholders	$ 1,082	$ 20,731	$ 47,140
Adjustments to net income attributable to common stockholders for common share equivalents	(689)	(742)	(773)
Adjusted net income attributable to common stockholders	$ 393	$ 19,989	$ 46,367
Basic and diluted net income per share attributable to common stockholders	$ 0.01	$ 0.30	$ 0.82
Basic weighted average common shares outstanding	69,411,061	66,877,620	56,720,448
Diluted weighted average common shares outstanding	69,663,208	66,877,620	56,720,448

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

Diluted net income per share assumes the conversion of all Common Stock share equivalents into an equivalent number of shares of Common Stock, unless the effect is anti-dilutive. The Company considers unvested RSUs, LTIP Units, and OP Units to be common share equivalents. For the years ended December 31, 2018 , 2017 and 2016 , the following common share equivalents on a weighted average basis were excluded from the calculation of diluted earnings per share:

	December 31,		
	2018	2017	2016
Unvested RSUs	46,352	49,112	61,099
OP Units [(1)]	—	—	181,841
LTIP Units [(2)]	970,173	3,013,933	3,013,933
Total anti-dilutive common share equivalents	1,016,525	3,063,045	3,256,873

(1) On April 3, 2017, all remaining OP Units were converted into Common Stock.

(2) Weighted-average number of LTIP Units outstanding. There were 2,554,930 LTIP Units issued and outstanding under the 2018 OPP as of December 31, 2018 . The 3,013,933 LTIP Units issued under the 2015 OPP were forfeited as of June 2, 2018 since no LTIP Units were earned under the 2015 OPP. See *Note 13* — *Share Based Compensation* for additional information on the 2018 OPP and 2015 OPP.

Conditionally issuable shares relating to the 2018 OPP award (see *Note 13* — *Share-Based Compensation*) are included in the computation of fully diluted EPS on a weighted average basis for the year ended December 31, 2018 based on shares that would be issued if the balance sheet date were the end of the measurement period. No LTIP Unit share equivalents were included in the computation for the years ended December 31, 2017 and 2016 because no LTIP Units would have been earned based on the stock price at December 31, 2017 and 2016.

Note 15 — Quarterly Results (Unaudited)

Presented below is a summary of the unaudited quarterly financial information for years ended December 31, 2018 and 2017 :

(In thousands, except share and per share data)	Quarters Ended			
2018	March 31,	June 30,	September 30,	December 31, [(1)]
Total revenue	$ 68,086	$ 70,971	$ 71,924	$ 71,226

Net income (loss) attributable to common stockholders	$ 2,361	$ 5,288	$ 177	$ (6,744)
Adjustments to net income (loss) attributable to common stockholders for common share equivalents	(184)	(26)	(316)	(163)
Adjusted net income (loss) attributable to common stockholders	$ 2,177	$ 5,262	$ (139)	$ (6,907)
Basic weighted average shares outstanding	67,287,231	67,292,021	69,441,639	73,554,137
Diluted weighted average shares outstanding	67,287,231	67,292,021	69,441,639	74,001,250
Basic and diluted net income (loss) per share attributable to common stockholders	$ 0.03	$ 0.08	$ —	$ (0.09)

(In thousands, except share and per share data)	**Quarters Ended**			
2017	**March 31,**	**June 30,** [2]	**September 30,**	**December 31,**
Total revenue	$ 62,837	$ 64,986	$ 64,870	$ 66,602
Net income attributable to common stockholders	$ 7,429	$ 5,200	$ 2,104	$ 5,998
Adjustments to net income attributable to common stockholders for common share equivalents	(185)	(185)	(186)	(186)
Adjusted net income attributable to common stockholders	$ 7,244	$ 5,015	$ 1,918	$ 5,812
Basic and diluted weighted average shares outstanding	66,271,008	66,652,221	67,286,615	67,286,822
Basic and diluted net income per share attributable to common stockholders	$ 0.11	$ 0.08	$ 0.03	$ 0.09

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(1) During the three months ended December 31, 2018, the Company recorded (i) impairment charges and related lease intangible write-offs of lease intangibles of $5.0 million which are more fully discussed in Note 4 — *Real Estate Investments, Net* and (ii) a litigation reserve of $7.4 million related to the anticipated settlement of the litigation with the Former Service Provider, which is more fully discussed in Note 10 — *Commitments and Contingencies*.

(2) As discussed in Note 2 — *Summary of Significant Accounting Policies* , the Company reflected an out-of-period adjustment $0.5 million in the three months ended June 30, 2017 for additional rental income and unbilled straight-line rent.

Note 16 — Subsequent Events

The Company has evaluated subsequent events through the filing of this Annual Report on Form 10-K, and determined that there have not been any events that have occurred that would require adjustments to, or disclosures in the consolidated financial statements, except for as previously disclosed or disclosed below.

Finnish Refinancing

On February 6, 2019, the Company borrowed an aggregate of €74.0 million ($84.2 million based on the prevailing exchange rate on that date) secured by mortgages of its five properties in Finland (the "Loan"). The maturity date of the Loan is February 1, 2024, and it bears interest at a rate of 3 -month Euribor plus 1.4% , with the interest rate for approximately €59.2 million ($67.4 million based on the prevailing exchange rate on that date), representing 80% of the principal amount of the Loan, fixed at 1.8% by an interest rate swap agreement. The Loan is interest-only with the principal due at maturity. At the closing of the Loan, €57.4 million ($65.3 million based on the prevailing exchange rate on that date) was used to repay all outstanding indebtedness encumbering the five properties, with the remaining proceeds, after costs and fees related to the Loan, available for working capital and general corporate purposes.

New Equity Distribution Agreement

The Company has the ATM Program, an "at the market" equity offering program pursuant to which the Company may sell shares of Common Stock, from time to time through our sales agents. During January 2019, the Company sold 7,759,322 shares of Common Stock through the ATM Program for gross proceeds of $152.8 million , before commissions of $1.5 million and additional issuance costs of $2,000 . Following these sales, the Company had raised all $175.0 million contemplated by its existing equity distribution agreement related to the ATM Program. On February 27, 2019, the Company terminated its existing equity distribution agreement, and on February 28, 2019, the Company entered into a new equity distribution agreement on substantially the same terms with the sales agents under its existing equity distribution agreement, UBS Securities LLC, Robert W. Baird & Co. Incorporated, Capital One Securities, Inc., Mizuho Securities USA, LLC, B. Riley FBR, Inc., KeyBanc Capital Markets Inc., and BMO Capital Markets Corp., as well as three new sales agents, BBVA Securities Inc., SMBC Nikko Securities America, Inc. and Stifel, Nicolaus & Company, Incorporated (collectively, the "Agents"). The new equity distribution agreement provides for the continuation of the ATM Program to raise additional aggregate sales proceeds of up to $250.0 million.

Subject to the terms and conditions of the new equity distribution agreement, the Agents will use their commercially reasonable efforts to sell, on the Company's behalf, shares of Common Stock offered by the Company under and in accordance with the new equity distribution agreement. The sales, if any, of shares of Common Stock, made under the new equity distribution agreement will be made by means of ordinary brokers' transactions or otherwise at market prices prevailing at the time of sale, at prices related to prevailing market prices or at negotiated prices. Actual sales will depend on a variety of factors to be determined by the Company from time to time.

The Company intends to continue to use any net proceeds from the ATM Program for general corporate purposes, including funding investment activity, repaying outstanding indebtedness (including borrowings under the Revolving Credit Facility), and for working capital.

The ATM Program is registered under the Securities Act of 1933, as amended, pursuant to the Company's shelf registration statement on Form S-3 (Registration No. 333-214579). Following the filing of this Annual Report on Form 10-K, the Company will file a prospectus supplement with the Securities and Exchange Commission in connection with the offer and sale of shares of Common Stock pursuant to the new equity distribution agreement.

The new equity distribution agreement contains customary representations, warranties, and agreements of both parties, indemnification rights and termination provisions.

Charter Amendment

On February 27, 2019, the Company filed an amendment to its charter with the State Department of Assessments and Taxation of Maryland, which became effective upon filing. Pursuant to this amendment, the Company increased the number of shares of stock the Company's charter authorizes the Company to issue from up to 116,670,000 shares of stock, consisting of 100,000,000 shares of common stock and 16,670,000 shares of preferred stock, to up to 166,670,000 shares of stock, consisting of 150,000,000 shares of common stock and 16,670,000 shares of preferred stock.

Property Management and Leasing Agreement Amendment

On February 27, 2019, the Company entered into an amendment to the Primary PMLA with the Property Manager, pursuant to which the Property Manager provides property management and leasing services for almost all of the Company's properties. For more information about the terms of the Primary PMLA, see Note 11 — *Related Party Transactions.*

Following this amendment, the Primary PMLA continues to have a one-year term that is automatically extended for an unlimited number of successive one-year terms unless terminated by either party upon notice. Under the Primary PMLA prior to this amendment, either the Company or the Property Manager could terminate upon 60 days' written notice prior to end of the applicable term. Following this amendment, either the Company or the Property Manager may terminate the Primary PMLA at any time upon at least 12 months' prior written notice.

Acquisitions

The Company has signed two non-binding letters of intent and one definitive purchase and sale agreement to acquire a total of three net lease properties, all of which are located in the United States, for an aggregate purchase price of $42.0 million . The two letters of intent may not lead to definitive agreements and the one definitive agreement is subject to conditions. There can be no assurance we will complete any of these acquisitions on their contemplated terms, or at all. Additionally, the Company has signed definitive agreements that will increase the annual rent at four of the Company's properties, that are leased to a single tenant, in exchange for the Company funding $11.4 million in capital expenditures to expand and remodel the properties.

Dispositions

The Company has signed non-binding letters of intent to dispose of two net lease properties, one of which is located in the United States, while the other is located in the United Kingdom. The United States disposition is for a contract sales price of $13.0 million , and there is no debt associated with the property. The United Kingdom disposition is for a contract sales price of £7.2 million , and it is expected to generate £3.0 million in net proceeds after repayment of associated debt. There can be no assurance these letters of intent will lead to definitive agreements or completed dispositions on the contemplated terms, or at all. Additionally, the Company entered into definitive purchase and sale agreements to sell two properties in the United States and three properties in Germany. The two United States dispositions are for a total contract sales price of $11.4 million , and there is no debt associated with these properties. The three Germany dispositions are for a contract sales price of €135.0 million and are expected to generate €72.5 million after repayment of associated debt. These pending dispositions are subject to conditions, and there can be no assurance they will be completed on their current terms, or at all.

Global Net Lease, Inc.

Real Estate and Accumulated Depreciation
Schedule III
December 31, 2018
(dollar amounts in thousands)

Portfolio	City	U.S. State/Territory or Country	Acquisition Date	Encumbrances at December 31, 2018 (1)	Initial Costs: Land	Initial Costs: Building and Improvements	Costs Capitalized Subsequent to Acquisition: Land	Costs Capitalized Subsequent to Acquisition: Building and Improvements	Gross Amount at December 31, 2018 (2)(3)	Accumulated Depreciation (4)(5)
McDonalds Corporation	Carlisle	United Kingdom	Oct. 2012	$ — (6)	$ 409	$ 954	$ —	$ —	$ 1,363	$ 298
Wickes	Blackpool	United Kingdom	May 2013	— (6)	1,719	1,846	—	—	3,565	486
Everything Everywhere	Merthyr Tydfil	United Kingdom	Jun. 2013	— (6)	3,502	2,229	—	—	5,731	577
Thames Water	Swindon	United Kingdom	Jul. 2013	— (6)	3,502	4,139	—	—	7,641	1,051
Wickes	Tunstall	United Kingdom	Jul. 2013	— (6)	891	2,037	—	—	2,928	519
PPD Global Labs	Highland Heights	KY	Aug. 2013	— (9)	2,001	6,002	—	—	8,003	1,675
Northern Rock	Sunderland	United Kingdom	Sep. 2013	— (6)	1,273	4,457	—	—	5,730	1,120
Wickes	Clifton	United Kingdom	Nov. 2013	— (6)	1,273	1,783	—	—	3,056	439
Con-Way Freight, Inc.	Aurora	NE	Nov. 2013	—	295	1,670	—	—	1,965	515
Con-Way Freight, Inc.	Grand Rapids	MI	Nov. 2013	—	945	1,417	—	—	2,362	437
Con-Way Freight, Inc.	Riverton	IL	Nov. 2013	—	344	804	—	—	1,148	248
Con-Way Freight, Inc.	Salina	KS	Nov. 2013	—	461	1,843	—	—	2,304	568
Con-Way Freight, Inc.	Uhrichsville	OH	Nov. 2013	—	380	886	—	—	1,266	273
Con-Way Freight, Inc.	Vincennes	IN	Nov. 2013	—	220	712	—	—	932	218
Con-Way Freight, Inc.	Waite Park	MN	Nov. 2013	—	366	782	—	—	1,148	215
Wolverine	Howard City	MI	Dec. 2013	—	719	13,667	—	—	14,386	4,168
Encanto Restaurants	Baymon	PR	Dec. 2013	—	1,150	1,724	—	—	2,874	478
Encanto Restaurants	Caguas	PR	Dec. 2013	—	—	2,481	—	—	2,481	688
Encanto Restaurants	Carolina	PR	Dec. 2013	—	615	751	—	—	1,366	208
Encanto Restaurants	Carolina	PR	Dec. 2013	—	1,840	2,761	—	—	4,601	765
Encanto Restaurants	Guayama	PR	Dec. 2013	—	673	822	—	—	1,495	228
Encanto Restaurants	Mayaguez	PR	Dec. 2013	—	410	957	—	—	1,367	265
Encanto Restaurants	Ponce	PR	Dec. 2013	—	600	1,399	—	—	1,999	401
Encanto Restaurants	Ponce	PR	Dec. 2013	—	655	1,528	—	—	2,183	423
Encanto Restaurants	Puerto Neuvo	PR	Dec. 2013	—	—	782	—	—	782	217
Encanto Restaurants	Quebrada Arena	PR	Dec. 2013	—	843	1,566	—	—	2,409	434
Encanto Restaurants	Rio Piedras	PR	Dec. 2013	—	963	1,788	—	—	2,751	495
Encanto Restaurants	Rio Piedras	PR	Dec. 2013	—	505	1,179	—	—	1,684	327
Encanto Restaurants	San German	PR	Dec. 2013	—	391	726	—	—	1,117	208
Encanto Restaurants	San Juan	PR	Dec. 2013	—	153	612	—	—	765	170
Encanto Restaurants	San Juan	PR	Dec. 2013	—	1,235	1,509	—	—	2,744	418
Encanto Restaurants	San Juan	PR	Dec. 2013	—	389	1,168	—	—	1,557	324
Encanto Restaurants	Toa Baja	PR	Dec. 2013	—	68	616	—	—	684	177
Encanto Restaurants	Vega Baja	PR	Dec. 2013	—	822	1,527	—	—	2,349	423
Rheinmetall	Neuss	Germany	Jan. 2014	12,130	5,884	16,521	—	74	22,479	2,249

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GE Aviation	Grand Rapids	MI	Jan. 2014	— (7)	3,174	27,076	—	—	30,250	3,606
Provident Financial	Bradford	United Kingdom	Feb. 2014	— (6)	1,284	23,829	—	—	25,113	2,986
Crown Crest	Leicester	United Kingdom	Feb. 2014	— (6)	7,318	30,221	—	—	37,539	4,315
Trane	Davenport	IA	Feb. 2014	—	291	1,968	—	—	2,259	311
Aviva	Sheffield	United Kingdom	Mar. 2014	— (6)	2,767	31,352	—	—	34,119	3,988
DFS Trading	Brigg	United Kingdom	Mar. 2014	— (6)	1,292	3,665	—	—	4,957	522
DFS Trading	Carcroft	United Kingdom	Mar. 2014	— (6)	1,087	4,304	—	—	5,391	567
DFS Trading	Carcroft	United Kingdom	Mar. 2014	— (6)	295	2,118	—	—	2,413	317
DFS Trading	Darley Dale	United Kingdom	Mar. 2014	— (6)	1,272	3,264	—	—	4,536	475
DFS Trading	Somercotes	United Kingdom	Mar. 2014	— (6)	747	2,668	—	—	3,415	457
Government Services Administration (GSA)	Fanklin	TN	Mar. 2014	—	4,160	30,083	—	—	34,243	3,800
National Oilwell	Williston	ND	Mar. 2014	—	211	3,513	—	—	3,724	599
Talk Talk	Manchester	United Kingdom	Apr. 2014	— (6)	747	8,879	—	—	9,626	1,170
Government Services Administration (GSA)	Dover	DE	Apr. 2014	—	1,097	1,715	—	—	2,812	240
Government Services Administration (GSA)	Germantown	PA	Apr. 2014	—	1,097	3,573	—	—	4,670	448
OBI DIY	Mayen	Germany	Apr. 2014	5,150	1,282	7,654	—	—	8,936	1,088
DFS Trading	South Yorkshire	United Kingdom	Apr. 2014	— (6)	—	1,331	—	—	1,331	251
DFS Trading	Yorkshire	United Kingdom	Apr. 2014	— (6)	—	1,735	—	—	1,735	220
Government Services Administration (GSA)	Dallas	TX	Apr. 2014	—	484	2,934	—	—	3,418	367
Government Services Administration (GSA)	Mission	TX	Apr. 2014	—	618	3,145	—	—	3,763	416
Government Services Administration (GSA)	International Falls	MN	May 2014	— (7)	350	11,182	—	63	11,595	1,437
Indiana Department of Revenue	Indianapolis	IN	May 2014	—	891	7,677	—	—	8,568	1,012
National Oilwell	Pleasanton	TX	May 2014	—	202	1,643	—	—	1,845	262
Nissan	Murfreesboro	TN	May 2014	— (7)	966	19,573	—	—	20,539	2,353
Government Services Administration (GSA)	Lakewood	CO	Jun. 2014	—	1,220	7,928	—	—	9,148	955
Lippert Components	South Bend	IN	Jun. 2014	— (7)	3,195	6,883	—	—	10,078	848
Axon Energy Products	Conroe	TX	Jun. 2014	—	826	6,132	—	—	6,958	714
Axon Energy Products	Houston	TX	Jun. 2014	—	294	2,310	—	—	2,604	300
Axon Energy Products	Houston	TX	Jun. 2014	—	416	5,186	—	—	5,602	653
Bell Supply Co	Carrizo Springs	TX	Jun. 2014	—	260	1,445	—	—	1,705	216
Bell Supply Co	Cleburne	TX	Jun. 2014	—	301	323	—	—	624	54
Bell Supply Co	Frierson	LA	Jun. 2014	—	260	1,054	—	—	1,314	218

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Bell Supply Co	Gainesville	TX	Jun. 2014	—	131	1,420	—	—	1,551	179
Bell Supply Co	Killdeer	ND	Jun. 2014	—	307	1,250	—	—	1,557	182
Bell Supply Co	Williston	ND	Jun. 2014	—	162	2,323	—	—	2,485	305
GE Oil & Gas	Canton	OH	Jun. 2014	—	437	3,039	—	300	3,776	397
GE Oil & Gas	Odessa	TX	Jun. 2014	—	1,611	3,322	—	—	4,933	781
Lhoist	Irving	TX	Jun. 2014	—	173	2,154	—	—	2,327	329
Select Energy Services	DeBerry	TX	Jun. 2014	—	533	7,551	—	—	8,084	1,512
Select Energy Services	Gainesville	TX	Jun. 2014	—	519	7,482	—	—	8,001	888
Select Energy Services	Victoria	TX	Jun. 2014	—	354	1,698	—	—	2,052	264
Bell Supply Co	Jacksboro	TX	Jun. 2014	—	51	657	—	—	708	135
Bell Supply Co	Kenedy	TX	Jun. 2014	—	190	1,669	—	—	1,859	271
Select Energy Services	Alice	TX	Jun. 2014	—	518	1,331	—	—	1,849	186
Select Energy Services	Dilley	TX	Jun. 2014	—	429	1,777	—	—	2,206	292
Select Energy Services	Kenedy	TX	Jun. 2014	—	815	8,355	—	—	9,170	1,177
Select Energy Services	Laredo	TX	Jun. 2014	—	2,472	944	—	—	3,416	197
Superior Energy Services	Gainesville	TX	Jun. 2014	—	322	480	—	—	802	61
Superior Energy Services	Jacksboro	TX	Jun. 2014	—	408	312	—	—	720	55
Amcor Packaging	Workington	United Kingdom	Jun. 2014	— (6)	1,108	6,535	—	—	7,643	950
Government Services Administration (GSA)	Raton	NM	Jun. 2014	—	93	875	—	—	968	116
Nimble Storage	San Jose	CA	Jun. 2014	— (9)	30,227	10,795	—	180	41,202	1,336
FedEx	Amarillo	TX	Jul. 2014	—	889	6,446	—	—	7,335	941
FedEx	Chicopee	MA	Jul. 2014	—	1,030	7,022	—	—	8,052	1,074
FedEx	San Antonio	TX	Jul. 2014	—	3,283	17,756	—	—	21,039	2,156
Sandoz	Princeton	NJ	Jul. 2014	— (7)	7,766	31,994	—	11,558	51,318	7,666
Wyndham	Branson	MO	Jul. 2014	—	881	3,307	—	—	4,188	425
Valassis	Livonia	MI	Jul. 2014	—	1,735	8,119	—	—	9,854	957
Government Services Administration (GSA)	Fort Fairfield	ME	Jul. 2014	—	26	9,315	—	—	9,341	1,050
AT&T Services, Inc.	San Antonio	TX	Jul. 2014	33,550	5,312	41,201	—	—	46,513	4,596
PNC Bank	Erie	PA	Jul. 2014	— (9)	242	6,195	—	—	6,437	706
PNC Bank	Scranton	PA	Jul. 2014	— (7)	1,324	3,004	—	—	4,328	351
Achmea	Leusden	The Netherlands	Jul. 2014	—	2,913	22,704	—	99	25,716	2,557
Continental Tire	Fort Mill	SC	Jul. 2014	—	780	14,259	—	—	15,039	1,620
Fujitsu Office Properties	Manchester	United Kingdom	Jul. 2014	— (6)	3,596	38,927	—	—	42,523	4,491
BP Oil	Wootton Bassett	United Kingdom	Aug. 2014	— (6)	583	2,521	—	—	3,104	309

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HBOS	Derby	United Kingdom	Aug. 2014	— (6)	585	5,896	—	—	6,481	747
HBOS	St. Helens	United Kingdom	Aug. 2014	— (6)	222	3,341	—	—	3,563	427
HBOS	Warrington	United Kingdom	Aug. 2014	— (6)	423	1,996	—	—	2,419	275
Malthurst	Shiptonthorpe	United Kingdom	Aug. 2014	— (6)	268	1,908	—	—	2,176	258
Malthurst	Yorkshire	United Kingdom	Aug. 2014	— (6)	476	1,249	—	—	1,725	221
Stanley Black & Decker	Westerville	OH	Aug. 2014	—	958	6,933	—	—	7,891	816
Thermo Fisher	Kalamazoo	MI	Aug. 2014	—	1,176	10,179	—	—	11,355	1,138
Capgemini	Birmingham	United Kingdom	Aug. 2014	— (6)	1,585	15,028	—	—	16,613	1,816
Merck	Madison	NJ	Aug. 2014	— (7)	10,290	32,530	—	—	42,820	3,595
Family Dollar	Abbeville	AL	Aug. 2014	—	115	635	—	—	750	90
Family Dollar	Aiken	SC	Aug. 2014	—	439	505	—	—	944	77
Family Dollar	Alapaha	GA	Aug. 2014	—	200	492	—	—	692	79
Family Dollar	Anniston	AL	Aug. 2014	—	176	618	—	—	794	86
Family Dollar	Atlanta	GA	Aug. 2014	—	234	1,181	—	—	1,415	146
Family Dollar	Bossier City	LA	Aug. 2014	—	291	520	—	—	811	71
Family Dollar	Brandenburg	KY	Aug. 2014	—	178	748	—	—	926	102
Family Dollar	Brownfield	TX	Aug. 2014	—	31	664	—	—	695	81
Family Dollar	Brownsville	TX	Aug. 2014	—	83	803	—	—	886	99
Family Dollar	Caledonia	MS	Aug. 2014	—	415	162	—	—	577	38
Family Dollar	Camden	SC	Aug. 2014	—	187	608	—	—	795	88
Family Dollar	Camp Wood	TX	Aug. 2014	—	96	593	—	—	689	84
Family Dollar	Church Point	LA	Aug. 2014	—	247	563	—	—	810	78
Family Dollar	Columbia	SC	Aug. 2014	—	363	487	—	—	850	77
Family Dollar	Columbus	MS	Aug. 2014	—	305	85	—	—	390	18
Family Dollar	Danville	VA	Aug. 2014	—	124	660	—	—	784	86
Family Dollar	Detroit	MI	Aug. 2014	—	107	711	—	—	818	80
Family Dollar	Diamond Head	MS	Aug. 2014	—	104	834	—	—	938	105
Family Dollar	Falfurrias	TX	Aug. 2014	—	52	745	—	—	797	84
Family Dollar	Fayetteville	NC	Aug. 2014	—	99	438	—	—	537	52
Family Dollar	Fort Davis	TX	Aug. 2014	—	114	698	—	—	812	100
Family Dollar	Fort Madison	IA	Aug. 2014	—	188	226	—	—	414	36
Family Dollar	Greenwood	SC	Aug. 2014	—	629	546	—	—	1,175	70
Family Dollar	Grenada	MS	Aug. 2014	—	346	335	—	—	681	57
Family Dollar	Griffin	GA	Aug. 2014	—	369	715	—	—	1,084	100
Family Dollar	Hallsville	TX	Aug. 2014	—	96	225	—	—	321	27

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Family Dollar	Hardeeville	SC	Aug. 2014	—	83	663	—	—	746	90
Family Dollar	Hastings	NE	Aug. 2014	—	260	515	—	—	775	64
Family Dollar	Haw River	NC	Aug. 2014	—	310	554	—	—	864	96
Family Dollar	Kansas City	MO	Aug. 2014	—	52	986	—	—	1,038	109
Family Dollar	Knoxville	TN	Aug. 2014	—	82	714	—	—	796	96
Family Dollar	La Feria	TX	Aug. 2014	—	124	956	—	—	1,080	113
Family Dollar	Lancaster	SC	Aug. 2014	—	229	721	—	—	950	106
Family Dollar	Lillian	AL	Aug. 2014	—	410	508	—	—	918	72
Family Dollar	Louisville	KY	Aug. 2014	—	511	503	—	—	1,014	74
Family Dollar	Louisville	MS	Aug. 2014	—	235	410	—	—	645	64
Family Dollar	Madisonville	KY	Aug. 2014	—	389	576	—	—	965	83
Family Dollar	Memphis	TN	Aug. 2014	—	356	507	—	—	863	75
Family Dollar	Memphis	TN	Aug. 2014	—	79	342	—	—	421	52
Family Dollar	Memphis	TN	Aug. 2014	—	158	301	—	—	459	49
Family Dollar	Mendenhall	MS	Aug. 2014	—	61	720	—	—	781	92
Family Dollar	Mobile	AL	Aug. 2014	—	258	682	—	—	940	87
Family Dollar	Mohave Valley	AZ	Aug. 2014	—	284	575	—	—	859	97
Family Dollar	N Platte	NE	Aug. 2014	—	117	255	—	—	372	28
Family Dollar	Nampa	ID	Aug. 2014	—	133	1,126	—	—	1,259	139
Family Dollar	Newberry	MI	Aug. 2014	—	172	1,562	—	—	1,734	191
Family Dollar	North Charleston	SC	Aug. 2014	—	458	593	—	—	1,051	92
Family Dollar	North Charleston	SC	Aug. 2014	—	376	588	—	—	964	85
Family Dollar	Oklahoma City	OK	Aug. 2014	—	144	1,211	—	—	1,355	134
Family Dollar	Paulden	AZ	Aug. 2014	—	468	306	—	—	774	62
Family Dollar	Poteet	TX	Aug. 2014	—	141	169	—	—	310	36
Family Dollar	Rockford	IL	Aug. 2014	—	183	1,179	—	—	1,362	141
Family Dollar	Roebuck	SC	Aug. 2014	—	306	508	—	—	814	87
Family Dollar	San Angelo	TX	Aug. 2014	—	96	342	—	—	438	50
Family Dollar	St Louis	MO	Aug. 2014	—	226	1,325	—	—	1,551	157
Family Dollar	Tyler	TX	Aug. 2014	—	217	682	—	—	899	83
Family Dollar	Union	MS	Aug. 2014	—	52	622	—	—	674	82
Family Dollar	Williamston	SC	Aug. 2014	—	211	558	—	—	769	81
Government Services Administration (GSA)	Rangeley	ME	Aug. 2014	—	1,377	4,746	—	262	6,385	583
Hewlett-Packard	Newcastle	United Kingdom	Sep. 2014	— (6)	1,095	18,230	—	—	19,325	2,055
Intier Automotive	Redditch	United Kingdom	Sep. 2014	— (6)	1,131	8,952	—	—	10,083	1,122

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Waste Management	Winston-Salem	NC	Sep. 2014	—	494	3,235	—	—	3,729	373
FedEx	Winona	MN	Sep. 2014	—	83	1,785	—	—	1,868	236
Dollar General	Allen	OK	Sep. 2014	—	99	793	—	—	892	96
Dollar General	Cherokee	KS	Sep. 2014	—	27	769	—	—	796	94
Dollar General	Clearwater	KS	Sep. 2014	—	90	785	—	—	875	96
Dollar General	Dexter	NM	Sep. 2014	—	329	585	—	—	914	71
Dollar General	Elmore City	OK	Sep. 2014	—	21	742	—	—	763	92
Dollar General	Eunice	NM	Sep. 2014	—	269	569	—	—	838	70
Dollar General	Gore	OK	Sep. 2014	—	143	813	—	—	956	99
Dollar General	Kingston	OK	Sep. 2014	—	81	778	—	—	859	96
Dollar General	Lordsburg	NM	Sep. 2014	—	212	719	—	—	931	87
Dollar General	Lyons	KS	Sep. 2014	—	120	970	—	—	1,090	117
Dollar General	Mansfield	LA	Sep. 2014	—	169	812	—	—	981	99
Dollar General	Neligh	NE	Sep. 2014	—	83	1,045	—	—	1,128	123
Dollar General	Norman	OK	Sep. 2014	—	40	913	—	—	953	111
Dollar General	Peggs	OK	Sep. 2014	—	72	879	—	—	951	106
Dollar General	Santa Rosa	NM	Sep. 2014	—	324	575	—	—	899	70
Dollar General	Sapulpa	OK	Sep. 2014	—	143	745	—	—	888	93
Dollar General	Schuyler	NE	Sep. 2014	—	144	905	—	—	1,049	108
Dollar General	Tahlequah	OK	Sep. 2014	—	132	925	—	—	1,057	111
Dollar General	Townville	PA	Sep. 2014	—	78	882	—	—	960	113
Dollar General	Valley Falls	KS	Sep. 2014	—	51	922	—	—	973	109
Dollar General	Wymore	NE	Sep. 2014	—	21	872	—	—	893	105
FedEx	Bohemia	NY	Sep. 2014	— (7)	4,838	19,596	—	—	24,434	2,400
FedEx	Watertown	NY	Sep. 2014	—	561	4,757	—	—	5,318	614
Shaw Aero	Naples	FL	Sep. 2014	—	998	22,332	—	—	23,330	2,469
Mallinckrodt	St. Louis	MO	Sep. 2014	— (9)	1,499	16,828	—	—	18,327	1,880
Kuka Warehouse	Sterling Heights	MI	Sep. 2014	—	1,227	10,790	—	—	12,017	1,205
Trinity Health	Livonia	MI	Sep. 2014	—	4,680	11,568	—	1,583	17,831	1,734
Trinity Health	Livonia	MI	Sep. 2014	—	4,273	16,574	—	2,093	22,940	2,098
FedEx	Hebron	KY	Sep. 2014	—	1,106	7,750	—	109	8,965	926
FedEx	Lexington	KY	Sep. 2014	—	1,118	7,961	—	—	9,079	927
GE Aviation	Cincinnati	OH	Sep. 2014	—	1,393	10,490	—	—	11,883	1,174
Bradford & Bingley	Bingley	United Kingdom	Oct. 2014	— (6)	4,247	10,663	—	—	14,910	1,291
DNV GL	Dublin	OH	Oct. 2014	—	2,509	3,140	—	126	5,775	377

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Rexam	Reckinghausen	Germany	Oct. 2014	5,876	807	11,358	—	—	12,165	1,258
C&J Energy	Houston	TX	Oct. 2014	— (7)	3,865	9,457	—	—	13,322	1,106
FedEx	Lake Charles	LA	Oct. 2014	—	255	7,485	—	—	7,740	980
Family Dollar	Big Sandy	TN	Oct. 2014	—	62	739	—	—	801	94
Family Dollar	Boling	TX	Oct. 2014	—	80	781	—	—	861	95
Family Dollar	Bonifay	FL	Oct. 2014	—	103	673	—	—	776	102
Family Dollar	Brownsville	TN	Oct. 2014	—	155	776	—	—	931	107
Family Dollar	Brundidge	AL	Oct. 2014	—	89	749	—	—	838	119
Family Dollar	Buena Vista	GA	Oct. 2014	—	246	757	—	—	1,003	143
Family Dollar	Calvert	TX	Oct. 2014	—	91	777	—	—	868	97
Family Dollar	Chocowinty	NC	Oct. 2014	—	237	554	—	—	791	74
Family Dollar	Clarksville	TN	Oct. 2014	—	370	1,025	—	—	1,395	150
Family Dollar	Fort Mill	SC	Oct. 2014	—	556	757	—	—	1,313	100
Family Dollar	Hillsboro	TX	Oct. 2014	—	287	634	—	—	921	81
Family Dollar	Lake Charles	LA	Oct. 2014	—	295	737	—	—	1,032	93
Family Dollar	Lakeland	FL	Oct. 2014	—	300	812	—	—	1,112	102
Family Dollar	Lansing	MI	Oct. 2014	—	132	1,040	—	—	1,172	151
Family Dollar	Laurens	SC	Oct. 2014	—	303	584	—	—	887	98
Family Dollar	Marion	MS	Oct. 2014	—	183	747	—	—	930	96
Family Dollar	Marsing	ID	Oct. 2014	—	188	786	—	—	974	124
Family Dollar	Montgomery	AL	Oct. 2014	—	122	821	—	—	943	132
Family Dollar	Monticello	FL	Oct. 2014	—	230	695	—	—	925	97
Family Dollar	Monticello	UT	Oct. 2014	—	96	894	—	—	990	146
Family Dollar	North Little Rock	AR	Oct. 2014	—	424	649	—	—	1,073	102
Family Dollar	Oakdale	LA	Oct. 2014	—	243	696	—	—	939	87
Family Dollar	Orlando	FL	Oct. 2014	—	684	619	—	—	1,303	89
Family Dollar	Port St. Lucie	FL	Oct. 2014	—	403	907	—	—	1,310	119
Family Dollar	Prattville	AL	Oct. 2014	—	463	749	—	—	1,212	135
Family Dollar	Prichard	AL	Oct. 2014	—	241	803	—	—	1,044	99
Family Dollar	Quinlan	TX	Oct. 2014	—	74	774	—	—	848	96
Family Dollar	Rigeland	MS	Oct. 2014	—	447	891	—	—	1,338	109
Family Dollar	Rising Star	TX	Oct. 2014	—	63	674	—	—	737	84
Family Dollar	Southaven	MS	Oct. 2014	—	409	1,080	—	—	1,489	144
Family Dollar	Spout Springs	NC	Oct. 2014	—	474	676	—	—	1,150	90
Family Dollar	St. Petersburg	FL	Oct. 2014	—	482	851	—	—	1,333	112

Global Net Lease, Inc.

