



NEWS RELEASE

Global Net Lease Reports Second Quarter 2026 Results

2026-08-05

- Reports Q2'26 AFFO Per Share of \$0.22; Raises Full-Year AFFO Per Share Guidance to \$0.82 – \$0.85 and Increases Gross Transaction Volume to \$700 Million – \$800 Million
- Closed Plus Disposition Pipeline Totals \$263 Million, with Office Sales Representing 78%, Further Advancing Strategic Reduction in Office Exposure
 - Net Debt to Adjusted EBITDA Improved to 6.6x From 7.2x in Q1'26
 - Increased Liquidity to \$919 Million and Revolving Credit Facility Capacity to \$1.3 Billion
- Acquisition of Modiv Industrial Expected to Close Following Shareholder Vote Scheduled for August 10, 2026

NEW YORK, Aug. 05, 2026 (GLOBE NEWSWIRE) -- Global Net Lease, Inc. (NYSE: GNL) ("GNL" or the "Company"), a publicly traded real estate investment trust that focuses on acquiring and managing a global portfolio of income producing net lease assets across the United States, and Western and Northern Europe, announced today its financial and operating results for the quarter ended June 30, 2026.

Second Quarter 2026 Highlights

- Revenue was \$112.5 million, compared to \$124.9 million in second quarter 2025, primarily reflecting prior asset dispositions, including the \$1.8 billion multi-tenant retail portfolio sale completed in 2025
- Net loss attributable to common stockholders was \$7.5 million, compared to a net loss of \$35.1 million in

second quarter 2025

- Adjusted Funds from Operations (“AFFO”)¹ was \$45.7 million, or \$0.22 per share, compared to \$53.1 million in second quarter 2025, or \$0.24 per share
- Continued to deploy net proceeds from non-core asset sales to reduce leverage and strengthen the balance sheet; reduced net debt by \$629.8 million since second quarter 2025 while maintaining Net Debt to Adjusted EBITDA at 6.6x
- Reduced weighted average interest rate to 4.1% in second quarter 2026, down from 4.3% in second quarter 2025
- Increased liquidity to \$919.0 million and Revolving Credit Facility capacity to \$1.3 billion in second quarter 2026, compared to \$790.0 million and \$1.2 billion in second quarter 2025
- Closed plus disposition pipeline totaling \$263 million² year-to-date, of which 78% consists of office sales, further advancing the Company’s strategic reduction in office exposure; occupied assets were sold at a 7.6% cash cap rate³, with the remaining dispositions primarily consisting of vacant assets that the Company expects to eliminate over \$1 million of annualized NOI drag
- Repurchased 20.9 million shares of outstanding common stock under the Share Repurchase Program announced in February 2025, at a weighted average price of \$8.11, for a total of \$169.7 million as of July 31, 2026; this includes 1.2 million shares for a total of \$11.1 million repurchased in second quarter 2026
- Portfolio occupancy remained at 97%, with office occupancy increasing to 99% in second quarter 2026 compared to 95% in second quarter 2025
- Leased more than 357,000 square feet, achieving a 5.6% renewal leasing spread and a weighted average renewal term of 8.4 years, resulting in more than \$5.1 million of new straight-line rent
- Weighted average annual rent increase of 1.4% provides embedded organic rental growth, excluding 20.3% of the portfolio with CPI-linked leases that have historically experienced significantly higher rent increases
- Reduced capital expenditures to \$3.4 million for the six months ended June 30, 2026 from \$19.6 million for the six months ended June 30, 2025, reflecting a more streamlined portfolio and generating more than \$16 million of savings
- Strengthened sector-leading tenant quality with 63% of annualized straight-line rent derived from investment-grade or implied investment-grade tenants⁴, up from 60% in second quarter 2025

Acquisition of Modiv Industrial, Inc.

