

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, 2021
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



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.)

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

10019

(Address of principal executive offices) (Zip Code)

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

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

Title of each class	Trading Symbols	Name of each exchange on which registered
Common Stock, \$0.01 par value per share	GNL	New York Stock Exchange
7.25% Series A Cumulative Redeemable Preferred Stock, \$0.01 par value per share	GNL PR A	New York Stock Exchange
6.875% Series B Cumulative Redeemable Perpetual Preferred Stock, \$0.01 par value per share	GNL PR B	New York Stock Exchange
Preferred Stock Purchase Rights		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 has 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 whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

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 \$1.9 billion based on the closing sales price on the New York Stock Exchange as of June 30, 2021, the last business day of the registrant's most recently completed second fiscal quarter.

On February 18, 2022, the registrant had 103,604,278 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 2021 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, 2021

	Page	
<u>PART I</u>		
Item 1.	Business	4
Item 1A.	Risk Factors	7
Item 1B.	Unresolved Staff Comments	32
Item 2.	Properties	33
Item 3.	Legal Proceedings	40
Item 4.	Mine Safety Disclosures	40
<u>PART II</u>		
Item 5.	Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	41
Item 6.	[Reserved]	42
Item 7.	Management’s Discussion and Analysis of Financial Condition and Results of Operations	43
Item 7A.	Quantitative and Qualitative Disclosures About Market Risk	63
Item 8.	Financial Statements and Supplementary Data	68
Item 9.	Changes in and Disagreements With Accountants on Accounting and Financial Disclosure	68
Item 9A.	Controls and Procedures	68
Item 9B.	Other Information	68
Item 9C.	Disclosure Regarding Foreign Jurisdictions that Prevent Inspections	68
<u>PART III</u>		
Item 10.	Directors, Executive Officers and Corporate Governance	68
Item 11.	Executive Compensation	68
Item 12.	Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	69
Item 13.	Certain Relationships and Related Transactions, and Director Independence	69
Item 14.	Principal Accounting Fees and Services	69
<u>PART IV</u>		
Item 15.	Exhibits and Financial Statement Schedules	70
Item 16.	Form 10-K Summary	73
SIGNATURES		74

Forward-Looking Statements

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

These forward-looking statements are subject to risks, uncertainties and other factors, many of which are outside of our control, which could cause actual results to differ materially from the results contemplated by the forward-looking statements. Some of the risks and uncertainties, although not all risks and uncertainties, that could cause our actual results to differ materially from those presented in our forward-looking statements are set forth in “Risk Factors” ([Part I, Item 1A](#)) of this Annual Report on Form 10-K, “Quantitative and Qualitative Disclosures about Market Risk” ([Part II, Item 7A](#)), and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” ([Part II, Item 7](#)).

PART I

Item 1. Business.

Overview

We are an externally managed real estate investment trust for U.S. federal income tax purposes (“REIT”) that focuses on acquiring and managing a globally diversified portfolio of strategically-located commercial real estate properties, which are crucial to the success of our roster of primarily “Investment Grade” (defined below) tenants. We invest in commercial properties, with an emphasis on sale-leaseback transactions and mission-critical, single tenant net-lease assets.

As of December 31, 2021, we owned 309 properties consisting of 39.3 million rentable square feet, which were 99.0% leased, with a weighted-average remaining lease term of 8.3 years. Based on the percentage of rental income on a straight-line basis as of December 31, 2021, 60% of our properties were located in the U.S. and Canada and 40% of our properties were located in Europe. In addition, our portfolio was comprised of 54% industrial/distribution properties, 42% office properties and 4% retail properties. These percentages are calculated using straight-line rent converted from local currency into the U.S. Dollar (“USD”) as of December 31, 2021. The straight-line rent includes amounts for tenant concessions.

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.

We seek to:

- generate stable and consistent cash flows by acquiring properties, or entering into new leases, with long lease terms;
- acquire properties, 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., Canada, and Europe and leveraging the market presence of our Advisor.

In evaluating prospective investments, 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 and 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.

We may also originate or acquire first mortgage loans, mezzanine loans, preferred equity or securitized loans (secured by real estate) but do not currently own any of these asset types.

We own assets located in eleven different countries. As of December 31, 2021, we leased space to 138 different tenants doing business across 51 different industries. During the year ended December 31, 2021, the financial services and auto manufacturing industries represented 13% and 12%, respectively of our portfolio’s rental income on a straight-line basis. No other industry represented more than 10% of our portfolio’s rental income on a straight-line basis. We strive to acquire income producing, stand-alone commercial properties with long-term leases tied to indices such as consumer price index for annual increases focusing on tenant, sector, and geographic diversification. As of December 31, 2021, our portfolio was 99.0% occupied.

Tenants and Leasing

We focus on acquiring strategically located industrial and distribution facilities in the U.S. and strong sovereign debt rated countries in Europe. We continuously monitor improving or deteriorating credit quality for asset management opportunities which we review in-house using Moody’s analytics. Our portfolio is leased to primarily “Investment Grade” rated tenants in well established markets in the U.S. and Europe. A total of 62.6% of our rental income on an annualized straight-line basis for leases in place as of December 31, 2021 was derived from Investment Grade rated tenants, comprised of 34.1% leased to tenants with an actual investment grade rating and 28.5% leased to tenants with an implied investment grade rating. “Investment Grade” includes both actual investment grade ratings of the tenant or guarantor, if available, or implied investment grade. Implied investment grade may include actual ratings of the tenant parent, guarantor parent (regardless of whether or not the parent has guaranteed the tenant’s obligation under the lease) or tenants that are identified as investment grade by using a proprietary Moody’s analytical tool, which generates an implied rating by measuring an entity’s probability of default. Ratings information is as of December 31, 2021.

As of December 31, 2021, our portfolio had a weighted-average remaining lease term of 8.3 years (based on square feet as of the last day of the applicable quarter), as compared to 8.5 years as of December 31, 2020. A total of 93.7% of our leases based on square footage as of December 31, 2021 contain contractual rent increases.

Our business is generally not seasonal.

Acquisitions

We leverage direct relationships with landlords and developers to generate high-quality global opportunities at what we believe to be better than market pricing. During the year ended December 31, 2021, we acquired 25 properties for \$477.4 million (net of a mortgage assumed of \$38.56 million), including capitalized acquisition costs. We utilize a well-defined investment strategy and rigorous underwriting process to identify and select high-quality net lease investment opportunities. We look for tenants with logistical and local advantages, strong operating performance, strong business financials, financial visibility, and corporate-level profitability.

Financing Strategies and Policies

We use various sources to fund our business including acquisitions and other investments as well as property and tenant improvements, leasing commissions and other working capital needs. These sources have recently consisted of: (1) offerings of common and preferred stock; (2) property-level financing secured by the underlying property or properties; (3) draws on our senior unsecured multi-currency credit facility (the “Revolving Credit Facility”), and a senior unsecured term loan facility (the “Term Loan” and, together with the Revolving Credit Facility, the “Credit Facility”) and (4) a private placement of \$500.0 million aggregate principal amount of 3.75% Senior Notes due 2027 (the “Senior Notes”). We expect to incur additional indebtedness in the future, and issue additional equity to fund our future needs including acquisitions. 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 have entered into, and expect to continue to enter into, these types of transactions in order to manage or mitigate our interest rate risk on variable rate debt. See “*Management’s Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources*” herein for further discussion.

Our board may reevaluate and change our investment and financing policies in its sole discretion 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, and the ability of our investments to generate sufficient cash flow to cover debt service requirements.

Impact of the COVID-19 Pandemic

We have taken several steps to mitigate the impact of the pandemic on our business. We have been in direct contact with our tenants since the crisis began, cultivating open dialogue and deepening the fundamental relationships that we have carefully developed through prior transactions and historic operations. Based on this approach and the overall financial strength and creditworthiness of our tenants, we collected approximately 100% of the original cash rent due for the quarter ended December 31, 2021 across our entire portfolio, which is consistent with our rent collections in the first, second and third quarters of 2021.

Organizational Structure

Substantially all of our business is conducted through Global Net Lease Operating Partnership, L.P. (the “OP”), a Delaware limited partnership, and its wholly-owned subsidiaries. Our Advisor manages our day-to-day business with the assistance of our property manager, Global Net Lease Properties, LLC (the “Property Manager”). Our Advisor and Property Manager are under common control with AR Global Investments, LLC (“AR Global”) and these related parties receive compensation and fees for providing services to us. We also reimburse these entities for certain expenses they incur in providing these services to us.

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

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. We compete for tenants in all of our markets based on various factors that include location, rental rates, security, suitability of the property's design for a tenant's needs and the manner in which the property is operated and marketed. The number of competing properties in a particular market could have a material effect on our occupancy levels, rental rates and on the operating expenses of certain of our properties.

In addition, we compete for acquisitions with other REITs, specialty finance companies, savings and loan associations, banks, mortgage bankers, insurance companies, sovereign wealth funds, mutual funds and other entities. Some of these competitors, including larger REITs, have greater financial resources than we have and generally may be able to accept more risk than we can prudently manage, including risks with respect to the creditworthiness of tenants.

Competition from these and other third-party real estate investors may limit the number of suitable investment opportunities available to us and increase prices which will lower yields, making it more difficult for us to acquire new investments on attractive terms.

Regulations - General

Our investments are subject to various federal, state, local and foreign laws, ordinances and regulations, including, among other things, the Americans with Disabilities Act of 1990, 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. These regulations have not and are not expected to have a material impact on our capital expenditures, competitive position, financial condition or results of operations.

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 capital expenditures, competitive position, financial condition or results of operations, and management does not believe it will have such an impact in the current fiscal year. 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.

Employees and Human Capital Resources

As of December 31, 2021, we have one employee that is based in Europe who provides tax services for us. We have retained the Advisor pursuant to a long-term advisory contract to manage our affairs on a day-to-day basis. We have also entered into an agreement with our Property Manager to manage and lease our properties. The employees of the Advisor, Property Manager and their respective affiliates perform a full range of services for us, including acquisitions, property management, accounting, legal, asset management, investor relations and all general administrative services. The employees of the Advisor, Property Manager and their respective affiliates are also eligible to participate in our stock option plan and our employee and director incentive restricted share plan. We depend on the Advisor and the Property Manager for services that are essential to us. If the Advisor and the Property Manager were unable to provide these services to us, we would be required to provide these services ourselves or obtain them from other sources.

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 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 our website 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 and a summary thereof. 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, financial condition, results of operations and ability to pay dividends and they may also impact the trading price of our common and our preferred stock. The risk factors contained herein are not necessarily comprehensive and we may be subject to other risks.

Summary Risk Factors

- We may be unable to acquire properties on advantageous terms or our property acquisitions may not perform as we expect.
- Our ability to continue implementing our growth strategy depends on our ability to access additional debt or equity financing on attractive terms, and there can be no assurance we will be able to do so on favorable terms or at all.
- Certain of the agreements governing our indebtedness 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”), our 6.875% Series B Cumulative Redeemable Perpetual Preferred Stock, \$0.01 par value per share (“Series B Preferred Stock”), or any other stock we may issue.
- If we are not able to generate sufficient cash from operations, we may have to reduce the amount of dividends we pay or identify other financing sources.
- Funding dividends from other sources such as borrowings, asset sales or equity issuances limits the amount we can use for property acquisitions, investments and other corporate purposes.
- Market and economic challenges experienced by the U.S. and global economies may adversely impact our operating results and financial condition.
- We are subject to risks associated with our international investments, including uncertainty associated with the United Kingdom’s withdrawal from the European Union, compliance with and changes in foreign laws and fluctuations in foreign currency exchange rates.
- Inflation and continuing increases in the inflation rate may have an adverse effect on our investments and results of operations.
- We are subject to risks associated with a pandemic, epidemic or outbreak of a contagious disease, such as the ongoing global COVID-19 pandemic, including negative impacts on our tenants and their respective businesses.
- We depend on tenants for our rental revenue and, accordingly, our rental revenue is dependent upon the success and economic viability of our tenants. If a tenant or lease guarantor declares bankruptcy or becomes insolvent, we may be unable to collect balances due under relevant leases.
- Our tenants may not be diversified including by industry type or geographic location.
- In owning properties we may experience, among other things, unforeseen costs associated with complying with laws and regulations and other costs, potential difficulties selling properties and potential damages or losses resulting from climate change.
- 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.
- All of our executive officers face conflicts of interest, such as conflicts created by the terms of our agreements with the Advisor and compensation payable thereunder, conflicts allocating investment opportunities to us, and conflicts in allocating their time and attention to our matters. Conflicts that arise may not be resolved in our favor and could result in actions that are adverse to us.
- We have long-term agreements with our Advisor and its affiliates that may be terminated only in limited circumstances and may require us to pay a termination fee in some cases.
- We have substantial indebtedness and may be unable to repay, refinance, restructure or extend our indebtedness as it becomes due. Increases in interest rates could increase the amount of our debt payments. We may incur additional indebtedness in the future.

- The stockholder rights plan adopted by our board of directors, our classified board and other aspects of our corporate structure and Maryland law may discourage a third party from acquiring us in a manner that might result in a premium price to our stockholders.
- Restrictions on share ownership contained in our charter may inhibit market activity in shares of our stock and restrict our business combination opportunities.
- We may fail to continue to qualify as a REIT.

Risks Related to Our Properties and Operations

We may be unable to enter into contracts for and complete 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 resources;
- we may acquire properties that are not accretive;
- we may not successfully integrate, 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 to acquire 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 employed by affiliates of our Advisor to identify suitable investments. There can be no assurance that our Advisor will be successful in doing so 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 to meet our investment objectives.

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

In order to meet our strategic goals, which include acquiring additional properties, we will need to access sources of capital beyond the cash we generate from our operations. 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, Series B 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.

If we are not able to increase the amount of cash we have available to pay dividends, 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 on our Common Stock, Series A Preferred Stock, Series B Preferred Stock or any other class or series of stock we may issue in the future. Decisions regarding the frequency and amount of any future dividends we pay on our Common Stock 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 and Series B Preferred Stock must be paid upon redemption of those shares.

As noted herein, our debt agreements, including the indenture governing the Senior Notes and our Credit Facility, contain various covenants that limit our ability to pay dividends. For example, our Credit Facility prohibits us from paying distributions, including cash dividends payable on our Common Stock, Series A Preferred Stock, Series B Preferred Stock or any other class or series of stock we may issue in the future, or redeem or otherwise repurchase shares of any of these outstanding securities, or any other class or series of stock we may issue in the future, that exceed 100% of our Adjusted FFO as defined in the Credit Facility (which is different from the definition of AFFO disclosed 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 and other distributions and make redemptions and other repurchases in an aggregate amount equal to no more than 105% of our Adjusted FFO. We have used this exception in the past and may need to do so in the future.

Our ability to pay dividends in the future and comply with the restrictions on the payment of dividends depends on our ability to operate profitably and to generate sufficient cash flows from the operations of our existing properties and any properties we may acquire. In the past, the lenders under our Credit Facility have consented to increase the maximum amount of our Adjusted FFO we may use to pay cash dividends and other distributions and make redemptions and other repurchases in certain periods. There can be no assurance that they will do so again in the future if we need to do so.

Our cash flows provided by operations were \$192.5 million for the year ended December 31, 2021. During this period, we paid total dividends of \$187.0 million, including payments to holders of our Common Stock, Series A Preferred Stock, Series B Preferred Stock and distributions to holders of LTIP Units. In prior periods, we have funded a larger portion of the amounts required to fund the dividends we pay from cash on hand, consisting of proceeds from borrowings, and we may need to do so in the future.

If we are not able to generate sufficient cash from operations, we may have to reduce the amount of dividends we pay or identify other financing sources. There can be no assurance that other sources will be available on favorable terms, or at all. Funding dividends from other sources such as borrowings, asset sales or equity issuances limits the amount we can use for property acquisitions, investments and other corporate purposes.

Market and economic challenges experienced by the U.S. and global economies may adversely impact our operating results and financial 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 the availability or the terms of financing that we may utilize, among other things. 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.

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;
- the possibility that one or more of our tenants will be unable to pay their rental obligations;
- decreased demand for our properties due to among other things, 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 in 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
- 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 changes in exchange rates resulting from our operations in continental Europe, the United Kingdom and Canada 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.

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, 2021, 40% of our properties were located in Europe, primarily in the United Kingdom, The Netherlands, Finland, France, Germany, and the Channel Islands, and 60% of our properties were located in the U.S. and Canada. 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 USD. Revenues generated from properties or other real estate investments located in foreign countries are generally denominated in the local currency but reflected as USD on our consolidated financial statements. As of December 31, 2021, we had \$1.4 billion (\$665.3 million, £315.8 million and €315.4 million) of gross mortgage notes payable. Further, as of December 31, 2021, we had \$225.6 million (\$167.0 million, £17.0 million, C\$38.0 million, and €5.0 million) in outstanding debt under the Revolving Credit Facility and \$280.3 million (€247.1 million) of gross outstanding debt under the Term Loan.

We may continue to borrow in foreign currencies when purchasing properties located outside the United States, including draws under our Revolving Credit Facility. Changes in exchange rates of any of these foreign currencies to USD 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. We are generally a net receiver of these foreign 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. Any positive impact to revenue from tenants in prior years from a weaker USD may not continue in the future. Changes to exchange rates have affected and may continue to affect the book value of our assets and the amount of stockholders' equity.

Changes in foreign currency exchange rates may impact the value of our 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; 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 have used and may continue to use foreign currency derivatives, including options, currency forward and cross currency swap agreements, to manage a portion of 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.

We are subject to risks associated with a pandemic, epidemic or outbreak of a contagious disease, such as the ongoing global COVID-19 pandemic, which has caused severe disruptions in the U.S., Canadian, European and global economy and financial markets and has already had adverse effects and may worsen.

The COVID-19 pandemic has had, and another pandemic in the future could have, repercussions across many sectors and areas of the global economy and financial markets, leading to significant adverse impacts on economic activity as well as significant volatility and negative pressure in financial markets.

The impact of the COVID-19 pandemic has evolved rapidly and has impacted global economic activity. In many geographic locations where our tenants operate their businesses and where our properties are located, preventative measures have been taken, including “shelter-in-place” or “stay-at-home” orders issued by relevant governmental authorities for much of 2020 and the early part of 2021 as well as social distancing measures that have resulted in closure and limitations on the operations of many businesses. While strict “shelter-in-place” and similar orders have generally been lifted, continued limitations on indoor occupancy or other restrictions applicable to in-person operations have been and may in the future be re-instituted in some jurisdictions as rates of infection increase in those locations, including in light of the current spread of the Delta and Omicron variants and other potentially more contagious variants of the SARS-CoV-2 virus. As the COVID-19 pandemic continues, it is highly uncertain to what extent and when any such continuing restrictions will be lifted in various jurisdictions and could depend on numerous factors, including vaccination rates among the population, the effectiveness of COVID-19 vaccines against these variants and the response by governmental bodies and regulators. A number of our tenants operate businesses that require in-person interactions. Even for businesses that have not closed or have closed and reopened, concern regarding the transmission of COVID-19 has impacted, and will likely continue to impact, the willingness of persons to engage in in-person commerce which has and may continue to impact the revenues generated by our tenants. For our office tenants, limitations on in-person work environments could lead to a sustained shift away from in-person work environments and have an adverse effect on the overall demand for office space across our portfolio in the event a significant number of businesses determine to continue to utilize large-scale work-from-home policies as the COVID-19 pandemic continues and thereafter. In addition, the COVID-19 pandemic has also led to disruptions in operations at manufacturing facilities and distribution centers in many countries, which could impact supply chains and the operations of certain of our tenants. This could make it difficult for us to renew or re-lease our properties at rental rates equal to or above historical rates. We could also incur more significant re-leasing costs, and the re-leasing process with respect to both anticipated and unanticipated vacancies could take longer. All of these factors could impact the ability of our tenants to pay their rent when due. Our ability to lease space and negotiate and maintain favorable rents could also be negatively impacted by a prolonged recession in our market areas. Supply chain disruption and resulting inflationary pressures, a global labor shortage, and the ebb and flow of COVID-19, including in specific geographies, are currently impacting the pace of recovery and outlook. Moreover, a significant downturn in the U.S., Canadian and European economies and resulting job losses could substantially reduce the demand for leasing space in our properties which could result in a decline in our occupancy percentage and reduction in rental revenues.

Our tenants may also be negatively impacted if the outbreak of COVID-19 impacts their workforce or otherwise disrupts their management including as a result of an overall labor shortage, lack of skilled labor, increased turnover or labor inflation caused by COVID-19 and vaccine requirements implemented by certain employers in response to COVID-19 mandating that some or all employees get vaccinated or provide proof of vaccination, or as a result of general macroeconomic factors.

Further, certain of our U.S. tenants may not have been eligible for or may not have been successful in securing funds under government stimulus programs in the past, and may similarly be unsuccessful in securing funds under any other government stimulus programs in the future.

As a result of these and other factors, certain tenants have been, or may be in the future, unwilling or unable to pay rent in full or on a timely basis due to bankruptcy, lack of liquidity, lack of funding, operational failures, or for other reasons. The impact of the COVID-19 pandemic on the amount of cash rent that we collect going forward cannot be determined at present and the amount of cash rent collected last fiscal year may not be indicative of what we collect in any future period. In addition, there is no assurance that we will be able to collect the cash rent that is due in future months including rent that was due in 2020 but deferred under deferral agreements we have entered into with our tenants.

The impact of the COVID-19 pandemic on our tenants and thus our ability to collect rent in future periods cannot be determined at present. We may face defaults and additional requests for rent deferrals or abatements or other allowances. Furthermore, if we declare any tenants in default for non-payment of rent or other potential breaches of their leases with us, we might not be able to fully recover and may experience delays and additional costs in enforcing our rights as landlord to recover amounts due to us. Our ability to recover amounts under the terms of our leases may also be restricted or delayed due to moratoriums that have been or may be imposed by various jurisdictions limiting landlord-initiated commercial eviction and collection actions. If any of our tenants, or any guarantor of a tenant’s lease obligations files for bankruptcy proceedings

pursuant to Title 11 of the United States Code, or an insolvency or bankruptcy regime in a foreign jurisdiction, we could be further adversely affected due to loss of revenue but also because the bankruptcy may make it more difficult for us to lease the remainder of the property or properties in which the bankrupt tenant operates.

Because substantially all of our income is derived from rentals of commercial real property, our business, income, cash flow, results of operations, financial condition, liquidity, prospects, our ability to service our debt obligations, our ability to consummate future property acquisitions and our ability to pay dividends and other distributions to our stockholders would be adversely affected if a significant number of tenants are unable to meet their obligations to us.

In addition to the impacts on us related to the impacts on our tenants described above, the COVID-19 pandemic has enhanced certain risks that could have a significant adverse effect on our business, financial condition and results of operations and our ability to pay dividends and other distributions to our stockholders.

The extent to which the COVID-19 pandemic, or a future pandemic, impacts our operations and those of our tenants will depend on future developments, including the scope, severity and duration of the pandemic, one or more resurgences of the virus which could result in further government restrictions, the efficacy of the vaccines or other remedies developed or are or may be developed in the future, the actions taken to contain the pandemic or mitigate its impact, and the direct and indirect economic effects of the pandemic and containment measures, among others, which are highly uncertain and cannot be predicted with confidence but could be material. The situation has changed and could continue to change rapidly and additional impacts to the business may arise that we are not aware of currently. The continued rapid development and fluidity of this situation precludes any prediction as to the full adverse impact of the COVID-19 pandemic, but a prolonged or resurgent outbreak as well as related mitigation efforts could have a material impact on our revenues and could materially and adversely affect our business, results of operations and financial condition. Other risk factors contained in this Annual Report on Form 10-K should be interpreted as heightened risks as a result of the impact of the COVID-19 pandemic.

Reliance on major tenants make us more susceptible to adverse events with respect to those tenants.

The value of our investment in real estate assets 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. We had one tenant that accounted for approximately 6% of our consolidated annualized rental income on a straight-line basis as of December 31, 2021. No other single tenant accounted for 5% or more of our consolidated annualized rental income on a straight-line basis as of December 31, 2021, this may change in the future.

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 and results of operations.

As of December 31, 2021, the following countries and states accounted for 5% or more of our consolidated annualized rental income on a straight-line basis:

Country	December 31, 2021
European Countries:	
United Kingdom	22%
Other European Countries	18%
Total European Countries	40%
United States and Canada:	
Michigan	15%
Texas	7%
Ohio	5%
Other States and Canada	33%
Total United States and Canada	60%
Total	100%

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 and results of operations.

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, 2021, 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, 2021
Financial Services	13%
Auto Manufacturing	12%
Consumer Goods	6%
Healthcare	5%
Technology	5%

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

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

On January 31, 2020, the United Kingdom (“UK”) ended its membership in the European Union (“EU”) referred to as Brexit. Following the termination of a transition period, the UK and the EU entered into a trade and cooperation agreement to govern the future relationship between the parties, which was provisionally applied as of January 1, 2021 and entered into force on May 1, 2021 following ratification by the EU. This agreement is untested and may lead to ongoing political and economic uncertainty and periods of exacerbated volatility in both the UK and in wider European and global markets for some time. The longer term economic, legal, political and social implications of Brexit are unclear at this stage. Brexit has led to ongoing political and economic uncertainty and periods of increased volatility in both the UK and in wider European markets for some time. Brexit could lead to calls for similar referendums in other European jurisdictions, which could cause increased economic volatility in the European and global markets. This mid- to long-term uncertainty could cause volatility in currency exchange rates, interest rates, and in EU, UK or worldwide political, regulatory, economic or market conditions. This could contribute to instability in political institutions, regulatory agencies, and financial markets and may impact our properties and operations in these markets in unforeseen ways. In particular, currency volatility could mean that our returns are adversely affected by market movements and could make it more difficult, or more expensive, for us to execute prudent currency hedging policies. Potential decline in the value of the GBP or the Euro against other currencies, along with the potential further downgrading of the UK’s sovereign credit rating, could also have an impact on the performance of our properties and operations in the UK or Europe.

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 fund related debt payment and prevent a foreclosure if the property is subject to a mortgage. We may experience delays in enforcing our rights as landlord and may incur substantial costs in protecting our investment including potentially leasing the property to a new tenant. 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.

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 possession through a foreclosure action, 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. Some of our properties are “special use single-tenant properties” that may be relatively illiquid compared to other types of real estate and financial assets limiting our ability to quickly change our portfolio in response to changes in economic or other conditions.

A sale-leaseback transaction may be recharacterized in a tenant’s bankruptcy proceeding.

We have entered and may continue to enter into sale-leaseback transactions, whereby we purchase a property and then lease the same property back to the seller, who then becomes a tenant. In a bankruptcy of a tenant, a transaction structured as a sale-leaseback may be recharacterized as either a financing or a joint venture, either one of which may negatively impact us. If the transaction was 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. If confirmed by the bankruptcy court, we would be bound by the new terms. If the transaction was recharacterized as a joint venture, we would be treated as a joint venture partner with our tenant changing the nature of our legal relationship regarding the property. We could, for example, be held liable, under some circumstances, for debts incurred by the tenant relating to the property.

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 only 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. There is no assurance the debtor in possession or bankruptcy trustee will assume the lease in a bankruptcy proceeding.

Highly leveraged tenants that experience downturns in their operating results due to adverse changes to their business or economic conditions may have a higher probability of filing for bankruptcy or insolvency. In bankruptcy or insolvency, a tenant may have the option of vacating a property instead of paying rent reducing our revenues and limiting our options until the impacted property is released from the bankruptcy or insolvency proceeding.

A bankruptcy could delay efforts to collect past due balances under the relevant leases, and could ultimately preclude full collection of these sums and may decrease or eliminate rental payments from the impacted tenant reducing our cash flow.

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, 2021, 37% of our tenants were not evaluated or ranked by credit rating agencies, or were ranked below "investment grade," which includes both actual investment grade ratings of the tenant and "implied investment grade rating," 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. The term "parent" for these purposes includes any entity, including any governmental entity owning more than 50% of the voting stock of the tenant. 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. Leases with certain of these tenants may therefore pose a higher risk of default than would long-term leases with tenants who have actual investment grade ratings.

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, 2021, 20% of our annualized rental income on a straight-line basis was generated from net leases, with remaining lease term of more than ten 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.

As of December 31, 2021, 6.3% of our annualized rental income on a straight-line basis was generated from leases that do not contain any rent escalation provisions, which impacts our ability to cover increased operating costs at properties with these leases. Further, properties leased subject to long term leases at below market rental rates will be less attractive to potential buyers, which could affect our ability to sell the property at an advantageous price.

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 would therefore have only limited recourse if our due diligence did not identify any issues that lower the value of our property.

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 we entered into 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 to improve and refurbish 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 may have to obtain financing from sources such as 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 space at the applicable property on favorable terms could be adversely impacted.

We may be unable 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, as a REIT, 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 a yield maintenance premium to be paid in connection with prepaying 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 cash flow.

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 fund these expenses. Property expense may increase because of changes 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 these 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 expenses, or if tenants fail to pay required tax, utility and other impositions, we could be required to pay these costs which would, among other things, limit the amount of funds we have available for other purposes, including to pay dividends or fund future acquisitions.

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

Some local real property tax assessors may seek to reassess a property that we acquire, 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 the cash flow generated by the impacted property.

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, 2021, 4% of our properties, based on annualized rental income on a straight-line basis, were retail properties. Our retail tenants face competition from numerous retail channels such as discount or value retailers, factory outlet centers and wholesale clubs as well as from alternative retail channels, such as mail order catalogs and operators, television shopping networks and 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 to maintain competitiveness.

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

Damage from catastrophic weather and other natural events and climate change could result in losses to us.

Certain of our properties are located in areas that may experience catastrophic weather and other natural events from time to time, including hurricanes or other severe weather, flooding, fires, snow or ice storms, windstorms or, earthquakes. These adverse weather and natural events could cause substantial damages or losses to our properties which could exceed our insurance coverage. In the event of a loss in excess of insured limits, we could lose our capital invested in the affected property, as well as anticipated future revenue from that property. We could also continue to be obligated to repay any mortgage indebtedness or other obligations related to the property.

To the extent that significant changes in the climate occur, we may experience extreme weather and changes in precipitation and temperature and rising sea levels, all of which may result in physical damage to or a decrease in demand for properties located in these areas or affected by these conditions. Should the impact of climate change be material in nature, including destruction of our properties, or occur for lengthy periods of time, our cash flow may be adversely affected.

Growing public concern about climate change has resulted in the increased focus of local, state, regional, national and international regulatory bodies on greenhouse gas ("GHG") emissions and climate change issues. Legislation to regulate GHG emissions has periodically been introduced in the U.S. Congress, and there has been a wide-ranging policy debate, both in the U.S. and internationally, regarding the impact of these gases and possible means for their regulation. Federal, state or foreign legislation or regulation on climate change could result in increased capital expenditures to improve the energy efficiency of our existing properties or to protect them from the consequence of climate change, and could also result in increased compliance costs or additional operating restrictions that could adversely impact the businesses of our tenants and their ability to pay rent.

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 flow. 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.

We may incur costs associated with complying with the Americans with Disabilities Act.

Our domestic properties must also comply with 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. A determination that a property does not comply with the Disabilities Act could result in liability for both governmental fines and damages. If we are required to make unanticipated major modifications to any of our properties to comply with the Disabilities Act which are determined not to be the responsibility of our tenants, we could incur unanticipated expenses that could be material.

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

We own 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 actual or threatened terrorist activity or violent criminal acts, including terrorist acts against public institutions or buildings or modes of public transportation (including airlines, trains or buses) could have a negative effect on our business. These events may directly impact the value of our assets and our results of operations 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, 2027, 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.

Inflation and continuing increases in the inflation rate may have an adverse effect on our investments and results of operations.

Increases in the rate of inflation, both real and anticipated may impact our investments and results of operations. Inflation could erode the value of long-term leases that do not contain indexed escalation provisions, or contain fixed annual rent escalation provisions that are at rates lower than the rate of inflation, and increase expenses including those that cannot be passed through under our leases. Increased inflation could also increase our general and administrative expenses and, as a result of an increase in market interest rates in response to higher than anticipated inflation rate, increase our mortgage and other debt interest costs, and these costs could increase at a rate higher than any rent increases. An increase in our expenses or expenses paid or incurred by our Advisor or its affiliates that are reimbursed by us pursuant to the advisory agreement, or a failure of revenues to increase at least with inflation could adversely impact our results of operations. Certain of our leases for properties located in foreign countries are only adjusted upward to fair market value only once every five years or contain capped indexed escalation provisions. Approximately 58.5% of our leases for properties based on straight line rent contain fixed rental rate with annual escalation based upon fixed percentage increases while some are based on increases in the Consumer Price Index. If the fixed percentage increases begin to lag behind inflation, our profitability would be negatively impacted. Future leases may not even contain escalation provisions and these provisions may not be sufficient to protect our revenues or expenses from the adverse effects of inflation. In addition, increased operating costs paid by our tenants could have an adverse impact on our tenants if increases in their operating expenses exceed increases in their revenue, which may adversely affect our tenants’ ability to pay rent owed to us or property expenses to be paid, or reimbursed to us, by our tenants.

Conversely, unusually 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.

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.

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. We have one employee based in Europe who provides tax services for us.

Our success depends to a significant degree upon the contributions of our executive officers and other key personnel of the Advisor and its affiliates including James L. Nelson, our chief executive officer and a member of our board of directors and Christopher J. Masterson, our chief financial officer. Except for the agreement between Mr. Nelson and AR Global, neither our Advisor nor any of its affiliates has an employment agreement with these key personnel and we cannot guarantee that all, or any particular one, of these individuals will remain employed by the Advisor or one of its affiliates and otherwise 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 skilled personnel due to, among other things, an overall labor shortage, lack of skilled labor, increased turnover or labor inflation, caused by COVID-19 or as a result of other general macroeconomic factors the Advisor's ability to manage our business and implement our investment strategies could be delayed or hindered.

Any adverse changes in the financial condition or financial health of, or our relationship with, the Advisor or its affiliates, including any change resulting from an adverse outcome in any litigation could hinder their ability to successfully manage our operations and our 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 agreements with our Advisor and Property Manager in only limited circumstances, and may have to pay a termination fee in some cases.

We have limited rights to terminate the Advisor. The initial term of the advisory agreement expires on June 1, 2035, but is automatically renewed upon expiration 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. If we terminate the agreement based on a change in control of us or the Advisor's failure to meet performance standards as set forth in the agreement, we would be required to pay a termination fee that could be equal to up to two and a half times the compensation we paid the Advisor in the previous year, plus expenses. We may only terminate the property management and leasing agreement with the Property Manager by giving 12 months prior notice. The limited termination rights contained in the advisory agreement and the notice requirement in the property management and leasing agreements may make it difficult for us to renegotiate the terms of either agreement or replace the Advisor or Property Manager even if the terms of the relevant agreement are no longer consistent with the terms generally available to externally-managed REITs for similar services or terminating these parties is otherwise in our best interest.

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, including as a result of greater participation in working remotely due to COVID-19, 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. Our Advisor is continuously working, including with the aid of third party service providers, to install new, and to upgrade 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 services essential to our operations are protected against cyber risks and security breaches and that we are therefore also so protected. 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 or permitting deadlines;
- affect our ability to monitor 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.

We may in the future acquire or originate commercial real estate debt or invest in commercial real estate-related securities which would expose us to additional risks.

We may in the future acquire or originate mortgage debt loans, mezzanine loans, preferred equity or securitized loans, CMBS, preferred equity and other higher-yielding structured debt and equity investments. Doing so 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;
- risks related to the operating performance or trading price volatility of any publicly-traded and private companies primarily engaged in real estate businesses we invest in; 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 our Indebtedness

We have substantial indebtedness and we will have the ability to incur significant additional indebtedness and other liabilities.

As of December 31, 2021, we had \$2.5 billion of total indebtedness outstanding, including \$1.4 billion of secured indebtedness, \$225.6 million outstanding under the Revolving Credit Facility, \$280.3 million outstanding under our Term Loan, and \$500.0 million of our Senior Notes. We had availability to borrow an additional \$49.8 million, under our Revolving Credit Facility as of December 31, 2021. Our high level of indebtedness may have the following important consequences to us including:

- requiring us to dedicate a substantial portion of our cash flow to make principal and interest payments on our indebtedness, thereby reducing our cash flow available to fund working capital, capital expenditures and other general corporate purposes;
- requiring us to maintain certain debt coverage and other financial ratios at specified levels, thereby reducing our financial flexibility;
- making it more difficult for us to satisfy our financial obligations, including servicing our debt obligations;
- increasing our vulnerability to general adverse economic and industry conditions or a downturn in our business;
- exposing us to increases in interest rates for our variable rate debt;
- limiting, along with the financial and other restrictive covenants in our indebtedness, our ability to borrow additional funds on favorable terms or at all to expand our business or ease liquidity constraints;
- limiting our ability to refinance all or a portion of our indebtedness on or before maturity on the same or more favorable terms or at all;
- limiting our flexibility in planning for, or reacting to, changes in our business and our industry;
- placing us at a competitive disadvantage relative to competitors that have less indebtedness;
- increasing our risk of property losses as the result of foreclosure actions initiated by lenders under our secured debt obligations;
- requiring us to dispose of one or more of our properties at disadvantageous prices in order to service our indebtedness or to raise funds to pay such indebtedness at maturity; and
- resulting in an event of default if we fail to pay our debt obligations when due or fail to comply with the financial and other restrictive covenants contained in the agreements governing our debt obligations which event of default could result in all of our debt becoming immediately due and payable and could permit certain of our lenders to foreclose on our assets securing the debt.

We may increase our leverage further depending on market conditions. We may issue additional notes in the future and may add to or refinance existing mortgage debt or indebtedness under our Credit Facility, which may result in a higher level of indebtedness.

We may be unable to service our indebtedness.

Our ability to make scheduled payments on and to refinance our indebtedness depends on and is subject to our future financial and operating performance, which in turn is affected by general and regional economic, financial, competitive, business and other factors beyond our control. Our business may fail to generate sufficient cash flow from operations or future borrowings may be unavailable to us under the Credit Facility or from other sources in an amount sufficient to enable us to service our debt, to refinance our debt or to fund our other liquidity needs. If we are unable to meet our debt obligations or to fund our other liquidity needs, we will need to restructure or refinance all or a portion of our debt. We may be unable to refinance any of our debt, including the Credit Facility or the Senior Notes, on commercially reasonable terms or at all. If we were unable to make payments or refinance our debt or obtain new financing under these circumstances, we would have to consider other options, such as asset sales, equity issuances or negotiations with our lenders to restructure the applicable debt. The Credit Facility and the indenture governing the Senior Notes restrict, and market or business conditions may limit, our ability to take some or all of these actions. Any restructuring or refinancing of our indebtedness could be at higher interest rates and may require us to comply with more onerous covenants that could further restrict our business operations. In addition, the Credit Facility and the indenture governing the Senior Notes permit us to incur additional debt, including secured debt, and the amount of additional indebtedness incurred could be substantial.

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 volatility, resulting in, from time to time, the tightening of underwriting standards by lenders and credit rating agencies and reductions in the availability of financing. We may also face a heightened level of interest rate risk as the U.S. Federal Reserve Board and the European Central Bank have begun tapering their respective quantitative easing programs. The U.S. Federal Reserve Board announced its intention to begin increasing interest rates, and the Bank of England increased interest rates for the first time since the onset of the pandemic in December 2021. All of these actions will likely lead to increases in our borrowing costs. When our overall cost of borrowings increases, either due to increases in the index rates or due to increases in lender spreads, we will need to factor such increases

into pricing and projected returns for any future acquisitions. This may result in future acquisitions generating lower overall economic returns. Volatility in the debt markets may negatively impact our ability to borrow monies to finance the purchase of, or other activities related to, our real estate assets.

If we are unable to borrow monies on terms and conditions that we find acceptable, our ability to purchase properties or, meet other capital requirements may be limited, 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.

Furthermore, the state of the debt markets could have an impact on the overall amount of capital being invested in real estate, which may result in price or value decreases of real estate assets which could negatively impact the value of our assets.

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

We have incurred, and may continue to incur, variable-rate debt. Increases in interest rates on our variable-rate debt would increase our interest cost. If we need to repay existing debt during periods of rising interest rates, we may need to post additional collateral or sell one or more of our investments in properties even though we would not otherwise choose to do so.

As of December 31, 2021, approximately \$50.5 million (representing approximately 2% of our \$2.5 billion in total gross outstanding debt) was variable-rate debt indexed to London Interbank Offered Rate (“LIBOR”) and not fixed by swap. The Financial Conduct Authority ceased publishing the one-week and two-month USD LIBOR settings after December 31, 2021, as previously announced, and has announced its intention to cease publishing the remaining USD LIBOR settings immediately following the LIBOR publication on June 30, 2023. The Federal Reserve Board and the Federal Reserve Bank of New York has organized the Alternative Reference Rates Committee which identified the Secured Overnight Financing Rate (“SOFR”) as its preferred alternative to LIBOR in derivatives and other financial contracts. We are monitoring and evaluating the risks related to changes in LIBOR availability, which include potential changes in interest paid on debt and amounts received and paid on interest rate swaps. In addition, the value of debt or derivative instruments tied to LIBOR could also be impacted when LIBOR is limited or discontinued, and contracts must be transitioned to a new alternative rate. In some instances, transitioning to an alternative rate may require negotiation with lenders and other counterparties and could present challenges. The consequences of these developments cannot be entirely predicted and could include an increase in the cost of our variable rate debt.

While we expect LIBOR to be available in substantially its current form until at least June 30, 2023, it is possible that LIBOR will become unavailable prior to that time. This could occur, for example, if a sufficient number of banks decline to make submissions to the LIBOR administrator. In that case, the risks associated with the transition to an alternative reference rate would be accelerated or magnified. Any of these events, as well as the other uncertainty surrounding changes in LIBOR, could adversely affect us. The Credit Facility contains terms governing the establishment of a replacement index to serve as an alternative to LIBOR.

Covenants in our debt agreements restrict our activities and could adversely affect our business.

Our debt agreements, including the indenture governing the Senior Notes and the credit agreement governing the Credit Facility, contain various covenants that limit our ability and the ability of our subsidiaries to engage in various transactions including, as applicable:

- incurring or guaranteeing additional secured and unsecured debt;
- creating liens on our assets;
- making investments or other restricted payments;
- entering into transactions with affiliates;
- creating restrictions on the ability of our subsidiaries to pay dividends or other amounts to us;
- selling assets;
- making optional prepayments of indebtedness during a payment default or an event of default under the Credit Facility;
- effecting a consolidation or merger or selling all or substantially all of our assets; and
- amending certain material agreements, including material leases and debt agreements.

These covenants limit our operating flexibility and could prevent us from taking advantage of business opportunities as they arise, growing our business or competing effectively. In addition, the Credit Facility requires us to comply with financial maintenance covenants, consisting of a maximum debt to asset value ratio, a minimum fixed charge coverage ratio, a maximum unencumbered leverage ratio, a minimum debt service coverage ratio, a maximum secured debt to asset value ratio, a maximum secured recourse debt to asset value ratio, and a minimum consolidated tangible net worth test. We also are required to maintain total unencumbered assets of at least 150% of our unsecured indebtedness under the indenture governing the Senior Notes. Our ability to meet these requirements may be affected by events beyond our control, and we may not meet these requirements. We may be unable to maintain compliance with these covenants and, if we fail to do so, we may be unable to obtain waivers from the lenders or indenture trustee, as applicable, or amend the covenants.

A breach of any of the covenants or other provisions in our debt agreements could result in an event of default, which if not cured or waived, could result in such debt becoming due and payable, either automatically or after an election to accelerate by the required percentage of the holders of the indebtedness or by an agent for the holders of the indebtedness. This, in turn, could cause our other debt, including the Senior Notes and the Credit Facility, to become due and payable as a result of cross-default or cross-acceleration provisions contained in the agreements governing the other debt and permit certain of our lenders to foreclose on our assets, if any, that secure this debt. In the event that some or all of our debt is accelerated and becomes immediately due and payable, we may not have the funds to repay, or the ability to refinance our debt.

We may not have the funds necessary to finance the repurchase of the Senior Notes in connection with a change of control offer required by the indenture governing the Senior Notes.

Upon the occurrence of a “Change of Control Triggering Event” defined in the indenture governing the Senior Notes, we are required to make an offer to repurchase all outstanding Senior Notes at 101% of the principal amount thereof, plus accrued and unpaid interest on the Senior Notes, if any, but not including, the date of repurchase. However, it is possible that we will not have sufficient funds, or the ability to raise sufficient funds, at the time we are required to make this offer. In addition, restrictions under future debt we may incur, may not allow us to repurchase the Senior Notes upon a Change of Control Triggering Event, and we expect that a change in control will result in an event of default under the Credit Facility, which could result in such debt becoming immediately due and payable and the commitments thereunder terminated. If we could not refinance such senior debt or otherwise obtain a waiver from the holders of such debt, we would be prohibited from repurchasing the Senior Notes, which would constitute an event of default under the indenture governing the Senior Notes, which in turn would constitute a default under our Credit Facility. In addition, certain important corporate events, such as leveraged recapitalizations that would increase the level of our indebtedness, would not constitute a “Change of Control” under the indenture governing the Senior Notes although these types of transactions could affect our capital structure or credit ratings and the holders of the Senior Notes. Further, courts interpreting change of control provisions under New York law (which is the governing law of the indenture governing the Senior Notes) have not provided clear and consistent meanings of change of control provisions which leads to subjective judicial interpretation of what may constitute a “Change of Control.”

A lowering or withdrawal of the ratings assigned to our debt securities by rating agencies may increase our future borrowing costs and reduce our access to capital.

Any rating assigned to debt securities that we or our OP issues could be lowered or withdrawn entirely by a rating agency if, in that rating agency’s judgment, future circumstances relating to the basis of the rating, such as adverse changes, so warrant. Any lowering of the ratings likely would make it more difficult or more expensive for us to obtain additional debt financing.

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 these individuals 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, The Necessity Retail REIT, Inc. or “RTL,” an entity advised by an affiliate of our Advisor seeks, like us, to invest in sale-leaseback transactions involving single tenant net-leased commercial properties, in the U.S. An investment opportunity allocation agreement to which we and RTL are parties states that we will be given first opportunity to acquire office or industrial properties, and RTL will have the first opportunity to acquire one or more domestic retail or distribution properties with a lease duration of ten years or more. However, there can be no assurance the executive officers and real estate professionals at our Advisor or its affiliates will not direct attractive investment opportunities for which we do not have contractual priority to RTL, or other entities advised by affiliates of AR Global.

We and other entities advised by affiliates of AR Global also rely on these executive officers and other real estate professionals to supervise the property management and leasing of properties. These individuals, as well as AR Global, as an entity 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. The Advisor may have conflicts of interest in determining which entity advised by affiliates of AR Global enters 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. Mr. Masterson also serves as the chief financial officer and treasurer of New York City REIT, Inc., an entity for which an affiliate of AR Global, serves as its advisor and property manager. Certain of our directors also are directors of other REITs advised by affiliates of AR Global. All of these individuals owe 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) the allocation of new investments and management time and services between us and the other entities; (b) compensation to the Advisor and its affiliates, including the Property Manager; (c) our purchase of properties from, or sale of properties, to entities advised by or affiliated with AR Global; (d) development of our properties by affiliates of AR Global; and (e) investments with affiliates of the Advisor.

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 if certain thresholds are achieved. The variable portion of the base management fee payable to the Advisor under the advisory agreement increases proportionately with the cumulative net proceeds from the issuance of common, preferred or other forms of equity by us. Furthermore, the Advisor may earn additional LTIP Units if certain performance conditions are met over a three-year performance period under a multi-year outperformance agreement entered into with the Advisor. The arrangements may result in the Advisor taking actions or recommending investments that are riskier or more speculative absent these compensation arrangements. In addition, the fees and other compensation payable to the Advisor reduce the cash available for investment or other corporate purposes.

Risks Related to Our Corporate Structure, Common Stock and Preferred Stock

The trading prices of our Common Stock and preferred stock may fluctuate significantly.

The trading prices of shares of our Common Stock, Series A Preferred Stock and Series B Preferred Stock may be volatile and subject to significant price and volume fluctuation in response to market and other factors, many of which are outside our control. Among the factors that could affect these trading prices are:

- our financial condition, including the level of our indebtedness and performance;
- our ability to grow through property acquisitions, the terms, and pace of any acquisitions, we may make and the availability and terms of financing for those acquisitions;
- the financial condition of our tenants, including tenant bankruptcies or defaults;
- actual or anticipated quarterly fluctuations in our operating results and financial condition;
- the amount and frequency of dividends that we pay;
- additional sales of equity securities, including our Common Stock, Series A Preferred Stock or Series B Preferred Stock, or the perception that additional sales may occur;
- 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 debt securities;
- our reputation and the reputation of AR Global and its affiliates or other entities advised by AR Global and its affiliates;
- uncertainty and volatility in the equity and credit markets;
- increases in interest rates and fluctuations in exchange rates;
- inflation and continuing increases in the inflation rate;
- 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 securities by institutional investors;
- the extent of short-selling of our securities;
- 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 Form 10-K for the year ended December 31, 2021.

Moreover, although shares of both the Series A Preferred Stock and Series B Preferred Stock are listed on the New York Stock Exchange (“NYSE”), there can be no assurance that the trading volume for these shares will provide sufficient liquidity for holders to sell their shares at the time of their choosing or that the trading price for shares will equal or exceed the price paid for the shares. Because the shares of our preferred stock have a fixed dividend rate, their respective trading prices in the secondary market will be influenced by changes in interest rates and will tend to move inversely to changes in interest rates. In particular, an increase in market interest rates may result in higher yields on other financial instruments and may lead purchasers of our preferred stock to demand a higher yield on their investment, which could adversely affect the market price of shares of those securities. An increase in interest rates available to investors could also make an investment in our Common Stock less attractive if we are not able to increase our dividend rate, which could reduce the value of our Common Stock.

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.

We conduct, and intend to continue conducting, all of our business operations through our OP and accordingly, we rely on distributions from our OP and its subsidiaries to provide cash to pay our obligations. 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 meet our other obligations. Each subsidiary of the OP’s 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 thereby diluting the holdings of existing stockholders.

Holders of our Common Stock do not have preemptive rights to any shares issued by us in the future. Our charter authorizes us to issue up to 280 million shares of stock, consisting of 250 million shares of common stock, par value \$0.01 per share and 30 million shares of preferred stock, par value \$0.01 per share. As of December 31, 2021, we had the following stock issued and outstanding: (i) 103,900,452 shares of Common Stock, (ii) 6,799,467 shares of Series A Preferred Stock, and (iii) 4,503,893 shares of Series B Preferred Stock. The Series A Preferred Stock ranks on parity with Series B Preferred Stock with respect to dividend rights and rights upon our voluntary or involuntary liquidation, dissolution or winding-up. Subject to the approval rights of holders of our Series A Preferred Stock and Series B Preferred Stock regarding authorization or issuance of equity securities ranking senior to the Series A Preferred Stock and Series B Preferred Stock, our board of directors, without approval of our common stockholders, 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 obtaining stockholder approval and establish the preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications or terms or conditions of redemption of the stock.

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 and Series B 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 and Series B Preferred Stock, including preferred stock convertible into shares of our Common Stock, could dilute the interests of the holders of Common Stock, Series A Preferred Stock and Series B Preferred Stock, and any issuance of shares of preferred stock senior to our Series A Preferred Stock and Series B Preferred Stock or incurrence of additional indebtedness could affect our ability to pay dividends on, redeem or pay the liquidation preference on our Series A Preferred Stock and Series B Preferred Stock. These issuances could also adversely affect the trading price of our Common Stock, our Series A Preferred Stock and Series B Preferred Stock.

We may issue shares of our Common Stock or Series B Preferred Stock or another series of preferred stock pursuant to our existing at-the-market programs or any similar future program as well as in other public or private offerings, including shelf offerings, and shares of our Common Stock issued as awards to our officers, directors and other eligible persons, pursuant to the advisory agreement in payment of fees thereunder, or in connection with the Advisor earning LTIP Units pursuant to our outperformance plan. We may also issue OP Units to sellers of properties we acquire. OP Units may be redeemed on a one for one basis for, at our election, a share of Common Stock or the cash equivalent thereof.

Because our decision to issue equity securities in any future offering will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of our future offerings.

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 Series B 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 and Series B 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 and Series B Preferred Stock will, under certain circumstances, have the right to convert some of or all their shares of Series A Preferred Stock and Series B 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 and Series B Preferred Stock. These features of our Series A Preferred Stock and Series B 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 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.

The stockholder rights plan adopted by our board of directors may discourage a third party from acquiring us in a manner that might result in a premium price to our stockholders.

In April 2020, our board of directors adopted a stockholder rights plan and authorized a dividend of one preferred share purchase right for each outstanding share of our Common Stock. These rights are scheduled to expire on April 8, 2024 but could be extended by our board. If a person or entity, together with its affiliates and associates, acquires beneficial ownership of 4.9% or more of our then outstanding Common Stock, subject to certain exceptions, each right would entitle its holder (other than the acquirer, its affiliates and associates) to purchase a fraction of a share of our Series C Preferred Stock, \$0.01 par value per share. In addition, under certain circumstances, we may exchange the rights (other than rights beneficially owned by the acquirer, its affiliates and associates), in whole or in part, for shares of Common Stock on a one-for-one basis. The stockholder rights plan could make it more difficult for a third party to acquire us or a large block of our Common Stock without the approval of our board of directors, which may discourage a third party from acquiring us in a manner that might result in a premium price to 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, but are not limited, to 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 of directors.

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, Northern Division, is the sole and exclusive forum for (a) any derivative action or proceeding brought on our behalf, other than actions arising under federal securities laws; (b) any Internal Corporate Claim, as such term is defined in the Maryland General Corporation Law (the “MGCL”), or any successor provision thereof, including, without limitation, (i) any action asserting a claim of breach of any duty owed by any of our directors, officers or other employees to us or to our stockholders or (ii) any action asserting a claim against us or any of our directors, officers or other employees arising pursuant to any provision of the MGCL, our charter or our bylaws; or (c) any other action asserting a claim against us or any of our directors, officers or other employees that is governed by the internal affairs doctrine. Our bylaws also provide that unless we consent in writing, none of the foregoing actions, claims or proceedings may be brought in any court sitting outside the State of Maryland and the federal district courts are, to the fullest extent permitted by law, the sole and exclusive forum for the resolution of any complaint asserting a cause of action under the Securities Act. These 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 these provisions 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, which could alter the nature of our stockholders’ investments.

Our board of directors may change our investment policies in its sole discretion. 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 stockholders’ investments could change without their consent.

We indemnify 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 consistent with Maryland law and our charter with our directors and officers, certain former directors and officers, the Advisor and AR Global. 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.

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.

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 inadvertently, or if our board of directors determines that doing so is in our best interests. 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 to qualify 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 satisfy all requirements for 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 distribution to stockholders because of the additional tax liability. In addition, amounts paid to stockholders that are treated as dividends for U.S. federal income tax purposes 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 as a REIT, in certain circumstances, we may incur tax liabilities that would reduce our cash available for distribution to our stockholders.

Even 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 gains 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 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 the OP or at the level of the other companies through which we indirectly own our assets, such as any taxable REIT subsidiaries (“TRSs”), which are subject to full U.S. federal, state, local and foreign corporate-level income tax. Any taxes we pay directly or indirectly will reduce our cash flow.

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 and reduce our stockholders’ overall return.

In order 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 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.

We will use commercially reasonable efforts to structure any sale-leaseback transaction we enter into so 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 this characterization. In the event that any 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 the 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 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 the OP, but generally excluding TRSs, 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 (a) conducting activities that may otherwise be considered prohibited transactions through a TRS (but such TRS will incur corporate rate income taxes with respect to any income or gain recognized by it), (b) conducting our operations

in such a manner so that no sale or other disposition of an asset we own, directly or indirectly through any subsidiary, will be treated as a prohibited transaction, or (c) 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 the OP, but generally excluding TRSs, will not be treated as inventory or property held primarily for sale to customers in the ordinary course of a trade or business.

TRSs are subject to corporate-level taxes and our dealings with TRSs may be subject to a 100% excise tax.

A REIT may own up to 100% of the stock of one or more TRSs. Both the subsidiary and the REIT must jointly elect to treat the subsidiary as a TRS. A corporation of which a TRS directly or indirectly owns more than 35% of the voting power or value of the stock will automatically be treated as a TRS. 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 TRSs. A TRS 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 one or more TRSs 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 TRS is subject to applicable U.S. federal, state, local, and foreign income tax on its taxable income, as well as limitations on the deductibility of its interest expenses. In addition, the Code imposes a 100% excise tax on certain transactions between a TRS and its parent REIT that are not conducted on an arm's-length basis.

If the OP 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 the OP as a partnership or disregarded entity for U.S. federal income tax purposes, the OP would be taxable as a corporation. In such event, this would reduce the amount of distributions that the OP could make to us. This also would result in our failing to qualify as a REIT, and becoming subject to a corporate-level tax on our income. This substantially would reduce our cash available to pay dividends and other distributions to our stockholders. In addition, if any of the partnerships or limited liability companies through which the OP 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 OP. 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 shares of our Common Stock, in which case our stockholders may be required to pay U.S. federal income taxes in excess of the cash portion of distributions they receive.

In connection with our 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, for distributions declared on or before June 30, 2022 with respect to our Common Stock, as much as 90% of the distribution may be in shares of our Common Stock and 80% thereafter. 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 distribution received.

Accordingly, U.S. stockholders receiving a distribution of shares of our Common Stock 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 shares 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 the shares 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.

The taxation of distributions can be complex; however, distributions to stockholders that are treated as dividends for U.S. federal income tax purposes generally will be taxable as ordinary income, which may reduce our stockholders' after-tax anticipated return from an investment in us.

Amounts that we pay 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 treated as dividends for U.S. federal income tax purposes and will be taxable as ordinary income. 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 these ordinary REIT dividends of 29.6% (or 33.4% including the 3.8% surtax on net investment income); however, the 20% deduction will end after December 31, 2025.