Real Estate and Accumulated Depreciation
Schedule III
December 31, 2018
(dollar amounts in thousands)

					Initial Costs		Costs Capitalized Subsequent to Acquisition			
Portfolio	City	U.S. State/Territory or Country	Acquisition Date	Encumbrances at December 31, 2018 (1)	Land	Building and Improvements	Land	Building and Improvements	Gross Amount at December 31, 2018 (2)(3)	Accumulated Depreciation (4)(5)
Family Dollar	Standish	ME	Oct. 2014	—	411	646	—	—	1,057	113
Family Dollar	Swansboro	NC	Oct. 2014	—	337	826	—	—	1,163	139
Panasonic	Hudson	NJ	Oct. 2014	—	1,312	7,075	—	—	8,387	777
Onguard	Havre De Grace	MD	Oct. 2014	—	2,216	6,585	—	—	8,801	1,030
Axon Energy Products	Houston	TX	Oct. 2014	—	297	2,432	—	—	2,729	264
Metro Tonic	Halle Peissen	Germany	Oct. 2014	30,326	6,954	48,721	—	—	55,675	5,978
Tokmanni	Matsala	Finland	Nov. 2014	33,159	1,802	54,543	—	—	56,345	6,305
Fife Council	Dunfermline	United Kingdom	Nov. 2014	— (6)	335	4,326	—	—	4,661	485
Family Dollar	Doerun	GA	Nov. 2014	—	236	717	—	—	953	92
Family Dollar	Old Hickory	TN	Nov. 2014	—	548	781	—	—	1,329	108
Government Services Administration (GSA)	Rapid City	SD	Nov. 2014	—	504	7,837	—	—	8,341	884
KPN BV	Houten	The Netherlands	Nov. 2014	—	1,613	19,738	—	—	21,351	2,088
RWE AG	Essen	Germany	Nov. 2014	29,911	—	—	—	—	—	—
RWE AG	Essen	Germany	Nov. 2014	16,917	—	—	—	—	—	—
RWE AG	Essen	Germany	Nov. 2014	24,696	—	—	—	—	—	—
Follett School	McHenry	IL	Dec. 2014	—	3,423	15,600	—	—	19,023	2,035
Quest Diagnostics, Inc.	Santa Clarita	CA	Dec. 2014	52,800	10,714	69,018	—	—	79,732	7,168
Diebold	North Canton	OH	Dec. 2014	—	—	9,142	—	—	9,142	1,133
Weatherford International	Odessa	TX	Dec. 2014	— (9)	665	1,795	—	—	2,460	320
AM Castle	Wichita	KS	Dec. 2014	—	426	6,681	—	—	7,107	676
FedEx	Billerica	MA	Dec. 2014	—	1,138	6,674	—	—	7,812	830
Constellium Auto	Wayne	MI	Dec. 2014	— (7)	1,180	13,781	—	7,875	22,836	3,614
C&J Energy	Houston	TX	Mar. 2015	— (7)	6,196	21,745	—	—	27,941	2,172
FedEx	Salina	UT	Mar. 2015	—	428	3,447	—	—	3,875	487
FedEx	Pierre	SD	Apr. 2015	—	—	3,288	—	—	3,288	444
Crowne Group	Fraser	MI	Aug. 2015	—	350	3,865	—	—	4,215	365
Crowne Group	Jonesville	MI	Aug. 2015	—	101	3,136	—	—	3,237	305
Crowne Group	Warren	MI	Aug. 2015	—	166	1,854	—	—	2,020	318
Crowne Group	Logansport	IN	Aug. 2015	—	1,843	5,430	—	—	7,273	592
Crowne Group	Madison	IN	Aug. 2015	—	1,598	7,513	—	—	9,111	692
Crowne Group	Marion	SC	Aug. 2015	—	386	7,993	—	—	8,379	795
JIT Steel	Chattanooga	TN	Sep. 2015	—	582	3,122	—	—	3,704	275
JIT Steel	Chattanooga	TN	Sep. 2015	—	316	1,986	—	—	2,302	171
Mapes & Sprowl	Elk Grove Village	IL	Sep. 2015	—	954	4,619	—	—	5,573	420
Beacon Health	South Bend	IN	Sep. 2015	—	1,636	8,190	—	—	9,826	751

Global Net Lease, Inc.

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(dollar amounts in thousands)

Portfolio	City	U.S. State/Territory or Country	Acquisition Date	Encumbrances at December 31, 2018 (1)	Initial Costs		Costs Capitalized Subsequent to Acquisition		Gross Amount at December 31, 2018 (2)(3)	Accumulated Depreciation (4)(5)
					Land	Building and Improvements	Land	Building and Improvements		
National Oilwell	Pleasanton	TX	Sep. 2015	—	80	3,372	—	—	3,452	320
Office Depot	Venlo	The Netherlands	Sep. 2015	—	3,569	15,783	—	—	19,352	1,554
Finnair	Helsinki	Finland	Sep. 2015	32,501	2,575	73,384	—	—	75,959	6,481
Hannibal	Houston	TX	Sep. 2015	—	2,090	11,138	—	—	13,228	953
FedEx	Mankato	MN	Sep. 2015	—	472	6,780	—	—	7,252	744
Auchan	Beychac-et-Caillau	France	Dec. 2016	9,498	4,143	13,476	—	—	17,619	914
DCNS	Guipavas	France	Dec. 2016	10,872	1,934	14,669	—	—	16,603	820
Deutsche Bank	Kirchberg	Luxembourg	Dec. 2016	41,198	14,781	50,276	—	306	65,363	2,609
FedEx	Greensboro	NC	Dec. 2016	—	1,820	8,252	—	—	10,072	580
Foster Wheeler	Reading	United Kingdom	Dec. 2016	— (6)	26,938	73,692	—	—	100,630	3,816
Harper Collins	Glasgow	United Kingdom	Dec. 2016	— (6)	10,061	51,391	—	—	61,452	2,880
ID Logistics	Landersheim	France	Dec. 2016	6,294	1,972	8,287	—	—	10,259	458
ID Logistics	Moreuil	France	Dec. 2016	5,722	3,044	6,157	—	—	9,201	358
ID Logistics	Weilbach	Germany	Dec. 2016	4,578	1,362	9,006	—	—	10,368	475
ING Bank	Amsterdam Zuidoos	The Netherlands	Dec. 2016	50,353	—	74,520	—	275	74,795	3,808
NCR Financial Solutions Group	Dundee	United Kingdom	Dec. 2016	— (6)	2,560	8,189	—	—	10,749	515
Pole Emploi	Marseille	France	Dec. 2016	6,637	816	8,601	—	—	9,417	443
Sagemcom	Rueil Malmaison		Dec. 2016	41,083	3,075	73,867	—	—	76,942	3,824
Worldline SA	Blois	France	Dec. 2016	5,722	1,156	5,502	—	—	6,658	391
Cott Beverages	Sikeston	MO	Feb. 2017	—	456	8,291	—	—	8,747	409
FedEx	Great Falls	MT	Mar. 2017	— (9)	326	5,439	—	—	5,765	345
FedEx	Morgantown	WV	Mar. 2017	— (7)	4,661	8,401	—	—	13,062	421
Bridgestone Tire	Mt. Olive Township	NJ	Sep. 2017	— (8)	916	5,088	—	—	6,004	186
NSA Industries	St. Johnsbury	VT	Oct. 2017	— (8)	270	3,858	—	—	4,128	134
NSA Industries	St. Johnsbury	VT	Oct. 2017	— (8)	210	1,753	—	—	1,963	60
NSA Industries	St. Johnsbury	VT	Oct. 2017	— (8)	300	3,936	—	—	4,236	152
GKN Aerospace	Blue Ash	OH	Oct. 2017	— (8)	790	4,079	—	—	4,869	137
Tremec	Wixom	MI	Nov. 2017	— (8)	1,002	17,376	—	—	18,378	588
NSA Industries	Groveton	NH	Dec. 2017	— (8)	59	3,517	—	—	3,576	90
Cummins	Omaha	NE	Dec. 2017	— (8)	1,448	6,469	—	—	7,917	203
Government Services Administration (GSA)	Gainsville	FL	Dec. 2017	—	451	6,016	—	—	6,467	158
Chemours	Pass Christian	MS	Feb. 2018	—	382	16,149	—	—	16,531	409
Lee Steel	Wyoming	MI	Mar. 2018	—	504	7,256	—	—	7,760	143
LSI Steel	Chicago	IL	Mar. 2018	—	3,341	1,181	—	—	4,522	23
LSI Steel	Chicago	IL	Mar. 2018	—	1,792	5,615	—	—	7,407	106

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					Initial Costs		Costs Capitalized Subsequent to Acquisition			
Portfolio	City	U.S. State/Territory or Country	Acquisition Date	Encumbrances at December 31, 2018 (1)	Land	Building and Improvements	Land	Building and Improvements	Gross Amount at December 31, 2018 (2)(3)	Accumulated Depreciation (4) (5)
LSI Steel	Chicago	IL	Mar. 2018	—	2,856	948	—	—	3,804	20
Fiat Chrysler	Sterling Heights	MI	Mar. 2018	—	1,855	13,623	—	—	15,478	308
Contractors Steel	Belleville	MI	May 2018	—	2,862	25,878	—	—	28,740	416
Contractors Steel	Hammond	IN	May 2018	—	1,970	8,859	—	—	10,829	167
Contractors Steel	Livonia	MI	May 2018	—	933	8,554	—	—	9,487	127
Contractors Steel	Twinsburg	OH	May 2018	—	729	8,707	—	—	9,436	132
Contractors Steel	Wyoming	MI	May 2018	—	970	12,426	—	—	13,396	196
FedEx	Blackfoot	ID	Jun. 2018	—	350	6,882	—	—	7,232	183
DuPont Pioneer	Spencer	IA	Jun. 2018	—	273	6,718	—	—	6,991	117
Rubbermaid	Akron	OH	Jul. 2018	—	1,221	17,145	—	—	18,366	184
NetScout	Allen	TX	Aug. 2018	— (9)	2,115	41,486	—	—	43,601	439
Bush Industries	Jamestown	NY	Sep. 2018	—	1,535	14,818	—	—	16,353	100
FedEx	Greenville	NC	Sep. 2018	—	581	9,744	—	—	10,325	123
Penske	Romulus	MI	Nov. 2018	70,000	4,701	105,826	—	—	110,527	474
NSA Industries	Georgetown	MA	Nov. 2018	—	1,100	6,059	—	—	7,159	12
LKQ Corp.	Cullman	AL	Dec. 2018	—	61	3,781	—	—	3,842	—
Grupo Antolin North America, Inc.	Shelby Township	MI	Dec. 2018	—	1,941	41,648	—	—	43,589	—
Walgreens	Pittsburgh	PA	Dec. 2018	—	1,701	13,718	—	—	15,419	—
VersaFlex	Kansas City	KS	Dec. 2018	—	526	7,577	—	—	8,103	—
Encumberances allocated based on notes below				611,140						
				$ 1,140,113	$ 398,911	$ 2,321,534	—	$ 24,903	$ 2,745,348	$ 220,225

(1) These are stated principal amounts at spot rates for those in local currency and exclude $9.7 million of deferred financing costs and $0.6 million of mortgage discounts, net.

(2) Acquired intangible lease assets allocated to individual properties in the amount of $675.6 million are not reflected in the table above.

(3) The tax basis of aggregate land, buildings and improvements as of December 31, 2018 is $3.7 billion . Assets acquired from the Merger, retain the prior tax basis.

(4) The accumulated depreciation column excludes approximately $217.7 million of amortization associated with acquired intangible lease assets.

(5) Each of the properties has a depreciable life of: 40 years for buildings, 15 years for improvements and five years for fixtures.

(6) These properties collateralize the UK Multi-Property Cross Collateralized Loan of $292.9 million as of December 31, 2018.

(7) These properties collateralize the U.S. Multi-Property Loan I of $187.0 million as of December 31, 2018.

(8) These properties collateralize the U.S. Multi-Property Loan II of $32.8 million as of December 31, 2018.

(9) These properties collateralize the U.S. Multi-Property Loan III of $98.5 million as of December 31, 2018.

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Global Net Lease, Inc.

Real Estate and Accumulated Depreciation
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(dollar amounts in thousands)

A summary of activity for real estate and accumulated depreciation for the years ended December 31, 2018 , 2017 and 2016 :

	December 31,		
	2018	2017	2016
Real estate investments, at cost:			
Balance at beginning of year	$ 2,543,052	$ 2,344,634	$ 2,028,010
Additions-Acquisitions	420,529	88,231	463,327
Asset remeasurement	—	(8,559)	—
Asset dispositions	(32,110)	(15,145)	—
Transfer to assets held for sale	(123,021)	—	—
Impairment charge	(1,603)	—	—
Currency translation adjustment	(61,499)	133,891	(69,640)
Balance at end of the year	$ 2,745,348	$ 2,543,052	$ 2,344,634
Accumulated depreciation:			
Balance at beginning of year	$ 174,452	$ 111,321	$ 68,078
Depreciation expense	64,849	59,385	50,333
Asset dispositions	(3,861)	(2,122)	(3,012)
Transfer to assets held for sale	(10,633)	—	—
Currency translation adjustment	(4,582)	5,868	(4,078)
Balance at end of the year	$ 220,225	$ 174,452	$ 111,321

EXHIBIT 1.7

GLOBAL NET LEASE, INC.

$250,000,000
Shares of Common Stock
(par value $0.01 per share)

EQUITY DISTRIBUTION AGREEMENT

February 28, 2019

UBS Securities LLC
1285 Avenue of the Americas
New York, New York 10019

Robert W. Baird & Co. Incorporated
1775 Tysons Boulevard, Suite 1400
McLean, VA 22102

Capital One Securities, Inc.
299 Park Avenue, 14th Floor
New York, New York 10171

Mizuho Securities USA LLC
320 Park Avenue, 12th Floor
New York, New York 10022

B. Riley FBR, Inc.
299 Park Avenue, 21st Floor
New York, New York 10171

KeyBanc Capital Markets Inc.
127 Public Square, 4th Floor
Cleveland, Ohio 44114

BMO Capital Markets Corp.
3 Times Square, 25th Floor
New York, New York 10036

BBVA Securities Inc.
1345 Avenue of the Americas, 44th Floor
New York, New York 10105

SMBC Nikko Securities America, Inc.
277 Park Avenue
New York, New York 10172

Stifel, Nicolaus & Company, Incorporated
501 North Broadway, 10th Floor
Saint Louis, Missouri 63102

Ladies and Gentlemen:

Global Net Lease, Inc., a Maryland corporation (the " *Company* ") and Global Net Lease Operating Partnership, L.P., a Delaware limited partnership (the " *Operating Partnership* "), each confirms its agreement (this " *Agreement* ") with UBS Securities LLC, Robert W. Baird & Co. Incorporated, Capital One Securities, Inc., Mizuho Securities USA LLC, B. Riley FBR, Inc., KeyBanc Capital Markets Inc., BMO Capital Markets Corp., BBVA Securities Inc., SMBC Nikko Securities America, Inc. and Stifel, Nicolaus & Company, Incorporated (each an " *Agent* " and collectively, the " *Agents* "), as follows:

SECTION 1. Description of Securities . The Company proposes to issue and sell through or to the Agents, as sales agents and/or principals, shares of the Company's common stock, par value $0.01 per share (the " *Common Stock* "), having an aggregate gross sales price of up to $250,000,000 (the " *Shares* ") on the terms set forth in Section 3 of this Agreement. The Company agrees that whenever it determines to sell the Shares directly to any Agent as principal, it will enter into a separate agreement (each, a " *Terms Agreement* "), in form and substance satisfactory to such Agent, relating to such sale in accordance with Section 3 of this Agreement.

SECTION 2. Representations and Warranties of the Company and the Operating Partnership . The Company and the Operating Partnership, jointly and severally, represent and warrant to and agree with each Agent that:

(a) An "automatic shelf registration statement" (the "registration statement") as defined in Rule 405 under the Securities Act of 1933, as amended, and the rules and regulations thereunder (collectively called the "Act"), on Form S-3 (File No. 333-214579) in respect of the Shares, including a form of prospectus, has been prepared and filed by the Company not earlier than three years prior to the date hereof, in conformity with the requirements of the Act, and the rules and regulations of the Securities and Exchange Commission (the " *Commission* ") thereunder (the " *Rules and Regulations* "). The registration statement contains, or incorporates by reference to documents that the Company has filed or will file in accordance with the provisions of the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder (collectively, the " *Exchange Act* "), certain information concerning the offering and sale of the Common Stock, including the Shares, and contains or incorporates by reference additional information concerning the Company and its business; the Commission has not issued an order preventing or suspending the use of the Basic Prospectus (as defined below), the Prospectus Supplement (as defined below), the Prospectus (as defined below) or any Permitted Free Writing Prospectus (as defined below), or the effectiveness of the Registration Statement, and no proceeding for that purpose or pursuant to Section 8A of the Act has been instituted or, to the Company's or the Operating Partnership's knowledge, threatened by the Commission. Except where the context otherwise requires, " *Registration Statement* ," as used herein, means the registration statement, as amended at the time of such registration statement's effectiveness for purposes of Section 11 of the Act, as such section applies to the Agents, as well as any new registration statement, post-effective amendment or new automatic shelf registration statement as may have been filed pursuant to Sections 4(f) or (g) of this Agreement, including (1) all documents filed as a part thereof or incorporated or deemed to be incorporated by reference therein, (2) any information contained or incorporated by reference in a prospectus filed with the Commission pursuant to Rule 424(b) under the Act, to the extent such information is deemed, pursuant to Rule 430B or Rule 430C under the Act, to be part of the registration statement at the time of such registration statement's effectiveness for purposes of Section 11 of the Act, as such section applies to the Agents, and (3) any registration statement filed to register the offer and sale of Shares pursuant to Rule 462(b) under the Act. Except where the context otherwise requires, " *Basic Prospectus* ," as used herein, means the prospectus filed as part of each Registration Statement, together with any amendments or supplements thereto (other than a prospectus supplement relating solely to an offering of securities other than the Shares), as of the date of this Agreement. Except where the context otherwise requires, " *Prospectus Supplement* ," as used herein, means the final prospectus supplement, relating to the Shares, filed by the Company with the Commission pursuant to Rule 424(b) under the Act on or before the second business day after the date hereof (or such earlier time as may be required under the Act), in the form furnished by the Company to the Agents in connection with the offering of the Shares. Except where the context otherwise requires, " *Prospectus* ," as used herein, means the Prospectus Supplement together with the Basic Prospectus attached to or used with the Prospectus Supplement. Notwithstanding the foregoing, if any revised basic prospectus, prospectus supplement or prospectus shall be provided to the Agents by the Company for use in connection with the offering and sale of Prospectus shall be deemed to refer to and include the documents, if any, incorporated by reference, or deemed to be incorporated by reference, therein (the " *Incorporated Documents* "), including, unless the context otherwise requires, the documents, if any, filed as exhibits to such Incorporated Documents. Any reference herein to the terms " *amend* ," " *amendment* " or " *supplement* " with respect to the Registration Statement, the Basic Prospectus, the Prospectus Supplement, the Prospectus or any Permitted Free Writing Prospectus shall be deemed to refer to and include the filing of any document under the Exchange Act on or after the initial effective date of the Registration Statement, or the date of the Basic Prospectus, the Prospectus Supplement, the Prospectus or such Permitted Free Writing Prospectus, as the case may be, and deemed to be incorporated therein by reference.

(b) The Registration Statement complied when it became effective, complies as of the date hereof and, as amended or supplemented, at each deemed effective date with respect to the Agents pursuant to Rule 430 (B)(f)(2) of the Act, and at each Settlement Date (as defined in Section 3(a)(vi) hereof) and on each Representation Date (as defined in Section 4(p)) will comply, in all material respects, with the requirements of the Act, and the Registration Statement did not and will not, at such times, contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading; the conditions to the use of Form S-3 in connection with the offering and sale of the Shares as contemplated hereby have been satisfied; the Registration Statement meets, and the offering and sale of the Shares as contemplated hereby comply with, the requirements of Rule 415 under the Act (including, without limitation, Rule 415(a)(5)); the Basic Prospectus complied or will comply, at the time it was or will be filed with the Commission, complies as of the date hereof (if filed with the Commission on or prior to the date hereof) and, as of the time of each sale of Shares pursuant to this Agreement (each, a " *Time of Sale* "), at each Settlement Date and on each Representation Date, will comply, in all material respects, with the requirements of the Act; on each Representation Date and each Settlement Date, the Basic Prospectus, as then amended or supplemented, did not and will not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; the Prospectus will comply, as of the date that it is filed with the Commission, the date of the Prospectus Supplement, each Time of Sale, each Representation Date and each Settlement Date, in all material respects, with the requirements of the Act (including, without limitation, Section 10(a) of the Act); on each Representation Date, the Prospectus, as then amended or supplemented, will not, either alone or together with any combination of one or more of the then issued Permitted Free Writing Prospectuses, if any, include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; each Permitted Free Writing Prospectus will comply, as of its date, as of each Time of Sale, each Representation Date and each Settlement Date, in all material respects with the requirements of the Act; on the date of each Permitted Free Writing Prospectus, such Permitted Free Writing Prospectus will not include any information that will conflict with any information contained in the Registration Statement, the Prospectus or any Incorporated Document, except as a result of changes subsequent to the filing of such documents, or include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that the Company and the Operating Partnership make no representation or warranty with respect to any statement contained in the Registration Statement, the Basic Prospectus, the Prospectus or any Permitted Free Writing Prospectus in reliance upon and in conformity with information concerning any Agent and furnished in writing by or on behalf of such Agent expressly for use in the Registration Statement, the Basic Prospectus, the Prospectus or such Permitted Free Writing Prospectus, as the case may be; each Incorporated Document, at the time such document was filed with the Commission or at the time such document became effective, as applicable, complied, in all material respects, with the requirements of the Exchange Act and did not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. For all purposes of this Agreement (including, without limitation, the provisions of this paragraph and of Section 7 of this Agreement), the Company, the Operating Partnership and each Agent agree that the only information furnished or to be furnished by or on behalf of such Agent expressly for use in the Registration Statement, the Basic Prospectus, the Prospectus Supplement, the Prospectus or any Permitted Free Writing Prospectus or any amendment or supplement to any of the foregoing is the legal name of each Agent and the last sentence in the first paragraph under the section titled “Plan of Distribution (Conflicts of Interest).”

(c) (i) At the time of filing the Registration Statement, (ii) at the time of the most recent amendment thereto for the purposes of complying with Section 10(a)(3) of the Act (whether such amendment was by post-effective amendment, incorporated report filed pursuant to Section 13 or 15(d) of the Exchange Act or form of prospectus), (iii) at the time the Company made any offer relating to the Shares in reliance on the exemption of Rule 163 of the Rules and Regulations and (iv) at the date hereof, the Company was and is a “well-known seasoned issuer” as defined in Rule 405 of the Rules and Regulations (“ *Rule 405* ”). The Registration Statement is an “automatic shelf registration statement,” as defined in Rule 405, and the Shares, since their registration on the Registration Statement, have been and remain eligible for registration by the Company on a Rule 405 “automatic shelf registration statement.” The Company has not received from the Commission any notice pursuant to Rule 401(g)(2) of the Rules and Regulations objecting to the use of the automatic shelf registration statement form.

(d) Prior to the execution of this Agreement, the Company has not, directly or indirectly, offered or sold any Shares by means of any “prospectus” or “free writing prospectus” (in each case within the meaning of the Act) or used any “prospectus” or “free writing prospectus” (in each case within the meaning of the Act) in connection with the offer or sale of the Shares, and from and after the execution of this Agreement, the Company will not, directly or indirectly, offer or sell any Shares by means of any “prospectus” or “free writing prospectus” (in each case within the meaning of the Act) or use any “prospectus” or “free writing prospectus” (in each case within the meaning of the Act) in connection with the offer or sale of the Shares, other than the Prospectus, as amended or supplemented from time to time in accordance with the provisions of this Agreement, and any Permitted Free Writing Prospectuses; the Company has not, directly or indirectly, prepared, used or referred to any Permitted Free Writing Prospectus except in compliance with Rule 163 or with Rules 164 and 433 under the Act; assuming that any such Permitted Free Writing Prospectus is so sent or given after the Registration Statement was filed with the Commission (and after such Permitted Free Writing Prospectus was, if required pursuant to Rule 433(d) under the Act, filed with the Commission), the sending or giving, by each Agent, of any Permitted Free Writing Prospectus will satisfy the provisions of Rule 164 or Rule 433 (without reliance on subsections (b), (c) and (d) of Rule 164); the conditions set forth in one or more of subclauses (i) through (iv), inclusive, of Rule 433(b)(1) under the Act are satisfied, and the registration statement relating to the offering of the Shares contemplated hereby, as initially filed with the Commission, includes a prospectus that, other than by reason of Rule 433 or Rule 431 under the Act, satisfies the requirements of Section 10 of the Act; neither the Company nor any Agent is disqualified, by reason of subsection (f) or (g) of Rule 164 under the Act, from using, in connection with the offer and sale of the Shares, “free writing prospectuses” (as defined in Rule 405 under the Act) pursuant to Rules 164 and 433 under the Act; the Company is not an “ineligible issuer” (as defined in Rule 405 under the Act) as of the eligibility determination date for purposes of Rules 164 and 433 under the Act with respect to the offering of the Shares contemplated by the Registration Statement; the parties hereto agree and understand that the content of any and all “road shows” (as defined in Rule 433 under the Act) related to the offering of the Shares contemplated hereby are “issuer free writing prospectuses” as defined in Rule 433 of the Act.

(e) As of December 31, 2018, the Company has an authorized and outstanding capitalization as set forth in the consolidated balance sheet as of December 31, 2018 or as of the Company’s then most recently completed quarter or fiscal year, contained in the Company's Quarterly Report on Form 10-Q or the Company's Annual Report on Form 10-K, as applicable, at the indicated date, and, except as described in the Registration Statement and the Prospectus, there has been no material change in such information since December 31, 2018 or the Company's then most recently completed quarter or fiscal year (subject to the issuance of shares of Common Stock upon exercise of stock options and warrants, or upon exchange of units of limited partnership interest of the Operation Partnership (" *OP Units* "), disclosed as outstanding in the Registration Statement (excluding the exhibits thereto) and the Prospectus and the grant of options under existing stock option plans described in the Registration Statement (excluding the exhibits thereto), the Basic Prospectus and the Prospectus).

(f) All of the issued and outstanding shares of capital stock, including the Company's 7.25% Series A Cumulative Redeemable Preferred Stock, $0.01 par value per share (the " *Preferred Stock* "), and the Common Stock have been duly authorized and validly issued and are fully paid and non-assessable, have been issued in compliance with all applicable securities laws and were not issued in violation of any preemptive right, resale right, right of first refusal or similar right.

(g) The Company has been duly incorporated and is validly existing as a corporation in good standing under the laws of the State of Maryland, with full corporate power and authority to own, lease and operate its properties and conduct its business as described in the Registration Statement, the Prospectus and the Permitted Free Writing Prospectuses, if any, and, in the case of the Company and the Operating Partnership, to execute and deliver this Agreement and to issue, sell and deliver the Shares as contemplated herein.

(h) The Company is duly qualified to do business as a foreign corporation and is in good standing in each jurisdiction where the ownership or leasing of its properties or the conduct of its business requires such qualification, except where the failure to be so qualified and in good standing would not, individually or in the aggregate, (i) have a material adverse effect on the business, properties, financial condition, results of operations or prospects of the Company and the Subsidiaries (as defined below) taken as a whole, (ii) prevent or materially interfere with consummation of the transactions contemplated hereby or (iii) result in the delisting of shares of Common Stock or Preferred Stock from the New York Stock Exchange (" *NYSE* ") (the occurrence of any such effect or any such prevention or interference or any such result described in the foregoing clauses (i), (ii) and (iii) being herein referred to as a "Material Adverse Effect").

(i) The Company has no subsidiaries (as defined under the Act) other than those subsidiaries listed on Schedule B hereto (collectively, the "Subsidiaries").

(j) Except for the units of limited partnership interest of the Operating Partnership designated as "LTIP Units" (" *LTIP Units* ") as described in the Registration Statement and the Prospectus, the Company owns all of the issued and outstanding capital stock or other equity interests of each of the Subsidiaries, including the Operating

Partnership; other than the capital stock or other equity interests of the Subsidiaries, the Company and the Operating Partnership do not own, directly or indirectly, any shares of stock or any other equity interests or long-term debt securities of any corporation, firm, partnership, joint venture, association or other entity. Complete and correct copies of the charters and the bylaws of the Company and the charters, the bylaws, the limited liability company agreements, partnership agreements or other organizational documents of each Subsidiary and all amendments thereto have been delivered to the Agents. Each Subsidiary has been duly incorporated or organized and is validly existing and in good standing under the laws of the jurisdiction of its incorporation or organization, with full corporate or partnership (as applicable) power and authority to own, lease and operate its properties and to conduct its business as described in the Registration Statement, the Prospectus and the Permitted Free Writing Prospectuses if any. Each Subsidiary is duly qualified to do business as a foreign entity and is in good standing in each jurisdiction where the ownership or leasing of its properties or the conduct of its business requires such qualification, except where the failure to be so qualified and in good standing would not, individually or in the aggregate, have a Material Adverse Effect. All of the outstanding shares of capital stock or other equity interests of each of the Subsidiaries have been duly authorized and validly issued, are fully paid and non-assessable, have been issued in compliance with all applicable securities laws, were not issued in violation of any preemptive right, resale right, right of first refusal or similar right and are owned by the Company subject to no security interest, other encumbrance or adverse claims. Other than with respect to the LTIP Units, no options, warrants or other rights to purchase, agreements or other obligations to issue or other rights to convert any obligation into shares of capital stock or other equity interests in the Subsidiaries are outstanding; and the Company has no "significant subsidiary," as that term is defined in Rule 1-02(w) of Regulation S-X under the Act, other than Subsidiaries listed on Exhibit 21.1 of the Company's Annual Report on Form 10-K for the year ended December 31, 2018.

(k) The Shares have been duly and validly authorized and, when issued and delivered against payment therefor as provided herein, will be duly and validly issued, fully paid and non-assessable and free of statutory and contractual preemptive rights, resale rights, rights of first refusal and similar rights; the Shares, when issued and delivered against payment therefor as provided herein, will be free of any restriction upon the voting or transfer thereof pursuant to the Company's charter or bylaws or any agreement or other instrument to which the Company is a party, other than the restrictions on ownership and transfer set forth in the Company's charter.

(l) The capital stock of the Company, including the Shares, conforms in all material respects to each description thereof contained or incorporated by reference in the Registration Statement, the Prospectus or any Permitted Free Writing Prospectus.

(m) The Company and the Operating Partnership have full power and authority to enter into this Agreement. This Agreement has been duly authorized, executed and delivered by the Company and the Operating Partnership. This Agreement constitutes a valid and binding agreement of the Company and the Operating Partnership and is enforceable against the Company and the Operating Partnership in accordance with its terms, except as the enforceability hereof and thereof may be limited by applicable bankruptcy, insolvency, reorganization and similar laws affecting creditors' rights generally and moratorium laws in effect from time to time and by equitable principles restricting the availability of equitable remedies.

(n) Neither the Company nor any of the Subsidiaries is in breach or violation of or in default under (nor has any event occurred that, with notice, lapse of time or both, would result in any breach or violation of, constitute a default under or give the holder of any indebtedness (or a person acting on such holder's behalf) the right to require the repurchase, redemption or repayment of all or a part of such indebtedness under) (i) its charter or bylaws; or (ii) any indenture, mortgage, deed of trust, bank loan or credit agreement or other evidence of indebtedness, or any license, lease, contract or other agreement or instrument to which it is a party or by which it or any of its properties may be bound or affected; or (iii) any federal, state, local or foreign law, regulation or rule; or (iv) any rule or regulation of any self-regulatory organization or other non-governmental regulatory authority (including, without limitation, the rules and regulations of the NYSE); or (v) any decree, judgment or order applicable to it or any of its properties, except for any of the foregoing in (ii), (iii), (iv) or (v) as would not, individually or in the aggregate, have a Material Adverse Effect.

(o) The execution, delivery and performance of this Agreement, the issuance and sale of the Shares and the consummation of the transactions contemplated hereby will not conflict with, result in any breach or violation of or constitute a default under (nor constitute any event that, with notice, lapse of time or both, would result in any breach or violation of, constitute a default under or give the holder of any indebtedness (or a person acting on such holder's behalf) the right to require the repurchase, redemption or repayment of all or a part of such indebtedness under) (or result in the creation or imposition of a lien, charge or encumbrance on any property or assets of the Company or any Subsidiary pursuant to) (i) the charter or bylaws of the Company or the charters, the bylaws, the limited liability company agreements, partnership agreements or other organizational documents of any of the Subsidiaries; or (ii) any indenture, mortgage, deed of trust, bank loan or credit agreement or other evidence of indebtedness, or any license, lease, contract or other agreement or instrument to which the Company or any of the Subsidiaries is a party or by which any of them or any of their respective properties may be bound or affected; or (iii) any federal, state, local or foreign law, regulation or rule; or (iv) any rule or regulation of any self-regulatory organization or other non-governmental regulatory authority (including, without limitation, the rules and regulations of the NYSE); or (v) any decree, judgment or order applicable to the Company or any of the Subsidiaries or any of their respective properties, except for any of the foregoing in (ii), (iii), (iv) or (v) as would not, individually or in the aggregate, have a Material Adverse Effect.

(p) No approval, authorization, consent or order of or filing with any federal, state, local or foreign governmental or regulatory commission, board, body, authority or agency, or of or with any self-regulatory organization or other non-governmental regulatory authority (including, without limitation, the NYSE), or approval of the stockholders of the Company, is required in connection with the issuance and sale of the Shares or the consummation by the Company and the Operating Partnership of the transactions contemplated hereby, other than (i) any necessary notice or qualification under the securities or blue sky laws of the various jurisdictions in which the Shares are being offered by the Agents or (ii) under the Conduct Rules of the Financial Industry Regulatory Authority, Inc. (“ *FINRA* ”).