- Transaction is expected to close in mid-August 2026, subject to customary closing conditions, including approval of Modiv’s shareholders on August 10, 2026

- Upon closing, the transaction is expected to be immediately 4% accretive to AFFO per share, while being leverage-neutral within GNL's stated guidance range of 6.5x – 6.9x, preserving balance sheet strength and financial flexibility
- Upon closing, the transaction is expected to expand GNL's exposure to high-quality industrial assets to 50% of portfolio straight-line rent, supported by a 15.0 year weighted average lease term⁵, 2.4% average annual rent escalations⁶, and a well-recognized tenant base of leading global brands, with 45% of annual base rent derived from investment-grade tenants⁷

"As we approach the third anniversary of our internalization, GNL is a fundamentally stronger company than when we began this transformation," said Michael Weil, Chief Executive Officer of GNL. "Through disciplined execution, we have simplified and enhanced the quality of our portfolio, materially reduced leverage, strengthened liquidity, achieved an investment-grade balance sheet, significantly increased our exposure to investment-grade tenants and made meaningful progress reducing our office exposure through value-maximizing dispositions. The anticipated acquisition of Modiv represents a natural next step in that strategy, further improving the quality and durability of our portfolio while remaining consistent with our disciplined approach to capital allocation and balance sheet management. Our increased full-year guidance reflects the momentum we've built and our confidence in the strength of our business and the opportunities ahead. Following my recently announced exit from Bellevue Capital, my personal ownership in GNL will significantly increase, demonstrating my conviction in the strategy we are executing, the platform we have built and the significant long-term value we can create for our shareholders."

Full Year 2026 Guidance⁸

The revised full year 2026 guidance presented below reflects the anticipated acquisition of Modiv, based on GNL's confidence that the transaction will close later this month. It is important to note that this revised guidance includes only approximately one and a half quarters of expected contribution from the accretive Modiv acquisition during 2026.

Financial Metric	Full Year 2026 Guidance	
	Initial	Revised
AFFO Per Share	\$0.80 – \$0.84	\$0.82 – \$0.85
Net Debt to Adjusted EBITDA	6.5x – 6.9x	6.5x – 6.9x
Gross Transaction Volume	\$250M – \$350M	\$700M – \$800M

Gross transaction volume includes both dispositions and acquisitions.

Summary of Results

(In thousands, except per share data)	Three Months Ended June 30,	
	2026	2025
Revenue from tenants	\$ 112,475	\$ 124,905
Net loss attributable to common stockholders	\$ (7,450)	\$ (35,079)
Net loss per diluted common share	\$ (0.04)	\$ (0.16)
NAREIT defined FFO attributable to common stockholders	\$ 13,934	\$ (14,400)
NAREIT defined FFO per diluted common share	\$ 0.07	\$ (0.06)
AFFO attributable to common stockholders	\$ 45,702	\$ 53,108
AFFO per diluted common share	\$ 0.22	\$ 0.24

Property Portfolio

As of June 30, 2026, GNL's portfolio of 798 net lease properties is comprised of approximately 40 million rentable square feet located in ten countries and territories. The Company operates in three reportable segments: (1) Industrial & Distribution, (2) Retail and (3) Office. Portfolio metrics include:

- 97% leased with a remaining weighted-average lease term of 5.7 years⁹
- 87% of the portfolio contains contractual rent increases based on annualized straight-line rent
- 63% of portfolio's annualized straight-line rent is derived from investment grade and implied investment grade rated tenants
- 74% U.S. and Canada, 26% Europe (based on annualized straight-line rent)
- 47% Industrial & Distribution, 28% Retail and 25% Office (based on an annualized straight-line rent)

Capital Structure and Liquidity Resources¹⁰

As of June 30, 2026, the Company had liquidity of \$919.0 million, and \$1.3 billion¹¹ of capacity under its Revolving Credit Facility, compared to \$790.0 million and \$1.2 billion, respectively, as of the end of second quarter 2025. The Company had net debt of \$2.3 billion¹², including \$1.0 billion of gross mortgage debt as of June 30, 2026 and Net Debt to Adjusted EBITDA was 6.6x.

As of June 30, 2026, the percentage of debt that is fixed rate (including variable rate debt fixed with swaps) was 92%. The Company's total combined debt had a weighted average interest rate of 4.1%, resulting in an interest

coverage ratio of 3.2 times¹³. Weighted-average debt maturity was 2.7 years as of June 30, 2026¹⁴.