However, a portion of the amounts that we pay to our stockholders generally may (a) be designated by us as capital gain dividends taxable as long-term capital gain to the extent that they are attributable to net capital gain recognized by us, (b) be designated by us as qualified dividend income, taxable at capital gains rates, to the extent they are attributable to dividends we receive from TRSs, or (c) constitute a return of capital 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 shares of our stock. Amounts paid to our stockholders that exceed our current and accumulated earnings and profits and a stockholder's tax basis in shares of 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 23.8%, including the 3.8% surtax on net investment income. Dividends payable by REITs, however, generally are not eligible for this reduced rate and, as described above, through December 31, 2025, will be subject to an effective rate of 33.4%, including the 3.8% surtax on net investment income. Although this 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 stock of non-REIT corporations that pay dividends, which could adversely affect the value of the stock of REITs, including shares of our 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 TRS. This could increase the cost of our hedging activities because the TRS 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 TRS generally will not provide any tax benefit, except for being carried forward against future taxable income of the TRS.

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

To maintain our qualification 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 TRSs) 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 consist of stock or securities of one or more TRSs and no more than 25% of our assets may consist of 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 our stockholders.

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 interests to continue to qualify as a REIT. While we intend to maintain our qualification as a REIT, we may terminate our REIT election if we determine that qualifying 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 shares of our 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 shares of our stock.

Changes to the tax laws may occur, and any such changes could have an adverse effect on an investment in shares of our stock or on the market value or the resale potential of our assets. Our stockholders are urged to consult with an independent tax

advisor with respect to the status of legislative, regulatory or administrative developments and proposals and their potential effect on an investment in shares of our stock.

Although REITs generally receive better tax treatment than entities taxed as non-REIT “C 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 non-REIT “C 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 non-REIT “C corporation”, without the vote of our stockholders. Our board of directors has duties to us and could only cause such changes in our tax treatment if it determines that such changes are in our best interests.

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

In order 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 the issued and outstanding shares of our 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 shares of our stock under this requirement. Additionally, at least 100 persons must beneficially own shares of our 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 shares of our 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 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 outstanding shares of our stock and more than 9.8% (in value or in number of shares, whichever is more restrictive) of any class or series of the outstanding shares of our 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 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 interests to continue to qualify as a REIT or that compliance with the restrictions is no longer required in order for us to continue to so 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 shares of our stock or otherwise be in the best interests 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 dividends and other distributions received from us and upon the disposition of shares of our stock.

Subject to certain exceptions, amounts paid to non-U.S. stockholders will be treated as dividends for U.S. federal income tax purposes 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 dividends are treated as “effectively connected” with the conduct by the non-U.S. stockholder of a U.S. trade or business. 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 fund,” certain entities wholly-owned by a “qualified foreign pension fund,” and certain foreign publicly-traded entities) as if such gain were effectively connected with a U.S. trade or business. However, a capital gain distribution 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 any 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 shares of our stock generally will not be subject to U.S. federal income taxation unless such stock constitutes a USRPI. Shares of our 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 shares of our stock, gain arising from such a sale or exchange would not be subject to U.S. taxation 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 the outstanding shares of our stock of that class at any time during the five-year period ending on the date of the sale.

Potential characterization of dividends and other 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 shares of our stock, or (c) a holder of shares of our stock is a certain type of tax-exempt stockholder, dividends on, and gains recognized on the sale of, shares of our 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.

Item 2. Properties.

The following table represents our portfolio of real estate properties as of December 31, 2021:

Portfolio	Acquisition Date	Country	Number of Properties	Square Feet (in thousands) ⁽¹⁾	Average Remaining Lease Term ⁽²⁾
McDonald's	Oct. 2012	UK	1	9	2.2
Wickes Building Supplies I	May 2013	UK	1	30	2.7
Everything Everywhere	Jun. 2013	UK	1	65	5.5
Thames Water	Jul. 2013	UK	1	79	3.7
Wickes Building Supplies II	Jul. 2013	UK	1	29	5
PPD Global Labs	Aug. 2013	US	1	77	3
Northern Rock	Sep. 2013	UK	2	86	1.7
Wickes Building Supplies III	Nov. 2013	UK	1	28	6.9
XPO Logistics	Nov. 2013	US	7	105	1.9
Wolverine	Dec. 2013	US	1	469	1.1
Rheinmetall	Jan. 2014	GER	1	320	2
GE Aviation	Jan. 2014	US	1	369	4
Provident Financial	Feb. 2014	UK	1	117	13.9
Crown Crest	Feb. 2014	UK	1	806	17.1
Trane	Feb. 2014	US	1	25	1.9
Aviva	Mar. 2014	UK	1	132	7.5
DFS Trading I	Mar. 2014	UK	5	240	8.2
GSA I	Mar. 2014	US	1	135	0.6
National Oilwell Varco I	Mar. 2014	US	1	24	1.6
GSA II	Apr. 2014	US	2	25	1.1
OBI DIY	Apr. 2014	GER	1	144	2.1
DFS Trading II	Apr. 2014	UK	2	39	8.2
GSA III	Apr. 2014	US	2	28	1
GSA IV	May 2014	US	1	33	3.5
Indiana Department of Revenue	May 2014	US	1	99	1.0
National Oilwell Varco II	May 2014	US	1	23	8.2
Nissan	May 2014	US	1	462	6.8
GSA V	Jun. 2014	US	1	27	1.2
Lippert Components	Jun. 2014	US	1	539	4.7
Select Energy Services I	Jun. 2014	US	3	136	4.8
Bell Supply Co I	Jun. 2014	US	6	80	7.0
Axon Energy Products ⁽³⁾	Jun. 2014	US	2	88	8.4
Lhoist	Jun. 2014	US	1	23	11.0
GE Oil & Gas	Jun. 2014	US	2	70	3.5
Select Energy Services II	Jun. 2014	US	4	143	4.9
Bell Supply Co II	Jun. 2014	US	2	19	7.0
Superior Energy Services	Jun. 2014	US	2	42	2.3
Amcor Packaging	Jun. 2014	UK	7	295	2.9
GSA VI	Jun. 2014	US	1	7	2.3
Nimble Storage	Jun. 2014	US	1	165	—
FedEx -3-Pack	Jul. 2014	US	3	339	2.6
Sandoz, Inc.	Jul. 2014	US	1	154	4.6
Wyndham	Jul. 2014	US	1	32	3.3
Valassis	Jul. 2014	US	1	101	1.3
GSA VII	Jul. 2014	US	1	26	2.9
AT&T Services	Jul. 2014	US	1	402	4.5
PNC - 2-Pack	Jul. 2014	US	2	210	7.6
Fujitsu	Jul. 2014	UK	3	163	8.2
Continental Tire	Jul. 2014	US	1	91	0.6
BP Oil	Aug. 2014	UK	1	3	3.8

Portfolio	Acquisition Date	Country	Number of Properties	Square Feet (in thousands) ⁽¹⁾	Average Remaining Lease Term ⁽²⁾
Malthurst	Aug. 2014	UK	2	4	3.9
HBOS	Aug. 2014	UK	3	36	3.6
Thermo Fisher	Aug. 2014	US	1	115	2.7
Black & Decker	Aug. 2014	US	1	71	0.1
Capgemini	Aug. 2014	UK	1	90	1.3
Merck & Co.	Aug. 2014	US	1	146	3.7
GSA VIII	Aug. 2014	US	1	24	2.6
Waste Management	Sep. 2014	US	1	84	1.0
Intier Automotive Interiors	Sep. 2014	UK	1	153	2.4
HP Enterprise Services	Sep. 2014	UK	1	99	4.2
FedEx II	Sep. 2014	US	1	12	2.2
Shaw Aero Devices, Inc.	Sep. 2014	US	1	131	11.0
Dollar General - 39-Pack	Sep. 2014	US	21	200	6.2
FedEx III	Sep. 2014	US	2	221	2.6
Mallinkrodt Pharmaceuticals	Sep. 2014	US	1	90	2.7
Kuka	Sep. 2014	US	1	200	2.5
CHE Trinity	Sep. 2014	US	2	374	5.9
FedEx IV	Sep. 2014	US	2	255	6.5
GE Aviation	Sep. 2014	US	1	102	1.0
DNV GL	Oct. 2014	US	1	82	3.2
Bradford & Bingley	Oct. 2014	UK	1	121	—
Rexam	Oct. 2014	GER	1	176	3.2
FedEx V	Oct. 2014	US	1	76	2.5
Onguard	Oct. 2014	US	1	120	9.1
Metro Tonic	Oct. 2014	GER	1	636	3.8
Axon Energy Products	Oct. 2014	US	1	26	—
Tokmanni	Nov. 2014	FIN	1	801	11.7
Fife Council	Nov. 2014	UK	1	37	2.1
GSA IX	Nov. 2014	US	1	28	0.3
KPN BV	Nov. 2014	NETH	1	133	5
Follett School	Dec. 2014	US	1	487	3.0
Quest Diagnostics	Dec. 2014	US	1	224	2.7
Diebold	Dec. 2014	US	1	158	1.0
Weatherford Intl	Dec. 2014	US	1	20	3.8
AM Castle	Dec. 2014	US	1	128	7.8
FedEx VI	Dec. 2014	US	1	28	2.7
Constellium Auto	Dec. 2014	US	1	321	7.9
C&J Energy II	Mar. 2015	US	1	125	8.8
Fedex VII	Mar. 2015	US	1	12	2.8
Fedex VIII	Apr. 2015	US	1	26	2.8
Crown Group I	Aug. 2015	US	2	204	2.0
Crown Group II	Aug. 2015	US	2	411	13.7
Mapes & Sprowl Steel, Ltd.	Sep. 2015	US	1	61	8.0
JIT Steel Services	Sep. 2015	US	2	127	8.0
Hannibal/Lex JV LLC	Sep. 2015	US	1	109	7.8
FedEx Ground	Sep. 2015	US	1	91	3.5
Office Depot	Sep. 2015	NETH	1	206	7.2
Finnair	Sep. 2015	FIN	4	656	9.2
Auchan	Dec. 2016	FR	1	152	1.6
Pole Emploi	Dec. 2016	FR	1	41	1.5
Sagemcom	Dec. 2016	FR	1	265	2.1
NCR Dundee	Dec. 2016	UK	1	132	4.9
FedEx Freight I	Dec. 2016	US	1	69	1.7

Portfolio	Acquisition Date	Country	Number of Properties	Square Feet (in thousands) ⁽¹⁾	Average Remaining Lease Term ⁽²⁾
DB Luxembourg	Dec. 2016	LUX	1	156	2
ING Amsterdam	Dec. 2016	NETH	1	509	3.5
Worldline	Dec. 2016	FR	1	111	2.0
Foster Wheeler	Dec. 2016	UK	1	366	2.6
ID Logistics I	Dec. 2016	GER	1	309	2.8
ID Logistics II	Dec. 2016	FR	2	964	2.9
Harper Collins	Dec. 2016	UK	1	873	3.7
DCNS	Dec. 2016	FR	1	97	2.8
Cott Beverages Inc	Feb. 2017	US	1	170	5.1
FedEx Ground - 2 Pack	Mar. 2017	US	2	162	4.7
Bridgestone Tire	Sep. 2017	US	1	48	5.6
GKN Aerospace	Oct. 2017	US	1	98	5.0
NSA-St. Johnsbury I	Oct. 2017	US	1	87	10.8
NSA-St. Johnsbury II	Oct. 2017	US	1	85	10.8
NSA-St. Johnsbury III	Oct. 2017	US	1	41	10.8
Tremec North America	Nov. 2017	US	1	127	5.8
Cummins	Dec. 2017	US	1	59	3.4
GSA X	Dec. 2017	US	1	26	8.0
NSA Industries	Dec. 2017	US	1	83	11.0
Chemours	Feb. 2018	US	1	300	6.1
FCA USA	Mar. 2018	US	1	128	6.2
Lee Steel	Mar. 2018	US	1	114	6.8
LSI Steel - 3 Pack	Mar. 2018	US	3	218	5.8
Contractors Steel Company	May 2018	US	5	1,392	6.4
FedEx Freight II	Jun. 2018	US	1	22	10.7
DuPont Pioneer	Jun. 2018	US	1	200	10.5
Rubbermaid - Akron OH	Jul. 2018	US	1	669	7.1
NetScout - Allen TX	Aug. 2018	US	1	145	8.7
Bush Industries - Jamestown NY	Sep. 2018	US	1	456	16.8
FedEx - Greenville NC	Sep. 2018	US	1	29	11.1
Penske	Nov. 2018	US	1	606	6.9
NSA Industries	Nov. 2018	US	1	65	16.9
LKQ Corp.	Dec. 2018	US	1	58	9.1
Walgreens	Dec. 2018	US	1	86	3.9
Grupo Antolin	Dec. 2018	US	1	360	10.8
VersaFlex	Dec. 2018	US	1	113	17.0
Cummins	Mar. 2019	US	1	37	6.9
Stanley Security	Mar. 2019	US	1	80	6.5
Sierra Nevada	Apr. 2019	US	1	60	7.3
EQT	Apr. 2019	US	1	127	8.5
Hanes	Apr. 2019	US	1	276	6.8
Union Partners	May 2019	US	2	390	7.3
ComDoc	Jun. 2019	US	1	108	7.4
Metal Technologies	Jun. 2019	US	1	228	12.4
Encompass Health	Jun. 2019	US	1	199	11.3
Heatcraft	Jun. 2019	US	1	216	6.5
C.F. Sauer SLB	Aug. 2019	US	6	598	17.6
SWECO	Sep. 2019	US	1	191	13.4
Viavi Solutions	Sep. 2019	US	2	132	10.7
Faurecia	Dec. 2019	US	1	278	7.3
Plasma	Dec. 2019	US	9	125	8.5
Whirlpool	Dec. 2019	US	6	2,924	10.0
FedEx	Dec. 2019	CN	2	20	7.5

Portfolio	Acquisition Date	Country	Number of Properties	Square Feet (in thousands) ⁽¹⁾	Average Remaining Lease Term ⁽²⁾
NSA Industries	Dec. 2019	US	1	116	18.0
Viavi Solutions	Jan. 2020	US	1	46	10.7
CSTK	Feb. 2020	US	1	56	8.2
Metal Technologies	Feb. 2020	US	1	31	13.2
Whirlpool	Feb. 2020	IT	2	29	4.4
Fedex	Mar. 2020	CN	1	2,195	18.3
Klaussner	Mar. 2020	US	4	196	10.2
Plasma	May 2020	US	6	78	9.7
Klaussner	Jun. 2020	US	1	261	18.3
NSA Industries	Jun. 2020	US	1	48	18.5
Johnson Controls	Sep. & Dec. 2020	UK, SP & FR	4	156	10.8
Broadridge Financial Solutions	Nov. 2020	US	4	1,248	8.0
ZF Active Safety	Dec. 2020	US	1	216	11.8
FCA USA	Dec. 2020	US	1	997	8.5
Momentum Manufacturing Group	Apr. 2021	US	1	93	19.3
Cameron International	Apr. 2021	US	1	44	6.8
The McLaren Group	Apr. 2021	UK	3	841	19.3
Trafalgar Court	Sep. 2021	C.I.	1	114	9.3
Pilot Point Steel	Oct. 2021	US	2	166	14.8
Walmart Learning Center	Oct. 2021	US	1	90	6.8
Promess	Dec. 2021	US	3	68	15.0
Thetford Corporation	Dec. 2021	US & NETH	4	483	15.0
PFB Corporation	Dec. 2021	CAN & US	8	604	20.0
Total			309	39,340	8.3

⁽¹⁾ Total may not foot due to rounding.

⁽²⁾ 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, 2021.

The following table details distribution of our portfolio by country/location as of December 31, 2021:

Country	Acquisition Period	Number of Properties	Square Feet (in thousands)	Percentage of Properties by Square Feet	Average Remaining Lease Term ⁽¹⁾
Canada	Dec. 2019 - Dec. 2021	7	372	0.9%	18.1
Channel Islands	Sept. 2021	1	114	0.3%	9.3
Finland	Nov. 2014 - Sep. 2015	5	1,457	3.7%	10.6
France	Dec. 2016 - Dec. 2020	8	1,664	4.2%	2.7
Germany	Jan. 2014 - Dec. 2016	5	1,584	4.0%	3.0
Italy	Feb. 2020	2	196	0.5%	10.2
Luxembourg	Dec. 2016	1	156	0.4%	2.0
Spain	Sep. 2020	1	29	0.1%	10.7
The Netherlands	Jul. 2014 - Dec. 2021	4	1,007	2.6%	6.2
United Kingdom	Oct. 2012 - Dec. 2021	47	4,967	12.6%	9.1
United States	Aug. 2013 - Dec. 2021	228	27,794	70.7%	8.7
Total		309	39,340	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, 2021.

The following table details the tenant industry distribution of our portfolio as of December 31, 2021:

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	15	\$ 47,338	13 %	3,405	9 %
Auto Manufacturing	16	42,613	12 %	4,237	11 %
Consumer Goods	16	20,393	6 %	4,544	12 %
Healthcare	19	19,653	5 %	1,000	3 %
Technology	14	18,202	5 %	987	3 %
Freight	28	14,825	4 %	1,494	4 %
Aerospace	9	14,755	4 %	1,416	4 %
Government	15	14,663	4 %	536	1 %
Metal Processing	12	14,331	4 %	2,472	6 %
Logistics	6	14,182	4 %	2,269	6 %
Telecommunications	4	13,805	4 %	865	2 %
Engineering	1	11,479	3 %	366	1 %
Energy	28	11,446	3 %	964	2 %
Pharmaceuticals	4	10,913	3 %	476	1 %
Metal Fabrication	17	10,137	3 %	1,466	4 %
Automotive Parts Supplier	5	9,482	3 %	964	2 %
Discount Retail	22	7,693	2 %	1,001	3 %
Retail Food Distribution	3	7,654	2 %	1,128	3 %
Publishing	1	6,934	2 %	873	2 %
Home Furnishings	5	5,977	2 %	2,456	6 %
Specialty Retail	8	5,473	1 %	486	1 %
Building Products	8	4,584	1 %	604	2 %
Food Manufacturing	6	3,979	1 %	598	2 %
Other ⁽²⁾	47	34,519	9 %	4,733	10 %
Total	309	\$ 365,030	100 %	\$ 39,340	100 %

⁽¹⁾ Annualized straight-line rent converted from local currency into USD as of December 31, 2021 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 \$1.35 for GBP, €1.00 to \$1.13 for EUR and \$1.00 Canadian Dollar (“CAD”) to \$0.79, as of December 31, 2021 for illustrative purposes, as applicable.

⁽²⁾ Other includes 28 industry types as of December 31, 2021.

The following table details the geographic distribution, by U.S. state or country/location, of our portfolio as of December 31, 2021:

Region	Number of Properties	Annualized Straight-Line Rent ⁽¹⁾ (in thousands)	Annualized Straight-Line Rent as a Percentage of the Total Portfolio ⁽²⁾	Square Feet (in thousands) ⁽²⁾	Square Feet as a Percentage of the Total Portfolio ⁽²⁾
United States	228	\$ 215,973	59.2 %	27,795	70.8 %
Michigan	29	53,046	14.5 %	6,263	16.0 %
Texas	36	24,236	6.6 %	1,914	4.9 %
Ohio	19	19,750	5.4 %	4,405	11.2 %
California	7	14,006	3.8 %	1,226	3.1 %
New Jersey	3	8,430	2.3 %	349	0.9 %
Tennessee	5	8,402	2.3 %	1,125	2.9 %
North Carolina	9	8,210	2.3 %	2,657	6.8 %
Missouri	5	6,810	1.9 %	656	1.7 %
Indiana	9	6,610	1.8 %	1,556	4.0 %
Alabama	2	5,606	1.5 %	257	0.7 %
Illinois	8	5,369	1.5 %	963	2.5 %
New York	4	5,254	1.4 %	760	1.9 %
South Carolina	6	4,996	1.4 %	801	2.0 %
Pennsylvania	7	4,223	1.2 %	459	1.2 %
Kentucky	4	4,223	1.2 %	523	1.3 %
Arkansas	1	2,973	0.8 %	90	0.2 %
Connecticut	1	2,742	0.8 %	305	0.8 %
Minnesota	5	2,738	0.8 %	266	0.7 %
Colorado	2	2,701	0.7 %	87	0.2 %
Massachusetts	3	2,175	0.6 %	192	0.5 %
Kansas	7	2,118	0.6 %	292	0.7 %
New Hampshire	4	2,076	0.6 %	339	0.9 %
Maine	2	1,915	0.5 %	50	0.1 %
Florida	4	1,878	0.5 %	179	0.5 %
Mississippi	2	1,580	0.4 %	314	0.8 %
Georgia	2	1,557	0.4 %	492	1.3 %
South Dakota	2	1,289	0.4 %	54	0.1 %
Vermont	3	1,237	0.3 %	213	0.5 %
Nebraska	5	1,150	0.3 %	101	0.3 %
Iowa	3	1,117	0.3 %	236	0.6 %
Louisiana	4	1,111	0.3 %	112	0.3 %
West Virginia	1	980	0.3 %	104	0.3 %
North Dakota	3	884	0.2 %	47	0.1 %
Oklahoma	8	699	0.2 %	79	0.2 %
Maryland	1	690	0.2 %	120	0.3 %
New Mexico	5	556	0.2 %	46	0.1 %
Wyoming	1	498	0.1 %	37	0.1 %
Montana	1	441	0.1 %	58	0.2 %
Idaho	1	441	0.1 %	22	0.1 %
Delaware	1	362	0.1 %	10	— %
Nevada	1	344	0.1 %	14	— %
Utah	1	315	0.1 %	12	— %
Virginia	1	235	0.1 %	10	— %
United Kingdom	47	77,930	21.5 %	4,967	12.5 %
The Netherlands	4	15,636	4.3 %	1,007	2.6 %
Finland	5	14,046	3.9 %	1,457	3.7 %
France	8	13,330	3.7 %	1,663	4.2 %
Germany	5	9,963	2.7 %	1,584	4.0 %
Channel Islands	1	5,984	1.6 %	114	0.3 %
Luxembourg	1	5,580	1.5 %	156	0.4 %
Canada	7	3,947	1.1 %	372	1.0 %
Italy	2	2,240	0.6 %	196	0.5 %
Spain	1	401	— %	29	0.1 %
Total	309	\$ 365,030	100 %	39,340	100 %

⁽¹⁾ Annualized straight-line rent converted from local currency into USD as of December 31, 2021 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 \$1.35 for GBP, €1.00 to \$1.13 for EUR and \$1.00 CAD to \$0.79 as of December 31, 2021 for illustrative purposes, as applicable.

⁽²⁾ Totals may not foot due to rounding.

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, 2021:

<i>(In thousands)</i>	Future Minimum Base Rent Payments ⁽¹⁾
2022	\$ 350,163
2023	337,145
2024	304,576
2025	265,577
2026	237,685
2027	221,936
2028	205,719
2029	168,330
2030	131,676
2031	116,193
Thereafter	545,989
Total	<u>\$ 2,884,989</u>

⁽¹⁾ Assumes exchange rates of £1.00 to \$1.35 for GBP, €1.00 to \$1.13 for EUR and \$1.00 CAD to \$0.79 as of December 31, 2021 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, 2021:

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
		<i>(In thousands)</i>		<i>(In thousands)</i>	
2022	13	\$ 15,021	4.1 %	1,097	2.8 %
2023	27	23,769	6.5 %	2,098	5.3 %
2024	36	47,365	13.0 %	4,451	11.3 %
2025	21	36,604	10.0 %	3,250	8.3 %
2026	17	20,989	5.7 %	2,029	5.2 %
2027	20	8,520	2.3 %	887	2.3 %
2028	40	31,532	8.6 %	4,018	10.2 %
2029	22	32,937	9.0 %	3,955	10.1 %
2030	20	25,924	7.1 %	2,040	5.2 %
2031	15	27,645	7.6 %	3,971	10.1 %
Total	<u>231</u>	<u>\$ 270,306</u>	<u>73.9 %</u>	<u>27,796</u>	<u>70.8 %</u>

⁽¹⁾ Assumes exchange rates of £1.00 to \$1.35 for GBP, €1.00 to \$1.13 for EUR and \$1.00 CAD to \$0.79 as of December 31, 2021 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, 2021, we did not have any tenant whose rentable square footage or annualized straight-line rent represented greater than 10% of total portfolio rentable square footage or annualized straight-line rent, respectively.

Significant Properties

As of December 31, 2021, we had one property, the McLaren property located in the United Kingdom, whose annualized rental income represented 6.0% of total portfolio annualized straight-line rent. We did not have any other properties whose

rentable square footage or annualized rental income represented greater than 5% of total portfolio rentable square footage or annualized straight-line rent, respectively.

Property Financings

See [Note 4](#) — *Mortgage Notes Payable, Net*, [Note 5](#) — *Revolving Credit Facility and Term Loan, Net* and [Note 6](#) — *Senior Notes* to our consolidated financial statements included in this Annual Report on Form 10-K for property financings as of December 31, 2021 and 2020.

Item 3. Legal Proceedings.

Not applicable.

Item 4. Mine Safety Disclosures.

Not applicable.

PART II

Item 5. Market for Registrant’s 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 our 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 shares of our Common Stock on the NYSE and ending December 31, 2021. The graph assumes an investment of \$100 on June 2, 2015 with the reinvestment of dividends.



Holders

As of February 18, 2022, we had 103.6 million shares of Common Stock outstanding held by 1,382 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, among other things, to distribute annually at least 90% of our REIT taxable income to our stockholders. Our ability to pay dividends in the future is dependent on our ability to operate profitably and to generate cash flows from our operations. 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.

For additional information on the restrictions on dividends and other distributions in our Credit Facility, see [Note 5 — Revolving Credit Facility and Term Loan, Net](#) 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, we may have to reduce dividend payments or identify other financing sources to fund the payment of dividends at their current levels.”](#)

For tax purposes, of the amounts distributed during the year ended December 31, 2021, 63.5%, or \$1.01 per share per annum, and 36.5%, or \$0.58 per share per annum, represented a return of capital and ordinary dividends, respectively. During the year ended December 31, 2020, 77.5%, or \$1.34 per share per annum, and 22.5%, or \$0.39 per share per annum, represented a return of capital and ordinary dividends, respectively. During the year ended December 31, 2019, 69.1%, or \$1.23 per share per annum, and 30.9%, or \$0.55 per share per annum, represented a return of capital and ordinary dividends, respectively.

All dividends paid on Series A Preferred Stock in 2021, 2020 and 2019 were considered 100% ordinary dividend income. All dividends paid on Series B Preferred Stock in 2021 and 2020 were considered 100% ordinary dividend income. No dividends were paid on Series B Preferred Stock in 2019. 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. For a discussion of the dividend of preferred share purchase rights to common stockholders in April 2020 in connection with our short-term stockholder rights plan see [Note 9](#) — *Stockholders' Equity* to our consolidated financial statements included in this Annual Report on Form 10-K.

Dividends to Common Stockholders.

Historically, and through March 31, 2020, we paid dividends at an annualized rate of \$2.13 per share or \$0.5325 per share on a quarterly basis. In March 2020, the board of directors approved a change in the dividend to an annual rate of \$1.60 per share or \$0.40 per share on a quarterly basis. We have been paying dividends on our shares of common stock at that rate since the second quarter of 2020. Dividends have been, and we anticipate will continue to be, paid on a quarterly basis in arrears on the 15th day of the first month following the end of each fiscal quarter (unless otherwise specified) to common stockholders of record on the record date for such payment.

Dividends to Series A Preferred Stockholders

Dividends on our Series A Preferred Stock accrue in an amount equal to \$0.453125 per share per quarter to holders of Series A Preferred Stock, 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.

Dividends to Series B Preferred Stockholders

Dividends on our Series B Preferred Stock accrue in an amount equal to \$0.429688 per share per quarter to holders of Series B Preferred Stock, which is equivalent to 6.875% of the \$25.00 liquidation preference per share of Series B Preferred Stock per annum. Dividends on the Series B 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 our board of directors.

Unregistered Sales of Equity Securities

None.

Purchase of Equity Securities by the Issuer and Affiliated Purchasers

None.

Item 6. [Reserved]

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 are an externally managed REIT that focuses on acquiring and managing a globally diversified portfolio of strategically-located commercial real estate properties, which are crucial to the success of our roster of primarily “Investment Grade” (defined herein) tenants. We invest in commercial properties, with an emphasis on sale-leaseback transactions and mission-critical, single tenant net-lease assets.

As of December 31, 2021, we owned 309 properties consisting of 39.3 million rentable square feet, which were 99.0% leased, with a weighted-average remaining lease term of 8.3 years. Based on the percentage of rental income on a straight-line basis as of December 31, 2021, 60% of our properties were located in the U.S. and Canada and 40% of our properties were located in Europe. In addition, our portfolio was comprised of 54% industrial/distribution properties, 42% office properties and 4% retail properties. These percentages are calculated using straight-line rent converted from local currency into USD as of December 31, 2021. The straight-line rent includes amounts for tenant concessions.

Substantially all of our business is conducted through the OP, a Delaware limited partnership, and its wholly-owned subsidiaries. Our Advisor manages our day-to-day business with the assistance of the Property Manager. Our Advisor and Property Manager are under common control with AR Global and these related parties receive compensation and fees for providing services to us. We also reimburse these entities for certain expenses they incur in providing these services to us.

Management Update on the Impacts of the COVID-19 Pandemic

The COVID-19 global pandemic has impacted and may continue to impact our business, including our future results of operations and our liquidity. The ultimate impact on our results of operations, our liquidity and the ability of our tenants to continue to pay us rent will depend on numerous factors including the overall length and severity of the COVID-19 pandemic. For a further discussion of the risks and uncertainties associated with the impact of the COVID-19 pandemic on us, see *Item 1A. Risk Factors in this Annual Report on Form 10-K*.

We have taken several steps to mitigate the impact of the pandemic on our business. We have been in direct contact with our tenants since the crisis began, cultivating open dialogue and deepening the fundamental relationships that we have carefully developed through prior transactions and historic operations. Based on this approach and the overall financial strength and creditworthiness of our tenants, we believe that we have had positive results in our rent collections during this pandemic. As of January 31, 2022, we have collected approximately 100% of the original cash rent due for the fourth quarter of 2021 across our entire portfolio. This level of collection was consistent with our level of collections in the first, second and third quarters of 2021.

“Original cash rent” refers to contractual rents on a cash basis due from tenants as stipulated in their originally executed lease agreement at inception or as amended, prior to any rent deferral agreement. We calculate “original cash rent collections” by comparing the total amount of rent collected during the period to the original cash rent due. During 2020 in light of COVID-19 pandemic, we agreed with certain tenants to defer a certain portion of cash rent due in 2020 to instead be due during 2021. Total rent collected during the period includes both original cash rent due and payments made by tenants pursuant to rent deferral agreements. Eliminating the impact of deferred rent paid, we collected approximately 100% of original cash rent due in the third quarter of 2021 across our entire portfolio.

This information about rent collections may not be indicative of any future period. There is no assurance that we will be able to collect the cash rent that is due in future months. The impact of the COVID-19 pandemic on our tenants and thus our ability to collect rents in future periods cannot be determined at present.

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:

Update on the Impacts of the COVID-19 Pandemic on Accounting Policies

The financial stability and overall health of the Company's tenants is critical to its business. The negative effects that the global COVID-19 pandemic has had on the economy did impact the ability of some of the Company's tenants to pay their monthly rent during 2020. The Company has taken a proactive approach to seek mutually agreeable solutions with its tenants where necessary, and, in some cases, the Company executed rent deferral agreements on leases with several tenants. For accounting purposes, in accordance with ASC 842, normally a company would be required to assess the modification to determine if the modification should be treated as a separate lease and if not, modification accounting would be applied which would require a company to reassess the classification of the lease (i.e. operating, direct financing or sales-type). However, in light of the COVID-19 pandemic due to which many leases were modified, the FASB and SEC provided relief that allowed companies to make a policy election as to whether they treat COVID-19 related lease amendments as a provision included in the preconcession arrangement, and therefore, not a lease modification, or to treat a lease amendment as a modification. In order to qualify for the relief, the modifications must be COVID-19 related and cash flows must be substantially the same or less than those prior to the concession. The Company elected to use this relief where applicable during 2020. In those circumstances, the Company has accounted for these arrangements as if no changes to the lease contract were made. For those leases that do not qualify for the relief, the Company performs a lease modification analysis and if required, uses lease modification accounting.

Revenue Recognition

Our revenues, which are derived primarily from lease contracts, which 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. As of December 31, 2021, these leases had an weighted-average remaining lease term of 8.3 years. Because many of our leases provide for rental increases at specified intervals, straight-line basis accounting requires us to record a receivable for, 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. As of December 31, 2021 and 2020, our cumulative straight-line rents receivable in the consolidated balance sheets was \$74.2 million, which includes amounts related to deferral agreements noted above, and \$61.0 million, respectively. For the years ended December 31, 2021, 2020 and 2019, our revenue from tenants included the impact of unbilled rental revenue of \$5.7 million, \$7.9 million and \$6.8 million, respectively, to adjust contractual rent to straight-line rent.

For new leases after acquisition of property, the commencement date is considered to be 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 is considered to be the commencement date for purposes of this calculation, for all leases in place at the time of acquisition. In addition to base rent, our lease agreements generally require tenants to pay or reimburse us for all property operating expenses, which primarily reflect insurance costs and real estate taxes incurred by us and subsequently reimbursed by the tenant. However, some limited property operating expenses that are not the responsibility of the tenant are absorbed by us. Under ASC 842, we elected to report combined lease and non-lease components in a single line "Revenue from tenants." For comparative purposes, we also elected to reflect prior revenue and reimbursements previously reported under ASC 840 on a single line as well. For expenses paid directly by the tenant, under both ASC 842 and 840, we reflected them on a net basis.

We continually 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 area in which the property is located. Under the leasing standard 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), we are required to assess, based on credit risk only, if it is probable that we will collect virtually all of the lease payments at lease commencement date and we must continue to reassess collectability periodically thereafter based on new facts and circumstances affecting the credit risk of the tenant. Partial reserves, or the ability to assume partial recovery are no longer permitted. If we determine that it is probable that we will collect virtually all of the lease payments (rent and common area maintenance), the lease will continue to be accounted for on an accrual basis (i.e. straight-line). However, if we determine it is not probable that we will collect virtually all of the lease payments, the lease will be accounted for on a cash basis and a full reserve would be recorded on previously accrued amounts in cases where it was subsequently concluded that collection was not probable. Cost recoveries from tenants are included in Revenue from tenants on the accompanying consolidated statements of operations in the period the related costs are incurred, as applicable.

Under ASC 842, uncollectible amounts are reflected as reductions in revenue. Under ASC 840, we recorded such amounts as bad debt expense as part of property operating expenses. Amounts recorded as reductions of revenue during the year ended December 31, 2021 totaled \$1.1 million. We did not record any uncollectible amounts as reductions of revenue during the years ended December 31, 2020 or 2019.

Investments in Real Estate

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

At the time an asset is acquired, we evaluate the inputs, processes and outputs of the asset acquired to determine if the transaction is a business combination or asset acquisition. If an acquisition qualifies as a business combination, the related transaction costs are recorded as an expense in the consolidated statements of operations. If an acquisition qualifies as an asset acquisition, the related transaction costs are generally capitalized and subsequently amortized over the useful life of the acquired assets. See the *Purchase Price Allocation* section below for a discussion of the initial accounting for investments in real estate.

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, 2021 and 2020. 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, 2021 and 2020, we did not have any properties designated as held for sale.

As more fully discussed in [Note 2](#) — *Summary of Significant Accounting Policies - Recently Issued Accounting Pronouncement - ASU No. 2016-02 Leases* to our consolidated financial statements included in this Annual Report on Form 10-K, all of our leases as lessor prior to the adoption of the new leasing standard on January 1, 2019 were accounted for as operating leases and we continued to account for them as operating leases under the transition guidance. We evaluate new leases originated after the adoption date (by us or by a predecessor lessor/owner) pursuant to the new guidance where a lease for some or all of a building is classified by a lessor as a sales-type lease if the significant risks and rewards of ownership reside with the tenant. This situation is met if, among other things, there is an automatic transfer of title during the lease, a bargain purchase option, the non-cancelable lease term is for more than major part of remaining economic useful life of the asset (e.g., equal to or greater than 75%), if the present value of the minimum lease payments represents substantially all (e.g., equal to or greater than 90%) of the leased property’s fair value at lease inception, or if the asset so specialized in nature that it provides no alternative use to the lessor (and therefore would not provide any future value to the lessor) after the lease term. Further, such new leases would be evaluated to consider whether they would be failed sale-leaseback transactions and accounted for as financing transactions by the lessor. During the three year period ended December 31, 2021, we had no leases as a lessor that would be considered as sales-type leases or financings under sale-leaseback rules.

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

Purchase Price Allocation

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 on an as-if vacant basis. Intangible assets may include the value of in-place leases, and above- and below- market leases and other identifiable assets or liabilities based on lease or property specific characteristics. In addition, any assumed mortgages receivable or payable and any assumed or issued non-controlling interests (in a business combination) are recorded at their estimated fair values. In allocating the fair value to assumed mortgages, amounts are recorded to debt premiums or discounts based on the present value of the estimated cash flows, which is calculated to account for either above- or below-market interest rates. In a business combination, the difference between the purchase price and the fair value of identifiable net assets acquired is either recorded as goodwill or as a bargain purchase gain. In an asset acquisition, the difference between the acquisition price (including capitalized transaction costs) and the fair value of identifiable net assets acquired is allocated to the non-current assets. All acquisitions during the years ended December 31, 2021, 2020 and 2019 were asset acquisitions.

For acquired properties with leases classified as operating leases, we allocate the purchase price of acquired properties to tangible and identifiable intangible assets acquired and liabilities assumed, based on their respective fair values. In making estimates of fair values for purposes of allocating purchase price, 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.

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. Fair value estimates are also made using significant assumptions such as capitalization rates, discount rates, fair market lease rates, and land values per square foot. Identifiable intangible assets include amounts allocated to acquire leases for above- and below-market lease rates, and the value of in-place leases, 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 initial term of the lease for above-market leases and the remaining term plus the term of any below-market fixed rate renewal options for below-market leases.

The aggregate value of intangible assets related to customer relationships, 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.

Impairment of Long-Lived Assets

If 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.

Gains and Losses on Dispositions of Real Estate Investments

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

Goodwill

We evaluate 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. 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. We determined that the potential impact of the COVID-19 pandemic represented a triggering event, and, as such, performed an updated goodwill assessment during the first quarter of 2021. Based on our assessment, we determined that the goodwill was not impaired at the time of the triggering event evaluation. We also evaluated goodwill impairment in the fourth quarter of 2021 and determined that the goodwill was not impaired as of December 31, 2021.

Depreciation and Amortization

We are required to make subjective assessments as to the useful lives of the components of our real estate investments for purposes of determining the amount of depreciation to record on an annual basis. These assessments have a direct impact on our results from operations because if we were to shorten the expected useful lives of our real estate investments, we would depreciate these investments over fewer years, resulting in more depreciation expense and lower earnings on an annual basis.

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

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

If the tenant terminates its lease, the unamortized portion of the in-phase lease value and customer relationship intangibles is accelerated through the termination date or the date of the tenant vacates the space to expense.

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

Deferred leasing commissions are recorded over the terms of the related leases. Amounts related to leasing commissions incurred from third parties are recorded in depreciation and amortization. Amounts related to leasing commissions incurred from the Advisor are recorded within operating fees to related parties in the consolidated statements of operations.

Above and Below-Market Lease Amortization

Capitalized above-market lease values are amortized as a reduction of revenue from tenants over the remaining terms of the respective leases and the capitalized below-market lease values are amortized as an increase to revenue from tenants over the remaining terms of the respected leases, not including any extension options.

Above-market intangibles and below-market intangibles will also be treated in the same way as in-place intangibles upon a lease termination.

If a tenant modifies its lease, the unamortized portion of the in-place lease value, customer relationship intangibles, above-market leases and below market leases are assessed to determine whether their useful lives need to be amended (generally accelerated). Generally, we would not extend the useful lives of their intangible values upon a modification that is an extension.

The amortization associated with our operating lease right-of-use asset (“ROU”) is recorded in property operating expenses on a straight-line basis over the terms of the leases. Upon adoption of ASC 842 effective January 1, 2019, intangible balances related to ground leases were reclassified to be included as part of the operating lease ROU presented on our consolidated balance sheet with no change to placement of the amortization expense of such balances.

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 its borrowings. In addition, all foreign currency denominated borrowings under our Credit Facility are designated as net investment hedges. 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, the U.S. Dollar (“USD”). We enter into derivative financial instruments to protect the value or fix the amount of certain obligations in terms of its functional currency.

We record 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 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 foreign operations. 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. 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 (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.

Equity-Based Compensation

We have a stock-based incentive plan under which our directors, officers and other employees of the Advisor, or its affiliates who are involved in providing services to us are eligible to receive awards. Awards granted thereunder are accounted for under the guidance for employee share based payments. The cost of services received in exchange for 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 — Equity-Based Compensation](#) to our consolidated financial statements included in this Annual Report on Form 10-K for additional information).

Multi-Year Outperformance Agreements

Following the end of the performance period under the multi-year outperformance agreement with the Advisor entered into in July 2018 (the “2018 OPP”) on June 2, 2021, we entered into the multi-year outperformance agreement with the Advisor (the “2021 OPP”). Under the 2018 OPP, which became effective June 2, 2018, we recorded equity-based compensation evenly over the requisite service period of approximately 2.8 years from the grant date. Under the 2021 OPP, which became effective June 2, 2021, we are recording equity-based compensation evenly over the requisite service period of approximately 3.1 years from May 3, 2021, the date that our independent directors approved the award of long-term incentive plan units of limited partner interest in the OP (“LTIP Units”) under the 2021 OPP.

Under accounting guidance adopted by us on January 1, 2019, total equity-based compensation expense calculated as of the adoption of the new guidance is fixed and reflected as a charge to earnings over the remaining service period. Further, in the event of a modification, any incremental increase in the value of the instrument measured on the date of the modification both before and after the modification, will result in an incremental amount to be reflected prospectively as a charge to earnings over the remaining service period. The expense for these awards is included in the equity-based compensation line item of our consolidated statements of operations. For additional information, see [Note 13](#) — *Equity-based compensation* 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

Below is a discussion of our results of operations for the years ended December 31, 2021 and 2020. Please see the “Results of Operations” section located on page 50 under Item 7 of our [Annual Report on Form 10-K for the year ended December 31, 2020](#) for a discussion of our results of operations for the year ended December 31, 2019 and year-to-year comparisons between 2020 and 2019.

In addition to the comparative year over year discussion below, please see the “*Overview — Management Update on the Impacts of the COVID-19 Pandemic*” section above for additional information on the risks and uncertainties associated with the COVID-19 pandemic and management’s action taken to mitigate those risks and uncertainties.

Leasing Activity

In 2021, we executed eleven lease extensions and expansions and one LOI that total 1.6 million square feet, or 4.1% of our total portfolio. The lease extensions increased the weighted average remaining lease term for these tenants to 8.9 years from 3.9 years at the time of signing and resulted in total net straight-line-rent increase for these leases of approximately \$96 million over the new weighted-average remaining lease term.

Comparison of the Year Ended December 31, 2021 to the Year Ended December 31, 2020

Net (Loss) Income Attributable to Common Stockholders

Net (loss) income attributable to common stockholders was a loss of \$8.7 million for the year ended December 31, 2021, as compared to net income attributable to common stockholders of \$7.8 million for the year ended December 31, 2020. The change in net (loss) income attributable to common stockholders is discussed in detail for each line item of the consolidated statements of operations in the sections that follow.

Revenue from Tenants

In addition to base rent, our lease agreements generally require tenants to pay or reimburse us for all property operating expenses, which primarily reflect insurance costs and real estate taxes incurred by us and subsequently reimbursed by the tenant. However, some limited property operating expenses that are not the responsibility of the tenant are absorbed by us.

Revenue from tenants was \$391.2 million and \$330.1 million for the years ended December 31, 2021 and 2020, respectively. The increase was primarily driven by the impact of our property acquisitions since December 31, 2020, changes in foreign exchange rates which favorably impacted revenues and receipt of a lease termination fee. During the year ended December 31, 2021 there were increases of 2.1% in the average exchange rate for British Pounds Sterling (“GBP”) to USD and a decrease of 4.1% in the average exchange rate for Euro (“EUR”) to USD, when compared to the year ended December 31, 2020. In addition, on September 3, 2021, we entered into a lease termination agreement with one of our tenants which required the tenant to pay us a termination fee of approximately £6.7 million (\$9.0 million based on the exchange rate as of December 31, 2021) at the end of the lease term on January 4, 2022. This amount was received in January 2022 and recorded in revenue from tenants evenly over the period from September 3, 2021 through the end of the lease term, and as a result, we recorded approximately \$6.5 million and \$8.8 million in revenue from tenants during the three months and year ended December 31, 2021, respectively. See [Note 2](#) - *Summary of Significant Accounting Policies* to our consolidated financial statements in this Yearly Report on Form 10-K for additional details.

Property Operating Expenses

Property operating expenses were \$32.7 million and \$32.4 million for the years ended December 31, 2021 and 2020, 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 Government Services Administration (GSA) properties for which certain expenses are not reimbursable by tenants. The minor decrease was primarily due to the timing of our reimbursable costs, partially offset by increases during the year ended December 31, 2021, of 2.1% in the average exchange rate for GBP to USD and a decrease of 4.1% in the average exchange rate for EUR to USD, when compared to last year.

Operating Fees to Related Parties

Operating fees paid to related parties were \$39.0 million and \$35.8 million for the years ended December 31, 2021 and 2020, respectively. Operating fees to related parties consist of compensation to the Advisor for asset management services, as well as property management fees paid to the Property Manager. Our Advisory Agreement requires us to pay the Advisor a Base Management Fee of \$18.0 million per annum (\$4.5 million per quarter) plus a Variable Base Management Fee, both payable in cash, and Incentive Compensation (as defined in our Advisory Agreement), payable in cash and shares, if the applicable hurdles are met. The Advisor did not earn any Incentive Compensation during the year ended December 31, 2021 and 2020 respectively. The increase to operating fees between the periods in part results from an increase of \$2.0 million in the Variable Base Management Fee resulting from the issuance of equity securities since December 2020. The Variable Base Management Fee increases in connection with other offerings or issuances of equity securities (see [Note 11 - Related Party Transactions](#) to our consolidated financial statements included in this Annual Report on Form 10-K for details).

Our Property Manager is paid fees to manage our properties, which may include market-based leasing commissions. Property management fees are calculated as a percentage of our gross revenues generated by the applicable properties. For additional information on our property management agreement with the Property Manager, see [Note 11 — Related Party Transactions](#) to our consolidated financial statements included in this Annual Report on Form 10-K. During the years ended December 31, 2021 and 2020, we paid property management fees of \$7.3 million and \$6.2 million, respectively. During the years ended December 31, 2020 and 2021, we incurred leasing commissions to the Property Manager of \$1.5 million and \$1.9 million, of which \$0.2 million and \$0.1 million was amortized to property management fee in operating fees to related parties in our consolidated statement of operations for the years ended December 31, 2021 and 2020, respectively. The remainder of the balance will be amortized over the terms of the leases to property management fees.

Impairment Charges

The impairment charges recorded during the year ended December 31, 2021 of \$17.5 million were recorded to adjust the carrying value of three properties to their estimated fair values based on the estimated selling prices of two of our assets located in Texas (sold in 2021) and one asset in the United Kingdom, which we began marketing for sale in the fourth quarter of 2021. The impairments were recorded in the nine months ended September 30, 2021 and quarter ended December 31, 2021 in the amounts of \$7.9 million and \$9.6 million, respectively.

Acquisition, Transaction and Other Costs

We recognized \$0.1 million of acquisition, transaction and other costs during the year ended December 31, 2021, which were primarily related to costs for terminated acquisitions. We recognized \$0.7 million of acquisition, transaction and other costs during the year ended December 31, 2020, which primarily related to costs for terminated acquisitions.

General and Administrative Expense

General and administrative expense was \$17.2 million and \$13.3 million for the years ended December 31, 2021 and 2020, respectively, primarily consisting of professional fees including audit and taxation related services, board member compensation, and directors' and officers' liability insurance, and including expense reimbursements of approximately \$1.3 million and \$1.1 million, respectively, to the Advisor under the Advisory Agreement for the years ended December 31, 2021 and 2020. The increase for the year ended December 31, 2021, as compared to the year ended December 31, 2020, was primarily due to an increase in professional fees.

Equity-Based Compensation

During the years ended December 31, 2021 and 2020, we recognized equity-based compensation expense of \$11.0 million and \$10.1 million, respectively. Equity-based compensation consists of expense related to our 2018 OPP and 2021 OPP and amortization of restricted shares of Common Stock ("Restricted Shares") granted to employees of the Advisor or its affiliates who are involved in providing services to us and restricted stock units ("RSUs") in respect of shares of Common Stock granted to our independent directors.

On June 2, 2021, the performance period under the 2018 OPP ended and all compensation expense related to the 2018 OPP had been fully recorded as of that date and, in May 2021, we began recording expense for the 2021 OPP. The increase in equity-based compensation expense was due to the higher straight-line expense recorded for the 2021 OPP compared to 2018 OPP due to the expense recorded for the 2021 OPP beginning in May 2021, higher expense recorded under the 2021 OPP due to the higher fair value of the LTIP Units granted under the 2021 OPP compared to 2018 OPP and the impact of additional amortization expense recorded for new grants of RSUs and Restricted Shares that occurred during the second quarter of 2021. For additional information, see [Note 13 — Equity-Based Compensation](#) to our consolidated financial statements in this Annual Report on Form 10-K.

Depreciation and Amortization

Depreciation and amortization expense was \$163.1 million and \$138.5 million for the years ended December 31, 2021 and 2020, respectively. The increase was primarily due to additional depreciation and amortization expense recorded as a result of the impact of our property acquisitions and dispositions since December 31, 2020 and increases during the year ended December 31, 2021 of 2.1% in the average exchange rate for GBP to USD and a decrease of 4.1% in the EUR to USD, when compared to 2020. In addition, we recorded approximately \$2.0 million of additional amortization expense for acquired lease intangibles related to certain leases that were terminated during 2021. These increases were partially offset by dispositions since December 31, 2020.

Gain (Loss) on Dispositions of Real Estate Investments

During the year ended December 31, 2021, we sold one property located in Conroe, Texas, one property located in Houston, Texas, one property located in South Bend, Indiana and 18 properties located in Puerto Rico for a total contract sales price of \$49.6 million for all 21 properties sold. These dispositions resulted in an aggregate net gain of \$1.5 million, which is reflected in gain (loss) on dispositions of real estate investments in the consolidated statements of operations for the year ended December 31, 2021. During the year ended December 31, 2020 we did not sell any properties.

Interest Expense

Interest expense was \$94.3 million and \$71.8 million for the years ended December 31, 2021 and 2020, respectively. The increase was primarily related to interest expense on our Senior Notes which were issued in December 2020 and accrue interest at 3.750% per year, interest expense on the £101.0 million (\$136.5 million as of December 31, 2021) mortgage loan entered into in April 2021 to finance the acquisition of the global headquarters of the McLaren Group, and interest expense on the £28.0 million (\$37.8 million as of December 31, 2021) mortgage that funded in part, the acquisition of the Trafalgar Court property located in Guernsey, Channel Islands (see [Note 4 — Mortgage Notes Payable, Net](#) and [Note 6 — Senior Notes, Net](#) to our consolidated financial statements in this Annual Report on Form 10-K for additional details).

The amount of our total gross debt outstanding increased from \$2.3 billion as of December 31, 2020 to \$2.5 billion as of December 31, 2021, and the weighted-average effective interest rate of our total debt was 3.3% as of December 31, 2020 and 3.4% as of December 31, 2021. The increase in interest expense was also impacted by increases during the year ended December 31, 2021 of 2.1% in the average exchange rate for GBP to USD and a decrease of 4.1% in the average exchange rate for EUR to USD when compared to the same period last year. As of the year ended December 31, 2021, approximately 30% of our total debt outstanding was denominated in EUR and 20% of our total debt outstanding was denominated in GBP, and as of the year ended December 31, 2020, approximately 30% of our total debt outstanding was denominated in EUR and 10% of our total debt outstanding was denominated in GBP.

We view a combination of secured and unsecured financing sources as an efficient and accretive means to acquire properties and manage working capital. As of December 31, 2021, approximately 59% of our total debt outstanding was secured and 41% was unsecured. Our interest expense in future periods will vary based on interest rates as well as our level of future borrowings, which will depend on refinancing needs and acquisition activity.

Loss on Extinguishment of Debt

We did not record any loss on extinguishment of debt during the year ended December 31, 2021. Loss on extinguishment of debt was \$3.6 million of the year ended December 31, 2020. The amount in 2020 is comprised of \$2.0 million of expenses related to the repayment of the loan on our Whirlpool properties due to the write-off of deferred financing costs and costs related to the termination of interest rate swaps, \$1.3 million of expenses related to the write-off of deferred financing costs related to the partial paydown of our Term Loan in December 31, 2020 and \$0.3 million of expenses related to the refinancing of the mortgages on our properties located in France.

Foreign Currency and Interest Rate Impact on Operations

The gain of \$5.8 million and loss of \$2.3 million on derivative instruments for the years ended December 31, 2021 and 2020, 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 impacted by currency rate changes in the GBP and EUR compared to the USD. The quarterly average GBP to USD exchange rate increased 2.1% and the quarterly

average EUR to USD exchange rate decreased 4.1% during the year ended December 31, 2021 as compared to the year ended December 31, 2020.

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

During the year ended December 31, 2021, we did not record any amounts due to currency changes on the undesignated excess foreign currency advances over the related net investments.

During the year ended December 31, 2020, we recorded losses of \$6.0 million due to currency changes on the undesignated excess foreign currency advances over the related net investments. During the fourth quarter of 2020, we identified certain historical errors in the second and third quarters of 2020 related to the recording of the impact of foreign currency changes on the over-hedged portion of our net investment hedges, which is the portion considered to be ineffective. The amounts, which totaled \$1.3 million and \$2.6 million for the second and third quarters of 2020, respectively, were incorrectly recorded as a currency translation adjustment in AOCI as opposed to being recorded as losses in unrealized (loss) income on undesignated foreign currency advances and other hedge ineffectiveness in the consolidated statement of operations. We concluded that the errors were not material for any prior quarterly periods presented and we adjusted the amounts on a cumulative basis in the fourth quarter of 2020. As a result, we recorded \$3.9 million in unrealized (loss) on undesignated foreign currency advances and other hedge ineffectiveness in the fourth quarter of 2020 in order to correct these errors. For additional information on the above or on our derivative accounting policies and derivatives and hedging activities, see the [Note 2 — Summary of Significant Accounting Policies](#) and [Note 8 — Derivatives and Hedging Activities](#) to our consolidated financial statements included in this Annual Report on Form 10-K.

As a result of our foreign investments in Europe, and, to a lesser extent, our investments in Canada, we are subject to risk from the effects of exchange rate movements in the EUR, GBP and, to a lesser extent, the CAD, 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, 2021, the average exchange rate for GBP to USD increased by 2.1%, and the average exchange rate for EUR to USD decreased by 4.1%, when compared to the year ended December 31, 2020.

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. Income tax expense was \$12.2 million and \$5.0 million for the years ended December 31, 2021 and 2020, respectively. The increase in the fourth quarter 2021 was driven by a \$1.9 million return to provision adjustment related to the filing of the UK 2020 tax return. For additional information, see [Note 15 — Income Taxes](#) to our consolidated financial statements included in this Annual Report on Form 10-K.

Cash Flows from Operating Activities

During the year ended December 31, 2021, net cash provided by operating activities was \$192.5 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, 2021 reflect net income of \$11.4 million, adjusted for non-cash items of \$183.6 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, unbilled straight-line rent (including the effect of adjustments due to rent deferrals), equity-based compensation, unrealized (gains) losses on foreign currency transactions, derivatives and other, and impairment charges). In addition, operating cash flow increased by \$8.4 million due to working capital items and decreased by \$9.4 million due to lease incentive and commission payments.

During the year ended December 31, 2020, net cash provided by operating activities was \$176.9 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, 2020 reflect net income of \$10.8 million, adjusted for non-cash items of \$149.6 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 (including the effect of adjustments due to rent deferrals), and equity-based compensation). In addition, operating cash flow increased by \$4.6 million due to working capital items, which was partially offset by a lease incentive payment made by us of \$4.7 million related to the signing of lease extensions for four properties leased to Finnair during the year ended December 31, 2020. The incentive was negotiated in exchange for extending the weighted-average remaining lease term on the properties from 4.7 years to 11.0 years.

Cash Flows from Investing Activities

Net cash used in investing activities during the year ended December 31, 2021 of \$436.6 million was primarily driven by property acquisitions of \$477.4 million and capital expenditures of \$7.9 million, partially offset by proceeds from the disposition of real estate of \$48.7 million.

Net cash used in investing activities during the year ended December 31, 2020 of \$470.5 million was primarily driven by property acquisitions of \$464.1 million, and capital expenditures of \$6.4 million.

Cash Flows from Financing Activities

Net cash provided by financing activities of \$218.3 million during the year ended December 31, 2021 was a result of net borrowings under our Revolving Credit Facility of \$115.9 million, net proceeds from mortgage notes payable of \$66.1 million, net proceeds from the issuance of Common Stock of \$214.0 million and net proceeds from the issuance of Series B Preferred Stock of \$15.9 million. These cash inflows were offset primarily by dividends paid to common stockholders of \$156.2 million, dividends paid on Series A Preferred Stock of \$12.3 million, dividends paid on Series B Preferred Stock of \$7.5 million, distributions to non-controlling interest holders of \$11.0 million and payments of financing costs of \$6.5 million.

Net cash provided by financing activities of \$140.7 million during the year ended December 31, 2020 was a result of net proceeds from the issuance of our Senior Notes of \$500.0 million, net proceeds from mortgage borrowings and repayments of \$46.0 million and net proceeds from the issuance of Series B Preferred Stock of \$10.2 million. These cash inflows were offset primarily by net payments under our Revolving Credit Facility of \$90.6 million, payments of principal on our Term Loan of \$136.7 million, dividends paid to common stockholders of \$155.1 million, dividends paid on Series A Preferred Stock of \$12.3 million, dividends paid on Series B Preferred Stock of \$5.1 million and payments of financing costs of \$14.2 million.