(q) Except as described in the Registration Statement (excluding the exhibits thereto) and the Prospectus, (i) no person has the right, contractual or otherwise, to cause the Company to issue or sell to it any shares of Common Stock or shares of any other capital stock or other equity interests of the Company, (ii) no person has any preemptive rights, resale rights, rights of first refusal or other rights to purchase any shares of Common Stock or shares of any other capital stock of or other equity interests in the Company and (iii) no person has the right to act as an underwriter, agent, financial advisor to the Company or in any similar capacity in connection with the offer and sale of the Shares; no person has the right, contractual or otherwise, to cause the Company to register under the Act any shares of Common Stock or shares of any other capital stock of or other equity interests in the Company, or to include any such shares or interests in the Registration Statement or the offering contemplated thereby.

(r) Each of the Company and the Subsidiaries has all necessary licenses, authorizations, consents and approvals and has made all necessary filings required under any applicable law, regulation or rule, and has obtained all necessary licenses, authorizations, consents and approvals from other persons, in order to conduct their respective businesses, except where failure to obtain or maintain such licenses, authorizations, consents or approvals or make such filings would not, individually or in the aggregate, have a Material Adverse Effect. Neither the Company nor any of the Subsidiaries is in violation of, or in default under, or has received notice of any proceedings relating to revocation or modification of, any such license, authorization, consent or approval or any federal, state, local or foreign law, regulation or rule or any decree, order or judgment applicable to the Company or any of the Subsidiaries, except where such violation, default, revocation or modification would not, individually or in the aggregate, have a Material Adverse Effect.

(s) Except as described in the Registration Statement and the Prospectus, there are no actions, suits, claims, investigations or proceedings pending or, to the Company’s or the Operating Partnership’s knowledge, threatened, to which the Company or any of the Subsidiaries or any of their respective directors or officers is or would be a party or of which any of their respective properties is or would be subject at law or in equity, before or by any federal, state, local or foreign governmental or regulatory commission, board, body, authority or agency, or before or by any self-regulatory organization or other nongovernmental regulatory authority (including, without limitation, the NYSE), except any such action, suit, claim, investigation or proceeding that, if resolved adversely to the Company or any Subsidiary, would not, individually or in the aggregate, have a Material Adverse Effect.

(t) PricewaterhouseCoopers LLP (the " *Accountant* "), whose report on the consolidated financial statements of the Company and the Subsidiaries is included or incorporated by reference in the Registration Statement and the Prospectus, are independent registered public accountants as required by the Act and by the rules of the Public Company Accounting Oversight Board.

(u) The financial statements included or incorporated by reference in the Registration Statement, the Prospectus or any Permitted Free Writing Prospectus, together with the related notes and schedules, present fairly the consolidated financial position of the Company and the Subsidiaries as of the dates indicated and the consolidated results of operations, cash flows and changes in stockholders' equity of the Company and the Subsidiaries for the periods specified and have been prepared in compliance with the applicable requirements of the Act and Exchange Act and in conformity with U.S. generally accepted accounting principles (" *GAAP* ") applied on a consistent basis during the periods involved; all pro forma financial statements or data, if any, included or incorporated by reference in the Registration Statement, the Prospectus or any Permitted Free Writing Prospectus comply with the applicable requirements of the Act and the Exchange Act, and the assumptions used in the preparation of such pro forma financial statements and data are reasonable, the pro forma adjustments used therein are appropriate to give effect to the transactions or circumstances described therein, and the pro forma adjustments have been properly applied to the historical amounts in the compilation of those statements and data; the other financial and statistical data contained or incorporated by reference in the Registration Statement, the Prospectus or any Permitted Free Writing Prospectus are accurately and fairly presented and prepared on a basis consistent with the financial statements and books and records of the Company and the Subsidiaries. There are no financial statements (historical or pro forma) that are required to be included or incorporated by reference in the Registration Statement or the Prospectus that are not included or incorporated by reference as required. Neither the Company nor any of the Subsidiaries has any material liabilities or obligations, direct or contingent (including any off-balance sheet obligations), required to be disclosed in the Registration Statement, not described in the Registration Statement (excluding the exhibits thereto) and the Prospectus; and all disclosures contained or incorporated by reference in the Registration Statement, the Prospectus or any Permitted Free Writing Prospectus regarding "non-GAAP financial measures" (as such term is defined by the rules and regulations of the Commission) comply with Regulation G of the Exchange Act and Item 10 of Regulation S-K under the Act, to the extent applicable.

(v) Subsequent to the respective dates as of which information is given in the Registration Statement, the Prospectus and the Permitted Free Writing Prospectuses, if any, there has not been (i) any material adverse change, or any development involving a prospective material adverse change, in the business, properties, management, financial condition or results of operations of the Company and the Subsidiaries taken as a whole, (ii) any transaction which is material to the Company and the Subsidiaries taken as a whole, (iii) any obligation or liability, direct or contingent (including any off-balance sheet obligations), incurred by the Company or any Subsidiary, which is material to the Company and the Subsidiaries taken as a whole, (iv) any change in the capital stock or outstanding indebtedness of the Company or any Subsidiaries or (v) any dividend or distribution of any kind declared, paid or made on the capital stock of the Company or any Subsidiary; except in each case as otherwise disclosed in the Registration Statement and the Prospectus, and except as would not, individually or in the aggregate, have a Material Adverse Effect.

(w) Neither the Company nor any Subsidiary is, and at no time during which a prospectus is required by the Act to be delivered (whether physically or through compliance with Rule 172 under the Act or any similar rule) in connection with any sale of Shares will any of them be, and, after giving effect to the offering and sale of the Shares, neither of them will be, an “investment company” or an entity “controlled” by an “investment company,” as such terms are defined in the Investment Company Act of 1940, as amended.

(x) Except as described in the Registration Statement, and the Prospectus, the Company and each of the Subsidiaries have good and marketable title to all property (real and personal) described the Registration Statement, the Prospectus or any Permitted Free Writing Prospectus as being owned by any of them, free and clear of all liens, claims, security interests or other encumbrances; all the property described in the Registration Statement, the Prospectus or any Permitted Free Writing Prospectus as being held under lease by the Company or a Subsidiary, is held thereby under valid, subsisting and enforceable leases.

(y) The Company and the Subsidiaries own or possess sufficient trademarks, trade names, patent rights, copyrights, domain names, licenses, approvals, trade secrets and other similar rights (collectively, “Intellectual Property”) reasonably necessary to conduct their businesses as now conducted. Neither the Company nor any of the Subsidiaries has received any notice of infringement or conflict with asserted Intellectual Property of others. The Company is not a party to or bound by any options, licenses or agreements with respect to the Intellectual Property Rights of any other person or entity that are required to be described in the Registration Statement or the Prospectus and are not described therein. None of the technology employed by the Company or any of the Subsidiaries has been obtained or is being used by the Company or any of the Subsidiaries in violation of any contractual obligation binding on the Company or any of the Subsidiaries or any of its or the Subsidiaries’ officers, directors or employees or otherwise in violation of the rights of any persons, except for such violations that would not, individually or in the aggregate, have a Material Adverse Effect.

(z) Neither the Company nor any of the Subsidiaries is engaged in any unfair labor practice. Except for matters that would not, individually or in the aggregate, have a Material Adverse Effect, (i) there is (A) no unfair labor practice complaint pending or, to the Company's or the Operating Partnership's knowledge, threatened against the Company or any of the Subsidiaries before the National Labor Relations Board, and no grievance or arbitration proceeding arising out of or under collective bargaining agreements is pending or, to the Company's or the Operating Partnership's knowledge, threatened, (B) no strike, labor dispute, slowdown or stoppage pending or, to the Company's or the Operating Partnership's knowledge, threatened against the Company or any of the Subsidiaries and (C) no union representation dispute currently existing concerning the employees of the Company or any of the Subsidiaries, (ii) to the Company's or the Operating Partnership's knowledge, no union organizing activities are currently taking place concerning the employees of the Company or any of the Subsidiaries and (iii) there has been no violation of any federal, state, local or foreign law relating to discrimination in the hiring, promotion or pay of employees, any applicable wage or hour laws or any provision of the Employee Retirement Income Security Act of 1974 ("ERISA") or the rules and regulations promulgated thereunder concerning the employees of the Company or any of the Subsidiaries.

(aa) The Company and the Subsidiaries and their respective properties, assets and operations are in compliance with, and the Company and each of the Subsidiaries hold all permits, authorizations and approvals required under, Environmental Laws (as defined below), except to the extent that failure to so comply or to hold such permits, authorizations or approvals would not, individually or in the aggregate, have a Material Adverse Effect; except as would not, individually or in the aggregate, be expected to have a Material Adverse Effect, there are no past, present or, to the Company's or the Operating Partnership's knowledge, reasonably anticipated future events, conditions, circumstances, activities, practices, actions, omissions or plans that could reasonably be expected to give rise to any costs or liabilities to the Company or any Subsidiary under, or to interfere with or prevent compliance by the Company or any Subsidiary with, Environmental Laws; except as would not, individually or in the aggregate, have a Material Adverse Effect, neither the Company nor any of the Subsidiaries (i) is, to the Company or the Operating Partnership's knowledge, the subject of any investigation; (ii) has received any notice or claim; (iii) is a party to or affected by any pending or, to the Company's or the Operating Partnership's knowledge; threatened action, suit or proceeding; (iv) is bound by any judgment, decree or order; or (v) has entered into any agreement, in each case relating to any alleged violation of any Environmental Law or any actual or alleged release or threatened release or cleanup at any location of any Hazardous Materials (as defined below) (as used herein, "Environmental Law" means any federal, state or local law, statute, ordinance, rule, regulation, order, decree, judgment or injunction, or common law, relating to the protection, cleanup or restoration of the environment or natural resources, including those relating to the distribution, processing, generation, treatment, storage, disposal, transportation, other handling or release or threatened release of Hazardous Materials, and "Hazardous Materials" means any material (including, without limitation, pollutants, contaminants, hazardous or toxic substances or wastes) that is regulated by or may give rise to liability under any Environmental Law).

(bb) All income and other material foreign, federal, state and local tax returns that are required to be filed by the Company or any of the Subsidiaries have been timely filed (taking into account any extension of time within which to file such tax returns), and all material foreign, federal, state and local taxes and other assessments of a similar nature (whether imposed directly or through withholding), including any interest, additions to tax or penalties applicable thereto due or claimed to be due from such entities, have been timely paid, other than those being contested in good faith that have not been finally determined and for which adequate reserves have been provided in accordance with GAAP, or that would not be required to be disclosed in the Registration Statement.

(cc) Commencing with the Company's taxable year ended on December 31, 2013, the Company has been organized in conformity with the requirements for qualification and taxation as a real estate investment trust (a " *REIT* ") under the Internal Revenue Code of 1986, as amended (the " *Code* "), and all applicable regulations under the Code, and the Company's actual method of operation through the date hereof has enabled it to meet, and the Company's proposed method of operation will enable it to continue to meet, the requirements for qualification and taxation as a REIT under the Code and all applicable regulations under the Code for its taxable year ending on December 31, 2019, and thereafter; all statements in the Registration Statement and the Basic Prospectus under the caption "Material U.S. Federal Income Tax Considerations," as the same have been amended, restated and superseded in their entirety by Exhibit 99.1 to the Company's Annual Report on Form 10-K for the year ended December 31, 2018 entitled "Material U.S. Federal Income Tax Considerations," regarding the Company's qualification and taxation as a REIT are correct in all material respects. The Company intends to continue to qualify as a REIT under the Code and all applicable regulations under the Code for all subsequent years, and the Company, after reasonable inquiry and diligence, does not know of any event that would reasonably be expected to cause the Company to fail to qualify as a REIT at any time. The Operating Partnership has been and will be taxed as a partnership or as a "disregarded entity" (within the meaning of Treasury Regulation Section 301.7701(2)(c)) and not as an association or publicly traded partnership (within the meaning of Section 7704) subject to tax as a corporation, for U.S. federal income tax purposes beginning with its first taxable year; the Company does not know of any event that would cause or would reasonably be expected to cause the Operating Partnership to cease being taxed as a partnership or as a "disregarded entity" (within the meaning of Treasury Regulation Section 301.7701(2) (c)) for U.S. federal income tax purposes, and the Company does not know of any event that would cause or would reasonably be expected to cause the Operating Partnership to be treated as an association or publicly traded partnership subject to tax as a corporation for U.S. federal income tax purposes.

(dd) The Company and each of the Subsidiaries maintain insurance covering their respective properties, operations, personnel and businesses as the Company reasonably deems adequate; such insurance insures against such losses and risks to an extent which is adequate in accordance with customary industry practice to protect the Company and the Subsidiaries and their respective businesses. All such insurance is fully in force and effect. Neither the Company nor any Subsidiary has reason to believe that it will not be able to renew any such insurance as and when such insurance expires.

(ee) Neither the Company nor any of the Subsidiaries has sustained since the date of the last audited consolidated financial statements of the Company included or incorporated by reference in the Registration Statement and the Prospectus any loss or interference with its business from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labor dispute or court or governmental action, order or decree, except as would not, individually or in the aggregate, be expected to have a Material Adverse Effect.

(ff) Except as set forth in the Registration Statement and the Prospectus, neither the Company nor any Subsidiary has sent or received any communication regarding termination of, or intent not to renew, any of the contracts or agreements referred to or described in the Registration Statement and the Prospectus, and no such termination or non-renewal has been threatened by the Company or any Subsidiary or, to the Company's or the Operating Partnership's knowledge, any other party to any such contract or agreement.

(gg) The Common Stock is an "actively-traded security" excepted from the requirements of Rule 101 of Regulation M under the Exchange Act by subsection (c)(1) of such rule.

(hh) The Company and each of the Subsidiaries maintain a system of internal accounting controls sufficient to provide reasonable assurance that (i) transactions are executed in accordance with management's general or specific authorization; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with GAAP and to maintain accountability for assets; (iii) access to assets is permitted only in accordance with management's general or specific authorization; and the recorded accountability for assets is compared with existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

(ii) The Company has established and maintains and evaluates "disclosure controls and procedures" (as such term is defined in Rule 13a-15 and 15d-15 under the Exchange Act) and "internal control over financial reporting" (as such term is defined in Rule 13a-15 and 15d-15 under the Exchange Act); such disclosure controls and procedures are designed to ensure that material information relating to the Company and the Subsidiaries, is made known to the Company's Chief Executive Officer and its Chief Financial Officer by others within those entities, and such disclosure controls and procedures are effective to perform the functions for which they were established. The Company's independent auditors and the Audit Committee of the Board of Directors of the Company have been advised of: (i) all significant deficiencies, if any, in the design or operation of internal controls which could adversely affect the Company's ability to record, process, summarize and report financial data; and (ii) all fraud, if any, whether or not material, that involves management or other employees who have a role in the Company's internal controls; all material weaknesses, if any, in internal controls have been identified to the Company's independent auditors. Since the date of the most recent evaluation of such disclosure controls and procedures and internal controls, there have been no significant changes in internal controls or in other factors that could significantly affect internal controls, including any corrective actions with regard to significant deficiencies and material weaknesses. The principal executive officers (or their equivalents) and principal financial officers (or their equivalents) of the Company have made all certifications required by the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act") and any related rules and regulations promulgated by the Commission, and the statements contained in each such certification are complete and correct; and the Company, the Subsidiaries and the Company's directors and officers are each in compliance in all material respects with all applicable effective provisions of the Sarbanes-Oxley Act and the rules and regulations of the Commission and the NYSE promulgated thereunder.

(jj) Each "forward-looking statement" (within the meaning of Section 27A of the Act or Section 21E of the Exchange Act) contained or incorporated by reference in the Registration Statement, the Prospectus or any Permitted Free Writing Prospectus has been made with a reasonable basis and in good faith.

(kk) All statistical or market-related data included or incorporated by reference in the Registration Statement, the Prospectus or any Permitted Free Writing Prospectus are based on or derived from sources that the Company believes to be reliable and accurate, and the Company has obtained the written consent to the use of such data from such sources to the extent required.

(ll) Neither the Company, nor any of the Subsidiaries, nor any director or officer, and to the knowledge of the Company, any agent or employee of the Company, affiliate or other person associated with or acting on behalf of the Company has (i) used any corporate funds for any unlawful contribution, gift, entertainment or other unlawful expense relating to political activity; (ii) made or taken an act in furtherance of an offer, promise or authorization of any direct or indirect unlawful payment of corporate funds or benefit to any foreign or domestic government or regulatory official or employee, including, without limitation, of any government-owned or controlled entity or of a public international organization, or any person acting in an official capacity for or on behalf of any of the foregoing, or any political party or party official or candidate for political office; (iii) violated or is in violation of any provision of the U.S. Foreign Corrupt Practices Act of 1977, as amended, or any applicable law or regulation implementing the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, or committed an offense under any other applicable anti-bribery or anti-corruption laws; or (iv) made, offered, agreed, requested or taken an act in furtherance of any unlawful bribe or other unlawful benefit, including, without limitation, any rebate, payoff, influence payment, kickback or other unlawful or improper payment or benefit. The Company has instituted, maintained and enforced, and will continue to maintain and enforce policies and procedures designed to promote and ensure compliance with all applicable anti-bribery and anti-corruption laws.

(mm) The operations of the Company and the Subsidiaries are and have been conducted at all times in compliance with applicable financial recordkeeping and reporting requirements of the Currency and Foreign Transactions Reporting Act of 1970, as amended, the applicable money laundering statutes of all jurisdictions in which the Company or any of its Subsidiaries conducts business, the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any governmental agency (collectively, the " *Money Laundering Laws* "); and no action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator or non-governmental authority involving the Company or any of the Subsidiaries with respect to the Money Laundering Laws is pending or, to the Company's knowledge, threatened.

(nn) Neither the Company, nor any of the Subsidiaries, nor any director or officer, and to the knowledge of the Company, any agent or employee of the Company, affiliate or other person associated with or acting on behalf of the Company, or any of the Subsidiaries is currently the subject or target of any sanctions administered or enforced by the U.S. government (including, without limitation, the Office of Foreign Assets Control of the U.S. Treasury Department (" *OFAC* ") or the U.S. Department of State and including, without limitation, the designation as a "specially designated national" or "blocked person"), the United Nations Security Council, the European Union or other relevant sanctions authority (collectively, " *Sanctions* "), nor is the Company located, organized or resident in a country or territory that is the subject or the target of Sanctions, including, without limitation, Crimea, Cuba, Iran, North Korea, Sudan and Syria (each, a " *Sanctioned Country* "); and the Company will not directly or indirectly use the proceeds of the offering of the Shares hereunder, or lend, contribute or otherwise make available such proceeds to any Subsidiary, joint venture partner or other person or entity (i) to fund or facilitate any activities of or business with any person that, at the time of such funding or facilitation, is the subject or the target of Sanctions, (ii) to fund or facilitate any activities of or business in any Sanctioned Country or (iii) in any other manner that will result in a violation by any person (including any person participating in the transaction, whether as underwriter, advisor, investor or otherwise) of Sanctions. For the past five years, the Company has not knowingly engaged in, is not now knowingly engaged in, and will not engage in, any dealings or transactions with any person that at the time of the dealing or transaction is or was the subject or the target of Sanctions or with any Sanctioned Country.

(oo) No Subsidiary is currently prohibited, directly or indirectly, from paying any dividends to the Company, from making any other distribution on such Subsidiary's capital stock, from repaying to the Company any loans or advances to such Subsidiary from the Company or from transferring any of such Subsidiary's property or assets to the Company or any other Subsidiary of the Company, except as described in the Registration Statement (excluding the exhibits thereto) and the Prospectus, and except as such limitations would not, taken as a whole, be material to the Company.

(pp) The issuance and sale of the Shares as contemplated hereby will not cause any holder of any shares of capital stock, securities convertible into or exchangeable or exercisable for capital stock or options, warrants or other rights to purchase capital stock or any other securities of the Company.

(qq) The Company is in compliance in all material respects with the rules of the NYSE, including, without limitation, the requirements for continued listing of the Common Stock and the Preferred Stock on the NYSE and the Company has not received any notice from the NYSE regarding the delisting of the Common Stock and the Preferred Stock from the NYSE.

(rr) Except pursuant to this Agreement, neither the Company nor any of the Subsidiaries has incurred any liability for any finder's or broker's fee or agent's commission in connection with the execution and delivery of this Agreement or the consummation of the transactions contemplated hereby or by the Registration Statement.

(ss) Except as described on the Registration Statement and the Prospectus, the Company has not entered into any other sales agency or distribution agreements or similar arrangements with any agent or other representative similar in nature to the equity shelf program established by this Agreement.

(tt) Neither the Company nor any of the Subsidiaries nor any of their respective directors, officers, affiliates or controlling persons has taken, directly or indirectly, any action designed or which has constituted or might reasonably be expected to cause or result in the stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Shares.

(uu) To the Company's and the Operating Partnership's knowledge, there are no affiliations or associations between (i) any member of the FINRA and (ii) the Company or any of the Company's officers, directors or 5% or greater security holders or any beneficial owner of the Company's unregistered equity securities that were acquired at any time on or after the 180th day immediately preceding the date the Registration Statement was initially filed with the Commission, except as disclosed in the Registration Statement (excluding the exhibits thereto) and the Prospectus.

(vv) There are no outstanding loans, extensions of credit or advances or guarantees of indebtedness by the Company or any of the Subsidiaries to or for the benefit of any of the officers or directors of the Company or any of the Subsidiaries or any of the members of the families of any of them.

(ww) There is no relationship, direct or indirect, that exists between or among the Company or any of the Subsidiaries on the one hand, and the directors, officers, stockholders, customers or suppliers of the Company or any of the Subsidiaries on the other hand, which is required by the Act to be described in the Registration Statement or the Prospectus, which is not so described.

(xx) The Fourth Amended and Restated Advisory Agreement between the Company and the Advisor (as amended from time to time, the " Advisory Agreement ") has been duly authorized, executed and delivered by the Company and is a legal, valid and binding agreement of the Company enforceable in accordance with its terms, except as may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally, and by general equitable principles.

(yy) The statements set forth in the Registration Statement and the Prospectus under the captions "Description of Capital Stock," "Certain Provisions of the Maryland General Corporation Law and Our Charter and Bylaws," and "Material U.S. Federal Income Tax Considerations" insofar as they purport to describe the provisions of the laws and documents referred to therein, are accurate, complete and fair in all material respects.

(zz) Except as disclosed in the Registration Statement and the Prospectus, neither the Company nor any of the Subsidiaries has any lending or similar relationship with the Agents or any bank of other lending institution affiliated with the Agents.

(aaa) All of the information provided to the Agents or to counsel for the Agents in connection with any letters, filings or other supplemental information provided to FINRA pursuant to FINRA Rule 5110 or 5121 is true, complete and correct in all material respects.

(bbb) There are no stock or other transfer taxes, stamp duties, capital duties or other similar duties, taxes or charges payable in connection with the execution or delivery of this Agreement or the issuance or sale by the Company of the Shares to be sold by the Company to the Agents.

(ccc) (i)(x) Except as disclosed in the Registration Statement, and the Prospectus, there has not, to the Company's or the Operating Partnership's knowledge, been any security breach or other compromise of or relating to any of the Company's information technology and computer systems, networks, hardware, software, data (including the data of their respective customers, employees, suppliers, vendors and any third party data maintained by or on behalf of them), equipment or technology (collectively, " *IT Systems and Data* ") and (y) the Company has not been notified of, and have no knowledge of any event or condition that would reasonably be expected to result in, any security breach or other compromise to their IT Systems and Data; (ii) the Company is presently in compliance with all applicable laws or statutes and all judgments, orders, rules and regulations of any court or arbitrator or governmental or regulatory authority, internal policies and contractual obligations relating to the privacy and security of IT Systems and Data and to the protection of such IT Systems and Data from unauthorized use, access, misappropriation or modification, except as would not, in the case of this clause (ii), individually or in the aggregate, have a Material Adverse Effect; and (iii) the Company has implemented backup and disaster recovery technology consistent with industry standards and practices.

In addition, any certificate signed by any officer of the Company or any of the Subsidiaries and delivered to any of the Agents or counsel for such Agents in connection with the offering of the Shares shall be deemed to be a representation and warranty by the Company and the Operating Partnership, as to matters covered thereby, to such Agents.

SECTION 3. Sale and Delivery of Securities .

(a) On the basis of the representations, warranties and agreements herein contained, but subject to the terms and conditions herein set forth, the Company agrees to issue and sell through the Agents, as sales agents, and each Agent agrees to use its commercially reasonable efforts to sell, as sales agent for the Company, the Shares on the following terms.

(i) The Shares are to be sold on a daily basis or otherwise as shall be agreed to by the Company and such Agent on any day that (A) is a trading day for the NYSE (a " *Trading Day* ") (other than a Trading Day on which the NYSE is scheduled to close prior to its regular weekday closing time), (B) the Company has instructed such Agent by telephone (confirmed promptly by electronic mail) from any of the individuals listed as authorized representatives of the Company on Schedule C hereto (as may be amended from time to time by the Company by written notice to the Agents) (the " *Authorized Company Representatives* ") to make such sales and (C) the Company has satisfied its obligations under Section 6 of this Agreement. The Company agrees that any offer to sell Shares, any solicitation of an offer to buy Shares, or any sales of Shares shall only be effected by or through only one Agent on any single given day, but in no event by more than one, and the Company shall in no event request that multiple Agents sell Shares on the same day. The Company will designate the maximum number of Shares to be sold by such Agent daily as agreed to by such Agent and in any event not in excess of the amount of Shares available for issuance under the currently effective Registration Statement or in excess of the amount of Shares authorized from time to time to be issued and sold under this Agreement by the Company's board of directors, or a duly authorized committee thereof, and notified to such Agent in writing. Subject to the terms and conditions hereof, the Agent shall use its commercially reasonable efforts to offer and sell all of the Shares designated on any day; provided, however, that such Agent shall have no obligation to offer or sell any Shares, and the Company and the Operating Partnership acknowledge and agree that such Agent shall have no such obligation, in the event an offer or sale of the Shares on behalf of the Company may in the judgment of such Agent constitute the sale of a "block" under Rule 10b-18(a)(5) under the Exchange Act or a "distribution" within the meaning of Rule 100 of Regulation M under the Exchange Act or such Agent reasonably believes it may be deemed an “underwriter” under the Act in a transaction that is other than by means of ordinary brokers’ transactions between members of the NYSE that qualify for delivery of a Prospectus to the NYSE in accordance with Rule 153 under the Act (such ordinary brokers’ transactions are hereinafter referred to as “ *At the Market Offerings* ”).

(ii) Notwithstanding the foregoing, the Company, through any of the Authorized Company Representatives, may instruct such Agent by electronic mail or by telephone (confirmed promptly by electronic mail) not to sell the Shares if such sales cannot be effected at or above the price designated by the Company in any such instruction. In addition, the Company or such Agent may, upon notice to the other party hereto by electronic mail or by telephone (confirmed promptly by electronic mail), suspend the offering of the Shares; provided, however, that such suspension shall not affect or impair the parties’ respective obligations with respect to the Shares sold hereunder prior to the giving of such notice.

(iii) Each Agent hereby covenants and agrees not to make any sales of the Shares on behalf of the Company, pursuant to this Section 3(a), other than (A) by means of At the Market Offerings and (B) such other sales of the Shares on behalf of the Company in its capacity as agent of the Company as shall be agreed by the Company and such Agent.

(iv) The compensation to each Agent, as an agent of the Company, for sales of the Shares shall be 1.0% of the gross sales price of the Shares sold pursuant to this Section 3(a). The remaining proceeds, after further deduction for any transaction fees imposed by any governmental or self-regulatory organization in connection with such sales, shall constitute the net proceeds to the Company for such Shares (the “ *Net Proceeds* ”).

(v) Each Agent shall provide written confirmation to the Company following the close of trading on the NYSE each day in which the Shares are sold under this Section 3(a) setting forth the aggregate amount of the Shares sold on such day, the aggregate Net Proceeds to the Company, and the aggregate compensation payable by the Company to such Agent with respect to such sales.

(vi) Settlement for sales of the Shares pursuant to this Section 3(a) will occur on the second Trading Day following the date on which such sales are made (provided that, if such second Trading Day is not a business day (as defined below), then settlement will occur on the next succeeding Trading Day that is also a business day), unless another date shall be agreed upon by the Company and such Agent (each such date, a “Settlement Date”). As used in the preceding sentence and in Section 7 below, the term “ *business day* ” means any day other than a Saturday, Sunday or other day on which commercial banks in The City of New York are authorized or required by law, regulation or executive order to close. On each Settlement Date, the Shares sold through such Agent for settlement on such date shall be issued and delivered by the Company to such

Agent against payment of the Net Proceeds for the sale of such Shares. Settlement for all such Shares shall be effected by free delivery of the Shares by the Company or its transfer agent to such Agent's account, or to the account of such Agent's designee, at The Depository Trust Company (" *DTC* ") through its Deposit and Withdrawal at Custodian System (" *DWAC* ") or by such other means of delivery as may be mutually agreed upon by the parties hereto, which in all cases shall be freely tradable, transferable, registered shares eligible for delivery through DTC, in return for payments in same day funds delivered to the account designated by the Company. If the Company, or its transfer agent (if applicable), shall default on its obligation to deliver the Shares on any Settlement Date, the Company and the Operating Partnership shall (A) indemnify and hold such Agent harmless against any loss, claim or damage arising from or as a result of such default by the Company and (B) pay such Agent any commission to which it would otherwise be entitled absent such default. The Authorized Company Representatives shall be the contact persons for the Company for all matters related to the settlement of the transfer of the Shares through DWAC for purposes of this Section 3(a)(vi).

(vii) At each Time of Sale, Settlement Date and Representation Date (as defined in Section 4(p)), the Company and the Operating Partnership shall be deemed to have affirmed each representation and warranty contained in this Agreement, other than those contained in Sections 2(e) and 2(i) above. Any obligation of any Agent to use its commercially reasonable efforts to sell the Shares on behalf of the Company shall be subject to the continuing accuracy of the representations and warranties of the Company and the Operating Partnership herein, to the performance by the Company and the Operating Partnership of their obligations hereunder and to the continuing satisfaction of the additional conditions specified in Section 6 of this Agreement.

(b) If the Company wishes to issue and sell the Shares other than as set forth in Section 3(a) of this Agreement (each, a "Placement"), it will notify an Agent of the proposed terms of such Placement. If such Agent, acting as principal, wishes to accept such proposed terms (which it may decline to do for any reason in its sole discretion) or, following discussions with the Company, wishes to accept amended terms, such Agent and the Company will enter into a Terms Agreement setting forth the terms of such Placement. In the event of a conflict between the terms of this Agreement and the terms of any Terms Agreement, the terms of such Terms Agreement will control.

(c) (1) Under no circumstances shall the Company cause or request the offer or sale of any Shares if, after giving effect to the sale of such Shares, the aggregate gross sales proceeds or the aggregate number of the Shares sold pursuant to this Agreement would exceed the lesser of (A) the amount set forth in Section 1, (B) the amount then available for offer and sale under the currently effective Registration Statement and (C) the amount authorized from time to time to be offered and sold under this Agreement by the Company's board of directors, or a duly authorized committee thereof, and notified to the Agents in writing. Under no circumstances shall the Company cause or request the offer or sale of any Shares at a price lower than the minimum price authorized from time to time by the Company's board of directors or a duly authorized committee thereof, and notified to the Agents in writing.

(i) If either party has reason to believe that the exemptive provisions set forth in Rule 101 (c)(1) of Regulation M under the Exchange Act are not satisfied with respect to the Shares, it shall promptly notify the other party and sales of the Shares under this Agreement shall be suspended until that or other exemptive provisions have been satisfied in the judgment of each party.

(d) Each sale of the Shares to or through any Agent shall be made in accordance with the terms of this Agreement or, if applicable, a Terms Agreement.

(e) Subject to such further limitations on offers and sales of Shares or delivery of instructions to offer and sell Shares as are set forth herein and as may be mutually agreed upon by the Company and any Agent, offers and sales of Shares pursuant to this Agreement shall not be requested by the Company and need not be made by such Agent at any time when or during any period in which the Company is or could be deemed to be in possession of material non-public information.

(f) The Company and the Operating Partnership acknowledge and agree that (A) there can be no assurance that any Agent will be successful in selling the Shares, (B) no Agent will incur any liability or obligation to the Company or any other person or entity if it does not sell Shares for any reason other than a failure by such Agent to use its commercially reasonable efforts consistent with its normal trading and sales practices and applicable law and regulations to sell such Shares in accordance with the terms of this Agreement, and (C) each Agent shall be under no obligation to purchase Shares on a principal basis pursuant to this Agreement, except as otherwise specifically agreed in writing by such Agent and the Company.

SECTION 4. Covenants of the Company and the Operating Partnership . The Company and the Operating Partnership, jointly and severally, agree with each Agent:

(a) To notify the Agents promptly of the time on or after the date of this Agreement when the Registration Statement or any amendment to the Registration Statement has been filed or become effective or when the Basic Prospectus, the Prospectus or any Permitted Free Writing Prospectus or any supplement to any of the foregoing has been filed; and to cause the Basic Prospectus, the Prospectus Supplement and the Prospectus and each amendment or supplement to the Basic Prospectus, the Basic Prospectus or the Prospectus to be filed with the Commission as required pursuant to the applicable paragraph of Rule 424(b) of the Act (without reliance on Rule 424(b)(8)) or, in the case of any Incorporated Document, to be filed with the Commission as required pursuant to the Exchange Act, within the time period prescribed; to cause each Permitted Free Writing Prospectus to be filed with the Commission as required by Rule 433 of the Act (to the extent such filing is required by such rule) and to retain copies of each

Permitted Free Writing Prospectus that is not required to be filed with the Commission in accordance with Rule 433 of the Act.

(b) To promptly advise the Agents, confirming such advice in writing, of any suspension of any Agent's obligations under Rule 15c2-8 under the Exchange Act or any request by the Commission for amendments or supplements to the Registration Statement, the Basic Prospectus, the Prospectus or any Permitted Free Writing Prospectus (in each case including, without limitation, any Incorporated Document) or for additional information with respect thereto, or of notice of examination, institution of proceedings for or the entry of a stop order suspending the effectiveness of the Registration Statement and, if the Commission should enter a stop order suspending the effectiveness of the Registration Statement, to use its reasonable best efforts to obtain the lifting or removal of such order as soon as possible; to promptly advise the Agents of any proposal to amend or supplement the Registration Statement, the Basic Prospectus, the Prospectus or any Permitted Free Writing Prospectus (other than any amendment or supplement to be effected by the Company's filing of a report, document or proxy or information statement pursuant to Sections 13, 14 or 15(d) of the Exchange Act), and to provide the Agents and their counsel copies of any such documents for review and comment a reasonable amount of time prior to any proposed filing and not to file or use any such amendment or supplement (other than any prospectus supplement relating to the offering of other securities (including, without limitation, the Common Stock)) to which any Agent shall have objected in writing.