Footnotes/Definitions

1. While we consider AFFO a useful indicator of our performance, we do not consider AFFO as an alternative to net income (loss) or as a measure of liquidity. Furthermore, other REITs may define AFFO differently than we do. Projected AFFO per share data included in this release is for informational purposes only and should not be relied upon as indicative of future dividends or as a measure of future liquidity.
2. Year-to-date disposition pipeline totaling \$263 million as of July 31, 2026. Closed plus active disposition pipeline includes \$145 million of closed sales approximately \$40 million under signed purchase and sale agreements ("PSA"), and approximately \$77 million under letters of intent ("LOI"). There can be no assurances that the transactions under such PSA or LOI will be consummated on the above terms, if at all.
3. Excludes dark properties.
4. As used herein, "Investment Grade Rating" 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 tenant parent, guarantor parent (regardless of whether or not the parent has guaranteed the tenant's obligation under the lease) or by using a proprietary Moody's analytical tool, which generates an implied rating by measuring a company's probability of default. The term "parent" for these purposes includes any entity, including any governmental entity, owning more than 50% of the voting stock in a tenant or a guarantor. Ratings information is as of June 30, 2026. Comprised of 38.0% leased to tenants with an actual investment grade rating and 25.3% leased to tenants with an Implied Investment Grade rating based on annualized straight-line rent as of June 30, 2026.
5. Metric based on square feet as of December 31, 2025, adjusted for Modiv's previously disclosed disposition of Northrop Grumman and Kalera.
6. Metric based on annual base rent as of December 31, 2025, adjusted for Modiv's previously disclosed disposition of Northrop Grumman and Kalera.
7. 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 tenant parent, guarantor parent (regardless of whether or not the parent has guaranteed the tenant's obligation under the lease) or by using a proprietary Moody's analytical tool, which generates an implied rating by measuring a company's probability of default. The term "parent" for these purposes includes any entity, including any governmental entity, owning more than 50% of the voting stock in a tenant or a guarantor. Based on Annual Base Rent and as of December 31, 2025, Modiv's portfolio was 23% actual investment grade rated and 22% implied investment grade rated.
8. We do not provide guidance on net income. We only provide guidance on AFFO per share and our Net Debt to Adjusted EBITDA ratio and do not provide reconciliations of this forward-looking non-GAAP guidance to net income per share or our debt to net income due to the inherent difficulty in quantifying certain items necessary to provide

such reconciliations as a result of their unknown effect, timing and potential significance. Examples of such items include impairment of assets, gains and losses from sales of assets, and depreciation and amortization from new acquisitions and other non-recurring expenses.

9. Weighted-average remaining lease term in years is based on square feet as of June 30, 2026.
10. During the three months ended June 30, 2026, the Company did not sell any shares of Common Stock through its Common Stock “at-the-market” program. However, as of July 31, 2026, the Company had repurchased 20.9 million shares of outstanding common stock under its Share Repurchase Program announced in February 2025 for a total of \$169.7 million; this includes 1.2 million shares for a total of \$11.1 million repurchased in second quarter 2026.
11. Liquidity represents the aggregate amount of cash and cash equivalents and borrowing availability under our Revolving Credit Facility, utilizing the value of our applicable assets as of June 30, 2026 for the borrowing base calculation under such facility, and capacity represents the total undrawn commitments under our Revolving Credit Facility. Liquidity includes \$765.4 million of availability under the Revolving Credit Facility and \$153.6 million of cash and cash equivalents as of June 30, 2026.
12. Comprised of the principal amount of GNL's outstanding debt totaling \$2.5 billion less cash and cash equivalents totaling \$153.6 million, as of June 30, 2026.
13. The interest coverage ratio is calculated by dividing Adjusted EBITDA for the applicable quarter by cash paid for interest (calculated based on interest expense less non-cash portion of interest expense). Management believes that Interest Coverage Ratio is a useful supplemental measure of our ability to service our debt obligations. Adjusted EBITDA and Cash Paid for Interest are Non-GAAP metrics and are reconciled below.
14. Assumes we exercise both 6-month extension options on our Revolving Credit Facility.