Liquidity and Capital Resources

The negative impacts of the COVID-19 pandemic has caused and may continue to cause certain of our tenants to be unable to make rent payments to us timely, or at all, which impacts the amount of cash we generate from our operations. During the years ended December 31, 2021 and 2020, we took proactive steps to collect rent and to otherwise mitigate the impact on our business and liquidity. The future impact of the pandemic on our results of operations, our liquidity and the ability of our tenants to continue to pay us rent will depend on numerous factors including the overall length and severity of the COVID-19 pandemic. Management is unable to predict the nature and scope of any of these factors. Because substantially all of our income is derived from rentals of commercial real property, our business, income, cash flow, results of operations, financial condition, liquidity, prospects our ability to service our debt obligations, our ability to consummate future property acquisitions and our ability to pay dividends, and other distributions to our stockholders would be adversely affected if a significant number of tenants are unable to meet their obligations to us.

In addition to the discussion below, please see the “*Overview — Management Update on the Impacts of the COVID-19 Pandemic*” section above for additional information on the risks and uncertainties associated with the COVID-19 pandemic and management’s actions taken to mitigate those risks and uncertainties.

Our principal future needs for use of our 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, operating and administrative expenses, continuing debt service obligations and dividends to holders of our Common Stock, Series A Preferred Stock and Series B Preferred Stock, as well as to any future class or series of preferred stock we may issue. As of December 31, 2021 and December 31, 2020, we had cash and cash equivalents of \$89.7 million and \$124.2 million, respectively. See discussion above on how our cash flows from various sources impacted our cash. We are required to maintain unrestricted cash and cash equivalents (or amounts available for future borrowings under credit facility, such as the Credit Facility) in an amount sufficient to meet our actual and contingent liabilities under a limited unsecured corporate guaranty by us of £20.0 million (approximately \$27.0 million as of December 31, 2021) of the obligations under a mortgage loan secured by 42 of the properties located in the United Kingdom. See “— *Covenants — United Kingdom Properties – Bulk Loan*” section below for additional information on this guaranty.

Management expects that operating income from our existing properties supplemented by our existing cash will be sufficient to fund operating expenses, and the payment of quarterly dividends to our common stockholders and holders of our Series A Preferred Stock and Series B Preferred Stock and interest payments on debt as well as anticipated capital expenditures. Our other sources of capital, which we have used and may use in the future, include proceeds received from our Revolving Credit Facility, proceeds from secured or unsecured financings (which may include note issuances), proceeds from our offerings of equity securities (including Common Stock and preferred stock), proceeds from any future sales of properties and undistributed funds from operations, if any. During the year ended December 31, 2021, cash used to pay 100.0% of our dividends was generated from cash flows provided by operations.

Acquisitions and Dispositions

We are in the business of acquiring real estate properties and leasing the properties to tenants. Generally, we fund our acquisitions through a combination of cash and cash equivalents, proceeds from offerings of equity securities (including Common Stock and preferred stock), borrowings under our Revolving Credit Facility and proceeds from mortgage or other debt secured by the acquired or other assets at the time of acquisition or at some later point (see [Note 4 — Mortgage Notes Payable, Net](#) and [Note 5 — Credit Facilities](#) to our consolidated financial statements included in this Annual Report on Form 10-K for further discussion). In addition, to the extent we dispose of properties, we have used and may continue to use the net proceeds from the dispositions (after repayment of any mortgage debt, if any) for future acquisitions or other general corporate purposes.

Acquisitions and Dispositions — Year Ended December 31, 2021

During the year ended December 31, 2021, we acquired 25 properties for \$477.4 million (net of a mortgage assumed of \$38.56 million), including capitalized acquisition costs. The acquisition of 19 of these properties for \$174.4 million, including capitalized acquisition costs, was completed during the three months ended December 31, 2021. During the three months and year ended December 31, 2021, our acquisitions were primarily funded by additional net borrowings of approximately \$84.0 million and \$115.9 million under the Revolving Credit Facility, a mortgage note payable of \$137.6 million (as of the date of the McLaren acquisition) and cash on hand, consisting primarily of proceeds from our ATM programs and proceeds from dispositions.

During the three months and year ended December 31, 2021, we sold one property in Conroe, Texas, one property in Houston, Texas, one property in South Bend, Indiana and 18 properties in Puerto Rico for an aggregate contract sales price of \$49.6 million for all 21 properties sold. The property in Conroe, Texas was not encumbered by any mortgage debt and was not part of the borrowing base under our Revolving Credit Facility. The property in Houston, Texas had been encumbered by mortgage debt of \$24.4 million, which was repaid at closing, and was not part of the borrowing base under our Revolving Credit Facility. The properties in South Bend, Indiana and Puerto Rico were not encumbered by any mortgage debt, however, they were part of the borrowing base under our Revolving Credit Facility.

The largest of the acquisition during the year ended December 31, 2021 was the acquisition of the global headquarters of the McLaren Group located in close proximity to central London, England and Heathrow Airport. We acquired these properties for £170.0 million (\$236.3 million on the date of acquisition) in a sale-leaseback transaction with the McLaren Group. The leases have a term of 20 years with annual rent escalators linked to the consumer price index subject to a cap of 4% and a collar of 1.25%. The annual base rent is subject to a one-time contingent adjustment which only occurs upon a McLaren Holdings Limited corporate credit rating enhancement to B- (or equivalent) from one of S&P, Moody's or Fitch by May 2023 and if we refinance the debt incurred to acquire the property secured by October 2024 after such upgrade occurs. Since closing the sale leaseback transaction, McLaren closed on a \$620.0 million bond issuance and McLaren Holdings Limited received the applicable credit rating. We are under no obligation to complete a refinancing of this loan prior to its maturity date in April 2024, and we have no immediate plans to do so. If these conditions are not met, the adjustment will not occur and the initial rent will not decrease. We funded this acquisition with the £101.0 million (\$140.6 million on the date of incurrence) loan, £52.0 million (\$72.2 million on the date of acquisition) in additional borrowings under the Revolving Credit Facility and cash on hand consisting primarily of proceeds from our ATM programs. The maturity date of the loan is April 23, 2024 and it bears interest at 6% per annum. The loan is interest-only with the principal due at maturity. For additional information on activity related to the Revolving Credit Facility, see "Borrowings" section below.

Acquisitions and Dispositions Subsequent to December 31, 2021 and Pending Transactions

Subsequent to December 31, 2021, we did not acquire or dispose of any properties. We have signed one non-binding letter of intent ("LOIs") to acquire one net lease property, located in the United States, for an aggregate purchase price of approximately \$6.4 million.

We have signed one LOI to sell a net lease property in San Jose, California for a sales price of \$52.5 million. The property in San Jose, California is currently encumbered by mortgage debt and not part of the borrowing base under our Revolving Credit Facility.

The LOIs may not lead to a definitive agreement. There can be no assurance we will complete these transactions, or any future acquisitions or other investments, on a timely basis or on acceptable terms and conditions, if at all.

Equity Offerings

Common Stock

We have an "at the market" equity offering program (the "Common Stock ATM Program"), pursuant to which we may raise aggregate sales proceeds of \$500.0 million through sales of Common Stock from time to time through our sales agents.

For the year ended December 31, 2021, we sold 11,944,017 shares of Common Stock through the Common Stock ATM Program for gross proceeds of \$217.5 million, before commissions paid of \$3.3 million and additional issuance costs of \$0.3 million.

Preferred Stock

We have established an “at the market” equity offering program for our Series B Preferred Stock (the “Series B Preferred Stock ATM Program”) pursuant to which we may raise aggregate sales proceeds of up to \$200.0 million through sales of shares of Series B Preferred Stock from time to time through our sales agents. During the year ended December 31, 2021, we sold 641,940 shares of Series B Preferred Stock through the Series B Preferred Stock ATM Program for gross proceeds of \$16.2 million, before commissions paid of approximately \$0.2 million and nominal additional issuance costs.

The timing differences between when we raise equity proceeds or receive proceeds from dispositions and when we invest those proceeds in acquisitions or other investments that increase our operating cash flows have affected, and may continue to affect, our results of operations.

Borrowings

As of December 31, 2021 and 2020, we had total debt outstanding of \$2.4 billion and \$2.3 billion, respectively, bearing interest at a weighted-average interest rate per annum equal to 3.4% and 3.3%, respectively.

As of December 31, 2021, 89% 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 3.5% per annum. As of December 31, 2021, 11% of our total debt outstanding was variable-rate debt, which bore interest at a weighted-average interest rate of 2.6% per annum. The total gross carrying value of unencumbered assets as of December 31, 2021 was \$1.5 billion, of which approximately \$1.1 billion 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 (total debt as a percentage of total purchase price of real estate investments, based on the exchange rate at the time of purchase) was 56.8% as of December 31, 2021. See [Note 7 — Fair Value of Financial Instruments](#) to our consolidated financial statements included in this Annual Report on Form 10-K for a discussion of fair value of such debt as of December 31, 2021. As of December 31, 2021 the weighted-average maturity of our indebtedness was 4.2 years. We believe we have the ability to service our debt obligations as they come due.

Senior Notes

On December 16, 2020, we and the OP issued \$500.0 million aggregate principal amount of 3.750% Senior Notes due 2027. As of December 31, 2021 and 2020, the amount of the Senior Notes outstanding totaled \$491.7 million and \$490.3 million, respectively, which is net of \$8.3 million and \$9.7 million of deferred financing costs, respectively. The Senior Notes require payment of interest-only with the principal due to maturity. See [Note 6 — Senior Notes, Net](#) to our consolidated financial statements included in this Annual Report on Form 10-K for further discussion on the Senior Notes and related covenants.

Mortgage Notes Payable

As of December 31, 2021, we had secured mortgage notes payable of \$1.4 billion, net of mortgage discounts and deferred financing costs. Repayments of principal under the mortgage loan secured by all of our properties located in the United Kingdom (the “United Kingdom Properties - Bulk Loan”) began in October 2020. All of our other mortgage loans require payment of interest-only with the principal due at maturity.

During the year ended December 31, 2021, approximately \$47.0 million, in principal was repaid, respectively, on the United Kingdom Properties - Bulk Loan. These payments were made in accordance with the terms of this mortgage note payable and certain modifications of the terms of this mortgage note (for additional information on the modification of this mortgage, see [Note 4 — Mortgage Notes Payable, Net](#) to our consolidated financial statements included in this Annual Report on Form 10-K). As of December 31, 2021, this mortgage note had a balance of £186.8 million (\$252.4 million as of December 31, 2021).

In April 2021, we partially funded our acquisition of the McLaren properties with a mortgage in the amount of £101.0 million (\$136.5 million as of December 31, 2021). The maturity date of the loan is April 23, 2024 and it bears interest at 6.0% per annum. The loan is interest-only with the principal due at maturity. We recorded a discount of approximately \$3.1 million related to this mortgage.

In September 2021, we assumed a £28.0 million (\$38.6 million as of the date assumed of September 2, 2021 and \$37.8 million as of December 31, 2021) mortgage in connection with our acquisition of Trafalgar Court located in Guernsey, Channel Islands. The loan matures on September 22, 2022, and bore interest at a rate of GBP LIBOR plus 2.0% per year through October 20, 2021. The rate changed to the Sterling Overnight Index Average plus 2.0% per year after October 21, 2021, continuing through the maturity date of the loan. The loan is interest-only with the principal due at maturity. The effective interest rate as of December 31, 2021 was 2.1%.

Credit Facility

As of December 31, 2021, outstanding borrowings under the Revolving Credit Facility were \$225.6 million and the total outstanding balance on our term loan was \$278.6 million, net of deferred financing costs. During the year ended December 31, 2021, we borrowed an additional \$194.4 million and repaid approximately \$78.4 million under the Revolving Credit Facility.

As of December 31, 2021, the aggregate total commitments under the Credit Facility were approximately \$1.1 billion, based on the USD equivalent on December 31, 2021. On February 24, 2021, lender commitments under the Credit Facility were increased by \$50.0 million with all of the increase allocated to the Revolving Credit Facility, and the total commitments were approximately \$1.2 billion based on prevailing exchange rates on that date. We may request, subject to the lenders sole discretion, future additional increases to total commitments of approximately \$565.0 million, based on prevailing exchange rates on that date, allocable to either or both components of the Credit Facility. The increase in lender commitments did not impact the amount available for future borrowings under the Credit Facility, which 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.

The Credit Facility consists of two components, a Revolving Credit Facility and a Term Loan, both of which require payment of interest-only. The Revolving Credit Facility matures on August 1, 2023, subject to two six-month extensions at our option subject to certain conditions, and the Term Loan matures on August 1, 2024. 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 our consolidated total asset value including our 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 applicable interest rate margin is based on a range from 0.45% to 1.05% per annum with respect to base rate borrowings under the Revolving Credit Facility, 1.45% to 2.05% per annum with respect to LIBOR borrowings under the Revolving Credit Facility, 0.4% to 1.00% per annum with respect to base rate borrowings under the Term Loan and 1.40% to 2.00% per annum with respect to LIBOR borrowings under the Term Loan. As of December 31, 2021, the Credit Facility had a weighted-average effective interest rate of 2.7% after giving effect to interest rate swaps in place.

While we expect LIBOR to be available in substantially its current form until at least the end of 2023, it is possible that LIBOR will become unavailable prior to that time. The Credit Facility contains terms governing the establishment of a replacement index to serve as an alternative to LIBOR, if necessary. To transition from LIBOR under the Credit Facility, we anticipate that we will either utilize the Base Rate or negotiate a replacement reference rate for LIBOR with the lenders.

Our Credit Facility requires us, 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 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 if 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. We intend to add certain of these unencumbered assets to the borrowing base under the Revolving Credit Facility to increase the amount available for future borrowings thereunder. As of December 31, 2021, approximately \$49.8 million was available for future borrowings under the Revolving Credit Facility. We are required to maintain unrestricted cash and cash equivalents (or amounts available for future borrowings under credit facility, such as the Credit Facility) in an amount sufficient to meet our actual and contingent liabilities under a limited unsecured corporate guaranty by us of £20.0 million (approximately \$27.0 million as of December 31, 2021) of the obligations under a mortgage loan secured by 42 of the properties located in the United Kingdom. See “— Covenants — United Kingdom Properties – Bulk Loan” section below for additional information on this guaranty. Also, we have a \$7.4 million letter of credit held by a lender which was put in place to cure a cash trap sweep event under one of our mortgages (see “— Covenants — Multi-Tenant Mortgage Loan III” section below for additional information on this letter of credit). This letter of credit reduces the availability 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. The Term Loan is denominated in EUR.

During the fourth quarter 2021, the Company amended the credit facility with Keybank with changes made around LIBOR successor rate provision, claw back provisions related to any payments made erroneously to a participating bank, adding new permissible jurisdictions where properties can be located to the borrowing base and removing certain borrowing periods for loans bearing USD LIBOR

Covenants

As of December 31, 2021, we were in compliance with the covenants under the Indenture governing the Senior Notes and the Credit Facility (see [Note 5 — Revolving Credit Facility and Term Loan, Net](#) and [Note 6 — Senior Notes, Net](#) to our

consolidated financial statements included in this Annual Report on Form 10-K for further discussion on the Credit Facility and Senior Notes and the related covenants).

Our mortgage notes payable agreements require compliance with certain property-level financial covenants including debt service coverage ratios. As of December 31, 2021, we were in compliance with all of the financial covenants under our mortgage notes payable agreements.

United Kingdom Properties — Bulk Loan

During the three months ended September 30, 2020, the borrower entities under the mortgage loan with a balance of £186.8 million (approximately \$252.4 million as of December 31, 2021), which is secured by 42 of our properties located in the United Kingdom, did not maintain the required loan-to-value ratios. As a result, a cash trap event under the loan occurred which was immediately cured when we executed, a limited unsecured corporate guaranty of the obligations under the loan of £20.0 million (approximately \$27.0 million as of December 31, 2021). The guaranty remains in effect as of December 31, 2021 and contains a covenant that requires us to maintain unrestricted cash and cash equivalents (or amounts available for future borrowings under credit facility, such as the Credit Facility) in an amount sufficient to meet its actual and contingent liabilities under the guaranty.

During the three months ended December 31, 2020, the borrower entities under the same mortgage loan did not maintain the same loan-to-value ratio and another cash trap event under the loan occurred. This did not constitute a breach of the covenant and was not an event of default under the loan. On July 8, 2021, the loan agreement was amended to cure the cash trap by applying £11.4 million (approximately \$15.7 million as of July 8, 2021) of the cash trapped to partially pay down the principal on the loan. Following the cure of the cash trap event, the lender released approximately £10.7 million (approximately \$14.8 million as of July 8, 2021) of previously trapped cash to us.

Subsequent to September 30, 2021, after the annual lender valuation, the borrower entities under the same mortgage loan did not maintain the loan-to-value ratio and another cash trap event under the loan occurred. This did not constitute a breach of the covenant and was not an event of default under the loan. In December 2021, we cured the cash trap with a voluntary paydown of £11.6 million (approximately \$15.6 million as of the payment date of December 29, 2021), which used £7.2 million of previously trapped cash. As a result of this payment, no cash is trapped as of December 31, 2021 and the cash trap event has been cured.

Multi-Tenant Mortgage Loan III

During the three months ended December 31, 2020, a major tenant failed to renew its lease triggering a cash sweep event under one of the our mortgage loans secured by seven of our properties with a balance of \$98.5 million as of December 31, 2021. The event triggering the cash sweep was not, however, an event of default. During the first quarter of 2021, we cured the cash sweep event through one of the available options under the loan by putting a \$3.2 million letter of credit in place (subject to future increase under the terms of the loan agreement, to a maximum amount of \$7.4 million). During the third quarter of 2021, the amount of the letter of credit was increased by an additional \$4.2 million, resulting in the lender holding the \$7.4 million maximum amount in respect to this obligation as of December 31, 2021. This \$7.4 million letter of credit will be held by the lender until such time we are able to find a suitable replacement tenant and it reduces the availability for future borrowings under the Revolving Credit Facility.

France Properties

During the second and third quarters of 2021, we also triggered a cash sweep under one of our loans with a balance of €70.0 million (\$79.4 million) as of December 31, 2021 because the aggregate weighted average unexpired lease term (“WAULT”) of the collateral portfolio was less than three years. This was not an event of default and instead triggered a cash sweep event. For so long as the cash sweep is in effect, the lender will sweep 30% of excess cash flow and retain such amount in an excess cash collateral account. As of December 31, 2021, the amount of cash swept was €1.8 million (\$2.1 million) and is recorded in restricted cash on the consolidated balance sheet.

If and when the aggregate WAULT of the loan collateral again exceeds three years the cash sweep will cease (so long as the aggregate WAULT of the loan collateral thereafter continues to exceed three years). The lender will be required to release all funds retained by lender in the excess cash flow account in respect of this WAULT cash sweep upon the loan collateral achieving an aggregate WAULT of not less than four years. Per the terms of the applicable loan agreement, the funds held in the excess cash flow account are included for purposes of the calculation of the loan to value ratio.

Multi-Tenant Mortgage Loan IV

During the three months ended September 30, 2021, a tenant exercised its right to terminate its lease effective December 31, 2022. Notice of the termination triggered a lease sweep event, which began in the fourth quarter of 2021, under one of our mortgage loans. This was not, however, an event of default. The mortgage loan had a balance of \$97.5 million as of December 31, 2021 and encumbers 16 properties, one of which is leased by the tenant that exercised its right to terminate its lease. Pursuant to the terms of the loan agreement, the lender will sweep all cash flow attributable to the lease that triggered the lease

sweep event into a rollover reserve account in an amount up to, but not to exceed, an aggregate cap of \$0.8 million. The reserve will be held by the lender who is required to make the reserve funds available to us to fund re-tenanting expenses for the property. The lease sweep event will be cured under the loan agreement if and when we lease the space to a new tenant approved by the lender and, at such time, any amounts remaining in the rollover reserve account in respect of the lease sweep event will be released to us.

Non-GAAP Financial Measures

This section discusses the non-GAAP financial measures we use to evaluate our performance 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.

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 calculate FFO, a non-GAAP measure, consistent with the standards established over time by the Board of Governors of NAREIT, as restated in a White Paper 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, gain and loss from the sale of certain real estate assets, gain and loss 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. 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 subsequent operations of 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 and other items excluded in Core FFO as well as 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 exclude revenue attributable to the reimbursement by third parties of financing costs that we originally incurred because these revenues are not, in our view, related to 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.

In calculating AFFO, we exclude certain expenses which under GAAP are characterized as operating expenses in determining operating net income. All paid and accrued 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. By providing AFFO, we believe we are presenting useful information that can be used to, among other things, assess our performance without the impact of transactions or other items that are not related to our portfolio of properties. AFFO presented by us may not be comparable to AFFO reported by other REITs that define AFFO differently. Furthermore, we believe that in order to facilitate a clear understanding of our operating results, AFFO should be examined in conjunction with net income (loss) as presented in our consolidated financial statements. AFFO should not be considered as an alternative to net income (loss) as an indication of our performance or to cash flows as a measure of our liquidity or ability to make distributions.

Accounting Treatment of Rent Deferrals

All of the concessions granted to our tenants as a result of the COVID-19 pandemic are rent deferrals with the original lease term unchanged and collection of deferred rent deemed probable (see the *Overview - Management Update on the Impacts of the COVID-19 Pandemic* section of this Management's Discussion and Analysis of Financial Condition and Results of Operations for additional information on second quarter rent deferrals). As a result of relief granted by the FASB and SEC related to lease modification accounting, rental revenue used to calculate net income and NAREIT FFO has not, and we do not expect we will be, significantly impacted by the deferrals we have entered into. In addition, since we currently believe that these deferral amounts are collectable, we have excluded from the increase in straight-line rent for AFFO purposes the amounts recognized under GAAP relating to rent deferrals. For a detailed discussion of our revenue recognition policy, including details related to the relief granted by the FASB and SEC, see [Note 2](#) — *Summary of Significant Accounting Policies* to the consolidated financial statements included in this Annual Report on Form 10-K.

[Table of Contents](#)

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.

<i>(In thousands)</i>	Year Ended December 31,	
	2021	2020
Net loss attributable to common stockholders (in accordance with GAAP)	\$ (8,698)	\$ (7,775)
Impairment charges	17,525	—
Depreciation and amortization	163,076	138,543
(Gain) loss on dispositions of real estate investments	(1,484)	153
FFO (as defined by NAREIT) attributable to common stockholders ⁽¹⁾	170,419	130,921
Acquisition, transaction and other costs	141	663
Loss on extinguishment of debt	—	3,601
Core FFO attributable to common stockholders ⁽¹⁾	170,560	135,185
Non-cash equity-based compensation	11,032	10,065
Non-cash portion of incentive fee	—	—
Non-cash portion of interest expense	9,878	7,809
Amortization related to above and below-market lease intangibles and right-of-use assets, net	242	791
Straight-line rent	(5,748)	(7,937)
Straight-line rent (rent deferral agreements) ⁽²⁾	(1,689)	1,808
Unrealized loss on undesignated foreign currency advances and other hedge ineffectiveness	—	6,039
Eliminate unrealized (gains) losses on foreign currency transactions ⁽³⁾	(6,252)	6,752
Amortization of mortgage discounts	708	13
Reimbursement of financing costs from McLaren loan ⁽⁴⁾	(5,234)	—
AFFO attributable to common stockholders ⁽¹⁾	\$ 173,497	\$ 160,525
Summary		
FFO (as defined by NAREIT) attributable to common stockholders	\$ 170,419	\$ 130,921
Core FFO attributable to common stockholders	\$ 170,560	\$ 135,185
AFFO attributable to common stockholders	\$ 173,497	\$ 160,525

⁽¹⁾ FFO, Core FFO and AFFO for the year ended December 31, 2021 includes income from a lease termination fee of \$8.8 million, which is recorded in Revenue from tenants in the consolidated statements of operations. While such termination payments occur infrequently, they represent cash income for accounting and tax purposes and as such management believes they should be included in both FFO and AFFO. The termination fee of approximately \$9.0 million was payable by the tenant at the end of the lease term on January 4, 2022 was earned and recorded as income evenly over the period from September 3, 2021 through January 4, 2022, however, we did not receive the cash payment until January 4, 2022. Therefore, the cash payment is not part of our cash flows for the period ended December 31, 2021.

⁽²⁾ Represents amounts related to deferred rent pursuant to lease negotiations which qualify for FASB relief for which rent was deferred but not reduced. These amounts are included in the straight-line rent receivable on our balance sheet but are considered to be earned revenue attributed to the current period for rent that was deferred, for purposes of AFFO, as they are expected to be collected. Accordingly, when the deferred amounts are collected, the amounts reduce AFFO.

⁽³⁾ For AFFO purposes, we adjust for unrealized gains and losses. For the year ended December 31, 2021, gains on derivative instruments were \$5.8 million which consisted of unrealized gains of \$6.3 million and realized losses of \$0.5 million. For the year ended December 31, 2020, losses on derivative instruments were \$2.3 million which consisted of unrealized losses of \$6.8 million and realized gains of \$4.5 million.

⁽⁴⁾ Amount represents a receivable recorded for financing costs we incurred in connection with the mortgage loan that financed the acquisition of the global headquarters of the McLaren Group that the McLaren Group is required to reimburse. For accounting purposes, the receivable for these reimbursable costs is included in prepaid expenses and other assets on the consolidated balance sheet and in revenue from tenants in the consolidated statements of operations since the receivable is considered to be earned revenue attributed to the current year-to-date period.

Dividends

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.

Through March 31, 2020, we paid dividends on Common Stock at an annualized rate of \$2.13 per share or \$0.5325 per share on a quarterly basis. In March 2020, our board of directors approved a change in the dividend to an annual rate of \$1.60 per share or \$0.40 per share on a quarterly basis, which became effective in the second quarter of 2020 with our April 1, 2020 dividend declaration. Dividends authorized by our board of directors and declared by us are paid on a quarterly basis in arrears on the 15th day of the first month following the end of each fiscal quarter (unless otherwise specified) to common stockholders of record on the record date for such payment.

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 our Series B Preferred Stock accrue in an amount equal to \$0.429688 per share per quarter to Series B Preferred Stock holders, which is equivalent to 6.875% of the \$25.00 liquidation preference per share of Series B Preferred Stock per annum. Dividends on the Series A Preferred Stock and Series B 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. Any accrued and unpaid dividends payable with respect to the Series A Preferred Stock and Series B Preferred Stock become part of the liquidation preference thereof.

In June 2021, we paid a \$10.6 million catch-up distribution to the Advisor in respect of the 2,135,496 LTIP Units that were earned under the 2018 OPP.

Pursuant to the Credit Facility, we may not pay distributions, including cash dividends payable with respect to Common Stock, Series A Preferred Stock, Series B Preferred Stock, or any other class or series of stock we may issue in the future, or redeem or otherwise repurchase shares of Common Stock, Series A Preferred Stock, Series B Preferred Stock, or any other class or series of stock we may issue in the future that exceed 100% of our Adjusted FFO as defined in the Credit Facility (which is different from AFFO disclosed 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 and other distributions and make redemptions and other repurchases in an aggregate amount equal to no more than 105% of our Adjusted FFO. We used the exception to pay dividends that were between 100% of Adjusted FFO to 105% of Adjusted FFO during the quarter ended on June 30, 2020, and may use this exception in the future.

Our ability to pay dividends in the future and maintain compliance with the restrictions on the payment of dividends in our Credit Facility depends on our ability to operate profitably and to generate sufficient cash flows from the operations of our existing properties and any properties we may acquire. There can be no assurance that 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 other distributions), our ability to comply with the restrictions on the payment of dividends in our Credit Facility may be adversely affected, and we might be required to further reduce the amount of dividends we pay. In the past, the lenders under our Credit Facility have consented to increase the maximum amount of our Adjusted FFO we may use to pay cash dividends and other distributions and make redemptions and other repurchases in certain periods, most recently in connection with the amendment and restatement of our Credit Facility in August 2019. There can be no assurance that they will do so again in the future.

Cash used to pay dividends and distributions during the year ended December 31, 2021 was generated from cash flows from operations and cash on hand, consisting of proceeds from borrowings. The following table shows the sources for the payment of dividends to holders of Common Stock, Series A Preferred Stock, Series B Preferred Stock, and distributions to holders of LTIP Units for the periods indicated:

	Three Months Ended				Year Ended					
	March 31, 2021	June 30, 2021	September 30, 2021	December 31, 2021	December 31, 2021					
(In thousands)	Percentage of Dividends	Percentage of Dividends	Percentage of Dividends	Percentage of Dividends	Percentage of Dividends					
Dividends and Distributions:										
Dividends to holders of Common Stock	\$ 36,213	\$ 38,139	\$ 40,302	\$ 41,564	\$ 156,218					
Dividends to holders of Series A Preferred Stock	3,081	3,081	3,081	3,081	12,324					
Dividends to holders of Series B Preferred Stock	1,701	1,935	1,936	1,935	7,507					
Distributions to holders of LTIP Units	103	10,696	100	256	11,155					
Total dividends and distributions	<u>\$ 41,098</u>	<u>\$ 53,851</u>	<u>\$ 45,419</u>	<u>\$ 46,836</u>	<u>\$ 187,204</u>					
Source of dividend coverage:										
Cash flows provided by operations	\$ 41,098	100.0 %	\$ 4,678	8.7 %	\$ 45,419	100.0 %	\$ 34,430	73.5 %	\$ 187,204 (1)	100.0 %
Available cash on hand	—	— %	49,173	91.3 %	—	— %	12,406	26.5 %	— (1)	— %
Total sources of dividend and distribution coverage	<u>\$ 41,098</u>	<u>100.0 %</u>	<u>\$ 53,851</u>	<u>100.0 %</u>	<u>\$ 45,419</u>	<u>100.0 %</u>	<u>\$ 46,836</u>	<u>100.0 %</u>	<u>\$ 187,204</u>	<u>100.0 %</u>
Cash flows provided by operations (GAAP basis)	<u>\$ 53,220</u>		<u>\$ 4,678</u>		<u>\$ 100,165</u>		<u>\$ 34,430</u>		<u>\$ 192,493</u>	
Net income (loss) attributable to common stockholders (in accordance with GAAP)	<u>\$ (832)</u>		<u>\$ (2,428)</u>		<u>\$ 2,374</u>		<u>\$ (7,812)</u>		<u>\$ (8,698)</u>	

(1) Year-to-date totals do may equal the sum of the quarters. Each quarter and year-to-date period is evaluated separately for purposes of this table.

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 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 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 borrow in currencies other than our functional currency, the USD. We have used and may continue to use foreign currency derivatives including options, currency forward and cross currency swap agreements to manage our exposure to fluctuations in GBP-USD and EUR-USD exchange rates (see [Note 8 — Derivatives and Hedging Activities](#) to the consolidated financial statements included in this Annual Report on Form 10-K for further discussion).

Election as a REIT

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

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 the leases that do not contain indexed escalation provisions, or those leases which have escalations at rates which do not exceed or approximate current inflation rates. To help mitigate the adverse impact of inflation, approximately 93.7% of our leases with our tenants contain rent escalation provisions which average 1.1% per year. These provisions generally increase rental rates during the terms of the leases either at fixed rates or indexed escalations (based on the Consumer Price Index or other measures). Approximately 58.5% based on straight line rent are fixed-rate, 28.0% are based on the Consumer Price Index, 7.2% are based on other measures and 6.3% do not contain any escalation provisions.

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

Related-Party Transactions and Agreements

Please see [Note 11](#) — *Related Party Transactions* to our consolidated financial statements included in this Annual Report on Form 10-K for a discussion of the various related party transactions, agreements and fees.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements 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.

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, or otherwise 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. Increases in interest rates may 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 interest payments on the debt obligation. The face amounts on which the swaps or caps, are based are not exchanged. Our objective in using these derivatives is to limit our exposure to interest rate movements. We estimated that the total fair value of our interest rate swaps, which are included in Derivative assets, at fair value and Derivative liabilities, at fair value in the consolidated financial statements, fully offset each other at December 31, 2021 (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, 2021, our total consolidated debt, which includes borrowings under the Credit Facility and secured mortgage financings, had a total carrying value of \$2.5 billion, an estimated fair value of \$2.5 billion and a weighted-average effective interest rate per annum of 3.4%. At December 31, 2021, a significant portion (approximately 89%) 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, 2021 ranged from 1.4% to 4.9% and the fixed interest rate on our Senior Notes is 3.75%. In the aggregate, these fixed rate instruments had a weighted-average interest rate of 3.5%.

The contractual annual interest rates on our variable-rate debt at December 31, 2021 ranged from 1.4% to 4.9% and had a weighted-average interest rate of 2.6%. 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. 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, 2021:

<i>(In thousands)</i>	Fixed-rate debt ^{(1) (2)}	Variable-rate debt ⁽¹⁾	Total Debt
2022	\$ 23,432	\$ 43,692	\$ 67,124
2023	300,182	206,862	507,044
2024	620,010	16,788	636,798
2025	71,463	7,940	79,403
2026	662,580	—	662,580
Thereafter	502,750	—	502,750
Total	\$ 2,180,417	\$ 275,282	\$ 2,455,699

⁽¹⁾ Assumes exchange rates of £1.00 to \$1.35 for GBP and €1.00 to \$1.13 for EUR as of December 31, 2021, 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, 2021 by an aggregate increase of \$110.0 million or an aggregate decrease of \$92.7 million, respectively.

Annual interest expense on our unhedged variable-rate debt that does not bear interest at fixed rates at December 31, 2021 would increase by \$1.1 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 but also in Canada and as a result are subject to risk from the effects of exchange rate movements in the Euro, the GBP and the CAD 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, the GBP and the CAD (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 subject to any impacts from our hedging activity.

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, 2021, 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 on the consolidated balance sheets, was in a net asset position of \$1.7 million at December 31, 2021 (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, 2021, during each of the next five calendar years and thereafter, are as follows:

<i>(In thousands)</i>	Future Minimum Base Rent Payments (1)			
	EUR	GBP	CAD	Total
2022	\$ 57,972	\$ 80,314	\$ 756	\$ 139,042
2023	56,641	78,516	756	135,913
2024	39,754	71,449	756	111,959
2025	28,067	59,712	756	88,535
2026	19,991	51,585	607	72,183
Thereafter	88,994	487,685	1,224	577,903
Total	\$ 291,419	\$ 829,261	\$ 4,855	\$ 1,125,535

⁽¹⁾ Assumes exchange rates of £1.00 to \$1.35 for GBP, €1.00 to \$1.13 for EUR and \$1.00 CAD to \$0.79 as of December 31, 2021 for illustrative purposes, as applicable.

Scheduled debt service payments (principal and interest) for mortgage notes payable for our foreign operations and the portion of our Term Loan denominated in EUR as of December 31, 2021, during each of the next five calendar years and thereafter, are as follows:

<i>(In thousands)</i>	Future Debt Service Payments ^{(1) (2)}		
	Mortgage Notes Payable		
	EUR	GBP	Total
2022	\$ 6,618	\$ 90,858	\$ 97,476
2023	65,036	238,321	303,357
2024	226,679	140,901	367,580
2025	86,021	4,833	90,854
2026	6,618	4,833	11,451
Thereafter	19,854	14,501	34,355
Total	\$ 410,826	\$ 494,247	\$ 905,073

<i>(In thousands)</i>	Future Debt Service Payments ^{(1) (2)}	
	Credit Facility (Term Loan Portion)	
	EUR	Total
2022	\$ 5,257	\$ 5,257
2023	5,257	5,257
2024	283,348	283,348
2025	—	—
2026	—	—
Thereafter	—	—
Total	\$ 293,862	\$ 293,862

⁽¹⁾ Assumes exchange rate of €1.00 to \$1.13 for EUR as of December 31, 2021 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, 2021.

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, 2021, 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. and Canada (60%) and the remaining are in the United Kingdom (22%), The Netherlands (4%), Finland (4%), France (4%), Germany (3%), and the Channel Islands (2%). No individual tenant accounted for more than 10% of our annualized rental income at December 31, 2021. Based on annualized rental income, at December 31, 2021, our directly owned real estate properties contain significant concentrations in the following asset types: office (42%), industrial/distribution (54%), and retail (4%).

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, 2021, 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, 2021. 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, 2021, our internal control over financial reporting was effective.

The effectiveness of our internal control over financial reporting as of December 31, 2021 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated on its 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 three months ended December 31, 2021, 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.

None.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.

Not applicable.

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 – 650 Fifth Avenue – 30th Floor, New York, NY 10019, 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 2022 annual meeting of stockholders to be filed not later than 120 days after the end of the 2021 fiscal year, 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 2022 annual meeting of stockholders to be filed not later than 120 days after the end of the 2021 fiscal year, 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 2022 annual meeting of stockholders to be filed not later than 120 days after the end of the 2021 fiscal year, 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 2022 annual meeting of stockholders to be filed not later than 120 days after the end of the 2021 fiscal year, 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 2022 annual meeting of stockholders to be filed not later than 120 days after the end of the 2021 fiscal year, 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-54](#) of this report:

Schedule III – Real Estate and Accumulated Depreciation as of December 31, 2021 and for the years ended December 31, 2021 and 2020.

(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, 2021 (and are numbered in accordance with Item 601 of Regulation S-K).

Exhibit No.	Description
3.1 ⁽²⁷⁾	Articles of Restatement of Global Net Lease, Inc., effective February 24, 2021.
3.2 ⁽¹⁾	Amended and Restated Bylaws of Global Net Lease, Inc.
3.3 ⁽²⁾	Amendment to Amended and Restated Bylaws of Global Net Lease, Inc.
4.1 ⁽³⁾	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.
4.2 *	Description of Registrant's Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934.
4.3 ⁽²⁾	Rights Agreement, dated April 9, 2020, between Global Net Lease, Inc. and American Stock Transfer and Trust, LLC, as Rights Agent.
4.4 ⁽²⁷⁾	Amendment to Rights Agreement, dated February 26, 2021, between Global Net Lease, Inc. and American Stock Transfer and Trust, LLC, as Rights Agent.
4.5 ⁽⁴⁾	Indenture, dated as of December 16, 2020, among Global Net Lease, Inc., Global Net Lease Operating Partnership, L.P., the Guarantors party thereto and U.S. Bank National Association, as trustee (including the form of Notes).
10.1 ⁽³⁾	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.
10.2 ⁽⁵⁾	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 ⁽⁶⁾	Amended and Restated Incentive Restricted Share Plan of Global Net Lease, Inc. (f/k/a American Realty Capital Global Trust, Inc.).
10.4 ⁽⁷⁾	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.
10.5 ⁽⁸⁾	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.
10.6 ⁽⁸⁾	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.
10.7 ⁽⁸⁾	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.
10.8 ⁽⁸⁾	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.
10.9 ⁽⁸⁾	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.
10.10 ⁽⁹⁾	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.

Exhibit No.	Description
10.11 ⁽¹⁰⁾	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.
10.12 ⁽¹¹⁾	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.
10.13 ⁽¹²⁾	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.
10.14 ⁽¹³⁾	First Amendment, to the Fourth Amended And Restated Advisory Agreement, dates 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.
10.15 ⁽¹⁴⁾	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.
10.16 ⁽¹⁵⁾	Third Amendment to the Fourth Amended And Restated Advisory Agreement, dated as of May 6, 2020, by and among Global Net Lease, Inc., Global Net Lease Operating Partnership, L.P., and Global Net Lease Advisors, LLC.
10.17 ⁽²⁹⁾	Fourth Amendment to the Fourth Amended And Restated Advisory Agreement, dated as of May 6, 2021, by and among Global Net Lease, Inc., Global Net Lease Operating Partnership, L.P., and Global Net Lease Advisors, LLC.
10.18 ⁽¹⁶⁾	Investment Facility Agreement, dated as August 13, 2018, among the borrower and guarantor entities thereto and Lloyds Bank PLC.
10.19 ⁽²⁹⁾	Form of Restricted Stock Unit Award Agreement.
10.20 ⁽¹⁷⁾	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.
10.21 ⁽¹⁸⁾	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.
10.22 ⁽¹⁷⁾	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.
10.23 ⁽¹⁹⁾	Property Management and Leasing Agreement, dated as of April 5, 2019 among the entities listed on Exhibit A attached thereto and Global Net Lease Properties, LLC.
10.24 ⁽¹⁸⁾	Amendment No. 1, dated as of May 9, 2019, to 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 (formerly known as Mizuho Securities USA Inc.), B. Riley FBR, Inc., KeyBanc Capital Markets Inc., BMO Capital Markets Corp., BBVA Securities Inc., SMBC Nikko Securities America, Inc., Stifel, Nicolaus & Company, Incorporated and Ladenburg Thalmann & Co. Inc.
10.25 ⁽²⁰⁾	Amendment No. 2, dated as of June 21, 2019, to 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 (formerly known as Mizuho Securities USA Inc.), B. Riley FBR, Inc., KeyBanc Capital Markets Inc., BMO Capital Markets Corp., BBVA Securities Inc., SMBC Nikko Securities America, Inc., Stifel, Nicolaus & Company, Incorporated, and Ladenburg Thalmann & Co. Inc.
10.26 ⁽²¹⁾	First Amended and Restated Credit Agreement, dated as of August 1, 2019, by and among the Global Net Lease Operating Partnership, L.P., as borrower, the lenders party thereto and KeyBank National Association, as agent.
10.27 ⁽²¹⁾	First Amended and Restated Guaranty, dated as of August 1, 2019, by the Company, 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.
10.28 ⁽²¹⁾	First Amended & Restated Contribution Agreement, dated as of August 1, 2019, by and among the Company, Global Net Lease Operating Partnership, L.P., ARC Global Holdco, LLC, ARC Global II Holdco, LLC, the other subsidiary parties thereto.
10.29 ⁽²²⁾	Loan Agreement, dated as of September 12, 2019, by and among the borrowers party thereto, and KeyBank National Association, as lender.

Exhibit No.	Description
10.30 ⁽²²⁾	Form of Promissory Note, dated as of September 12, 2019, by the borrowers party thereto in favor of KeyBank National Association, as lender.
10.31 ⁽²²⁾	Guaranty Agreement, dated as of September 12, 2019, by Global Net Lease Operating Partnership, L.P. in favor of KeyBank National Association, as lender.
10.32 ⁽²²⁾	Environmental Indemnity Agreement, dated as of September 12, 2019, by the borrowers party thereto and Global Net Lease Operating Partnership, L.P. in favor of KeyBank National Association, as indemnitee.
10.33 ⁽²²⁾	Property Management and Leasing Agreement, dated as of September 12, 2019 among the entities listed on Exhibit A attached thereto and Global Net Lease Properties, LLC.
10.34 ⁽²³⁾	Amendment No. 3, dated as of November 12, 2019, to Equity Distribution Agreement, dated February 28, 2019, by and among Global Net Lease, Inc., Global Net Lease Operating Partnership, L.P., 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. Stifel, Nicolaus & Company, Incorporated and Ladenburg Thalmann & Co. Inc.
10.35 ⁽²⁴⁾	Sixth Amendment, dated November 22, 2019, to the Second Amended and Restated Agreement of Limited Partnership of Global Net Lease Operating Partnership, L.P., dated June 2, 2015.
10.36 ⁽²⁵⁾	Seventh Amendment, dated December 13, 2019, to the Second Amended and Restated Agreement of Limited Partnership of Global Net Lease Operating Partnership, L.P., dated June 2, 2015.
10.37 ⁽²⁵⁾	Equity Distribution Agreement, dated December 13, 2019, by and among Global Net Lease, Inc., Global Net Lease Operating Partnership, L.P. and B. Riley FBR, Inc., BMO Capital Markets Corp., Ladenburg Thalmann & Co. Inc., D.A. Davidson & Co., and KeyBanc Capital Markets Inc.
10.38 ⁽¹⁹⁾	First Amendment, dated as of December 31, 2019, to First Amended and Restated Credit Agreement, dated as of August 1, 2019, by and among the Global Net Lease Operating Partnership, L.P., as borrower, the lenders party thereto and KeyBank National Association, as agent.
10.39 ⁽¹⁹⁾	Form of Indemnification Agreement.
10.40 ⁽²⁶⁾	Form of Restricted Share Award Agreement.
10.41 ⁽³¹⁾	Form of Award Agreement (Advisor Plan).
10.42 ⁽³⁵⁾	2021 Omnibus Incentive Compensation Plan of Global Net Lease, Inc.
10.43 ⁽³⁶⁾	2021 Advisor Omnibus Incentive Compensation Plan of Global Net Lease, Inc.
10.44 ⁽³⁰⁾	Eighth Amendment dated June 3, 2021, to Second Amended and Restated Agreement of Limited Partnership of Global Net Lease Operating Partnership, L.P., dated June 2, 2015.
10.45 ⁽³¹⁾	Ninth Amendment dated August 6, 2021, to Second Amended and Restated Agreement of Limited Partnership of Global Net Lease Operating Partnership, L.P., dated June 2, 2015.
10.46 ⁽³⁰⁾	2021 Advisor Multi-Year Outperformance Award Agreement, dated as of June 3, 2021, by and among Global Net Lease, Inc., Global Net Lease Operating Partnership, L.P. and Global Net Lease Advisors, LLC.
10.47 ⁽³¹⁾	Supplemental Agreement dated July 8, 2021, to Investment Facility Agreement, dated August 13, 2018, as amended, among the borrower and guarantor entities thereto and Lloyds Bank PLC.
10.48 ⁽³²⁾	Amendment No. 1, dated as of August 6, 2021, to Equity Distribution Agreement, dated December 13, 2019, by and among Global Net Lease, Inc., Global Net Lease Operating Partnership, L.P., B. Riley Securities, Inc., KeyBanc Capital Markets Inc., BMO Capital Markets Corp., Ladenburg Thalmann & Co. Inc. and Barclays Capital Inc.
10.49 ⁽²⁸⁾	Amendment No. 4, dated as of March 19, 2021, to Equity Distribution Agreement, dated February 28, 2019, by and among Global Net Lease, Inc., Global Net Lease Operating Partnership, L.P., 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. Stifel, Nicolaus & Company, Incorporated and Ladenburg Thalmann & Co. Inc.
10.50 ⁽³³⁾	Amendment No. 5, dated as of November 5, 2021, to Equity Distribution Agreement, dated February 28, 2019, by and among Global Net Lease, Inc., Global Net Lease Operating Partnership, L.P., Capital One Securities, Inc., Mizuho Securities USA LLC, B. Riley Securities, Inc., KeyBanc Capital Markets Inc., BMO Capital Markets Corp., Jefferies LLC, SMBC Nikko Securities America, Inc. Stifel, Nicolaus & Company, Incorporated, Ladenburg Thalmann & Co. Inc. and Barclays Capital Inc.
10.51 ⁽³⁴⁾	Second Amendment, dated as of December 3, 2021, to First Amended and Restated Credit Agreement, dated as of August 1, 2019, by and among the Global Net Lease Operating Partnership, L.P., as borrower, the lenders party thereto and KeyBank National Association, as agent.
21.1 *	List of Subsidiaries.

Exhibit No.	Description
23.1 *	Consent of PricewaterhouseCoopers LLP.
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.
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.INS *	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH *	Inline XBRL Taxonomy Extension Schema Document.
101.CAL *	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF *	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB *	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE *	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104 *	Cover Page Interactive Data File - the cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.

* Filed herewith

- (1) Filed as an exhibit to our Current Report on Form 8-K filed with the SEC on June 3, 2015.
- (2) Filed as an exhibit to our Current Report on Form 8-K filed with the SEC on April 9, 2020.
- (3) Filed as an exhibit to our Current Report on Form 8-K filed with the SEC on June 2, 2015.
- (4) Filed as an exhibit to our Current Report on Form 8-K filed with the SEC on December 17, 2020.
- (5) 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.
- (6) Filed as an exhibit to our Current Report on Form 8-K filed with the SEC on April 9, 2015.
- (7) Filed as an exhibit to our Current Report on Form 8-K filed with the SEC on September 11, 2017.
- (8) 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.
- (9) Filed as an exhibit to our Current Report on Form 8-K filed with the SEC on December 18, 2017.
- (10) 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.
- (11) Filed as an exhibit to our Current Report on Form 8-K filed with the SEC on March 23, 2018.
- (12) Filed as an exhibit to our Current Report on Form 8-K filed with the SEC on July 23, 2018.
- (13) Filed as an exhibit to our Current Report on Form 8-K filed with the SEC on August 14, 2018.
- (14) 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.
- (15) Filed as an exhibit to our Quarterly Report on Form 10-Q for the quarter ended March 31, 2020 filed with the SEC on May 7, 2020.
- (16) Filed as an exhibit to our Current Report on Form 8-K filed with the SEC on August 16, 2018.
- (17) Filed as an exhibit to our Annual Report on Form 10-K for the year ended December 31, 2018 filed with the SEC on February 28, 2019.
- (18) Filed as an exhibit to our Quarterly Report on Form 10-Q for the quarter ended March 31, 2019 filed with the SEC on May 10, 2019.
- (19) Filed as an exhibit to our Annual Report on Form 10-K for the year ended December 31, 2019 filed with the SEC on February 28, 2020.
- (20) Filed as an exhibit to our Current Report on Form 8-K filed with the SEC on June 21, 2019.
- (21) Filed as an exhibit to our Current Report on Form 8-K filed with the SEC on August 6, 2019.
- (22) Filed as an exhibit to our Current Report on Form 8-K filed with the SEC on September 18, 2019.
- (23) Filed as an exhibit to our Current Report on Form 8-K filed with the SEC on November 12, 2019.
- (24) Filed as an exhibit to our Current Report on Form 8-K filed with the SEC on November 22, 2019.
- (25) Filed as an exhibit to our Current Report on Form 8-K filed with the SEC on December 13, 2019.
- (26) Filed as an exhibit to our Quarterly Report on Form 10-Q for the quarter ended September 30, 2020 filed with the SEC on November 6, 2020.
- (27) Filed as an exhibit to our Annual Report on Form 10-K for the year ended December 31, 2020 filed with the SEC on February 26, 2021.
- (28) Filed as an exhibit to our Current Report on Form 8-K filed with the SEC on March 19, 2021.
- (29) Filed as an exhibit to our Quarterly Report on Form 10-Q for the quarter ended March 31, 2021 filed with the SEC on May 7, 2021.
- (30) Filed as an exhibit to our Current Report on Form 8-K filed with the SEC on June 4, 2021.
- (31) Filed as an exhibit to our Quarterly Report on Form 10-Q for the quarter ended June 30, 2021 filed with the SEC on August 5, 2021.
- (32) Filed as an exhibit to our Current Report on Form 8-K filed with the SEC on August 6, 2021.
- (33) Filed as an exhibit to our Current Report on Form 8-K filed with the SEC on November 8, 2021.
- (34) Filed as an exhibit to our Current Report on Form 8-K filed with the SEC on December 6, 2021.
- (35) Filed as Annex A to the Company's definitive proxy statement on Schedule 14A filed with the SEC on February 26, 2021.
- (36) Filed as Annex B to the Company's definitive proxy statement on Schedule 14A filed with the SEC on February 26, 2021.

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 24th day of February, 2022.

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.

<u>Name</u>	<u>Capacity</u>	<u>Date</u>
<u>/s/ P. Sue Perrotty</u> P. Sue Perrotty	Non-Executive Chair of the Board of Directors, and Nominating and Corporate Governance Committee Chair	February 24, 2022
<u>/s/ Edward M. Weil, Jr.</u> Edward M. Weil, Jr.	Director	February 24, 2022
<u>/s/ James L. Nelson</u> James L. Nelson	Chief Executive Officer, President and Director (Principal Executive Officer)	February 24, 2022
<u>/s/ Christopher J. Masterson</u> Christopher J. Masterson	Chief Financial Officer, Treasurer and Secretary (Principal Financial Officer and Principal Accounting Officer)	February 24, 2022
<u>/s/ M. Therese Antone</u> M. Therese Antone	Independent Director, Audit Committee Chair	February 24, 2022
<u>/s/ Edward G. Rendell</u> Edward G. Rendell	Independent Director, Compensation Committee Chair	February 24, 2022
<u>/s/ Lee M. Elman</u> Lee M. Elman	Independent Director, Conflicts Committee Chair	February 24, 2022
<u>/s/ Abby M. Wenzel</u> Abby M. Wenzel	Independent Director	February 24, 2022

GLOBAL NET LEASE, INC.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

	<u>Page</u>
Report of Independent Registered Public Accounting Firm (PCAOB ID 238)	F-2
Consolidated Balance Sheets as of December 31, 2021 and 2020	F-4
Consolidated Statements of Operations for the Years Ended December 31, 2021, 2020 and 2019	F-5
Consolidated Statements of Comprehensive (Loss) Income for the Years Ended December 31, 2021, 2020 and 2019	F-6
Consolidated Statements of Equity for the Years Ended December 31, 2021, 2020 and 2019	F-7
Consolidated Statements of Cash Flows for the Years Ended December 31, 2021, 2020 and 2019	F-8
Notes to Consolidated Financial Statements	F-10
Financial Statement Schedule:	
Schedule III — Real Estate and Accumulated Depreciation as of December 31, 2021	F-50

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 of Global Net Lease, Inc. and its subsidiaries (the “Company”) as of December 31, 2021 and 2020, and the related consolidated statements of operations, of comprehensive (loss) income, of equity and of cash flows for each of the three years in the period ended December 31, 2021, 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, 2021, 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, 2021 and 2020, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2021 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, 2021, 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.

Report of Independent Registered Public Accounting Firm

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Purchase Price Allocations for Property Acquisitions

As described in Notes 2 and 3 to the consolidated financial statements, the Company completed property acquisitions with cash paid for acquired real estate investments, net of liabilities assumed, of \$477.4 million during the year ended December 31, 2021. For acquired properties with leases classified as operating leases, management allocates the purchase price of acquired properties to tangible and identifiable intangible assets acquired and liabilities assumed based on their respective fair values. Tangible assets include land, land improvements, buildings, fixtures and tenant improvements on an as-if vacant basis. Management utilizes various estimates, processes and information to determine the as-if vacant property value. Estimates of value are made by management using customary methods, including data from appraisals, comparable sales, discounted cash flow analysis and other methods. Fair value estimates are also made using significant assumptions such as capitalization rates, discount rates, fair market lease rates, and land values per square foot. Identifiable intangible assets include amounts allocated to acquire leases for above- and below-market lease rates, and the value of in-place leases, as applicable. 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 principal considerations for our determination that performing procedures relating to purchase price allocations for property acquisitions is a critical audit matter are the significant judgment by management to develop the fair value estimates of tangible and intangible assets and liabilities. This in turn led to a high degree of auditor judgment and subjectivity in applying procedures and evaluating audit evidence relating to these fair value estimates. In addition, significant audit effort was required in evaluating the significant assumptions relating to the discounted cash flows of tangible and intangible assets and liabilities and capitalization rates, discount rates, fair market lease rates, and land values per square foot. The audit effort involved the use of professionals with specialized skill and knowledge to assist in performing these procedures and evaluating the audit evidence obtained.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to purchase price allocations for property acquisitions, including controls over management's valuation of tangible and intangible assets and liabilities and controls over developing the assumptions used in the discounted cash flow model, related to capitalization rates, discount rates, fair market lease rates, and land values per square foot. Audit procedures also included, among others, (i) reading the executed purchase agreements and lease documents; (ii) testing management's process for estimating the fair value of tangible and intangible assets and liabilities; (iii) testing management's projected cash flows used to estimate the fair value of tangible and intangible assets and liabilities, using professionals with specialized skill and knowledge to assist in doing so; and (iv) evaluating the accuracy of discounted cash flow model outputs, using professionals with specialized skill and knowledge to assist in doing so. Testing management's process included evaluating the appropriateness of the valuation methods and the reasonableness of the significant assumptions used in the discounted cash flow model, related to capitalization rates, discount rates, fair market lease rates, and land values per square foot. Evaluating the reasonableness of the significant assumptions included considering whether these assumptions were consistent with external market data, comparable transactions, and evidence obtained in other areas of the audit.