(c) To make available to each Agent, as soon as practicable after this Agreement becomes effective, and thereafter from time to time to furnish to each Agent, as many copies of the Prospectus and each Permitted Free Writing Prospectus (or of the Prospectus or any Permitted Free Writing Prospectus as amended or supplemented if the Company shall have made any amendments or supplements thereto after the effective date of the Registration Statement) as such Agent may request for the purposes contemplated by the Act; in case any Agent is required to deliver (whether physically, deemed to be delivered pursuant to Rule 153 or through compliance with Rule 172 under the Act or any similar rule), in connection with the sale of the Shares, a prospectus after the nine-month period referred to in Section 10(a)(3) of the Act, or after the time a post-effective amendment to the Registration Statement is required pursuant to Item 512(a) of Regulation S-K under the Act, the Company will prepare, at its expense, such amendment or amendments to the Registration Statement and the Prospectus as may be necessary to permit compliance with the requirements of Section 10(a)(3) of the Act or Item 512(a) of Regulation S-K under the Act, as the case may be.

(d) To file promptly all reports and documents (including any preliminary or definitive proxy or information statement) required to be filed by the Company with the Commission in order to comply with the Exchange Act for so long as a prospectus is required by the Act to be delivered (whether physically, deemed to be delivered pursuant to Rule 153 or through compliance with Rule 172 under the Act or any similar rule) in connection with any sale of Shares.

(e) To pay the fees applicable to the Registration Statement in connection with the offering of the Shares within the time required by Rule 456(b)(1)(i) under the Act (without reliance on the proviso to Rule 456 (b)(1)(i) under the Act) and in compliance with Rule 456(b) and Rule 457(r) under the Act.

(f) If the Company receives from the Commission a notice pursuant to Rule 401(g)(2) under the Act or otherwise ceases to be eligible to use the automatic shelf registration statement form, the Company will (a) promptly notify each Agent, and (b) if the Company files a new registration statement or post-effective amendment on the proper form relating to the Shares, in a form satisfactory to the Agents, promptly notify each Agent of effectiveness of such registration statement.

(g) To promptly notify each Agent of the happening of any event that could require the making of any change in the Prospectus then being used so that the Prospectus would not include an untrue statement of material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they are made, not misleading and, subject to Section 4(b) and Section 4(d), to prepare and furnish, at the Company's expense, to each Agent promptly such amendments or supplements to such Prospectus as may be necessary to reflect any such change; and to promptly notify each Agent of the happening of any event that could require the making of any change in any Permitted Free Writing Prospectus so that such Permitted Free Writing Prospectus would not conflict with information contained in the Registration Statement, the Prospectus or the Incorporated Documents or so that such Permitted Free Writing Prospectus would not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading and, subject to Section 4(b) and Section 4(d), to prepare and furnish, at the Company's expense, to each Agent promptly such amendments or supplements to such Permitted Free Writing Prospectus as may be necessary to eliminate any such conflict or reflect any such change.

(h) To furnish such information as may be required and otherwise to cooperate in qualifying the Shares for offering and sale under the securities or blue sky laws of such states or other jurisdictions as any Agent may designate and to maintain such qualifications in effect so long as required for the distribution of the Shares; provided, however, that the Company shall not be required to qualify as a foreign corporation or to consent to the service of process under the laws of any such jurisdiction (except service of process with respect to the offering and sale of the Shares); and to promptly advise each Agent of the receipt by the Company of any notification with respect to the suspension of the qualification of the Shares for offer or sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose.

(i) To make generally available to its security holders, and to deliver to each Agent, an earnings statement of the Company (which will satisfy the provisions of Section 11(a) of the Act) covering a period of twelve months beginning after the effective date of the Registration Statement (as defined in Rule 158(c) of the Act) as soon as is reasonably practicable after the termination of such twelve-month period but not later than eighteen months after the effective date of the Registration Statement (as such date is defined in Rule 158(c) under the Act).

(j) To apply the net proceeds from the sale of the Shares in the manner set forth under the caption "Use of Proceeds" in the Prospectus Supplement.

(k) Not to sell, offer to sell, contract or agree to sell, hypothecate, pledge, grant any option to sell or otherwise dispose of or agree to dispose of, directly or indirectly, or permit the registration under the Act of, any shares of Common Stock or any other securities of the Company that are substantially similar to the Common Stock ("Similar Securities") or any securities convertible into or exchangeable or exercisable for Common Stock or Similar Securities (including without limitation, any options, warrants or other rights to purchase Common Stock or Similar Securities), in each case without giving the Agents at least three Trading Days' prior written notice specifying the nature of the proposed sale and the date of such proposed sale. Notwithstanding the foregoing, the Company may: (i) register the offer and sale of the Shares through the Agents pursuant to this Agreement; (ii) file a registration statement on Form S-8 relating to Common Stock that may be issued pursuant to equity compensation plans existing as of the date of this Agreement and described in the Company's reports filed with the Commission under the Exchange Act; (iii) issue securities under the Company's equity compensation plans existing as of the date of this Agreement (including any securities that may become issuable with respect to awards made thereunder or with respect to the outstanding LTIP Units in accordance with their terms) and described in the Company's reports filed with the Commission under the Exchange Act; and (iv) issue shares of Common Stock pursuant to the Advisory Agreement in accordance with the terms and provisions thereof in effect on the date of this Agreement as described in the Registration Statement and the Prospectus.

(l) Not, at any time at or after the execution of this Agreement, to offer or sell any Shares by means of any "prospectus" (within the meaning of the Act), or use any "prospectus" (within the meaning of the Act) in connection with the offer or sale of the Shares, in each case other than the Prospectus or a Permitted Free Writing Prospectus.

(m) The Company will not, and will cause its Subsidiaries not to, take, directly or indirectly, any action designed, or which will constitute, or has constituted, or might reasonably be expected to cause or result in the stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Shares.

(n) To use its best efforts to cause the Common Stock to be listed on the NYSE and to maintain such listing.

(o) To advise each Agent immediately after it shall have received notice or obtain knowledge thereof, of any information or fact that would alter or affect any opinion, certificate, letter and other document provided to the Agents pursuant to Section 6 herein.

(p) On the date prior to the commencement of any sales of the Shares under this Agreement (the " *Commencement Date* "), and each time that (i) the Registration Statement or the Prospectus shall be amended or supplemented (other than by the filing with the Commission of any document incorporated by reference therein (excluding supplements not related to the Shares), which shall be subject to the provisions of subclause (ii) below, and other than a prospectus supplement filed pursuant to Rule 424(b) under the Act relating solely to the offering of securities other than the Shares), (ii) there is filed with the Commission any document incorporated by reference into the Prospectus (other than a Current Report on Form 8-K, unless the Agents shall otherwise reasonably request), or (iii) the Agents may reasonably request (the Commencement Date and each date referred to in subclauses (i), (ii) and (iii) above, except as otherwise agreed between the Company and the Agents, each a "Representation Date"), to furnish or cause to be furnished to the Agents forthwith a certificate of two of the Company's executive officers, dated and delivered the Representation Date, in form satisfactory to the Agents to the effect that the statements contained in the certificate referred to in Section 6(e) of this Agreement which was last furnished to the Agents are true and correct as of such Representation Date as though made at and as of such date (except that such certificate shall state that such statements shall be deemed to relate to the Registration Statement and the Prospectus and to all Permitted Free Writing Prospectuses, in each case as amended and supplemented to such date) or, in lieu of such certificate, a certificate of the same tenor as the certificate referred to in said Section 6(e), modified as necessary to relate to the Registration Statement and the Prospectus and to all Permitted Free Writing Prospectuses, in each case as amended and supplemented to the time of delivery of such certificate.

(q) At each Representation Date, to furnish or cause to be furnished forthwith to the Agents written opinions of Proskauer Rose LLP, counsel to the Company (" *Company Counsel* "), or other counsel satisfactory to the Agents, dated and delivered as of such Representation Date, in form and substance satisfactory to the Agents, of the same tenor as the opinions referred to in Section 6(c) of this Agreement, but modified as necessary to relate to the Registration Statement and the Prospectus and to all Permitted Free Writing Prospectuses, in each case as amended and supplemented to the time of delivery of such opinion.

(r) At each Representation Date, to furnish or cause to be furnished forthwith to the Agents a written opinion of Venable LLP, Maryland counsel the Company ("Maryland Counsel"), or other counsel satisfactory to the Agents, dated and delivered as of such Representation Date, in form and substance satisfactory to the Agents, of the same tenor as the opinion referred to in Section 6(d) of this Agreement, but modified as necessary to relate to the Registration Statement and the Prospectus and to all Permitted Free Writing Prospectuses, in each case as amended and supplemented to the time of delivery of such opinion.

(s) At each Representation Date, to furnish or cause to be furnished to the Agents forthwith a certificate of the Secretary of the Company, dated and delivered as of such Representation Date, in form and substance satisfactory to the Agents, of the same tenor as the certificate referred to in Section 6(h) of this Agreement but modified to relate to the Registration Statement and the Prospectus, in each case, as amended and supplemented to the date of such certificate.

(t) At each Representation Date, Mayer Brown LLP, counsel to the Agents, shall deliver a written opinion, dated and delivered as of such Representation Date, in form and substance satisfactory to the Agents.

(u) On the Commencement Date, and each time that (i) the Registration Statement or the Prospectus shall be amended or supplemented to include additional or amended financial information (other than an amendment or supplement effected by the filing with the Commission of any document incorporated by reference therein, which shall be subject to the provisions of subclauses (ii) and (iii) below), (ii) the Company shall file an Annual Report on Form 10-K or a Quarterly Report on Form 10-Q, (iii) upon request by the Agents to the Company, there is filed with the Commission any document (other than an Annual Report on Form 10-K or a Quarterly Report on Form 10-Q) incorporated by reference into the Prospectus which contains financial information, or (iv) the Agents may reasonably request, to cause the Accountants, or other independent accountants satisfactory to the Agents, forthwith to furnish the Agents a letter, dated the Commencement Date, the date of effectiveness of such amendment, the date of filing of such supplement or other document with the Commission, or the date of such request, as the case may be, or on such other date as shall be satisfactory to the Agents, in form and substance satisfactory to the Agents, of the same tenor as the letter referred to in Section 6(d) of this Agreement but modified to relate to the Registration Statement and the Prospectus and to all Permitted Free Writing Prospectuses, in each case, as amended and supplemented to the date of such letter.

(v) At each Representation Date, to conduct a due diligence session, in form and substance, satisfactory to the Agents, which shall include representatives of the management and the accountants of the Company.

(w) That the Company consents to any Agent trading in the Common Stock for such Agent's own account and for the account of its clients at the same time as sales of the Shares occur pursuant to this Agreement.

(x) If to the knowledge of the Company and the Operating Partnership, any condition set forth in Section 6(a), 6(i) or 6(j) of this Agreement shall not have been satisfied on the applicable Settlement Date, to offer to any person who has agreed to purchase the Shares from the Company as the result of an offer to purchase solicited by any Agent the right to refuse to purchase and pay for such Shares.

(y) To disclose in its Quarterly Reports on Form 10-Q and in its Annual Report on Form 10-K the number of the Shares sold through or to the Agents under this Agreement, the Net Proceeds to the Company and the compensation paid by the

Company with respect to sales of the Shares pursuant to this Agreement during the most recently completed quarter.

(z) To ensure that prior to instructing any Agent to sell Shares the Company shall have obtained all necessary corporate authorizations for the offer and sale of such Shares.

(aa) That each acceptance by the Company of an offer to purchase the Shares hereunder shall be deemed to be an affirmation to the Agents that the representations and warranties of the Company and the Operating Partnership contained in or made pursuant to this Agreement are true and correct as of the date of such acceptance as though made at and as of such date, and an undertaking that (i) to the extent such representations and warranties are subject to qualifications and exceptions contained therein relating to "materiality" or "Material Adverse Effect," such representations and warranties will be true and correct as of the Settlement Date for the Shares relating to such acceptance, as though made at and as of such date, and (ii) to the extent such representations and warranties are not subject to any such qualifications or exceptions, such representations and warranties will be true and correct in all material respects as of the Settlement Date for the Shares relating to such acceptance, as though made at and as of such date; provided that ; that such representations and warranties shall be deemed to relate to the Registration Statement and the Prospectus and to all Permitted Free Writing Prospectuses, in each case as amended and supplemented relating to such Shares.

(bb) To use its best efforts to meet the requirements to qualify as a REIT under the Code.

SECTION 5. Payment of Expenses . The Company and the Operating Partnership, jointly and severally, agree with each Agent that whether or not the transactions contemplated hereunder are consummated or this Agreement is terminated, to pay all of its expenses incident to the performance of its obligations hereunder, including, but not limited to, such costs, expenses, fees and taxes in connection with (i) the preparation and filing of the Registration Statement, the Basic Prospectus, the Prospectus Supplement, the Prospectus, each Permitted Free Writing Prospectus and any amendments or supplements thereto, and the printing and furnishing of copies of each thereof to any Agent (including costs of mailing and shipment), (ii) the registration, issue, sale and delivery of the Shares including any stock or transfer taxes and stamp or similar duties payable upon the sale, issuance or delivery of the Shares, (iii) the producing, word processing and/or printing of this Agreement, any Powers of Attorney and any closing documents (including compilations thereof) and the reproduction and/or printing and furnishing of copies of each thereof to any Agent (including costs of mailing and shipment), (iv) the qualification of the Shares for offering and sale under state laws and the determination of their eligibility for investment under state or foreign law (including the reasonable legal fees and filing fees and other disbursements of U.S. and any other foreign counsel for the Agents) and the printing and furnishing of copies of any blue sky surveys to the Agents, (v) the listing of the Shares on the NYSE and any other securities exchange and any registration thereof under the Exchange Act, (vi) any filing with, and any review of the public offering of the Shares by FINRA, including the reasonable legal fees and disbursements of counsel for the Agents relating to FINRA matters and (vii) the reasonable fees and disbursements of the Company's and Agents' counsel and of the Company's accountants; *provided however* such fees and expenses of Agents' counsel subject to reimbursement by the Company: (1) shall not exceed $100,000 with respect to the establishment of the at-the-market program, including the negotiation, preparation and execution of this Agreement, and (ii) shall not exceed $25,000 per year (with the first such year commencing on the date following the date of this Agreement) with respect to the ongoing implementation of the transactions contemplated by this Agreement of the at the market program. It is understood, however, that except as provided in this Section 5 and Sections 3(a)(iv) and 7 hereof, the Agents will pay all of their own out-of-pocket costs and expenses incurred in connection with entering into this Agreement and the transactions contemplated by this Agreement.

SECTION 6. Conditions of Agents' Obligations. The obligations of each Agent hereunder are subject to (i) the accuracy of the representations and warranties on the part of the Company and the Operating Partnership on the date hereof, any applicable Representation Date and as of each Settlement Date, (ii) the performance by the Company and the Operating Partnership of their obligations hereunder and (iii) to the following additional conditions precedent.

(a) (i) No stop order with respect to the effectiveness of the Registration Statement shall have been issued under the Act or proceedings initiated under Section 8(d) or 8(e) of the Act, and no order directed at or in relation to any document incorporated by reference therein and no order preventing or suspending the use of the Prospectus has been issued by the Commission, and no suspension of the qualification of the Shares for offering or sale in any jurisdiction, or to the knowledge of the Company, the Operating Partnership or the Agents of the initiation or threatening of any proceedings for any of such purposes, has occurred; (ii) the Registration Statement and all amendments thereto shall not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading; (iii) none of the Basic Prospectus or the Prospectus, and no amendment or supplement thereto, shall include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they are made, not misleading; (iv) no Prospectus, together with any combination of one or more of the Permitted Free Writing Prospectuses, if any, and no amendment or supplement thereto, shall include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they are made, not misleading; and (v) none of the Permitted Free Writing Prospectuses, if any, shall include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they are made, not misleading.

(b) Subsequent to the respective dates as of which information is given in the Registration Statement, the Basic Prospectus, the Prospectus and the Permitted Free Writing Prospectuses, if any, no material and unfavorable change, financial or otherwise (other than as referred to in the Registration Statement and Prospectus), in the business, condition or prospects of the Company and its Subsidiaries taken as a whole, in the judgment of the Agents, shall occur or become known and no transaction which is material and unfavorable to the Company (other than as referred to in the Registration Statement and Prospectus) in the judgment of the Agents, shall have been entered into by the Company or any of its Subsidiaries.

(c) The Company shall furnish to the Agents, at every date specified in Section 4(p) of this Agreement, opinions of Company Counsel, addressed to the Agents, and dated as of such date, and in form satisfactory to the Agents, in the forms set forth in Exhibit A-1, Exhibit A-2 and Exhibit A-3 hereto.

(d) The Company shall furnish to the Agents, at every date specified in Section 4(p) of this Agreement, an opinion of Maryland Counsel, addressed to the Agents, and dated as of such date, and in form satisfactory to the Agents, in the form set forth in Exhibit B hereto.

(e) At the dates specified in Section 4(u) of this Agreement, the Agents shall have received from the Accountants letters dated the date of delivery thereof and addressed to the Agents in form and substance satisfactory to the Agents.

(f) The Company shall deliver to the Agents, at every Representation Date specified in Section 4(p) of this Agreement, a certificate of two of its executive officers to the effect that (i) the representations and warranties of the Company and the Operating Partnership as set forth in this Agreement are true and correct as of the Representation Date, (ii) the Company has performed in all material respects such of its obligations under this Agreement as are to be performed at or before such Representation Date, and (iii) the conditions set forth in paragraphs (a) and (b) of Section 6 have been met. The certificate shall also state that the Shares have been duly and validly authorized by the Company, that all corporate action required to be taken for the issuance and sale of the Shares has been validly and sufficiently taken, and that the Company's Board of Directors or any other body with authority has not revoked, rescinded or otherwise modified or withdrawn such authorization or corporate action.

(g) The Agents shall have received, at every date specified in Section 4(t) of this Agreement, the favorable opinion of Mayer Brown LLP, counsel to the Agents, dated as of such date, and in form and substance satisfactory to the Agents.

(h) The Agents shall have received, at every date specified in Section 4(s) of this Agreement, a certificate of the Secretary of the Company, dated as of such date, and in form and substance satisfactory to the Agents.

(i) All filings with the Commission required by Rule 424 or Rule 433 under the Act shall have been made within the applicable time period prescribed for such filing by Rule 424 (without reliance on Rule 424 (b)(8)) and Rule 433, respectively.

(j) The Shares shall have been approved for listing on the NYSE, subject only to notice of issuance at or prior to the Settlement Date.

SECTION 7. Indemnification and Contribution .

(a) The Company and the Operating Partnership, jointly and severally, agree to indemnify, defend and hold harmless each Agent and its affiliates, its and their directors, officers, employees and agents and any person who controls such Agent within the meaning of Section 15 of the Act or Section 20 of the Exchange Act, and the successors and assigns of all of the foregoing persons, from and against any loss, damage, expense, liability or claim (including the reasonable cost of investigation), as incurred, which, jointly or severally, such Agent or any such person may incur under the Act, the

Exchange Act, the common law or otherwise, insofar as such loss, damage, expense, liability or claim arises out of or is based upon (i) any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement (or in the Registration Statement as amended by any post effective amendment thereof by the Company) or arises out of or is based upon any omission or alleged omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading, except insofar as any such loss, damage, expense, liability or claim arises out of or is based upon any untrue statement or alleged untrue statement of a material fact contained in, and in conformity with information concerning any Agent furnished in writing by or on behalf of such Agent to the Company expressly for use in, the Registration Statement or arises out of or is based upon any omission or alleged omission to state a material fact in the Registration Statement in connection with such information, which material fact was not contained in such information and which material fact was required to be stated in such Registration Statement or was necessary to make such information not misleading or (ii) any untrue statement or alleged untrue statement of a material fact included in any Prospectus (the term Prospectus for the purpose of this Section 7 being deemed to include any Basic Prospectus, any Prospectus Supplement, any Prospectus and any amendments or supplements to the foregoing), in any Permitted Free Writing Prospectus, in any "issuer information" (as defined in Rule 433 under the Act) of the Company or in any Prospectus together with any combination of one or more of the Permitted Free Writing Prospectuses, if any, or arises out of or is based upon any omission or alleged omission to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, except, with respect to such Prospectus or Permitted Free Writing Prospectus, insofar as any such loss, damage, expense, liability or claim arises out of or is based upon any untrue statement or alleged untrue statement of a material fact contained in, and in conformity with information concerning any Agent furnished in writing by or on behalf of such Agent to the Company expressly for use in, such Prospectus or Permitted Free Writing Prospectus or arises out of or is based upon any omission or alleged omission to state a material fact in such Prospectus or Permitted Free Writing Prospectus in connection with such information, which material fact was not contained in such information and which material fact was necessary in order to make the statements in such information, in the light of the circumstances under which they were made, not misleading.

(b) Each Agent, severally and not jointly, agrees to indemnify, defend and hold harmless the Company and the Operating Partnership, their directors and officers, any person who controls the Company within the meaning of Section 15 of the Act or Section 20 of the Exchange Act, and the successors and assigns of all of the foregoing persons from and against any loss, damage, expense, liability or claim (including the reasonable cost of investigation) which, jointly or severally, the Company, the Operating Partnership or any such person may incur under the Act, the Exchange Act, the common law or otherwise, insofar as such loss, damage, expense, liability or claim arises out of or is based upon (i) any untrue statement or alleged untrue statement of a material fact contained in, and in conformity with information concerning any Agent furnished in writing by or on behalf of such Agent to the Company or the Operating Partnership expressly for use in, the Registration Statement (or in the Registration Statement as amended by any post effective amendment thereof by the Company), or arises out of or is based upon any omission or alleged omission to state a material fact in such Registration Statement in connection with such information, which material fact was not contained in such information and which material fact was required to be stated in such Registration Statement or was necessary to make such information not misleading or (ii) any untrue statement or alleged untrue statement of a material fact contained in, and in conformity with information concerning any Agent furnished in writing by or on behalf of such Agent to the Company or the Operating Partnership expressly for use in, the Prospectus Supplement or a Permitted Free Writing Prospectus, or arises out of or is based upon any omission or alleged omission to state a material fact in the Prospectus Supplement or a Permitted Free Writing Prospectus in connection with such information, which material fact was not contained in such information and which material fact was necessary in order to make the statements in such information, in the light of the circumstances under which they were made, not misleading.

(c) If any action, suit or proceeding (each, a “Proceeding”) is brought against a person (an “indemnified party”) in respect of which indemnity may be sought against the Company, the Operating Partnership or any Agent (as applicable, the “indemnifying party”) pursuant to subsection (a) or (b), respectively, of this Section, such indemnified party shall promptly notify such indemnifying party in writing of the institution of such Proceeding and such indemnifying party shall assume the defense of such Proceeding, including the employment of counsel reasonably satisfactory to such indemnified party and payment of all fees and expenses; provided, however, that the omission to so notify such indemnifying party shall not relieve such indemnifying party from any liability which such indemnifying party may have to any indemnified party or otherwise. The indemnified party or parties shall have the right to employ its or their own counsel in any such case, but the fees and expenses of such counsel shall be at the expense of such indemnified party or parties unless the employment of such counsel shall have been authorized in writing by the indemnifying party in connection with the defense of such Proceeding or the indemnifying party shall not have, within a reasonable period of time in light of the circumstances, employed counsel to defend such Proceeding or such indemnified party or parties shall have reasonably concluded that there may be defenses available to it or them which are different from, additional to or in conflict with those available to such indemnifying party (in which case such indemnifying party shall not have the right to direct the defense of such Proceeding on behalf of the indemnified party or parties), in any of which events such fees and expenses shall be borne by such indemnifying party and paid as incurred (it being understood, however, that such indemnifying party shall not be liable for the expenses of more than one separate counsel (in addition to any local counsel) in any one Proceeding or series of related Proceedings in the same jurisdiction representing the indemnified parties who are parties to such Proceeding). The indemnifying party shall not be liable for any settlement of any Proceeding effected without its written consent but, if settled with its written consent, such indemnifying party agrees to indemnify and hold harmless the indemnified party or parties from and against any loss or liability, as incurred, by reason of such settlement.

Notwithstanding the foregoing sentence, if at any time an indemnified party shall have requested an indemnifying party to reimburse the indemnified party for fees and expenses of counsel as contemplated by the second sentence of this Section 7(c), then the indemnifying party agrees that it shall be liable for any settlement of any Proceeding effected without its written consent if (i) such settlement is entered into more than 60 business days after receipt by such indemnifying party of the aforesaid request, (ii) such indemnifying party shall not have fully reimbursed the indemnified party in accordance with such request prior to the date of such settlement and (iii) such indemnified party shall have given the indemnifying party at least 30 days' prior notice of its intention to settle. No indemnifying party shall, without the prior written consent of the indemnified party, effect any settlement of any pending or threatened Proceeding in respect of which any indemnified party is or could have been a party and indemnity could have been sought hereunder by such indemnified party, unless such settlement includes an unconditional release of such indemnified party from all liability on claims that are the subject matter of such Proceeding and does not include an admission of fault or culpability or a failure to act by or on behalf of such indemnified party.

(d) If the indemnification provided for in this Section 7 is unavailable to an indemnified party under subsections (a) and (b) of this Section 7 or insufficient to hold an indemnified party harmless in respect of any losses, damages, expenses, liabilities or claims referred to therein, then each applicable indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of such losses, damages, expenses, liabilities or claims (i) in such proportion as is appropriate to reflect the relative benefits received by the Company and the Operating Partnership on the one hand, and the Agents, on the other hand, from the offering of the Shares or (ii) if the allocation provided by clause (i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Company and the Operating Partnership, on the one hand, and of the relevant Agent(s), on the other, in connection with the statements or omissions which resulted in such losses, damages, expenses, liabilities or claims, as well as any other relevant equitable considerations. The relative benefits received by the Company and the Operating Partnership, on the one hand, and the relevant Agents, on the other, shall be deemed to be in the same respective proportions as the total proceeds from the offering (net of underwriting discounts and commissions but before deducting expenses) received by the Company and the Operating Partnership, and the total underwriting discounts and commissions received by the relevant Agent, bear to the aggregate public offering price of the Shares. The relative fault of the Company and the Operating Partnership, on the one hand, and of the relevant Agent, on the other, shall be determined by reference to, among other things, whether the untrue statement or alleged untrue statement of a material fact or omission or alleged omission relates to information supplied by the Company and the Operating Partnership or by the relevant Agent and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The amount paid or payable by a party as a result of the losses, damages, expenses, liabilities and claims referred to in this subsection shall be deemed to include any legal or other fees or expenses reasonably incurred by such party in connection with investigating, preparing to defend or defending any Proceeding.

(e) The Company, the Operating Partnership and each of the Agents agree that it would not be just and equitable if contribution pursuant to this Section 7 were determined by pro rata allocation or by any other method of allocation that does not take account of the equitable considerations referred to in subsection (d) above. Notwithstanding the provisions of this Section 7, no Agent shall be required to contribute any amount in excess of commissions received by it under this Agreement. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

(f) The Company and the Operating Partnership, and each of the Agents agree promptly to notify each other of the commencement of any Proceeding against it and, in the case of the Company and the Operating Partnership, against any of the Company's officers or directors in connection with the issuance and sale of the Shares, or in connection with the Registration Statement, the Basic Prospectus, the Prospectus or any Permitted Free Writing Prospectus.

SECTION 8. Representations and Agreements to Survive Delivery. The indemnity and contribution agreements contained in Section 7 and the covenants, warranties and representations of the Company and the Operating Partnership contained in this Agreement or in certificates delivered pursuant hereto shall remain in full force and effect regardless of any investigation made by or on behalf of any Agent or any of its affiliates or its or their directors, officers, employees or agents or any person (including each director, officer, employee or agent of such person) who controls such Agent within the meaning of Section 15 of the Act or Section 20 of the Exchange Act, or by or on behalf of the Company, its directors or officers or any person who controls the Company within the meaning of Section 15 of the Act or Section 20 of the Exchange Act, and shall survive any termination of this Agreement or the issuance and delivery of the Shares.

SECTION 9. Termination.

(a) The Company shall have the right, by giving written notice as hereinafter specified, to terminate the provisions of this Agreement in its sole discretion at any time. Any such termination shall be without liability of any party to any other party except that (i) if any of the Shares have been sold through any Agent for the Company, then Section 4(x) shall remain in full force and effect, (ii) with respect to any pending sale, through any Agent for the Company, the obligations of the Company, including in respect of compensation of such Agent, shall remain in full force and effect notwithstanding the termination and (iii) the provisions of Sections 5, 7, 8, 10, 11, 12, 16, 17, 18, 19 and 20 of this Agreement shall remain in full force and effect notwithstanding such termination.

(b) Each Agent shall have the right, by giving written notice as hereinafter specified, to terminate the provisions of this Agreement relating to the solicitation of offers to purchase the Shares in its sole discretion at any time. Any such termination shall be without liability of any party to any other party except that the provisions of

Sections 5, 7, 8, 10, 11, 12, 16, 17, 18, 19 and 20 of this Agreement shall remain in full force and effect notwithstanding such termination.

(c) This Agreement shall remain in full force and effect until the earliest to occur of (i) the date that Shares having an aggregate gross sales price of $250,000,000 have been sold pursuant to this Agreement, or (ii) termination of this Agreement pursuant to Sections 9(a) or (b) above or otherwise by mutual agreement of the parties; provided that any such termination by mutual agreement shall in all cases be deemed to provide that the provisions of Sections 5, 7, 8, 10, 11, 12, 16, 17, 18, 19 and 20 of this Agreement shall remain in full force and effect notwithstanding such termination.

(d) Any termination of this Agreement shall be effective on the date specified in such notice of termination; provided that such termination shall not be effective until the close of business on the date of receipt of such notice by any Agent or the Company, as the case may be. If such termination shall occur prior to the Settlement Date for any sale of the Shares, such sale shall settle in accordance with the provisions of Section 3(a)(vi) of this Agreement.

SECTION 10. Notices . Except as otherwise herein provided, all statements, requests, notices and agreements under this Agreement shall be in writing and delivered by hand, overnight courier, mail or facsimile and, if to the Agents, shall be sufficient in all respects if delivered or sent to (a) UBS Securities LLC, 1285 Avenue of the Americas, New York, NY 10019, Attention: Syndicate Department, with a copy for information purposes to UBS Securities LLC, 153 West 51st Street, New York, NY, 10019, Attention: Legal and Compliance Department, Fax No. (212) 821-3915 , (b) Robert W. Baird & Co. Incorporated, 777 East Wisconsin Avenue, Milwaukee, WI 53202, Attention: Syndicate Department, Fax No. (414) 298-7474 , (c) Capital One Securities, Inc., 201 St. Charles Avenue, Suite 1830, New Orleans, LA 70170, Attention: Gabrielle Halprin, Fax No. (504) 533-7377, (d) Mizuho Securities USA LLC, 320 Park Avenue, 12th Floor, New York, NY 10022, Attention: Equity Capital Markets Desk (e) B. Riley FBR, Inc., 299 Park Avenue, 21st Floor, New York, New York 10171, Attention: General Counsel, (212) 457-9947; (f) KeyBanc Capital Markets Inc., 127 Public Square, 4th Floor, Cleveland, Ohio 44114, Attention: Equity Syndicate, Telephone at (800) 859-1783; (g) BMO Capital Markets Corp., 3 Times Square, 25 th Floor, New York, NY 10036, Attention: Equity Syndicate Department, 212-885-4039; (h) BBVA Securities Inc., 1345 Avenue of the Americas, 44th Floor, New York, New York 10105, Attention: Scott Childs, 302-217-2272; (i) SMBC Nikko Securities America, Inc., 277 Park Avenue, New York, New York 10172, Attention: Michelle Petropoulos, 212-224-5496, Attention: Justin Kim, 212-224-4058; and (j) Stifel, Nicolaus & Company, Incorporated, One South Street, 15th Floor, Baltimore, Maryland 21202, Attention: Syndicate Department, Fax No. (443) 224-1273, and, if to the Company or the Operating Partnership it shall be sufficient in all respects if delivered or sent to the Company at the offices of the Company at Global Net Lease, Inc., 405 Park Avenue, 3 rd Floor, New York, NY 10022-4405, Attention: Legal, Fax No. (646) 861-7743. Each party to this Agreement may change such address for notices by sending to the parties to this Agreement written notice of a new address for such purpose.

SECTION 11. Parties at Interest . The Agreement herein set forth has been and is made solely for the benefit of the Agents, the Company and the Operating Partnership and to the extent provided in Section 7 of this Agreement the controlling persons, directors and officers referred to in such section, and their respective successors, assigns, heirs, personal representatives and executors and administrators. No other person, partnership, association or corporation (including a purchaser, as such purchaser, from any Agent) shall acquire or have any right under or by virtue of this Agreement.

SECTION 12. No Fiduciary Relationship . The Company and the Operating Partnership hereby acknowledge that each Agent is acting solely as sales agent and/or principal in connection with the purchase and sale of the Company's securities. The Company and the Operating Partnership further acknowledge that each Agent is acting pursuant to a contractual relationship created solely by this Agreement entered into on an arm's length basis, and in no event do the parties intend that any Agent act or be responsible as a fiduciary to the Company, its management, stockholders or creditors or any other person in connection with any activity that any Agent may undertake or have undertaken in furtherance of the purchase and sale of the Company's securities, either before or after the date hereof. Each Agent hereby expressly disclaims any fiduciary or similar obligations to the Company and the Operating Partnership either in connection with the transactions contemplated by this Agreement or any matters leading up to such transactions, and the Company and the Operating Partnership hereby confirm their understanding and agreement to that effect. The Company, the Operating Partnership, and each of the Agents agree that they are each responsible for making their own independent judgments with respect to any such transactions and that any opinions or views expressed by any Agent to the Company or the Operating Partnership regarding such transactions, including, but not limited to, any opinions or views with respect to the price or market for the Company's securities, do not constitute advice or recommendations to the Company or the Operating Partnership. The Company and the Operating Partnership hereby waive and release, to the fullest extent permitted by law, any claims that the Company or the Operating Partnership may have against any Agent with respect to any breach or alleged breach of any fiduciary or similar duty to the Company or the Operating Partnership in connection with the transactions contemplated by this Agreement or any matters leading up to such transactions.

SECTION 13. Press Releases and Disclosure . The Company may issue a press release in compliance with Rule 134 under the Act describing the material terms of the transactions contemplated hereby as soon as practicable following the date hereof, and may file with the Commission a Current Report on Form 8-K describing the material terms of the transaction contemplated hereby, and the Company shall consult with the Agents prior to making such disclosures, and the parties shall use all reasonable efforts, acting in good faith, to agree upon a text for such disclosures that is reasonably satisfactory to all parties. No party hereto shall issue thereafter any Current Report on Form 8-K or press release or like public statement (including, without limitation, any disclosure required in reports filed with the Commission pursuant to the Exchange Act) related to this Agreement or any of the transactions contemplated hereby without the prior written approval, except as may be necessary or appropriate in the opinion of the party seeking to make disclosure to comply with the requirements of applicable law or stock exchange rules. If any such press release or like public statement is so required, the party making such disclosure shall consult with the other party prior to making such disclosure, and the parties shall use all reasonable efforts, acting in good faith, to agree upon a text for such disclosure that is reasonably satisfactory to all parties.

SECTION 14. Adjustments for Stock Splits . The parties acknowledge and agree that all share related numbers contained in this Agreement shall be adjusted to take into account any stock split, subdivision or combination effected with respect to the Shares.