Conference Call

GNL will host a webcast and conference call on August 6, 2026 at 11:00 a.m. ET to discuss its financial and operating results. To listen to the live call, please go to GNL’s “Investor Relations” section of the website at least 15 minutes prior to the start of the call to register and download any necessary audio software.

Dial-in instructions for the conference call and the replay are outlined below.

Conference Call Details

Live Call

Dial-In (Toll Free): 1-877-407-0792

International Dial-In: 1-201-689-8263

Conference Replay*

For those who are not able to listen to the live broadcast, a replay will be available shortly after the call on the GNL website at www.globalnetlease.com.

Or dial in below:

Domestic Dial-In (Toll Free): 1-844-512-2921

International Dial-In: 1-412-317-6671

Conference Number: 13761120

*Available from 2:00 p.m. ET on August 6, 2026 through November 6, 2026.

Supplemental Schedules

The Company will furnish supplemental information packages with the Securities and Exchange Commission (the "SEC") to provide additional disclosure and financial information. Once posted, the supplemental package can be found under the "Presentations" tab in the Investor Relations section of GNL's website at www.globalnetlease.com and on the SEC website at www.sec.gov.

About Global Net Lease, Inc.

Global Net Lease, Inc. (NYSE: GNL) is a publicly traded real estate investment trust that focuses on acquiring and managing a global portfolio of income producing net lease assets across the United States, and Western and Northern Europe. Additional information about GNL can be found on its website at www.globalnetlease.com.

Forward-Looking Statements

The statements in this press release that are not historical facts may be forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are subject to a number of risks and uncertainties that could cause the outcome to be materially different. The words such as "may," "will," "seeks," "anticipates," "believes," "estimates," "projects," "potential," "predicts," "expects," "plans," "intends," "would," "could," "should" and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. These forward-looking statements are subject to a number of risks, uncertainties and other factors, many of which are outside of the Company's control,

which could cause actual results to differ materially from the results contemplated by the forward-looking statements. These risks and uncertainties include the risks that any potential future acquisition, including the Modiv transaction, or disposition by the Company is subject to market conditions, capital availability and timing considerations and may not be identified or completed on favorable terms, or at all. Some of the risks and uncertainties, although not all risks and uncertainties, that could cause the Company's actual results to differ materially from those presented in its forward-looking statements are set forth in the "Risk Factors" and "Quantitative and Qualitative Disclosures about Market Risk" sections in the Company's Annual Report on Form 10-K, its Quarterly Reports on Form 10-Q, and all of its other filings with the U.S. Securities and Exchange Commission, as such risks, uncertainties and other important factors may be updated from time to time in the Company's subsequent reports. Further, forward-looking statements speak only as of the date they are made, and the Company undertakes no obligation to update or revise any forward-looking statement to reflect changed assumptions, the occurrence of unanticipated events or changes to future operating results over time, unless required by law.

Contacts:

Investors and Media:

Email: investorrelations@globalnetlease.com

Phone: (332) 265-2020

Global Net Lease, Inc. Consolidated Balance Sheets (Unaudited) (Amounts in thousands)			June 30, 2026	December 31, 2025
ASSETS				
Real estate investments, at cost:				
Land	\$	636,934	\$	659,086
Buildings, fixtures and improvements		3,468,728		3,592,121
Construction in progress		406		2,993
Acquired intangible lease assets		492,330		523,406
Total real estate investments, at cost		4,598,398		4,777,606
Less accumulated depreciation and amortization		(989,221)		(966,982)
Total real estate investments, net		3,609,177		3,810,624
Real estate assets held for sale		33,834		49,654
Assets related to discontinued operations		—		348
Cash and cash equivalents		153,640		180,114
Restricted cash		14,352		13,949
Derivative assets, at fair value		978		7
Unbilled straight-line rent		71,952		72,919
Operating lease right-of-use asset		60,958		63,362
Prepaid expenses and other assets		53,636		60,415
Multi-tenant disposition receivable, net		2,475		27,934
Deferred tax assets		5,105		5,167
Goodwill		45,516		45,898
Deferred financing costs, net		14,465		16,812