/s/ PricewaterhouseCoopers LLP
New York, New York
February 24, 2022

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,	
	2021	2020
ASSETS		
Real estate investments, at cost (Note 3):		
Land	\$ 511,579	\$ 476,599
Buildings, fixtures and improvements	3,424,431	3,124,884
Construction in progress	6,975	5,486
Acquired intangible lease assets	748,363	711,985
Total real estate investments, at cost	4,691,348	4,318,954
Less accumulated depreciation and amortization	(810,686)	(675,200)
Total real estate investments, net	3,880,662	3,643,754
Assets held for sale	—	—
Cash and cash equivalents	89,668	124,245
Restricted cash	3,643	1,448
Derivative assets, at fair value (Note 8)	4,260	525
Unbilled straight-line rent	74,221	61,007
Operating lease right-of-use asset (Note 10)	52,851	58,395
Prepaid expenses and other assets	49,178	43,929
Due from related parties	—	377
Deferred tax assets	1,488	2,367
Goodwill and other intangible assets, net	22,060	23,089
Deferred financing costs, net	4,925	7,878
Total Assets	\$ 4,182,956	\$ 3,967,014
LIABILITIES AND EQUITY		
Mortgage notes payable, net (Note 4)	\$ 1,430,915	\$ 1,363,698
Revolving credit facility (Note 5)	225,566	111,132
Term loan, net (Note 5)	278,554	300,154
Senior notes, net (Note 6)	491,735	490,345
Acquired intangible lease liabilities, net	29,345	32,970
Derivative liabilities, at fair value (Note 8)	4,259	19,984
Due to related parties	893	2,002
Accounts payable and accrued expenses	25,887	28,310
Operating lease liability (Note 10)	22,771	25,350
Prepaid rent	32,756	21,481
Deferred tax liability	8,254	12,157
Dividends payable	5,386	5,152
Total Liabilities	2,556,321	2,412,735
Commitments and contingencies (Note 10)	—	—
Stockholders' Equity (Note 9):		
7.25% Series A cumulative redeemable preferred stock, \$0.01 par value, liquidation preference \$25.00 per share, 9,959,650 shares authorized, 6,799,467 shares issued and outstanding as of December 31, 2021 and 2020	68	68
6.875% Series B cumulative redeemable perpetual preferred stock, \$0.01 par value, liquidation preference \$25.00 per share, 11,450,000 shares authorized, 4,503,893 and 3,861,953 shares issued and outstanding as of December 31, 2021 and 2020, respectively	45	39
Common stock, \$0.01 par value, 250,000,000 shares authorized, 103,900,452 and 89,614,601 shares issued and outstanding as of December 31, 2021 and 2020, respectively	2,369	2,227
Additional paid-in capital	2,675,154	2,418,659
Accumulated other comprehensive income	15,546	8,073
Accumulated deficit	(1,072,462)	(896,547)
Total Stockholders' Equity	1,620,720	1,532,519
Non-controlling interest	5,915	21,760
Total Equity	1,626,635	1,554,279
Total Liabilities and Equity	\$ 4,182,956	\$ 3,967,014

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,		
	2021	2020	2019
Revenue from tenants	\$ 391,228	\$ 330,104	\$ 306,214
Expenses (income):			
Property operating	32,746	32,372	28,314
Operating fees to related parties	39,048	35,801	33,292
Impairment charges	17,525	—	6,375
Acquisition, transaction and other costs	141	663	1,320
General and administrative	17,231	13,264	10,108
Equity-based compensation	11,032	10,065	9,530
Depreciation and amortization	163,076	138,543	125,996
Total expenses	280,799	230,708	214,935
Operating income before gain (loss) on dispositions of real estate investments	110,429	99,396	91,279
Gain (loss) on dispositions of real estate investments	1,484	(153)	23,616
Operating income	111,913	99,243	114,895
Other income (expense):			
Interest expense	(94,345)	(71,804)	(64,199)
Loss on extinguishment of debt	—	(3,601)	(949)
Gain (loss) on derivative instruments	5,829	(2,341)	769
Unrealized (loss) income on undesignated foreign currency advances and other hedge ineffectiveness	—	(6,039)	76
Other (loss) income	121	289	216
Total other expense, net	(88,395)	(83,496)	(64,087)
Net income before income tax	23,518	15,747	50,808
Income tax expense	(12,152)	(4,969)	(4,332)
Net income	11,366	10,778	46,476
Preferred stock dividends	(20,064)	(18,553)	(11,941)
Net (loss) income attributable to common stockholders	\$ (8,698)	\$ (7,775)	\$ 34,535
Basic and Diluted (Loss) Earnings Per Common Share:			
Net (loss) income per share attributable to common stockholders — Basic	\$ (0.20)	\$ (0.09)	\$ 0.40
Net (loss) income per share attributable to common stockholders — Diluted	\$ (0.20)	\$ (0.09)	\$ 0.39
Weighted average common shares outstanding:			
Basic	98,283,892	89,473,554	85,031,236
Diluted	98,283,892	89,473,554	86,349,645

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

GLOBAL NET LEASE, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME
(In thousands)

	Year Ended December 31,		
	2021	2020	2019
Net income	\$ 11,366	\$ 10,778	\$ 46,476
Other comprehensive income (loss)			
Cumulative translation adjustment	(5,712)	(3,266)	21,147
Designated derivatives, fair value adjustments	13,185	(8,856)	(7,430)
Other comprehensive income (loss)	7,473	(12,122)	13,717
Comprehensive income (loss)	18,839	(1,344)	60,193
Preferred stock dividends	(20,064)	(18,553)	(11,941)
Comprehensive income (loss) attributable to common stockholders	\$ (1,225)	\$ (19,897)	\$ 48,252

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

GLOBAL NET LEASE, INC.
CONSOLIDATED STATEMENTS OF EQUITY
Years Ended December 31, 2021, 2020 and 2019
(In thousands, except share data)

	Series A Preferred Stock		Series B Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive (Loss) Income	Accumulated Deficit	Total Stockholders' Equity	Non-controlling interest	Total Equity
	Number of Shares	Par Value	Number of Shares	Par Value	Number of Shares	Par Value						
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
Adoption of ASU 2017-12 (Note 2)	—	—	—	—	—	—	—	(332)	332	—	—	—
Adoption of ASU 2016-02 (Note 2)	—	—	—	—	—	—	—	—	(1,200)	(1,200)	—	(1,200)
Issuance of Common Stock, net	—	—	—	—	13,355,773	134	258,288	—	—	258,422	—	258,422
Issuance of Series A Preferred Stock, net	1,382,577	14	—	—	—	—	34,590	—	—	34,604	—	34,604
Issuance of Series B Preferred Stock, net	—	—	3,450,000	35	—	—	83,033	—	—	83,068	—	83,068
Dividends declared:												
Common Stock, \$2.13 per share	—	—	—	—	—	—	—	—	(150,922)	(150,922)	—	(150,922)
Series A Preferred Stock, \$1.81 per share	—	—	—	—	—	—	—	—	(11,353)	(11,353)	—	(11,353)
Series B Preferred Stock, \$0.17 per share	—	—	—	—	—	—	—	—	(588)	(588)	—	(588)
Equity-based compensation	—	—	—	—	22,354	—	461	—	—	461	9,069	9,530
Distributions to non-controlling interest holders	—	—	—	—	—	—	—	—	(542)	(542)	—	(542)
Net income	—	—	—	—	—	—	—	—	46,476	46,476	—	46,476
Cumulative translation adjustment	—	—	—	—	—	—	—	21,147	—	21,147	—	21,147
Designated derivatives, fair value adjustments	—	—	—	—	—	—	—	(7,430)	—	(7,430)	—	(7,430)
Balance, December 31, 2019	6,799,467	68	3,450,000	35	89,458,752	2,225	2,408,353	20,195	(733,245)	1,697,631	12,327	1,709,958
Issuance of Common Stock, net	—	—	—	—	—	—	(345)	—	—	(345)	—	(345)
Issuance of Series A Preferred Stock, net	—	—	—	—	—	—	(125)	—	—	(125)	—	(125)
Issuance of Series B Preferred Stock, net	—	—	411,953	4	—	—	10,146	—	—	10,150	—	10,150
Dividends declared:												
Common Stock, \$1.73 per share	—	—	—	—	—	—	—	—	(155,086)	(155,086)	—	(155,086)
Series A Preferred Stock, \$1.81 per share	—	—	—	—	—	—	—	—	(12,325)	(12,325)	—	(12,325)
Series B Preferred Stock \$1.72 per share	—	—	—	—	—	—	—	—	(6,228)	(6,228)	—	(6,228)
Equity-based compensation	—	—	—	—	155,849	2	630	—	—	632	9,433	10,065
Distributions to non-controlling interest holders	—	—	—	—	—	—	—	—	(441)	(441)	—	(441)
Net income	—	—	—	—	—	—	—	—	10,778	10,778	—	10,778
Cumulative translation adjustment	—	—	—	—	—	—	—	(3,266)	—	(3,266)	—	(3,266)
Designated derivatives, fair value adjustments	—	—	—	—	—	—	—	(8,856)	—	(8,856)	—	(8,856)
Balance, December 31, 2020	6,799,467	68	3,861,953	39	89,614,601	2,227	2,418,659	8,073	(896,547)	1,532,519	21,760	1,554,279
Issuance of Common Stock, net	—	—	—	—	11,935,349	119	213,925	—	—	214,044	—	214,044
Issuance of Series B Preferred Stock, net	—	—	641,940	6	—	—	15,872	—	—	15,878	—	15,878
Dividends declared:												
Common Stock, \$1.73 per share	—	—	—	—	—	—	—	—	(156,218)	(156,218)	—	(156,218)
Series A Preferred Stock, \$1.81 per share	—	—	—	—	—	—	—	—	(12,324)	(12,324)	—	(12,324)
Series B Preferred Stock \$1.72 per share	—	—	—	—	—	—	—	—	(7,740)	(7,740)	—	(7,740)
Redemption of OP Units	—	—	—	—	2,135,496	21	25,276	—	—	25,297	(25,297)	—
Equity-based compensation, net of forfeitures	—	—	—	—	224,365	2	1,578	—	—	1,580	9,452	11,032
Distributions to non-controlling interest holders	—	—	—	—	(9,359)	—	(156)	—	(10,999)	(11,155)	—	(11,155)
Net income	—	—	—	—	—	—	—	—	11,366	11,366	—	11,366
Cumulative translation adjustment	—	—	—	—	—	—	—	(5,712)	—	(5,712)	—	(5,712)
Designated derivatives, fair value adjustments	—	—	—	—	—	—	—	13,185	—	13,185	—	13,185
Balance, December 31, 2021	6,799,467	\$ 68	4,503,893	\$ 45	103,900,452	\$ 2,369	\$ 2,675,154	\$ 15,546	\$ (1,072,462)	\$ 1,620,720	\$ 5,915	\$ 1,626,635

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,		
	2021	2020	2019
Cash flows from operating activities:			
Net income	\$ 11,366	\$ 10,778	\$ 46,476
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Depreciation	94,083	80,466	69,257
Amortization of intangibles	68,993	58,077	56,739
Amortization of deferred financing costs	9,878	7,809	6,614
Amortization of mortgage discounts and premiums, net	708	13	260
Amortization of below-market lease liabilities	(4,358)	(3,444)	(3,518)
Amortization of above-market lease assets	3,656	3,372	4,328
Amortization related to right-of-use assets	944	863	845
Amortization of lease incentive and commissions	761	341	—
Bad debt expense	1,131	—	—
Unbilled straight-line rent	(5,748)	(7,937)	(6,758)
Termination fee - unbilled	(8,753)	—	—
Equity-based compensation	11,032	10,065	9,530
Unrealized (gains) losses on foreign currency transactions, derivatives, and other	(6,252)	6,752	2,919
Unrealized losses on undesignated foreign currency advances and other hedge ineffectiveness	—	6,039	76
Payments for settlement of derivatives	—	—	(1,879)
Loss on extinguishment of debt	—	3,601	949
(Gain) loss on dispositions of real estate investments	(1,484)	153	(23,616)
Lease incentive and commission payments	(9,419)	(4,676)	—
Impairment charges and related lease intangible write-offs	17,525	—	6,375
Changes in operating assets and liabilities, net:			
Prepaid expenses and other assets	3,711	(6,275)	(11,299)
Deferred tax assets	879	2,074	(1,148)
Accounts payable and accrued expenses	(3,532)	8,399	(9,730)
Prepaid rent	11,275	4,245	1,013
Deferred tax liability	(3,903)	(2,818)	(252)
Taxes payable	—	(1,046)	(1,182)
Net cash, cash equivalents and restricted cash provided by operating activities	192,493	176,851	145,999
Cash flows from investing activities:			
Investment in real estate and real estate related assets	(477,393)	(464,144)	(562,733)
Deposits for real estate investments	—	—	(2,795)
Capital expenditures	(7,924)	(6,383)	(17,346)
Proceeds from dispositions of real estate investments	48,747	—	288,398
Net cash, cash equivalents and restricted cash used in investing activities	(436,570)	(470,527)	(294,476)
Cash flows from financing activities:			
Borrowings under revolving credit facilities	194,375	338,112	209,995
Repayments on revolving credit facilities	(78,437)	(428,715)	(375,585)
Proceeds from mortgage notes payable	137,567	163,607	579,285
Principal payments on mortgage notes payable	(71,433)	(117,586)	(433,555)
Proceeds from term loan	—	—	125,019
Payments on term loan	—	(136,702)	—
Proceeds from issuance of Senior Notes	—	500,000	—
Payments on early extinguishment of debt charges	—	(548)	(137)
Common shares repurchased upon vesting of restricted stock	(156)	—	—
Common Stock issuance (costs) proceeds, net	214,044	(345)	258,422
Series A Preferred Stock issuance (costs) proceeds, net	—	(125)	34,604
Series B Preferred Stock issuance proceeds, net	15,878	10,150	83,068
Payments of financing costs	(6,467)	(14,238)	(19,065)
Dividends paid on Common Stock	(156,218)	(155,059)	(150,779)
Dividends paid on Series A Preferred Stock	(12,324)	(12,325)	(10,727)
Dividends paid on Series B Preferred Stock	(7,507)	(5,105)	—
Distributions to non-controlling interest holders	(10,999)	(441)	(542)
Net cash, cash equivalents and restricted cash provided by financing activities	218,323	140,680	300,003
Net change in cash, cash equivalents and restricted cash	(25,754)	(152,996)	151,526
Effect of exchange rate changes on cash	(6,628)	4,402	19,068
Cash, cash equivalents and restricted cash at beginning of period	125,693	274,287	103,693
Cash, cash equivalents and restricted cash at end of period	\$ 93,311	\$ 125,693	\$ 274,287

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,		
	2021	2020	2019
Cash and cash equivalents, end of period	\$ 89,668	\$ 124,245	\$ 270,302
Restricted cash, end of period	3,643	1,448	3,985
Cash, cash equivalents and restricted cash, end of period	\$ 93,311	\$ 125,693	\$ 274,287
Supplemental Disclosures:			
Cash paid for interest	\$ 82,151	\$ 66,861	\$ 58,323
Cash paid for income taxes	16,758	5,460	5,043
Non-Cash Investing and Financing Activities:			
Loss on extinguishment of debt	\$ —	\$ 3,053	\$ 812
Assumed mortgage used to acquire real estate	\$ 38,562	\$ —	\$ —

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021**Note 1 — Organization**

Global Net Lease, Inc. (the “Company”) is an externally managed real estate investment trust for United States (“U.S.”) federal income tax purposes (“REIT”) that focuses on acquiring and managing a globally diversified portfolio of strategically-located commercial real estate properties, which consist primarily of “Investment Grade” (defined below). The Company invests in commercial properties, with an emphasis on sale-leaseback transactions and mission-critical, single tenant net-lease assets.

As of December 31, 2021, the Company owned 309 properties (all references to number of properties, square footage and industry types are unaudited) consisting of 39.3 million rentable square feet, which were 99.0% 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, 2021, approximately 60% of the Company’s properties were located in the U.S. and Canada and approximately 40% were located in Europe. In addition, the Company’s portfolio was comprised of 54% industrial/distribution properties, 42% office properties and 4% retail properties. These percentages are calculated using annualized straight-line rent converted from local currency into the U.S. Dollar (“USD”) as of December 31, 2021. The straight-line rent includes amounts for tenant concessions.

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 (“AR Global”), and these related parties receive compensation and fees for various services provided to the Company.

“Investment Grade” includes both actual investment grade ratings of the tenant or guarantor, if available, or implied investment grade. Implied investment grade may include actual ratings of the tenant parent, guarantor parent (regardless of whether or not the parent has guaranteed the tenant’s obligation under the lease) or tenants that are identified as investment grade by using a proprietary Moody’s analytical tool, which generates an implied rating by measuring an entity’s probability of default.

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. Substantially all of the Company’s assets and liabilities are held by the OP.

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, income taxes, derivative financial instruments, hedging activities, equity-based compensation expenses related to multi-year outperformance agreements entered into with the Advisor in 2018 (the “2018 OPP”) and 2021 (the “2021 OPP”) and fair value measurements, as applicable.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021**Out-of-Period Adjustments**

During the fourth quarter of 2020, the Company identified certain historical errors in its accumulated other comprehensive income (“AOCI”) as well as its consolidated statements operations, statements of comprehensive (loss) income and consolidated statements of changes in equity since the second quarter of 2020. These errors impacted the previously issued financial statements for the second and third quarters of 2020.

Specifically, the impact of foreign currency changes on the Company’s over-hedged portion of its net investment hedges, which is the portion the Company considered to be ineffective, was incorrectly recorded as a currency translation adjustment in AOCI in the second and third quarters of 2020. The foreign currency impacts on the ineffective portion of its net investment hedges should have been recorded in unrealized (loss) income on undesignated foreign currency advances and other hedge ineffectiveness in the consolidated statement of operations. For additional information on the Company’s derivatives and hedging activities, see the “*Derivative Instruments*” section in this Note below and see [Note 8 — Derivatives and Hedging Activities](#). The impact of the errors are as follows:

- AOCI was understated by \$1.3 million as of June 30, 2020 and net (loss) income attributable to common stockholders was overstated by \$1.3 million for the three and six months ended June 30, 2020.
- AOCI was understated by \$3.9 million as of September 30, 2020 and net (loss) income attributable to common stockholders was overstated by \$2.6 million and \$3.9 million for the three and nine months ended September 30, 2020, respectively.

The Company concluded that the errors noted above were not material for any prior quarterly periods presented and has adjusted the amounts on a cumulative basis in the fourth quarter of 2020.

Impacts of the COVID-19 Pandemic

The financial stability and overall health of the Company’s tenants is critical to its business. The negative effects that the global COVID-19 pandemic has had on the economy did impact the ability of some of the Company’s tenants to pay their monthly rent during 2020. The Company has taken a proactive approach to seek mutually agreeable solutions with its tenants where necessary, and, in some cases, the Company executed rent deferral agreements on leases with several tenants. For accounting purposes, in accordance with ASC 842, normally a company would be required to assess the modification to determine if the modification should be treated as a separate lease and if not, modification accounting would be applied which would require a company to reassess the classification of the lease (i.e. operating, direct financing or sales-type). However, in light of the COVID-19 pandemic due to which many leases were modified, the FASB and SEC provided relief that allowed companies to make a policy election as to whether they treat COVID-19 related lease amendments as a provision included in the preconcession arrangement, and therefore, not a lease modification, or to treat a lease amendment as a modification. In order to qualify for the relief, the modifications must be COVID-19 related and cash flows must be substantially the same or less than those prior to the concession. The Company elected to use this relief where applicable during 2020. In those circumstances, the Company has accounted for these arrangements as if no changes to the lease contract were made. For those leases that do not qualify for the relief, the Company performs a lease modification analysis and if required, uses lease modification accounting.

Revenue Recognition

The Company’s revenues, which are derived primarily from lease contracts, include rents that each tenant pays in accordance with the terms of each lease reported on a straight-line basis over the non-cancelable term of the lease. As of December 31, 2021, these leases had a weighted-average remaining lease term of 8.3 years. Because many of the Company’s leases provide for rental increases at specified intervals, straight-line basis accounting requires the Company to record a receivable for, and include in revenue from tenants, unbilled rents receivable that the Company will only receive if the tenant makes all rent payments required through the expiration of the initial term of the lease. As of December 31, 2021 and 2020, the Company’s cumulative straight-line rents receivable in the consolidated balance sheets was \$74.2 million and \$61.0 million, respectively. For the years ended December 31, 2021, 2020 and 2019, the Company’s revenue from tenants included impacts of unbilled rental revenue of \$5.7 million, \$7.9 million and \$6.8 million, respectively, to adjust contractual rent to straight-line rent.

GLOBAL NET LEASE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021

For new leases after acquisition of a property, the commencement date is considered to be the date the lease is executed and the tenant has access to the space. 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 for all leases in place at the time of acquisition. In addition to base rent, the Company's lease agreements generally require tenants to pay or reimburse the Company for all property operating expenses, which primarily reflect insurance costs and real estate taxes incurred by the Company and subsequently reimbursed by the tenant. However, some limited property operating expenses that are not the responsibility of the tenant are absorbed by the Company. Under ASC 842, the Company has elected to report combined lease and non-lease components in a single line "Revenue from tenants." For expenses paid directly by the tenant, under both ASC 842 and 840, the Company has reflected them on a net basis.

The following table presents future minimum base rental cash payments due to the Company over the next five calendar years and thereafter as of December 31, 2021. These amounts exclude tenant reimbursements and contingent rent payments, as applicable, that may be collected from certain tenants based on increases in annual rent based on exceeding certain economic indexes among other items:

<i>(In thousands)</i>	Future Minimum Base Rent Payments	
2022	\$	350,163
2023		337,145
2024		304,576
2025		265,577
2026		237,685
Thereafter		1,389,843
Total	\$	2,884,989

⁽¹⁾ Assumes exchange rates of £1.00 to \$1.35 for British Pounds Sterling ("GBP"), €1.00 to \$1.13 for Euro ("EUR") and \$1.00 Canadian Dollar ("CAD") to \$0.79 as of December 31, 2021 for illustrative purposes, as applicable.

The Company continually reviews receivables related to rent and unbilled rent receivables and determines collectability by taking into consideration the tenant's payment history, the credit worthiness and financial condition of the tenant, business conditions in the industry in which the tenant operates and economic conditions in the area in which the property is located. Under lease accounting rules, the Company is required to assess, based on credit risk only, if it is probable that it will collect virtually all of the lease payments at the lease commencement date and it must continue to reassess collectability periodically thereafter based on new facts and circumstances affecting the credit risk of the tenant. Partial reserves, or the ability to assume partial recovery are no longer permitted. If the Company determines that it is probable it will collect virtually all of the lease payments (rent and common area maintenance), the lease will continue to be accounted for on an accrual basis (i.e. straight-line). However, if the Company determines it is not probable that it will collect virtually all of the lease payments, the lease will be accounted for on a cash basis and the straight-line rent receivable would be written off where it was subsequently concluded that collection was not probable. Cost recoveries from tenants are included in revenue from tenants on the accompanying consolidated statements of operations in the period the related costs are incurred, as applicable.

Under ASC 842, uncollectible amounts are reflected as reductions in revenue from tenants. Under ASC 840, the Company recorded such amounts as bad debt expense as part of property operating expenses. Amounts recorded as reductions of revenue during the year ended December 31, 2021 totaled \$1.1 million. The Company did not record any uncollectible amounts as reductions of revenue during the years ended December 31, 2020 or 2019.

On September 3, 2021, the Company entered into a lease termination agreement with one of its tenants which required the tenant to pay the Company a termination fee of approximately £6.7 million (\$9.0 million based on the exchange rate as of December 31, 2021) at the end of the lease term on January 4, 2022. This amount was received in January 2022 and was recorded in revenue from tenants evenly over the period from September 3, 2021 through the end of the lease term, and as a result, the Company recorded approximately \$6.5 million and \$8.8 million in revenue from tenants during the three months and year ended December 31, 2021, respectively. The termination fee is recorded in unbilled straight-line rent on the Company's consolidated balance sheet as of December 31, 2021.

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021

At the time an asset is acquired, the Company evaluates the inputs, processes and outputs of the asset acquired to determine if the transaction is a business combination or 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. See the *Purchase Price Allocation* section in this Note for a discussion of the initial accounting for investments in Real Estate.

Disposal of real estate investments that represent a strategic shift in operations that will have a major effect on the Company's operations and financial results are required to be presented as discontinued operations in the consolidated statements of operations. No properties were presented as discontinued operations as of December 31, 2021 and 2020. 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, 2021 and 2020, the Company did not have any properties classified as held for sale (see [Note 3](#) — *Real Estate Investments, Net* for additional information).

As more fully discussed in this Note under "*Recently Issued Accounting Pronouncements - ASU No. 2016-02 Leases*", all of the Company's leases as lessor, prior to adoption of the new leasing standard on January 1, 2019, were accounted for as operating leases and the Company continued to account for them as operating leases under the transition guidance. The Company evaluates new leases originated after the adoption date (by the Company or by a predecessor lessor/owner) pursuant to the new guidance where a lease for some or all of a building is classified by a lessor as a sales-type lease if the significant risks and rewards of ownership reside with the tenant. This situation is met if, among other things, there is an automatic transfer of title during the lease, a bargain purchase option, the non-cancelable lease term is for more than major part of remaining economic useful life of the asset (e.g., equal to or greater than 75%), if the present value of the minimum lease payments represents substantially all (e.g., equal to or greater than 90%) of the leased property's fair value at lease inception, or if the asset so specialized in nature that it provides no alternative use to the lessor (and therefore would not provide any future value to the lessor) after the lease term. Further, such new leases would be evaluated to consider whether they would be failed sale-leaseback transactions and accounted for as financing transactions by the lessor. During the three-year period ended December 31, 2021, the Company had no leases as a lessor that would be considered as sales-type leases or financings under sale-leaseback rules.

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

Purchase Price Allocation

In both a business combination and an asset acquisition, the Company allocates the purchase price of acquired properties to tangible and identifiable intangible assets or liabilities based on their respective fair values. Tangible assets may include land, land improvements, buildings, fixtures and tenant improvements on an as if vacant basis. Intangible assets may include the value of in-place leases, and above- and below- market leases and other identifiable assets or liabilities based on lease or property specific characteristics. In addition, any assumed mortgages receivable or payable and any assumed or issued non-controlling interests (in a business combination) are recorded at their estimated fair values. In allocating the fair value to assumed mortgages, amounts are recorded to debt premiums or discounts based on the present value of the estimated cash flows, which is calculated to account for either above or below-market interest rates. In a business combination, the difference between the purchase price and the fair value of identifiable net assets acquired is either recorded as goodwill or as a bargain purchase gain. In an asset acquisition, the difference between the acquisition price (including capitalized transaction costs) and the fair value of identifiable net assets acquired is allocated to the non-current assets. All acquisitions during the years ended December 31, 2021, 2020 and 2019 were asset acquisitions.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021

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. Fair value estimates are also made using significant assumptions such as capitalization rates, discount rates, fair market lease rates, and land values per square foot. Identifiable intangible assets include amounts allocated to acquired leases for above- and below-market lease rates, and the value of in-place leases, 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.

Impairment of Long-Lived Assets

If 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.

Gains and Losses on Dispositions of Real Estate Investments

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

Depreciation and Amortization

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

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

Deferred leasing commissions are recorded over the terms of the related leases. Amounts related to leasing commissions incurred from third parties are recorded in depreciation and amortization. Amounts related to leasing commissions incurred from the Advisor are recorded within operating fees to related parties in the consolidated statements of operations.

Above and Below-Market Lease Amortization

Capitalized above-market lease values are amortized as a reduction of revenue from tenants over the remaining terms of the respective leases and the capitalized below-market lease values are amortized as an increase to revenue from tenants over the remaining terms of the respected leases, not including any extension options. .

Above market intangibles and below market intangibles will also be treated in the same way as in-place intangibles upon a lease termination.

If a tenant modifies its lease, the unamortized portion of the in-place lease value, customer relationship intangibles, above-market leases and below market leases are assessed to determine whether their useful lives need to be amended (generally accelerated). Generally the Company would not extend the useful lives of their intangible values upon a modification that is an extension.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021

The amortization associated with the Company's operating lease right-of-use asset ("ROU") is recorded in property operating expenses on a straight-line basis over the terms of the leases. Upon adoption of ASC 842 effective January 1, 2019, intangible balances related to ground leases were reclassified to be included as part of the operating lease ROU presented on the Company's consolidated balance sheet with no change to placement of the amortization expense of such balances.

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 \$89.7 million at December 31, 2021, of which \$28.0 million, \$31.7 million and \$20.5 million are currently in excess of amounts insured by the FDIC, FSCS and European equivalent deposit insurance companies including DDGS, respectively. At December 31, 2020, the Company had deposits in the U.S., United Kingdom, Luxembourg, Germany, Finland and The Netherlands totaling \$124.2 million, of which \$41.7 million, \$42.0 million and \$32.6 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 \$3.6 million and \$1.4 million as of December 31, 2021 and 2020, respectively.

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. The Company determined that the potential impact of the COVID-19 pandemic represented a triggering event, and, as such, performed an updated goodwill assessment during the first quarter of 2020. Based on the Company's assessment, it determined that the goodwill was not impaired at the time of the triggering event evaluation. The Company also performed our annual goodwill impairment evaluation in the fourth quarter of 2021 and determined that goodwill was not impaired as of December 31, 2021. There were no material changes to this assessment as of December 31, 2021.

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. In addition, all foreign currency denominated borrowings under the Company's Credit Facility (as defined in [Note 5 - Revolving Credit Facility and Term Loan, Net](#)) are designated as net investment hedges. 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 USD. The Company enters into derivative financial instruments in an effort 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 foreign operations. 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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021

(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.

Deferred Financing Costs, Net

Deferred financing costs, net are costs associated with the Revolving Credit Facility (as defined in [Note 5 — Revolving Credit Facility and Term Loan, Net](#)) and consist of 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.

Equity-Based Compensation

The Company has a stock-based incentive plan under which its directors, officers and other employees of the Advisor, or its affiliates who are involved in providing services to the Company are eligible to receive awards. Awards granted thereunder are accounted for under the guidance for employee share based payments. The cost of services received in exchange for 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 in the 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 — Equity-Based Compensation](#) for additional information).

Multi-Year Outperformance Agreements

Following the end of the performance period under the 2018 OPP on June 2, 2021, the Company entered into the 2021 OPP with the Advisor. Under the 2018 OPP, which became effective June 2, 2018, the Company recorded equity-based compensation evenly over the requisite service period of approximately 2.8 years from the grant date. Under the 2021 OPP, which became effective June 2, 2021, the Company is recording equity-based compensation evenly over the requisite service period of approximately 3.1 years from May 3, 2021, the date that the Company's independent directors approved the award of long-term incentive plan units of limited partner interest in the OP ("LTIP Units") under the 2021 OPP.

Under accounting guidance adopted by the Company on January 1, 2019, total equity-based compensation expense calculated as of the adoption of the new guidance is fixed and reflected as a charge to earnings over the remaining service period. Further, in the event of a modification, any incremental increase in the value of the instrument measured on the date of the modification both before and after the modification, will result in an incremental amount to be reflected prospectively as a charge to earnings over the remaining service period. The expense for these non-employee awards is included in the equity-based compensation line item of the Company's consolidated statements of operations. For additional information on the original terms, a February 2019 modification of the 2018 OPP, and accounting for these awards under the 2018 OPP and 2021 OPP, see [Note 13 — Equity-based compensation](#).

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 to remain qualified as a REIT. As a REIT, the Company generally will not be subject to federal corporate income tax to the extent it distributes annually all of its REIT taxable income. REITs are subject to a number of other organizational and operational requirements.

The Company conducts business in various states and municipalities within the U.S., Canada, 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 the 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.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021

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 U.S. 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 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. 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 common 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.

For additional details related to the Company's income tax expense, as well as recorded deferred tax assets and liabilities, see [Note 15](#) — *Income Taxes*.

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 AOCI in the consolidated statements of equity.

Per Share Data

The Company calculates basic earnings per share of its \$0.01 par value per share common stock ("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") restricted shares of Common Stock ("Restricted Shares"), and long-term incentive plan units of limited partner interest in the OP ("LTIP 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 309 properties totaling approximately 39.3 million square feet substantially all of which were net leased to 137 tenants, with an occupancy rate of 99.0%.

GLOBAL NET LEASE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021

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 annualized revenue from tenants on a straight-line basis, or total long-lived assets at December 31, 2021. The termination, delinquency or non-renewal of leases by any major tenant may have a material adverse effect on revenues.

The following tables present the geographic information for Revenue from tenants and Investments in real estate:

<i>(In thousands)</i>	Year Ended December 31,		
	2021	2020	2019
Revenue from tenants:			
United States and Puerto Rico	\$ 233,394	\$ 216,260	\$ 180,100
United Kingdom	89,455	51,178	51,215
Europe	67,618	61,944	74,881
Canada	761	722	18
Total	\$ 391,228	\$ 330,104	\$ 306,214

<i>(In thousands)</i>	As of December 31,	
	2021	2020
Investments in real estate:		
United States and Puerto Rico	\$ 2,984,423	\$ 2,936,977
United Kingdom	934,284	630,014
Europe	731,565	740,818
Canada	41,076	11,145
Total	\$ 4,691,348	\$ 4,318,954

Recently Issued Accounting Pronouncements

Adopted as of January 1, 2019

ASU No. 2016-02 — Leases

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)* ("ASU 2016-02") which provides new guidance related to the accounting for leases, as well as the related disclosures. For lessors of real estate, leases are accounted for using an approach substantially the same as previous accounting guidance for operating leases and direct financing leases. For lessees, the new standard requires the application of a dual lease classification approach, classifying leases as either operating or finance leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. Lease expense for operating leases is recognized on a straight-line basis over the term of the lease, while lease expense for finance leases is recognized based on an effective interest method over the term of the lease. Also, lessees must recognize a ROU and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Further, certain transactions where at inception of the lease the buyer-lessor accounted for the transaction as a purchase of real estate and a new lease, may now be required to have symmetrical accounting to the seller-lessee if the transaction was not a qualified sale-leaseback and accounted for as a financing transaction.

Upon adoption, lessors were allowed a practical expedient, which the Company has elected, by class of underlying assets to account for lease and non-lease components (such as tenant reimbursements of property operating expenses) as a single lease component as an operating lease because (a) the non-lease components have the same timing and pattern of transfer as the associated lease component; and (b) the lease component, if accounted for separately, would be classified as an operating lease. Additionally, only incremental direct leasing costs may be capitalized under this new guidance, which is consistent with the Company's existing policies. Also, upon adoption, companies were allowed a practical expedient package, which the Company has elected, that allowed 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 (including assessing sale-leaseback transactions); and (c) to not reassess initial direct costs for any expired or existing leases entered into prior to January 1, 2019. As a result, all of the Company's existing leases as of January 1, 2019 continued to be, as all future leases have been classified as operating leases under the new standard. Further, any existing leases for which the property is leased to a tenant in a transaction that at inception was a sale-leaseback transaction will

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021

continue to be treated (absent a modification) as operating leases. The Company did not have any leases that would be considered financing leases as of January 1, 2019.

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, using a prospective transition approach under which the Company elected to apply the guidance effective January 1, 2019 and not adjust prior comparative reporting periods (except for the Company's presentation of lease revenue discussed below).

Lessor Accounting

As discussed above, the Company was not required to re-assess the classification of its leases, which are considered operating leases under ASU 2016-02. The following is a summary of the most significant impacts to the Company of the new accounting guidance, as lessor:

- Because the Company elected the practical expedient noted above to not separate non-lease component revenue from the associated lease component, the Company has aggregated revenue from its lease components and non-lease components (tenant operating expense reimbursements) into one line. Prior periods have been conformed to this new presentation.
- Changes in the Company's assessment of receivables that result in bad debt expense is now required to be recorded as an adjustment to revenue from tenants, rather than a charge to bad debt expense. This new classification applies for the first quarter of 2019 and reclassification of prior period amounts is not permitted. At transition on January 1, 2019, after assessing its reserve balances at December 31, 2018 under the new guidance, the Company wrote off accounts receivable of \$3.4 million, net of \$2.2 million in bad debt reserves as an adjustment to the opening balance of accumulated deficit, and accordingly rent for these tenants is currently recorded on a cash basis.
- Indirect leasing costs in connection with new or extended tenant leases, if any, are being expensed. Under prior accounting guidance, the recognition would have been deferred.

Lessee Accounting

The Company was a lessee under ground leases for seven properties as of January 1, 2019. The following is a summary of the most significant impacts to the Company of the new accounting guidance, as lessee:

- Upon adoption of the new standard, the Company recorded ROU assets and lease liabilities equal to \$24.0 million for the present value of the lease payments related to its ground leases. These amounts are included in operating lease right-of-use assets and operating lease liabilities on the consolidated balance sheet.
- The Company also reclassified \$27.0 million, net related to amounts previously reported as above and below market ground lease intangibles to the ROU assets. For additional information and disclosures related to these operating leases, see [Note 10](#) — *Commitments and Contingencies*.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021Other Accounting Pronouncements Adopted As of January 1, 2019

In January 2017, the FASB issued ASU 2017-04, *Intangibles-Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment*. This standard simplifies subsequent measurements of goodwill by eliminating Step 2 from the goodwill impairment test. Instead, entities will perform their interim or annual goodwill impairment testing by comparing the fair value of a reporting unit with its carrying amount and recognizing an impairment charge based on the amount that the carrying amount exceeds the reporting unit's fair value. The loss recognized should not exceed the total goodwill allocated to the reporting unit. In 2019, the Company early adopted this guidance, in connection with the reassessments and impairment of goodwill during the year ended December 31, 2019.

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 became effective for the Company on 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, or decrease, 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, awards 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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021

1, 2019 and began applying 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 (unless modified). In addition, the expense is being recorded over the requisite service period from the grant date. See [Note 13](#) — *Equity-Based Compensation* for additional information on the awards to the Advisor pursuant to the 2018 OPP and the 2015 OPP.

Adopted as of January 1, 2020:

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. The revised guidance became effective for the Company effective January 1, 2020 and it did not have a material impact on the Company's consolidated financial statements.

In August 2018, the FASB issued ASU No. 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework-Changes to the Disclosure Requirements for Fair Value Measurement*. The objective of ASU 2018-13 is to improve the effectiveness of disclosures in the notes to the financial statements by removing, modifying, and adding certain fair value disclosure requirements to facilitate clear communication of the information required by generally accepted accounting principles. The amended guidance is effective for the Company beginning on January 1, 2020 and it did not have a material impact on the Company's financial statements.

Pending Adoption as of December 31, 2021

In August 2020, the FASB issued ASU 2020-06, *Debt - Debt with Conversion and Other Options (Topic 470) and Derivatives and Hedging – Contracts in Entity's Own Equity (Topic 815)*. The new standard reduces the number of accounting models for convertible debt instruments and convertible preferred stock, and amends the guidance for the derivatives scope exception for contracts in an entity's own equity. The standard also amends and makes targeted improvements to the related earnings per share guidance. The ASU became effective for the Company effective January 1, 2022 and it is not expected to have a material impact on the Company's consolidated financial statements.

In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. Topic 848 contains practical expedients for reference rate reform-related activities that impact debt, leases, derivatives, and other contracts. The guidance in Topic 848 is optional and may be elected over the period from March 12, 2020 through December 31, 2022 as reference rate reform activities occur. During the first quarter of 2020, the Company elected to apply the hedge accounting expedients related to probability and the assessments of effectiveness for future London Interbank Offered Rate ("LIBOR") indexed cash flows to assume that the index upon which future hedged transactions will be based matches the index on the corresponding derivatives. Application of these expedients preserves the presentation of derivatives consistent with past presentation. The Company will continue to evaluate the impact of the guidance and may apply other elections as applicable as additional changes in the market occur.

GLOBAL NET LEASE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021

Note 3 — Real Estate Investments, Net

Property Acquisitions

The following table presents the allocation of the assets acquired and liabilities assumed during the years ended December 31, 2021, 2020 and 2019, in the case of assets located outside of the United States, based on the applicable exchange rate at the time of purchase. All acquisitions in these periods were considered asset acquisitions for accounting purposes.

<i>(Dollar amounts in thousands)</i>	Year Ended December 31,		
	2021	2020	2019
Real estate investments, at cost:			
Land	\$ 62,491	\$ 53,701	\$ 43,259
Buildings, fixtures and improvements	397,659	364,511	449,745
Total tangible assets	460,150	418,212	493,004
Acquired intangible lease assets:			
In-place leases	51,700	45,723	70,628
Above-market lease assets	5,728	156	1,051
Below-market lease liabilities	(1,623)	(4,969)	(1,950)
Total intangible assets	55,805	40,910	69,729
ROU asset	—	5,022	—
Mortgage note payable	(38,562)	—	—
Cash paid for acquired real estate investments	\$ 477,393	\$ 464,144	\$ 562,733
Number of properties purchased ⁽¹⁾	25	28	39

⁽¹⁾ Amount in 2021 includes one parking lot purchased adjacent to a previously purchased property.

The following table summarizes the acquisition by property type during the years ended December 31, 2021, 2020 and 2019:

Property Type	Number of Properties	Square Feet (unaudited)
Properties Acquired in 2021:		
Office	2	204
Industrial	22	2,268
Distribution ⁽¹⁾	1	—
Retail	—	—
	25	2,472
Properties Acquired in 2020:		
Office	11	390
Industrial	13	3,569
Distribution	4	1,599
Retail	—	—
	28	5,558
Properties Acquired in 2019:		
Office	12	682
Industrial	17	2,408
Distribution	10	3,014
Retail	—	—
	39	6,104

⁽¹⁾ Represents a parking lot purchased adjacent to a previously purchased property.

GLOBAL NET LEASE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021

Acquired Intangible Lease Assets

The Company allocates 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, 2021, the Company wrote off certain lease intangibles related to terminated leases (see the “Intangible Lease Assets and Lease Liabilities” section below). The Company did not record any impairments to its intangible assets associated with its real estate investments during the years ended December 31, 2020 and 2019.

Dispositions

During the year ended December 31, 2021, the Company sold one property in Conroe, Texas, one property in Houston, Texas, one property in South Bend, Indiana and 18 properties in Puerto Rico for an aggregate contract sales price of \$49.6 million for all 21 properties sold. These dispositions resulted in an aggregate net gain of \$1.5 million, which is reflected in gain (loss) on dispositions of real estate investments in the consolidated statements of operations for the year ended December 31, 2021.

During the year ended December 31, 2020, the Company did not sell any properties.

During the year ended December 31, 2019, the Company sold 97 properties located in the United States (94 Family Dollar retail stores and three industrial properties), one property located in the United Kingdom, two properties in the Netherlands and three properties in Germany for a total contract sales price of \$311.3 million, resulting in an aggregate gain of \$23.6 million, which is reflected in gain (loss) on dispositions of real estate investments in the consolidated statements of operations for the year ended December 31, 2019.

The following table summarizes the aforementioned properties sold in 2021 and 2019. During the year ended December 31, 2020, the Company did not sell any properties.

Portfolio	State	Disposition Date	Number of Properties	Square Feet (unaudited)
Properties Sold in 2021:				
Axon	Texas	October 22, 2021	1	126,114
Encanto	Puerto Rico	November 23, 2021	18	65,262
C&J Energy	Texas	December 10, 2021	1	96,149
Beacon Health	Indiana	December 10, 2021	1	49,712
			<u>21</u>	<u>337,237</u>
Properties Sold in 2019:				
Crowne Group	Indiana	March 7, 2019	1	21,562
Crowne Group	Michigan	May 17, 2019	1	92,244
Talk Talk	Manchester UK	May 23, 2019	1	48,415
Family Dollar	Various U.S. States	June 28, 2019	62	518,634
Family Dollar	Various U.S. States	September 20, 2019	32	265,596
Panasonic	New Jersey	September 30, 2019	1	48,497
Achmea	Netherlands	November 1, 2019	2	190,252
RWE	Germany	December 27, 2019	3	198,138
			<u>103</u>	<u>1,383,338</u>

Impairment Charges

The impairment charges recorded during the year ended December 31, 2021 of \$17.5 million were recorded to adjust the carrying value of three properties to their estimated fair values based on the estimated selling prices of two of the Company’s assets located in Texas (sold in 2021) and one asset in the United Kingdom which the Company began marketing for sale in the

GLOBAL NET LEASE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021

fourth quarter of 2021. The impairments were recorded in the nine months ended September 30, 2021 and quarter ended December 31, 2021 in the amounts of \$7.9 million and \$9.6 million, respectively.

There were no impairment charges recorded during the year ended December 31, 2020.

In November 2019, the Company sold two properties in the Netherlands. As of September 30, 2019, the Company had concluded that the estimated sales price for these two properties was lower than their respective carrying values, and as a result, the Company recorded an impairment charge of \$6.4 million in the third quarter of 2019 to reflect the estimated sales price of the properties.

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, 2021 and 2020 the Company did not have any assets held for sale.

Intangible Lease Assets and Lease Liabilities

During the year ended December 31, 2021, the Company terminated some leases with certain tenants and, as a result, the amortization of approximately \$2.0 million of in-place lease intangibles related to this leases was accelerated. This amount is recorded in depreciation and amortization in the Company's consolidated statements of operations for the year ended December 31, 2021. The Company did not record any impairment charges to its intangible assets associated with its real estate investments during the years ended December 31, 2020 or 2019.

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

<i>(In thousands)</i>	December 31, 2021			December 31, 2020		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying amount
Intangible assets:						
In-place leases	\$ 710,159	\$ 358,587	\$ 351,572	\$ 678,856	\$ 302,383	\$ 376,473
Above-market leases	38,204	20,213	17,991	33,129	16,963	16,166
Total acquired intangible lease assets	\$ 748,363	\$ 378,800	\$ 369,563	\$ 711,985	\$ 319,346	\$ 392,639
Intangible liabilities:						
Below-market leases	\$ 48,797	\$ 19,452	\$ 29,345	\$ 49,154	\$ 16,184	\$ 32,970
Total acquired intangible lease liabilities	\$ 48,797	\$ 19,452	\$ 29,345	\$ 49,154	\$ 16,184	\$ 32,970

Projected Amortization for Intangible Lease Assets and Liabilities

The following table provides the weighted-average amortization periods as of December 31, 2021 for intangible assets and liabilities and the projected amortization expense and adjustments to revenues and property operating expense for the next five calendar years:

<i>(In thousands)</i>	Weighted-Average Amortization Years	2022	2023	2024	2025	2026
In-place leases	7.2	\$ 60,696	\$ 53,278	\$ 42,995	\$ 33,010	\$ 26,903
Total to be included as an increase to depreciation and amortization		\$ 60,696	\$ 53,278	\$ 42,995	\$ 33,010	\$ 26,903
Above-market lease assets	4.7	\$ 4,270	\$ 4,033	\$ 3,037	\$ 1,660	\$ 1,138
Below-market lease liabilities	9.7	(3,915)	(3,889)	(3,175)	(2,800)	(2,248)
Total to be included as an increase to revenue from tenants		\$ 355	\$ 144	\$ (138)	\$ (1,140)	\$ (1,110)

GLOBAL NET LEASE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021

Significant Tenants

There were no tenants whose annualized rental income on a straight-line basis as of December 31, 2021 represented 10.0% or greater of consolidated annualized rental income on a straight-line basis for all properties as of December 31, 2021. The termination, delinquency or non-renewal of leases by any major tenant may have a material adverse effect on revenues.

Geographic Concentrations

The following table lists the countries and states where the Company has concentrations of properties where annualized rental income on a straight-line basis as of December 31, 2021, represented greater than 10% of consolidated annualized rental income on a straight-line basis as of December 31, 2021, 2020 and 2019.

Country / U.S. State	December 31,		
	2021	2020	2019
United States	59.2%	63.2%	63.0%
Michigan	14.5%	15.3%	14.6%
United Kingdom	21.5%	16.8%	18.2%

Note 4 — Mortgage Notes Payable, Net

Mortgage notes payable, net as of December 31, 2021 and 2020 consisted of the following:

Country	Portfolio	Encumbered Properties	Outstanding Loan Amount ⁽¹⁾		Effective Interest Rate	Interest Rate	Maturity
			December 31, 2021	December 31, 2020			
			<i>(In thousands)</i>	<i>(In thousands)</i>			
Finland:	Finland Properties	5	\$ 83,940	\$ 90,760	1.7% ⁽²⁾	Fixed/Variable	Feb. 2024
France:	French Properties	7	79,403	85,854	2.5% ⁽³⁾	Fixed/Variable	May 2025
Germany	Germany Properties	5	58,417	63,165	1.8% ⁽⁴⁾	Fixed/Variable	Jun. 2023
Luxembourg/ The Netherlands:	Benelux Properties	3	136,120	147,178	1.4%	Fixed	Jun. 2024
	Total EUR denominated	20	357,880	386,957			
United Kingdom:	McLaren Loan	3	136,471	—	6.1%	Fixed	Apr. 2024
	Trafalgar Court	1	37,834	—	2.1%	Variable	Sep. 2022
	United Kingdom Properties - Bulk Loan	42	252,352	301,979	3.1% ⁽⁵⁾	Fixed/Variable	Aug. 2023
	Total GBP denominated	46	426,657	301,979			
United States:	Penske Logistics	1	70,000	70,000	4.7% ⁽⁶⁾	Fixed	Nov. 2028
	Multi-Tenant Mortgage Loan I	10	162,580	187,000	4.4% ⁽⁶⁾	Fixed	Nov. 2027
	Multi-Tenant Mortgage Loan II	8	32,750	32,750	4.4% ⁽⁶⁾	Fixed	Feb. 2028
	Multi-Tenant Mortgage Loan III	7	98,500	98,500	4.9% ⁽⁶⁾	Fixed	Dec. 2028
	Multi-Tenant Mortgage Loan IV	16	97,500	97,500	4.6% ⁽⁶⁾	Fixed	May 2029
	Multi-Tenant Mortgage Loan V	12	204,000	204,000	3.7% ⁽⁶⁾	Fixed	Oct. 2029
	Total USD denominated	54	665,330	689,750			
	Gross mortgage notes payable	120	1,449,867	1,378,686	3.6%		
	Mortgage discount		(2,374)	—	—		
	Deferred financing costs, net of accumulated amortization ⁽⁷⁾		(16,578)	(14,988)	—		
	Mortgage notes payable, net	120	\$ 1,430,915	\$ 1,363,698	3.6%		

⁽¹⁾ Amounts borrowed in local currency and translated at the spot rate in effect at the applicable reporting date.

⁽²⁾ 80% fixed as a result of a “pay-fixed” interest rate swap agreement and 20% variable. Variable portion is approximately 1.4% plus 3-month Euribor. Euribor rate in effect as of December 31, 2021.

⁽³⁾ 90% fixed as a result of a “pay-fixed” interest rate swap agreement and 10% variable. Variable portion is approximately 2.3% plus 3-month Euribor. Euribor rate in effect as of December 31, 2021.

GLOBAL NET LEASE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021

- (4) 80% fixed as a result of a “pay-fixed” interest rate swap agreement and 20% variable. Variable portion is approximately 1.55% plus 3-month Euribor. Euribor rate in effect as of December 31, 2021
- (5) 80% fixed as a result of a “pay-fixed” interest rate swap agreement and 20% variable. Variable portion is approximately 2.0% plus 3-month GBP LIBOR. LIBOR rate in effect as of December 31, 2021. This loan requires principal repayments beginning in October 2020 based on amounts specified under the loan.
- (6) The borrower’s (wholly-owned subsidiaries of the Company) 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.
- (7) Deferred financing costs consist of 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.

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, 2021:

<i>(In thousands)</i>	Future Principal Payments
2022	\$ 67,124
2023	281,477
2024	356,532
2025	79,403
2026	—
Thereafter	665,331
Total	\$ 1,449,867

(1) Assumes exchange rates of £1.00 to \$1.35 for GBP and €1.00 to \$1.13 for EUR as of December 31, 2021 for illustrative purposes, as applicable.

The total gross carrying value of unencumbered assets as of December 31, 2021 was \$1.5 billion, and approximately \$1.1 billion of this amount was included in the unencumbered asset pool comprising the borrowing base under the Revolving Credit Facility (as defined in [Note 5 — Revolving Credit Facility and Term Loan, Net](#)) and therefore is not available to serve as collateral for future borrowings.

Mortgage Covenants

The Company’s mortgage notes payable agreements require compliance with certain property-level financial covenants including debt service coverage ratios. As of December 31, 2021, the Company was in compliance with all financial covenants under its mortgage notes payable agreements.

United Kingdom Properties — Bulk Loan

During the three months ended September 30, 2020, the borrower entities under the mortgage loan with a balance of £186.8 million (approximately \$252.4 million as of December 31, 2021), which is secured by 42 of the Company’s properties located in the United Kingdom, did not maintain the required loan-to-value ratios. As a result, a cash trap event under the loan occurred which was immediately cured when the Company executed, a limited unsecured corporate guaranty of the obligations under the loan of £20.0 million (approximately \$27.0 million as of December 31, 2021). The guaranty remains in effect as of December 31, 2021 and contains a covenant that requires the Company to maintain unrestricted cash and cash equivalents (or amounts available for future borrowings under credit facility, such as the Credit Facility) in an amount sufficient to meet its actual and contingent liabilities under the guaranty.

During the three months ended December 31, 2020, the borrower entities under the same mortgage loan did not maintain the same loan-to-value ratio and another cash trap event under the loan occurred. This did not constitute a breach of the covenant and was not an event of default under the loan. On July 8, 2021, the loan agreement was amended to cure the cash trap by applying £11.4 million (approximately \$15.7 million as of July 8, 2021) of the cash trapped to partially pay down the principal on the loan. Following the cure of the cash trap event, the lender released approximately £10.7 million (approximately \$14.8 million as of July 8, 2021) of previously trapped cash to the Company.

Subsequent to September 30, 2021, after the annual lender valuation, the borrower entities under the same mortgage loan did not maintain the loan-to-value ratio and another cash trap event under the loan occurred. This did not constitute a breach of the covenant and was not an event of default under the loan. In December 2021, the Company cured the cash trap with a voluntary paydown of £11.6 million (approximately \$15.6 million as of the payment date of December 29, 2021), which used

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021

£7.2 million of previously trapped cash. As a result of this payment, no cash is trapped as of December 31, 2021 and the cash trap event has been cured.

Multi-Tenant Mortgage Loan III

During the three months ended December 31, 2020, a major tenant failed to renew its lease triggering a cash sweep event under one of the Company's mortgage loans secured by seven of the Company's properties with a balance of \$98.5 million as of December 31, 2021. The event triggering the cash sweep was not, however, an event of default. During the first quarter of 2021, the Company cured the cash sweep event through one of the available options under the loan by putting a \$3.2 million letter of credit in place (subject to future increase under the terms of the loan agreement, to a maximum amount of \$7.4 million). During the third quarter of 2021, the amount of the letter of credit was increased by an additional \$4.2 million, resulting in the lender holding the \$7.4 million maximum amount in respect to this obligation as of December 31, 2021. This \$7.4 million letter of credit will be held by the lender until such time the Company is able to find a suitable replacement tenant and it reduces the availability for future borrowings under the Revolving Credit Facility.

France Properties

During the second and third quarters of 2021, the Company also triggered a cash sweep under one of its loans with a balance of €70.0 million (\$79.4 million) as of December 31, 2021 because the aggregate weighted average unexpired lease term ("WAULT") of the collateral portfolio was less than three years. This was not an event of default and instead triggered a cash sweep event. For so long as the cash sweep is in effect, the lender will sweep 30% of excess cash flow and retain such amount in an excess cash collateral account. As of December 31, 2021, the amount of cash swept was €1.8 million (\$2.1 million) and is recorded in restricted cash on the Company's consolidated balance sheet.

If and when the aggregate WAULT of the loan collateral again exceeds three years the cash sweep will cease (so long as the aggregate WAULT of the loan collateral thereafter continues to exceed three years). The lender will be required to release all funds retained by lender in the excess cash flow account in respect of this WAULT cash sweep upon the loan collateral achieving an aggregate WAULT of not less than four years. Per the terms of the applicable loan agreement, the funds held in the excess cash flow account are included for purposes of the calculation of the loan to value ratio.

Multi-Tenant Mortgage Loan IV

During the three months ended September 30, 2021, a tenant exercised its right to terminate its lease effective December 31, 2022. Notice of the termination triggered a lease sweep event, which began in the fourth quarter of 2021, under one of the Company's mortgage loans. This was not, however, an event of default. The mortgage loan had a balance of \$97.5 million as of December 31, 2021 and encumbers 16 properties, one of which is leased by the tenant that exercised its right to terminate its lease. Pursuant to the terms of the loan agreement, the lender will sweep all cash flow attributable to the lease that triggered the lease sweep event into a rollover reserve account in an amount up to, but not to exceed, an aggregate cap of \$0.8 million. The reserve will be held by the lender who is required to make the reserve funds available to the Company to fund re-tenanting expenses for the property. The lease sweep event will be cured under the loan agreement if and when the Company leases the space to a new tenant approved by the lender and, at such time, any amounts remaining in the rollover reserve account in respect of the lease sweep event will be released to the Company.

McLaren Loan

In April 2021, the Company partially funded its acquisition of the McLaren properties with a mortgage in the amount of £101.0 million (\$136.5 million as of December 31, 2021). The maturity date of the loan is April 23, 2024 and it bears interest at 6.0% per annum. The loan is interest-only with the principal due at maturity. The Company recorded a discount of approximately \$3.1 million related to this mortgage.

Trafalgar Court Loan

In September 2021, the Company assumed a £28.0 million (\$38.6 million as of the date assumed of September 2, 2021 and \$37.8 million as of December 31, 2021) mortgage in connection with its acquisition of the Trafalgar Court property located in Guernsey, Channel Islands. The loan matures on September 22, 2022 and bore interest at a rate of GBP LIBOR plus 2.0% per year through October 20, 2021. The rate changed to the Sterling Overnight Index Average plus 2.0% after October 20, 2021, continuing through the maturity date of the loan. The loan is interest-only with the principal due at maturity.

Whirlpool Loan

On July 10, 2020, the Company, through certain wholly-owned subsidiaries, borrowed \$88.0 million from a syndicate of regional banks led by BOK Financial Corporation. In December, 2020 this loan was repaid, without penalty, with net proceeds from the Company's newly issued Senior Notes (as defined in [Note 6](#) — *Senior Notes, Net*). As a result of the repayment of this loan, the Company wrote off deferred financing costs and terminated interest rate swap agreements related to these borrowings,

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021

resulting in an aggregate total of \$2.0 million of expenses recorded for these items in loss on extinguishment of debt in the Company's consolidated financial statement of operations (see [Note 8 — Derivatives and Hedging Activities](#) for additional details on the swap terminations).

The loans were secured by six industrial properties triple-net leased to Whirlpool Corporation and located in Tennessee and Ohio that were simultaneously removed from the borrowing base under the Revolving Credit Facility. At the time of the closing of the loans in July 2020, approximately \$84.0 million was used to repay amounts outstanding under the Revolving Credit Facility, with the remaining proceeds of approximately \$2.2 million, after costs and fees related to the loan, available for general corporate purposes. The loan bore interest at a floating interest rate of one-month LIBOR plus 2.9%, with the interest rate fixed at 3.45% by swap agreement.

French Refinancing

On May 14, 2020, the Company, through certain of its subsidiaries, entered into a loan agreement with HSBC France ("HSBC") and borrowed €70.0 million (\$75.6 million based on the exchange rate on that date) secured by the seven properties the Company owns in France. The maturity date of this loan is May 14, 2025 and it bears interest at a rate of 3-month EURIBOR (with a floor of 0.0%) plus an initial margin of 2.3% per year, with the interest rate for €63.0 million (\$68.0 million based on the exchange rate on that date) fixed by an interest rate swap agreement. The amount fixed by swap agreement represents 90% of the principal amount of the loan and is fixed at 2.5% per year. The loan is interest-only with the principal due at maturity. At the closing of the loan, €25.0 million (\$27.0 million based on the exchange rate on that date) was used to repay all outstanding indebtedness on four of the properties. Of the remaining proceeds, approximately €20.0 million (\$21.6 million based on the exchange rate on that date) was used to repay amounts outstanding under the Revolving Credit Facility and the remaining balance is available for general corporate purposes.

As a result of the refinancing of this loan, the Company terminated interest rate swap agreements related to these borrowings and incurred additional costs, resulting in an aggregate total of \$0.3 million of expenses recorded for these items in loss on extinguishment of debt in the Company's consolidated statement of operations (see [Note 8 — Derivatives and Hedging Activities](#) for additional details on the swap terminations).

Multi-Tenant Mortgage Loan V

On September 12, 2019, the Company, through certain wholly-owned subsidiaries, borrowed \$204.0 million from KeyBank National Association ("KeyBank") secured by a first mortgage on 12 of the Company's single tenant net leased office and industrial properties located in ten states. Approximately \$86.5 million of the net proceeds from the loan was used to repay outstanding mortgage indebtedness related to the mortgaged properties. Of the remaining net proceeds, approximately \$0.3 million was used to fund deposits required to be made at closing into reserve accounts and approximately \$126.5 million was available for working capital and general corporate purposes. The loan bears interest at a fixed rate of 3.65% and matures on October 1, 2029. The loan is interest-only, with the principal balance due on the maturity date. From and after November 2, 2021, the loan may be prepaid at any time, in whole but not in part, subject to certain conditions and limitations, including payment of a prepayment premium for any prepayments made prior to July 1, 2029. Partial prepayments are also permitted under certain circumstances, subject to certain conditions and limitations.