SECTION 15. Entire Agreement . This Agreement constitutes the entire agreement and supersedes all other prior and contemporaneous agreements and undertakings, both written and oral, among the parties hereto with regard to the subject matter hereof.

SECTION 16. Counterparts . This Agreement may be signed by the parties in one or more counterparts which together shall constitute one and the same agreement among the parties.

SECTION 17. Law; Construction . This Agreement and any claim, counterclaim or dispute of any kind or nature whatsoever arising out of or in any way relating to this Agreement (" *Claim* "), directly or indirectly, shall be governed by, and construed in accordance with, the internal laws of the State of New York.

SECTION 18. Headings . The Section headings in this Agreement have been inserted as a matter of convenience of reference and are not a part of this Agreement.

SECTION 19. Submission to Jurisdiction . Except as set forth below, no Claim may be commenced, prosecuted or continued in any court other than the courts of the State of New York located in the City and County of New York or in the United States District Court for the Southern District of New York, which courts shall have jurisdiction over the adjudication of such matters, and the Company and the Operating Partnership consent to the jurisdiction of such courts and personal service with respect thereto. The Company and the Operating Partnership hereby consent to personal jurisdiction, service and venue in any court in which any Claim arising out of or in any way relating to this Agreement is brought by any third party against any Agent or any indemnified party. Each of the Agents and the Company and the Operating Partnership (on their behalf and, to the extent permitted by applicable law, on behalf of their stockholders and affiliates) waive all right to trial by jury in any action, proceeding or counterclaim (whether based upon contract, tort or otherwise) in any way arising out of or relating to this Agreement. The Company and the Operating Partnership agree that a final judgment in any such action, proceeding or counterclaim brought in any such court shall be conclusive and binding upon the Company and the Operating Partnership and may be enforced in any other courts to the jurisdiction of which the Company and the Operating Partnership are or may be subject, by suit upon such judgment.

SECTION 20. Successors and Assigns . This Agreement shall be binding upon each Agent and the Company and the Operating Partnership and their successors and assigns and any successor or assign of any substantial portion of the Company's and the Operating Partnership's and such Agent's respective businesses and/or assets.

SECTION 21. Obligations of the Agents . Notwithstanding any other provision of this Agreement, the obligations of each Agent under this Agreement and any Terms Agreement shall be several and not joint.

[Signature Page Follows]

If the foregoing correctly sets forth the understanding between the Company, the Operating Partnership and the Agents, please so indicate in the space provided below for that purpose, whereupon this Agreement and your acceptance shall constitute a binding agreement between the Company, the Operating Partnership and the Agents. Alternatively, the execution of this Agreement by the Company and the Operating Partnership and its acceptance by or on behalf of the Agents may be evidenced by an exchange of telegraphic or other written communications.

Very truly yours,

GLOBAL NET LEASE, INC.

By: /s/ James L. Nelson
Name: James L. Nelson
Title: President and Chief Executive Officer

GLOBAL NET LEASE OPERATING PARTNERSHIP, L.P.

By: Global Net Lease, Inc., its general partner

By: /s/ James L. Nelson
Name: James L. Nelson
Title: President and Chief Executive Officer

ACCEPTED as of the date first above written

UBS SECURITIES LLC

By: /s/ Christopher Allred
Name: Christopher Allred
Title: Managing Director

UBS SECURITIES LLC

By: /s/ Whitney Mikell
Name: Whitney Mikell
Title: Associate Director

ROBERT W. BAIRD & CO. INCORPORATED

By: /s/ B. William Bartlett
Name: B. William Bartlett
Title: Vice President

CAPITAL ONE SECURITIES, INC.

By: /s/ Greg Steele
Name: Greg Steele
Title: Managing Director

MIZUHO SECURITIES USA LLC

By: /s/ Stephen F. X. Roney
Name: Stephen F. X. Roney
Title: Managing Director

B. RILEY FBR, INC.

By: /s/ Patrice McNicoll
Name: Patrice McNicoll
Title: Senior Managing Director

KEYBANC CAPITAL MARKETS INC.

By: /s/ Jonathan Crane
Name: Jonathan Crane
Title: Senior Managing Director

BMO CAPITAL MARKETS CORP.

By: /s/ David Raff
Name: David Raff
Title: Managing Director, North American Real Estate

BBVA SECURITIES INC.

By: /s/ Ryan Donovan
Name: Ryan Donovan
Title: Managing Director

SMBC NIKKO SECURITIES AMERICA, INC.

By: /s/ Michael A. Walsh
Name: Michael A. Walsh
Title : Managing Director

STIFEL, NICOLAUS & COMPANY, INCORPORATED

By: /s/ Chad Gorsuch
Name: Chad Gorsuch
Title: Managing Director

EXHIBIT 3.4

GLOBAL NET LEASE, INC.

ARTICLES OF AMENDMENT

Global Net Lease, Inc., a Maryland corporation (the "Company"), hereby certifies to the State Department of Assessments and Taxation of Maryland that:

FIRST : The charter of the Company (the "Charter") is hereby amended by deleting therefrom in its entirety the first three sentences of Section 5.1 of Article V and inserting in lieu thereof three new sentences to read as follows:

> "The total number of Shares that the Company shall have authority to issue is 166,670,000 shares, of which (i) 150,000,000 shall be designated as common stock, $0.01 par value per share (the "Common Shares"); and (ii) 16,670,000 shall be designated as preferred stock, $0.01 par value per share (the "Preferred Shares"). All shares shall be fully paid and nonassessable when issued. The aggregate par value of all authorized shares of stock having par value is $1,666,700."

SECOND : The total number of shares of stock which the Company had authority to issue immediately prior to the foregoing amendment of the Charter was 116,670,000 shares of stock, consisting of 100,000,000 shares of common stock, $0.01 par value per share (the "Common Shares"), and 16,670,000 shares of preferred stock, $0.01 par value per share (the "Preferred Shares"). The aggregate par value of all authorized shares of stock having par value was $1,166,700.

THIRD : The total number of shares of stock which the Company has authority to issue pursuant to the foregoing amendment of the Charter is 166,670,000 shares of stock, consisting of 150,000,000 Common Shares, and 16,670,000 Preferred Shares. The aggregate par value of all authorized shares of stock having par value is $1,166,700.

FOURTH : The information required by Section 2-607(b)(2)(i) of the Maryland General Corporation Law (the "MGCL") is not changed by the foregoing amendment of the Charter.

FIFTH : The foregoing amendment of the Charter was approved by a majority of the entire Board of Directors of the Company as required by law and was limited to a change expressly authorized to be made without any action by the stockholders of the Company by the Charter and Section 2-105(a)(13) of the MGCL.

The undersigned acknowledges these Articles of Amendment to be the corporate act of the Company and, as to all matters or facts required to be verified under oath, the undersigned acknowledges that, to the best of his knowledge, information and belief, these matters and facts are true in all material respects and that this statement is made under the penalties for perjury.

- Signature page follows -

IN WITNESS WHEREOF, the Company has caused these Articles of Amendment to be executed in its name and on its behalf by its Chief Executive Officer and President and attested by its Chief Financial Officer, Treasurer and Secretary on this 27 th day of February, 2019.

ATTEST: GLOBAL NET LEASE, INC.

/s/ Christopher J. Masterson	By: /s/James L. Nelson
Name: Christopher J. Masterson	Name: James L. Nelson
Title: Chief Financial Officer, Treasurer and Secretary	Title: Chief Executive Officer and President

EXHIBIT 5.1

VENABLE LLP
750 E. PRATT STREET SUITE 900 BALTIMORE, MD 21202
T 410.244.7400 F 410.244.7742 www.Venable.com

February 28, 2019

Global Net Lease, Inc.
405 Park Avenue
New York, New York 10022

Re: Registration Statement on Form S-3 (File No. 333-214579)

Ladies and Gentlemen:

We have served as Maryland counsel to Global Net Lease, Inc., a Maryland corporation (the "Company"), in connection with certain matters of Maryland law arising out of the registration of up to $250,000,000 aggregate offering price of shares (the "Shares") of common stock, par value $0.01 per share (the "Common Stock"), of the Company, covered by the above-referenced Registration Statement, and all amendments thereto (the "Registration Statement"), filed by the Company with the United States Securities and Exchange Commission (the "Commission") under the Securities Act of 1933, as amended (the "1933 Act"). The Shares are to be issued pursuant to the Prospectus Supplement and the Distribution Agreement (each as defined below) in one or more transactions deemed to be "at the market" offerings (each, an "Offering" and, collectively, the "Offerings") under Rule 415 of the 1933 Act.

In connection with our representation of the Company, and as a basis for the opinion hereinafter set forth, we have examined originals, or copies certified or otherwise identified to our satisfaction, of the following documents (hereinafter collectively referred to as the "Documents"):

1. The Registration Statement;

2. The Prospectus, dated November 10, 2016, as supplemented by a Prospectus Supplement, dated on or about the date hereof (the "Prospectus Supplement"), in the form to be filed with the Commission pursuant to Rule 424(b) of the General Rules and Regulations promulgated under the 1933 Act;

3. The charter of the Company (the "Charter"), certified by the State Department of Assessments and Taxation of Maryland (the "SDAT");

4. The Amended and Restated Bylaws of the Company, certified as of the date hereof by an officer of the Company;

5. A certificate of the SDAT as to the good standing of the Company, dated as of a recent date;

6. Resolutions adopted by the Board of Directors of the Company (the "Board") relating to, among other matters, (a) the authorization of the sale, issuance and registration of the Shares and the execution and delivery of the Distribution Agreement and (b) the delegation to a Trading Authorization Committee (the "Committee") of the power to determine, subject to certain parameters, the number of Shares and the offering price of each Share to be sold in each Offering (the "Resolutions"), certified as of the date hereof by an officer of the Company;

7. The Equity Distribution Agreement, dated as of the date hereof (the "Distribution Agreement"), by and among the Company, Global Net Lease Operating Partnership, L.P., a Delaware limited partnership, Global Net Lease Advisors, LLC, a Delaware limited liability company, and UBS Securities LLC, Robert W. Baird & Co. Incorporated, Capital One Securities, Inc., Mizuho Securities USA LLC, B. Riley FBR, Inc., KeyBanc Capital Markets Inc., BMO Capital Markets Corp., BBVA Securities, Inc., SMBC Nikko Securities America, Inc. and Stifel, Nicolaus & Company, Incorporated, as agents;

8. A certificate executed by an officer of the Company, dated as of the date hereof; and

9. Such other documents and matters as we have deemed necessary or appropriate to express the opinion set forth below, subject to the assumptions, limitations and qualifications stated herein.

In expressing the opinion set forth below, we have assumed the following:

1. Each individual executing any of the Documents, whether on behalf of such individual or any other person, is legally competent to do so.

2. Each individual executing any of the Documents on behalf of a party (other than the Company) is duly authorized to do so.

3. Each of the parties (other than the Company) executing any of the Documents has duly and validly executed and delivered each of the Documents to which such party is a signatory, and such party's obligations set forth therein are legal, valid and binding and are enforceable in accordance with all stated terms.

4. All Documents submitted to us as originals are authentic. The form and content of all Documents submitted to us as unexecuted drafts do not differ in any respect relevant to this opinion from the form and content of such Documents as executed and delivered.

All Documents submitted to us as certified or photostatic copies conform to the original documents. All signatures on all Documents are genuine. All public records reviewed or relied upon by us or on our behalf are true and complete. All representations, warranties, statements and information contained in the Documents are true and complete. There has been no oral or written modification of or amendment to any of the Documents, and there has been no waiver of any provision of any of the Documents, by action or omission of the parties or otherwise.

5. The Shares will not be issued in violation of any restriction or limitation contained in Section 5.7 of Article V of the Charter.

6. Upon the issuance of any of the Shares, the total number of shares of Common Stock issued and outstanding will not exceed the total number of shares of Common Stock that the Company is then authorized to issue under the Charter.

7. The number of Shares, and the offering price of each Share, to be issued by the Company from time to time pursuant to the Distribution Agreement will be authorized and approved by the Board or the Committee in accordance with the Maryland General Corporation Law (the "MGCL"), the Charter, the Bylaws and the Resolutions (with such approvals referred to hereinafter as the "Corporate Proceedings") prior to the issuance thereof.

Based upon the foregoing, and subject to the assumptions, limitations and qualifications stated herein, it is our opinion that:

1. The Company is a corporation duly incorporated and existing under and by virtue of the laws of the State of Maryland and is in good standing with the SDAT.

2. The issuance of the Shares has been duly authorized by the Company and, when issued and delivered against payment therefor in accordance with the Distribution Agreement, the Resolutions and the Corporate Proceedings, the Shares will be validly issued, fully paid and nonassessable.

The foregoing opinion is limited to the laws of the State of Maryland and we do not express any opinion herein concerning federal law or the laws of any other state. We express no opinion as to compliance with any federal or state securities laws, including the securities laws of the State of Maryland, or as to federal or state laws regarding fraudulent transfers. To the extent that any matter as to which our opinion is expressed herein would be governed by the laws of any jurisdiction other than the State of Maryland, we do not express any opinion on such matter. The opinion expressed herein is subject to the effect of judicial decisions which may permit the introduction of parol evidence to modify the terms or the interpretation of agreements.

The opinion expressed herein is limited to the matters specifically set forth herein and no other opinion shall be inferred beyond the matters expressly stated. We assume no obligation to supplement this opinion if any applicable law changes after the date hereof or if we become aware of any fact that might change the opinion expressed herein after the date hereof.

This opinion is being furnished to you for submission to the Commission as an exhibit to the Company's Annual Report on Form 10-K (the "Annual Report"), which is incorporated by reference in the Registration Statement. We hereby consent to the filing of this opinion as an exhibit to the Annual Report and the said incorporation by reference and to the use of the name of our firm therein. In giving this consent, we do not admit that we are within the category of persons whose consent is required by Section 7 of the 1933 Act.

Very truly yours,

/s/ Venable LLP

Proskauer»

EXHIBIT 8.1

February 28, 2019

Global Net Lease, Inc.
405 Park Avenue, 3 rd Floor
New York, New York 10022

Re: Opinion of Proskauer Rose LLP as to Tax Matters

Ladies and Gentlemen:

This opinion letter is being furnished to Global Net Lease, Inc., a Maryland corporation (the " Company "), to be filed with the Securities and Exchange Commission (the " Commission ") as Exhibit 8.1 to the Company's Annual Report on Form 10-K for the year ended December 31, 2018 (the " Form 10-K "). We have acted as tax counsel for the Company in connection with preparation of Exhibit 99.1 to the Form 10-K which addresses the material U.S. federal income tax considerations relating to the issuance and sale by the Company of securities pursuant to the prospectus dated November 10, 2016 (the " Base Prospectus ") and various supplements to the Base Prospectus (the " Prospectus Supplements ") included as part of a registration statement on Form S-3, Registration No. 333-214579, originally filed with the Commission on November 14, 2016 (the " Registration Statement ").

The opinions set forth in this letter are based on relevant provisions of the Internal Revenue Code of 1986, as amended (the " Code "), Treasury Regulations issued thereunder (including Proposed and Temporary Regulations), and interpretations of the foregoing as expressed in court decisions, administrative determinations, and the legislative history as of the date hereof. These provisions and interpretations are subject to differing interpretations or change at any time, which may or may not be retroactive in effect, and which might result in modifications of our opinions. In this regard, an opinion of counsel with respect to an issue represents counsel's best judgment as to the outcome on the merits with respect to such issue, is not binding on the Internal Revenue Service (" IRS ") or the courts, and is not a guarantee that the IRS will not assert a contrary position with respect to an issue, or that a court will not sustain such a position if asserted by the IRS.

In rendering our opinions, we have made such factual and legal examinations, including an examination of such statutes, regulations, records, certificates and other documents as we have considered necessary or appropriate, including, but not limited to, the following: (1) the Registration Statement (including exhibits thereto), the Base Prospectus and the Prospectus Supplements; (2) the Articles of Amendment and Restatement of the Company, filed on April 3, 2015, as amended through the date hereof; (3) the Articles Supplementary of the Company, filed on September 8, 2017; (4) the Articles Supplementary of the Company, filed on December 15, 2017; (5) the Articles Supplementary of the Company, filed on March 23, 2018; (6) the Second Amended and Restated Agreement of Limited Partnership of Global Net Lease Operating Partnership, L.P., a Delaware limited partnership (the " Operating Partnership "), dated June 2, 2015 (the " Partnership

Agreement "), and any amendments thereto through the date hereof; (7) the Second Amendment to the Partnership Agreement dated September 11, 2017; (8) the Third Amendment to the Partnership Agreement dated December 15, 2017; (9) the Fourth Amendment to the Partnership Agreement dated March 23, 2018; (10) the Fifth Amendment to the Partnership Agreement, dated July 19, 2018; (11) other public filings of the Company with the Commission such as Forms 10-Q and 10-K, including any relevant Exhibits; and (12) such other documents and corporate records as we have deemed necessary or appropriate for purposes of our opinion. The opinions set forth in this letter also are based on certain written factual representations and covenants made by an officer of the Company, in the Company's own capacity and in its capacity as the general partner of the Operating Partnership, in a letter to us of even date herewith (the " Officer's Certificate ") relating to, among other things, those factual matters as are germane to the determination that the Company and the Operating Partnership, and the entities in which they hold direct or indirect interests, have been and will be formed, owned and operated in such a manner that the Company has and will continue to satisfy the requirements for qualification as a real estate investment trust (a " REIT ") under the Code (collectively, the Officer's Certificate and the documents described in the immediately preceding sentence are referred to herein as the " Transaction Documents ").

In our review, we have assumed, with your consent, that all of the factual representations, covenants and statements set forth in the Transaction Documents are true and correct, and all of the obligations imposed by any such documents on the parties thereto have been and will be performed or satisfied in accordance with their terms. Moreover, we have assumed that the Company and the Operating Partnership each will be operated in the manner described in the relevant Transaction Documents. We have, consequently, assumed and relied on your representations that the information presented in the Transaction Documents (including, without limitation, the Officer's Certificate and the exhibits thereto) accurately and completely describe all material facts relevant to our opinion. We have not undertaken any independent inquiry into, or verification of, these facts for the purpose of rendering this opinion. While we have reviewed all representations made to us to determine their reasonableness, we have no assurance that they are or will ultimately prove to be accurate. No facts have come to our attention, however, that would cause us to question the accuracy or completeness of such facts or Transaction Documents in a material way. Our opinion is conditioned on the continuing accuracy and completeness of such representations, covenants and statements. Any material change or inaccuracy in the facts referred to, set forth, or assumed herein or in the Transaction Documents may affect our conclusions set forth herein.

We also have assumed the legal capacity of all natural persons, the genuineness of all signatures, the proper execution of all documents, the authenticity of all documents submitted to us as originals, the conformity to originals of documents submitted to us as copies, and the authenticity of the originals from which any copies were made. Where documents have been provided to us in draft form, we have assumed that the final executed versions of such documents will not differ materially from such drafts.

With respect to matters of Maryland law, we have relied upon the opinion of Venable LLP, counsel for the Company, dated as of the date hereof, that the Company is a validly organized and duly incorporated corporation under the laws of the State of Maryland.

Based upon, and subject to the foregoing and the discussion below, we are of the opinion that:

(i) commencing with the Company's taxable year ended on December 31, 2013, the Company has been organized in conformity with the requirements for qualification as a REIT under the Code, and the Company's actual method of operation through the date hereof has enabled it to meet and, assuming the Company's election to be treated as a REIT is not either revoked or intentionally terminated, the Company's proposed method of operation will enable it to continue to meet, the requirements for qualification and taxation as a REIT under the Code;

(ii) the discussion in Exhibit 99.1 to the Form 10-K, under the caption "Material U.S. Federal Income Tax Considerations" to the extent it constitutes matters of law, summaries of legal matters or legal conclusions, is a fair and accurate summary of the U.S. federal income tax considerations that are likely to be material to a holder of the securities of the Company discussed therein; and

(iii) the Operating Partnership has been and will be taxed as a partnership or a disregarded entity and not an association or publicly traded partnership (within the meaning of Section 7704) subject to tax as a corporation, for U.S. federal income tax purposes beginning with its first taxable year.

We express no opinion on any issue relating to the Company, the Operating Partnership or the discussion in Exhibit 99.1 to the Form 10-K under the caption "Material U.S. Federal Income Tax Considerations" other than as expressly stated above.

The Company's qualification and taxation as a REIT will depend upon the Company's ability to meet on a continuing basis, through actual annual operating and other results, the various requirements under the Code as described in Exhibit 99.1 to the Form 10-K with regard to, among other things, the sources of its gross income, the composition of its assets, the level of its distributions to stockholders, and the diversity of its stock ownership. Proskauer Rose LLP will not review the Company's compliance with these requirements on a continuing basis. Accordingly, no assurance can be given that the actual results of the operations of the Company and the Operating Partnership, the sources of their income, the nature of their assets, the level of the Company's distributions to stockholders and the diversity of its stock ownership for any given taxable year will satisfy the requirements under the Code for the Company's qualification and taxation as a REIT.

This opinion letter is rendered to you for your use in connection with the Form 10-K and may be relied upon by you and your stockholders. Except as provided in the next paragraph, this opinion letter may not be distributed, quoted in whole or in part or otherwise reproduced in any document, filed with any governmental agency, or relied upon by any other person for any other purpose (other than as required by law) without our express written consent.

We consent to the use of this opinion letter for filing as Exhibit 8.1 to the Company's Annual Report on the Form 10-K, which is incorporated by reference in the Registration Statement, and to the use of our name in Exhibit 99.1 to the Form 10-K and the Registration Statement. In giving this consent, we do not hereby admit that we come within the category of persons whose consent is required under Section 7 of the Securities Act of 1933, or the rules and regulations of the Commission thereunder.

Sincerely yours,
/s/ Proskauer Rose LLP

RESTRICTED STOCK UNIT AWARD AGREEMENT

PURSUANT TO THE

EMPLOYEE AND DIRECTOR

INCENTIVE RESTRICTED SHARE PLAN OF

GLOBAL NET LEASE, INC.

THIS AGREEMENT (this " Agreement ") is made as of [______], by and between Global Net Lease, Inc., a Maryland corporation with its principal office at 405 Park Avenue, New York, New York 10022 (the " Company "), and [_________] (the " Participant ").

WHEREAS, the Board of Directors of the Company (the " Board ") adopted the Employee and Director Incentive Restricted Share Plan of Global Net Lease, Inc. (as amended and as may be further amended from time to time, the " Plan ");

WHEREAS, the Plan provides that the Company, through the Board, has the ability to grant awards of restricted stock units (" RSUs ") to directors, officers, employees of the Company and of certain entities that provide services to the Company, and to certain consultants or entities that provide services to the Company;

WHEREAS, subject to the terms and conditions of this Agreement and the Plan, the Board has determined that Participant, in respect of [YEAR] director compensation, shall be awarded RSUs in the amount set forth below.

NOW, THEREFORE, the Company and the Participant agree as follows:

1. Grant of RSUs . Subject to the terms, conditions and restrictions of the Plan and this Agreement, on [_____] (the " Grant Date "); the Company awarded to the Participant [•] RSUs (the " Award ").

2. Vesting . Subject to the terms of the Plan and this Agreement, the Award shall vest as follows:

(a) the Award shall vest (i) one third (1/3) on the first anniversary of the Grant Date, (ii) one third (1/3) on the second anniversary of the Grant Date and (iii) one third (1/3) on the third anniversary of the Grant Date; provided, in each case, that the Participant has not incurred a termination of his position as a director prior to such date.

(b) One hundred percent (100%) of any unvested portion of the Award shall automatically vest upon the occurrence of an Acceleration Event (as defined below). For purposes of this Agreement, an " Acceleration Event " shall mean the first to occur of any of the following: (i) a Change in Control (as defined below); or (ii) the Participant incurs a termination of his position as a director of the Company that is a Without Cause Termination (as such term is defined below); provided , that, in the case of the Acceleration Events described in clause (i) above, the Participant has not occurred the termination described in clause (ii) above.

(c) (i) As a result of the Participant's voluntary resignation or (ii) if the Participant is terminated as a director as a result of a failure to be re-elected to the Board following his or her nomination by the Board for re-election, any unvested portion of the Award that is due to vest in the calendar year in which the Participant voluntarily resigns or fails to be re-elected to the Board, as applicable, shall automatically vest on the date of the Participant's voluntary termination as a director or the date of such election, as applicable. Any unvested portion of the Award due to vest in calendar years subsequent to the year in which the Participant voluntarily resigns or fails to be re-elected to the Board, as applicable, shall be forfeited in accordance with Section 3 below.

(d) For purposes of this Agreement, " Change in Control " means: (i) any "person" as such term is used in Section 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the " Exchange Act ") (other than the Company, any trustee or other fiduciary holding securities under any employee benefit plan of the Company or any corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportion as their ownership of stock of the Company), is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 50.1% or more of the combined voting power of the Company's then outstanding voting securities; (ii) the stockholders of the Company approve a merger or consolidation of the Company with any other entity or approve the issuance of voting securities in connection with a merger or consolidation of the Company (or any direct or indirect subsidiary thereof) pursuant to applicable exchange requirements, other than (A) a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving or parent entity) at least 50.1% of the combined voting power of the voting securities of the Company or such surviving or parent entity outstanding immediately after such merger or consolidation or (B) a merger or consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no "person" (as defined above) is or becomes the beneficial owner, directly or indirectly, of securities of the Company representing 50% or more of either of the then outstanding shares of Common Stock or the combined voting power of the Company's then outstanding voting securities; or (iii) the consummation of the sale or disposition by the Company of all or substantially all of the Company's assets (or any transaction or series of transactions within a period of twelve (12) months ending on the date of the last sale or disposition having a similar effect). Notwithstanding the foregoing, a transaction shall not be deemed to be a Change in Control unless such transaction constitutes a "change in control event" within the meaning of Section 409A of the Internal Revenue Code of 1986, as amended (the " Code ").

(e) For purposes of this Agreement, (i) a "Without Cause Termination" shall mean a termination of the Participant's directorship other than for Cause (as defined below) or as a result of the Participant's death or disability; and (iii) "Cause" shall mean (x) the Participant's willful misconduct or gross negligence in the performance of his duties as a director of the Company that is not cured by the Participant within thirty (30) days after his receipt of written notice from the Company or an affiliate thereof (as applicable) or (y) the Participant's conviction of, or plea of guilty or *nolo contendere* to, a crime relating to the Company or any affiliate thereof or any felony.

(f) There shall be no proportionate or partial vesting in the periods prior to the applicable vesting dates.

3. Forfeiture. If a Participant incurs a termination of his directorship for any reason other than a Without Cause Termination, the Participant shall automatically forfeit any unvested portion of the Award.

4. Payment. Subject to the terms of this Agreement and the Plan, the Participant shall receive one share of Common Stock with respect to each vested RSU subject to the Award within thirty (30) days of the Vesting Date. Notwithstanding the forgoing, a Termination will not be deemed to have occurred for purposes of a payment due under the Award upon a termination of the participant's service unless such termination is also a "separation from service" within the meaning of Section 409A of the Code.

5. Dividend Equivalent Amounts. Dividends shall be credited to an RSU dividend book entry account on behalf of the Participant with respect to each RSU held by the Participant, provided that the right of the Participant to be entitled to and actually receive such dividend shall be subject to the same restrictions as the RSU to which the dividend relates and shall be paid to the Participant at the same time the Participant receives the payment of the shares of Common Stock under the RSU in accordance with Section 4. Unless otherwise determined by the Board, cash dividends shall not be reinvested in Common Stock and shall remain uninvested and without interest.

6. No Rights as a Holder of Shares. The Participant shall have no rights as a stockholder with respect to any shares of Common Stock covered by the Award unless and until the Participant has become the holder of record of such shares, and no adjustments shall be made for dividends (whether in cash, in kind or other property), distributions or other rights in respect of any such shares, except as otherwise specifically provided for in the Plan or this Agreement.

7. Taxes. The Participant acknowledges that the Participant shall be solely responsible for all applicable Federal, state, local or other taxes with respect to any Common Stock delivered to the Participant under this Agreement. Notwithstanding the foregoing, if at any time the Company is required by law to withhold any such taxes, then (i) no later than the date on which any RSUs shall have become vested, the Participant shall pay to the Company, or make arrangements satisfactory to the Company regarding payment of, any Federal, state or local or other taxes of any kind required by law to be withheld with respect to any RSUs which shall have become so vested; (ii) the Company shall, to the extent permitted by law, have the right to deduct from any payment of any kind otherwise due to the Participant any Federal, state or local or other taxes of any kind required by law to be withheld with respect to any RSUs which shall have become so vested, including that the Company may, but shall not be required to, sell a number of shares of Common Stock otherwise payable under this Agreement sufficient to cover applicable withholding taxes; and (iii) in the event that the Participant does not satisfy (i) above on a timely basis, the Company may, but shall not be required to, pay such required withholding and, to the extent permitted by Applicable Law, treat such amount as a demand loan to the Participant at the maximum rate permitted by law, with such loan, at the Company's sole discretion and provided the Company so notifies the Participant within thirty (30) days of the making of the loan, secured by shares of Common Stock payable under this Agreement and any failure by the Participant to pay the loan upon demand shall entitle the Company to all of the rights at law of a creditor secured by such shares of Common Stock. The Company may hold as security any certificates representing any shares of Common Stock payable under this Agreement and, upon demand of the Company, the Participant shall deliver to the Company any certificates in his or her possession representing shares of Common Stock paid or payable under this Agreement together with a stock power duly endorsed in blank.

8. No Obligation to Continue Directorship . Neither the execution of this Agreement nor the award of the RSUs hereunder constitute an agreement by the Company to continue to engage the Participant as a director during the entire, or any portion of, the term of this Agreement, including but not limited to any period during which any RSUs are outstanding.

9. Section 409A . The Award is intended to be exempt from the applicable requirements of Section 409A of the Code and shall be limited, construed and interpreted in accordance with such intent; provided , that the Company does not guarantee to the Participant any particular tax treatment of the Award. The Company shall not be liable to the Participant for any additional tax, interest or penalties that may be imposed on the Participant by Section 409A of the Code or any damages for failing to comply with Section 409A of the Code.

10. Miscellaneous .

(a) This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, personal legal representatives, successors, trustees, administrators, distributees, devisees and legatees. The Company may assign to, and require, any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to expressly assume and agree in writing to perform this Agreement. Notwithstanding the foregoing, the Participant may not assign this Agreement or any of the Participant's rights, interests or obligations hereunder.

(b) This award of RSUs shall not affect in any way the right or power of the Board or stockholders of the Company to make or authorize an adjustment, recapitalization or other change in the capital structure or the business of the Company, any merger or consolidation of the Company or subsidiaries, any issue of bonds, debentures, preferred or prior preference stock ahead of or affecting the RSUs, the dissolution or liquidation of the Company, any sale or transfer of all or part of its assets or business or any other corporate act or proceeding.

(c) The Participant agrees that the award of the RSUs hereunder is special incentive compensation and that it, any dividends paid thereon (even if treated as compensation for tax purposes) will not be taken into account as “salary” or “compensation” or “bonus” in determining the amount of any payment under any pension, retirement or profit-sharing plan of the Company or any life insurance, disability or other benefit plan of the Company.

(d) No modification or waiver of any of the provisions of this Agreement shall be effective unless in writing and signed by the party against whom it is sought to be enforced.

(e) This Agreement may be executed in one or more counterparts, all of which taken together shall constitute one contract.

(f) The failure of any party hereto at any time to require performance by another party of any provision of this Agreement shall not affect the right of such party to require performance of that provision, and any waiver by any party of any breach of any provision of this Agreement shall not be construed as a waiver of any continuing or succeeding breach of such provision, a waiver of the provision itself, or a waiver of any right under this Agreement.

(g) The headings of the sections of this Agreement have been inserted for convenience of reference only and shall in no way restrict or modify any of the terms or provisions hereof.

(h) All notices, consents, requests, approvals, instructions and other communications provided for herein shall be in writing and validly given or made when delivered, or on the second succeeding business day after being mailed by registered or certified mail, whichever is earlier, to the persons entitled or required to receive the same, at the addresses set forth at the heading of this Agreement or to such other address as either party may designate by like notice. Notices to the Company shall be addressed to Global Net Lease, Inc. at 405 Park Avenue, New York, New York 10022, Attn: Chief Financial Officer.

(i) This Agreement shall be construed, interpreted and governed and the legal relationships of the parties determined in accordance with the internal laws of the State of Maryland without reference to rules relating to conflicts of law.

11. **Provisions of Plan Control .** This Agreement is subject to all the terms, conditions and provisions of the Plan, including, without limitation, the amendment provisions thereof, and to such rules, regulations and interpretations relating to the Plan as may be adopted thereunder and as may be in effect from time to time. The Plan is incorporated herein by reference. A copy of the Plan has been delivered to the Participant. If and to the extent that this Agreement conflicts or is inconsistent with the terms, conditions and provisions of the Plan, the Plan shall control, and this Agreement shall be deemed to be modified accordingly. Unless otherwise indicated, any capitalized term used but not defined herein shall have the meaning ascribed to such term in the Plan. This Agreement contains the entire understanding of the parties with respect to the subject matter hereof (other than any other documents expressly contemplated herein or in the Plan) and supersedes any prior agreements between the Company and the Participant.

[signature page(s) follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

GLOBAL NET LEASE, INC.

By: ________________________________
Name:
Title:

Dated: [___________]

Participant

____
(Signature)

Dated: __________________________

EXHIBIT 10.39

KEYBANK NATIONAL ASSOCIATION
127 Public Square
Cleveland, Ohio 44114

November 19, 2018

Global Net Lease Operating Partnership, L.P.
405 Park Avenue
Third Floor
New York, NY 10022
Attn: General Counsel; and
Chief Financial Officer

Re: ***Credit Agreement dated as of July 24, 2017 (as the same has been and may further be amended, supplemented, increased, renewed, extended, restated or otherwise modified from to time to time, the " Credit Agreement "; terms used herein but not otherwise defined herein shall have the meanings set forth in the Credit Agreement), among Global Net Lease Operating Partnership, L.P. (" Borrower "), KeyBank National Association, as agent (" Agent "), and the lending institutions from time to time party thereto (together with KeyBank, the " Lenders ")***

Ladies and Gentlemen:

Pursuant to §8.7 of the Credit Agreement (and subject to the terms and conditions and exceptions set forth therein), neither the Borrower, nor the REIT are currently permitted to pay any Distributions to their respective partners, members and/or owners if and to the extent that the aggregate amount of such Distributions paid in any fiscal quarter, when added to the aggregate amount of all other Distributions paid in the same fiscal quarter and the preceding three (3) fiscal quarters, exceeds ninety-five percent (95%) of such Person's Adjusted FFO for such period, calculated as of the last day of the most recently ended fiscal quarter for the four quarter period ending on such date of determination (the " Distribution Limit "); provided, that for one (1) fiscal quarter in each calendar year (a " Raised Limit Quarter "), the Distribution Limit may exceed ninety-five percent (95%) of Adjusted FFO but shall not exceed one hundred percent (100%) of Adjusted FFO. The Raised Limit Quarter for calendar year 2018 occurred in the second (2 nd) fiscal quarter of said year.