Total Assets	\$ 4,066,088	\$ 4,347,203
LIABILITIES AND EQUITY		
Mortgage notes payable, net	\$ 986,880	\$ 1,264,604
Revolving credit facility	472,946	324,165
Senior notes, net	940,019	928,169
Acquired intangible lease liabilities, net	15,781	17,501
Derivative liabilities, at fair value	1,797	5,298
Accounts payable and accrued expenses	42,771	43,821
Operating lease liability	40,043	41,429
Prepaid rent	26,962	28,254
Deferred tax liability	17,403	17,796
Dividends payable	11,623	11,718
Real estate liabilities held for sale	164	60
Liabilities related to discontinued operations	596	890
Total Liabilities	2,556,985	2,683,705
Commitments and contingencies	—	—
Stockholders' Equity:		
7.25% Series A cumulative redeemable preferred stock	68	68
6.875% Series B cumulative redeemable perpetual preferred stock	47	47
7.50% Series D cumulative redeemable perpetual preferred stock	79	79
7.375% Series E cumulative redeemable perpetual preferred stock	46	46
Common stock	3,440	3,490
Additional paid-in capital	4,205,625	4,249,018
Accumulated other comprehensive income	16,480	22,169
Accumulated deficit	(2,716,682)	(2,611,419)
Total Stockholders' Equity	1,509,103	1,663,498
Total Liabilities and Equity	\$ 4,066,088	\$ 4,347,203

Global Net Lease, Inc.
Consolidated Statements of Operations (Unaudited)
(Amounts in thousands, except per share data)

	Three Months Ended June 30,	
	2026	2025
Revenue from tenants	\$ 112,475	\$ 124,905
Expenses:		
Property operating	13,400	12,018
Impairment charges	3,695	9,812
Merger, transaction and other costs	6,561	2,002
General and administrative	11,884	11,339
Equity-based compensation	3,942	3,338
Depreciation and amortization	41,512	45,636
Total expenses	80,994	84,145
Operating income before gain on dispositions of real estate investments	31,481	40,760
Gain on dispositions of real estate investments	23,250	1,537
Operating income	54,731	42,297
Other income (expense):		
Interest expense	(38,820)	(53,348)
Loss on extinguishment and modification of debt	(11,911)	(4,348)
Loss on derivative instruments	(302)	(8,823)
Unrealized gains (losses) on undesignated foreign currency advances and other hedge ineffectiveness	1,816	(6,324)
Other income	276	1,683
Total other expense, net	(48,941)	(71,160)
Net income (loss) before income tax	5,790	(28,863)
Income tax provision	(4,775)	(2,995)
Income (loss) from continuing operations	1,015	(31,858)
Income from discontinued operations	2,471	7,715
Net income (loss)	3,486	(24,143)
Preferred stock dividends	(10,936)	(10,936)
Net loss attributable to common stockholders	\$ (7,450)	\$ (35,079)
Basic and Diluted Loss Per Share:		
Net loss per share from continuing operations	\$ (0.05)	\$ (0.19)
Net income per share from discontinued operations	0.01	0.03
Net loss per share attributable to common stockholders — Basic and Diluted	\$ (0.04)	\$ (0.16)

Weighted average shares outstanding — Basic and Diluted

211,339

222,960

Global Net Lease, Inc.
Quarterly Reconciliation of Non-GAAP Measures (Unaudited)
(Amounts in thousands)