Benelux Refinancing

On June 12, 2019, the Company, through certain wholly-owned subsidiaries, borrowed €120.0 million (approximately \$135.8 million based on the exchange rate on that date) from Landesbank Hessen-Thüringen Girozentrale, secured by three of the Company's properties located in the Netherlands and Luxembourg. The loan bears interest at a fixed rate of 1.38% and matures on June 11, 2024. The loan is interest-only, with the principal due at maturity. At the closing of the loan, approximately €80.3 million (approximately \$90.8 million based on the exchange rate on that date) of the net proceeds was used to repay all outstanding indebtedness encumbering two of the properties.

German Refinancing

On May 10, 2019, the Company, through certain wholly-owned subsidiaries, borrowed €51.5 million (approximately \$57.9 million based on the exchange rate on that date) from Landesbank Hessen-Thüringen Girozentrale, secured by five of the Company's properties located in Germany. The loan is interest-only with the principal due at maturity, which is June 30, 2023. The maturity date may be extended at the Company's option to February 29, 2024, subject to conditions. The loan initially bore interest at a rate of 3-month Euribor plus 1.80% per annum, but, following the replacement of an easement on one property, the loan will bear interest going forward at a rate of Euribor plus 1.55% per annum beginning on October 1, 2019. The amount fixed by swap agreement represents 80% of the principal amount and the interest rate is fixed at 1.8%, for that portion. The net proceeds from the loan were used to repay all €35.6 million (approximately \$40.0 million based on the exchange rate on that date) outstanding in mortgage indebtedness that previously encumbered three of the properties that secure the loan.

GLOBAL NET LEASE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021

Multi-Tenant Mortgage Loan IV

On April 12, 2019, the Company, through certain wholly-owned subsidiaries, borrowed \$97.5 million from Column Financial, Inc. and Société Générale Financial Corporation, secured by 16 of the Company's single tenant net leased office and industrial properties located in 12 states that were simultaneously removed from the borrowing base under the Revolving Credit Facility. At closing, approximately \$90.0 million was used to repay outstanding indebtedness under the Revolving Credit Facility, with the remaining proceeds, after costs and fees related to the loan, available for working capital and general corporate purposes. The loan bears interest at a fixed rate of 4.489% and has a maturity date of May 6, 2029. The loan is interest-only, with the principal balance due on the maturity date. The Company may prepay the loan in whole or in part at any time, subject to certain fees and any unpaid interest depending on the timing and other circumstances of the prepayment.

Finland Refinancing

On February 6, 2019, the Company, through certain wholly-owned subsidiaries, borrowed an aggregate of €74.0 million (\$84.3 million based on the prevailing exchange rate on that date) secured by mortgages on the Company's five properties located in Finland. The maturity date of this loan is February 1, 2024, and it bears interest at a rate of 3-month Euribor plus 1.4% per year, with the interest rate for approximately €59.2 million (\$67.4 million based on the prevailing exchange rate on that date) fixed by an interest rate swap agreement. The amount fixed by swap agreement represents 80% of the principal amount and the interest rate is fixed at 1.8% per year. The loan is interest-only with the principal due at maturity. At the closing of the loan, €57.4 million (\$65.4 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.

Note 5 — Revolving Credit Facility and Term Loan, Net

The table below details the outstanding balances as of December 31, 2021 and 2020 under the credit agreement with KeyBank National Association ("KeyBank"), as agent, and the other lender parties thereto, which provides for a \$835.0 million senior unsecured multi-currency revolving credit facility (the "Revolving Credit Facility") and a €247.1 million (\$280.3 million USD based on the prevailing exchange rate as of December 31, 2021) senior unsecured term loan facility (the "Term Loan" and, together with the Revolving Credit Facility, the "Credit Facility"). On August 1, 2019 and February 24, 2021, the Company, through the OP, entered into an amendment and restatement of the Credit Facility to, among other things, increase the aggregate total commitments, lower the interest rate and revise certain covenants, and the terms of the Credit Facility described below generally reflect this amendment and restatement.

	December 31, 2021					December 31, 2020			
	TOTAL USD ⁽¹⁾	USD	GBP	EUR	CAD	TOTAL USD ⁽²⁾	USD	GBP	EUR
<i>(In thousands)</i>									
Revolving Credit Facility	\$ 225,566	\$ 167,000	£ 17,000	€ 5,000	C\$ 38,000	\$ 111,132	\$ 105,000	£ —	€ 5,000
Term Loan ⁽³⁾	280,266	—	—	247,075	—	303,036	—	—	247,075
Deferred financing costs	(1,712)	—	—	—	—	(2,882)	—	—	—
Term Loan, Net	278,554	—	—	247,075	—	300,154	—	—	247,075
Total Credit Facility	\$ 504,120	\$ 167,000	£ 17,000	€ 252,075	€ 38,000	\$ 411,286	\$ 105,000	£ —	€ 252,075

⁽¹⁾ Assumes exchange rates of £1.00 to \$1.35 for GBP and €1.00 to \$1.13 for EUR as of December 31, 2021 for illustrative purposes, as applicable.

⁽²⁾ Assumes exchange rates of £1.00 to \$1.37 for GBP and €1.00 to \$1.23 for EUR as of December 31, 2020 for illustrative purposes, as applicable.

⁽³⁾ In December 2020, the Company paid down €112.5 million (\$136.7 million based on the exchange rate on that date of pay down) on the Term Loan. As a result, the Company wrote off \$1.3 million of deferred financing costs, which is recorded in loss on extinguishment of debt in the Company's consolidated statement of operations for the year ended December 31, 2020.

Credit Facility - Terms

As of December 31, 2020, the aggregate total commitments under the Credit Facility were approximately \$1.1 billion, based on the USD equivalent on December 31, 2021. On February 24, 2021, following a request by the Company, lender commitments under the Credit Facility were increased by \$50.0 million with all of the increase allocated to the Revolving Credit Facility, and the total commitments were approximately \$1.2 billion based on prevailing exchange rates on that date. This increase was made pursuant to the Credit Facility's uncommitted "accordion feature" whereby, upon the request of the Company, but at the sole discretion of the lenders participating in such increase, total commitments under the Credit Facility may be increased, with the aggregate of such commitments not to exceed \$1.75 billion. Following the effectiveness of the

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021

commitment increase completed on February 24, 2021, the Company may request future additional increases to total commitments of approximately \$565.0 million, allocable to either or both components of the Credit Facility. The increase in lender commitments did not impact the amount available for future borrowings under the Credit Facility, which 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.

The Credit Facility consists of two components, a Revolving Credit Facility and a Term Loan, both of which require payment of interest only. The Revolving Credit Facility matures on August 1, 2023, subject to two six-month extensions at the Company's option, and the Term Loan matures on August 1, 2024. 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 applicable interest rate margin is based on a range from 0.45% to 1.05% per annum with respect to base rate borrowings under the Revolving Credit Facility, 1.45% to 2.05% per annum with respect to LIBOR borrowings under the Revolving Credit Facility, 0.4% to 1.00% per annum with respect to base rate borrowings under the Term Loan and 1.40% to 2.00% per annum with respect to LIBOR borrowings under the Term Loan. As of December 31, 2021, the Credit Facility had a weighted-average effective interest rate of 2.7% after giving effect to interest rate swaps in place.

In July 2017, the Financial Conduct Authority (the authority that regulates LIBOR) announced it intends to stop compelling banks to submit rates for the calculation of LIBOR after 2021. As a result, the Federal Reserve Board and the Federal Reserve Bank of New York organized the Alternative Reference Rates Committee, which identified the Secured Overnight Financing Rate ("SOFR") as its preferred alternative to LIBOR in derivatives and other financial contracts. The Financial Conduct Authority ceased publication of the one-week and two-month USD LIBOR settings after December 31, 2021, as previously announced and has announced its intention to cease publishing the remaining USD LIBOR settings immediately following the LIBOR publication on June 30, 2023. The Company is monitoring and evaluating the risks related to changes in LIBOR availability, which include potential changes in interest paid on debt and amounts received and paid on interest rate swaps. In addition, the value of debt or derivative instruments tied to LIBOR will also be impacted as LIBOR is limited and discontinued and contracts must be transitioned to a new alternative rate. While the Company expects LIBOR to be available in substantially its current form until at least June 30, 2023, it is possible that LIBOR will become unavailable prior to that time. This could occur, for example, if a sufficient number of banks decline to make submissions to the LIBOR administrator. The Credit Facility contains language governing the establishment of a replacement benchmark index to serve as an alternative to LIBOR, when necessary.

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, 2021, approximately \$49.8 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, GBP or Swiss Francs. Amounts borrowed may not, however, be converted to, or repaid in, another currency once borrowed. The Term Loan is denominated in EUR.

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, lenders have the right to terminate their 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. As of December 31, 2021, the Company was in compliance with all covenants under the Credit Facility.

Under the terms of the Credit Facility, the Company may not pay distributions, including cash dividends payable with respect to Common Stock, the Company's 7.25% Series A Cumulative Redeemable Preferred Stock, \$0.01 par value per share ("Series A Preferred Stock"), its 6.875% Series B Cumulative Redeemable Perpetual Preferred Stock \$0.01 par value per share

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021

(“Series B Preferred Stock”) or any other class or series of stock the Company may issue in the future, or redeem or otherwise repurchase shares of Common Stock, Series A Preferred Stock, Series B Preferred Stock, or any other class or series of stock the Company may issue in the future that exceed 100% of the Company’s Adjusted FFO, as defined in the Credit Facility (which is different from AFFO disclosed 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, the Company may pay cash dividends and other distributions, and make redemptions and other repurchases in an aggregate amount equal to no more than 105% of its Adjusted FFO. From and after the time the Company obtains and continues to maintain an investment grade rating, the limitation on distributions discussed above will not be applicable. The Company used the exception to pay dividends that were between 100% of Adjusted FFO to 105% of Adjusted FFO during the quarter ended on June 30, 2020.

The Company’s ability to comply with the restrictions on the payment of distributions in the Credit Facility depends on its ability to generate sufficient cash flows that in the applicable periods exceed the level of Adjusted FFO required by these restrictions. If the Company is not able to generate the necessary level of Adjusted FFO, the Company will have to reduce the amount of dividends paid on the common and the preferred stock or consider other actions. Alternatively, the Company could elect to pay a portion of its dividends on the Common Stock in additional shares of Common Stock 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.

During the fourth quarter 2021, the Company amended the credit facility with Keybank with changes made around LIBOR successor rate provision, claw back provisions related to any payments made erroneously to a participating bank, adding new permissible jurisdictions where properties can be located to the borrowing base and removing certain borrowing periods for loans bearing USD LIBOR.

Note 6 — Senior Notes, Net

On December 16, 2020, the Company and the OP (together the “Issuers”) issued \$500.0 million aggregate principal amount of 3.75% Senior Notes due 2027. In connection with the closing of the offering of the Senior Notes, the Issuers and the subsidiaries of the Issuers that guarantee the Notes (the “Guarantors”) entered into an Indenture (the “Indenture”) with U.S. Bank National Association, as trustee (the “Trustee”). As of December 31, 2021 the amount of the Senior Notes on the Company’s consolidated balance sheet totaled \$491.7 million, which is net of \$8.3 million of deferred financing costs. As of December 31, 2020 the amount of the Senior Notes on the Company’s consolidated balance sheet totaled \$490.3 million, which is net of \$9.7 million of deferred financing costs.

The Senior Notes, which were issued at par, will mature on December 15, 2027 and accrue interest at a rate of 3.750% per year. Interest on the Senior Notes, which began to accrue on December 16, 2020, is payable semi-annually in arrears on June 15 and December 15 of each year. We made the first payment on June 15, 2021.

The Senior Notes are fully and unconditionally guaranteed on a joint and several basis by the subsidiaries of each Issuer that are guarantors under the Credit Facility (the “Note Guarantees”). Subject to certain exceptions, each future subsidiary of each Issuer that subsequently guarantees indebtedness under the Credit Facility, any other syndicated loan facility or any capital markets indebtedness, in each case, is required to execute a Note Guarantee. Under certain circumstances, the Guarantors may be automatically released from their Note Guarantees without the consent of the holders of the Senior Notes.

The Senior Notes are redeemable at the option of the Issuers, in whole at any time or in part from time to time, in each case prior to September 15, 2027, for cash, at a redemption price equal to the greater of (i) 101% of the principal amount of the Senior Notes to be redeemed or (ii) an amount equal to the sum of the present values of the remaining scheduled payments of principal and interest on the Senior Notes to be redeemed that would be due if the Senior Notes matured on September 15, 2027 (exclusive of unpaid interest accrued to, but not including, the date of redemption) discounted to the date of redemption on a semi-annual basis at the treasury rate plus 50 basis points, plus, in each case, unpaid interest, if any, accrued to, but not including, the date of redemption. In addition, at any time on or after September 15, 2027, the Senior Notes will be redeemable, at the option of the Issuers, in whole at any time or in part from time to time, for cash, at a redemption price equal to 100% of the principal amount of the Senior Notes to be redeemed plus unpaid interest, if any, accrued to, but not including, the date of redemption.

If a Change of Control Triggering Event (as defined in the Indenture) occurs, the Issuers will be required to make an offer to purchase the Senior Notes at a price equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, up to, but excluding, the purchase date.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021

If the Issuers or any of their restricted subsidiaries sell assets, under certain circumstances the Issuers will be required to make an offer to purchase the Senior Notes at a price equal to 100% of the principal amount, plus accrued interest and unpaid interest, if any, up to, but excluding, the purchase date.

The Indenture contains covenants that, among other things, limit the ability of the Issuers and their restricted subsidiaries to (1) incur additional indebtedness, (2) pay dividends and make distributions on the capital stock of the Company and each Issuer's restricted subsidiaries, (3) make investments or other restricted payments, (4) create liens on their assets, (5) enter into transactions with affiliates, (6) merge or consolidate or sell all or substantially all of their assets, (7) sell assets and (8) create restrictions on the ability of their restricted subsidiaries to pay dividends or other amounts to them. These covenants are subject to important exceptions and qualifications. In addition, if the Senior Notes are rated investment grade by any two of Moody's Investors Service, Inc., Fitch Ratings Inc. and Standard & Poor's Ratings Services, and at such time no default or event of default under the Indenture has occurred and is continuing, many of the covenants in the Indenture will be suspended or become more lenient and may not go back into effect.

The Indenture contains customary events of default which could, subject to certain conditions, cause the Senior Notes to become immediately due and payable. As of December 31, 2021 the Issuers are in compliance with the covenants.

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, 2021 and 2020, 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, 2021 and 2020, aggregated by the level in the fair value hierarchy within which those instruments fall.

GLOBAL NET LEASE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021

<i>(In thousands)</i>	Quoted Prices in Active Markets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Total
December 31, 2021				
Foreign currency forwards, net (GBP & EUR)	\$ —	\$ 1,702	\$ —	\$ 1,702
Interest rate swaps, net (USD, GBP & EUR)	\$ —	\$ (1,701)	\$ —	\$ (1,701)
December 31, 2020				
Foreign currency forwards, net (GBP & EUR)	\$ —	\$ (4,025)	\$ —	\$ (4,025)
Interest rate swaps, net (USD, GBP & EUR)	\$ —	\$ (15,434)	\$ —	\$ (15,434)

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 year ended December 31, 2021.

Financial Instruments not Measured at Fair Value

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

- The gross carrying value of the Company's mortgage notes payable as of December 31, 2021 and 2020 were \$1.4 billion and \$1.4 billion, respectively, which approximated their fair value. The fair value of gross mortgage notes payable is based on estimates of market interest rates. This approach relies on unobservable inputs and therefore is classified as Level 3 in the fair value hierarchy.
- As of December 31, 2021 the advances to the Company under the Revolving Credit Facility had a carrying value of \$225.6 million and a fair value of \$225.0 million. As of December 31, 2020 the advances to the Company under the Revolving Credit Facility had a carrying value of \$111.1 million and a fair value of \$111.2 million.
- As of December 31, 2021 the Company's Term Loan had a gross carrying value of \$280.3 million and a fair value of \$279.3 million. As of December 31, 2020 the Company's Term Loan had a gross carrying value of \$303.0 million and a fair value of \$304.6 million.
- As of December 31, 2021, the Company's Senior Notes had a gross carrying value of \$500.0 million and a fair value of \$489.1 million. As of December 31, 2020, the Company's Senior Notes had a gross carrying value of \$500.0 million and a fair value of \$512.4 million.

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 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 be 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, but there is no assurance that any counterparty will meet these obligations.

GLOBAL NET LEASE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021

The table below presents the fair value of the Company's derivative financial instruments as well as their classification on the consolidated balance sheets as of December 31, 2021 and 2020:

<i>(In thousands)</i>	Balance Sheet Location	December 31,	
		2021	2020
Derivatives designated as hedging instruments:			
Interest rate "pay-fixed" swaps (USD)	Derivative liabilities, at fair value	\$ (636)	\$ (3,829)
Interest rate "pay-fixed" swaps (GBP)	Derivative assets, at fair value	332	—
Interest rate "pay-fixed" swaps (GBP)	Derivative liabilities, at fair value	(1,105)	(9,000)
Interest rate "pay-fixed" swaps (EUR)	Derivative assets, at fair value	598	—
Interest rate "pay-fixed" swaps (EUR)	Derivative liabilities, at fair value	(536)	(2,605)
Total		<u>\$ (1,347)</u>	<u>\$ (15,434)</u>
Derivatives not designated as hedging instruments:			
Foreign currency forwards (GBP-USD)	Derivative assets, at fair value	\$ 1,366	\$ 198
Foreign currency forwards (GBP-USD)	Derivative liabilities, at fair value	(1,239)	(2,714)
Foreign currency forwards (EUR-USD)	Derivative assets, at fair value	1,678	327
Foreign currency forwards (EUR-USD)	Derivative liabilities, at fair value	(103)	(1,836)
Interest rate swaps (EUR)	Derivative assets, at fair value	286	—
Interest rate swaps (USD)	Derivative liabilities, at fair value	(640)	—
Total		<u>\$ 1,348</u>	<u>\$ (4,025)</u>

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.

All of the changes in the fair value of derivatives designated and that qualify as cash flow hedges are recorded in accumulated other comprehensive income ("AOCI") and are subsequently reclassified into earnings in the period that the hedged forecasted transaction impacts earnings. For the year ended December 31, 2021, such derivatives were used to hedge the variable cash flows associated with variable-rate debt.

Effective January 1, 2019, all of the changes in the fair value of derivatives designated and that qualify as cash flow hedges are recorded in AOCI and are subsequently reclassified into earnings in the period that the hedged forecasted transaction impacts earnings. During the years ended December 31, 2021, 2020 and 2019, such derivatives were used to hedge the variable cash flows associated with variable-rate debt. Prior to January 1, 2019, the ineffective portion of the change in fair value of the derivatives was recognized directly in earnings.

Additionally, during the years ended December 31, 2020 and 2019, 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 \$0.3 million and \$0.1 million for the years ended December 31, 2020 and 2019, 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 ending December 31, 2022, the Company estimates that an additional \$3.3 million will be reclassified from other comprehensive income as an increase to interest expense.

GLOBAL NET LEASE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021

As of December 31, 2021 and 2020, the Company had the following outstanding interest rate derivatives that were designated as cash flow hedges of interest rate risk:

Derivatives	December 31,			
	2021		2020	
	Number of Instruments	Notional Amount	Number of Instruments	Notional Amount
		<i>(In thousands)</i>		<i>(In thousands)</i>
Interest rate “pay-fixed” swaps (GBP)	49	\$ 298,163	49	\$ 301,210
Interest rate “pay-fixed” swaps (EUR)	14	476,874	22	641,394
Interest rate “pay-fixed” swaps (USD)	1	75,000	3	150,000
Total	64	\$ 850,037	74	\$ 1,092,604

In connection with the paydown the loans secured by six industrial properties triple-net leased to Whirlpool Corporation during the fourth quarter of 2020, the Company terminated six interest rate swaps with an aggregate notional amount of \$88.0 million for a payment of approximately \$0.3 million, which was recorded in loss on extinguishment of debt in the Company’s consolidated statement of operations. Also, following these terminations, the Company recorded a loss of \$0.3 million in (loss) gain on derivative instruments in the Company’s consolidated statement of operations due to the acceleration of the reclassification of amounts in AOCI to earnings as a result of the hedged forecasted transactions becoming probable not to occur as noted above.

In connection with a multi-property loan which refinanced all of the Company’s mortgage notes payable secured by its properties located in France during the second quarter of 2020 (see [Note 4 — Mortgage Notes Payable, Net](#)), the Company terminated two interest rate swaps with an aggregate notional amount of €14.5 million for a payment of approximately \$0.1 million. Amounts recorded to AOCI and interest expense following these terminations were not significant.

In connection with a multi-property loan which refinanced all of the Company’s mortgage notes payable secured by the Company’s properties located in Finland during the first quarter of 2019 (see [Note 4 — Mortgage Notes Payable, Net](#)), the Company terminated five interest rate swaps with an aggregate notional amount of €57.4 million for a payment of approximately \$0.8 million. Following these terminations, \$0.7 million was recorded in AOCI and was recorded as an adjustment to interest expense over the term of the original EUR hedges and respective borrowings. Of the amount recorded in AOCI following these terminations, \$0.3 million and \$0.4 million was recorded as an increase to interest expense for the years ended December 31, 2020 and 2019, respectively. As of December 31, 2020, there was no balance remaining in AOCI related to these terminations.

In connection with a multi-property loan which refinanced all of the Company’s mortgage notes payable denominated in GBP during the third quarter of 2018, 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 was recorded in AOCI and was recorded as an adjustment to interest expense over the term of the original GBP hedges and respective borrowings. Of the amount recorded in AOCI following these terminations, \$0.3 million and \$0.6 million was recorded as an increase to interest expense for the years ended December 31, 2020 and 2019, respectively. As of December 31, 2020, there was no balance remaining in AOCI related to these terminations.

GLOBAL NET LEASE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021

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, 2021, 2020 and 2019:

<i>(In thousands)</i>	Year Ended December 31,		
	2021	2020	2019
Amount of gain (loss) recognized in AOCI from derivatives	\$ 6,228	\$ (14,151)	\$ (9,047)
Amount of loss reclassified from AOCI into income as interest expense	\$ (6,980)	\$ (5,646)	\$ (2,439)
Amount of loss recognized on derivative instruments (ineffective portion, reclassifications of missed forecasted transactions and amounts excluded from effectiveness testing)	\$ —	\$ (270)	\$ (128)
Total interest expense recorded in the consolidated statements of operations	\$ 94,345	\$ 71,804	\$ 64,199

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 borrow in currencies other than its functional currency, the USD. For derivatives designated as net investment hedges, all of the changes in the fair value of the derivatives, including the ineffective portion of the change in fair value of the derivatives, if any, are reported in AOCI (outside of earnings) as part of the cumulative translation adjustment. Amounts are reclassified out of AOCI into earnings when the hedged net investment is either sold or substantially liquidated. As of December 31, 2021 and 2020 the Company did not have foreign currency derivatives that were designated as net investment hedges used to hedge its net investments in foreign operations and during the years ended December 31, 2021 and 2020, the Company did not use foreign currency derivatives that were designated as net investment hedges.

Effective January 1, 2019, for derivatives designated as net investment hedges, all of the changes in the fair value of the derivatives are reported in AOCI (outside of earnings) as part of the cumulative translation adjustment. Prior to January 1, 2019, the ineffective portion of the change in fair value of the derivatives, if any, was recognized directly in earnings. Amounts are reclassified out of AOCI into earnings when the hedged net investment is either sold or substantially liquidated.

Foreign Denominated Debt Designated as Net Investment Hedges

All foreign currency denominated borrowings under the Credit Facility are designated as net investment hedges. As such, the designated portion of changes in value due to currency fluctuations are reported in AOCI (outside of earnings) as part of the cumulative translation adjustment. The remeasurement gains and losses attributable to the undesignated portion of the foreign-currency denominated debt are 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. During the year ended December 31, 2020, the Company recorded losses of \$6.0 million due to currency changes on the undesignated excess foreign currency advances over the related net investments. There were no undesignated excess positions at any time during the years ended December 31, 2021 and 2019.

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 has used and may continue to use 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 \$5.8 million, a loss of \$2.1 million and a gain of \$0.9 million on the non-designated hedges for the years ended December 31, 2021, 2020 and 2019, respectively.

GLOBAL NET LEASE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021

As of December 31, 2021 and 2020, the Company had the following outstanding derivatives that were not designated as hedges under qualifying hedging relationships:

Derivatives	December 31, 2021		December 31, 2020	
	Number of Instruments	Notional Amount <i>(In thousands)</i>	Number of Instruments	Notional Amount <i>(In thousands)</i>
Foreign currency forwards (GBP - USD)	38	\$ 64,182	41	\$ 41,633
Foreign currency forwards (EUR - USD)	48	46,507	40	38,634
Interest rate swaps (EUR)	8	116,327	—	—
Interest rate swaps (USD)	2	75,000	—	0
Total	96	\$ 302,016	81	\$ 80,267

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, 2021 and 2020. 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 consolidated balance sheets.

<i>(In thousands)</i>	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	Gross Amounts Not Offset on the Balance Sheet		
					Financial Instruments	Cash Collateral Received (Posted)	Net Amount
December 31, 2021	\$ 4,260	\$ (4,259)	\$ —	\$ 1	\$ —	\$ —	\$ 1
December 31, 2020	\$ 525	\$ (19,984)	\$ —	\$ (19,459)	\$ —	\$ —	\$ (19,459)

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 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, 2021, the fair value of derivatives in a net liability position including accrued interest but excluding any adjustment for nonperformance risk related to these agreements was \$4.2 million. As of December 31, 2021, 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, 2021 and 2020, the Company had 103,900,452 and 89,614,601, respectively, shares of Common Stock issued and outstanding including Restricted Shares and excluding RSUs and LTIP Units. LTIP Units may be convertible into shares of Common Stock in the future.

As of June 2 2021, the end of the performance period applicable to the 2,554,930 LTIP Units granted to the Advisor pursuant to the 2018 OPP, a total of 2,135,496 of these LTIP Units were earned and became vested and the remainder were forfeited. The earned LTIP Units were subsequently converted into an equal number of units of limited partnership interest in

the OP designated as "OP Units" ("OP Units"). On June 17, 2021, the Advisor exercised its right to redeem these OP Units for, at the Company's option, cash or shares of Common Stock on a one-for-one basis. On the same day, the Company's board of directors elected to satisfy the OP's redemption obligation by issuing shares of Common Stock to the Advisor. The shares were issued to the Advisor on June 18, 2021. As a result, the Company recorded a reclassification of \$25.3 million from non-controlling interests to additional paid-in-capital during the second quarter of 2021.

ATM Program — Common Stock

The Company has an "at the market" equity offering program (the "Common Stock ATM Program") pursuant to which the Company may sell shares of Common Stock, from time to time through its sales agents, having an aggregate offering price of \$500 million.

- During the year ended December 31, 2021, the Company sold 11,944,017 shares of Common Stock through the Common Stock ATM Program for gross proceeds of \$217.5 million, before commissions paid of \$3.3 million and additional issuance costs of \$0.3 million.
- The Company did not sell any shares of Common Stock through the Common Stock ATM Program during the year ended December 31, 2020.
- During the three months ended March 31, 2019, the Company sold 7,759,322 shares of Common Stock through the Common Stock ATM Program for gross proceeds of \$152.7 million, before commissions paid of \$1.5 million and additional issuance costs of \$0.8 million. Following these sales, the Company had raised all \$175.0 million contemplated by its existing equity distribution agreement related to the Common Stock ATM Program. 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. Under the new equity distribution agreement, through December 31, 2019, the Company sold 5,596,452 shares of Common Stock for gross proceeds of \$109.9 million, before commissions paid of \$1.6 million and additional issuance costs of

\$0.4 million. In total, during the year ended December 31, 2019, the Company sold 13,355,773 shares of Common Stock for gross proceeds of \$262.6 million, before commissions paid of \$3.2 million and additional issuance costs of \$1.2 million.

During the first quarter of 2021, the cancellation of 8,668 shares of Common Stock that had been forfeited in a prior period was effectuated, which reduced the Common Stock outstanding as of December 31, 2021. The cancellation of these shares is presented in the consolidated statement of stockholders' equity in the issuance of common stock, net line item.

Preferred Stock

The Company is authorized to issue up to 30,000,000 shares of Preferred Stock.

On November 20, 2019, the Company completed the issuance and sale of 3,450,000 shares of Series B Preferred Stock (including 450,000 shares pursuant to the underwriters' partial exercise of their option to purchase additional shares in accordance with terms of the underwriting agreement) 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 approximately \$86.2 million before deducting the underwriting discount of \$2.7 million and additional offering expenses of \$0.5 million.

- The Company has classified and designated 9,959,650 shares of its authorized Preferred Stock 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, 2021 and December 31, 2020. The Company had 6,799,467 shares of Series A Preferred Stock issued and outstanding, as of December 31, 2021 and 2020.
- The Company has classified and designated 11,450,000 shares of its authorized Preferred Stock as authorized shares of its 6.875% Series B Cumulative Redeemable Perpetual Preferred Stock, \$0.01 par value per share ("Series B Preferred Stock"), as of December 31, 2021 and December 31, 2020. The Company had 4,503,893 and 3,861,953 shares of Series B Preferred Stock issued and outstanding, as of December 31, 2021 and 2020, respectively.
- The Company has classified and designated 100,000 shares of its authorized Preferred Stock as authorized shares of its Series C preferred stock, \$0.01 par value ("Series C Preferred Stock"), as of December 31, 2021. No shares of Series C Preferred Stock were authorized as of December 31, 2019 and no shares of Series C Preferred Stock were issued and outstanding as of December 31, 2021 and 2020.

ATM Programs — Series A Preferred Stock and Series B Preferred Stock

In March 2018, the Company established an "at the market" equity offering program for its Series A Preferred Stock (the "Series A Preferred Stock ATM Program") pursuant to which the Company was permitted to 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. In November 2019, the Company terminated the Series A Preferred Stock ATM Program.

- During the year ended December 31, 2019, the Company sold — shares of Series A Preferred Stock through the Series A Preferred Stock ATM Program for gross proceeds of \$35.3 million, before commissions paid of \$0.5 million and additional issuance costs of \$0.2 million. In November 2019, the Company terminated the Series A Preferred Stock ATM Program.

In December 2019, the Company established an "at the market" equity offering program for its Series B Preferred Stock (the "Series B Preferred Stock ATM Program") pursuant to which the Company may raise aggregate sales proceeds of up to \$200.0 million through sales of shares of Series B Preferred Stock from time to time through its sales agents.

- During the year ended December 31, 2021, the Company sold 641,940 shares of Series B Preferred Stock through the Series B Preferred Stock ATM Program for gross proceeds of \$16.2 million, before commissions paid of approximately \$0.2 million and nominal additional issuance costs.
- During the year ended December 31, 2020, the Company sold 411,953 shares of Series B Preferred Stock through the Series B Preferred Stock ATM Program for gross proceeds of \$10.4 million, before commissions paid of approximately \$0.2 million and additional issuance costs of \$0.1 million. The Company did not sell any shares of Series B Preferred Stock through the Series B Preferred Stock ATM Program during 2019.

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 is 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, 2021. Therefore, Series A Preferred Stock did 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.

If dividends on any outstanding shares of Series A Preferred Stock have not been paid for six or more quarterly periods, holders of Series A Preferred Stock and holders of any other class or series of preferred stock ranking on parity with the Series A Preferred Stock, including the Series B Preferred Stock, will have the exclusive power, voting together as a single class, to elect two additional directors until all accrued and unpaid dividends on the Series A Preferred Stock have been fully paid. In addition, the Company may not authorize or issue any class or series of equity securities ranking senior to the Series A Preferred Stock with respect to dividend rights and rights upon our voluntary or involuntary liquidation, dissolution or winding-up or amend the Company's charter to materially and adversely change the terms of the Series A Preferred Stock without the affirmative vote of at least two-thirds of the votes entitled to be cast on the matter by holders of outstanding shares of Series A Preferred Stock and holders of any other similarly-affected classes and series of preferred stock ranking on parity with the Series A Preferred Stock, including the Series B 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.

Series B Preferred Stock - Terms

Holders of Series B Preferred Stock are entitled to cumulative dividends in an amount equal to \$1.71875 per share each year, which is equivalent to the rate of 6.875% of the \$25.00 liquidation preference per share per annum. The Series B Preferred Stock has no stated maturity and will remain outstanding indefinitely unless redeemed or otherwise repurchased. On and after November 26, 2024, at any time and from time to time, the Series B 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 B Preferred Stock (the "Series B Articles Supplementary"), the Company may, subject to certain conditions, at its option, redeem the Series B 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 B Preferred Stock will have certain rights to convert Series B Preferred Stock into shares of Common Stock based on a defined formula subject to a cap whereby the holders of Series B Preferred Stock may receive a maximum of 2.5126 shares of Common Stock (as adjusted for any stock splits) per share of Series B Preferred Stock. The necessary conditions to convert the Series B Preferred Stock into Common Stock have not been met as of December 31, 2021. Therefore, Series B Preferred Stock did not impact Company's earnings per share calculations.

The Series B 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, and on parity with the Series A Preferred Stock.

If dividends on any outstanding shares of Series B Preferred Stock have not been paid for six or more quarterly periods, holders of Series B Preferred Stock and holders of any other class or series of preferred stock ranking on parity with the Series B Preferred Stock, including the Series A Preferred Stock will be entitled to vote together as a single class, will have the exclusive power, voting together as a single class, to elect two additional directors until all accrued and unpaid dividends on the Series B Preferred Stock have been fully paid. In addition, the Company may not authorize or issue any class or series of equity securities ranking senior to the Series B Preferred Stock with respect to dividend rights and rights upon the Company's voluntary or involuntary liquidation, dissolution or winding-up or amend our charter to materially and adversely change the terms of the Series B Preferred Stock without the affirmative vote of at least two-thirds of the votes entitled to be cast on the matter by holders of outstanding shares of Series B Preferred Stock and holders of any other similarly-affected classes and series of preferred stock ranking on parity with the Series B Preferred Stock, including the Series A Preferred Stock. Other than the limited circumstances described above and in the Articles Supplementary, holders of Series B Preferred Stock do not have any voting rights.

Dividends

Common Stock Dividends

Historically, and through March 31, 2020, the Company paid dividends at an annualized rate of \$2.13 per share or \$0.5325 per share on a quarterly basis. In March 2020, the Company's board of directors approved a change in the dividend to an annual rate of \$1.60 per share or \$0.40 per share on a quarterly basis, which became effective in the second quarter of 2020 with the Company's April 1, 2020 dividend declaration.

Dividends authorized by the Company's board of directors and declared by the Company are paid on a quarterly basis in arrears on the 15th day of the first month following the end of each fiscal quarter (unless otherwise specified) to common stockholders of record on the record date for such payment. The Company's board of directors may alter the amounts of dividends paid or suspend dividend payments at any time prior to declaration and therefore dividend payments are not assured. For purposes of the presentation of information herein, the Company may refer to distributions by the OP on ordinary units of limited partner interest in the OP ("OP Units") and LTIP Units as dividends. In addition, see [Note 5](#) — *Revolving Credit Facility and Term Loan, Net* for additional information on the restrictions on the payment of dividends and other distributions imposed by the Credit Facility.

The following table details from a tax perspective, the portion of cash paid for Common Stock dividends, during the years presented, classified as return of capital and ordinary dividend income, per share per annum:

<i>(In thousands)</i>	Year Ended December 31,					
	2021		2020		2019	
Return of capital	\$ 1.01	63.5 %	\$ 1.34	77.5 %	\$ 1.23	69.1 %
Ordinary dividend income	0.58	36.5 %	0.39	22.5 %	0.55	30.9 %
Total	\$ 1.59	100.0 %	\$ 1.73	100.0 %	\$ 1.78	100.0 %

Series A Preferred Stock Dividends

Dividends on Series A Preferred Stock accrue in an amount equal to \$0.453125 per share per quarter to holders of Series A Preferred Stock, 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. All dividends paid during 2021, 2020 and 2019 on the Series A Preferred Stock were considered 100% ordinary dividend income.

Series B Preferred Stock Dividends

Dividends on Series B Preferred Stock accrue in an amount equal to \$0.429688 per share per quarter to holders of Series B Preferred Stock, which is equivalent to 6.875% of the \$25.00 liquidation preference per share of Series B Preferred Stock per annum. Dividends on the Series B 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. All dividends paid during 2021 and 2020 on the Series B Preferred Stock were considered 100% ordinary dividend income.

Stockholder Rights Plan

In April 2020, the Company announced that its board of directors approved a short-term stockholder rights plan (the "Plan"). The Plan is intended to allow the Company to realize the long-term value of the Company's assets by protecting the Company from the actions of third parties that the Company's board determines are not in the best interest of the Company. In connection with the adoption of the Plan, the Company's board of directors authorized a dividend of one preferred share purchase right for each outstanding share of Common Stock to stockholders of record on April 20, 2020 to purchase from the Company one one-thousandth of a share of Series C Preferred Stock for an exercise price of \$50.00, once the rights become exercisable, subject to adjustment as provided in the related rights agreement. By the terms of the Plan, the rights will initially trade with Common Stock and will generally only become exercisable on the 10th business day after the Company's board of directors become aware that a person or entity has become the owner of 4.9% or more of the shares of Common Stock or the commencement of a tender or exchange offer which would result in the offeror becoming an owner of 4.9% or more of the Common Stock. In February 2021, the expiration date of these rights was extended to April 8, 2024. The adoption of the Plan did not have a material impact on the Company's financial statements and its earnings per share.

Note 10 — Commitments and Contingencies

Lessee Arrangements — Ground Leases

The Company leases land under nine ground leases associated with certain properties, with lease durations ranging from 14 to 95 years as of December 31, 2021.

As of December 31, 2021 and 2020, the Company's balance sheet includes ROU assets of \$52.9 million and \$58.4 million, respectively, and operating lease liabilities of \$22.8 million and \$25.4 million, respectively. In determining the operating ROU assets and lease liabilities for the Company's existing operating leases upon the adoption of the new lease guidance on January 1, 2019 (see [Note 2](#) — *Summary of Significant Accounting Policies*) as well as for new operating leases entered into after the adoption of the new standard, the Company was required to estimate an appropriate incremental borrowing rate on a fully-collateralized basis for the terms of the leases. Since the terms of the Company's ground leases are significantly longer than the terms of borrowings available to the Company on a fully-collateralized basis, the Company's estimate of this rate required significant judgment.

The Company's ground operating leases have a weighted-average remaining lease term of approximately 30.3 years and a weighted-average discount rate of 4.38% as of December 31, 2021. For the years ended December 31, 2021, 2020 and 2019, the Company paid cash of approximately \$1.4 million, \$1.5 million and \$1.4 million, respectively, for amounts included in the measurement of lease liabilities. For the years ended December 31, 2021, 2020 and 2019, the Company recorded expense of \$1.4 million, \$1.4 million and \$1.3 million, respectively, on a straight-line basis in accordance with the standard. The lease expense is recorded in property operating expenses in the consolidated statements of operations.

GLOBAL NET LEASE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021

The following table reflects the base cash rental payments due from the Company as of December 31, 2021:

<i>(In thousands)</i>	Future Base Rent Payments ⁽¹⁾
2022	\$ 1,400
2023	1,400
2024	1,405
2025	1,409
2026	1,409
Thereafter	37,793
Total minimum lease payments ⁽²⁾	44,816
Less: Effects of discounting	(22,045)
Total present value of lease payments	\$ 22,771

⁽¹⁾ Assumes exchange rates of £1.00 to \$1.35 for GBP and €1.00 to \$1.13 for EUR as of December 31, 2021 for illustrative purposes, as applicable.

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

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.

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, 2021, 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, 2021 and 2020, AR Global and certain affiliates owned, in the aggregate, 35,900 shares of outstanding Common Stock, which does not include the 2,135,496 shares of Common Stock issued to the Advisor on June 18, 2021 (see [Note 9](#) — *Stockholders' Equity*). The Advisor, which is an affiliate of AR Global, and its affiliates incur, directly or indirectly, costs and fees in performing services for the Company.

As of December 31, 2021 the Company did not have any receivables from the Advisor or its affiliates. As of December 31, 2020, the Company had \$0.4 million of receivables from the Advisor or its affiliates. As of December 31, 2021 and 2020, the Company had \$0.9 million and \$2.0 million, respectively, of payables to the Advisor or its affiliates. The \$2.0 million payable as of December 31, 2020 relates to the \$1.5 million in leasing commissions to the Property Manager and \$0.5 million relates to a payable recorded for the overpayment of invoices in current and prior years for a shared service.

As of December 31, 2021, AR Global indirectly owned 95% of the membership interests in the Advisor and James L. Nelson, Company's executive officer and president, directly owned the other 5% of the membership interests in the Advisor.

The Company is the sole general partner of the OP. There were no OP Units held by anyone other than the Company outstanding as of December 31, 2021, 2020 and 2019.

The Company paid \$11.2 million, \$0.4 million and \$0.5 million in distributions to the Advisor as the sole holder of LTIP Units (as defined in [Note 13](#) — *Equity-Based Compensation*) during the years ended December 31, 2021, 2020 and 2019, which are included in accumulated deficit in the Company's consolidated statements of equity. As of December 31, 2021 and 2020, the Company had no unpaid distributions on the LTIP Units.

During the third quarter of 2020 and second quarter of 2021, the Company granted 132,025 and 213,125 Restricted Shares, respectively, to employees of the Advisor or its affiliates who are involved in providing services to the Company, including the Company's Chief Executive Officer and Chief Financial Officer. For additional information, see [Note 13](#) — *Equity-Based Compensation*.

Fees Paid in Connection with the Operations of the Company

Under the Fourth Amended and restated Advisory Agreement (the "Advisory Agreement"), by and among the Company, the OP and the Advisor, the Company pays the Advisor the following fees in cash:

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021

- (a) a base fee of \$18.0 million per annum payable in cash monthly in advance (“Minimum Base Management Fee”); and
- (b) a variable fee amount equal to 1.25% per annum of the sum, since the effective date of the Advisory Agreement in June 2015, of: (i) the cumulative net proceeds of all common equity issued by the Company (ii) any equity of the Company issued in exchange for or conversion of preferred stock or exchangeable notes, based on the stock price at the date of issuance; and (iii) any other issuances of common, preferred, or other forms of equity of the Company, including units in an operating partnership (excluding equity based compensation but including issuances related to an acquisition, investment, joint-venture or partnership) (the “Variable Base Management Fee”).

The Company will pay the Advisor the Incentive Compensation (as defined in the Advisory Agreement), generally payable in quarterly installments 50% in cash and 50% in shares of Common Stock (subject to certain lock up restrictions). The Advisor did not earn any Incentive Compensation during the years ended December 31, 2021, 2020 and 2019. The Advisory Agreement was amended on May 6, 2021 as described below (the “2021 Amendment”), but prior thereto, the Incentive Compensation was generally calculated on an annual basis for the 12-month period from July 1 to June 30 of each year. Pursuant to the 2021 Amendment, the 12-month period is now measured from January 1 to December 31 of each year, commencing with the 12-month period ending December 31, 2021. After the end of each performance period, the Incentive Compensation is subject to a final adjustment in accordance with the terms of the Advisory Agreement based on the difference, if any, between the amount of Incentive Compensation paid to the Advisor during the year and the amount actually earned by the Advisor at the end of the year. In connection with any adjustments, 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 with respect to those shares to allow recoupment of the same.

The Incentive Compensation can be earned by the Advisor based on the Company’s achievement relative to two threshold levels of Core AFFO Per Share⁽¹⁾: the Incentive Fee Lower Hurdle (as defined in the Advisory Agreement) and the Incentive Fee Upper Hurdle (as defined in the Advisory Agreement).

Under the Advisory Agreement, prior to the 2021 Amendment, the Incentive Fee Lower Hurdle was equal to (a) \$1.6875 per share in the aggregate and \$0.5625 per share per quarter for the period beginning July 1, 2019 and ended March 31, 2020, (b) \$1.35 per share in the aggregate and \$0.45 per share per quarter for the period beginning April 1, 2020 and ended December 31, 2020, (c) \$1.125 per share in the aggregate and \$0.5625 per share per quarter for the period beginning January 1, 2021 and ended June 30, 2021, and (d) \$2.25 per share in the aggregate and \$0.5625 per share per quarter for the annual period beginning July 1, 2021. Following the 2021 Amendment, the Incentive Fee Lower Hurdle is equal to (i) \$1.95 per share in the aggregate and \$0.4875 per share per quarter for the annual period beginning January 1, 2021, and (ii) \$2.25 per share in the aggregate and \$0.5625 per share per quarter for the annual period beginning January 1, 2022 and each annual period thereafter, subject to potential annual increases by the Company’s independent directors as described below.

In addition, prior to the 2021 Amendment, the Incentive Fee Upper Hurdle was equal to (a) \$2.19 per share in the aggregate and \$0.73 per share per quarter for the period beginning July 1, 2019 and ending March 31, 2020, (b) \$1.75 per share in the aggregate and \$0.583 per share per quarter for the period beginning April 1, 2020 and ending December 31, 2020, (c) \$1.46 per share in the aggregate and \$0.73 per share per quarter for the period beginning January 1, 2021 and ending June 30, 2021, and (d) \$2.92 per share in the aggregate and \$0.73 per share per quarter for the annual period beginning July 1, 2021. Following the 2021 Amendment, the Incentive Fee Upper Hurdle is equal to (i) \$2.62 per share in the aggregate and \$0.655 per share per quarter for the annual period beginning January 1, 2021, and (ii) \$2.92 per share in the aggregate and \$0.73 per share per quarter for the annual period beginning January 1, 2022 and each annual period thereafter, subject to potential annual increases by the Company’s independent directors as described below.

Prior to the 2021 Amendment, July 1, 2021 was the first date that the annual thresholds were subject to annual increases by a majority of the Company’s independent directors (in their good faith reasonable judgment, after consultation with the Advisor). The 2021 Amendment extended this date to January 1, 2023. The percentage at which independent directors may so increase the thresholds remains a percentage equal to between 0% and 3%. In addition, the 2021 Amendment extended from August 2023 to May 2026, the first date on which the Advisor has 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 Advisor will again have this right in May 2031 and then every five years thereafter.

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;

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021

(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.

⁽¹⁾ For purposes of the Advisory Agreement, Core AFFO Per Share means for the applicable period (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) 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 transaction related costs (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.

Under the Advisory Agreement, 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.

Property Management Fees

The Property Manager provides property management and leasing services for properties owned by the Company, for which the Company pays fees to the Property Manager 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 in each case plus market-based leasing commissions applicable to the geographic location of the applicable property.

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 39 of the Company's properties which became subject to separate property management agreements with the Property Manager in connection with certain mortgage loans entered into by the Company in October 2017, April 2019 and September 2019 (the "Loan Property PMLAs") on otherwise nearly identical terms to the primary property and management leasing agreement (the "Primary PMLA"), which remains applicable to all other properties.

In February 2019, the Company entered into an amendment to the Primary PMLA with the Property Manager, providing for automatic extensions for an unlimited number of successive one-year terms unless terminated by either party upon notice. Following this amendment, either the Company or the Property Manager may terminate the Primary PMLA at any time upon at least 12 months written notice prior to the applicable termination date. This termination notice period does not apply to the Loan Property PMLAs, which may be terminated by either the Company or the Property Manager upon 60 days' written notice prior to end of the applicable term.

GLOBAL NET LEASE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021

If cash flow generated by any of the Company's properties is not sufficient to fund the costs and expenses incurred by the Property Manager in fulfilling its duties under the property management and leasing agreements, the Company is required to fund additional amounts. Costs and expenses that are the responsibility of the Company under the property management and leasing agreements include, without limitation, reasonable wages and salaries and other employee-related expenses of all on-site and off-site employees of the Property Manager who are engaged in the operation, management, maintenance and leasing of the properties and other out-of-pocket expenses which are directly related to the operation, management, maintenance and leasing of specific properties, but may not include the Property Manager's general overhead and administrative expenses.

During the years ended December 31, 2021 and 2020, the Company incurred leasing commissions to the Property Manager of \$1.9 million and \$1.5 million, respectively. These amounts are being recorded over the terms of the related leases. During the years ended December 31, 2021 and 2020, \$0.2 million and \$0.1 million, respectively, was recorded as an expense in property management fees (see table below).

Professional Fees and Other Reimbursements

The Company reimburses the Advisor or its affiliates for expenses paid or incurred by the Advisor or its affiliates in providing services to the Company under the Advisory Agreement, except for those expenses that are specifically the responsibility of the Advisor under the Advisory Agreement, such as salaries, bonus and other wages, payroll taxes and the cost of employee benefit plans of personnel of the Advisor and its affiliates (including the Company's executive officers) who provide services to the Company under our advisory agreement, the Advisor's rent and general overhead expenses, the Advisor's travel expenses (subject to certain exceptions), 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. In addition, these reimbursements are 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. The amount of expenses reimbursable for the years ending December 31, 2021, 2020 and 2019 did not exceed these limits.

Fees Paid in Connection with the Liquidation of the Company's Real Estate Assets

Under the Advisory Agreement, the Company is required to pay to the Advisor a fee in connection with net gain recognized by the Company in connection with the sale or similar transaction of any investment equal to 15% of the amount by which the gains from the sale of investments in the applicable month exceed the losses from the sale of investments in that month unless the proceeds from such transaction or series of transactions are reinvested in one or more investments within 180 days thereafter (the "Gain Fee"). The Gain Fee is 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. There was no Gain Fee paid during the years ended December 31, 2021, 2020 or 2019, respectively.

The following table reflects related party fees, as described above, incurred and contractually due as of and for the periods presented:

	Year Ended December 31,		
	2021	2020	2019
(In thousands)	Incurring	Incurring	Incurring
Ongoing fees ⁽¹⁾:			
Asset management fees ⁽²⁾	\$ 31,769	\$ 29,623	\$ 27,530
Property management fees	7,279	6,178	5,762
Total operating fees to related parties	\$ 39,048	\$ 35,801	\$ 33,292

⁽¹⁾ The Company incurred general and administrative costs and other expense reimbursements of approximately \$1.3 million, \$1.1 million and \$1.1 million for the years ended December 31, 2021, 2020 and 2019, respectively, which are recorded within general and administrative expenses on the consolidated statements of operations and are not reflected in the table above.

⁽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 \$13.6 million, \$11.6 million and \$9.5 million for the years ended December 31, 2021, 2020 and 2019, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021

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, accounting services, investor relations, transfer agency services, as well as other administrative responsibilities for the Company.

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

Note 13 — Equity-Based Compensation

2021 Equity Plan

At the Company's 2021 annual meeting of stockholders held on April 12, 2021, the Company's stockholders approved the 2021 Omnibus Incentive Compensation Plan of Global Net Lease, Inc. (the "Individual Plan") and the 2021 Omnibus Advisor Incentive Compensation Plan of Global Net Lease, Inc. (the "Advisor Plan" and together with the Advisor Plan, the "2021 Equity Plan"). Both the Individual Plan and the Advisor Plan became effective upon stockholder approval.

The terms of the Advisor Plan are substantially similar to the terms of the Individual Plan, except with respect to the eligible participants. Generally, directors of the Company, employees of the Company and employees of the Advisor or its affiliates who are involved in providing services to the Company (including the Company's executive officers) are eligible to participate in the Individual Plan. Only the Advisor and any of its affiliates that are involved in providing services to the Company or any of its subsidiaries are eligible to receive awards under the Advisor Plan. The total number of shares of Common Stock that can be issued or subject to awards under the Advisor Plan and the Individual Plan, in the aggregate, is 6,300,000 shares. Shares issued or subject to awards under the Individual Plan reduce the number of shares available for awards under the Advisor Plan on a one-for-one basis and vice versa. The Individual Plan and the Advisor Plan will expire on April 12, 2031.

The 2021 Equity Plan permit awards of Restricted Shares, RSUs, stock options, stock appreciation rights, stock awards, LTIP Units and other equity awards.

Option Plan

Because the Individual Plan and Advisor Plan were approved by the Company's stockholders on April 12, 2021, no awards will be granted under the Global Net Lease, Inc. 2012 Stock Option Plan (the "Option Plan") after that date. While effective, the Option Plan authorized 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 Company's board of directors and the applicable limitations of the Plan. The exercise price for any stock options granted under the Option Plan was to 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, 2021, 2020 and 2019, 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 and RSUs to directors, officers and full-time employees (if any), of the Company, the Advisor and its affiliates, and certain persons that provide services to the Company, the Advisor or its affiliates.

Under the RSP, prior to stockholder approval of the 2021 Equity Plan, the number of shares of Common Stock available for awards was equal to 10.0% of the Company's outstanding shares of Common Stock on a fully diluted basis at any time, and, if any awards granted under the RSP are forfeited for any reason, the number of forfeited shares was again available for purposes of granting awards under the RSP. Because the 2021 Equity Plan was approved by the Company's stockholders, only 2,772,905 shares of Common Stock remain available for the grant of new awards under RSP through the expiration of the RSP on April 20, 2022, and shares of Common Stock underlying awards that expire, terminate, are cancelled or are forfeited under the RSP will not again be available for issuance under the RSP. Awards previously granted under the RSP will remain outstanding (and eligible to vest and settle) in accordance with their terms under the RSP. 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.

GLOBAL NET LEASE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021

RSUs

RSUs may be awarded under terms that provide for vesting on a straight-line basis over a specified period of time for each award. 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 equity awards activity for the years ended December 31, 2021, 2020 and 2019.

	Number of RSUs/Restricted Shares	Weighted-Average Issue Price
Unvested, December 31, 2018	46,352	\$ 22.04
Granted	16,543	18.89
Vested	(22,354)	22.58
Unvested, December 31, 2019	40,541	20.47
Granted	28,232	13.37
Vested	(23,824)	21.71
Unvested, December 31, 2020	44,949	15.35
Granted	20,176	18.71
Vested	(20,615)	16.22
Unvested, December 31, 2021	44,510	16.47

The fair value of the RSUs granted on or after the listing is based on the market price of Common Stock as of the grant date. The fair value of the equity awards is expensed over the vesting period.

Restricted Shares

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

In September 2020 and May 2021, the Company granted 132,025 and 213,125 Restricted Shares, respectively, to employees of the Advisor or its affiliates who are involved in providing services to the Company, and including its Chief Executive Officer and Chief Financial Officer. In accordance with accounting rules, the fair value of the Restricted Shares granted is being recorded on a straight-line basis over the vesting period of four years.

The awards to the Chief Executive Officer and Chief Financial Officer were recommended by the Advisor and approved by the compensation committee. The other awards were made pursuant to authority delegated by the compensation committee to Edward M. Weil, Jr., a member of the Company's board of directors. No awards may be made pursuant to this delegation of authority to anyone who is also a partner, member or equity owner of the parent of the Advisor.

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

Upon a change in control of the Company, 50% of the unvested Restricted Shares will immediately vest and the remaining unvested Restricted Shares will be forfeited.

GLOBAL NET LEASE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021

The following table reflects the activity of Restricted Shares outstanding for the years ended December 31, 2021 and 2020:

	Number of Restricted Shares	Weighted-Average Issue Price
Unvested, December 31, 2019	—	\$ —
Granted	132,025	17.41
Unvested, December 31, 2020	132,025	17.41
Vested	(30,668)	17.41
Granted	213,125	19.41
Forfeitures	(9,375)	17.41
Unvested, December 31, 2021	305,107	18.81

Compensation Expense — RSP

Compensation expense for awards granted pursuant to the RSP was \$1.6 million, \$0.6 million and \$0.5 million for the years ended December 31, 2021, 2020 and 2019, respectively. Compensation expense is recorded as equity-based compensation in the accompanying consolidated statements of operations.

As of December 31, 2021, the Company had \$0.5 million unrecognized compensation cost related to RSUs granted under the RSP, which is expected to be recognized over a weighted-average period of 1.8 years. As of December 31, 2021, the Company had \$4.9 million unrecognized compensation cost related to Restricted Share awards granted under the RSP, which is expected to be recognized over a period of 3.3 years.

Director Compensation

The Company pays 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.

Multi-Year Outperformance Agreements

2021 OPP

On May 3, 2021, the Company's independent directors, acting as a group, authorized an award of LTIP Units under the 2021 OPP after the performance period under the 2018 OPP expired on June 2, 2021, and, on June 3, 2021, the Company, the OP and the Advisor entered into the 2021 OPP (see below for additional information on the 2018 OPP, including information on the LTIP Units granted and earned thereunder).

Based on a maximum award value of \$50.0 million and initial share price for the 2021 OPP equal to \$20.00, the closing price of Common Stock on June 2, 2021, the Advisor was granted a total of 2,500,000 LTIP Units pursuant to the 2021 OPP. These LTIP Units may be earned and become vested based on the Company's total shareholder return ("TSR"), including both share price appreciation and reinvestment of Common Stock dividends, compared to the initial share price over a performance period commencing on June 3, 2021 and ending on the earliest of (i) June 3, 2024, (ii) the effective date of any Change of Control (as defined in the Advisor Plan) and (iii) the effective date of any termination of the Advisor's service as the Company's advisor.

Under current accounting rules, the total fair value of the LTIP Units granted under the 2021 OPP of \$27.7 million was fixed as of June 3, 2021 and will not be remeasured in subsequent periods unless the 2021 OPP is amended (see [Note 2 — Summary of Significant Accounting Policies](#) for a description of accounting rules related to non-employee equity awards). The fair value of the LTIP Units that were granted is being recorded evenly over the requisite service period which is approximately 3.1 years from May 3, 2021, the date that the Company's independent directors approved the award of LTIP Units under the 2021 OPP.

2018 OPP

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021

Based on a maximum award value of \$50.0 million and the initial share price of the 2018 OPP equal for \$19.57, 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 granted a total of 2,554,930 LTIP Units pursuant to the 2018 OPP. These LTIP Units could be earned and become vested based on the Company's TSR compared to the initial share price, over a performance period that commenced on June 2, 2018 and ended on June 2, 2021.