Borrower has requested that, notwithstanding the terms and conditions of §8.7 of the Credit Agreement and the Raised Limit Quarter having already occurred for calendar year 2018, the Agent and the Majority Lenders consent to increase the Distribution Limit from ninety-five percent (95%) of Adjusted FFO to one hundred percent (100%) of Adjusted FFO solely for the fiscal quarter ending on December 31, 2018 (the " Limited Consent "). Subject to the execution and delivery of this letter agreement by Borrower and Guarantors, Agent and the Majority Lenders hereby agree to the Limited Consent on the terms and conditions set forth herein.

Borrower and Guarantors acknowledge, represent and agree that none of such Persons has any defenses, setoffs, claims, counterclaims or causes of action of any kind or nature whatsoever arising on or before the date hereof with respect to the Credit Agreement or the other Loan Documents, the administration or funding of the Loans or the Letters of Credit or with respect to any acts or omissions of Agent or any

Lender, or any past or present officers, agents or employees of Agent or any Lender pursuant to or relating to the Loan Documents, and each of such Persons does hereby expressly waive, release and relinquish any and all such defenses, setoffs, claims, counterclaims and causes of action arising on or before the date hereof, if any.

Except as hereinabove set forth, all terms, covenants and provisions of the Credit Agreement and the other Loan Documents remain unaltered and in full force and effect and the parties hereto do hereby expressly ratify and confirm the Credit Agreement and the other Loan Documents. Nothing in this letter agreement shall be deemed or construed to constitute, and there has not otherwise occurred, a novation, cancellation, satisfaction, release, extinguishment, or substitution of indebtedness evidenced by the Notes or the other obligations of Borrower and Guarantors under the Loan Documents. The consent set forth herein is strictly limited to the Limited Consent, and no other consent or waiver shall be inferred or implied. By execution hereof, Borrower and Guarantors acknowledge that the Agent and the Lenders have made no agreement, and are in no way obligated, to grant any future extension, waiver, indulgence or consent.

This letter agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective permitted successors, successors-in-title and assigns as provided in the Credit Agreement. This letter agreement shall, pursuant to New York General Obligations Law Section 5-1401, be construed and enforced in accordance with the laws of the State of New York, without regard to its principles of conflicts of laws. This letter agreement may be executed in any number of counterparts which shall together constitute but one and the same agreement.

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LENDERS :

KEYBANK NATIONAL ASSOCIATION, individually as a Lender and as the Agent

By: /s/ Jonathan Bond

Name: Jonathan Bond

Title: Assistant Vice President

CAPITAL ONE, NATIONAL ASSOCIATION

By: /s/ Ian McDonald

Name: Ian McDonald

Title: Vice President

CITIZENS BANK, N.A.

By: /s/ Michelle Dawson

Name: Michelle Dawson

Title: Vice President

BMO HARRIS BANK N.A.

By: /s/ Lloyd Baron

Name: Lloyd Baron

Title: Director

MIZUHO BANK, LTD

By: /s/ Donna DeMagistris

Name: Donna DeMagistris

Title: Authorized Signatory

[Signatures Continue on Following Page]

SUMITOMO MITSUI BANKING CORPORATION

By: /s/ William G. Karl
Name: William G. Karl
Title: Executive Officer

COMERICA BANK

By: /s/ Charles Weddell
Name: Charles Weddell
Title: Vice President

COMPASS BANK

By: /s/ Scott Childs

Name: Scott Childs

Title: Senior Vice President

SYNOVUS BANK

By: /s/ David W. Bowman

Name: David W. Bowman

Title: Director

SOCIÉTÉ GÉNÉRALE

By: /s/ John Hogan

Name: John Hogan

Title: Director

[Signatures Continue on Following Page]

ACKNOWLEDGED AND AGREED :

BORROWER :

GLOBAL NET LEASE OPERATING PARTNERSHIP, L.P. , a Delaware limited partnership

By: GLOBAL NET LEASE, INC., a Maryland corporation, its general partner

By: /s/ Christopher Masterson
Name: Christopher Masterson
Title: Chief Financial Officer

REIT :

GLOBAL NET LEASE, INC. , a Maryland corporation

By: /s/ Christopher Masterson
Name: Christopher Masterson
Title: Chief Financial Officer

INTERNATIONAL HOLDCO :

ARC GLOBAL HOLDCO, LLC , a Delaware limited liability company

By: /s/ Michael Anderson
Name: Michael Anderson
Title: Authorized Signatory

<u>GLOBAL II HOLDCO</u> :

ARC GLOBAL II HOLDCO, LLC , a Delaware limited liability company

By: <u>/s/ Michael Anderson</u>
Name: Michael Anderson
Title: Authorized Signatory

[Signatures Continue on Following Page]

<u>SUBSIDIARY GUARANTORS</u> :

ARC SPHRSNJ001 URBAN RENEWAL ENTITY, LLC , a New Jersey limited liability company

By: <u>/s/ Michael Anderson</u>
Name: Michael Anderson
Title: Authorized Signatory

ARC CWARANE001, LLC ,
ARC CWRVTIL001, LLC ,
ARC CWSALKS001, LLC ,
ARC CWUVLOH001, LLC ,
ARC CWVININ001, LLC ,
ARC CWWPKMN001, LLC ,
ARC WWHWCMI001, LLC ,
ARC GSFRNTN001, LLC ,
ARC TFDPTIA001, LLC ,
ARC NOWILND001, LLC ,
ARC GSDVRDE001, LLC ,
ARC CWGRDMI001, LLC , each a Delaware limited liability company

By: <u>/s/ Michael Anderson</u>
Name: Michael Anderson
Title: Authorized Signatory

[Signatures Continue on Following Page]

ARC GSGTNPA001, LLC ,

ARC GSMSSTX001, LLC ,
ARC GSDALTX001, LLC ,
ARC NOPLNTX001, LLC ,
ARC DRINDIN001, LLC ,
ARC VALWDCO001, LLC ,
ARC GBLMESA001, LLC ,
ARC FEAMOTX001, LLC ,
ARC FECPEMA001, LLC ,
ARC FESANTX001, LLC ,
ARC WNBRNMO001, LLC ,
ARC VCLIVMI001, LLC ,
ARC CTFTMSC001, LLC , each a Delaware limited liability company

By: /s/ Michael Anderson
Name: Michael Anderson
Title: Authorized Signatory

[Signatures Continue on Following Page]

ARC TFKMZMI001, LLC ,
ARC SWWSVOH001, LLC ,
ARC FD73SLB001, LLC ,
ARC WMWSLNC001, LLC ,
ARC SANPLFL001, LLC ,
ARC FEWNAMN001, LLC ,
ARC DG40PCK001, LLC ,
ARC FEWTRNY001, LLC ,
ARC KUSTHMI001, LLC ,
ARC FELEXKY001, LLC ,
ARC GECINOH001, LLC ,
ARC DNDUBOH001, LLC ,
ARC FELKCLA001, LLC ,
ARC FD34PCK001, LLC ,
ARC OGHDGMD001, LLC ,
ARC FSMCHIL001, LLC ,
ARC FEBILMA001, LLC ,
ARC AMWCHKS001, LLC ,
ARC DINCNOH001, LLC ,
ARC FESALUT001, LLC ,
ARC CGJNSMI001, LLC ,
ARC CGFRSMI001, LLC , each a Delaware limited liability company

By:_ /s/ Michael Anderson
Name: Michael Anderson
Title: Authorized Signatory

[Signatures Continue on Following Page]

ARC CGWRNMI001, LLC ,
ARC FEPIESD001, LLC ,
ARC GSFFDME001, LLC ,
ARC GSRNGME001, LLC ,
ARC GSRPCSD001, LLC ,
ARC TRLIVMI001, LLC ,
ARC FEHBRKY001, LLC ,
ARC CGMARSC001, LLC ,
ARC CGLGNIN001, LLC ,
ARC CGMADIN001, LLC ,
ARC MSELGIL001, LLC ,
ARC JTCHATN001, LLC ,
ARC JTCHATN002, LLC ,
ARC BHSBDIN001, LLC ,
ARC HLHSNTX001, LLC ,
ARC FEMANMN001, LLC ,
ARC GSRTNNM001, LLC ,
ARC ACHNETH001, LLC ,
ARC KPHTNNE001, LLC ,
ARG CBSKSMO001, LLC ,
ARC ODVLONET001, LLC , each a Delaware limited liability company

By:_ /s/ Michael Anderson
Name: Michael Anderson
Title: Authorized Signatory

[Signatures Continue on Following Page]

ARG VAGNVFL001, LLC,
ARG CMPCRMS001, LLC,
ARG LSWYGMI001, LLC,
ARG LSCHIIL001, LLC,
ARG LSCHIIL002, LLC,
ARG LSCHIIL003, LLC ,
ARG CSBLVMI001, LLC ,
ARG CSHMDIN001, LLC ,
ARG CSLIVMI001, LLC ,
ARG CSTWBOH001, LLC ,
ARG CSWYGMI001, LLC ,
ARG FCSTHMI001, LLC ,
ARG DPSPNIA001, LLC ,
ARG FEBLCID001, LLC ,
ARG RMAKROH001, LLC ,
ARC FEGBRNC001, LLC , each a Delaware limited liability company

By:_ /s/ Michael Anderson
Name: Michael Anderson
Title: Authorized Signatory

2

EXHIBIT 10.40

FIRST AMENDMENT TO

2018 ADVISOR MULTI-YEAR OUTPERFORMANCE AGREEMENT

This FIRST AMENDMENT TO THE 2018 ADVISOR MULTI-YEAR OUTPERFORMANCE AGREEMENT (this " Amendment ") made as of and effective as of February 27, 2019, by and among GLOBAL NET LEASE, INC. a Maryland corporation (the " Company "), its subsidiary GLOBAL NET LEASE OPERATING PARTNERSHIP, L.P., a Delaware limited partnership and the entity through which the Company conducts substantially all of its operations (the " Partnership "), and GLOBAL NET LEASE ADVISORS, LLC, a Delaware limited liability company, the Company's manager (the " Advisor ").

RECITALS

WHEREAS, the Company, the Operating Partnership and the Advisor previously entered into that certain Fourth Amended and Restated Advisory Agreement, dated as of July 19, 2019 (the " 2018 OPP ");

WHEREAS on December 31, 2018, two of the Peer Group Companies (as defined in the 2018 OPP), Government Properties Income Trust and Select Income REIT, completed a merger with the surviving entity, Government Properties Income Trust, being renamed Office Properties Income Trust, and, in connection therewith, the Company, the Operating Partnership and the Advisor desire to make certain amendments to the 2018 OPP.

NOW, THEREFORE, the Company, the Partnership and the Advisor agree as follows:

1. Amendment to the definition of "Peer Group Companies" . The definition of "Peer Group Companies" contained in Exhibit A of the 2018 OPP is deleted and replaced in its entirety with the following:

   " **Peer Group Companies** " means Lexington Realty Trust, Office Properties Income Trust, and W. P. Carey Inc.

2. Effect of the Amendment . Except as modified by this Amendment, all of the terms of the 2018 OPP are hereby ratified and confirmed and shall remain in full force and effect. This Amendment shall be construed as one with the 2018 OPP, and the 2018 OPP shall, where context requires, be read and construed so as to incorporate this Amendment.

3. General Provisions . Except as modified herein, the terms and provisions of Section 8 of the 2018 OPP are hereby incorporated by reference as if set forth herein in their entirety and shall apply *mutatis mutandis* to this Amendment.

[*Signature Page Follows*]

IN WITNESS WHEREOF, the undersigned have caused this Amendment to be executed as of the date first written above.

GLOBAL NET LEASE, INC.

By: /s/ James L. Nelson
Name: James L. Nelson
Title: Chief Executive Officer and President

GLOBAL NET LEASE OPERATING PARTNERSHIP, L.P.

By: Global Net Lease, Inc., its general partner

By: /s/ James L. Nelson
Name: James L. Nelson
Title: Chief Executive Officer and President

GLOBAL NET LEASE ADVISORS, LLC

By: GLOBAL NET LEASE SPECIAL LIMITED PARTNER, LLC, its member

By: AR CAPITAL GLOBAL HOLDINGS, LLC, its member

By: AR GLOBAL INVESTMENTS, LLC, its member

By: /s/ Michael Anderson
Name: Michael Anderson
Title: Authorized Signatory

EXHIBIT 10.41

THIRD AMENDMENT TO
PROPERTY MANAGEMENT AND LEASING AGREEMENT

THIS THIRD AMENDMENT TO PROPERTY MANAGEMENT AND LEASING AGREEMENT (this " Amendment "), is made and entered into as of February 27, 2019, by and among GLOBAL NET LEASE, INC., a Maryland corporation (the " Company "), GLOBAL NET LEASE OPERATING PARTNERSHIP, L.P., a Delaware limited partnership (the " OP "), and GLOBAL NET LEASE PROPERTIES, LLC, a Delaware limited liability company (the " Manager ").

WHEREAS the parties hereto entered into that certain (i) Property Management and Leasing Agreement, dated as of April 20, 2012, (ii) First Amendment to Property Management and Leasing Agreement, dated as of October 27, 2017 and (iii) Second Amendment to Property Management and Leasing Agreement, dated as of February 27, 2018 (collectively, the " Agreement "); and

WHEREAS, the parties wish to amend the Agreement as provided herein.

NOW, THEREFORE, in consideration of the mutual promise contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby agree to amend the Agreement as follows:

1. Amendment to Section 6.1(a) . Section 6.1(a) of the Agreement is hereby deleted and replaced in its entirety with the following:

   "February 28, 2020; provided, however, this Management Agreement will be automatically extended for an unlimited number of successive one year terms at the end of each year unless any party hereto gives written notice to the other parties of its intention to terminate this Management Agreement, which termination will be effective upon the date set forth in the notice, which in no event may be sooner than twelve (12) months following the date of delivery of such notice;"

2. Miscellaneous . Except as expressly modified hereby the terms of the Agreement shall remain in full force and effect as written. Any capitalized term used in this Amendment and not otherwise defined herein, shall have the meaning ascribed to such term in the Agreement. This Amendment may be executed in one or more counterparts, all of which shall be considered one and the same agreement, and shall become a binding agreement when one or more counterparts have been signed by each of the parties and delivered to the other party. Signatures on this Amendment which are transmitted by electronically shall be valid for all purposes, however any party shall deliver an original signature of this Amendment to the other party upon request.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have executed this Third Amendment to Property Management and Leasing Agreement as of the day and year first set forth above.

GLOBAL NET LEASE, INC.

By: /s/ James L. Nelson
Name: James L. Nelson
Title: Chief Executive Officer and President

GLOBAL NET LEASE OPERATING PARTNERSHIP, L.P.

By: Global Net Lease, Inc.,
its General Partner

By: /s/ James L. Nelson
Name: James L. Nelson
Title: Chief Executive Officer and President

GLOBAL NET LEASE PROPERTIES, LLC

By: /s/ Michael Anderson
Name: Michael Anderson
Title: Authorized Signatory

[*Signature Page to Third Amendment to Property Management and Leasing Agreement*]

EXHIBIT 21.1

Subsidiaries of Global Net Lease, Inc.

Name	Jurisdiction of Formation/Incorporation
ACR Global II NCR Sarl	Luxembourg
ARC ACHNETH001, LLC	Delaware
ARC ALSFDUK001, LLC	Delaware
ARC AMWCHKS001, LLC	Delaware
ARC AMWORUK001, LLC	Delaware
ARC ATSNTTX001, LLC	Delaware
ARC BBWYKUK001, LLC	Delaware
ARC BHSBDIN001, LLC	Delaware
ARC BKSCOUK001, LLC	Delaware
ARC CABIRUK001, LLC	Delaware
ARC CCLTRUK001, LLC	Delaware
ARC CGFRSMI001, LLC	Delaware
ARC CGJNSMI001, LLC	Delaware
ARC CGLGNIN001, LLC	Delaware
ARC CGMADIN001, LLC	Delaware
ARC CGMARSC001, LLC	Delaware
ARC CGWRNMI001, LLC	Delaware
ARC CJHSNTX001, LLC	Delaware
ARC CJHSNTX002, LLC	Delaware
ARC CRVANOH001, LLC	Delaware
ARC CSVBTMI001, LLC	Delaware
ARC CTFTMSC001, LLC	Delaware
ARC CWARANE001, LLC	Delaware
ARC CWGRDMI001, LLC	Delaware
ARC CWRVTIL001, LLC	Delaware
ARC CWSALKS001, LLC	Delaware
ARC CWUVLOH001, LLC	Delaware
ARC CWVININ001, LLC	Delaware
ARC CWWPKMN001, LLC	Delaware
ARC DBGESRG001, LLC	Delaware
ARC DBGWSDG001, LLC	Delaware
ARC DFSMCUK001, LLC	Delaware
ARC DG40PCK001, LLC	Delaware
ARC DINCNOH001, LLC	Delaware
ARC DNDUBOH001, LLC	Delaware
ARC DRINDIN001, LLC	Delaware
ARC EEMTRUK001, LLC	Delaware
ARC FD34PCK001, LLC	Delaware
ARC FD73SLB001, LLC	Delaware
ARC FEAMOTX001, LLC	Delaware
ARC FEBHMNY001, LLC	Delaware

ARC FEBILMA001, LLC	Delaware
ARC FECPEMA001, LLC	Delaware
ARC FEGBRNC001, LLC	Delaware
ARC FEHBRKY001, LLC	Delaware
ARC FELEXKY001, LLC	Delaware
ARC FELKCLA001, LLC	Delaware
ARC FEMANMN001, LLC	Delaware
ARC FEPIESD001, LLC	Delaware
ARC FESALUT001, LLC	Delaware
ARC FESANTX001, LLC	Delaware
ARC FEWNAMN001, LLC	Delaware
ARC FEWTRNY001, LLC	Delaware
ARC FMHEPGA001, LLC	Delaware
ARC FMSUMSC001, LLC	Delaware
ARC FSMCHIL001, LLC	Delaware
ARC FUMANUK001, LLC	Delaware
ARC GBLMESA001, LLC	Delaware
ARC GECINOH001, LLC	Delaware
ARC GEGRDMI001, LLC	Delaware
ARC GLOBAL HOLDCO, LLC	Delaware
ARC Global II (France) Holdings S.à r.l.	Luxembourg
ARC Global II (Germany) Holdings S.à r.l.	Luxembourg
ARC Global II (holding)	France
ARC Global II (Luxembourg) Holdings S.à r.l.	Luxembourg
ARC Global II (Midco) S.à r.l.	Luxembourg
ARC Global II (Netherlands) Holdings S.à r.l.	Luxembourg
ARC Global II (UK) Holdings S.à r.l.	Luxembourg
ARC Global II Amiens	France
ARC Global II Blois	France
ARC Global II Bordeaux	France
ARC Global II Brest	France
ARC Global II DB Lux S.à r.l.	Luxembourg
ARC Global II Foster Wheeler S.à r.l.	Luxembourg
ARC GLOBAL II HOLDCO, LLC	Delaware
ARC Global II ING Netherlands S.à.r.l.**	Luxembourg
ARC Global II ING S.à r.l.	Luxembourg
ARC GLOBAL II INTERNATIONAL HOLDCO, LLC	Delaware
ARC Global II Marseille	France
ARC Global II Rueil	France
ARC Global II S.à r.l.	Luxembourg
ARC Global II Strasbourg	France
ARC Global II Weilbach S.à r.l.	Luxembourg
ARC Global Organisme de Placement Collectif en Immobilier (OPCI)	France
ARC GRLBKTX001, LLC	Delaware
ARC GRLOUKY001, LLC	Delaware
ARC GRMSAAZ001, LLC	Delaware

ARC GRRALNC001, LLC	Delaware
ARC GSDALTX001, LLC	Delaware
ARC GSDVRDE001, LLC	Delaware
ARC GSFFDME001, LLC	Delaware
ARC GSFRNTN001, LLC	Delaware
ARC GSGTNPA001, LLC	Delaware
ARC GSIFLMN001, LLC	Delaware
ARC GSMSSTX001, LLC	Delaware
ARC GSRNGME001, LLC	Delaware
ARC GSRPCSD001, LLC	Delaware
ARC GSRTNNM001, LLC	Delaware
ARC HLHSNTX001, LLC	Delaware
ARC HPDFS HOLDCO, LLC	Delaware
ARC HPNEWUK001, LLC	Delaware
ARC HVHELFI001, LLC	Delaware
ARC IAREDUK001, LLC	Delaware
ARC JTCHATN001, LLC	Delaware
ARC JTCHATN002, LLC	Delaware
ARC KPHTNNE001, LLC	Delaware
ARC KSFTWPA001, LLC	Delaware
ARC KUSTHMI001, LLC	Delaware
ARC LPSBDIN001, LLC	Delaware
ARC MCCARUK001, LLC	Delaware
ARC MEROXUK001, LLC	Delaware
ARC MKMDNNJ001, LLC	Delaware
ARC MPSTLMO001, LLC	Delaware
ARC MSELGIL001, LLC	Delaware
ARC NNMFBTN001, LLC	Delaware
ARC NOPLNTX001, LLC	Delaware
ARC NOWILND001, LLC	Delaware
ARC NRSLDUK001, LLC	Delaware
ARC NSSNJCA001, LLC	Delaware
ARC OBMYNGER01, LLC	Delaware
ARC ODVLONET001, LLC	Delaware
ARC OGHDGMD001, LLC	Delaware
ARC PFBFDUK001, LLC	Delaware
ARC PNEREPA001, LLC	Delaware
ARC PNSCRPA001, LLC	Delaware
ARC PPHHTKY001, LLC	Delaware
ARC REXREGER01, LLC	Delaware
ARC RMNUSGER01, LLC	Delaware
ARC SANPLFL001, LLC	Delaware
ARC SLKRFCP001, LLC	Delaware
ARC SLSTCCA001, LLC	Delaware
ARC SPHRSNJ001 Urban Renewal Entity, LLC	Delaware
ARC SWWSVOH001, LLC	Delaware

ARC SZPTNNJ001, LLC	Delaware
ARC TFDPTIA001, LLC	Delaware
ARC TFKMZM1001, LLC	Delaware
ARC TFKMZMI001, LLC	Delaware
ARC TKMANUK001, LLC	Delaware
ARC TOMANFI001, LLC	Delaware
ARC TRLIVMI001, LLC	Delaware
ARC TWSWDUK001, LLC	Delaware
ARC VALWDCO001, LLC	Delaware
ARC VCLIVMI001, LLC	Delaware
ARC WIODSTX001, LLC	Delaware
ARC WKBPLUK001, LLC	Delaware
ARC WKMCRUK001, LLC	Delaware
ARC WKSOTUK001, LLC	Delaware
ARC WMWSLNC001, LLC	Delaware
ARC WNBRNMO001, LLC	Delaware
ARC WWHWCMI001, LLC	Delaware
ARG BIJTNNY001, LLC	Delaware
ARG BSMTONJ001, LLC	Delaware
ARG CBSKSMO001, LLC	Delaware
ARG CMOMHNE001, LLC	Delaware
ARG CMPCRMS001, LLC	Delaware
ARG CSBLVMI001, LLC	Delaware
ARG CSHMDIN001, LLC	Delaware
ARG CSLIVMI001, LLC	Delaware
ARG CSTWBOH001, LLC	Delaware
ARG CSWYGMI001, LLC	Delaware
ARG DPSPNIA001, LLC	Delaware
ARG FCSTHMI001, LLC	Delaware
ARG FEBLCID001, LLC	Delaware
ARG FEGRFMT001, LLC	Delaware
ARG FEGRNNC001, LLC	Delaware
ARG FEMRGWV001, LLC	Delaware
ARG GASTNMI001, LLC	Delaware
ARG GKCNCOH001, LLC	Delaware
ARG LKCLLAL001, LLC	Delaware
ARG LSCHIIL001, LLC	Delaware
ARG LSCHIIL002, LLC	Delaware
ARG LSCHIIL003, LLC	Delaware
ARG LSWYGMI001, LLC	Delaware
ARG NIGTNMA001, LLC	Delaware
ARG NIGVTNH001, LLC	Delaware
ARG NIJNBVT001, LLC	Delaware
ARG NIJNBVT002, LLC	Delaware
ARG NIJNBVT003, LLC	Delaware

ARG NSALNTX001, LLC	Delaware
ARG PLRMLMI001, LLC	Delaware
ARG RMAKROH001, LLC	Delaware
ARG TRWXMMI001, LLC	Delaware
ARG VAGNVFL001, LLC	Delaware
ARG WGPTBPA001, LLC	Delaware
Crown Portfolio S.à r.l.	Luxembourg
GLOBAL NET LEASE OPERATING PARTNERSHIP, L.P.	Delaware
HC Glasgow S.à r.l.	Luxembourg
Kiinteistö Oy Vantaan Pyhtäänkorventien KOKE (MREC)	Finland
Kiinteistö Oy Vantaan Teknikontien LEKO 7 (MREC)	Finland
Kiinteistö Oy Vantaan Teknikontien MAKE (MREC)	Finland
Kiinteistö Oy Vantaan Teknikontien MAKO (MREC)	Finland
Koy Mäntsälän Logistiikkakeskus (MREC)	Finland
MAYFLOWER ACQUISITION, LLC	Delaware
METHAGER01, LLC	Delaware
ROCHESSGER01, LLC	Delaware
ROCHESSGER01, LLC ROCHESSGER02, LLC ROCHESSGER03, LLC	Delaware
ROCHESSGER02, LLC	Delaware
ROCHESSGER03, LLC	Delaware

EXHIBIT 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (No. 333-214579) and Form S-8 (No. 333-214582) of Global Net Lease, Inc. of our report dated February 28, 2019 relating to the financial statements, financial statement schedule and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP
New York, New York
February 28, 2019

Exhibit 31.1

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

I, James L. Nelson, certify that:

1. I have reviewed this Annual Report on Form 10-K of Global Net Lease, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated the 28th day of February, 2019

/s/ James L. Nelson

James L. Nelson

Chief Executive Officer and President

(Principal Executive Officer)

Exhibit 31.2

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

I, Christopher J. Masterson, certify that:

1. I have reviewed this Annual Report on Form 10-K of Global Net Lease, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated the 28th day of February, 2019	/s/ Christoper J. Masterson
	Christopher J. Masterson
	Chief Financial Officer, Treasurer and Secretary
	(Principal Financial Officer and Principal Accounting Officer)

Exhibit 32

SECTION 1350 CERTIFICATIONS

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

The undersigned, who are the Chief Executive Officer and Chief Financial Officer of Global Net Lease, Inc. (the "Company"), each hereby certify as follows:

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

Dated the 28th day of February, 2019

/s/ James L. Nelson

James L. Nelson
Chief Executive Officer and President
(Principal Executive Officer)

/s/ Christopher J. Masterson

Christopher J. Masterson

Chief Financial Officer, Treasurer and Secretary

(Principal Financial Officer and Principal Accounting Officer)

EXHIBIT 99.1

The following discussion supersedes and replaces, in its entirety, the discussion under the heading "Material U.S. Federal Income Tax Considerations" in the prospectus dated November 10, 2016 (the "Base Prospectus"), which is a part of Global Net Lease, Inc.'s (the "Company's") Registration Statement on Form S-3 (File No. 333-214579) filed with the Securities and Exchange Commission (the "SEC") on November 10, 2016, and the discussion under the heading "Material U.S. Federal Income Tax Considerations" in each prospectus supplement filed in connection with the Base Prospectus (the "Prospectus Supplements").

MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following is a summary of the material U.S. federal income tax considerations associated with our qualification and taxation as a real estate investment trust, or REIT, and the acquisition, ownership and disposition of shares of our common stock and of our preferred stock, including our Series A Cumulative Redeemable Preferred Stock. Supplemental U.S. federal income tax considerations relevant to the acquisition, ownership and disposition of the other securities offered by this prospectus may be provided in the additional prospectus or prospectus supplement that relates to those securities. For purposes of this summary, references to "the company," "we," "our" and "us" mean only Global Net Lease, Inc. and do not include any of its subsidiaries, except as otherwise indicated. This summary is based upon the Internal Revenue Code of 1986 (the "Code"), Department of Treasury (the "Treasury") regulations promulgated under the Code (the "Treasury Regulations"), and reported judicial and administrative rulings and decisions in effect as of the date of the Annual Report on Form 10-K with which this Exhibit 99.1 is filed, all of which are subject to change, retroactively or prospectively, and to possibly differing interpretations. Any such change could affect the validity of this summary.

This summary does not address (i) U.S. federal taxes other than income taxes or (ii) state, local or non-U.S. taxes. In addition, this summary does not purport to address the U.S. federal income or other tax considerations applicable to holders of shares of our stock that are subject to special treatment under U.S. federal income tax law, including, for example:

- financial institutions;
- partnerships or entities treated as partnerships, S corporations or other pass-through entities for U.S. federal income tax purposes;
- insurance companies;
- pension plans or other tax-exempt organizations, except to the extent summarized below;
- "qualified foreign pension funds" or entities wholly owned by a qualified foreign pension fund;

- dealers in securities or currencies;
- traders in securities that elect to use a mark to market method of accounting;
- persons that hold their stock as part of a straddle, hedge, constructive sale or conversion transaction;
- persons subject to special tax accounting rules under Section 451(b) of the Code;
- regulated investment companies;
- REITs;
- certain U.S. expatriates;
- persons whose "functional currency" is not the U.S. dollar;
- persons who acquired shares of our stock through the exercise of an employee stock option or otherwise as compensation;
- persons who are Non-U.S. Stockholders (as defined below), except to the extent summarized below; and
- owners of holders of shares of our stock.

No ruling on the U.S. federal, state, or local tax considerations relevant to our operation or to the purchase, ownership or disposition of shares of our stock, has been requested from the Internal Revenue Service (the "IRS") or other tax authority. No assurance can be given that the IRS would not assert, or that a court would not sustain, a position contrary to any of the tax consequences described below.

This summary is also based upon the assumption that the operation of the Company, and of its subsidiaries and other lower-tier and affiliated entities, will in each case be in accordance with its applicable organizational documents or partnership agreements. This summary does not discuss the impact that U.S. state and local taxes and taxes imposed by non U.S. jurisdictions could have on the matters summarized in this summary. In addition, this summary assumes that security holders hold shares of our stock as a capital asset, which generally means as property held for investment.

Prospective investors are urged to consult their tax advisors in order to determine the U.S. federal, state, local, foreign and other tax consequences to them of the purchase, ownership and disposition of shares of our stock, the tax treatment of a REIT and the effect of potential changes in the applicable tax laws.

We have elected to be taxed as a REIT under the applicable provisions of the Code and the Treasury Regulations, commencing with our taxable year ended on December 31, 2013. We intend to continue operating as a REIT so long as our board of directors determines that REIT qualification remains in our best interest. However, we cannot assure you that we will meet the applicable requirements under U.S. federal income tax laws, which are highly technical and complex.

In brief, a corporation that complies with the provisions in Code Sections 856 through 860 and qualifies as a REIT generally is not taxed on its net taxable income to the extent such income is currently distributed to stockholders, thereby completely or substantially eliminating the "double taxation" that a corporation and its stockholders generally bear together. However, as summarized in greater detail below, a corporation could be subject to U.S. federal income tax in some circumstances even if it qualifies as a REIT and would likely suffer adverse consequences, including reduced cash available for distribution to its stockholders, if it failed to qualify as a REIT.

Proskauer Rose LLP has acted as our tax counsel in connection with the filing of the Base Prospectus, the Prospectus Supplements and this Exhibit 99.1. Proskauer Rose LLP is of the opinion that (i) commencing with our taxable year ended on December 31, 2013, we have been organized in conformity with the requirements for qualification as a REIT under the Code, and our actual method of operation through the date hereof has enabled us to meet and, assuming that our election to be treated as a REIT is not either revoked or intentionally terminated, our proposed method of operation will enable us to continue to meet, the requirements for qualification and taxation as a REIT under the Code, and (ii) our operating partnership has been and will be taxed as a partnership or as a disregarded entity and not an association or publicly traded partnership (within the meaning of Code Section 7704) subject to tax as a corporation, for U.S. federal income tax purposes beginning with its first taxable year. This opinion is based and conditioned, in part, on various assumptions and representations as to factual matters and covenants made to Proskauer Rose LLP by us and based upon certain terms and conditions set forth in the opinion. Our qualification as a REIT depends upon our ability to meet, through operation of the properties we acquire and our investment in other assets, the applicable requirements under U.S. federal income tax laws, which are discussed below. Proskauer Rose LLP has not reviewed these operating results for compliance with the applicable requirements under U.S. federal income tax laws. Therefore, we cannot assure you that our actual operating results allow us to satisfy the applicable requirements to qualify as a REIT under U.S. federal income tax laws in any taxable year. Further, the anticipated U.S. federal income tax treatment described herein may be changed, perhaps retroactively, by legislative, administrative or judicial action at any time. Proskauer Rose LLP has no obligation to update its opinion subsequent to the date of such opinion.

General

The term "REIT taxable income" means the taxable income as computed for a corporation that is not a REIT:

- without the deductions allowed by Code Sections 241 through 247, and 249 (relating generally to the deduction for dividends received);

- excluding amounts equal to: the net income from foreclosure property and the net income derived from prohibited transactions;
- deducting amounts equal to: the net loss from foreclosure property, the net loss derived from prohibited transactions, the tax imposed by Code Section 857(b)(5) upon a failure to meet the 95% or the 75% Gross Income Tests (as defined below), the tax imposed by Code Section 856(c)(7)(C) upon a failure to meet the Asset Tests (as defined below), the tax imposed by Code Section 856(g)(5) for otherwise avoiding REIT disqualification, and the tax imposed by Code Section 857(b)(7) on redetermined rents, redetermined deductions and excess interest;
- deducting the amount of dividends paid under Code Section 561, computed without regard to the amount of the net income from foreclosure property (which is excluded from REIT taxable income); and
- without regard to any change of annual accounting period pursuant to Code Section 443(b).

In any year in which we qualify as a REIT and have a valid election in place, we will claim deductions for the dividends we pay to the stockholders, and therefore will not be subject to U.S. federal income tax on that portion of our taxable income or capital gain which is distributed to our stockholders.

Although we can eliminate or substantially reduce our U.S. federal income tax liability by maintaining our REIT qualification and paying sufficient dividends, we will be subject to U.S. federal tax in the following circumstances:

- We will be taxed at normal corporate rates on any undistributed REIT taxable income or net capital gain.
- If we fail to satisfy either the 95% Gross Income Test or the 75% Gross Income Test (each of which is described below), but our failure is due to reasonable cause and not willful neglect, and we therefore maintain our REIT qualification, we will be subject to a tax equal to the product of (a) the amount by which we failed the 75% or 95% Gross Income Test (whichever amount is greater) multiplied by (b) a fraction intended to reflect our profitability.
- We will be subject to an excise tax if we fail to currently distribute sufficient income. In order to make the "required distribution" with respect to a calendar year, we must distribute the sum of (1) 85% of our REIT ordinary income for the calendar year, (2) 95% of our REIT capital gain net income for the calendar year, and (3) the excess, if any, of the grossed up required distribution (as defined in the Code) for the preceding calendar year over the distributed amount for that preceding calendar year. Any excise tax liability would be equal to 4% of the difference between the amount

required to be distributed under this formula and the amount actually distributed and would not be deductible by us.