Under accounting rules adopted by the Company on January 1, 2019, the total fair value of the LTIP Units granted under the 2018 OPP of \$18.8 million was fixed as of that date and was not required to be remeasured in subsequent periods unless the 2018 OPP was amended (see [Note 2 — Summary of Significant Accounting Policies](#) for a description of accounting rules related to non-employee equity awards). The fair value of the LTIP Units that were granted was being recorded evenly over the requisite service period which was approximately 2.8 years from the grant date in 2018. In February 2019, the Company entered into an amendment to the 2018 OPP with the Advisor to reflect a change in the peer group resulting from the merger of two members of the peer group. Under the accounting rules, the Company was required to calculate any excess of the new value of LTIP Units awarded pursuant to the 2018 OPP at the time of the amendment (\$29.9 million) over the fair value immediately prior to the amendment (\$23.3 million). This excess of approximately \$6.6 million was expensed over the period from February 21, 2019, the date the Company's compensation committee approved the amendment, through June 2, 2021, the end of the service period.

On June 14, 2021, the Company's compensation committee determined that 2,135,496 LTIP Units had been earned by the Advisor and became vested pursuant to the 2018 OPP as of June 2, 2021, the last day of the performance period thereunder. The remaining 419,434 LTIP Units were automatically forfeited without the payment of any consideration by the Company or the OP. As disclosed in [Note 9 — Stockholders' Equity](#), the earned LTIP Units were ultimately converted into a like number of OP Units and then subsequently redeemed for Common Stock in June 2021.

Compensation Expense - 2021 OPP and 2018 OPP

During the years ended December 31, 2021 and 2020 and 2019, respectively, the Company recorded total compensation expense related to the 2018 OPP and 2021 OPP of \$9.5 million, \$9.4 million and \$9.1 million.

LTIP Units/Distributions/Redemption

The rights of the Advisor as the holder of the LTIP Units are governed by the terms of the LTIP Units set forth in the agreement of limited partnership of the OP. Holders of LTIP Units are entitled to distributions on the LTIP Units equal to 10% of the distributions made per OP Unit (other than distributions of sale proceeds) until the LTIP Units are earned. Distributions paid on an OP Unit are equal to dividends paid on a share of Common Stock. Distributions paid on LTIP Units are not subject to forfeiture, even if the LTIP Units are ultimately forfeited. The Advisor is entitled to a priority catch-up distribution on each earned LTIP Unit equal to 90% of the aggregate distributions paid on OP Units during the applicable performance period. Any LTIP Units that are earned become entitled to receive the same distributions paid on the OP Units. If and when the Advisor's capital account with respect to an earned LTIP Unit is equal to the capital account balance of an OP Unit, the Advisor, as the holder of the earned LTIP Unit, in its sole discretion, is entitled to convert the LTIP Unit into an OP Unit, which may in turn be redeemed on a one-for-one basis for, at the Company's election, a share of Common Stock or the cash equivalent thereof.

In June 2021, the Company paid a \$10.6 million priority catch-up distribution to the Advisor in respect of the 2,135,496 LTIP Units that were earned under the 2018 OPP. In total, the Company paid approximately \$11.2 million, \$0.4 million and \$0.5 million in distributions related to LTIP Units during the years ended December 31, 2021, 2020 and 2019, respectively, which is included in accumulated deficit in the consolidated statements of changes in equity.

GLOBAL NET LEASE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021

Performance Measures

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

Performance Level (% of Absolute TSR LTIP Units Earned)		Absolute TSR		Number of LTIP Units Earned - 2021 OPP
Below Threshold	0 %	Less than	24%	0
Threshold	25 %		24%	312,500
Target	50 %		30%	625,000
Maximum	100 %		36% or higher	1,250,000

If the Company's absolute TSR is more than 24% but less than 30%, or more than 30% but less than 36%, the number of LTIP Units that become earned is determined using linear interpolation as between those tiers, respectively.

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

Performance Level (% of Relative TSR LTIP Units Earned)		Relative TSR Excess		Number of LTIP Units Earned - 2021 OPP
Below Threshold	0 %	Less than	-600 basis points	0
Threshold	25 %		-600 basis points	312,500
Target	50 %		0 basis points	625,000
Maximum	100 %		600 basis points	1,250,000

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

Other Terms

Under the 2021 OPP, in the case of a Change of Control or a termination of the Advisor for any reason, the number of LTIP Units that become earned at the end of the performance period is calculated based on actual performance through the last trading day prior to the effective date of the Change of Control or termination (as applicable), with the hurdles for calculating absolute TSR prorated to reflect a performance period of less than three years but without prorating the number of LTIP Units that may become earned to reflect the shortened performance period.

Pursuant to the terms of the Advisor Plan, the LTIP Units awarded under the 2021 OPP will be administered by the Company's board or a committee thereof, defined as the "Committee" in the Advisor Plan. Promptly following the performance period, the Committee will determine the number of LTIP Units earned (if any), as calculated by an independent consultant engaged by the Committee and as approved by the Committee in its reasonable and good faith discretion. The Committee also must approve the transfer of any LTIP Units or any OP Units into which LTIP Units may be converted in accordance with the terms of the agreement of limited partnership of the OP. Any LTIP Units that are not earned will automatically be forfeited effective as of the end of the performance period and neither the Company nor the OP will be required to pay any future consideration in respect thereof.

Other Equity-Based Compensation

The Company may issue Common Stock in lieu of cash to pay fees earned by the Company's directors at each director's election. If the Company did so, there would be no restrictions on the shares issued since these payments in lieu of cash relate to fees earned for services performed. There were no such shares of Common Stock issued in lieu of cash during the years ended December 31, 2021, 2020 and 2019.

GLOBAL NET LEASE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021

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, 2021, 2020 and 2019:

<i>(In thousands, except share and per share data)</i>	Year Ended December 31,		
	2021	2020	2019
Net (loss) income attributable to common stockholders	\$ (8,698)	\$ (7,775)	\$ 34,535
Adjustments to net (loss) income attributable to common stockholders for common share equivalents	(11,355)	(468)	(660)
Adjusted net (loss) income attributable to common stockholders	\$ (20,053)	\$ (8,243)	\$ 33,875
Weighted average common shares outstanding — Basic	98,283,892	89,473,554	85,031,236
Weighted average common shares outstanding — Diluted	98,283,892	89,473,554	86,349,645
Net (loss) income per share attributable to common stockholders — Basic	\$ (0.20)	\$ (0.09)	\$ 0.40
Net (loss) income per share attributable to common stockholders — Diluted	\$ (0.20)	\$ (0.09)	\$ 0.39

Under current authoritative guidance for determining earnings per share, all unvested share-based payment awards that contain non-forfeitable rights to distributions are considered to be participating securities and therefore are included in the computation of earnings per share under the two-class method. The two-class method is an earnings allocation formula that determines earnings per share for each class of common shares and participating security according to dividends declared (or accumulated) and participation rights in undistributed earnings. The Company's unvested Restricted Shares, unvested RSUs and unearned LTIP Units contain rights to receive distributions considered to be non-forfeitable, except in certain limited circumstances, and therefore the Company applies the two-class method of computing earnings per share. The calculation of earnings per share above excludes the distributions to the unvested Restricted Shares, unvested RSUs and unearned 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 Restricted Shares, unvested RSUs and unvested LTIP Units to be common share equivalents. The following table shows common share equivalents on a weighted-average basis that were excluded from the calculation of diluted earnings per share for the years ended December 31, 2021, 2020 and 2019:

	December 31,		
	2021	2020	2019
Unvested RSUs ⁽¹⁾	44,563	44,949	40,541
Unvested Restricted Shares ⁽²⁾	257,077	38,703	—
LTIP Units ⁽³⁾	1,452,055	2,554,930	1,277,465
Total common share equivalents excluded from EPS calculation	1,753,695	2,638,582	1,318,006

⁽¹⁾ There were 44,510, 44,949 and 40,541 unvested RSUs issued and outstanding as of December 31, 2021, 2020 and 2019, respectively. See [Note 13](#) — *Equity-Based Compensation* for additional information on the RSUs.

⁽²⁾ There were 305,107 and 132,025 Restricted Shares issued and outstanding as of December 31, 2021 and 2020, respectively. See [Note 13](#) — *Equity-Based Compensation* for additional information on the Restricted Shares.

⁽³⁾ There were 2,500,000 LTIP Units issued and outstanding under the 2021 OPP as of December 31, 2021 and 2,554,930 LTIP Units issued and outstanding under the 2018 OPP as of December 31, 2020 and 2019. See [Note 13](#) — *Equity-Based Compensation* for additional information on the 2021 OPP and the 2018 OPP.

Conditionally issuable shares relating to the 2021 OPP award (in 2021) and the 2018 OPP award (in 2020 and 2019) would be included in the computation of fully diluted EPS (if dilutive) based on shares that would be issued as 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, 2021 and 2020. Conditionally issuable shares relating to the 2018 OPP award are included in the computation of fully diluted EPS on a weighted-average basis for the year ended December 31, 2019 based on shares that would have been issued if the balance sheet dates were the end of the measurement period.

GLOBAL NET LEASE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021

Note 15 — Income Taxes

Income Tax Expense

The components of income tax expense for the year ended December 31, 2021 are as follows:

<i>(In thousands)</i>	Year Ended December 31, 2021	
Net Income Before Income Tax:		
Domestic	\$	56,199
Foreign		(32,681)
Total net income before tax	\$	23,518
Income Taxes:		
Current:		
State and Local	\$	177
Foreign		14,128
Total income taxes, current		14,305
Deferred:		
State and Local		—
Foreign		(2,153)
Total income taxes, deferred		(2,153)
Total Income Tax Expense ⁽¹⁾	\$	12,152

(1) For the years ended December 31, 2020 and 2019 the Company recognized income tax expense of \$5.0 million (\$6.9 million current and \$(2.0) million deferred) and \$4.3 million (\$4.7 million current and \$(0.4) million deferred), respectively.

A reconciliation of effective income tax for the periods presented is as follows:

<i>(In thousands)</i>	Year Ended December 31, 2021	
Net income before income tax	\$	23,518
Tax provision at statutory rates	\$	4,938
Foreign rate differential		(1,022)
Foreign financing activities		11,717
Tax adjustments related to REIT		(11,802)
Deferred tax assets generated in the current year added to valuation allowance		8,167
Other		154
Total income tax expense	\$	12,152

GLOBAL NET LEASE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021

Deferred Income Taxes

Deferred income taxes at December 31, 2021 consists of the following:

<i>(In thousands)</i>	As of December 31, 2021
Deferred Tax Assets	
Basis differences	\$ 48,223
Net operating loss carryforwards	1,512
Total deferred tax assets	49,735
Valuation allowance ⁽¹⁾	(48,247)
Net deferred tax assets	1,488
Deferred Tax Liabilities	
Basis differences	(6,932)
Straight-line rent	(1,322)
Total deferred tax liabilities	(8,254)
Net Deferred Tax Liability	\$ (6,766)

⁽¹⁾The valuation allowance was \$46.6 million as of December 31, 2020.

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.

As of December 31, 2021, foreign net operating loss carryforwards were \$18.7 million which will begin to expire in 2028.

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.

Global Net Lease, Inc.

Schedule III - Real Estate and Accumulated Depreciation - Part I

December 31, 2021
(dollar amounts in thousands)

Portfolio	City	U.S. State/Territory or Country	Acquisition Date	Encumbrances at December 31, 2021 (1)	Initial Costs		Changes Subsequent to Acquisition		Gross Amount at December 31, 2021 (2)(3)	Accumulated Depreciation (4)(5)
					Land	Building and Improvements	Land	Building and Improvements		
McDonalds Corporation	Carlisle	United Kingdom	Oct. 2012	\$ — (6)	\$ 434	\$ 823	\$ —	\$ —	\$ 1,257	\$ 189
Wickes	Blackpool	United Kingdom	May 2013	— (6)	1,824	1,822	—	—	3,646	579
Everything Everywhere	Merthyr Tydfil	United Kingdom	Jun. 2013	— (6)	3,716	2,152	—	—	5,868	614
Thames Water	Swindon	United Kingdom	Jul. 2013	— (6)	3,716	3,985	—	12	7,713	1,118
Wickes	Tunstall	United Kingdom	Jul. 2013	— (6)	946	2,011	—	—	2,957	620
PPD Global Labs	Highland Heights	KY	Aug. 2013	— (9)	2,001	5,162	—	—	7,163	1,305
Northern Rock	Sunderland	United Kingdom	Sep. 2013	— (6)	1,351	4,304	—	—	5,655	1,192
Wickes	Clifton	United Kingdom	Nov. 2013	— (6)	1,351	1,759	—	—	3,110	527
XPO Logistics	Aurora	NE	Nov. 2013	— (13)	295	1,470	—	—	1,765	500
XPO Logistics	Grand Rapids	MI	Nov. 2013	— (13)	945	1,247	—	—	2,192	424
XPO Logistics	Riverton	IL	Nov. 2013	— (13)	344	707	—	—	1,051	240
XPO Logistics	Salina	KS	Nov. 2013	— (13)	461	1,622	—	—	2,083	551
XPO Logistics	Uhrichsville	OH	Nov. 2013	— (13)	380	780	—	—	1,160	265
XPO Logistics	Vincennes	IN	Nov. 2013	— (13)	220	633	—	—	853	222
XPO Logistics	Waite Park	MN	Nov. 2013	— (13)	366	700	—	—	1,066	229
Wolverine	Howard City	MI	Dec. 2013	— (13)	719	12,027	—	—	12,746	4,045
Rheinmetall	Neuss	Germany	Jan. 2014	— (11)	5,833	16,375	—	73	22,281	3,577
GE Aviation	Grand Rapids	MI	Jan. 2014	— (7)	3,174	27,076	—	203	30,453	5,787
Provident Financial	Bradford	United Kingdom	Feb. 2014	— (6)	1,363	25,285	—	—	26,648	5,102
Crown Crest	Leicester	United Kingdom	Feb. 2014	— (6)	7,765	32,067	—	—	39,832	7,372
Trane	Davenport	IA	Feb. 2014	—	291	1,968	—	—	2,259	504
Aviva	Sheffield	United Kingdom	Mar. 2014	— (6)	2,936	33,267	—	—	36,203	6,858
DFS Trading	Brigg	United Kingdom	Mar. 2014	— (6)	1,371	3,889	—	—	5,260	904
DFS Trading	Carcroft	United Kingdom	Mar. 2014	— (6)	313	2,247	—	—	2,560	550
DFS Trading	Carcroft	United Kingdom	Mar. 2014	— (6)	1,153	4,566	—	—	5,719	982
DFS Trading	Darley Dale	United Kingdom	Mar. 2014	— (6)	1,349	3,463	—	—	4,812	822
DFS Trading	Somercotes	United Kingdom	Mar. 2014	— (6)	793	2,831	—	—	3,624	791
Government Services Administration (GSA)	Fanklin	TN	Mar. 2014	—	4,160	30,083	—	—	34,243	6,199
National Oilwell	Williston	ND	Mar. 2014	—	211	3,513	—	—	3,724	977
Government Services Administration (GSA)	Dover	DE	Apr. 2014	—	1,097	1,715	—	—	2,812	394
Government Services Administration (GSA)	Germantown	PA	Apr. 2014	—	1,097	3,573	—	174	4,844	738
OBI DIY	Mayen	Germany	Apr. 2014	— (11)	1,271	7,587	—	—	8,858	1,772
DFS Trading	South Yorkshire	United Kingdom	Apr. 2014	— (6)	—	1,413	—	—	1,413	438
DFS Trading	Yorkshire	United Kingdom	Apr. 2014	— (6)	—	1,841	—	—	1,841	384

Global Net Lease, Inc.

Schedule III - Real Estate and Accumulated Depreciation - Part I

December 31, 2021
(dollar amounts in thousands)

Portfolio	City	U.S. State/Territory or Country	Acquisition Date	Encumbrances at December 31, 2021 (1)	Initial Costs		Changes Subsequent to Acquisition		Gross Amount at December 31, 2021 (2)(3)	Accumulated Depreciation (4)(5)
					Land	Building and Improvements	Land	Building and Improvements		
Government Services Administration (GSA)	Dallas	TX	Apr. 2014	—	484	2,934	—	—	3,418	603
Government Services Administration (GSA)	Mission	TX	Apr. 2014	—	618	3,145	—	—	3,763	683
Government Services Administration (GSA)	International Falls	MN	May 2014	— (7)	350	11,182	—	63	11,595	2,369
Indiana Department of Revenue	Indianapolis	IN	May 2014	—	891	7,677	—	—	8,568	1,662
National Oilwell	Pleasanton	TX	May 2014	—	202	1,643	—	—	1,845	430
Nissan	Murfreesboro	TN	May 2014	— (7)	966	19,573	—	—	20,539	3,892
Government Services Administration (GSA)	Lakewood	CO	Jun. 2014	—	1,220	7,928	—	—	9,148	1,580
Lippert Components	South Bend	IN	Jun. 2014	— (7)	3,195	6,883	—	—	10,078	1,402
Axon Energy Products	Houston	TX	Jun. 2014	—	294	2,310	—	—	2,604	497
Axon Energy Products	Houston	TX	Jun. 2014	—	416	5,186	—	—	5,602	1,081
Bell Supply Co	Carrizo Springs	TX	Jun. 2014	—	260	1,445	—	—	1,705	358
Bell Supply Co	Cleburne	TX	Jun. 2014	—	301	323	—	—	624	89
Bell Supply Co	Frierson	LA	Jun. 2014	—	260	1,054	—	—	1,314	361
Bell Supply Co	Gainesville	TX	Jun. 2014	—	131	1,420	—	—	1,551	297
Bell Supply Co	Killdeer	ND	Jun. 2014	—	307	1,250	—	—	1,557	302
Bell Supply Co	Williston	ND	Jun. 2014	—	162	2,323	—	—	2,485	505
GE Oil & Gas	Canton	OH	Jun. 2014	—	437	3,039	—	300	3,776	718
GE Oil & Gas	Odessa	TX	Jun. 2014	—	1,611	3,322	—	—	4,933	1,292
Lhoist	Irving	TX	Jun. 2014	—	173	2,154	—	125	2,452	548
Select Energy Services	DeBerry	TX	Jun. 2014	—	533	7,551	—	—	8,084	2,501
Select Energy Services	Gainesville	TX	Jun. 2014	—	519	7,482	—	—	8,001	1,470
Select Energy Services	Victoria	TX	Jun. 2014	—	354	1,698	—	—	2,052	437
Bell Supply Co	Jacksboro	TX	Jun. 2014	—	51	657	—	—	708	225
Bell Supply Co	Kenedy	TX	Jun. 2014	—	190	1,669	—	—	1,859	451
Select Energy Services	Alice	TX	Jun. 2014	—	518	1,331	—	—	1,849	309
Select Energy Services	Dilley	TX	Jun. 2014	—	429	1,777	—	—	2,206	487
Select Energy Services	Kenedy	TX	Jun. 2014	—	815	8,355	—	—	9,170	1,961
Select Energy Services	Laredo	TX	Jun. 2014	—	2,472	944	—	—	3,416	329
Superior Energy Services	Gainesville	TX	Jun. 2014	—	322	480	—	—	802	102
Superior Energy Services	Jacksboro	TX	Jun. 2014	—	408	312	—	—	720	91
Amcor Packaging	Workington	United Kingdom	Jun. 2014	— (6)	1,176	6,934	—	—	8,110	1,681
Government Services Administration (GSA)	Raton	NM	Jun. 2014	—	93	875	—	—	968	194

Global Net Lease, Inc.

Schedule III - Real Estate and Accumulated Depreciation - Part I

December 31, 2021
(dollar amounts in thousands)

Portfolio	City	U.S. State/Territory or Country	Acquisition Date	Encumbrances at December 31, 2021 (1)	Initial Costs		Changes Subsequent to Acquisition		Gross Amount at December 31, 2021 (2)(3)	Accumulated Depreciation (4)(5)
					Land	Building and Improvements	Land	Building and Improvements		
Nimble Storage	San Jose	CA	Jun. 2014	— (9)	30,227	10,795	—	180	41,202	2,239
FedEx	Amarillo	TX	Jul. 2014	—	889	6,446	—	—	7,335	1,571
FedEx	Chicopee	MA	Jul. 2014	—	1,030	7,022	—	1,397	9,449	1,790
FedEx	San Antonio	TX	Jul. 2014	— (13)	3,283	17,756	—	—	21,039	3,597
Sandoz	Princeton	NJ	Jul. 2014	— (7)	7,766	31,994	—	11,962	51,722	13,166
Wyndham	Branson	MO	Jul. 2014	—	881	3,307	—	—	4,188	709
Valassis	Livonia	MI	Jul. 2014	—	1,735	8,119	—	—	9,854	1,595
Government Services Administration (GSA)	Fort Fairfield	ME	Jul. 2014	—	26	9,315	—	—	9,341	1,764
AT&T Services, Inc.	San Antonio	TX	Jul. 2014	— (14)	5,312	41,201	—	—	46,513	7,717
PNC Bank	Erie	PA	Jul. 2014	— (9)	242	6,195	—	—	6,437	1,185
PNC Bank	Scranton	PA	Jul. 2014	— (7)	1,324	3,004	—	—	4,328	589
Continental Tire	Fort Mill	SC	Jul. 2014	—	780	14,259	—	—	15,039	2,721
Fujitsu Office Properties	Manchester	United Kingdom	Jul. 2014	— (6)	3,816	41,304	—	—	45,120	8,003
BP Oil	Wootton Bassett	United Kingdom	Aug. 2014	— (6)	619	2,675	—	—	3,294	551
HBOS	Derby	United Kingdom	Aug. 2014	— (6)	621	6,256	—	—	6,877	1,331
HBOS	St. Helens	United Kingdom	Aug. 2014	— (6)	235	3,545	—	—	3,780	760
HBOS	Warrington	United Kingdom	Aug. 2014	— (6)	449	2,118	—	—	2,567	489
Malthurst	Shiptonthorpe	United Kingdom	Aug. 2014	— (6)	285	2,024	—	—	2,309	459
Malthurst	Yorkshire	United Kingdom	Aug. 2014	— (6)	505	1,325	—	—	1,830	393
Stanley Black & Decker	Westerville	OH	Aug. 2014	—	958	6,933	—	—	7,891	1,370
Thermo Fisher	Kalamazoo	MI	Aug. 2014	—	1,176	10,179	—	—	11,355	1,911
Capgemini	Birmingham	United Kingdom	Aug. 2014	— (6)	1,682	15,946	—	—	17,628	3,260
Merck	Madison	NJ	Aug. 2014	— (7)	10,290	32,530	—	—	42,820	6,084
Government Services Administration (GSA)	Rangeley	ME	Aug. 2014	—	1,377	4,746	—	1,104	7,227	1,055
Hewlett-Packard	Newcastle	United Kingdom	Sep. 2014	— (6)	1,162	19,344	—	—	20,506	3,719
Intier Automotive	Redditch	United Kingdom	Sep. 2014	— (6)	1,200	9,499	—	—	10,699	2,032
Waste Management	Winston-Salem	NC	Sep. 2014	—	494	3,235	—	—	3,729	636
FedEx	Winona	MN	Sep. 2014	—	83	1,785	—	—	1,868	403
Dollar General	Allen	OK	Sep. 2014	—	99	793	—	—	892	163
Dollar General	Cherokee	KS	Sep. 2014	—	27	769	—	—	796	161
Dollar General	Clearwater	KS	Sep. 2014	—	90	785	—	—	875	163
Dollar General	Dexter	NM	Sep. 2014	—	329	585	—	—	914	122
Dollar General	Elmore City	OK	Sep. 2014	—	21	742	—	—	763	157
Dollar General	Eunice	NM	Sep. 2014	—	269	569	—	—	838	120
Dollar General	Gore	OK	Sep. 2014	—	143	813	—	—	956	169

Global Net Lease, Inc.

Schedule III - Real Estate and Accumulated Depreciation - Part I

December 31, 2021
(dollar amounts in thousands)

Portfolio	City	U.S. State/Territory or Country	Acquisition Date	Encumbrances at December 31, 2021 (1)	Initial Costs		Changes Subsequent to Acquisition		Gross Amount at December 31, 2021 (2)(3)	Accumulated Depreciation (4)(5)
					Land	Building and Improvements	Land	Building and Improvements		
Dollar General	Kingston	OK	Sep. 2014	—	81	778	—	—	859	163
Dollar General	Lordsburg	NM	Sep. 2014	—	212	719	—	—	931	149
Dollar General	Lyons	KS	Sep. 2014	—	120	970	—	—	1,090	200
Dollar General	Mansfield	LA	Sep. 2014	—	169	812	—	—	981	168
Dollar General	Neligh	NE	Sep. 2014	—	83	1,045	—	—	1,128	210
Dollar General	Norman	OK	Sep. 2014	—	40	913	—	—	953	189
Dollar General	Peggs	OK	Sep. 2014	—	72	879	—	—	951	182
Dollar General	Santa Rosa	NM	Sep. 2014	—	324	575	—	—	899	120
Dollar General	Sapulpa	OK	Sep. 2014	—	143	745	—	—	888	159
Dollar General	Schuyler	NE	Sep. 2014	—	144	905	—	—	1,049	184
Dollar General	Tahlequah	OK	Sep. 2014	—	132	925	—	—	1,057	190
Dollar General	Townville	PA	Sep. 2014	—	78	882	—	—	960	193
Dollar General	Valley Falls	KS	Sep. 2014	—	51	922	—	—	973	186
Dollar General	Wymore	NE	Sep. 2014	—	21	872	—	—	893	179
FedEx	Bohemia	NY	Sep. 2014	— (7)	4,838	19,596	—	—	24,434	4,095
FedEx	Watertown	NY	Sep. 2014	—	561	4,757	—	—	5,318	1,047
Shaw Aero	Naples	FL	Sep. 2014	—	998	22,332	—	900	24,230	4,212
Mallinckrodt	St. Louis	MO	Sep. 2014	— (9)	1,499	16,828	—	—	18,327	3,206
Kuka Warehouse	Sterling Heights	MI	Sep. 2014	—	1,227	10,790	—	—	12,017	2,056
Trinity Health	Livonia	MI	Sep. 2014	—	4,273	16,574	—	2,075	22,922	3,941
Trinity Health	Livonia	MI	Sep. 2014	—	4,680	11,568	—	2,423	18,671	3,389
FedEx	Hebron	KY	Sep. 2014	—	1,106	7,750	—	109	8,965	1,593
FedEx	Lexington	KY	Sep. 2014	—	1,118	7,961	—	—	9,079	1,581
GE Aviation	Cincinnati	OH	Sep. 2014	—	1,393	10,490	—	—	11,883	2,003
Bradford & Bingley	Bingley	United Kingdom	Oct. 2014	— (6)	4,506	11,314	(3,264)	(6,503)	6,053	2,337
DNV GL	Dublin	OH	Oct. 2014	—	2,509	3,140	—	126	5,775	661
Rexam	Recklinghausen	Germany	Oct. 2014	— (11)	800	11,258	—	—	12,058	2,145
FedEx	Lake Charles	LA	Oct. 2014	— (14)	255	7,485	—	572	8,312	1,711
Onguard	Havre De Grace	MD	Oct. 2014	—	2,216	6,585	—	400	9,201	1,772
Axon Energy Products	Houston	TX	Oct. 2014	—	297	2,432	—	—	2,729	454
Metro Tonic	Halle Peissen	Germany	Oct. 2014	— (11)	6,893	48,293	—	—	55,186	10,191
Tokmanni	Matsala	Finland	Nov. 2014	— (10)	1,786	54,064	—	—	55,850	10,750
Fife Council	Dunfermline	United Kingdom	Nov. 2014	— (6)	356	4,590	—	—	4,946	885
Government Services Administration (GSA)	Rapid City	SD	Nov. 2014	—	504	7,837	—	—	8,341	1,520
KPN BV	Houten	The Netherlands	Nov. 2014	— (12)	1,599	19,565	—	—	21,164	3,560

Global Net Lease, Inc.

Schedule III - Real Estate and Accumulated Depreciation - Part I

December 31, 2021
(dollar amounts in thousands)

Portfolio	City	U.S. State/Territory or Country	Acquisition Date	Encumbrances at December 31, 2021 (1)	Initial Costs		Changes Subsequent to Acquisition		Gross Amount at December 31, 2021 ⁽²⁾⁽³⁾	Accumulated Depreciation ⁽⁴⁾⁽⁵⁾
					Land	Building and Improvements	Land	Building and Improvements		
Follett School	McHenry	IL	Dec. 2014	—	3,423	15,600	—	—	19,023	3,530
Quest Diagnostics, Inc.	Santa Clarita	CA	Dec. 2014	— (14)	10,714	69,018	—	—	79,732	12,434
Diebold	North Canton	OH	Dec. 2014	— (13)	—	9,142	—	—	9,142	1,982
Weatherford International	Odessa	TX	Dec. 2014	— (9)	665	1,795	—	—	2,460	559
AM Castle	Wichita	KS	Dec. 2014	—	426	6,681	—	509	7,616	1,251
FedEx	Billerica	MA	Dec. 2014	—	1,138	6,674	—	752	8,564	1,565
Constellium Auto	Wayne	MI	Dec. 2014	— (7)	1,180	13,781	—	7,875	22,836	6,325
C&J Energy	Houston	TX	Mar. 2015	—	6,196	21,745	—	—	27,941	3,872
FedEx	Salina	UT	Mar. 2015	—	428	3,447	—	—	3,875	873
FedEx	Pierre	SD	Apr. 2015	—	—	3,288	—	—	3,288	800
Crowne Group	Fraser	MI	Aug. 2015	—	350	3,865	—	—	4,215	686
Crowne Group	Jonesville	MI	Aug. 2015	—	101	3,136	—	—	3,237	573
Crowne Group	Logansport	IN	Aug. 2015	—	1,843	5,430	—	—	7,273	1,124
Crowne Group	Marion	SC	Aug. 2015	—	386	7,993	—	—	8,379	1,511
JIT Steel	Chattanooga	TN	Sep. 2015	—	582	3,122	—	—	3,704	523
JIT Steel	Chattanooga	TN	Sep. 2015	—	316	1,986	—	—	2,302	325
Mapes & Sprowl	Elk Grove Village	IL	Sep. 2015	— (13)	954	4,619	—	—	5,573	798
National Oilwell	Pleasanton	TX	Sep. 2015	—	80	3,372	—	—	3,452	615
Office Depot	Venlo	The Netherlands	Sep. 2015	—	3,537	15,644	—	—	19,181	2,961
Finnair	Helsinki	Finland	Sep. 2015	— (10)	2,552	72,739	—	—	75,291	12,354
Hannibal	Houston	TX	Sep. 2015	—	2,090	11,138	—	—	13,228	1,833
FedEx	Mankato	MN	Sep. 2015	—	472	6,780	—	—	7,252	1,431
Auchan	Beychac-et-Caillau	France	Dec. 2016	— (15)	4,107	13,357	—	—	17,464	2,248
DCNS	Guipavas	France	Dec. 2016	— (15)	1,917	14,540	—	—	16,457	2,015
Deutsche Bank	Kirchberg	Luxembourg	Dec. 2016	— (12)	14,651	49,835	—	669	65,155	6,469
FedEx	Greensboro	NC	Dec. 2016	—	1,820	8,252	—	—	10,072	1,437
Foster Wheeler	Reading	United Kingdom	Dec. 2016	— (6)	28,583	78,193	—	—	106,776	10,039
Harper Collins	Glasgow	United Kingdom	Dec. 2016	— (6)	10,675	54,530	—	—	65,205	7,577
ID Logistics	Landersheim	France	Dec. 2016	— (15)	1,955	8,214	—	—	10,169	1,125
ID Logistics	Moreuil	France	Dec. 2016	— (15)	3,017	6,103	—	—	9,120	879
ID Logistics	Weilbach	Germany	Dec. 2016	— (11)	1,350	8,927	—	—	10,277	1,167
ING Bank	Amsterdam Zuidoois	The Netherlands	Dec. 2016	— (12)	—	73,866	—	256	74,122	9,379
NCR Financial Solutions Group	Dundee	United Kingdom	Dec. 2016	— (6)	2,717	8,689	—	—	11,406	1,356
Pole Emploi	Marseille	France	Dec. 2016	— (15)	809	8,525	—	—	9,334	1,091
Sagemcom	Rueil Malmaison	France	Dec. 2016	— (15)	3,048	73,218	—	3,852	80,118	9,829
Worldline SA	Blois	France	Dec. 2016	— (15)	1,146	5,453	—	—	6,599	961

Global Net Lease, Inc.

Schedule III - Real Estate and Accumulated Depreciation - Part I

December 31, 2021
(dollar amounts in thousands)

Portfolio	City	U.S. State/Territory or Country	Acquisition Date	Encumbrances at December 31, 2021 (1)	Initial Costs		Changes Subsequent to Acquisition		Gross Amount at December 31, 2021 (2)(3)	Accumulated Depreciation (4)(5)
					Land	Building and Improvements	Land	Building and Improvements		
Cott Beverages	Sikeston	MO	Feb. 2017	—	456	8,291	—	—	8,747	1,078
FedEx	Great Falls	MT	Mar. 2017	(9)	326	5,439	—	—	5,765	937
FedEx	Morgantown	WV	Mar. 2017	(7)	4,661	8,401	—	—	13,062	1,143
Bridgestone Tire	Mt. Olive Township	NJ	Sep. 2017	(8)	916	5,088	—	—	6,004	605
NSA Industries	St. Johnsbury	VT	Oct. 2017	(8)	210	1,753	—	—	1,963	214
NSA Industries	St. Johnsbury	VT	Oct. 2017	(8)	300	3,936	—	491	4,727	562
NSA Industries	St. Johnsbury	VT	Oct. 2017	(8)	270	3,858	—	—	4,128	478
GKN Aerospace	Blue Ash	OH	Oct. 2017	(8)	790	4,079	—	—	4,869	491
Tremec	Wixom	MI	Nov. 2017	(8)	1,002	17,376	—	—	18,378	2,101
NSA Industries	Groveton	NH	Dec. 2017	(8)	59	3,517	—	—	3,576	362
Cummins	Omaha	NE	Dec. 2017	(8)	1,448	6,469	—	—	7,917	810
Government Services Administration (GSA)	Gainsville	FL	Dec. 2017	—	451	6,016	—	53	6,520	633
Chemours	Pass Christian	MS	Feb. 2018	(13)	382	16,149	—	—	16,531	1,880
Lee Steel	Wyoming	MI	Mar. 2018	—	504	7,256	—	—	7,760	713
LSI Steel	Chicago	IL	Mar. 2018	—	3,341	1,181	—	—	4,522	115
LSI Steel	Chicago	IL	Mar. 2018	—	1,792	5,615	—	—	7,407	530
LSI Steel	Chicago	IL	Mar. 2018	—	2,856	948	—	—	3,804	101
Fiat Chrysler	Sterling Heights	MI	Mar. 2018	—	1,855	13,623	—	—	15,478	1,539
Contractors Steel	Belleville	MI	May 2018	—	2,862	25,878	—	6,296	35,036	3,185
Contractors Steel	Hammond	IN	May 2018	—	1,970	8,859	—	—	10,829	1,025
Contractors Steel	Livonia	MI	May 2018	—	933	8,554	—	1,357	10,844	1,132
Contractors Steel	Twinsburg	OH	May 2018	—	729	8,707	—	2,500	11,936	1,462
Contractors Steel	Wyoming	MI	May 2018	—	970	12,426	—	1,232	14,628	1,525
FedEx	Blackfoot	ID	Jun. 2018	(13)	350	6,882	—	—	7,232	1,125
DuPont Pioneer	Spencer	IA	Jun. 2018	—	273	6,718	—	607	7,598	717
Rubbermaid	Akron	OH	Jul. 2018	(13)	1,221	17,145	—	—	18,366	1,505
NetScout	Allen	TX	Aug. 2018	(9)	2,115	41,486	—	—	43,601	3,597
Bush Industries	Jamestown	NY	Sep. 2018	(13)	1,535	14,818	—	—	16,353	1,302
FedEx	Greenville	NC	Sep. 2018	(13)	581	9,744	—	—	10,325	1,601
Penske	Romulus	MI	Nov. 2018	70,000	4,701	105,826	—	—	110,527	9,008
NSA Industries	Georgetown	MA	Nov. 2018	—	1,100	6,059	—	1,198	8,357	670
LKQ Corp.	Cullman	AL	Dec. 2018	—	61	3,781	—	—	3,842	325
Grupo Antolin North America, Inc.	Shelby Township	MI	Dec. 2018	—	1,941	41,648	—	—	43,589	3,460
Walgreens	Pittsburgh	PA	Dec. 2018	—	1,701	13,718	—	—	15,419	1,152
VersaFlex	Kansas City	KS	Dec. 2018	—	519	7,581	—	—	8,100	592

Global Net Lease, Inc.

Schedule III - Real Estate and Accumulated Depreciation - Part I

December 31, 2021
(dollar amounts in thousands)

Portfolio	City	U.S. State/Territory or Country	Acquisition Date	Encumbrances at December 31, 2021 (1)	Initial Costs		Changes Subsequent to Acquisition		Gross Amount at December 31, 2021 (3)(5)	Accumulated Depreciation (4)(5)
					Land	Building and Improvements	Land	Building and Improvements		
Cummins	Gillette	WY	Mar. 2019	— (14)	1,197	5,470	—	—	6,667	511
Stanley Security	Fishers	IN	Mar. 2019	— (14)	1,246	11,879	—	—	13,125	900
Sierra Nevada	Colorado Springs	CO	Apr. 2019	—	—	16,105	—	—	16,105	1,202
EQT	Waynesburg	PA	Apr. 2019	— (14)	875	11,126	—	—	12,001	878
Hanes	Calhoun	GA	Apr. 2019	— (14)	731	8,104	—	—	8,835	684
Union Partners	Aurora	IL	May 2019	—	929	11,621	—	—	12,550	810
Union Partners	Dearborn	MI	May 2019	— (14)	3,028	11,645	—	—	14,673	849
ComDoc	North Canton	OH	Jun. 2019	— (14)	602	15,128	—	—	15,730	1,123
Metal Technologies	Bloomfield	IN	Jun. 2019	— (14)	277	9,552	—	—	9,829	739
Encompass Health	Birmingham	AL	Jun. 2019	— (14)	1,746	55,568	—	—	57,314	3,528
Heatcraft	Tifton	GA	Jun. 2019	— (14)	346	9,064	—	—	9,410	577
CF Sauer SLB	Mauldin	SC	Aug. 2019	—	40	343	—	—	383	25
CF Sauer SLB	Mauldin	SC	Aug. 2019	—	232	15,488	—	—	15,720	1,001
CF Sauer SLB	Mauldin	SC	Aug. 2019	—	348	4,747	—	—	5,095	375
CF Sauer SLB	Mauldin	SC	Aug. 2019	—	190	9,488	—	—	9,678	612
CF Sauer SLB	Orange	FL	Aug. 2019	—	237	351	—	—	588	30
CF Sauer SLB	San Luis Obispo	CA	Aug. 2019	—	2,201	12,884	—	—	15,085	864
SWECO	Florence	KY	Sep. 2019	—	2,080	21,924	—	—	24,004	1,526
Viavi Solutions	Santa Rosa	CA	Sep. 2019	—	3,061	5,929	—	1,761	10,751	400
Viavi Solutions	Santa Rosa	CA	Sep. 2019	—	3,073	7,130	—	1,589	11,792	480
Faurecia	Auburn Hills	MI	Dec. 2019	—	3,310	38,278	—	1,850	43,438	2,446
Plasma	Garland	TX	Dec. 2019	—	595	2,421	—	—	3,016	163
Plasma	El Paso	TX	Dec. 2019	—	72	2,478	—	—	2,550	130
Plasma	Bradenton	FL	Dec. 2019	—	185	3,747	—	—	3,932	208
Plasma	Hickory	NC	Dec. 2019	—	494	3,702	—	—	4,196	214
Plasma	Irving	TX	Dec. 2019	—	673	3,916	—	—	4,589	268
Plasma	Lake Charles	LA	Dec. 2019	—	301	1,730	—	—	2,031	106
Plasma	Mission	TX	Dec. 2019	—	275	1,735	—	—	2,010	102
Plasma	Meridian	MS	Dec. 2019	—	203	2,965	—	—	3,168	173
Plasma	Peoria	IL	Dec. 2019	—	206	2,578	—	—	2,784	143
Whirlpool	Cleveland	TN	Dec. 2019	—	2,230	20,923	—	—	23,153	1,281
Whirlpool	Clyde	OH	Dec. 2019	—	1,641	20,072	—	—	21,713	1,195
Whirlpool	Clyde	OH	Dec. 2019	—	3,559	17,283	—	—	20,842	1,207
Whirlpool	Findlay	OH	Dec. 2019	—	1,344	22,624	—	—	23,968	1,265
Whirlpool	Marion	OH	Dec. 2019	—	1,876	27,850	—	—	29,726	1,575
Whirlpool	Ottawa	OH	Dec. 2019	—	3,155	19,919	—	—	23,074	1,154

Global Net Lease, Inc.

Schedule III - Real Estate and Accumulated Depreciation - Part I

December 31, 2021
(dollar amounts in thousands)

Portfolio	City	U.S. State/Territory or Country	Acquisition Date	Encumbrances at December 31, 2021 (1)	Initial Costs		Changes Subsequent to Acquisition		Gross Amount at December 31, 2021 (2)(3)	Accumulated Depreciation (4)(5)
					Land	Building and Improvements	Land	Building and Improvements		
FedEx	Bathurst	Canada	Dec. 2019	—	40	2,260	—	—	2,300	181
FedEx	Woodstock	Canada	Dec. 2019	—	441	3,954	—	—	4,395	268
NSA Industries	Franklin	NH	Dec. 2019	—	237	7,968	(3)	6	8,208	494
Viavi	Santa Rosa	CA	Jan. 2020	—	3,209	4,203	—	1,177	8,589	284
CSTK	St. Louis	MO	Feb. 2020	—	3,405	8,155	—	—	11,560	540
Metal Technologies	Bloomfield	IN	Feb. 2020	—	167	1,034	—	—	1,201	68
Whirlpool	Fabriano	ITA	Feb. 2020	—	223	5,271	—	—	5,494	245
Whirlpool	Fabriano	ITA	Feb. 2020	—	2,603	15,067	—	—	17,670	767
FedEx	Moncton	Canada	Mar. 2020	—	311	3,101	—	—	3,412	176
Klaussner	Asheboro	NC	Mar. 2020	—	1,994	8,821	—	—	10,815	426
Klaussner	Asheboro	NC	Mar. 2020	—	3,470	19,521	—	—	22,991	894
Klaussner	Asheboro	NC	Mar. 2020	—	4,102	10,420	—	—	14,522	528
Klaussner	Candor	NC	Mar. 2020	—	1,705	9,528	—	—	11,233	449
Plasma	Danville	VA	May 2020	—	434	2,209	—	—	2,643	103
Plasma	Des Moines	IA	May 2020	—	254	2,827	—	—	3,081	121
Plasma	Erie	PA	May 2020	—	223	2,321	—	—	2,544	110
Plasma	Youngstown	OH	May 2020	—	41	4,600	—	—	4,641	187
Plasma	Dayton	OH	May 2020	—	61	1,796	—	—	1,857	76
Plasma	North Las Vegas	NV	May 2020	—	707	3,094	—	—	3,801	132
Klaussner	Asheboro	NC	Jun. 2020	—	2,438	3,025	—	—	5,463	120
NSA Industries	Franklin	NH	Jun. 2020	—	161	2,857	—	—	3,018	138
Johnson Controls	Las Rozas de Madrid	Spain	Sep. 2020	—	2,538	1,674	—	—	4,212	55
Johnson Controls	Manchester	United Kingdom	Sep. 2020	—	—	10,695	—	—	10,695	359
Johnson Controls	Manchester	United Kingdom	Sep. 2020	—	—	1,497	—	—	1,497	60
Broadridge Financial Solutions	El Dorado Hills	CA	Nov. 2020	—	5,484	47,121	40	(71)	52,574	1,503
Broadridge Financial Solutions	Kansas City	MO	Nov. 2020	—	5,771	27,665	(40)	71	33,467	865
Broadridge Financial Solutions	South Windsor	CT	Nov. 2020	—	6,473	32,490	—	—	38,963	1,113
Broadridge Financial Solutions	Falconer	NY	Nov. 2020	—	355	16,492	—	—	16,847	502
ZF Active Safety	Findlay	OH	Dec. 2020	—	1,231	21,410	—	—	22,641	594
Johnson Controls	Montigny-Le-Bretonneux	France	Dec. 2020	—	1,107	2,914	—	—	4,021	78
FCA USA	Detroit	MI	Dec. 2020	—	5,125	95,485	973	564	102,147	2,547
Momentum Manufacturing Group	Amherst	NH	Apr. 2021	—	498	5,233	—	—	5,731	112
Cameron International	Pearsall	TX	Apr. 2021	—	298	6,356	—	—	6,654	139
McLaren	Woking	United Kingdom	Apr. 2021	80,518	13,613	140,050	—	—	153,663	2,421
McLaren	Woking	United Kingdom	Apr. 2021	55,953	9,638	56,501	—	—	66,139	1,022
Tragalar Court	St. Peter Port	Channel Islands	Sep. 2021	37,834	12,149	58,030	—	—	70,179	487

Global Net Lease, Inc.

Schedule III - Real Estate and Accumulated Depreciation - Part I

December 31, 2021
(dollar amounts in thousands)

Portfolio	City	U.S. State/Territory or Country	Acquisition Date	Encumbrances at December 31, 2021 (1)	Initial Costs		Changes Subsequent to Acquisition		Gross Amount at December 31, 2021 (2)(6)	Accumulated Depreciation (4)(5)	
					Land	Building and Improvements	Land	Building and Improvements			
Walmart Inc.	Bentonville	AR	Oct. 2021	—	4,358	33,231	—	—	37,589	232	
Pilot Point Steel	Hallettsville	TX	Oct. 2021	—	386	3,085	—	—	3,471	31	
Pilot Point Steel	Pilot Point	TX	Oct. 2021	—	854	7,184	—	—	8,038	57	
Promess Incorporated	Brighton	MI	Dec. 2021	—	299	6,170	—	—	6,469	14	
Promess Incorporated	Brighton	MI	Dec. 2021	—	278	1,824	—	—	2,102	5	
Promess Incorporated	Brighton	MI	Dec. 2021	—	288	1,758	—	—	2,046	4	
Thetford Corporation	Ann Arbor	MI	Dec. 2021	—	1,353	8,197	—	—	9,550	20	
Thetford Corporation	Dexter	MI	Dec. 2021	—	3,307	10,248	—	—	13,555	25	
Thetford Corporation	Mishawaka	IN	Dec. 2021	—	616	4,659	—	—	5,275	5	
PFB America Corporation	Blissfield	MI	Dec. 2021	—	219	2,121	—	—	2,340	—	
PFB America Corporation	Blissfield	MI	Dec. 2021	—	118	651	—	—	769	—	
PFB America Corporation	Lebanon	OH	Dec. 2021	—	398	4,718	—	—	5,116	—	
PFB America Corporation	Lester Prairie	MN	Dec. 2021	—	448	5,817	—	—	6,265	—	
Plasti-Fab Ltd	Crossfield	Canada	Dec. 2021	—	906	5,833	—	—	6,739	—	
Plasti-Fab Ltd	Crossfield	Canada	Dec. 2021	—	2,353	4,840	—	—	7,193	—	
Plasti-Fab Ltd	Kitchener	Canada	Dec. 2021	—	3,265	7,568	—	—	10,833	—	
Plasti-Fab Ltd	Winnipeg	Canada	Dec. 2021	—	1,086	356	—	—	1,442	—	
Thetford Corporation	Etten-Leur	Netherlands	Dec. 2021	—	3,955	16,040	—	—	19,995	—	
Encumbrances allocated based on notes below					1,205,562						
					<u>\$ 1,449,867</u>	<u>\$ 513,873</u>	<u>\$ 3,381,117</u>	<u>(2,294)</u>	<u>\$ 50,289</u>	<u>\$ 3,942,985</u>	<u>\$ 431,886</u>

- (1) These are stated principal amounts at spot rates for those in local currency and exclude \$16.6 million of deferred financing costs.
- (2) Acquired intangible lease assets allocated to individual properties in the amount of \$748.4 million are not reflected in the table above.
- (3) The tax basis of aggregate land, buildings and improvements as of December 31, 2021 is \$4.4 billion.
- (4) The accumulated depreciation column excludes approximately \$378.8 million of accumulated 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 \$252.4 million as of December 31, 2021.
- (7) These properties collateralize the U.S. Multi-Property Loan I of \$162.6 million as of December 31, 2021.
- (8) These properties collateralize the U.S. Multi-Property Loan II of \$32.8 million as of December 31, 2021.
- (9) These properties collateralize the U.S. Multi-Property Loan III of \$98.5 million as of December 31, 2021.
- (10) These properties collateralize the loan on the Finland properties of \$83.9 million as of December 31, 2021.
- (11) These properties collateralize the loan on the Germany properties of \$58.4 million as of December 31, 2021.
- (12) These properties collateralize the loan on the Luxembourg and Netherlands properties of \$136.1 million as of December 31, 2021.
- (13) These properties collateralize the U.S. Multi-Property Loan IV of \$97.5 million as of December 31, 2021.

Global Net Lease, Inc.

Schedule III - Real Estate and Accumulated Depreciation - Part I

December 31, 2021
(dollar amounts in thousands)

⁽¹⁴⁾ These properties collateralize the U.S. Multi-Property Loan V of \$204.0 million as of December 31, 2021.

⁽¹⁵⁾ These properties collateralize the loan on the French properties of \$79.4 million as of December 31, 2021.

Global Net Lease, Inc.

Schedule III - Real Estate and Accumulated Depreciation - Part II

December 31, 2021
(dollar amounts in thousands)

A summary of activity for real estate and accumulated depreciation for the years ended December 31, 2021, 2020 and 2019:

	December 31,		
	2021	2020	2019
Real estate investments, at cost:			
Balance at beginning of year	\$ 3,606,969	\$ 3,111,496	\$ 2,745,348
Additions-Acquisitions	468,032	424,595	511,378
Asset dispositions	(56,136)	—	(143,004)
Impairment charge	(16,326)	—	(6,299)
Currency translation adjustment	(59,554)	70,878	4,073
Balance at end of the year	<u>\$ 3,942,985</u>	<u>\$ 3,606,969</u>	<u>\$ 3,111,496</u>
Accumulated depreciation:			
Balance at beginning of year	\$ 355,855	\$ 266,722	\$ 220,225
Depreciation expense	94,083	80,466	69,257
Asset dispositions	(10,970)	—	(22,821)
Currency translation adjustment	(7,082)	8,667	61
Balance at end of the year	<u>\$ 431,886</u>	<u>\$ 355,855</u>	<u>\$ 266,722</u>

**DESCRIPTION OF REGISTRANT'S SECURITIES
REGISTERED PURSUANT TO SECTION 12 OF THE
SECURITIES EXCHANGE ACT OF 1934**

The following is a description of securities of Global Net Lease, Inc. registered under Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as of December 31, 2021 and certain provisions of the Maryland General Corporation Law (the "MGCL"), our charter and our bylaws. The description is a summary, does not purport to be complete and is subject to and qualified in its entirety by reference to Maryland law and to our charter (including any applicable articles supplementary classifying a class or series of preferred stock) and bylaws, copies of which are filed as exhibits to our Annual Report on Form 10-K for the fiscal year ended December 31, 2021 and are incorporated by reference herein.

As used herein, the terms "Company," "we," "our" and "us" refer to Global Net Lease, Inc., a Maryland corporation.

General

Our charter authorizes us to issue up to 280,000,000 shares of stock, consisting of 250,000,000 shares of common stock, par value \$0.01 per share, and 30,000,000 shares of preferred stock, par value \$0.01 per share. As of December 31, 2021, we had the following stock issued and outstanding: (i) 103,900,452 shares of common stock, (ii) 6,799,467 shares of 7.25% Series A Cumulative Redeemable Preferred Stock, par value \$0.01 per share ("Series A Preferred Stock"), and (iii) 4,503,893 shares of 6.875% Series B Cumulative Redeemable Perpetual Preferred Stock, par value \$0.01 per share (the "Series B Preferred Stock"). No shares of Series C Preferred Stock, par value \$0.01 per share (the "Series C Preferred Stock"), of the Company are issued and outstanding.

Our board of directors, with the approval of a majority of the entire board of directors and without any action taken by our stockholders, may amend our charter from time to time to increase or decrease the aggregate number of our authorized shares of stock or the number of shares of stock of any class or series that we have authority to issue. Under Maryland law, stockholders are not generally liable for our debts or obligations solely as a result of their status as stockholders.

The transfer agent and registrar for our common stock, Series A Preferred Stock and Series B Preferred Stock is American Stock Transfer and Trust Company, LLC, which also serves as the rights agent for the rights to purchase from the Company one one-thousandth of a share of Series C Preferred Stock that are attached to all shares of our common stock (the "Rights"). The principal business address of the transfer agent and registrar is 6201 15th Avenue, Brooklyn, NY 11219.

Our shares of common stock are listed on the New York Stock Exchange (the "NYSE") under the symbol "GNL," our Series A Preferred Stock is listed on the NYSE under the symbol "GNL PR A," and our Series B Preferred Stock is listed on the NYSE under the symbol "GNL PR B." The Rights have been approved for listing on the NYSE.

Common Stock

Subject to the preferential rights, if any, of holders of any other class or series of our stock and to the provisions of our charter relating to the restrictions on ownership and transfer of our stock, the holders of our common stock:

- have the right to receive ratably any distributions from funds legally available therefor, when, as and if authorized by our board of directors and declared by us; and
- are entitled to share ratably in all of our assets available for distribution to holders of our common stock upon liquidation, dissolution or winding up of our affairs.

Upon issuance for full payment therefor, all common stock issued by us will be fully paid and non-assessable. There are no redemption, sinking fund, conversion or preemptive rights with respect to the shares of our common stock. Holders of our common stock generally will have no appraisal rights.

Subject to the provisions of our charter relating to the restrictions on ownership and transfer of our stock and except as may otherwise be provided in the charter, holders of our common stock are entitled to one vote per share on all matters on which holders of our common stock are entitled to vote at all meetings of our stockholders. The holders of our common stock do not have cumulative voting rights.

Preferred Stock

General

Under our charter, our board of directors, without stockholder approval, is authorized to provide for the issuance of shares of preferred stock in one or more classes or series, to establish the number of shares in each class or series and to fix the terms thereof. Our board of directors could authorize the issuance of additional shares of preferred stock with terms and conditions that could have the effect of discouraging a takeover or other transaction that holders of common stock might believe to be in their best interests or in which holders of some, or a majority, of the shares of common stock might receive a premium for their shares over the then market price of such shares of common stock.

Some of the rights, preferences, privileges and restrictions of the shares of preferred stock of a class or series may include the following:

- distribution rights;
- conversion rights;
- voting rights;
- redemption rights and terms of redemptions; and
- liquidation preferences.

Series A Preferred Stock

As of December 31, 2021, 9,959,650 shares of preferred stock were classified and designated as Series A Preferred Stock pursuant to our charter.

Ranking

The Series A Preferred Stock, with respect to dividend rights and rights upon our voluntary or involuntary liquidation, dissolution or winding-up, ranks:

- senior to our common stock and Series C Preferred Stock and to all other equity securities ranking junior to the Series A Preferred Stock;
- on parity with the Series B Preferred Stock and all other equity securities ranking on parity with the Series A Preferred Stock; and
- junior to any class or series of equity securities ranking senior to the Series A Preferred Stock.

The authorization or issuance of equity securities ranking senior to the Series A Preferred Stock would require the affirmative vote of the holders of at least two-thirds of the outstanding shares of Series A Preferred Stock and of any other similarly-affected classes and series of preferred stock ranking on parity with the Series A Preferred Stock, including the Series B Preferred Stock, and upon which like voting rights have been conferred and are exercisable. Any convertible debt securities that we may issue will not be considered to be “equity securities” for these purposes prior to the time of conversion. The Series A Preferred Stock ranks junior to all our existing and future indebtedness. The terms of the Series A Preferred Stock do not limit our ability to (i) incur indebtedness or (ii) issue additional equity securities that rank junior to or on parity with the Series A Preferred Stock, including the Series B Preferred Stock, with respect to dividend rights and rights upon our voluntary or involuntary liquidation, dissolution or winding up.

Dividends

Holders of Series A Preferred Stock are entitled to receive, when, as and if authorized by our board of directors and declared by us, out of funds legally available for the payment of dividends, cumulative cash dividends in the amount of \$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. Dividends are payable quarterly in arrears on the 15th day of January, April, July and October of each year or, if not a business day, the next succeeding business day, for each quarterly period commencing on and including the 1st day of January, April, July and October of each year and ending on and including the day preceding the first day of the next succeeding dividend period to all holders of record on the applicable record date, when and as authorized by our board of directors and declared by us. Holders of record of all shares of Series A Preferred Stock issued and outstanding on the record date fixed by our board of directors for any dividend will be entitled to receive the full quarterly dividend paid on the applicable dividend payment date even if such shares were not issued and outstanding for the full dividend period.

Any dividend, including any dividend payable on the Series A Preferred Stock for any partial dividend period, is computed on the basis of a 360-day year consisting of twelve 30-day months. Dividends are payable to holders of record of Series A Preferred Stock as they appear in the transfer agent's records at the close of business on the applicable record date, which will be the date that our board of directors sets as the record date for the payment of a dividend that is not more than 30 nor fewer than 10 days prior to the applicable dividend payment date.

Our board of directors will not authorize, and we will not pay or declare and set apart for payment, any dividend on the Series A Preferred Stock at any time that:

- the terms and conditions of any of our agreements, including our credit facility or any other agreement relating to our indebtedness, prohibit the authorization, payment or setting apart for payment;
- the terms and conditions of any of our agreements, including our credit facility or any other agreement relating to our indebtedness, provide that the authorization, payment or setting apart for payment would constitute a breach of, or a default under, the agreement; or
- the law restricts or prohibits the authorization, payment or setting apart for payment.

Notwithstanding the foregoing, dividends on the Series A Preferred Stock will accrue whether or not the dividends are authorized by our board of directors and declared by us, from the later of the first date on which the Series A Preferred Stock is issued and the most recent dividend payment date on which dividends have been paid.

Accrued and unpaid dividends on the Series A Preferred Stock do not bear interest.