- If we have net income from prohibited transactions such income would be subject to a 100% tax. See "— REIT Qualification Requirements — Prohibited Transactions."

- We will be subject to U.S. federal income tax at the corporate rate on any non-qualifying income from foreclosure property, although we will not own any foreclosure property unless we make loans or accept purchase money notes secured by interests in real property and foreclose on the property following a default on the loan, or foreclose on property pursuant to a default on a lease.

- If we fail to satisfy any of the REIT Asset Tests (as described below), other than a failure of the 5% or 10% REIT assets tests that does not exceed a statutory *de minimis* amount as described more fully below, but our failure is due to reasonable cause and not due to willful neglect and we nonetheless maintain our REIT qualification because of specified cure provisions, we will be required to pay a tax equal to the greater of $50,000 or the amount determined by multiplying the corporate tax rate (currently 21%) by the net income generated by the non-qualifying assets during the period in which we failed to satisfy the Asset Tests.

- If we fail to satisfy any other provision of the Code that would result in our failure to continue to qualify as a REIT (other than a requirement of the Gross Income Tests or the Asset Tests) and that violation is due to reasonable cause, we may retain our REIT qualification, but we will be required to pay a penalty of $50,000 for each such failure.

- We may be required to pay monetary penalties to the IRS in certain circumstances, including if we fail to meet record-keeping requirements intended to monitor our compliance with rules relating to the composition of our stockholders. Such penalties generally would not be deductible by us.

- If we acquire any asset from a corporation that is subject to full corporate-level U.S. federal income tax in a transaction in which our basis in the asset is determined by reference to the transferor corporation's basis in the asset, and we recognize gain on the disposition of such an asset during the five-year period beginning on the date we acquired such asset, then the excess of the fair market value as of the beginning of the applicable recognition period over our adjusted basis in such asset at the beginning of such recognition period will be subject to U.S. federal income tax at the corporate U.S. federal income tax rate. The results described in this paragraph assume that the non-REIT corporation will not elect, in lieu of this treatment, to be subject to an immediate tax when the asset is acquired by us.

- A 100% tax may be imposed on transactions between us and a taxable REIT subsidiary (a "TRS") that do not reflect arm's-length terms.

- The earnings of our subsidiaries that are C corporations, other than a subsidiary that is a qualified REIT subsidiary (a "QRS"), including any subsidiary we may elect to treat as a TRS will generally be subject to U.S. federal corporate income tax.

- We may elect to retain and pay income tax on our net capital gain. In that case, a stockholder would include his, her or its proportionate share of our undistributed net capital gain (to the extent we make a timely designation of such gain to the stockholder) in his, her or its income as long-term capital gain, would be deemed to have paid the tax that we paid on such gain, and would be allowed a credit for his, her or its proportionate share of the tax deemed to have been paid, and an adjustment would be made to increase the stockholder's basis in our stock. Stockholders that are U.S. corporations will also appropriately adjust their earnings and profits for the retained capital gain in accordance with Treasury Regulations to be promulgated.

In addition, notwithstanding our qualification as a REIT, we and our subsidiaries may be subject to a variety of taxes, including state and local and foreign income, property, payroll and other taxes on our assets and operations. We could also be subject to tax in situations and on transactions not presently contemplated.

REIT Qualification Requirements

Organizational Requirements

The Code defines a REIT as a corporation, trust or association:

(1) that is managed by one or more trustees or directors;

(2) the beneficial ownership of which is evidenced by transferable shares or by transferable certificates of beneficial interest;

(3) that would be taxable as a domestic corporation but for its qualification as a REIT;

(4) that is neither a financial institution nor an insurance company;

(5) that meets the gross income, asset and annual distribution requirements;

(6) the beneficial ownership of which is held by 100 or more persons on at least 335 days in each full taxable year, proportionately adjusted for a short taxable year;

(7) generally in which, at any time during the last half of each taxable year, no more than 50% in value of the outstanding stock is owned, directly or indirectly, by five or fewer individuals (as defined in the Code to include specified entities);

(8) that makes an election to be taxable as a REIT for the current taxable year, or has made this election for a previous taxable year, which election has not been revoked or terminated, and satisfies all relevant filing and other administrative requirements established by the IRS that must be met to maintain qualification as a REIT; and

(9) that uses a calendar year for U.S. federal income tax purposes.

Organizational requirements (1) through (5) must be met during each taxable year for which REIT qualification is sought, while requirements (6) and (7) do not have to be met until after the first taxable year for which a REIT election is made. We have adopted December 31 as our year end, thereby satisfying requirement (9).

Ownership of Interests in Partnerships, Limited Liability Companies and QRSs

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A REIT that is a partner in a partnership or a member in a limited liability company treated as a partnership for U.S. federal income tax purposes, will be deemed to own its proportionate share of the assets of the partnership or limited liability company, as the case may be, based on its interest in partnership capital, subject to the special rules relating to the 10% asset test described below, and will be deemed to be entitled to its proportionate share of the income of that entity. The assets and gross income of the partnership or limited liability company retain the same character in the hands of the REIT. Thus, our pro rata share of the assets and items of income of any partnership or limited liability company treated as a partnership or disregarded entity for U.S. federal income tax purposes in which we own an interest, including our operating partnership, is treated as our assets and items of income for purposes of the Asset Tests and Gross Income Tests (each as defined below).

We expect to control our subsidiary partnerships, including our operating partnership, and limited liability companies and intend to operate them in a manner consistent with the requirements for our qualification as a REIT. If we become a limited partner or non-managing member in any partnership or limited liability company and such entity takes or expects to take actions that could jeopardize our qualification as a REIT or require us to pay tax, we may be forced to dispose of our interest in such entity. In addition, it is possible that a partnership or limited liability company could take an action that could cause us to fail a Gross Income Test or Asset Test (each as defined below), and that we would not become aware of such action in time to dispose of our interest in the partnership or limited liability company or take other corrective action on a timely basis. In that case, we could fail to qualify as a REIT unless we were entitled to relief, as described below.

We may from time to time own certain assets through subsidiaries that we intend to be treated as QRSs. A corporation will qualify as our QRS if we own 100% of the corporation's outstanding stock and do not elect with the subsidiary to treat it as a TRS, as described below. A QRS is not treated as a separate corporation, and all assets, liabilities and items of income, gain, loss, deduction and credit of a QRS are treated as assets, liabilities and items of income, gain, loss, deduction and credit of the parent REIT for purposes of the Asset Tests and Gross Income

Tests (each as defined below). A QRS is not subject to U.S. federal income tax, but may be subject to state or local tax, and our ownership of the stock of a QRS will not violate the restrictions on ownership of securities, as described below under "— Asset Tests." While we currently hold all of our investments through the operating partnership, we also may hold investments separately, through QRSs. Because a QRS must be wholly owned by a REIT, any such subsidiary utilized by us would have to be owned by us, or another QRS, and could not be owned by the operating partnership unless we own 100% of the equity interest in the operating partnership.

We may from time to time own certain assets through entities that we wholly-own and that are disregarded as separate from us. If a disregarded subsidiary ceases to be wholly owned by us (for example, if any equity interest in the subsidiary is acquired by a person other than us or another one of our disregarded subsidiaries), the subsidiary's separate existence would no longer be disregarded for U.S. federal income tax purposes. Instead, it would have multiple owners and would be treated as either a partnership or a taxable corporation. Such an event could, depending on the circumstances, adversely affect our ability to satisfy the Asset Tests and Gross Income Tests, including the requirement that REITs generally may not own, directly or indirectly, more than 10% of the value or voting power of the outstanding securities of another corporation. See "— Asset Tests" and "— Gross Income Tests."

Ownership of Interests in TRSs

We do not currently own an interest in a TRS; however, we may form one or more TRSs or may acquire securities in one or more TRSs in the future. A TRS is a corporation other than a REIT in which a REIT directly or indirectly holds stock, and that has made a joint election with such REIT to be treated as a TRS. If a TRS owns more than 35% of the total voting power or value of the outstanding securities of another corporation, such other corporation also will be treated as a TRS. Other than some activities relating to lodging and health care facilities, a TRS generally may engage in any business, including investing in assets and engaging in activities that could not be held or conducted directly by us without jeopardizing our qualification as a REIT.

A TRS is subject to U.S. federal income tax as a regular C corporation. A REIT's ownership of securities of a TRS is not subject to the 5% or 10% asset tests described below. However, no more than 20% of the gross value of a REIT's assets may be comprised of securities of one or more TRSs. See "— Asset Tests."

Share Ownership Requirements

The stock that we issue must be held by a minimum of 100 persons (determined without attribution to the owners of any entity owning our stock) for at least 335 days in each full taxable year, proportionately adjusted for partial taxable years. In addition, we cannot be "closely-held," which means that at all times during the second half of each taxable year, no more than 50% in value of our stock may be owned, directly or indirectly, by five or fewer individuals (determined by applying certain attribution rules under the Code to the owners of any entity owning our stock) as specifically defined for this purpose. However, these two requirements do not apply until after the first taxable year an entity elects REIT status.

Our charter contains certain provisions intended, among other purposes, to enable us to meet requirements (6) and (7) above. First, subject to certain exceptions, our charter provides that no person may beneficially or constructively own (applying certain attribution rules under the Code) more than 9.8% in value of the aggregate of our outstanding shares of capital stock and not more than 9.8% (in value or in number of shares, whichever is more restrictive) of any class or series of our shares of capital stock, without the approval of our board of directors. See the section entitled "Description of Capital Stock — Restrictions on Transfer and Ownership of Stock" in the accompanying prospectus. Additionally, our charter contains provisions requiring each holder of shares of our stock to disclose, upon demand, constructive or beneficial ownership of shares as deemed necessary to comply with the requirements of the Code. Furthermore, stockholders failing or refusing to comply with our disclosure request will be required, under Treasury Regulations, to submit a statement of such information to the IRS at the time of filing their annual income tax returns for the year in which the request was made.

Asset Tests

At the close of each calendar quarter of the taxable year, we must satisfy a number of tests described below based on the composition of our assets (the "Asset Tests"). After initially meeting the Asset Tests at the close of any quarter, we will not lose our qualification as a REIT for failure to satisfy the Asset Tests at the end of a later quarter solely due to changes in value of our assets. In addition, if the failure to satisfy the Asset Tests results from an acquisition during a quarter, the failure generally can be cured by disposing of non-qualifying assets within 30 days after the close of that quarter. We will continue to maintain adequate records of the value of our assets to ensure compliance with these tests and will act within 30 days after the close of any quarter as may be required to cure any noncompliance.

75% Asset Test. At least 75% of the value of our assets must be represented by "real estate assets," cash, cash items (including receivables) and government securities, which we refer to as the 75% Asset Test. Real estate assets include (1) real property (including interests in real property and interests in mortgages on real property or on interests in real property), (2) shares in other qualifying REITs, (3) debt instruments issued by publicly offered REITs and (4) any property (not otherwise a real estate asset) attributable to the temporary investment of "new capital" in stock or a debt instrument, but only for the one-year period beginning on the date we received the new capital. Property will qualify as being attributable to the temporary investment of new capital if the money used to purchase the stock or debt instrument is received by us in exchange for our stock or in a public offering of debt obligations that have a maturity of at least five years. Assets that do not qualify for purposes of the 75% test are subject to the additional asset tests described below under "— Additional Asset Tests."

We are currently invested in certain real properties described in our filings with the SEC. In addition, we have invested and intend to invest funds not used to acquire properties in cash sources, “new capital” investments or other liquid investments which allow us to continue to qualify under the 75% Asset Test. Therefore, our investment in real properties should constitute “real estate assets” and should allow us to meet the 75% Asset Test.

Additional Asset Tests. Our assets that do not qualify for the 75% Asset Test are subject to the following additional asset tests. Not more than 25% of the value of our assets may consist of securities, other than securities that qualify for the 75% Asset Test. Not more than 20% (25% for taxable years beginning prior to January 1, 2018) of the value of our assets may consist of securities of one or more TRSs. Not more than 25% of our assets may be invested in publicly offered REIT debt instruments that do not otherwise qualify as real estate assets under the 75% Asset Test (e.g., a debt instrument issued by a publicly offered REIT that is not secured by a mortgage on real property). In addition, if we invest in any securities that do not otherwise qualify under the 75% Asset Test, other than equity investments in QRSs and TRSs, such securities may not exceed (i) 5% of the value of our assets as to any one issuer and (ii) 10% of the outstanding securities by vote and value of any one issuer. The 10% value test does not apply to certain “straight debt” and other excluded securities, as described in the Code, including but not limited to any loan to an individual or estate, any obligation to pay rents from real property and any security issued by a REIT. In addition, a partnership interest held by a REIT is not considered a “security” for purposes of the 10% value test; instead, the REIT is treated as owning directly its proportionate share of the partnership’s assets, which is based on the REIT’s proportionate interest in any securities issued by the partnership (disregarding for this purpose the general rule that a partnership interest is not a security), but excluding certain securities described in the Code.

For purposes of the 10% value test, “straight debt” means a written unconditional promise to pay on demand or on a specified date a sum certain in money if (i) the debt is not convertible, directly or indirectly, into stock, (ii) the interest rate and interest payment dates are not contingent on profits, the borrower’s discretion, or similar factors other than certain contingencies relating to the timing and amount of principal and interest payments, as described in the Code and (iii) in the case of an issuer that is a corporation or a partnership, securities that otherwise would be considered straight debt will not be so considered if we, and any of our “controlled TRSs” as defined in the Code, hold any securities of the corporate or partnership issuer that (a) are not straight debt or other excluded securities (prior to the application of this rule), and (b) have an aggregate value greater than 1% of the issuer’s outstanding securities (including, for the purposes of a partnership issuer, our interest as a partner in the partnership).

We believe that our holdings of real estate assets and other securities comply with the foregoing REIT asset requirements, and we intend to monitor compliance on an ongoing basis. There can be no assurance, however, that we will be successful in this effort. In this regard, to determine compliance with these requirements, we will need to estimate the value of our assets, and we do not expect to obtain independent appraisals to support our conclusions as to the total value of our assets or the value of any particular security or other asset. Moreover, values of some assets, including our interests in TRSs, may not be susceptible to a precise determination and are subject to change in the future. Although we will be prudent in making these estimates, there can be no assurance that the IRS will not disagree with these determinations and assert that a different value is applicable, in which case we might not satisfy the Asset Tests, and could fail to qualify as a REIT.

A REIT is able to cure certain asset test violations. As noted above, a REIT cannot own securities of any one issuer (other than those qualifying under the 75% Asset Test or securities of one or more QRS or TRS) representing more than 5% of the total value of the REIT's assets or more than 10% of the outstanding securities, by vote or value, of any one issuer. However, a REIT would not lose its REIT qualification for failing to satisfy these 5% or 10% asset tests in a quarter if the failure is due to the ownership of assets the total value of which does not exceed the lesser of (1) 1% of the total value of the REIT's assets at the end of the quarter for which the measurement is done, and (2) $10 million; *provided,* that in either case the REIT either disposes of the assets within six months after the last day of the quarter in which the REIT identifies the failure (or such other time period prescribed by the Treasury, or otherwise meets the requirements of those rules by the end of that period.

If a REIT fails to meet any of the asset test requirements for a quarter and the failure exceeds the de minimis threshold described above, then the REIT still would be deemed to have satisfied the requirements if (1) following the REIT's identification of the failure, the REIT files a schedule with a description of each asset that caused the failure, in accordance with Treasury Regulations; (2) the failure was due to reasonable cause and not to willful neglect; (3) the REIT disposes of the assets within six months after the last day of the quarter in which the identification occurred or such other time period as is prescribed by the Treasury (or the requirements of the rules are otherwise met within that period); and (4) the REIT pays a tax on the failure equal to the greater of (a) $50,000, or (b) an amount determined (under Treasury Regulations) by multiplying (I) the highest rate of tax for corporations under Code Section 11, by (II) the net income generated by the assets that caused the failure for the period beginning on the first date of the failure and ending on the date the REIT has disposed of the assets (or otherwise satisfies the requirements).

Gross Income Tests

For each calendar year, we must satisfy two separate tests based on the composition of our gross income, as defined under our method of accounting (the "Gross Income Tests.")

75% Gross Income Test. At least 75% of our gross income for the taxable year (excluding gross income from prohibited transactions and certain hedging and foreign currency transactions) must result from (1) rents from real property, (2) interest on obligations secured by mortgages on real property or on interests in real property, (3) gains from the sale or other disposition of real property (including interests in real property and interests in mortgages on real property) other than property held primarily for sale to customers in the ordinary course of our trade or business, (4) dividends from other qualifying REITs and gain (other than gain from prohibited transactions) from the sale of shares of other qualifying REITs, (5) income from other specified investments relating to real property or mortgages thereon (which does not include gains from the sales of a non-qualified publicly offered REIT debt instrument), and (6) for a limited time, temporary investment income (as described under the 75% Asset Test above). We refer to this requirement as the 75% Gross Income Test. We intend to invest funds not otherwise invested in real properties in cash sources or other liquid investments which will allow us to qualify under the 75% Gross Income Test.

95% Gross Income Test. At least 95% of our gross income (excluding gross income from prohibited transactions) for the taxable year must be derived from (1) sources that satisfy the 75% Gross Income Test, (2) dividends, (3) interest, or (4) gain from the sale or disposition of stock or other securities that are not assets held primarily for sale to customers in the ordinary course of our trade or business. We refer to this requirement as the 95% Gross Income Test. It is important to note that dividends and interest on obligations not collateralized by an interest in real property qualify under the 95% Gross Income Test, but not under the 75% Gross Income Test. We intend to invest funds not otherwise invested in properties in cash sources or other liquid investments which will allow us to qualify under the 95% Gross Income Test.

Rents from Real Property. Income attributable to a lease of real property generally will qualify as "rents from real property" under the 75% Gross Income Test and the 95% Gross Income Test if such lease is respected as a true lease for U.S. federal income tax purposes and subject to the rules summarized below. Rent from a particular tenant will not qualify if we, or an owner of 10% or more of our stock, directly or indirectly, owns 10% or more of the voting stock or the total number of shares of all classes of stock in, or 10% or more of the assets or net profits of, the tenant (subject to certain exceptions). The portion of rent attributable to personal property rented in connection with real property will not qualify, unless the portion attributable to personal property is 15% or less of the total rent received under, or in connection with, the lease.

Generally, rent will not qualify if it is based in whole, or in part, on the income or profits of any person from the underlying property. However, rent will not fail to qualify if it is based on a fixed percentage (or designated varying percentages) of receipts or sales, including amounts above a base amount so long as the base amount is fixed at the time the lease is entered into, the provisions are in accordance with normal business practice and the arrangement is not an indirect method for basing rent on income or profits.

If a REIT operates or manages a property or furnishes or renders certain "impermissible services" to the tenants at the property, and the income derived from the services exceeds 1% of the total amount received by that REIT with respect to the property, then no amount received by the REIT with respect to the property will qualify as "rents from real property." Impermissible services are services other than services "usually or customarily rendered" in connection with the rental of real property and not otherwise considered "rendered to the occupant." For these purposes, the income that a REIT is considered to receive from the provision of "impermissible services" will not be less than 150% of the cost of providing the service. If the amount so received is 1% or less of the total amount received by us with respect to the property, then only the income from the impermissible services will not qualify as "rents from real property." However, this rule generally will not apply if such services are provided to tenants through an independent contractor from whom we derive no revenue, or through a TRS. With respect to this rule, tenants may receive some services in connection with their leases of the real properties.

Our intention is that the services we provide are those usually or customarily rendered in connection with the rental of space in the geographic location in which the property is located, and therefore, providing these services will not cause the rents received with respect to the properties to fail to qualify as rents from real property for purposes of the 75% Gross Income Test and the 95% Gross Income Test described above. Our board of directors intends to hire qualifying independent contractors or to utilize TRSs to render services which it believes, after consultation with our tax advisors, are not usually or customarily rendered in connection with the rental of space.

In addition, we have represented that, with respect to our leasing activities, we will not (1) charge rent for any property that is based in whole or in part on the income or profits of any person (excluding rent based on a percentage of receipts or sales, as described above), (2) charge rent that will be attributable to personal property in an amount greater than 15% of the total rent received under the applicable lease, or (3) enter into any lease with a related party tenant.

Amounts received as rent from a TRS are not excluded from rents from real property by reason of the related party rules described above, if the activities of the TRS and the nature of the properties it leases meet certain requirements, and if at least 90% of the space at the property to which the rents relate is leased to third parties, and the rents paid by the TRS are substantially comparable to rents paid by our other tenants for comparable space. The TRSs will pay regular corporate tax rates on any income they earn. In addition, the TRS rules limit the deductibility of interest paid or accrued by a TRS to its parent REIT to assure that the TRS is subject to an appropriate level of corporate taxation. Further, the rules impose a 100% excise tax on transactions between a TRS and its parent REIT or the REIT's tenants whose terms are not on an arm's-length basis.

Interest Income. It is possible that we will be paid interest on loans secured by real property. All interest income qualifies under the 95% Gross Income Test, and interest on loans secured by real property or an interest in real property qualifies under the 75% Gross Income Test; *provided,* that in both cases, the interest does not depend, in whole or in part, on the income or profits of any person (excluding amounts based on a fixed percentage of receipts or sales). If a loan is secured by both real property and other property, the interest on it may nevertheless qualify under the 75% Gross Income Test. Interest income constitutes qualifying mortgage interest for purposes of the 75% Gross Income Test to the extent that the obligation upon which such interest is paid is secured by a mortgage on real property. If we receive interest income with respect to a mortgage loan that is secured by both real property and other property, and the highest principal amount of the loan outstanding during a taxable year exceeds the fair market value of the real property on the date that we committed to acquire the loan, or agreed to modify the loan in a manner that is treated as an acquisition of a new loan for U.S. federal income tax purposes, then the interest income will be apportioned between the real property and the other collateral, and our income from the loan will qualify for purposes of the 75% Gross Income Test only to the extent that the interest is allocable to the real property. For purposes of the preceding sentence, however, pursuant to IRS guidance we do not need to re-determine the fair market value of real property in connection with a loan modification that is occasioned by a default or made at a time when we reasonably believe the modification to the loan will substantially reduce a significant risk of default on the original loan, and any such modification will not be treated as a prohibited transaction. We intend to structure our loans secured by real property so that the amount of the loan does not exceed the fair market value of the real property at the time of the loan commitment so that income generated through any investments in loans secured by real property should be treated as qualifying income under the 75% Gross Income Test.

Dividend Income. We may receive distributions from TRSs or other corporations that are not REITs or QRSs. These distributions are generally classified as dividends to the extent of the earnings and profits of the distributing corporation. Such distributions generally constitute qualifying income for purposes of the 95% Gross Income Test, but not the 75% Gross Income Test. Any dividends received by us from a REIT will be qualifying income for purposes of both the 95% and 75% Gross Income Tests.

We will monitor the amount of the dividend and other income from our TRSs and will take actions intended to keep this income, and any other non-qualifying income, within the limitations of the Gross Income Tests. Although we intend to take these actions to prevent a violation of the Gross Income Tests, we cannot guarantee that such actions will in all cases prevent such a violation.

Prohibited Transaction Income. Any gain that we realize on the sale of an asset (other than foreclosure property) held as inventory or otherwise held primarily for sale to customers in the ordinary course of business, either directly or through any subsidiary partnership or by a borrower that has issued a shared appreciation mortgage or similar debt instrument to us, will be treated as income from a prohibited transaction that is subject to a 100% penalty tax, unless certain safe harbor exceptions apply. Under existing law, whether an asset is held as inventory or primarily for sale to customers in the ordinary course of a trade or business is a question of fact that depends on all the facts and circumstances surrounding the particular transaction. We intend to continue to conduct our operations so that no asset owned by us is held as inventory or primarily for sale to customers, and that a sale of any asset owned by us will not be in the ordinary course of business. However, the IRS may successfully contend that some or all of the sales made by us, our subsidiary partnerships, or by a borrower that has issued a shared appreciation mortgage or similar debt instrument to us are prohibited transactions. We would be required to pay the 100% penalty tax on our allocable share of the gains resulting from any such sales. The 100% tax will not apply to gains from the sale of assets that are held through a TRS, although the gains of any TRS will be subject to tax at the regular U.S. federal corporate income tax rate.

Foreclosure Property. Foreclosure property is real property and any personal property incident to such real property (1) that is acquired by a REIT as a result of the REIT having bid on the property at foreclosure or having otherwise reduced the property to ownership or possession by agreement or process of law after there was a default (or default was imminent) on a lease of the property or a mortgage loan held by the REIT and secured by the property, (2) for which the related loan or lease was acquired by the REIT at a time when default was not imminent or anticipated and (3) for which such REIT makes a proper election to treat the property as foreclosure property. REITs generally are subject to regular U.S. federal corporate income tax on any net income from foreclosure property, including any gain from the disposition of the foreclosure property, other than income that would otherwise be qualifying income for purposes of the 75% Gross Income Test. Any gain from the sale of property for which a foreclosure property election has been made will not be subject to the 100% tax on gains from prohibited transactions described above, even if the property would otherwise constitute inventory or dealer property in the hands of the selling REIT. If we believe we will receive any income from foreclosure property that is not qualifying income for purposes of the 75% Gross Income Test, we intend to elect to treat the related property as foreclosure property.

Satisfaction of the Gross Income Tests. Our share of income from the properties primarily will give rise to rental income and gains on sales of the properties, substantially all of which generally will qualify under the 75% Gross Income and 95% Gross Income Tests. However, we may establish a TRS in order to engage on a limited basis in acquiring and promptly reselling short- and medium-term lease assets for immediate gain. The gross income generated by our TRS would not be included in our gross income. However, any dividends from our TRS to us would be included in our gross income and qualify for the 95% Gross Income Test, but not the 75% Gross Income Test.

If we fail to satisfy either the 75% Gross Income or 95% Gross Income Tests for any taxable year, we may retain our qualification as a REIT for such year if we (1) satisfy the IRS that the failure was due to reasonable cause and not due to willful neglect, (2) attach to our U.S. federal income tax return a schedule describing the nature and amount of each item of our gross income, and (3)satisfy the IRS that any incorrect information on such schedule was not due to fraud with intent to evade U.S. federal income tax. If this relief provision is available, we would remain subject to tax equal to the greater of the amount by which we failed the 75% Gross Income Test or the 95% Gross Income Test, as applicable, multiplied by a fraction meant to reflect our profitability.

Annual Distribution Requirements

In addition to the other tests described above, we are required to distribute dividends (other than capital gain dividends) to our stockholders each year in an amount at least equal to the excess of: (1) the sum of: (a) 90% of our REIT taxable income (determined without regard to the deduction for dividends paid and by excluding any net capital gain); and (b) 90% of the net income (after tax) from foreclosure property; less (2) the sum of some types of items of non-cash income. Whether sufficient amounts have been distributed is based on amounts paid in the taxable year to which they relate, or in the following taxable year if we: (1) declared a dividend before the due date of our tax return (including extensions); (2) distribute the dividend within the 12-month period following the close of the taxable year (and not later than the date of the first regular dividend payment made after such declaration); and (3) file an election with our tax return. Additionally, dividends that we declare in October, November or December in a given year payable to stockholders of record in any such month will be treated as having been paid on December 31 st of that year so long as the dividends are actually paid during January of the following year.

For our taxable years commencing prior to January 1, 2015, in order for distributions to have been counted towards satisfying the annual distribution requirements for REITs, and to provide us with a REIT-level tax deduction, the distributions must not have been “preferential dividends.” A dividend was not a preferential dividend if the distribution was (1) pro rata among all outstanding shares of stock within a particular class, and (2) in accordance with the preferences among different classes of stock as set forth in our organizational documents.

If we do not distribute 100% of our REIT taxable income, we will be subject to U.S. federal income tax on the undistributed portion. We also will be subject to an excise tax if we fail to currently distribute sufficient income. In order to make the “required distribution” with respect to a calendar year and avoid the excise tax, we must distribute the sum of (1) 85% of our REIT ordinary income for the calendar year, (2) 95% of our REIT capital gain net income for the calendar year, and (3) the excess, if any, of the grossed up required distribution (as defined in the Code) for the preceding calendar year over the distributed amount for that preceding calendar year. Any excise tax liability would be equal to 4% of the difference between the amount required to be distributed and the amount actually distributed and would not be deductible by us.

We intend to pay sufficient dividends each year to satisfy the annual distribution requirements and avoid U.S. federal income and excise taxes on our earnings; however, it may not always be possible to do so. It is possible that we may not have sufficient cash or other liquid assets to meet the annual distribution requirements due to tax accounting rules and other timing differences. Other potential sources of non-cash taxable income include:

- “residual interests” in REMICs or taxable mortgage pools;

- loans or mortgage-backed securities held as assets that are issued at a discount and require the accrual of taxable economic interest in advance of receipt in cash; and

- loans on which the borrower is permitted to defer cash payments of interest, distressed loans on which we may be required to accrue taxable interest income even though the borrower is unable to make current servicing payments in cash, and debt securities purchased at a discount.

For taxable years beginning after December 31, 2017, and except as provided below, a taxpayer’s deduction for net business interest expense will generally be limited to 30% of its taxable income, as adjusted for certain items of income, gain, deduction or loss. Any business interest deduction that is disallowed due to this limitation may be carried forward to future taxable years. If we or any of the subsidiary partnerships are subject to this interest expense limitation, our REIT taxable income for a taxable year may be increased. Taxpayers that conduct certain real estate businesses may elect not to have this interest expense limitation apply to them, provided that they use an alternative depreciation system to depreciate certain property. We believe that we or any of the subsidiary partnerships that are subject to this interest expense limitation will be eligible to make this election. If such election is made, although we or such subsidiary partnership, as applicable, would not be subject to the interest expense limitation described above, depreciation deductions may be reduced and, as a result, our REIT taxable income for a taxable year may be increased.

We will closely monitor the relationship between our REIT taxable income and cash flow, and if necessary to comply with the annual distribution requirements, will attempt to borrow funds to fully provide the necessary cash flow or to pay dividends in the form of taxable in-kind distributions of property, including taxable stock dividends. If we fail to meet the annual distribution requirements as a result of an adjustment to our U.S. federal income tax return by the IRS, or under certain other circumstances, we may cure the failure by paying a "deficiency dividend" (plus penalties and interest to the IRS) within a specified period.

Failure to Qualify

If we fail to continue to qualify as a REIT in any taxable year, we may be eligible for relief provisions if the failures are due to reasonable cause and not due to willful neglect and if a penalty tax is paid with respect to each failure to satisfy the applicable requirements. If the applicable relief provisions are not available or cannot be met, we will not be able to deduct our dividends and will be subject to regular U.S. federal corporate income tax, including any applicable alternative minimum tax for taxable years beginning before January 1, 2018, on our taxable income, thereby reducing cash available for distributions. In such event, all distributions to stockholders (to the extent of our current and accumulated earnings and profits) will be taxable as ordinary dividend income. This "double taxation" results from our failure to continue to qualify as a REIT. Unless entitled to relief under specific statutory provisions, we will not be eligible to elect REIT qualification for the four taxable years following the year during which qualification was lost.

Recordkeeping Requirements

We are required to maintain records and request on an annual basis information from specified stockholders. These requirements are designed to assist us in determining the actual ownership of our outstanding stock and maintaining our qualification as a REIT.

Prohibited Transactions

As mentioned above, we will be subject to a 100% U.S. federal income tax on any net income derived from "prohibited transactions." Net income derived from prohibited transactions arises from the sale or exchange of property held for sale to customers in the ordinary course of our business which is not foreclosure property. There is an exception to this rule for the sale of property that:

- is a real estate asset under the 75% Asset Test;
- generally has been held for at least two years;
- has aggregate expenditures that are includable in the basis of the property not in excess of 30% of the net selling price;

- in some cases, was held for production of rental income for at least two years;
- in some cases, substantially all of the marketing and development expenditures were made through an independent contractor; and
- when combined with other sales in the year, either does not cause the REIT to have made more than seven sales of property during the taxable year (excluding sales of foreclosure property or in connection with an involuntary conversion) or occurs in a year when the REIT disposes of less than 10% of its assets (measured by U.S. federal income tax basis or fair market value, and ignoring involuntary dispositions and sales of foreclosure property) or occurs in a year when the REIT disposes of less than 20% of its assets as well as 10% or less of its assets based on a three-year average (measured by U.S. federal income tax basis or fair market value, and ignoring involuntary dispositions and sales of foreclosure property).

Although we may eventually sell each of the properties, our primary intention in acquiring and operating the properties is the production of rental income and we do not expect to hold any property for sale to customers in the ordinary course of our business. The 100% tax will not apply to gains from the sale of property that is held through a TRS or other taxable corporation, although such income will be subject to tax in the hands of the corporation at regular corporate income tax rates. As a general matter, any condominium conversions we might undertake must satisfy these restrictions to avoid being "prohibited transactions," which will limit the annual number of transactions. See "REIT Qualification Requirements— Ownership of Interests in TRSs," above.

Characterization of Property Leases

We have acquired and intend to acquire and own commercial properties subject to net leases. We have structured and currently intend to structure our leases so that they qualify as true leases for U.S. federal income tax purposes. For example, with respect to each lease, we generally expect that:

- our operating partnership and the lessee will intend for their relationship to be that of a lessor and lessee, and such relationship will be documented by a lease agreement;
- the lessee will have the right to exclusive possession and use and quiet enjoyment of the properties covered by the lease during the term of the lease;
- the lessee will bear the cost of, and will be responsible for, day-to-day maintenance and repair of the properties other than the cost of certain capital expenditures, and will dictate through the property managers, who will work for the lessee during the terms of the leases, and how the properties will be operated and maintained;
- the lessee will bear all of the costs and expenses of operating the properties, including the cost of any inventory used in their operation, during the term of the lease, other

than the cost of certain furniture, fixtures and equipment, and certain capital expenditures;

- the lessee will benefit from any savings and will bear the burdens of any increases in the costs of operating the properties during the term of the lease;

- in the event of damage or destruction to a property, the lessee will be at economic risk because it will bear the economic burden of the loss in income from operation of the properties subject to the right, in certain circumstances, to terminate the lease if the lessor does not restore the property to its prior condition;

- the lessee will indemnify the lessor against all liabilities imposed on the lessor during the term of the lease by reason of (A) injury to persons or damage to property occurring at the properties or (B) the lessee's use, management, maintenance or repair of the properties;

- the lessee will be obligated to pay, at a minimum, substantial base rent for the period of use of the properties under the lease;

- the lessee will stand to incur substantial losses or reap substantial gains depending on how successfully it, through the property managers, who work for the lessees during the terms of the leases, operates the properties;

- we expect that each lease that we enter into, at the time we enter into it (or at any time that any such lease is subsequently renewed or extended) will enable the tenant to derive a meaningful profit, after expenses and taking into account the risks associated with the lease, from the operation of the properties during the term of its leases; and

- upon termination of each lease, the applicable property will be expected to have a remaining useful life equal to at least 20% of its expected useful life on the date the lease is entered into, and a fair market value equal to at least 20% of its fair market value on the date the lease was entered into.

If, however, the IRS were to recharacterize our leases as service contracts, partnership agreements or otherwise, rather than true leases, or disregard the leases altogether for tax purposes, all or part of the payments that we receive from the lessees would not be considered rent and might not otherwise satisfy the various requirements for qualification as "rents from real property." In that case, we would not be able to satisfy either the 75% or 95% Gross Income Tests and, as a result, could lose our REIT qualification.

Hedging Transactions

We and our subsidiaries have entered and may continue to enter into hedging transactions with respect to interest rate exposure or currency rate fluctuations on one or more of our assets or liabilities. These hedging transactions can take a variety of forms, including the use of derivative instruments such as interest rate swap contracts, interest rate cap or floor contracts, futures or forward contracts and options. Income from a hedging transaction, including gain from the sale or disposition of the financial instrument or any periodic income from the instrument, that is clearly identified as a hedging transaction as specified in the Code, will not constitute gross income for purposes of the 95% Gross Income Test or 75% Gross Income Test. The term "hedging transaction" as used herein generally means (1) any transaction we enter into in the normal course of our business primarily to manage risk of (a) interest rate changes or fluctuation on indebtedness incurred or to be incurred by us to acquire or carry real estate assets or (b) currency fluctuations with respect to any item of income that would qualify under the 75% Gross Income Test or the 95% Gross Income Test or any property which generates such income and (2) new transactions entered into to hedge the income or loss from prior hedging transactions, where the property or indebtedness which was the subject of the prior hedging transaction was extinguished or disposed of. We intend to structure any hedging transactions in a manner that does not jeopardize our status as a REIT. We may conduct some or all of our hedging activities through a TRS or other corporate entity, the income from which may be subject to U.S. federal income tax, rather than participating in the arrangements directly or through pass-through subsidiaries to the extent such income would jeopardize our REIT status. No assurance can be given, however, that our hedging activities will not give rise to income that does not qualify for purposes of either or both of the Gross Income Tests, and will not adversely affect our ability to satisfy the REIT qualification requirements.

Tax Aspects of Investments in Partnerships

General. We currently hold and anticipate holding direct or indirect interests in one or more partnerships, including the operating partnership. We operate as an umbrella partnership REIT, or UPREIT, which is a structure whereby we own a direct interest in the operating partnership, and the operating partnership, in turn, owns the properties and may possibly own interests in other non-corporate entities that own properties. Such non-corporate entities would generally be organized as limited liability companies, partnerships or trusts and would either be disregarded for U.S. federal income tax purposes (if the operating partnership were the sole owner) or treated as partnerships for U.S. federal income tax purposes.

The following is a summary of the U.S. federal income tax consequences of our investment in the operating partnership if the operating partnership is treated as a partnership for U.S. federal income tax purposes. This summary should also generally apply to any investment by us in other entities taxable as partnerships for such purposes.

A partnership (that is not a publicly traded partnership taxed as a corporation) is not subject to tax as an entity for U.S. federal income tax purposes. Rather, partners are allocated their allocable share of the items of income, gain, loss, deduction and credit of the partnership, and are potentially subject to tax thereon, without regard to whether the partners receive any distributions from the partnership. We are required to take into account our allocable share of the foregoing items for purposes of the Gross Income Tests and Asset Tests, and in the computation of our REIT taxable income and U.S. federal income tax liability. Further, there can be no assurance that distributions from the operating partnership will be sufficient to pay the tax liabilities resulting from an investment in the operating partnership.

Generally, an entity with two or more members formed as a partnership or limited liability company under state law will be taxed as a partnership for U.S. federal income tax purposes unless it specifically elects otherwise. Because the operating partnership was formed as a partnership under state law, for U.S. federal income tax purposes, the operating partnership will be treated as a partnership, if it has two or more partners, or as a disregarded entity, if it is treated as having one partner. We intend that interests in the operating partnership (and any partnership invested in by the operating partnership) will fall within one of the "safe harbors" for the partnership to avoid being classified as a publicly traded partnership. However, our ability to satisfy the requirements of some of these safe harbors depends on the results of actual operations and accordingly no assurance can be given that any such partnership will at all times satisfy one of such safe harbors. We reserve the right to not satisfy any safe harbor. Even if a partnership is a publicly traded partnership, it generally will not be treated as a corporation if at least 90% of its gross income in each taxable year is from certain sources, which generally include rents from real property and other types of passive income. We believe that our operating partnership has had and will have sufficient qualifying income so that it would be taxed as a partnership, even if it were treated as a publicly traded partnership.

If for any reason the operating partnership (or any partnership invested in by the operating partnership) is taxable as a corporation for U.S. federal income tax purposes, the character of our assets and items of gross income would change, and as a result, we would most likely be unable to satisfy the applicable REIT requirements under U.S. federal income tax laws summarized above. In addition, any change in the status of any partnership may be treated as a taxable event, in which case we could incur a tax liability without a related cash distribution. Further, if any partnership were treated as a corporation, items of income, gain, loss, deduction and credit of such partnership would be subject to corporate income tax, and the partners of any such partnership would be treated as stockholders, with distributions to such partners being treated as dividends.

Anti-abuse Treasury Regulations have been issued under the partnership provisions of the Code that authorize the IRS, in some abusive transactions involving partnerships, to disregard the form of a transaction and recast it as it deems appropriate. The anti-abuse regulations apply where a partnership is utilized in connection with a transaction (or series of related transactions) with a principal purpose of substantially reducing the present value of the partners' aggregate U.S. federal tax liability in a manner inconsistent with the intent of the partnership provisions. The anti-abuse regulations contain an example in which a REIT contributes the proceeds of a public offering to a partnership in exchange for a general partnership interest. The limited partners contribute real property assets to the partnership, subject to liabilities that exceed their respective aggregate bases in such property. The example concludes that the use of the partnership is not inconsistent with the intent of the partnership provisions, and thus, cannot be recast by the IRS. However, the anti-abuse regulations are extraordinarily broad in scope and are applied based on an analysis of all the facts and circumstances. As a result, we cannot assure you that the IRS will not attempt to apply the anti-abuse regulations to us. Any such action could potentially jeopardize our qualification as a REIT and materially affect the tax consequences and economic return resulting from an investment in us.

Income Taxation of Partnerships and their Partners. Although a partnership agreement generally will determine the allocation of a partnership's income and losses among the partners, such allocations may be disregarded for U.S. federal income tax purposes under Code Section 704(b) and the Treasury Regulations promulgated thereunder. If any allocation is not recognized for U.S. federal income tax purposes, the item subject to the allocation will be reallocated in accordance with the partners' economic interests in the partnership. We believe that the allocations of taxable income and loss in the operating partnership agreement comply with the requirements of Code Section 704(b) and the Treasury Regulations promulgated thereunder.

In some cases, special allocations of net profits or net losses will be required to comply with the U.S. federal income tax principles governing partnership tax allocations. Additionally, pursuant to Code Section 704(c), income, gain, loss and deduction attributable to property contributed to the operating partnership in exchange for units must be allocated in a manner so that the contributing partner is charged with, or benefits from, the unrealized gain or loss attributable to the property at the time of contribution. The amount of such unrealized gain or loss is generally equal to the difference between the fair market value and the adjusted basis of the property at the time of contribution. These allocations are designed to eliminate book-tax differences by allocating to contributing partners lower amounts of depreciation deductions and increased taxable income and gain attributable to the contributed property than would ordinarily be the case for economic or book purposes. With respect to any property purchased by the operating partnership, such property generally will have an initial tax basis equal to its fair market value, and accordingly, Code Section 704(c) will not apply, except as described further below in this paragraph. The application of the principles of Code Section 704(c) in tiered partnership arrangements is not entirely clear. Accordingly, the IRS may assert a different allocation method than the one selected by the operating partnership to cure any book-tax differences. In certain circumstances, we create book-tax differences by adjusting the values of properties for economic or book purposes and generally the rules of Code Section 704(c) would apply to such differences as well.

For properties contributed to the operating partnership, depreciation deductions are calculated based on the transferor's basis and depreciation method. Because depreciation deductions are based on the transferor's basis in the contributed property, the operating partnership generally would be entitled to less depreciation than if the properties were purchased in a taxable transaction. The burden of lower depreciation generally will fall first on the contributing partner, but also may reduce the depreciation allocated to other partners.

Gain on the sale or other disposition of depreciable property is characterized as ordinary income (rather than capital gain) to the extent of any depreciation recapture. Buildings and improvements depreciated under the straight-line method of depreciation are generally not subject to depreciation recapture unless the property was held for less than one year. However, individuals, trusts and estates that hold shares either directly or through a pass-through entity may be subject to tax on the disposition on such assets at a rate of 25% rather than at the normal capital gains rate, to the extent that such assets have been depreciated.

Some expenses incurred in the conduct of the operating partnership's activities may not be deducted in the year they were paid. To the extent this occurs, the taxable income of the operating partnership may exceed its cash receipts for the year in which the expense is paid. As summarized above, the costs of acquiring properties must generally be recovered through depreciation deductions over a number of years. Prepaid interest and loan fees, and prepaid management fees are other examples of expenses that may not be deducted in the year they were paid.

Partnership Audit Rules. The Bipartisan Budget Act of 2015 changed the rules applicable to U.S. federal income tax audits of partnerships. Under the new rules (which are generally effective for taxable years beginning after December 31, 2017), among other changes and subject to certain exceptions, any audit adjustment to items of income, gain, loss, deduction, or credit of a partnership (and any partner's distributive share thereof) is determined, and taxes, interest, or penalties attributable thereto are assessed and collected, at the partnership level. Although it is uncertain how certain aspects of these new rules will be implemented, it is possible that they could result in partnerships in which we directly or indirectly invest being required to pay additional taxes, interest and penalties as a result of an audit adjustment, and we, as a direct or indirect partner of these partnerships, could be required to bear the economic burden of those taxes, interest, and penalties even though we, as a REIT, may not otherwise have been required to pay additional corporate-level taxes as a result of the related audit adjustment. Investors are urged to consult their tax advisors with respect to these changes and their potential impact on their investment in shares of our stock.

Tax Consequences of Exercise of Exchange Rights . Subject to some restrictions, the operating partnership agreement gives holders of limited partnership units the right to exchange their units into cash, subject to our right to pay for the units with shares of common stock rather than with cash. The exchange of units into shares is treated as a taxable sale of the units to us on which the unit owners will generally recognize gain in an amount equal to the value of the shares of common stock received plus the amount of liabilities of the operating partnership allocable to the units being exchanged, less the unit holder's tax basis in those units. To the extent that the unit holder's amount realized on the transaction is attributable to the unit holder's share of inventory or unrealized receivables of the operating partnership, such portion may be recharacterized as ordinary income. No gain or loss will be recognized by us. Our basis in the units will be increased by the amount of cash and the market price of the shares used to acquire the units, and will be adjusted to reflect changes in the liabilities of the operating partnership allocated to us as a result of acquiring the units.

Taxation of U.S. Stockholders

Taxation of Taxable U.S. Stockholders

The following section applies to you only if you are a U.S. stockholder. Generally, for purposes of this summary, a "U.S. Stockholder" is a person (other than a partnership or entity treated as a partnership for U.S. federal income tax purposes) that is, for U.S. federal income tax purposes:

- an individual citizen or resident of the United States for U.S. federal income tax purposes;
- a corporation, or other entity taxable as a corporation, created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust if (1) a court within the United States is able to exercise primary supervision over its administration and one or more U.S. persons have the authority to control all substantial decisions of the trust or (2) the trust has a valid election in effect under current Treasury Regulations to be treated as a U.S. person.

If a partnership or entity treated as a partnership for U.S. federal income tax purposes holds shares of our stock, the U.S. federal income tax treatment of a partner generally will depend upon the status of the partner and the activities of the partnership. A partner of a partnership holding shares of our stock should consult his, her or its own tax advisor regarding the U.S. federal income tax consequences to the partner of the acquisition, ownership and disposition of such shares of our stock by the partnership.

Distributions. Distributions (including any deemed distributions) that we make to our U.S. Stockholders that we do not designate as "capital gain dividends" or "qualified dividend income" (as described below) will be treated as dividends of ordinary income to the extent they are made out of our current or accumulated earnings and profits. Our earnings and profits generally will be allocated first to distributions on shares of our preferred stock before being allocated to distributions on our shares of common stock. In addition, for taxable years beginning after December 31, 2017 and before January 1, 2026, individuals, trusts and estates generally will be entitled to up to a 20% pass-through deduction with respect to that ordinary dividend income for purposes of determining their U.S. federal income tax (but not for purposes of the 3.8% Medicare tax), provided that certain holding period requirements have been met. Corporate stockholders are not entitled to the pass-through deduction or the dividends-received deduction with respect to our distributions. A noncorporate U.S. Stockholder's ability to claim the deduction equal to 20% of qualifying dividends received may be limited by the U.S. Stockholder's particular circumstances. In addition, for any noncorporate U.S. Stockholder that claims a deduction in respect of qualifying dividends, the maximum threshold for the accuracy-related penalty with respect to substantial understatements of income tax could be reduced from 10% to 5%. Distributions in excess of our current and accumulated earnings and profits are treated first as a tax-deferred return of capital to the U.S. Stockholder, reducing the U.S. Stockholder's tax basis in his, her or its shares of our stock by the amount of such distribution, but not below zero, and then as capital gain. Because our earnings and profits are reduced for depreciation and other non-cash items, it is possible that a portion of each distribution will constitute a tax-deferred return of capital. Additionally, because distributions in excess of our earnings and profits reduce the U.S. Stockholder's tax basis in shares of our stock, this will increase the U.S. Stockholder's gain, or reduce the U.S. Stockholder's loss, on any subsequent sale of shares of our stock.

Distributions that are designated as capital gain dividends will be taxed as long-term capital gain to the extent they do not exceed our actual net capital gain for the taxable year, without regard to the period for which the U.S. Stockholder that receives such distribution has held its shares of our stock. However, corporate stockholders may be required to treat up to 20% of some types of capital gain dividends as ordinary income. We also may decide to retain, rather than distribute, our net capital gain and pay any tax thereon. In such instances, U.S. Stockholders would include their proportionate shares of such gain in income as long-term capital gain, receive a credit on their returns for their proportionate share of our tax payments, and increase the tax basis of their shares of our stock by the after-tax amount of such gain. Capital gain that we distribute, or are treated as distributing, to our stockholders must be allocated between shares of our preferred stock and common stock.

With respect to U.S. Stockholders who are taxed at the rates applicable to individuals, we may elect to designate a portion of our distributions (including any deemed distributions) paid to such U.S. Stockholders as qualified dividend income. A portion of a distribution that is properly designated as qualified dividend income is taxable to non-corporate U.S. Stockholders as capital gain; *provided,* that the U.S. Stockholder has held the shares of our stock with respect to which the distribution is made for more than 60 days during the 121-day period beginning on the date that is 60 days before the date on which such shares of our stock became ex-dividend with respect to the relevant distribution. The maximum amount of our distributions eligible to be designated as qualified dividend income for a taxable year is equal to the sum of:

(1) the qualified dividend income received by us during such taxable year from C corporations (including any TRSs);

(2) the amount of earnings and profits accumulated in a non-REIT year that were distributed by the REIT during the taxable year;

(3) the excess of any "undistributed" REIT taxable income recognized during the immediately preceding year over the U.S. federal income tax paid by us with respect to such undistributed REIT taxable income; and

(4) the excess of any income recognized during the immediately preceding year attributable to the sale of a built-in-gain asset that was acquired in a carry-over basis transaction from a non-REIT corporation or had appreciated at the time our REIT election became effective over the U.S. federal income tax paid by us with respect to such built-in gain.

Although U.S. Stockholders generally will recognize taxable income in the year that a distribution is received, any distribution that we declare in October, November or December of any year that is payable to a U.S. Stockholder of record on a specific date in any such month will be treated as both paid by us and received by the U.S. Stockholder on December 31 of the year it was declared even if paid by us during January of the following calendar year.

We have the ability to declare a large portion of a distribution on our common stock in shares of our common stock. As long as a portion of such distribution is paid in cash (which portion can be as low as 20%) and certain requirements are met, the entire distribution (to the extent of our current or accumulated earnings and profits) will be treated as a dividend for U.S. federal income tax purposes. As a result, U.S. Stockholders will be taxed on 100% of the dividend in the same manner as a cash dividend, even though most of the dividend was paid in shares of our stock. In general, any distribution on shares of our stock will be taxable as a dividend, regardless of whether any portion is paid in our common stock, unless the entire distribution is paid in shares of our common stock, which would be treated as a non-taxable distribution.

Distributions that we make and gains arising from the sale or exchange by a U.S. Stockholder of our stock will not be treated as passive activity income. As a result, U.S. Stockholders will not be able to apply any “passive losses” against income or gain relating to our stock. To the extent that distributions we make do not constitute a return of capital, they will be treated as investment income for purposes of computing the investment interest limitation.

Any net operating losses or capital losses we have that are carried forward to future tax years may be used in those later years, subject to limitations, to reduce the amount of distributions required to satisfy the REIT distribution requirements. However, because we are not a pass-through entity for U.S. federal income tax purposes, U.S. Stockholders may not use any of our operating or capital losses to reduce their tax liabilities.

Sales of Shares. The amount of net capital gain or loss recognized upon the sale or other disposition of shares of our stock by a U.S. Stockholder generally would equal the difference between (x) the amount of cash and fair market value of any property received in the sale and (y) the U.S. Stockholder’s tax basis in the shares sold. Gain on a sale of shares of our stock by a U.S. non-corporate investor generally will qualify for reduced U.S. federal income tax rates applicable to long-term net capital gain, provided that the investor held the shares of our stock for longer than one year prior to the sale. However, any loss from a sale or exchange of shares of our stock by a U.S. Stockholder who has held the shares of our stock for six months or less generally will be treated as a long-term capital loss to the extent that the U.S. Stockholder treated our distributions as long-term capital gain. The use of capital losses is subject to limitations. Gains recognized by U.S. Stockholders that are corporations are subject to U.S. federal income tax at the corporate tax rate. Except in limited circumstances, as summarized above with respect to capital gains dividends or qualified dividend income, the reduced tax rate for long-term net capital gains will not apply to dividends paid by us.

Redemption of Shares of Our Preferred Stock . A redemption of shares of our preferred stock will be treated under Code Section 302 as a distribution that is taxable as dividend income (to the extent of our current or accumulated earnings and profits), unless the redemption satisfies one or more of certain tests set forth in Code Section 302(b) enabling the redemption to be treated as a sale or exchange of the redeemed shares. The redemption will satisfy one of these tests if it (i) is "substantially disproportionate" with respect to the U.S. Stockholder's interest in shares of our capital stock, (ii) results in a "complete termination" of the U.S. Stockholder's interest in all shares of our classes or series of capital stock, or (iii) is "not essentially equivalent to a dividend" with respect to the U.S. Stockholder, all within the meaning of Code Section 302(b). In determining whether one of these tests has been met, a U.S. Stockholder generally must include shares of our capital stock considered to be owned by the U.S. Stockholder by reason of certain constructive ownership rules set forth in the Code, as well as shares of our capital stock actually owned by the U.S. Stockholder. If a U.S. Stockholder actually or constructively owns no shares of our common stock, a redemption of the U.S. Stockholder's preferred stock will qualify for sale or exchange treatment because the redemption would not be "essentially equivalent to a dividend" as defined by the Code. Because the determination as to whether any of the three alternative tests of Code Section 302(b) described above will be satisfied with respect to any particular U.S. Stockholder of shares of our preferred stock depends upon the facts and circumstances at the time that the determination must be made, prospective investors are urged to consult their tax advisors to determine the tax treatment to the prospective investor of a redemption of shares of our preferred stock.

If a redemption of shares of our preferred stock does not meet any of the three tests described above, the redemption proceeds will be treated as a taxable distribution, as described above. In that case, a U.S. Stockholder's adjusted tax basis in the redeemed shares of our preferred stock will be transferred to the remaining shares of our capital stock held by the U.S. Stockholder. If the U.S. Stockholder does not retain any shares of our capital stock, the tax basis could be transferred to a related person that holds shares of our capital stock or the tax basis may be lost.

Conversion of Shares of Our Preferred Stock. Upon the occurrence of a Delisting Event or a Change of Control, as applicable, each holder of Series A Preferred Stock will, under certain circumstances, have the right to convert some of or all the shares of Series A Preferred Stock held by the holder into shares of our common stock. Except as provided below, (i) a U.S. Stockholder generally will not recognize gain or loss upon the conversion of shares of our preferred stock into shares of our common stock, and (ii) a U.S. Stockholder's tax basis and holding period in shares of our common stock received upon conversion generally will be the same as those of the converted shares of our preferred stock (but the tax basis will be reduced by the portion of adjusted tax basis allocated to any fractional share exchanged for cash). Any shares of our common stock received in a conversion that are attributable to accumulated and unpaid dividends on the converted shares of our preferred stock will be treated as a distribution that is potentially taxable as a dividend. Cash received upon conversion in lieu of a fractional share generally will be treated as a payment in a taxable exchange for the fractional share, and gain or loss will be recognized on the receipt of cash in an amount equal to the difference between the amount of cash received and the adjusted tax basis allocable to the fractional share deemed exchanged. This gain or loss will be long-term capital gain or loss if the U.S. Stockholder has held the shares of our preferred stock for more than one year at the time of conversion. U.S. Stockholders are urged to consult with their tax advisors regarding the U.S. federal income tax consequences of any transaction by which the holder exchanges shares of our common stock received on a conversion of shares of our preferred stock for cash or other property.

Taxation of Tax-Exempt U.S. Stockholders

U.S. tax-exempt entities, including qualified employee pension and profit sharing trusts and individual retirement accounts, generally are exempt from U.S. federal income tax except with respect to their unrelated business taxable income (“UBTI”). While many investments in real estate may generate UBTI, distributions paid on shares of our stock should not constitute UBTI unless the tax-exempt entity (i) has borrowed funds or otherwise incurred acquisition indebtedness to acquire its shares of stock, or (ii) otherwise uses the shares of stock in an unrelated trade or business.

In certain circumstances, a pension trust that owns more than 10% of our stock could be required to treat a percentage of the dividends it receives from us as UBTI, if we are a “pension-held REIT.” We will not be a pension-held REIT unless either (1) one pension trust owns more than 25% of the value of our stock, or (2) a group of pension trusts, each individually holding more than 10% of the value of our stock, collectively owns more than 50% of our stock. Certain restrictions on ownership and transfer of our stock should generally prevent a tax-exempt entity from owning more than 10% of the value of our stock, and, in general, should prevent us from becoming a pension-held REIT.

Prospective tax-exempt purchasers should consult their own tax advisors and financial planners as to the applicability of these rules and consequences to their particular circumstances.

Backup Withholding and Information Reporting

We will report to our U.S. Stockholders and the IRS the amount of dividends (including deemed dividends) paid during each calendar year and the amount (if any) of any tax withheld. Under the backup withholding rules, a U.S. Stockholder may be subject to backup withholding at the current rate of 24% until December 31, 2025 and 28% thereafter with respect to dividends (including any deemed dividends) paid unless the U.S. Stockholder (1) is a corporation or comes within other exempt categories and, when required, demonstrates this fact or (2) provides a taxpayer identification number or social security number, certifies under penalties of perjury that such number is correct and that such U.S. Stockholder is not subject to backup withholding and otherwise complies with applicable requirements of the backup withholding rules. A U.S. Stockholder that does not provide his, her or its correct taxpayer identification number or social security number also may be subject to penalties imposed by the IRS. In addition, we may be required to withhold a portion of capital gain distribution to any U.S. Stockholder who fails to certify his, her or its non-foreign status or with respect to whom the IRS notifies us that such U.S. Stockholder is subject to backup withholding. See the " — Taxation of Non-U.S. Stockholders" portion of this section.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against such U.S. Stockholder's U.S. federal income tax liability, provided the required information is timely furnished to the IRS.

Taxation of Non-U.S. Stockholders

Generally, for purposes of this summary, a "Non-U.S. Stockholder" means a person (other than a partnership or entity treated as a partnership for U.S. federal income tax purposes) that is not a U.S. Stockholder.

Distributions — In General. Distributions that we make to our Non-U.S. Stockholders that are not attributable to gain from our sales or exchanges of United States real property interests ("USRPIs"), and that are not designated by us as capital gain dividends will be treated as dividends of ordinary income to the extent that they are made out of our current or accumulated earnings and profits. Our earnings and profits generally will be allocated first to distributions on shares of our preferred stock before being allocated to distributions on our shares of common stock. Such ordinary dividends to Non-U.S. Stockholders generally are subject to a 30% withholding tax at the time of distribution, unless such dividend is effectively connected with a U.S. trade or business of the Non-U.S. Stockholder or an applicable tax treaty reduces or eliminates that tax. Under some treaties, however, lower rates generally applicable to dividends do not apply to dividends from REITs. Any constructive dividends on the Series A Preferred Stock also would be subject to U.S. federal withholding tax to the same extent as an actual distribution. Because constructive dividends would not give rise to any cash from which any applicable withholding tax could be satisfied, we may withhold the U.S. federal tax on such dividend from cash proceeds otherwise payable to a Non-U.S. Stockholder.

If income from the investment in shares of our stock is treated as effectively connected with the Non-U.S. Stockholder's conduct of a U.S. trade or business, the Non-U.S. Stockholder generally will be subject to a tax at the graduated rates applicable to ordinary income, in the same manner as U.S. Stockholders are taxed with respect to such dividends (and also may be subject to the 30% branch profits tax in the case of a Non-U.S. Stockholder that is a foreign corporation that is not entitled to any treaty exemption). In general, Non-U.S. Stockholders will not be considered to be engaged in a U.S. trade or business solely as a result of their ownership of shares of our stock.

Distributions in excess of our current and accumulated earnings and profits will not be taxable to a Non-U.S. Stockholder to the extent they do not exceed the adjusted tax basis of the Non-U.S. Stockholder's shares of our stock. Instead, they will reduce the adjusted tax basis of such shares of our stock. To the extent that such distributions exceed the adjusted tax basis of a Non-U.S. Stockholder's shares of our stock, they will give rise to tax liability if the Non-U.S. Stockholder would otherwise be subject to tax on any gain from the sale or disposition of its shares of our stock, as described in the "Sales of Shares" portion of this Section below.

Distributions Attributable to Sale or Exchange of Real Property. Pursuant to the Foreign Investment in Real Property Tax Act of 1980 (“FIRPTA”), distributions that are attributable to gain from our sales or exchanges of USRPIs (“USRPI capital gain”) will, except as described below, be taxed to a Non-U.S. Stockholder as if such gain were effectively connected with a U.S. trade or business. Non-U.S. Stockholders therefore would be taxed at the normal capital gain rates applicable to U.S. Stockholders (without regard to whether we designate the distribution as a capital gain dividend), and would be subject to a special alternative minimum tax in the case of nonresident alien individuals. Also, such distributions may be subject to a 30% branch profits tax in the hands of a corporate Non-U.S. Stockholder not entitled to any treaty exemption. We (or applicable withholding agent) are required by the Treasury Regulations to withhold 21% of any distribution that we could designate as a capital gain dividend. However, if we designate as a capital gain dividend a distribution made before the day we actually effect the designation, then although the distribution may be taxable to a Non-U.S. Stockholder, withholding would not apply to the distribution under FIRPTA. Rather, we must effect the withholding from distributions made on and after the date of the designation, until the distributions so withheld equal the amount of the prior distribution designated as a capital gain dividend. The Non-U.S. Stockholder may credit the amount withheld against the Non-U.S. Stockholder’s U.S. tax liability. Such withheld amounts do not represent actual tax liabilities and are creditable by the Non-U.S. Stockholder against its actual U.S. federal income tax liabilities. The Non-U.S. Stockholder would be entitled to a refund of any amounts withheld in excess of such Non-U.S. Stockholder’s actual U.S. federal income tax liabilities, provided that the Non-U.S. Stockholder files applicable returns or refund claims with the IRS.

However, generally, pursuant to FIRPTA, distributions of USRPI capital gains are not treated as effectively connected income for a Non-U.S. Stockholder and instead are treated and taxed as ordinary dividends if (a) the distribution is received with respect to a class of stock that is regularly traded on an established securities market located in the United States; and (b) the Non-U.S. Stockholder does not own more than 10% of that class of stock at any time during the one-year period ending on the date of such distribution. Distributions that qualify for this exception are subject to withholding tax in the manner described above as dividends of ordinary income. We anticipate that shares of our common stock and Series A Preferred Stock will be “regularly traded” on an established securities market for the foreseeable future, although, no assurance can be given that this will be the case.

In addition, distributions to certain non-U.S. publicly traded shareholders that meet certain record-keeping and other requirements (“qualified shareholders”) are exempt from FIRPTA, except to the extent owners of such qualified shareholders that are not also qualified shareholders own, actually or constructively, more than 10% of our capital stock. Furthermore, distributions to “qualified foreign pension funds” or entities all of the interests of which are held by “qualified foreign pension funds” are exempt from FIRPTA. Non-U.S. Stockholders should consult their tax advisors regarding the application of these rules.

A distribution is not attributable to USRPI capital gain if we held an interest in the underlying asset solely as a creditor. Capital gain dividends received by a Non-U.S. Stockholder that are attributable to dispositions of our assets other than USRPIs are not subject to U.S.

income or withholding tax, unless (1) the gain is effectively connected with the Non-U.S. Stockholder's U.S. trade or business, in which case the Non-U.S. Stockholder would be subject to the same treatment as U.S. Stockholders with respect to such gain, or (2) the Non-U.S. Stockholder is a nonresident alien individual who was present in the United States for 183 days or more during the taxable year and has a "tax home" in the United States, in which case the Non-U.S. Stockholder will incur tax on his or her capital gains.

Sales of Shares. Gain recognized by a Non-U.S. Stockholder upon a sale of shares of our stock generally will not be subject to U.S. federal income taxation; *provided,* that: (1) such gain is not effectively connected with the conduct by such Non-U.S. Stockholder of a trade or business within the U.S.; (2) the Non-U.S. Stockholder is an individual and is not present in the U.S. for 183 days or more during the taxable year and certain other conditions apply; and (3) (A) our REIT is "domestically controlled," which generally means that less than 50% in value of our stock continues to be held directly or indirectly by foreign persons during a continuous five year period ending on the date of disposition or, if shorter, during the entire period of our existence, or (B) the shares sold are of a class of our stock that is "regularly traded" on an established securities market and the selling Non-U.S. Stockholder has not held more than 10% of our outstanding shares of that class of stock at any time during the five-year period ending on the date of the sale.

We believe that we qualify as "domestically controlled." However, even if we were not domestically controlled, we anticipate that shares of our common stock and Series A Preferred Stock will be "regularly traded" on an established securities market for the foreseeable future, although no assurance can be given that this will be the case. If the gain on the sale of shares of our stock were to be subject to U.S. federal income taxation, the Non-U.S. Stockholder would be subject to the same treatment as U.S. Stockholders with respect to such gain, and the purchaser of such shares of our stock may be required to withhold a portion of the gross purchase price.

In addition, dispositions of our capital stock by qualified shareholders are exempt from FIRPTA, except to the extent owners of such qualified shareholders that are not also qualified shareholders own, actually or constructively, more than 10% of our capital stock. Furthermore, dispositions of our capital stock by "qualified foreign pension funds" or entities all of the interests of which are held by "qualified foreign pension funds" are exempt from FIRPTA. Non-U.S. Stockholders should consult their tax advisors regarding the application of these rules.

Redemption of Shares of Our Preferred Stock . A redemption of shares of our preferred stock will be treated under Code Section 302 as a distribution that is taxable as dividend income (to the extent of our current or accumulated earnings and profits), unless the redemption satisfies one or more of certain tests set forth in Code Section 302(b) enabling the redemption to be treated as a sale or exchange of the redeemed shares. See "—Taxation of Taxable U.S. Stockholders—Redemption of Shares of Our Preferred Stock" above. Qualified shareholders and their owners may be subject to different rules, and should consult their tax advisors regarding the application of such rules. If a redemption of shares of our preferred stock is treated as a distribution, the amount of the distribution will be measured by the amount of cash and the fair market value of any property received. See "—Taxation of Non-U.S. Stockholders—

Distributions—In General" above. If the redemption of shares of our preferred stock is not treated as a distribution, it will be treated as a taxable sale or exchange in the manner described above under "—Sale of Shares."

Medicare Tax

Certain net investment income earned by U.S. citizens and resident aliens and certain estates and trusts is subject to a 3.8% Medicare tax. Net investment income includes, among other things, dividends on and capital gains from the sale or other disposition of shares of our stock. Holders of shares of our stock should consult their tax advisors regarding the effect, if any, of this tax on their ownership and disposition of such shares.

Foreign Account Tax Compliance Act ("FATCA")

Withholding taxes may apply to certain types of payments made to "foreign financial institutions" (including investment entities) and certain other non-U.S. entities as designated in the Code, the Treasury Regulations, or applicable intergovernmental agreement between the United States and a foreign country. A withholding tax of 30% generally will be imposed on dividends on, and gross proceeds from the sale or other disposition of, shares of our stock paid to (a) a foreign financial institution (as the beneficial owner or as an intermediary for the beneficial owners) unless such foreign financial institution agrees to verify, report and disclose its U.S. accountholders and meets certain other specified requirements or (b) a non-financial foreign entity that is the beneficial owner of the payment unless such entity certifies that it does not have any substantial U.S. owners or furnishes identifying information regarding each substantial U.S. owner and such entity meets certain other specified requirements. Applicable Treasury Regulations provide that these rules generally apply to payments of dividends on shares of our stock. We will not pay any additional amounts in respect of any amounts withheld. U.S. Stockholders and Non-U.S. Stockholders are encouraged to consult their tax advisors regarding the particular consequences to them of this legislation and guidance.

Other Tax Considerations

State, Local and Foreign Taxes. We and you may be subject to state, local or foreign taxation in various jurisdictions, including those in which we transact business or reside. Our and your state, local and foreign tax treatment may not conform to the U.S. federal income tax consequences summarized above. Any foreign taxes incurred by us would not pass through to U.S. Stockholders as a credit against their U.S. federal income tax liability. You should consult your own tax advisors and financial planners regarding the effect of state, local and foreign tax laws on an investment in shares of our stock.

Legislative Proposals . You should recognize that our and your present U.S. federal income tax treatment may be modified by legislative, judicial or administrative actions at any time, which may be retroactive in effect. The rules dealing with U.S. federal income taxation are constantly under review by Congress, the IRS and the Treasury, and statutory changes as well as promulgation of new regulations, revisions to existing statutes, and revised interpretations of established concepts occur frequently. We are not currently aware of any pending legislation that would materially affect our or your taxation as described in this prospectus. You should, however, consult your advisors concerning the status of legislative proposals that may pertain to a purchase of our securities.