We will not pay or declare and set apart for payment any dividends (other than a dividend paid in common stock, Series C Preferred Stock or other stock ranking junior to the Series A Preferred Stock with respect to dividend rights and rights upon our voluntary or involuntary liquidation, dissolution or winding up) or declare or make any distribution of cash or other property on common stock, Series C Preferred Stock or other stock that ranks junior to or on parity with the Series A Preferred Stock, including the Series B Preferred Stock, with respect to dividend rights and rights upon our voluntary or involuntary liquidation, dissolution or winding up or redeem or otherwise acquire common stock, Series C Preferred Stock or other stock that ranks junior to or on parity with the Series A Preferred Stock, including the Series B Preferred Stock, with respect to dividend rights and rights upon our voluntary or involuntary liquidation, dissolution or winding up (except (i) by conversion into or exchange for common stock, Series C Preferred Stock or other stock ranking junior to the Series A Preferred Stock with respect to dividend rights and rights upon our voluntary or involuntary liquidation, dissolution or winding up, (ii) for the redemption of shares of our stock pursuant to the provisions of our charter relating to the restrictions upon ownership and transfer of our equity securities and (iii) for a purchase or exchange offer made on the same terms to holders of all outstanding shares of Series A Preferred Stock and any other stock that ranks on parity with the Series A Preferred Stock, including the Series B Preferred Stock, with respect to dividend rights and rights upon our voluntary or involuntary liquidation, dissolution or winding up), unless we also have either paid or declared and set apart for payment full cumulative dividends on the Series A Preferred Stock for all past dividend periods.

Notwithstanding the foregoing, if we do not either pay or declare and set apart for payment full cumulative dividends on the Series A Preferred Stock and all stock that ranks on parity with the Series A Preferred Stock, including the Series B Preferred Stock, with respect to dividends, the amount which we have declared will be allocated pro rata to the holders of Series A Preferred Stock and to each equally ranked class or series of stock, including the Series B Preferred Stock, so that the amount declared for each share of Series A Preferred Stock and

for each share of each equally ranked class or series of stock, including the Series B Preferred Stock, is proportionate to the accrued and unpaid dividends on those shares. Any dividend payment made on the Series A Preferred Stock will first be credited against the earliest accrued and unpaid dividend.

If, for any taxable year, we elect to designate as “capital gain dividends” (as defined in Section 857 of the Code) a portion (the “Capital Gains Amount”) of the dividends not in excess of our earnings and profits that are paid or made available for the year to the holders of all classes or series of stock outstanding (the “Total Dividends”), then the portion of the Capital Gains Amount that will be allocable to the holders of Series A Preferred Stock will be in the same proportion that the Total Dividends paid or made available to the holders of Series A Preferred Stock for the taxable year bears to the Total Dividends for the taxable year made with respect to all classes or series of stock outstanding.

Liquidation Preference

Upon any voluntary or involuntary liquidation, dissolution or winding up of our affairs, the holders of Series A Preferred Stock are entitled to be paid out of our assets legally available for distribution to our stockholders a liquidation preference of \$25.00 per share, plus an amount equal to any accrued and unpaid dividends (whether or not declared) to, but not including, the date of payment, before any distribution or payment may be made to holders of common stock, Series C Preferred Stock or any other class or series of our equity stock ranking junior to the Series A Preferred Stock with respect to liquidation rights. If, upon our voluntary or involuntary liquidation, dissolution or winding up, our available assets are insufficient to pay the full amount of the liquidating distributions on all outstanding shares of Series A Preferred Stock and the corresponding amounts payable on all shares of each other class or series of stock ranking on parity with the Series A Preferred Stock, including the Series B Preferred Stock, with respect to liquidation rights, then the holders of Series A Preferred Stock and any other class or series of stock ranking on parity with the Series A Preferred Stock, including the Series B Preferred Stock, with respect to liquidation rights will share ratably in any distribution of assets in proportion to the full liquidating distributions to which they would otherwise be respectively entitled. Holders of Series A Preferred Stock are entitled to written notice of any voluntary or involuntary liquidation, dissolution or winding up at least 20 days before the payment date of the liquidating distribution. After the holders of Series A Preferred Stock have received the full amount of the liquidating distributions to which they are entitled, they will have no right or claim to any of our remaining assets.

In determining whether any distribution (other than upon voluntary or involuntary dissolution) by dividend, redemption or other acquisition of shares of stock of the Company or otherwise is permitted under the MGCL, amounts that would be needed, if the Company were to be dissolved at the time of the distribution, to satisfy the preferential rights upon dissolution of the holders of Series A Preferred Stock will not be added to the Company’s total liabilities.

Our consolidation, conversion or merger with or into any other person or entity or the sale, lease, transfer or conveyance of all or substantially all of our property or business, whether in connection with a Change of Control (as defined below) or otherwise, will not be deemed to constitute our liquidation, dissolution or winding up.

Optional Redemption

The Series A Preferred Stock is not redeemable prior to September 12, 2022, except in the circumstances described in this section, in the section below titled “Special Optional Redemption,” or pursuant to certain provisions of our charter. See “Certain Provisions of the Maryland General Corporation Law and our Charter and Bylaws—Restrictions on Transfer and Ownership of Stock” below.

Notwithstanding any other provision relating to redemption or repurchase of the Series A Preferred Stock, we may redeem any or all of the Series A Preferred Stock at any time, whether before or after September 12, 2022, at a redemption price of \$25.00 per share, plus an amount equal to all dividends accrued and unpaid (whether or not declared), pursuant to the restrictions on ownership and transfer of our equity securities set forth in our charter or if our board of directors otherwise determines that redemption is necessary for us to preserve our status as a real estate investment trust for federal income tax purposes (“REIT”).

On and after September 12, 2022, the Series A Preferred Stock may be redeemed at our option, in whole or in part, at any time or from time to time, at a 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 (unless the redemption date is after a dividend record date and prior to the corresponding dividend payment date, in which case no additional amount for the accrued and unpaid dividend will be included in the redemption price), without interest, upon the giving of notice, as provided below.

If less than all of the outstanding Series A Preferred Stock is to be redeemed, the shares to be redeemed will be determined pro rata (as nearly as may be practicable without creating fractional shares) or by lot. If the redemption is to be by lot, and if as a result of the redemption any holder of Series A Preferred Stock would own, or be deemed by virtue of certain attribution provisions of the Code to own, in excess of 9.8% in value of our issued and outstanding equity securities (which includes the Series A Preferred Stock) or 9.8% in value or number of shares (whichever is more restrictive) of any class or series of our issued and outstanding equity securities or violate any of the other restrictions on ownership and transfer of our equity securities set forth in our charter, then, except in certain instances, we will redeem the requisite number of shares of Series A Preferred Stock of that holder so that the holder will not own or be deemed by virtue of certain attribution provisions of the Code to own, subsequent to the redemption, in excess of 9.8% in value of our issued and outstanding equity securities or 9.8% in value or number of shares (whichever is more restrictive) of any class or series of our issued and outstanding equity securities or violate any of the other restrictions on ownership and transfer set forth in our charter.

We will mail to record holders of the Series A Preferred Stock, a notice of redemption no less than 30 days nor more than 60 days prior to the redemption date. We will send the notice to the record holder's address, as shown on our share transfer books. A failure to give notice of redemption or any defect in the notice or in its mailing will not affect the validity of the redemption of any Series A Preferred Stock except as to shares held by any holder to whom notice was defective or not given. Each notice will state the following:

- the redemption date;
- the redemption price;
- the total number of shares of Series A Preferred Stock to be redeemed (and, if less than all the shares held by any holder are to be redeemed, the number of shares to be redeemed from the holder);
- the place or places where the shares of Series A Preferred Stock are to be surrendered for payment, together with the certificates, if any, representing the shares (duly endorsed for transfer) and any other documents we require in connection with redemption; and
- that dividends on the Series A Preferred Stock will cease to accrue on the redemption date.

Unless full cumulative dividends on all shares of Series A Preferred Stock have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof set apart for payment for all past dividend periods, no shares of Series A Preferred Stock may be redeemed unless all outstanding shares of Series A Preferred Stock are simultaneously redeemed. In addition, unless full cumulative dividends on all shares of Series A Preferred Stock have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof set apart for payment for all past dividend periods, we will not purchase or otherwise acquire directly or indirectly any Series A Preferred Stock (except (i) by exchange for our equity securities ranking junior to the Series A Preferred Stock with respect to dividend rights and rights upon our voluntary or involuntary liquidation, dissolution or winding up, (ii) pursuant to the provisions of our charter relating to restrictions on ownership and transfer of our equity securities and (iii) pursuant to a purchase or exchange offer made on the same terms to the holders of all outstanding shares of Series A Preferred Stock and any other stock that ranks on parity with the Series A Preferred Stock, including the Series B Preferred Stock, with respect to dividend rights and rights upon our voluntary or involuntary liquidation, dissolution or winding up). So long as no dividends on Series A Preferred Stock for any past dividend period are in arrears, we are entitled at any time and from time to time to repurchase Series A Preferred Stock in open-market transactions duly authorized by our board of directors and effected in compliance with applicable laws and these requirements will not prevent our purchase or acquisition of Series A Preferred Stock pursuant to a purchase or exchange offer made on the same terms to holders of all outstanding Series A Preferred Stock and any other stock that ranks on parity with the Series A Preferred Stock, including the Series B Preferred Stock, with respect to dividend rights and rights upon our voluntary or involuntary liquidation, dissolution or winding up or our redemption of Series A Preferred Stock pursuant to the provisions of our charter relating to the restrictions on ownership and transfer of our equity securities.

Special Optional Redemption

During any period of time (whether before or after September 12, 2022) that both (i) the Series A Preferred Stock is not listed on the NYSE, the NYSE American LLC or the Nasdaq Stock Market ("Nasdaq"), or listed or quoted on an exchange or quotation system that is a successor to the NYSE, NYSE American LLC or Nasdaq, and (ii) we are not subject to the reporting requirements of the Exchange Act, but any shares of Series A Preferred Stock are outstanding (a "Delisting Event"), we have the option to redeem the outstanding Series A Preferred Stock, in whole but not in part, within 90 days after the occurrence of the Delisting Event, for a 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 (unless the redemption date is after a dividend record date and prior to the corresponding dividend payment date, in which case no additional amount for the accrued and unpaid dividend will be included in the redemption price), upon the giving of notice, as provided below.

In addition, upon the occurrence of a Change of Control, we may, at our option, redeem the Series A Preferred Stock, in whole but not in part, within 120 days after the first date on which the Change of Control occurred, by paying \$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 (unless the redemption date is after a dividend record date and prior to the corresponding dividend payment date, in which case no additional amount for the accrued and unpaid dividend will be included in the redemption price). If, prior to the Delisting Event Conversion Date or Change of Control Conversion Date (each as defined below), as applicable, we provide notice of redemption with respect to the Series A Preferred Stock (whether pursuant to our optional redemption right or our special optional redemption rights), holders of Series A Preferred Stock will not have the conversion right described below under “—Conversion Rights.”

Notwithstanding the foregoing, we do not have the right to redeem the Series A Preferred Stock upon any Delisting Event occurring in connection with a transaction set forth in the first bullet point of the definition of Change of Control unless the Delisting Event also constitutes a Change of Control wherein following the closing of any such transaction, neither we nor the acquiring or surviving entity, or a parent of us or the acquiring or surviving entity, has a class of common equity securities listed on the NYSE, the NYSE American LLC or the Nasdaq, or listed or quoted on an exchange or quotation system that is a successor to the NYSE, NYSE American LLC or Nasdaq.

We will mail record holders of Series A Preferred Stock, a notice of redemption no less than 30 days nor more than 60 days prior to the redemption date. We will send the notice to the record holder’s address, as shown on our share transfer books. A failure to give notice of redemption or any defect in the notice or in its mailing will not affect the validity of the redemption of any Series A Preferred Stock except as to the holder to whom notice was defective or not given. Each notice will state the following:

- the redemption date;
- the redemption price;
- the total number of shares of Series A Preferred Stock to be redeemed;
- the place or places where the shares of Series A Preferred Stock are to be surrendered for payment, together with the certificates, if any, representing the shares (duly endorsed for transfer) and any other documents we require in connection with the redemption;
- that the Series A Preferred Stock is being redeemed pursuant to our special optional redemption right in connection with the occurrence of a Change of Control or a Delisting Event, as applicable, and a brief description of the transaction or transactions constituting the Change of Control or Delisting Event, as applicable;
- that holders of Series A Preferred Stock to which the notice relates will not be able to tender the Series A Preferred Stock for conversion in connection with the Delisting Event or Change of Control, as applicable, and each share of Series A Preferred Stock tendered for conversion that is selected, prior to the Delisting Event Conversion Date or Change of Control Conversion Date, as applicable, for redemption will be redeemed on the related redemption date instead of converted on the Delisting Event Conversion Date or Change of Control Conversion Date, as applicable; and
- that dividends on the Series A Preferred Stock to be redeemed will cease to accrue on the redemption date.

A “Change of Control” occurs when, after the original issuance of the Series A Preferred Stock, the following have occurred and are continuing:

- the acquisition by any person, including any syndicate or group deemed to be a “person” under Section 13(d)(3) of the Exchange Act, of beneficial ownership, directly or indirectly, through a purchase, merger, conversion or other acquisition transaction or series of purchases, mergers, conversions or other acquisition transactions, of shares of our stock entitling that person to

exercise more than 50% of the total voting power of all outstanding shares of our stock entitled to vote generally in the election of directors (except that the person will be deemed to have beneficial ownership of all securities that the person has the right to acquire, whether the right is currently exercisable or is exercisable only upon the occurrence of a subsequent condition); and

- following the closing of any transaction referred to in the bullet point above, neither we nor the acquiring or surviving entity has a class of common equity securities listed on the NYSE, the NYSE American LLC or Nasdaq, or listed or quoted on an exchange or quotation system that is a successor to the NYSE, NYSE American LLC or Nasdaq.

Additional Provisions Relating to Optional Redemption and Special Optional Redemption

If (i) we have given a notice of redemption, (ii) we have set apart sufficient funds for the redemption of the shares of Series A Preferred Stock called for redemption and (iii) irrevocable instructions have been given to pay the redemption price and an amount equal to all accrued and unpaid dividends to, but not including, the redemption date, then from and after the redemption date, those shares of Series A Preferred Stock so called for redemption will no longer be outstanding, no further dividends will accrue and all other rights of the holders of those shares of Series A Preferred Stock will terminate, except the right to receive the redemption price, without interest. The holders of those shares of Series A Preferred Stock will retain their right to receive the redemption price for their shares and an amount equal to any accrued and unpaid dividends payable upon redemption, without interest.

The holders of Series A Preferred Stock at the close of business on a dividend record date will be entitled to receive the dividend payable with respect to the Series A Preferred Stock on the corresponding dividend payment date notwithstanding the redemption of the Series A Preferred Stock between the record date and the corresponding dividend payment date.

All shares of Series A Preferred Stock that we redeem or reacquire in any manner will return to the status of authorized but unissued shares of preferred stock, without further designation as to series or class and may thereafter be classified, reclassified or issued as any series or class of preferred stock.

Conversion Rights

Upon the occurrence of a Delisting Event or a Change of Control, as applicable, each holder of Series A Preferred Stock has the right, unless, prior to the Delisting Event Conversion Date or Change of Control Conversion Date, as applicable, we have provided or provide notice of our election to redeem the shares of Series A Preferred Stock as described under “—Optional Redemption” or “—Special Optional Redemption,” to convert some of or all the shares of Series A Preferred Stock held by the holder (the “Delisting Event Conversion Right” or “Change of Control Conversion Right,” as applicable) on the Delisting Event Conversion Date or Change of Control Conversion Date, as applicable, into a number of shares of common stock per share of Series A Preferred Stock (the “Common Stock Conversion Consideration”) equal to the lesser of:

- the quotient of (i) the sum of the \$25.00 liquidation preference per share of Series A Preferred Stock to be converted plus an amount equal to all dividends accrued and unpaid (whether or not declared) on the Series A Preferred Stock to, but not including, the Delisting Event Conversion Date or Change of Control Conversion Date, as applicable (unless the Delisting Event Conversion Date or Change of Control Conversion Date, as applicable, is after a dividend record date and prior to the corresponding dividend payment date, in which case no additional amount for the accrued and unpaid dividend will be included in this sum), divided by (ii) the Common Stock Price; and
- 2.3010 (the “Share Cap”).

The Share Cap is subject to pro rata adjustments for any stock splits (including those effected pursuant to a common stock dividend), subdivisions or combinations (in each case, a “Stock Split”) with respect to shares of our common stock as follows: the adjusted Share Cap as the result of a Stock Split will be the number of shares of our common stock that is equivalent to the product of (i) the Share Cap in effect immediately prior to the Stock Split, multiplied by (ii) a fraction, the numerator of which is the number of shares of our common stock outstanding after giving effect to the Stock Split and the denominator of which is the number of shares of our common stock outstanding immediately prior to the Stock Split.

If a Delisting Event or a Change of Control occurs, pursuant to or in connection with which shares of our common stock will be converted into cash, securities or other property or assets (including any combination thereof)

(the “Alternative Form Consideration”), a holder of shares of Series A Preferred Stock will receive upon conversion of the shares of Series A Preferred Stock the kind and amount of Alternative Form Consideration which the holder would have owned or been entitled to receive had the holder held a number of shares of our common stock equal to the Common Stock Conversion Consideration immediately prior to the effective time of the Delisting Event or Change of Control, as applicable (the “Alternative Conversion Consideration,” and the Common Stock Conversion Consideration or the Alternative Conversion Consideration, as may be applicable to a Delisting Event or a Change of Control, is referred to as the “Conversion Consideration”).

If the holders of shares of our common stock have the opportunity to elect the form of consideration to be received in connection with the Delisting Event or Change of Control, the Conversion Consideration that holders of Series A Preferred Stock will receive will be the form of consideration elected by the holders of a plurality of the shares of common stock held by stockholders who participate in the election and will be subject to any limitations to which all holders of shares of common stock are subject, including, without limitation, pro rata reductions applicable to any portion of the consideration payable in connection with the Delisting Event or Change of Control, as applicable.

We will not issue fractional shares of common stock upon the conversion of the Series A Preferred Stock. Instead, we will pay the cash value of any fractional shares based on the Common Stock Price.

Within 15 days following the occurrence of a Delisting Event or a Change of Control, as applicable, unless we have then provided notice of our election to redeem the shares of Series A Preferred Stock as described under “—Optional Redemption” or “—Special Optional Redemption,” we will provide to holders of record of outstanding shares of Series A Preferred Stock a notice of occurrence of the Delisting Event or Change of Control that describes the resulting Delisting Event Conversion Right or Change of Control Conversion Right, as applicable. A failure to give notice of conversion or any defect in the notice or in its mailing will not affect the validity of the proceedings for the conversion of any Series A Preferred Stock except as to the holder to whom this notice was defective or not given. This notice will state the following:

- the events constituting the Delisting Event or Change of Control, as applicable;
- the date of the Delisting Event or Change of Control, as applicable;
- the last date on which the holders of shares of Series A Preferred Stock may exercise their Delisting Event Conversion Right or Change of Control Conversion Right, as applicable;
- the method and period for calculating the Common Stock Price;
- the “Delisting Event Conversion Date” or “Change of Control Conversion Date,” as applicable, which will be a business day fixed by our board of directors that is not fewer than 20 and not more than 35 days following the date of the notice;
- that if, prior to the Delisting Event Conversion Date or Change of Control Conversion Date, as applicable, we provide notice of our election to redeem all or any portion of the shares of Series A Preferred Stock, holders of the Series A Preferred Stock will not be able to convert the shares of Series A Preferred Stock so called for redemption and the shares of Series A Preferred Stock will be redeemed on the related redemption date, even if they have already been tendered for conversion pursuant to the Delisting Event Conversion Right or Change of Control Conversion Right, as applicable;
- if applicable, the type and amount of Alternative Conversion Consideration entitled to be received per share of Series A Preferred Stock;
- the name and address of the paying agent and the conversion agent; and
- the procedures that the holders of shares of Series A Preferred Stock must follow to exercise the Delisting Event Conversion Right or Change of Control Conversion Right, as applicable.

We will issue a press release for publication on the Dow Jones & Company, Inc., Business Wire, PR Newswire or Bloomberg Business News (or, if these organizations are not in existence at the time of issuance of the press release, another news or press organization as is reasonably calculated to broadly disseminate the relevant information to the public) containing the information stated in the notice, and post the notice on our website, in any

event prior to the opening of business on the first business day following any date on which we provide the notice described above to the holders of record of Series A Preferred Stock.

To exercise the Delisting Event Conversion Right or Change of Control Conversion Right, as applicable, a holder of record of Series A Preferred Stock will be required to deliver, on or before the close of business on the Delisting Event Conversion Date or Change of Control Conversion Date, as applicable, the certificates, if any, representing any certificated shares of Series A Preferred Stock to be converted, duly endorsed for transfer, together with a completed written conversion notice and any other documents we reasonably require in connection with the conversion, to our conversion agent. The conversion notice must state:

- the relevant Delisting Event Conversion Date or Change of Control Conversion Date, as applicable; and
- the number of shares of Series A Preferred Stock to be converted.

The “Common Stock Price” for any Change of Control will be (i) if the consideration to be received in the Change of Control by holders of shares of our common stock is solely cash, the amount of cash consideration per share of common stock, and (ii) if the consideration to be received in the Change of Control by holders of shares of our common stock is other than solely cash, the average of the closing price per share of our common stock on the 10 consecutive trading days immediately preceding, but not including, the effective date of the Change of Control. The “Common Stock Price” for any Delisting Event will be the average of the closing price per share of our common stock on the 10 consecutive trading days immediately preceding, but not including, the effective date of the Delisting Event.

Holders of Series A Preferred Stock may withdraw any notice of exercise of a Delisting Event Conversion Right or a Change of Control Conversion Right, as applicable, (in whole or in part) by a written notice of withdrawal delivered to our conversion agent prior to the close of business on the business day prior to the Delisting Event Conversion Date or Change of Control Conversion Date, as applicable. The notice of withdrawal must state:

- the number of withdrawn shares of Series A Preferred Stock;
- if certificated shares of Series A Preferred Stock have been tendered for conversion and withdrawn, the certificate numbers of the withdrawn certificated shares of Series A Preferred Stock; and
- the number of shares of Series A Preferred Stock, if any, which remain subject to the conversion notice.

Notwithstanding the foregoing, if the Series A Preferred Stock is held in global form, the conversion notice and/or the notice of withdrawal, as applicable, must comply with applicable procedures of DTC.

Shares of Series A Preferred Stock as to which the Delisting Event Conversion Right or Change of Control Conversion Right, as applicable, has been properly exercised and for which the conversion notice has not been properly withdrawn will be converted into the applicable Conversion Consideration on the applicable Delisting Event Conversion Date or Change of Control Conversion Date, unless prior thereto we provide notice of our election to redeem those shares of Series A Preferred Stock, whether pursuant to our optional redemption right or our special optional redemption right. If we elect to redeem shares of Series A Preferred Stock that would otherwise be converted into the applicable Conversion Consideration on a Delisting Event Conversion Date or Change of Control Conversion Date, as applicable, the shares of Series A Preferred Stock will not be so converted and the holders of the shares will be entitled to receive on the applicable redemption date the redemption price for the shares.

We will deliver amounts owing upon conversion no later than the third business day following the Delisting Event Conversion Date or Change of Control Conversion Date, as applicable.

In connection with the exercise of any Delisting Event Conversion Right or Change of Control Conversion Right, as applicable, we will be required to comply with all U.S. federal and state securities laws and stock exchange rules in connection with any conversion of shares of Series A Preferred Stock into shares of common stock. Notwithstanding any other provision of the Series A Preferred Stock, no holder of Series A Preferred Stock will be entitled to convert shares of Series A Preferred Stock for shares of our common stock to the extent that receipt of the shares of common stock would cause the holder (or any other person) to violate the restrictions on ownership and transfer of our equity securities contained in our charter. See “Certain Provisions of the Maryland General Corporation Law and our Charter and Bylaws—Restrictions on Transfer and Ownership of Stock” below.

These Change of Control conversion and redemption features may make it more difficult for or discourage a party from pursuing a takeover or other transaction that holders of common stock might believe to be in their best interests or in which holders of some, or a majority, of the shares of common stock might receive a premium for their shares over the then market price of such shares of common stock.

Except as provided above in connection with a Delisting Event or a Change of Control, the Series A Preferred Stock is not convertible into or exchangeable for any other property or securities.

Voting Rights

Except as described below, holders of Series A Preferred Stock have no voting rights. On any matter in which the Series A Preferred Stock may vote (as expressly provided in our charter), each share of Series A Preferred Stock entitles the holder thereof to cast one vote, except that, when voting together as a single class with shares of any other class or series of voting preferred stock, shares of different classes or series will vote in proportion to the liquidation preference of the shares.

Holders of the Series A Preferred Stock have the right to vote whenever dividends on the Series A Preferred Stock are in arrears, whether or not declared, for six or more quarterly periods, whether or not these quarterly periods are consecutive. In this case, holders of Series A Preferred Stock and any other class or series of preferred stock ranking on parity with the Series A Preferred Stock, including the Series B Preferred Stock, with respect to dividend rights and rights upon our voluntary or involuntary liquidation, dissolution or winding up and upon which like voting rights have been conferred and are exercisable, which we refer to as "voting preferred stock," and with which the holders of Series A Preferred Stock are entitled to vote together as a single class, will have the exclusive power, voting together as a single class, to elect, at any special meeting called by our secretary at the written request of holders of record of at least 10% of the outstanding shares of Series A Preferred Stock and any class or series of voting preferred stock (unless the request is received more than 45 days and less than 90 days before our next annual meeting of stockholders at which the vote would occur) and at each subsequent annual meeting of stockholders, two additional directors to serve on our board of directors. The right of holders of Series A Preferred Stock to vote in the election of directors will terminate when all dividends accrued and unpaid on the outstanding shares of Series A Preferred Stock for all past dividend periods and the then-current dividend period have been fully paid. Unless the number of our directors has previously been increased pursuant to the terms of any other class or series of voting preferred stock with which the holders of Series A Preferred Stock are entitled to vote together as a single class in the election of directors, the number of our directors will automatically increase by two at the time as holders of Series A Preferred Stock become entitled to vote in the election of two additional directors. Unless shares of voting preferred stock remain outstanding and entitled to vote in the election of directors, the term of office of these directors will terminate, and the number of our directors will automatically decrease by two, when all dividends accrued and unpaid for all past dividend periods and the then-current dividend period on the Series A Preferred Stock have been fully paid. If the right of holders of Series A Preferred Stock to elect the two additional directors terminates after the record date for determining holders of shares of Series A Preferred Stock entitled to vote in any election of directors but before the closing of the polls in the election, holders of Series A Preferred Stock outstanding as of the applicable record date will not be entitled to vote in the election of directors. The right of the holders of Series A Preferred Stock to elect the additional directors will again vest if and whenever dividends are in arrears for six quarterly periods, as described above. In no event will the holders of Series A Preferred Stock be entitled to nominate or elect an individual as a director, and no individual will be qualified to be nominated for election or to serve as a director, if the individual's service as a director would cause us to fail to satisfy a requirement relating to director independence of any national securities exchange on which any class or series of our stock is listed or otherwise conflict with our charter or bylaws.

The additional directors will be elected by a plurality of the votes cast in the election of directors, and each of these directors will serve until the next annual meeting of our stockholders and until his or her successor is duly elected and qualifies, or until the director's term of office terminates as described above. Any director elected by the holders of Series A Preferred Stock and any class or series of voting preferred stock may be removed, with or without cause, only by a vote of the holders of a majority of the outstanding shares of Series A Preferred Stock and all classes or series of voting preferred stock with which the holders of Series A Preferred Stock are entitled to vote together as a single class in the election of directors. At any time that the holders of Series A Preferred Stock are entitled to vote in the election of the two additional directors, holders of Series A Preferred Stock will be entitled to vote in the election of a successor to fill any vacancy on our board of directors that results from the removal of the director.

At any time that holders of Series A Preferred Stock, and any other class or series of voting preferred stock with which the holders of Series A Preferred Stock will be entitled to vote as a single class in the election of directors, have the right to elect two additional directors as described above but these directors have not been elected, our secretary must call a special meeting for the purpose of electing the additional directors upon the written

request of the holders of record of 10% of the outstanding shares of Series A Preferred Stock and any other class or series of voting preferred stock with which the holders of Series A Preferred Stock are entitled to vote together as a single class with respect to the election of directors, unless the request is received more than 45 days and less than 90 days before the date fixed for the next annual meeting of our stockholders at which the vote would occur, in which case, the additional directors may be elected either at the annual meeting or at a separate special meeting of our stockholders at our discretion.

So long as any shares of Series A Preferred Stock are outstanding, the approval of the holders of at least two-thirds of the outstanding shares of Series A Preferred Stock and of any equally-affected class or series of voting preferred stock, including the Series B Preferred Stock, with which the holders of Series A Preferred Stock are entitled to vote (voting together as a single class), is required to authorize (a) any amendment, alteration, repeal or other change to any provision of our charter, including the articles supplementary setting forth the terms of the Series A Preferred Stock (whether by merger, conversion, consolidation, transfer or conveyance of all or substantially all of our assets or otherwise), that would materially and adversely affect the rights, preferences, privileges or voting powers of the Series A Preferred Stock, or (b) the creation, issuance or increase in the authorized number of shares of any class or series of stock ranking senior to the Series A Preferred Stock (or any equity securities convertible into or exchangeable for any such shares) with respect to dividend rights and rights upon our voluntary or involuntary liquidation, dissolution or winding up. Notwithstanding the foregoing, holders of voting preferred stock will not be entitled to vote together as a class with the holders of Series A Preferred Stock on any amendment, alteration, repeal or other change to any provision of our charter unless the action affects the holders of Series A Preferred Stock and the voting preferred stock equally.

The following actions will not be deemed to materially and adversely affect the rights, preferences, privileges or voting powers of the Series A Preferred Stock:

- any increase or decrease in the number of authorized shares of common stock, Series C Preferred Stock or preferred stock of any other class or series or the classification or reclassification of any unissued shares, or the creation or issuance of equity securities, of any class or series ranking, junior to or on parity with the Series A Preferred Stock, including the Series B Preferred Stock, with respect to dividend rights and rights upon our voluntary or involuntary liquidation, dissolution or winding up;
- any amendment, alteration or repeal or other change to any provision of our charter, including the articles supplementary setting forth the terms of the Series A Preferred Stock, as a result of a merger, conversion, consolidation, transfer or conveyance of all or substantially all of our assets or other business combination, whether or not we are the surviving entity, if the Series A Preferred Stock (or stock into which the Series A Preferred Stock has been converted in any successor person or entity to us) remains outstanding with the terms thereof unchanged in all material respects or is exchanged for stock of the successor person or entity with substantially identical rights; or
- any amendment, alteration or repeal or other change to any provision of our charter, including the articles supplementary setting forth the terms of the Series A Preferred Stock, as a result of a merger, conversion, consolidation, transfer or conveyance of all or substantially all of our assets or other business combination, if the holders of Series A Preferred Stock receive the \$25.00 liquidation preference per share of Series A Preferred Stock, plus an amount equal to accrued and unpaid dividends to, but not including, the date of the event.

The voting provisions above will not apply if, at or prior to the time when the act with respect to which the vote would otherwise be required would occur, we have redeemed or called for redemption all outstanding shares of Series A Preferred Stock.

No Maturity, Sinking Fund or Mandatory Redemption

The Series A Preferred Stock has no stated maturity date and is not subject to any sinking fund or mandatory redemption provisions.

Summary of Restrictions on Transfer and Ownership of Stock

Our charter contains restrictions on the ownership and transfer of shares of our common stock and other outstanding shares of stock, including the Series A Preferred Stock. The relevant sections of our charter provide that, subject to certain exceptions, no person or entity may own, or be deemed to own, by virtue of the applicable

constructive ownership provisions of the Code, more than 9.8% in value of the aggregate of the outstanding shares of our capital 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 capital stock. For further information regarding the restrictions on ownership and transfer of the Series A Preferred Stock, see “Certain Provisions of the Maryland General Corporation Law and our Charter and Bylaws—Restrictions on Transfer and Ownership of Stock” below.

Conversion

The Series A Preferred Stock is not convertible into or exchangeable for any other property or securities, except as provided under “—Conversion Rights.”

Information Rights

During any period in which we are not subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act and any shares of Series A Preferred Stock are outstanding, we will (i) transmit by mail or other permissible means under the Exchange Act to all holders of Series A Preferred Stock as their names and addresses appear in our record books and without cost to the holders, copies of the Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K that we would have been required to file with the SEC pursuant to Section 13 or 15(d) of the Exchange Act if we were subject thereto (other than any exhibits that would have been required) within 15 days after the respective dates by which we would have been required to file these reports with the SEC if we were subject to Section 13 or 15(d) of the Exchange Act and (ii) within 15 days following written request, supply copies of these reports to any prospective holder of Series A Preferred Stock.

Preemptive Rights

No holders of Series A Preferred Stock shall, as a result of his, her or its status as such holder, have any preemptive rights to purchase or subscribe for shares of our common stock or any of our other securities.

Series B Preferred Stock

As of December 31, 2021, 11,450,000 shares of preferred stock were classified and designated as Series B Preferred Stock pursuant to our charter.

Ranking

The Series B Preferred Stock, with respect to dividend rights and rights upon our voluntary or involuntary liquidation, dissolution or winding-up, ranks:

- senior to our common stock and Series C Preferred Stock and to all other equity securities ranking junior to the Series B Preferred Stock;
- on parity with the Series A Preferred Stock and all other equity securities ranking on parity with the Series B Preferred Stock; and
- junior to any class or series of equity securities ranking senior to the Series B Preferred Stock.

The authorization or issuance of equity securities ranking senior to the Series B Preferred Stock would require the affirmative vote of the holders of at least two-thirds of the outstanding shares of Series B Preferred Stock and of any other similarly-affected classes and series of preferred stock ranking on parity with the Series B Preferred Stock, including the Series A Preferred Stock, and upon which like voting rights have been conferred and are exercisable. Any convertible debt securities that we may issue will not be considered to be “equity securities” for these purposes prior to the time of conversion. The Series B Preferred Stock ranks junior to all our existing and future indebtedness. The terms of the Series B Preferred Stock do not limit our ability to (i) incur indebtedness or (ii) issue additional equity securities that rank junior to or on parity with the Series B Preferred Stock, including the Series A Preferred Stock, with respect to dividend rights and rights upon our voluntary or involuntary liquidation, dissolution or winding up.

Dividends

Holders of Series B Preferred Stock are entitled to receive, when, as and if authorized by our board of directors and declared by us, out of funds legally available for the payment of dividends, cumulative cash dividends

in the amount of \$1.71875 per share each year, which is equivalent to the rate of 6.875% of the \$25.00 liquidation preference per share per annum. Dividends are payable quarterly in arrears on the 15th day of January, April, July and October of each year or, if not a business day, the next succeeding business day, for each quarterly period commencing on and including the 1st day of January, April, July and October of each year and ending on and including the day preceding the first day of the next succeeding dividend period to all holders of record on the applicable record date, when and as authorized by our board of directors and declared by us. Holders of record of all shares of Series B Preferred Stock issued and outstanding on the record date fixed by our board of directors for any dividend will be entitled to receive the full dividend paid on the applicable dividend payment date even if such shares were not issued and outstanding for the full dividend period.

Any dividend, including any dividend payable on the Series B Preferred Stock for any partial dividend period, is computed on the basis of a 360-day year consisting of twelve 30-day months. Dividends are payable to holders of record of Series B Preferred Stock as they appear in the transfer agent's records at the close of business on the applicable record date, which will be the date that our board of directors sets as the record date for the payment of a dividend that is not more than 30 nor fewer than 10 days prior to the applicable dividend payment date.

Our board of directors will not authorize, and we will not pay or declare and set apart for payment, any dividend on the Series B Preferred Stock at any time that:

- the terms and conditions of any of our agreements, including our credit facility or any other agreement relating to our indebtedness, prohibit the authorization, payment or setting apart for payment;
- the terms and conditions of any of our agreements, including our credit facility or any other agreement relating to our indebtedness, provide that the authorization, payment or setting apart for payment would constitute a breach of, or a default under, the agreement; or
- the law restricts or prohibits the authorization, payment or setting apart for payment.

Notwithstanding the foregoing, dividends on the Series B Preferred Stock will accrue whether or not the dividends are authorized by our board of directors and declared by us, from the later of the first date on which the Series B Preferred Stock is issued and the most recent dividend payment date on which dividends have been paid.

Accrued and unpaid dividends on the Series B Preferred Stock do not bear interest.

We will not pay or declare and set apart for payment any dividends (other than a dividend paid in common stock, Series C Preferred Stock or other stock ranking junior to the Series B Preferred Stock with respect to dividend rights and rights upon our voluntary or involuntary liquidation, dissolution or winding up) or declare or make any distribution of cash or other property on common stock, Series C Preferred Stock or other stock that ranks junior to or on parity with the Series B Preferred Stock, including the Series A Preferred Stock, with respect to dividend rights and rights upon our voluntary or involuntary liquidation, dissolution or winding up or redeem or otherwise acquire common stock, Series C Preferred Stock or other stock that ranks junior to or on parity with the Series B Preferred Stock, including the Series A Preferred Stock, with respect to dividend rights and rights upon our voluntary or involuntary liquidation, dissolution or winding up (except (i) by conversion into or exchange for common stock, Series C Preferred Stock or other stock ranking junior to the Series B Preferred Stock with respect to dividend rights and rights upon our voluntary or involuntary liquidation, dissolution or winding up, (ii) for the redemption of shares of our stock pursuant to the provisions of our charter relating to the restrictions upon ownership and transfer of our equity securities and (iii) for a purchase or exchange offer made on the same terms to holders of all outstanding shares of Series B Preferred Stock and any other stock that ranks on parity with the Series B Preferred Stock, including the Series A Preferred Stock, with respect to dividend rights and rights upon our voluntary or involuntary liquidation, dissolution or winding up), unless we also have either paid or declared and set apart for payment full cumulative dividends on the Series B Preferred Stock for all past dividend periods.

Notwithstanding the foregoing, if we do not either pay or declare and set apart for payment full cumulative dividends on the Series B Preferred Stock and all stock that ranks on parity with the Series B Preferred Stock, including the Series A Preferred Stock, with respect to dividends, the amount which we have declared will be allocated pro rata to the holders of Series B Preferred Stock and to each equally ranked class or series of stock, including the Series A Preferred Stock, so that the amount declared for each share of Series B Preferred Stock and for each share of each equally ranked class or series of stock, including the Series A Preferred Stock, is proportionate to the accrued and unpaid dividends on those shares. Any dividend payment made on the Series B Preferred Stock will first be credited against the earliest accrued and unpaid dividend.

If, for any taxable year, we elect to designate as “capital gain dividends” (as defined in Section 857 of the Code) a portion (the “Capital Gains Amount”) of the dividends not in excess of our earnings and profits that are paid or made available for the year to the holders of all classes or series of stock outstanding (the “Total Dividends”), then the portion of the Capital Gains Amount that will be allocable to the holders of Series B Preferred Stock will be in the same proportion that the Total Dividends paid or made available to the holders of Series B Preferred Stock for the taxable year bears to the Total Dividends for the taxable year made with respect to all classes or series of stock outstanding.

Liquidation Preference

Upon any voluntary or involuntary liquidation, dissolution or winding up of our affairs, the holders of Series B Preferred Stock are entitled to be paid out of our assets legally available for distribution to our stockholders a liquidation preference of \$25.00 per share, plus an amount equal to any accrued and unpaid dividends (whether or not declared) to, but not including, the date of payment, before any distribution or payment may be made to holders of common stock, Series C Preferred Stock or any other class or series of our equity stock ranking junior to the Series B Preferred Stock with respect to liquidation rights. If, upon our voluntary or involuntary liquidation, dissolution or winding up, our available assets are insufficient to pay the full amount of the liquidating distributions on all outstanding shares of Series B Preferred Stock and the corresponding amounts payable on all shares of each other class or series of stock ranking on parity with the Series B Preferred Stock, including the Series A Preferred Stock, with respect to liquidation rights, then the holders of Series B Preferred Stock and any other class or series of stock ranking on parity with the Series B Preferred Stock, including the Series A Preferred Stock, with respect to liquidation rights will share ratably in any distribution of assets in proportion to the full liquidating distributions to which they would otherwise be respectively entitled. Holders of Series B Preferred Stock are entitled to written notice of any voluntary or involuntary liquidation, dissolution or winding up at least 20 days before the payment date of the liquidating distribution. After the holders of Series B Preferred Stock have received the full amount of the liquidating distributions to which they are entitled, they will have no right or claim to any of our remaining assets.

In determining whether any distribution (other than upon voluntary or involuntary dissolution) by dividend, redemption or other acquisition of shares of stock of the Company or otherwise is permitted under the MGCL, amounts that would be needed, if the Company were to be dissolved at the time of the distribution, to satisfy the preferential rights upon dissolution of the holders of Series B Preferred Stock will not be added to the Company’s total liabilities.

Our consolidation, conversion or merger with or into any other person or entity or the sale, lease, transfer or conveyance of all or substantially all of our property or business, whether in connection with a Change of Control (as defined below) or otherwise, will not be deemed to constitute our liquidation, dissolution or winding up.

Optional Redemption

The Series B Preferred Stock is not redeemable prior to November 26, 2024, except in the circumstances described in this section, in the section below titled “Special Optional Redemption,” or pursuant to certain provisions of our charter. See “Certain Provisions of the Maryland General Corporation Law and our Charter and Bylaws—Restrictions on Transfer and Ownership of Stock” below.

Notwithstanding any other provision relating to redemption or repurchase of the Series B Preferred Stock, we may redeem any or all of the Series B Preferred Stock at any time, whether before or after November 26, 2024, at a redemption price of \$25.00 per share, plus an amount equal to all dividends accrued and unpaid (whether or not declared), pursuant to the restrictions on ownership and transfer of our equity securities set forth in our charter or if our board of directors otherwise determines that redemption is necessary for us to preserve our status as a REIT.

On and after November 26, 2024, the Series B Preferred Stock may be redeemed at our option, in whole or in part, at any time or from time to time, at a 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 (unless the redemption date is after a dividend record date and prior to the corresponding dividend payment date, in which case no additional amount for the accrued and unpaid dividend will be included in the redemption price), without interest, upon the giving of notice, as provided below.

If less than all of the outstanding Series B Preferred Stock is to be redeemed, the shares to be redeemed will be determined pro rata (as nearly as may be practicable without creating fractional shares) or by lot. If the redemption is to be by lot, and if as a result of the redemption any holder of Series B Preferred Stock would own, or be deemed by virtue of certain attribution provisions of the Code to own, in excess of 9.8% in value of our issued and outstanding equity securities (which includes the Series B Preferred Stock) or 9.8% in value or number of shares

(whichever is more restrictive) of any class or series of our issued and outstanding equity securities or violate any of the other restrictions on ownership and transfer of our equity securities set forth in our charter, then, except in certain instances, we will redeem the requisite number of shares of Series B Preferred Stock of that holder so that the holder will not own or be deemed by virtue of certain attribution provisions of the Code to own, subsequent to the redemption, in excess of 9.8% in value of our issued and outstanding equity securities or 9.8% in value or number of shares (whichever is more restrictive) of any class or series of our issued and outstanding equity securities or violate any of the other restrictions on ownership and transfer set forth in our charter.

We will mail to record holders of the Series B Preferred Stock, a notice of redemption no less than 30 days nor more than 60 days prior to the redemption date. We will send the notice to the record holder's address, as shown on our share transfer books. A failure to give notice of redemption or any defect in the notice or in its mailing will not affect the validity of the redemption of any Series B Preferred Stock except as to shares held by any holder to whom notice was defective or not given. Each notice will state the following:

- the redemption date;
- the redemption price;
- the total number of shares of Series B Preferred Stock to be redeemed (and, if less than all the shares held by any holder are to be redeemed, the number of shares to be redeemed from the holder);
- the place or places where the shares of Series B Preferred Stock are to be surrendered for payment, together with the certificates, if any, representing the shares (duly endorsed for transfer) and any other documents we require in connection with redemption; and
- that dividends on the Series B Preferred Stock will cease to accrue on the redemption date.

Unless full cumulative dividends on all shares of Series B Preferred Stock have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof set apart for payment for all past dividend periods, no shares of Series B Preferred Stock may be redeemed unless all outstanding shares of Series B Preferred Stock are simultaneously redeemed. In addition, unless full cumulative dividends on all shares of Series B Preferred Stock have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof set apart for payment for all past dividend periods, we will not purchase or otherwise acquire directly or indirectly any Series B Preferred Stock (except (i) by exchange for our equity securities ranking junior to the Series B Preferred Stock with respect to dividend rights and rights upon our voluntary or involuntary liquidation, dissolution or winding up, (ii) pursuant to the provisions of our charter relating to restrictions on ownership and transfer of our equity securities and (iii) pursuant to a purchase or exchange offer made on the same terms to the holders of all outstanding shares of Series B Preferred Stock and any other stock that ranks on parity with the Series B Preferred Stock, including the Series A Preferred Stock, with respect to dividend rights and rights upon our voluntary or involuntary liquidation, dissolution or winding up). So long as no dividends on Series B Preferred Stock for any past dividend period are in arrears, we are entitled at any time and from time to time to repurchase Series B Preferred Stock in open-market transactions duly authorized by our board of directors and effected in compliance with applicable laws and these requirements will not prevent our purchase or acquisition of Series B Preferred Stock pursuant to a purchase or exchange offer made on the same terms to holders of all outstanding Series B Preferred Stock and any other stock that ranks on parity with the Series B Preferred Stock, including the Series A Preferred Stock, with respect to dividend rights and rights upon our voluntary or involuntary liquidation, dissolution or winding up or our redemption of Series B Preferred Stock pursuant to the provisions of our charter relating to the restrictions on ownership and transfer of our equity securities.

Special Optional Redemption

During any period of time (whether before or after November 26, 2024) that both (i) the Series B Preferred Stock is not listed on the NYSE, the NYSE American LLC or the Nasdaq, or listed or quoted on an exchange or quotation system that is a successor to the NYSE, NYSE American LLC or Nasdaq, and (ii) we are not subject to the reporting requirements of the Exchange Act, but any shares of Series B Preferred Stock are outstanding (a "Delisting Event"), we have the option to redeem the outstanding Series B Preferred Stock, in whole but not in part, within 90 days after the occurrence of the Delisting Event, for a 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 (unless the redemption date is after a dividend record date and prior to the corresponding dividend payment date, in which case no additional amount for the accrued and unpaid dividend will be included in the redemption price), upon the giving of notice, as provided below.

In addition, upon the occurrence of a Change of Control, we may, at our option, redeem the Series B Preferred Stock, in whole but not in part, within 120 days after the first date on which the Change of Control occurred, by paying \$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 (unless the redemption date is after a dividend record date and prior to the corresponding dividend payment date, in which case no additional amount for the accrued and unpaid dividend will be included in the redemption price). If, prior to the Delisting Event Conversion Date or Change of Control Conversion Date (each as defined below), as applicable, we provide notice of redemption with respect to the Series B Preferred Stock (whether pursuant to our optional redemption right or our special optional redemption rights), holders of Series B Preferred Stock will not have the conversion right described below under “—Conversion Rights.”

Notwithstanding the foregoing, we do not have the right to redeem the Series B Preferred Stock upon any Delisting Event occurring in connection with a transaction set forth in the first bullet point of the definition of Change of Control unless the Delisting Event also constitutes a Change of Control wherein following the closing of any such transaction, neither we nor the acquiring or surviving entity, or a parent of us or the acquiring or surviving entity, has a class of common equity securities listed on the NYSE, the NYSE American LLC or the Nasdaq, or listed or quoted on an exchange or quotation system that is a successor to the NYSE, NYSE American LLC or Nasdaq.

We will mail record holders of Series B Preferred Stock, a notice of redemption no less than 30 days nor more than 60 days prior to the redemption date. We will send the notice to the record holder’s address, as shown on our share transfer books. A failure to give notice of redemption or any defect in the notice or in its mailing with not affect the validity of the redemption of any Series B Preferred Stock except as to the holder to whom notice was defective or not given. Each notice will state the following:

- the redemption date;
- the redemption price;
- the total number of shares of Series B Preferred Stock to be redeemed;
- the place or places where the shares of Series B Preferred Stock are to be surrendered for payment, together with the certificates, if any, representing the shares (duly endorsed for transfer) and any other documents we require in connection with the redemption;
- that the Series B Preferred Stock is being redeemed pursuant to our special optional redemption right in connection with the occurrence of a Change of Control or a Delisting Event, as applicable, and a brief description of the transaction or transactions constituting the Change of Control or Delisting Event, as applicable;
- that holders of Series B Preferred Stock to which the notice relates will not be able to tender the Series B Preferred Stock for conversion in connection with the Delisting Event or Change of Control, as applicable, and each share of Series B Preferred Stock tendered for conversion that is selected, prior to the Delisting Event Conversion Date or Change of Control Conversion Date, as applicable, for redemption will be redeemed on the related redemption date instead of converted on the Delisting Event Conversion Date or Change of Control Conversion Date, as applicable; and
- that dividends on the Series B Preferred Stock to be redeemed will cease to accrue on the redemption date.

A Change of Control occurs when, after the original issuance of the Series B Preferred Stock, the following have occurred and are continuing:

- the acquisition by any person, including any syndicate or group deemed to be a “person” under Section 13(d)(3) of the Exchange Act, of beneficial ownership, directly or indirectly, through a purchase, merger, conversion or other acquisition transaction or series of purchases, mergers, conversions or other acquisition transactions, of shares of our stock entitling that person to exercise more than 50% of the total voting power of all outstanding shares of our stock entitled to vote generally in the election of directors (except that the person will be deemed to have beneficial ownership of all securities that the person has the right to acquire, whether the right is currently exercisable or is exercisable only upon the occurrence of a subsequent condition); and

- following the closing of any transaction referred to in the bullet point above, neither we nor the acquiring or surviving entity, or a parent of us or the acquiring or surviving entity, has a class of common equity securities listed on the NYSE, the NYSE American LLC or Nasdaq, or listed or quoted on an exchange or quotation system that is a successor to the NYSE, NYSE American LLC or Nasdaq.

Additional Provisions Relating to Optional Redemption and Special Optional Redemption

If (i) we have given a notice of redemption, (ii) we have set apart sufficient funds for the redemption of the shares of Series B Preferred Stock called for redemption and (iii) irrevocable instructions have been given to pay the redemption price and an amount equal to all accrued and unpaid dividends to, but not including, the redemption date, then from and after the redemption date, those shares of Series B Preferred Stock so called for redemption will no longer be outstanding, no further dividends will accrue and all other rights of the holders of those shares of Series B Preferred Stock will terminate, except the right to receive the redemption price, without interest. The holders of those shares of Series B Preferred Stock will retain their right to receive the redemption price for their shares and an amount equal to any accrued and unpaid dividends payable upon redemption, without interest.

The holders of Series B Preferred Stock at the close of business on a dividend record date will be entitled to receive the dividend payable with respect to the Series B Preferred Stock on the corresponding dividend payment date notwithstanding the redemption of the Series B Preferred Stock between the record date and the corresponding dividend payment date.

All shares of Series B Preferred Stock that we redeem or reacquire in any manner will return to the status of authorized but unissued shares of preferred stock, without further designation as to series or class and may thereafter be classified, reclassified or issued as any series or class of preferred stock.

Conversion Rights

Upon the occurrence of a Delisting Event or a Change of Control, as applicable, each holder of Series B Preferred Stock has the right, unless, prior to the Delisting Event Conversion Date or Change of Control Conversion Date, as applicable, we have provided or provide notice of our election to redeem the shares of Series B Preferred Stock as described under “—Optional Redemption” or “—Special Optional Redemption,” to convert some of or all the shares of Series B Preferred Stock held by the holder (the “Delisting Event Conversion Right” or “Change of Control Conversion Right,” as applicable) on the Delisting Event Conversion Date or Change of Control Conversion Date, as applicable, into a number of shares of common stock per share of Series B Preferred Stock (the “Common Stock Conversion Consideration”) equal to the lesser of:

- the quotient of (i) the sum of the \$25.00 liquidation preference per share of Series B Preferred Stock to be converted plus an amount equal to all dividends accrued and unpaid (whether or not declared) on the Series B Preferred Stock to, but not including, the Delisting Event Conversion Date or Change of Control Conversion Date, as applicable (unless the Delisting Event Conversion Date or Change of Control Conversion Date, as applicable, is after a dividend record date and prior to the corresponding dividend payment date, in which case no additional amount for the accrued and unpaid dividend will be included in this sum), divided by (ii) the Common Stock Price; and
- 2.5126 (the “Share Cap”).

The Share Cap is subject to pro rata adjustments for any stock splits (including those effected pursuant to a common stock dividend), subdivisions or combinations (in each case, a “Stock Split”) with respect to shares of our common stock as follows: the adjusted Share Cap as the result of a Stock Split will be the number of shares of our common stock that is equivalent to the product of (i) the Share Cap in effect immediately prior to the Stock Split, multiplied by (ii) a fraction, the numerator of which is the number of shares of our common stock outstanding after giving effect to the Stock Split and the denominator of which is the number of shares of our common stock outstanding immediately prior to the Stock Split.

If a Delisting Event or a Change of Control occurs, pursuant to or in connection with which shares of our common stock will be converted into cash, securities or other property or assets (including any combination thereof) (the “Alternative Form Consideration”), a holder of shares of Series B Preferred Stock will receive upon conversion of the shares of Series B Preferred Stock the kind and amount of Alternative Form Consideration which the holder would have owned or been entitled to receive had the holder held a number of shares of our common stock equal to the Common Stock Conversion Consideration immediately prior to the effective time of the Delisting Event or

Change of Control, as applicable (the “Alternative Conversion Consideration,” and the Common Stock Conversion Consideration or the Alternative Conversion Consideration, as may be applicable to a Delisting Event or a Change of Control, is referred to as the “Conversion Consideration”).

If the holders of shares of our common stock have the opportunity to elect the form of consideration to be received in connection with the Delisting Event or Change of Control, the Conversion Consideration that holders of Series B Preferred Stock will receive will be the form of consideration elected by the holders of a plurality of the shares of common stock held by stockholders who participate in the election and will be subject to any limitations to which all holders of shares of common stock are subject, including, without limitation, pro rata reductions applicable to any portion of the consideration payable in connection with the Delisting Event or Change of Control, as applicable.

We will not issue fractional shares of common stock upon the conversion of the Series B Preferred Stock. Instead, we will pay the cash value of any fractional shares based on the Common Stock Price.

Within 15 days following the occurrence of a Delisting Event or a Change of Control, as applicable, unless we have then provided notice of our election to redeem the shares of Series B Preferred Stock as described under “—Optional Redemption” or “—Special Optional Redemption,” we will provide to holders of record of outstanding shares of Series B Preferred Stock a notice of occurrence of the Delisting Event or Change of Control that describes the resulting Delisting Event Conversion Right or Change of Control Conversion Right, as applicable. A failure to give notice of conversion or any defect in the notice or in its mailing will not affect the validity of the proceedings for the conversion of any Series B Preferred Stock except as to the holder to whom this notice was defective or not given. This notice will state the following:

- the events constituting the Delisting Event or Change of Control, as applicable;
- the date of the Delisting Event or Change of Control, as applicable;
- the last date on which the holders of shares of Series B Preferred Stock may exercise their Delisting Event Conversion Right or Change of Control Conversion Right, as applicable;
- the method and period for calculating the Common Stock Price;
- the “Delisting Event Conversion Date” or “Change of Control Conversion Date,” as applicable, which will be a business day fixed by our board of directors that is not fewer than 20 and not more than 35 days following the date of the notice;
- that if, prior to the Delisting Event Conversion Date or Change of Control Conversion Date, as applicable, we provide notice of our election to redeem all or any portion of the shares of Series B Preferred Stock, holders of the Series B Preferred Stock will not be able to convert the shares of Series B Preferred Stock so called for redemption and the shares of Series B Preferred Stock will be redeemed on the related redemption date, even if they have already been tendered for conversion pursuant to the Delisting Event Conversion Right or Change of Control Conversion Right, as applicable;
- if applicable, the type and amount of Alternative Conversion Consideration entitled to be received per share of Series B Preferred Stock;
- the name and address of the paying agent and the conversion agent; and
- the procedures that the holders of shares of Series B Preferred Stock must follow to exercise the Delisting Event Conversion Right or Change of Control Conversion Right, as applicable.

We will issue a press release for publication on the Dow Jones & Company, Inc., Business Wire, PR Newswire or Bloomberg Business News (or, if these organizations are not in existence at the time of issuance of the press release, another news or press organization as is reasonably calculated to broadly disseminate the relevant information to the public) containing the information stated in the notice, and post the notice on our website, in any event prior to the opening of business on the first business day following any date on which we provide the notice described above to the holders of record of Series B Preferred Stock.

To exercise the Delisting Event Conversion Right or Change of Control Conversion Right, as applicable, a holder of record of Series B Preferred Stock will be required to deliver, on or before the close of business on the

Delisting Event Conversion Date or Change of Control Conversion Date, as applicable, the certificates, if any, representing any certificated shares of Series B Preferred Stock to be converted, duly endorsed for transfer, together with a completed written conversion notice and any other documents we reasonably require in connection with the conversion, to our conversion agent. The conversion notice must state:

- the relevant Delisting Event Conversion Date or Change of Control Conversion Date, as applicable; and
- the number of shares of Series B Preferred Stock to be converted.

The “Common Stock Price” for any Change of Control will be (i) if the consideration to be received in the Change of Control by holders of shares of our common stock is solely cash, the amount of cash consideration per share of common stock, and (ii) if the consideration to be received in the Change of Control by holders of shares of our common stock is other than solely cash, the average of the closing price per share of our common stock on the 10 consecutive trading days immediately preceding, but not including, the effective date of the Change of Control. The “Common Stock Price” for any Delisting Event will be the average of the closing price per share of our common stock on the 10 consecutive trading days immediately preceding, but not including, the effective date of the Delisting Event.

Holders of Series B Preferred Stock may withdraw any notice of exercise of a Delisting Event Conversion Right or a Change of Control Conversion Right, as applicable, (in whole or in part) by a written notice of withdrawal delivered to our conversion agent prior to the close of business on the business day prior to the Delisting Event Conversion Date or Change of Control Conversion Date, as applicable. The notice of withdrawal must state:

- the number of withdrawn shares of Series B Preferred Stock;
- if certificated shares of Series B Preferred Stock have been tendered for conversion and withdrawn, the certificate numbers of the withdrawn certificated shares of Series B Preferred Stock; and
- the number of shares of Series B Preferred Stock, if any, which remain subject to the conversion notice.

Notwithstanding the foregoing, if the Series B Preferred Stock is held in global form, the conversion notice and/or the notice of withdrawal, as applicable, must comply with applicable procedures of DTC.

Shares of Series B Preferred Stock as to which the Delisting Event Conversion Right or Change of Control Conversion Right, as applicable, has been properly exercised and for which the conversion notice has not been properly withdrawn will be converted into the applicable Conversion Consideration on the applicable Delisting Event Conversion Date or Change of Control Conversion Date, unless prior thereto we provide notice of our election to redeem those shares of Series B Preferred Stock, whether pursuant to our optional redemption right or our special optional redemption right. If we elect to redeem shares of Series B Preferred Stock that would otherwise be converted into the applicable Conversion Consideration on a Delisting Event Conversion Date or Change of Control Conversion Date, as applicable, the shares of Series B Preferred Stock will not be so converted and the holders of the shares will be entitled to receive on the applicable redemption date the redemption price for the shares.

We will deliver amounts owing upon conversion no later than the third business day following the Delisting Event Conversion Date or Change of Control Conversion Date, as applicable.

In connection with the exercise of any Delisting Event Conversion Right or Change of Control Conversion Right, as applicable, we will be required to comply with all U.S. federal and state securities laws and stock exchange rules in connection with any conversion of shares of Series B Preferred Stock into shares of common stock. Notwithstanding any other provision of the Series B Preferred Stock, no holder of Series B Preferred Stock will be entitled to convert shares of Series B Preferred Stock for shares of our common stock to the extent that receipt of the shares of common stock would cause the holder (or any other person) to violate the restrictions on ownership and transfer of our equity securities contained in our charter. See “Certain Provisions of the Maryland General Corporation Law and our Charter and Bylaws—Restrictions on Transfer and Ownership of Stock” below.

These Change of Control conversion and redemption features may make it more difficult for or discourage a party from pursuing a takeover or other transaction that holders of common stock might believe to be in their best interests or in which holders of some, or a majority, of the shares of common stock might receive a premium for their shares over the then market price of such shares of common stock.

Except as provided above in connection with a Delisting Event or a Change of Control, the Series B Preferred Stock is not convertible into any other property or securities.

Voting Rights

Except as described below, holders of Series B Preferred Stock have no voting rights. On any matter in which the Series B Preferred Stock may vote (as expressly provided in our charter), each share of Series B Preferred Stock entitles the holder thereof to cast one vote, except that, when voting together as a single class with shares of any other class or series of voting preferred stock, shares of different classes or series will vote in proportion to the liquidation preference of the shares.

Holders of the Series B Preferred Stock have the right to vote whenever dividends on the Series B Preferred Stock are in arrears, whether or not declared, for six or more quarterly periods, whether or not these quarterly periods are consecutive. In this case, holders of Series B Preferred Stock and any other class or series of preferred stock ranking on parity with the Series B Preferred Stock, including the Series A Preferred Stock, with respect to dividend rights and rights upon our voluntary or involuntary liquidation, dissolution or winding up and upon which like voting rights have been conferred and are exercisable, which we refer to as “voting preferred stock,” and with which the holders of Series B Preferred Stock are entitled to vote together as a single class, will have the exclusive power, voting together as a single class, to elect, at any special meeting called by our secretary at the written request of holders of record of at least 10% of the outstanding shares of Series B Preferred Stock and any class or series of voting preferred stock (unless the request is received more than 45 days and less than 90 days before our next annual meeting of stockholders at which the vote would occur) and at each subsequent annual meeting of stockholders, two additional directors to serve on our board of directors. The right of holders of Series B Preferred Stock to vote in the election of directors will terminate when all dividends accrued and unpaid on the outstanding shares of Series B Preferred Stock for all past dividend periods and the then-current dividend period have been fully paid. Unless the number of our directors has previously been increased pursuant to the terms of any other class or series of voting preferred stock with which the holders of Series B Preferred Stock are entitled to vote together as a single class in the election of directors, the number of our directors will automatically increase by two at the time as holders of Series B Preferred Stock become entitled to vote in the election of two additional directors. Unless shares of voting preferred stock remain outstanding and entitled to vote in the election of directors, the term of office of these directors will terminate, and the number of our directors will automatically decrease by two, when all dividends accrued and unpaid for all past dividend periods and the then-current dividend period on the Series B Preferred Stock have been fully paid. If the right of holders of Series B Preferred Stock to elect the two additional directors terminates after the record date for determining holders of shares of Series B Preferred Stock entitled to vote in any election of directors but before the closing of the polls in the election, holders of Series B Preferred Stock outstanding as of the applicable record date will not be entitled to vote in the election of directors. The right of the holders of Series B Preferred Stock to elect the additional directors will again vest if and whenever dividends are in arrears for six quarterly periods, as described above. In no event will the holders of Series B Preferred Stock be entitled to nominate or elect an individual as a director, and no individual will be qualified to be nominated for election or to serve as a director, if the individual’s service as a director would cause us to fail to satisfy a requirement relating to director independence of any national securities exchange on which any class or series of our stock is listed or otherwise conflict with our charter or bylaws.

The additional directors will be elected by a plurality of the votes cast in the election of directors, and each of these directors will serve until the next annual meeting of our stockholders and until his or her successor is duly elected and qualifies, or until the director’s term of office terminates as described above. Any director elected by the holders of Series B Preferred Stock and any class or series of voting preferred stock, voting together as a single class, may be removed, with or without cause, only by a vote of the holders of a majority of the outstanding shares of Series B Preferred Stock and all classes or series of voting preferred stock with which the holders of Series B Preferred Stock are entitled to vote together as a single class in the election of directors. At any time that the holders of Series B Preferred Stock are entitled to vote in the election of the two additional directors, holders of Series B Preferred Stock will be entitled to vote in the election of a successor to fill any vacancy on our board of directors that results from the removal of the director.

At any time that holders of Series B Preferred Stock, and any other class or series of voting preferred stock with which the holders of Series B Preferred Stock will be entitled to vote as a single class in the election of directors, have the right to elect two additional directors as described above but these directors have not been elected, our secretary must call a special meeting for the purpose of electing the additional directors upon the written request of the holders of record of 10% of the outstanding shares of Series B Preferred Stock and any other class or series of voting preferred stock with which the holders of Series B Preferred Stock are entitled to vote together as a single class with respect to the election of directors, unless the request is received more than 45 days and less than 90 days before the date fixed for the next annual meeting of our stockholders at which the vote would occur, in

which case, the additional directors may be elected either at the annual meeting or at a separate special meeting of our stockholders at our discretion.

So long as any shares of Series B Preferred Stock are outstanding, the approval of the holders of at least two-thirds of the outstanding shares of Series B Preferred Stock and of any equally-affected class or series of voting preferred stock, including the Series A Preferred Stock, with which the holders of Series B Preferred Stock are entitled to vote (voting together as a single class), is required to authorize (a) any amendment, alteration, repeal or other change to any provision of our charter, including the articles supplementary setting forth the terms of the Series B Preferred Stock (whether by merger, conversion, consolidation, transfer or conveyance of all or substantially all of our assets or otherwise), that would materially and adversely affect the rights, preferences, privileges or voting powers of the Series B Preferred Stock, or (b) the creation, issuance or increase in the authorized number of shares of any class or series of stock ranking senior to the Series B Preferred Stock (or any equity securities convertible into or exchangeable for any such shares) with respect to dividend rights and rights upon our voluntary or involuntary liquidation, dissolution or winding up. Notwithstanding the foregoing, holders of voting preferred stock will not be entitled to vote together as a class with the holders of Series B Preferred Stock on any amendment, alteration, repeal or other change to any provision of our charter unless the action affects the holders of Series B Preferred Stock and the voting preferred stock equally.

The following actions will not be deemed to materially and adversely affect the rights, preferences, privileges or voting powers of the Series B Preferred Stock:

- any increase or decrease in the number of authorized shares of common stock, Series C Preferred Stock or preferred stock of any other class or series or the classification or reclassification of any unissued shares, or the creation or issuance of equity securities, of any class or series ranking, junior to or on parity with the Series B Preferred Stock, including the Series A Preferred Stock, with respect to dividend rights and rights upon our voluntary or involuntary liquidation, dissolution or winding up;
- any amendment, alteration or repeal or other change to any provision of our charter, including the articles supplementary setting forth the terms of the Series B Preferred Stock, as a result of a merger, conversion, consolidation, transfer or conveyance of all or substantially all of our assets or other business combination, whether or not we are the surviving entity, if the Series B Preferred Stock (or stock into which the Series B Preferred Stock has been converted in any successor person or entity to us) remains outstanding with the terms thereof unchanged in all material respects or is exchanged for stock of the successor person or entity with substantially identical rights; or
- any amendment, alteration or repeal or other change to any provision of our charter, including the articles supplementary setting forth the terms of the Series B Preferred Stock, as a result of a merger, conversion, consolidation, transfer or conveyance of all or substantially all of our assets or other business combination, if the holders of Series B Preferred Stock receive the \$25.00 liquidation preference per share of Series B Preferred Stock, plus an amount equal to accrued and unpaid dividends to, but not including, the date of the event.

The voting provisions above will not apply if, at or prior to the time when the act with respect to which the vote would otherwise be required would occur, we have redeemed or called for redemption all outstanding shares of Series B Preferred Stock.

No Maturity, Sinking Fund or Mandatory Redemption

The Series B Preferred Stock has no stated maturity date and is not subject to any sinking fund or mandatory redemption provisions.

Summary of Restrictions on Transfer and Ownership of Stock

Our charter contains restrictions on the ownership and transfer of shares of our common stock and other outstanding shares of stock, including the Series B Preferred Stock. The relevant sections of our charter provide that, subject to certain exceptions, no person or entity may own, or be deemed to own, by virtue of the applicable constructive ownership provisions of the Code, more than 9.8% in value of the aggregate of the outstanding shares of our capital 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 capital stock. For further information regarding the restrictions on ownership and transfer

of the Series B Preferred Stock, see “Certain Provisions of the Maryland General Corporation Law and our Charter and Bylaws — Restrictions on Transfer and Ownership of Stock” below.

Conversion

The Series B Preferred Stock is not convertible into any other property or securities, except as provided under “—Conversion Rights.”

Information Rights

During any period in which we are not subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act and any shares of Series B Preferred Stock are outstanding, we will (i) transmit by mail or other permissible means under the Exchange Act to all holders of Series B Preferred Stock as their names and addresses appear in our record books and without cost to the holders, copies of the Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K that we would have been required to file with the SEC pursuant to Section 13 or 15(d) of the Exchange Act if we were subject thereto (other than any exhibits that would have been required) within 15 days after the respective dates by which we would have been required to file these reports with the SEC if we were subject to Section 13 or 15(d) of the Exchange Act and (ii) within 15 days following written request, supply copies of these reports to any prospective holder of Series B Preferred Stock.

Preemptive Rights

No holders of Series B Preferred Stock shall, as a result of his, her or its status as such holder, have any preemptive rights to purchase or subscribe for shares of our common stock or any of our other securities.

Series C Preferred Stock

As of December 31, 2021, 100,000 shares of preferred stock were classified and designated as Series C Preferred Stock pursuant to our charter.

As described in more detail below under “—Preferred Stock Purchase Rights,” each Right entitles the registered holder to purchase from the Company one one-thousandth of a share of Series C Preferred Stock at a price of \$50.00 per one one-thousandth of a share of Series C Preferred Stock represented by a Right, subject to adjustment. Each one-thousandth of a share of Series C Preferred Stock will entitle the holder thereof to the same dividends and liquidation rights as if the holder held one share of our common stock and will be treated the same as a share of our common stock in the event of a merger, consolidation or other share exchange.

Preferred Stock Purchase Rights

On April 9, 2020, our board of directors authorized a dividend of one Right, payable on April 20, 2020, for each share of our common stock outstanding on the close of business on April 20, 2020 to the stockholders of record on that date. Initially, the Rights are attached to all shares of our common stock, and no separate certificates representing the Rights (“Right Certificates”) will be issued. Until the Distribution Date (as defined below), the Rights will be inseparable from the shares of our common stock, and Company will issue one Right with each new share of our common stock so that all shares of our common stock will have Rights attached. Accordingly, there is one Right issued and outstanding for each issued and outstanding share of our common stock.

In connection with the distribution of the Rights, the Company entered into a Rights Agreement (the “Rights Agreement”), dated as of April 9, 2020, with American Stock Transfer and Trust, LLC, as rights agent. The Company amended the Rights Agreement on February 26, 2021 solely for the purpose of extending the expiration date of the Rights. The Rights are in all respects subject to and governed by the provisions of the Rights Agreement.

Distribution Date

On the Distribution Date, the Rights will separate and begin trading separately from the shares of our common stock. As soon as practicable after the Distribution Date, unless the Rights are recorded in book-entry or another uncertificated form, the Company will prepare and cause the Right Certificates to be delivered to each record holder of shares of our common stock as of the Distribution Date.

The “Distribution Date” generally means the earlier of:

- the close of business on the 10th business day after the date a majority of our board of directors becomes aware (pursuant to a public announcement or otherwise) that a person or entity has become an Acquiring Person (as defined below); and
- the close of business on the 10th business day (or a later day as may be designated by our board of directors before any person or entity has become an Acquiring Person) after the date of the commencement of a tender or exchange offer by the person or entity which would, if consummated, result in the person or entity becoming an Acquiring Person.

In addition, on the Distribution Date, proper provision will be made by the Company to provide each holder (other than the Company) of limited partnership units of the Company's operating partnership, Global Net Lease Operating Partnership, L.P. (the "OP"), designated as "OP Units" ("OP Units") with the number of Rights that would have been issued to the holder as if the holder had redeemed all of its OP Units for an equal number of shares of our common stock pursuant to the terms and conditions of the agreement of limited partnership of the OP immediately prior to the Distribution Date.

Exercisability

The Rights will not be exercisable until the Distribution Date. After the Distribution Date, each Right will be exercisable to purchase one one-thousandth of a share of Series C Preferred Stock for \$50.00 (the "Purchase Price"), subject to adjustment. This portion of a share of Series C Preferred Stock will give the holder approximately the same dividend, voting and liquidation rights as a holder of one share of our common stock. Prior to exercising their Rights, holders of Rights, in that capacity have no rights as a stockholder of the Company.

Acquiring Person

An "Acquiring Person" generally means any person or entity that or which, together with its affiliates and associates, is or becomes the Beneficial Owner (as described below) of 4.9% or more of the shares of our common stock then outstanding, but does not include:

- the Company or any of its subsidiaries;
- any employee benefit plan of the Company or any of its subsidiaries or the Company's advisor, Global Net Lease Advisors, LLC (the "Advisor");
- any entity or trustee holding our common stock for or pursuant to the terms of any plan or for the purpose of funding any plan or other benefits for employees of the Company or of any of its subsidiaries or the Advisor;
- any passive investor, which generally means any person or entity Beneficially Owning shares of our common stock without a plan or an intent to seek control of or influence the Company;
- any person or entity that our board of directors has permitted to Beneficially Own a specified percentage of 4.9% or more of our common stock but only for so long as the person or entity does not acquire, without the prior approval of our board of directors, Beneficial Ownership of any additional common stock above the specified percentage; and
- any person or entity that would otherwise be deemed an Acquiring Person as of the date of the adoption of the Rights Agreement, but only for so long as the person or entity does not acquire, without the prior approval of our board of directors, Beneficial Ownership of any additional common stock.

The Rights Agreement also provides that our board of directors may exempt any person or entity from being an Acquiring Person prior to the person or entity becoming an Acquiring Person, subject to the right of our board of directors to revoke the exemption.

Securities "Beneficial Owned" by a person or entity, together with its affiliates and associates, include:

- any securities beneficially owned, directly or indirectly, within the meaning of Rule 13d-3 of the Securities Exchange Act of 1934, as amended (the "Exchange Act");

- except under limited circumstances, securities with respect to which the person or entity, or any of its affiliates or associates, has the right to acquire or vote pursuant to any agreement, arrangement or understanding;
- any securities which are Beneficially Owned, directly or indirectly, by any other person or entity with which the person or entity, or any of its affiliates or associates, has any agreement, arrangement or understanding, whether or not in writing, for the purpose of acquiring, holding, voting or disposing of any voting securities of the Company, and which the person or entity, or any of its affiliates or associates, is acting in concert with towards a common goal relating to (i) acquiring, holding, voting or disposing of voting securities of the Company or (ii) changing or influencing the control of the Company; and
- any securities which are the subject of, or the reference securities for, or that underlie, any derivative securities (as defined under Rule 16a-1 under the Exchange Act) that increase in value as the value of the underlying equity increases.

Consequences of Any Person or Entity Becoming an Acquiring Person

- *Flip In.* If any person or entity becomes an Acquiring Person (other than pursuant to a Permitted Offer or a transaction described below under “—Flip Over”), each Right will entitle the holder thereof (other than an Acquiring Person, its affiliates and associates) to purchase at the Purchase Price a number of shares of our common stock having a market value of twice the Purchase Price. However, these Rights will not be exercisable until the Rights are no longer redeemable by the Company as described below under “—Redemption” and are subject to the Company’s right to exchange described below under “—Exchange.” Depending on the level of the market price of our common stock as compared to the Purchase Price at the time of exercise, the exercise of these Rights can be more or less dilutive to an Acquiring Person than an exchange.

A “Permitted Offer” is a tender or exchange offer for all outstanding shares of our common stock at a price and on terms which a majority of our board of directors has previously determined are fair to the Company’s stockholders and not inadequate and otherwise in the best interests of the Company.

- *Exchange.* If any person or entity becomes an Acquiring Person (but before (i) the completion of a transaction described below under “—Flip Over,” or (ii) subject to Maryland law, any Acquiring Person has become the Beneficial Owner of a majority of the outstanding shares of our common stock), the Company, upon the authorization and direction of our board of directors, may exchange the Rights (other than Rights Beneficially Owned by an Acquiring Person, its affiliates and associates), in whole or in part, for shares of our common stock on a one-for-one basis.
- *Flip Over.* If, after the date a majority of our board of directors becomes aware (pursuant to a public announcement or otherwise) that a person or entity has become an Acquiring Person, (i) the Company completes a merger or other business combination in which the Company is not the surviving entity or in which the Company is the surviving entity and our common stock is exchanged for other securities or assets, or (ii) 50% or more of the Company’s assets or Earning Power (as defined in the Rights Agreement) is sold or transferred, each Right will entitle the holder thereof (other than an Acquiring Person, its affiliates and associates) to purchase at the Purchase Price a number of shares of common stock of the acquiring company having a market value of twice the Purchase Price.

Expiration

The Rights will expire on April 8, 2024, unless earlier exercised, exchanged, amended or redeemed.

Redemption

At any time before the earlier of (i) the 10th business day following the date a majority of our board of directors becomes aware (pursuant to a public announcement or otherwise) that a person or entity has become an Acquiring Person, or (ii) the expiration of the Rights by their terms, the Company, upon the authorization and direction of our board of directors, may redeem the Rights in whole, but not in part, at a price of \$0.0001 per Right. If Continuing Directors no longer comprise a majority of our board of directors, then, for a period of 180 days, the Rights cannot be redeemed unless there are Continuing Directors and a majority of the Continuing Directors concur

with the decision of our board of directors to redeem the Rights. Immediately upon the action of our board of directors ordering redemption of the Rights (with, if required, the concurrence of a majority of the Continuing Directors), or at a later time as our board of directors may establish for the effectiveness of the redemption, the Rights will terminate and the only right of the holders of Rights will be to receive the redemption price.

The “Continuing Directors” include any current member of our board of directors and any person subsequently elected to our board of directors upon recommendation or approval of a majority of those directors (or directors recommended or approved by them), and exclude an Acquiring Person, its affiliates and associates, or any of their respective representatives or nominees.

Amendment

The terms of the Rights may be amended by our board of directors without the consent of the holders of the Rights, except that from and after such time as any Person becomes an Acquiring Person no such amendment may adversely affect the interests of the holders of the Rights (other than the Acquiring Person and its affiliates and associates).

Adjustment

The Purchase Price payable, and the number of shares of Series C Preferred Stock or other securities or property issuable, upon exercise of the Rights is subject to adjustment in connection with various events from time to time to prevent dilution, including:

- if the Company declares a dividend on Series C Preferred Stock payable in shares of Series C Preferred Stock or effects a subdivision, combination or reclassification of the shares of Series C Preferred Stock;
- if the holders of Series C Preferred Stock are granted rights, options or warrants to subscribe for or purchase shares of Series C Preferred Stock (or shares having the same rights, privileges and preferences as the shares of Series C Preferred Stock) or convertible securities at a price less than the then current per share market price of the Series C Preferred Stock; or
- upon the distribution to all holders of the Series C Preferred Stock of evidences of indebtedness or assets (excluding regular quarterly cash dividends or dividends payable in shares of Series C Preferred Stock) or subscription rights or warrants (other than those referred to above).

With certain exceptions, no adjustment in the Purchase Price payable upon exercise of the Rights will be required until cumulative adjustments amount to at least 1% of the Purchase Price.

The number of outstanding Rights and the number of shares of Series C Preferred Stock issuable upon exercise of each Right are also subject to adjustment in the event of a stock split of our common stock or a stock dividend on our common stock payable in shares of our common stock or subdivisions, consolidations or combinations of the shares of our common stock occurring, in any such case, prior to the Distribution Date.

Certain Provisions of the Maryland General Corporation Law and our Charter and Bylaws

Power to Reclassify Shares of Our Stock

Our board of directors may classify any unissued shares of preferred stock, and reclassify any unissued shares of common stock or any previously classified but unissued shares of preferred stock, into other classes or series of stock, including one or more classes or series of stock that have priority over our common stock with respect to voting rights, distributions or upon liquidation, and authorize us to issue the newly classified shares. Prior to the issuance of shares of each class or series, our board of directors is required by the MGCL and our charter to set, subject to the provisions of our charter regarding the restrictions on ownership and transfer of our stock, the preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends and other distributions, qualifications and terms and conditions of redemption for each such class or series. These actions can be taken without stockholder approval, unless stockholder approval is required by applicable law, the terms of any other class or series of our stock or the rules of any stock exchange or automated quotation system on which our securities may be listed or traded.

Power to Increase Authorized Stock and Issue Additional Shares of Our Common Stock and Preferred Stock

We believe that the power of our board of directors to amend our charter from time to time to increase the aggregate number of authorized shares of stock and the number of shares of stock of any class or series that we have the authority to issue, to issue additional authorized but unissued shares of our common stock or preferred stock and to classify or reclassify unissued shares of our common stock or preferred stock into other classes or series of stock and thereafter to cause us to issue such classified or reclassified shares of stock will provide us with flexibility in structuring possible future financings and acquisitions and in meeting other needs which might arise. Shares of additional classes or series of stock, as well as additional shares of common stock, will be available for issuance without further action by our stockholders, unless stockholder consent is required by applicable law or the rules of any stock exchange or automated quotation system on which our securities are then listed or traded. Although our board of directors does not intend to do so, it could authorize us to issue a class or series of common stock or preferred stock that could, depending upon the terms of the particular class or series, delay, defer or prevent a transaction or a change of control of us that might involve a premium price for our stockholders or otherwise be in their best interest.

Restrictions on Transfer and Ownership of Stock

In order for us to qualify as a REIT under the Internal Revenue Code of 1986, as amended, or the Code, shares of our stock must be owned by 100 or more persons during at least 335 days of a taxable year of 12 months (other than the first year for which an election to be taxed as a REIT has been made) or during a proportionate part of a shorter taxable year. Also, under Section 856(h) of the Code, a REIT cannot be “closely held.” In this regard, not more than 50% of the value of the outstanding shares of capital stock may be owned, directly or indirectly, by five or fewer individuals (as defined in the Code to include certain entities) during the last half of a taxable year (other than the first year for which an election to be a REIT has been made).

Our charter contains restrictions on the ownership and transfer of shares of our common stock and other outstanding shares of our capital stock. The relevant sections of our charter provide that, subject to the exceptions described below, no person or entity may own, or be deemed to own, by virtue of the applicable constructive ownership provisions of the Code, more than 9.8% in value of the aggregate of our outstanding shares of stock or 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; we refer to these limitations as the “ownership limits.”

The constructive ownership rules under the Code are complex and may cause shares of stock owned actually or constructively by a group of related individuals or entities to be owned constructively by one individual or entity. As a result, the acquisition of less than 9.8% in value of the aggregate of our outstanding shares of stock or 9.8% (in value or in number of shares, whichever is more restrictive) of any class or series of our shares of stock (or the acquisition of an interest in an entity that owns, actually or constructively, shares of our stock by an individual or entity), could, nevertheless, cause that individual or entity, or another individual or entity, to violate the ownership limits.

Our board of directors may, upon receipt of certain representations, undertakings and agreements and in its sole discretion, exempt (prospectively or retroactively) any person from the ownership limits and establish a different limit, or excepted holder limit, for a particular person if the person’s ownership in excess of the ownership limits will not then or in the future result in our being “closely held” under Section 856(h) of the Code (without regard to whether the person’s interest is held during the last half of a taxable year) or otherwise cause us to fail to qualify as a REIT. In order to be considered by our board of directors for exemption, a person also must not own, actually or constructively, an interest in one of our tenants (or a tenant of any entity which we own or control) that would cause us to own, actually or constructively, more than a 9.9% interest in the tenant unless the revenue derived by us from such tenant is sufficiently small that, in the opinion of our board of directors, rent from such tenant would not adversely affect our ability to qualify as a REIT. The person seeking an exemption must provide such representations and undertakings to the satisfaction of our board of directors that it will not violate these two restrictions. The person also must agree that any violation or attempted violation of these restrictions will result in the automatic transfer to a charitable trust of the shares of stock causing the violation. As a condition of granting an exemption or creating an excepted holder limit, our board of directors may, but is not required to, obtain an opinion of counsel or Internal Revenue Service, or IRS, ruling satisfactory to our board of directors with respect to our qualification as a REIT and may impose such other conditions or restrictions as it deems appropriate.

In connection with granting an exemption from the ownership limits or establishing an excepted holder limit or at any other time, our board of directors may increase or decrease the ownership limits. Any decrease in the ownership limits will not be effective for any person whose percentage ownership of shares of our stock is in excess of such decreased limits until such person’s percentage ownership of shares of our stock equals or falls below such decreased limits (other than a decrease as a result of a retroactive change in existing law, which will be effective

immediately), but any further acquisition of shares of our stock in excess of such percentage ownership will be in violation of the applicable decreased limits. Our board of directors may not increase or decrease the ownership limits if, after giving effect to such increase or decrease, five or fewer persons could beneficially own or constructively own in the aggregate more than 49.9% in value of the shares of our stock then outstanding. Prior to any modification of the ownership limits, our board of directors may require such opinions of counsel, affidavits, undertakings or agreements as it may deem necessary or advisable in order to determine or ensure our qualification as a REIT.

Our charter further prohibits:

- any person from beneficially or constructively owning, applying certain attribution rules of the Code, shares of our stock that would result in our being “closely held” under Section 856(h) of the Code (without regard to whether the stockholder’s interest is held during the last half of a taxable year) or otherwise cause us to fail to qualify as a REIT; and
- any person from transferring shares of our stock if such transfer would result in shares of our stock being beneficially owned by fewer than 100 persons (determined without reference to any rules of attribution).

Any person who acquires or attempts or intends to acquire beneficial or constructive ownership of shares of our stock that will or may violate the ownership limits or any of the other foregoing restrictions on ownership and transfer of our stock will be required to immediately give written notice to us or, in the case of a proposed or attempted transaction, give at least 15 days’ prior written notice to us, and provide us with such other information as we may request in order to determine the effect of such transfer on our qualification as a REIT. The ownership limits and the other restrictions on ownership and transfer of our stock will not apply if our board of directors determines that it is no longer in our best interests to continue to qualify as a REIT or that compliance with the restrictions on ownership and transfer of our stock is no longer required in order for us to qualify as a REIT.

If any transfer of shares of our stock would result in shares of our stock being beneficially owned by fewer than 100 persons, such transfer will be void from the time of such purported transfer and the intended transferee will acquire no rights in such shares. In addition, if any purported transfer of shares of our stock or any other event would otherwise result in:

- any person violating the ownership limits or such other limit established by our board of directors; or
- our company being “closely held” under Section 856(h) of the Code (without regard to whether the stockholder’s interest is held during the last half of a taxable year) or otherwise failing to qualify as a REIT, then that number of shares (rounded up to the nearest whole share) that would cause us to violate such restrictions will automatically be transferred to, and held by, a charitable trust for the exclusive benefit of one or more charitable organizations selected by us, and the intended transferee will acquire no rights in such shares. The transfer will be deemed to be effective as of the close of business on the business day prior to the date of the violative transfer or other event that results in the transfer to the charitable trust. A person who, but for the transfer of the shares to the charitable trust, would have beneficially or constructively owned the shares so transferred is referred to as a “prohibited owner,” which, if appropriate in the context, also means any person who would have been the record owner of the shares that the prohibited owner would have so owned. If the transfer to the charitable trust as described above would not be effective, for any reason, to prevent violation of the applicable restriction on ownership and transfer contained in our charter, then our charter provides that the transfer of the shares will be void from the time of such purported transfer.

Shares of stock transferred to a charitable trust are deemed offered for sale to us, or our designee, at a price per share equal to the lesser of (1) the price paid per share in the transaction that resulted in such transfer to the charitable trust (or, if the event that resulted in the transfer to the charitable trust did not involve a purchase of such shares of stock at market price, defined generally as the last reported sales price reported on the NYSE (or other applicable exchange), the market price per share of such stock on the day of the event which resulted in the transfer of such shares of stock to the charitable trust) and (2) the market price on the date we, or our designee, accept such offer. We may reduce the amount payable to the charitable trust by the amount of dividends and other distributions which have been paid to the prohibited owner and are owed by the prohibited owner to the charitable trust as described below. We may pay the amount of such reduction to the charitable trust for the benefit of the charitable beneficiary. We have the right to accept such offer until the trustee of the charitable trust has sold the shares held in

the charitable trust as discussed below. Upon a sale to us, the interest of the charitable beneficiary in the shares sold terminates, and the charitable trustee must distribute the net proceeds of the sale to the prohibited owner.

Within 20 days of receiving notice from us of the transfer of the shares to the charitable trust, the charitable trustee will sell the shares to a person or entity designated by the charitable trustee who could own the shares without violating the ownership limits or the other restrictions on ownership and transfer of our stock described above. After that, the charitable trustee must distribute to the prohibited owner an amount equal to the lesser of (1) the price paid by the prohibited owner for the shares in the transaction that resulted in the transfer to the charitable trust (or, if the event that resulted in the transfer to the charitable trust did not involve a purchase of such shares at market price, the market price per share of such stock on the day of the event that resulted in the transfer to the charitable trust) and (2) the sales proceeds (net of commissions and other expenses of sale) received by the charitable trust for the shares. The charitable trustee may reduce the amount payable to the prohibited owner by the amount of dividends and other distributions which have been paid to the prohibited owner and are owed by the prohibited owner to the charitable trust. Any net sales proceeds in excess of the amount payable to the prohibited owner will be immediately paid to the charitable beneficiary, together with any dividends and other distributions thereon. In addition, if, prior to discovery by us that shares of stock have been transferred to a charitable trust, such shares of stock are sold by a prohibited owner, then such shares will be deemed to have been sold on behalf of the charitable trust and to the extent that the prohibited owner received an amount for or in respect of such shares that exceeds the amount that such prohibited owner was entitled to receive, such excess amount will be paid to the charitable trust upon demand by the charitable trustee. The prohibited owner will have no rights in the shares held by the charitable trust.

The charitable trustee will be designated by us and will be unaffiliated with us and with any prohibited owner. Prior to the sale of any shares by the charitable trust, the charitable trustee will receive, in trust for the charitable beneficiary, all distributions made by us with respect to such shares and may also exercise all voting rights with respect to such shares. Any dividend or other distribution paid prior to our discovery that shares of stock have been transferred to the charitable trust will be paid by the recipient to the charitable trust upon demand by the charitable trustee. These rights will be exercised for the exclusive benefit of the charitable beneficiary.

Subject to Maryland law, effective as of the date that the shares have been transferred to the charitable trust, the charitable trustee will have the authority, at the charitable trustee's sole discretion:

- to rescind as void any vote cast by a prohibited owner prior to our discovery that the shares have been transferred to the charitable trustee; and
- to recast the vote in accordance with the desires of the charitable trustee acting for the benefit of the charitable beneficiary.

However, if we have already taken irreversible corporate action, then the charitable trustee may not rescind and recast the vote.

If our board of directors determines in good faith that a proposed transfer would violate the restrictions on ownership and transfer of our stock set forth in our charter, our board of directors may take such action as it deems advisable to refuse to give effect to or to prevent such transfer, including, but not limited to, causing us to redeem shares of stock, refusing to give effect to the transfer on our books or instituting proceedings to enjoin the transfer.

Every owner of more than 5% (or such lower percentage as required by the Code or the regulations promulgated thereunder) of the outstanding shares of all classes or series of our stock, including common stock, will be required to give written notice to us within 30 days after the end of each taxable year stating the name and address of such owner, the number of shares of each class and series of our stock that the person beneficially owns and a description of the manner in which such shares are held. Each such owner will be required to provide to us such additional information as we may request in order to determine the effect, if any, of such beneficial ownership on our qualification as a REIT and to ensure compliance with the ownership limits. In addition, each stockholder will, upon demand, be required to provide to us such information as we may request, in good faith, in order to determine our qualification as a REIT and to comply with the requirements of any taxing authority or governmental authority or to determine such compliance.

Any certificates representing shares of our stock, or any written statements of information delivered in lieu of certificates, will bear a legend referring to the restrictions described above.

These restrictions on ownership and transfer of our stock could delay, defer or prevent a transaction or a change in control that might involve a premium price for our common stock or otherwise be in the best interest of our stockholders.

Number of Directors; Vacancies; Removal

We are presently required to have six directors. This number may be increased or decreased from time to time pursuant to the bylaws, but may never be less than one or more than fifteen. Our board of directors is divided into three classes of directors serving staggered three-year terms. 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.

We have elected by a provision of our charter to be subject to a provision of Maryland law requiring that, except as otherwise provided in the terms of any class or series of preferred stock, vacancies on our board of directors may be filled only by the remaining directors and that any individual elected to fill a vacancy will serve for the remainder of the full term of the directorship in which the vacancy occurred and until his or her successor is duly elected and qualifies. Any director may resign at any time by delivering his or her notice to the board of directors, the chairman of the board of directors, the chief executive officer or the Company's secretary.

Our charter provides that, subject to the rights of holders of one or more classes or series of preferred stock, any or all directors may be removed from office only for "cause" by the affirmative vote of the stockholders entitled to cast at least two-thirds of the votes entitled to be cast generally in the election of directors. For the purpose of this provision of our charter, "cause" means, with respect to any particular director, conviction of a felony or a final judgment of a court of competent jurisdiction holding that such director caused demonstrable, material harm to us through bad faith or active and deliberate dishonesty.

Action by Stockholders

Under the MGCL, common stockholder action can be taken only at an annual or special meeting of stockholders or by unanimous consent in lieu of a meeting (unless the charter provides for a lesser percentage, which our charter does not). These provisions, combined with the requirements of our charter and bylaws regarding the calling of a stockholder-requested special meeting of stockholders discussed below, may have the effect of delaying consideration of a stockholder proposal until the next annual meeting.

Meetings and Special Voting Requirements

Subject to our charter restrictions on ownership and transfer of our stock and the terms of each class or series of stock, including with respect to the vote by the stockholders for the election of the directors, each holder of common stock is entitled at each meeting of stockholders to one vote per share owned by such stockholder on all matters submitted to a vote of stockholders. There is no cumulative voting in the election of our board of directors, which means that the holders of a majority of shares of our outstanding common stock can elect all the directors then standing for election and the holders of the remaining shares of common stock will not be able to elect any directors.

Under Maryland law, a Maryland corporation generally cannot dissolve, amend its charter, merge, convert, sell all or substantially all of its assets, engage in a share exchange or engage in similar transactions outside the ordinary course of business, unless declared advisable by the board of directors and approved by the affirmative vote of stockholders entitled to cast at least two-thirds of the votes entitled to be cast on the matter. However, a Maryland corporation may provide in its charter for approval of these matters (except for certain charter amendments relating to director resignation and removal and the vote required for certain amendments) by a lesser percentage, but not less than a majority of all the votes entitled to be cast on the matter. Our charter provides for approval of these matters by the affirmative vote of holders of shares entitled to cast a majority of all the votes entitled to be cast on the matter.

Also, our operating assets are held by our subsidiaries and these subsidiaries may be able to merge or sell all or substantially all of their assets without the approval of our stockholders.

Pursuant to our charter and bylaws, an annual meeting of our stockholders for the purpose of the election of directors and the transaction of any business will be held annually on a date and at the time and place set by our board of directors. Special meetings of stockholders to act on any matter that may properly be considered at a meeting of stockholders may be called by the board of directors, the chairman of the board of directors, the president or the chief executive officer and, subject to the satisfaction of certain procedural requirements, must be called by our secretary upon the written request of stockholders entitled to cast not less than a majority of all the votes entitled

to be cast on the matter at the meeting. The presence of stockholders entitled to cast at least a majority of all the votes entitled to be cast at such meeting on any matter, either in person or by proxy, will constitute a quorum.

Our board of directors has the exclusive power to adopt, alter or repeal any provision of our bylaws and to make new bylaws.

No Appraisal Rights

As permitted by the MGCL, our charter provides that stockholders will not be entitled to exercise appraisal rights unless a majority of our board of directors determines that appraisal rights apply, with respect to all or any classes or series of stock, to one or more transactions occurring after the date of such determination in connection with which stockholders would otherwise be entitled to exercise appraisal rights.

Dissolution

Our dissolution must be declared advisable by a majority of our entire board of directors and approved by the affirmative vote of stockholders entitled to cast not less than a majority of the votes entitled to be cast on such matter.

Business Combinations

Under the MGCL, certain “business combinations,” including a merger, consolidation, share exchange or, in certain circumstances, an asset transfer or issuance or reclassification of equity securities, between a Maryland corporation and an “interested stockholder” or, generally, 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, or an affiliate of such an interested stockholder, are prohibited for five years after the most recent date on which the interested stockholder becomes an interested stockholder. Thereafter, any such business combination must be recommended by the board of directors of such corporation and approved by the affirmative vote of at least (1) 80% of the votes entitled to be cast by holders of outstanding voting stock of the corporation and (2) 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. The super-majority vote requirements do not apply if the corporation’s common stockholders receive a minimum price (as defined in the MGCL) for their shares and the consideration is received in cash or in the same form as previously paid by the interested stockholder for its shares. Under the MGCL, a person is not an “interested stockholder” if the board of directors approved in advance the transaction by which the person otherwise would have become an interested stockholder. A corporation’s board of directors may provide that its approval is subject to compliance with any terms and conditions determined by it.

These provisions of the MGCL do not apply, however, to business combinations that are approved or exempted by a board of directors prior to the time that the interested stockholder becomes an interested stockholder. As permitted by the MGCL, our board of directors has by resolution exempted business combinations between us and any person, provided that such business combination is first approved by our board of directors (including a majority of directors who are not affiliates or associates of such person). Consequently, the five-year prohibition and the supermajority vote requirements will not apply to such business combinations. As a result, any person described above may be able to enter into business combinations with us that may not be in the best interest of our stockholders without compliance by us with the supermajority vote requirements and other provisions of the statute. This resolution, however, may be altered or repealed in whole or in part at any time by our board of directors. If this resolution is repealed, or our board of directors does not otherwise approve a business combination with a person, the statute may discourage others from trying to acquire control of us and increase the difficulty of consummating any offer.

Control Share Acquisitions

The MGCL provides that “control shares” of a Maryland corporation acquired in a “control share acquisition” have no voting rights except to the extent approved by the affirmative vote of stockholders entitled to cast at least two-thirds of the votes entitled to be cast on the matter, excluding shares of stock in respect of which any of the following persons is entitled to exercise or direct the exercise of the voting power of such shares in the election of directors: (1) the person that has made or proposed to make the control share acquisition, (2) an officer of the corporation or (3) an employee of the corporation who is also a director of the corporation. “Control shares” are shares of voting stock which, if aggregated with all other such shares owned by the acquirer, or in respect of which

the acquirer is able to 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 one of the following ranges of voting power: (A) one-tenth or more but less than one-third, (B) one-third or more but less than a majority or (C) a majority or more of all voting power. Control shares do not include shares that the acquirer 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, subject to certain exceptions.

A person who has made or proposes to make a control share acquisition, upon satisfaction of certain conditions (including an undertaking to pay expenses and making an “acquiring person statement” as described in MGCL), may compel the board of directors to call a special meeting of stockholders to be held within 50 days of demand to consider the voting rights of the shares. If no request for a meeting is made, the corporation may itself present the question at any stockholders’ meeting.

If voting rights are not approved at the meeting or if the acquirer does not deliver an “acquiring person statement” as required by the statute, then, subject to certain conditions and limitations, the corporation may redeem any or all of the control shares (except those for which voting rights have previously been approved) for fair value determined, without regard to the absence of voting rights for the control shares, as of the date of any meeting of stockholders at which the voting rights of such shares are considered and not approved, or, if no such meeting is held, as of the date of the last control share acquisition by the acquirer. If voting rights for control shares are approved at a stockholders’ meeting and the acquirer becomes entitled to vote a majority of the shares entitled to vote, all other stockholders may exercise appraisal rights, unless the corporation’s charter provides otherwise. The fair value of the shares as determined for purposes of such appraisal rights may not be less than the highest price per share paid by the acquirer in the control share acquisition.

The control share acquisition statute does not apply to (1) shares acquired in a merger, consolidation or statutory share exchange if the corporation is a party to the transaction or (2) acquisitions approved or exempted by the charter or bylaws of the corporation.

Our bylaws contain a provision exempting from the control share acquisition statute any and all acquisitions by any person of our stock. There is no assurance that such provision will not be amended or eliminated at any time in the future.

Subtitle 8

Subtitle 8 of Title 3 of the MGCL permits the board of directors of a Maryland corporation with a class of equity securities registered under the Exchange Act and at least three independent directors to elect to be subject, by provision in its charter or bylaws or a resolution of its board of directors and notwithstanding any contrary provision in the charter or bylaws, to any or all of five provisions:

- a classified board;
- a two-thirds vote requirement for removing a director;
- a requirement that the number of directors be fixed only by vote of the directors;
- a requirement that a vacancy on the board be filled only by the remaining directors and, if the board is classified, for the remainder of the full term of the class of directors in which the vacancy occurred; and
- a majority requirement for the calling of a stockholder-requested special meeting of stockholders.

We have elected to be subject to the provisions of Subtitle 8 relating to a classified board of directors and the filling of vacancies on our board of directors. Through provisions in our charter and bylaws unrelated to Subtitle 8, we already (1) require a two-thirds vote for the removal of any director from the board, which removal will be allowed only for cause, (2) vest in the board the exclusive power to fix the number of directorships, and (3) require, unless called by the chairman of our board of directors, our president, our chief executive officer or our board of directors, the written request of stockholders entitled to cast not less than a majority of all votes entitled to be cast on any matter that may properly be considered at a meeting of stockholders in order to call a special meeting to act on such matter.

Advance Notice of Director Nominations and New Business

Our bylaws provide that nominations of individuals for election to the board of directors or proposals of other business may be made at an annual meeting (1) pursuant to our notice of meeting, (2) by or at the direction of our board of directors, or (3) by any stockholder of record both at the time of giving of notice pursuant to the bylaws and at the time of the annual meeting, who is entitled to vote at the meeting in the election of each individual so nominated or on any such other business and who has complied with the advance notice procedures set forth in our bylaws. Our bylaws currently require the stockholder to provide notice to the secretary containing the information required by our bylaws not earlier than the 150th day nor later than 5:00 p.m., Eastern Time, on the 120th day prior to the first anniversary of the date of our proxy statement for the preceding year's annual meeting.

With respect to special meetings of stockholders, only the business specified in our notice of meeting may be brought before the meeting. Nominations of individuals for election to the board of directors may be made at a special meeting, (1) by or at the direction of the board of directors, or (2) provided that the special meeting has been called in accordance with our bylaws for the purpose of electing directors, by any stockholder who is a holder of record both at the time of giving of notice and at the time of the special meeting, who is entitled to vote at the meeting in the election of each individual so nominated and who complies with the notice procedures set forth in our bylaws. Such stockholder may nominate one or more individuals, as the case may be, for election as a director if the stockholder's notice containing the information required by our bylaws is delivered to the secretary not earlier than the 120th day prior to such special meeting and not later than 5:00 p.m., Eastern Time, on the later of (1) the 90th day prior to such special meeting or (2) the tenth day following the day on which public announcement is first made of the date of the special meeting and the proposed nominees of our board of directors to be elected at the meeting.

Indemnification and Limitation of Directors' and Officers' Liability

Maryland law permits a Maryland corporation to include in its charter a provision eliminating the liability of its directors and officers to the corporation and its stockholders for money damages except for liability resulting from (1) actual receipt of an improper benefit or profit in money, property or services or (2) active and deliberate dishonesty established by a final judgment as being material to the cause of action. Our charter contains a provision that eliminates such liability to the maximum extent permitted by Maryland law. This provision does not reduce the exposure of directors and officers to liability under federal or state securities laws, nor does it limit the stockholders' ability to obtain injunctive relief or other equitable remedies for a violation of a director's or an officer's duties to us, although the equitable remedies may not be an effective remedy in some circumstances.

The MGCL requires a Maryland corporation (unless its charter provides otherwise, which our charter does not) to indemnify a director or officer who has been successful, on the merits or otherwise, in the defense of any proceeding to which he or she is made or threatened to be made a party by reason of his or her service in that capacity. The MGCL permits a Maryland corporation to indemnify its present and former directors and officers, among others, against judgments, penalties, fines, settlements and reasonable expenses actually incurred by them in connection with any proceeding to which they may be made or threatened to be made a party by reason of their service in those or other capacities unless it is established that (1) the act or omission of the director or officer was material to the matter giving rise to the proceeding and (A) was committed in bad faith or (B) was the result of active and deliberate dishonesty, (2) the director or officer actually received an improper personal benefit in money, property or services, or (3) in the case of any criminal proceeding, the director or officer had reasonable cause to believe that the act or omission was unlawful. However, under the MGCL, a Maryland corporation may not indemnify a director or officer for an adverse judgment in a suit by or in the right of the corporation or for a judgment of liability on the basis that a personal benefit was improperly received. A court may order indemnification if it determines that the director or officer is fairly and reasonably entitled to indemnification, even though the director or officer did not meet the prescribed standard of conduct or was adjudged liable on the basis that personal benefit was improperly received. However, indemnification for an adverse judgment in a suit by us or in our right, or for a judgment of liability on the basis that personal benefit was improperly received, is limited to expenses. In addition, the MGCL permits a corporation to advance reasonable expenses to a director or officer upon the corporation's receipt of (1) a written affirmation by the director or officer of his or her good faith belief that he or she has met the standard of conduct necessary for indemnification by the corporation and (2) a written undertaking by him or her or on his or her behalf to repay the amount paid or reimbursed by the corporation if it is ultimately determined that the appropriate standard of conduct was not met.

Our charter authorizes us to obligate ourselves and our bylaws obligate us, to the fullest extent permitted by Maryland law in effect from time to time, to indemnify and, without requiring a preliminary determination of the ultimate entitlement to indemnification, pay or reimburse reasonable expenses in advance of final disposition of a proceeding to:

- any present or former director or officer who is made or threatened to be made a party to or witness in the proceeding by reason of his or her service in that capacity; or
- any individual who, while our director or officer and at our request, serves or has served as a director, officer, member, manager, partner or trustee of another corporation, real estate investment trust, limited liability company, partnership, joint venture, trust, employee benefit plan or other enterprise and who is made or threatened to be made a party to or witness in the proceeding by reason of his or her service in that capacity.

Our charter and bylaws also permit us to indemnify and advance expenses to any person who served a predecessor of ours in any of the capacities described above and to any employee or agent of us or a predecessor of us.

We have entered into an indemnification agreement with each of our directors and officers, and certain former directors and officers, providing for indemnification of such directors and officers consistent with the provisions of our charter. The indemnification agreements provide that each indemnitee is entitled to indemnification unless it is established that (1) the act or omission of an indemnitee was material to the matter giving rise to the proceeding and (i) was committed in bad faith or (ii) was the result of active and deliberate dishonesty, (2) such indemnitee actually received an improper personal benefit in money, property or services or (3) in the case of any criminal proceeding, such indemnitee had reasonable cause to believe that his or her conduct was unlawful. The indemnification agreements further limit each indemnitee's entitlement to indemnification in cases where (1) the proceeding was one by or in the right of us and such indemnitee was adjudged to be liable to us, (2) such indemnitee was adjudged to be liable on the basis that personal benefit was improperly received in any proceeding charging improper personal benefit to such indemnitee or (3) the proceeding was brought by such indemnitee, except in certain circumstances.

Insofar as indemnification for liabilities arising under the Securities Act of 1933, as amended (the "Securities Act"), may be permitted to directors, officers or persons controlling us pursuant to the foregoing provisions, we have been informed that, in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable.

Exclusive Forum

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, Northern Division, is the sole and exclusive forum for (a) any derivative action or proceeding brought on our behalf, other than actions arising under federal securities laws, (b) any Internal Corporate Claim, as such term is defined in the MGCL, or any successor provision thereof, including, without limitation, (i) any action asserting a claim of breach of any duty owed by any of our directors, officers or other employees to us or to our stockholders or (ii) any action asserting a claim against us or any of our directors or officers or other employees arising pursuant to any provision of the MGCL, our charter or our bylaws, or (c) any other action asserting a claim against us or any of our directors or officers or other employees that is governed by the internal affairs doctrine. Our bylaws also provide that, unless we consent in writing, none of the foregoing actions, claims or proceedings may be brought in any court sitting outside the State of Maryland and the federal district courts are, to the fullest extent permitted by law, the sole and exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act.

EXHIBIT 21.1**Subsidiaries of Global Net Lease, Inc.**

Name	Jurisdiction of Formation/Incorporation
ARC ACHNETH001, LLC	Delaware
ARC ALSFDUK001, LLC	Delaware
ARC AMWCHKS001, LLC	Delaware
ARC AMWORUK001, LLC	Delaware
ARC ATSNNTX001, 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 CRVANOHO01, 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 CWUVLOHO01, LLC	Delaware
ARC CWVININ001, LLC	Delaware
ARC CWWPKMNO01, LLC	Delaware
ARC DBGESRG001, LLC	Delaware
ARC DBGWSDG001, LLC	Delaware
ARC DFSMCUK001, LLC	Delaware
ARC DG40PCK001, LLC	Delaware
ARC DINCNOHO01, LLC	Delaware
ARC DNDUBOHO01, 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 (Madrid) 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 France Holdings SAS	France
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 NCR Sarl	Luxembourg
ARC Global II Rueil	France
ARC Global II S.à r.l.	Luxembourg
ARC Global II Strasbourg	France
ARC Global II Trappes	France
ARC Global II Weilbach S.à r.l.	Luxembourg
ARC Global Organisme de Placement Collectif en Immobilier (OPCI)	France
ARC GRLBKT001, 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 OBMYNAGER01, LLC	Delaware
ARC ODVLONET001, LLC	Delaware
ARC OGHGMD001, 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	New Jersey

ARC SWWSVOH001, LLC	Delaware
ARC SZPTNNJ001, LLC	Delaware
ARC TFDPTIA001, 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 WNB RNMO001, LLC	Delaware
ARC WWHWCMIO01, LLC	Delaware
ARG BIJTNNY001, LLC	Delaware
ARG BSBEAWV001, LLC	Delaware
ARG BSCASWY001, LLC	Delaware
ARG BSEVSIN001, LLC	Delaware
ARG BSMNSTX001, LLC	Delaware
ARG BSMTONJ001, LLC	Delaware
ARG BSPADKY001, LLC	Delaware
ARG CBSKSMO001, LLC	Delaware
ARG CDNCNOH001, LLC	Delaware
ARG CFSRSLB001, LLC	Delaware
ARG CMGLTWY001, LLC	Delaware
ARG CMOMHNE001, LLC	Delaware
ARG CMPCRMS001, LLC	Delaware
ARG COWLMDE001, LLC	Delaware
ARG COWLMDE002, LLC	Delaware
ARG CSBLVMIO01, LLC	Delaware
ARG CSHMDIN001, LLC	Delaware
ARG CSLIVMI001, LLC	Delaware
ARG CSSTLMO001, LLC	Delaware
ARG CSTWBOH001, LLC	Delaware
ARG CSWYGMI001, LLC	Delaware
ARG DPSPNIA001, LLC	Delaware
ARG EHBIRAL001, LLC	Delaware
ARG EQWBGPA001, LLC	Delaware
ARG FCDETMIO01, LLC	Delaware
ARG FCSTHMI001, LLC	Delaware
ARG FEBLCID001, LLC	Delaware
ARG FEBTHNB001, LLC	Delaware
ARG FEGRFMT001, LLC	Delaware
ARG FEGRNNC001, LLC	Delaware

ARG FELWDBN001, LLC	Delaware
ARG FEMRGWV001, LLC	Delaware
ARG FEMTNNB001, LLC	Delaware
ARG FMCHIL001, LLC	Delaware
ARG FRAHLMIO01, LLC	Delaware
ARG GASTNMI001, LLC	Delaware
ARG GKCNCOH001, LLC	Delaware
ARG GRD4SLB001, LLC	Delaware
ARG HCCLHGA001, LLC	Delaware
ARG HISRPAZ001, LLC	Delaware
ARG HIVRNCA001, LLC	Delaware
ARG HRTFTGA001, LLC	Delaware
ARG KLSLBNC001, LLC	Delaware
ARG KLSLBNC002, LLC	Delaware
ARG LKCLLAL001, LLC	Delaware
ARG LSCHIL001, LLC	Delaware
ARG LSCHIL002, LLC	Delaware
ARG LSCHIL003, LLC	Delaware
ARG LSWYGMIO01, LLC	Delaware
ARG MT2PKSLB001, LLC	Delaware
ARG NIFLNNH002, LLC	Delaware
ARG NIFLNNH002, 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 PLRMLMIO01, LLC	Delaware
ARG PSBRDFL001, LLC	Delaware
ARG PSDANVA001, LLC	Delaware
ARG PSDAYOH001, LLC	Delaware
ARG PSDEMIA001, LLC	Delaware
ARG PSELPTX001, LLC	Delaware
ARG PSETIPA001, LLC	Delaware
ARG PSGRLTX001, LLC	Delaware
ARG PSHCKNC001, LLC	Delaware
ARG PSIRVTX001, LLC	Delaware
ARG PSLASNVO01, LLC	Delaware
ARG PSLKCLA001, LLC	Delaware
ARG PSMRDMS001, LLC	Delaware
ARG PSMSNTX001, LLC	Delaware
ARG PSPRAIL001, LLC	Delaware
ARG PSYNSOH001, LLC	Delaware
ARG RMAKROH001, LLC	Delaware
ARG SNCSPCO001, LLC	Delaware
ARG SSFSRIN001, LLC	Delaware

ARG STELDCA001, LLC	Delaware
ARG STFALNY001, LLC	Delaware
ARG STKNCMO001, LLC	Delaware
ARG STWINCT001, LLC	Delaware
ARG TRWXMMI001, LLC	Delaware
ARG UPARAIL001, LLC	Delaware
ARG UPDBNMI001, LLC	Delaware
ARG VAGNVFL001, LLC	Delaware
ARG VSSRACA001, LLC	Delaware
ARG VSSRACA002, LLC	Delaware
ARG VSSRACA003, LLC	Delaware
ARG WFHWDAL001, LLC	Delaware
ARG WGPTBPA001, LLC	Delaware
ARG WPCLDOH001, LLC	Delaware
ARG WPCLDOH002, LLC	Delaware
ARG WPCLVTN001, LLC	Delaware
ARG WPFBRIT001, S.r.l	Italy
ARG WPFNDOH001, LLC	Delaware
ARG WPMRNOH001, LLC	Delaware
ARG WPOTWOH001, LLC	Delaware
ARG ZFFINOH001, LLC	Delaware
Crown Portfolio S.à r.l.	Luxembourg
GLOBAL NET LEASE OPERATING PARTNERSHIP, L.P.	Delaware
GNL Canadian Services Co.	Nova Scotia
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
ROCHESSGER02, LLC	Delaware
ROCHESSGER03, LLC	Delaware

ARG NIAMHNNH001, LLC	Delaware
ARG SBPSLTX001, LLC	Delaware
ARG MCWOKUK001, LLC	Delaware
ARG WMBVLAR001, LLC	Delaware
ARG PPSPTX001, LLC	Delaware
ARG PPSHLTX001, LLC	Delaware
ARG NXHSNTX001, LLC	Delaware
ARG PRBRIMI001, LLC	Delaware
ARG PRBRIMI002, LLC	Delaware
ARG PRBRIMI003, LLC	Delaware
ARG THDEXMI001, LLC	Delaware
ARG THAARMIO01, LLC	Delaware

ARG THMISIN001, LLC	Delaware
ARG PF4CAN001 US, LLC	Delaware
ARG PF4PCAN001, ULC	Canada (Alberta)
ARG PFB4PCK001, LLC	Delaware
ARC GLOBAL (GUERNSEY) HOLDINGS LIMITED	Guernsey
LPE Limited	Guernsey
ARC WHAMSNE001, LLC	Delaware
ARG NOMWANJ001, LLC	Delaware
ARG NINPTMA001, LLC	Delaware
ARG SWFLRKY001, LLC	Delaware

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (No. 333-255191, 333-214582) and Form S-3 (333-234631) of Global Net Lease, Inc. of our report dated February 24, 2022 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 24, 2022

**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 24th day of February, 2022

/s/ James L. Nelson

James L. Nelson

Chief Executive Officer and President

(Principal Executive Officer)

**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 24th day of February, 2022

/s/ Christopher J. Masterson

Christopher J. Masterson

Chief Financial Officer, Treasurer and Secretary

(Principal Financial Officer and Principal Accounting Officer)

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 24th day of February, 2022

/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)