	Three Months Ended June 30,	
	2026	2025
EBITDA and Adjusted EBITDA:		
Net income (loss)	\$ 3,486	\$ (24,143)
Depreciation and amortization	41,512	45,636
Interest expense	38,820	53,348
Income tax expense	4,775	2,995
Discontinued operations adjustments	—	6,375
EBITDA	88,593	84,211
Impairment charges	3,695	9,812
Equity-based compensation	3,942	3,338
Merger, transaction and other costs	6,561	2,002
Gain on dispositions of real estate investments	(23,250)	(1,537)
Loss on derivative instruments	302	8,823
Unrealized (gains) losses on undesignated foreign currency advances and other hedge ineffectiveness	(1,816)	6,324
Loss on extinguishment and modification of debt	11,911	4,348
Other income	(275)	(1,683)
Write offs of straight-line rent	773	68
Discontinued operations adjustments	(1,621)	(2,279)
Adjusted EBITDA	88,815	113,427
Net operating income (NOI) and Cash NOI:		
General and administrative	11,884	11,339
Write offs of straight-line rent	(773)	(68)
Discontinued operations adjustments	(850)	1,395
NOI	99,076	126,093
Amortization related to above- and below- market lease intangibles and right-of-use assets, net	1,088	1,232
Straight-line rent	378	(2,959)
Cash NOI	\$ 100,542	\$ 124,366
Cash Paid for Interest:		
Interest Expense - continuing operations	\$ 38,820	\$ 53,348
Interest Expense - discontinued operations	—	6,374
Non-cash portion of interest expense	(2,271)	(2,499)
Amortization of discounts on mortgages and senior notes	(8,685)	(14,609)
Total cash paid for interest	\$ 27,864	\$ 42,614

Global Net Lease, Inc.
Quarterly Reconciliation of Non-GAAP Measures (Unaudited)
(Amounts in thousands, except per share data)

	Three Months Ended June 30,	
	2026	2025
Net loss attributable to stockholders (in accordance with GAAP)	\$ (7,450)	\$ (35,079)
Impairment charges	3,695	9,812
Depreciation and amortization	41,512	45,636
Gain on dispositions of real estate investments	(23,250)	(1,537)
Discontinued operations FFO adjustments	(573)	(33,232)
FFO (defined by NAREIT)	13,934	(14,400)

Merger, transaction and other costs	6,561	2,002
Loss on extinguishment and modification of debt	11,911	4,348
Discontinued operations Core FFO adjustments	—	15,172
Core FFO attributable to common stockholders	<u>32,406</u>	<u>7,122</u>
Non-cash equity-based compensation	3,942	3,338
Non-cash portion of interest expense	2,271	2,499
Amortization related to above- and below-market lease intangibles and right-of-use assets, net	1,088	1,232
Straight-line rent	378	(2,959)
Unrealized (gains) losses on undesignated foreign currency advances and other hedge ineffectiveness	(1,816)	6,324
Eliminate unrealized (gains) losses on foreign currency transactions ^[1]	(59)	7,177
Amortization of discounts on mortgages and senior notes	8,685	14,609
Eliminate (gains) losses related to multi-tenant disposition receivable ^[2]	(1,039)	13,766
Forfeited disposition deposit ^[3]	(154)	—
Adjusted funds from operations (AFFO) attributable to common stockholders	<u>\$ 45,702</u>	<u>\$ 53,108</u>
Net loss per share attributable to common stockholders	\$ (0.04)	\$ (0.16)
FFO per diluted common share	\$ 0.07	\$ (0.06)
Core FFO per diluted common share	\$ 0.15	\$ 0.03
AFFO per diluted common share	\$ 0.22	\$ 0.24
Dividends declared to common stockholders	\$ 40,640	\$ 43,429

[1] For AFFO purposes, we adjust for unrealized gains and losses. For the three months ended June 30, 2026, loss on derivative instruments was \$0.3 million, which consisted of unrealized gains of \$0.1 million and realized losses of \$0.4 million. For the three months ended June 30, 2025, the loss on derivative instruments was \$8.8 million, which consisted of unrealized losses of \$7.2 million and realized losses of \$1.6 million.

[2] Represents adjustments to the fair value of the embedded derivative feature of the multi-tenant disposition receivable. We do not consider these adjustments to be indicative of our normal operating performance and have, accordingly, increased or (decreased) AFFO for this amount.

[3] Amount is recorded in other income in our consolidated statement of operations. We do not consider this income to be part of our normal operating performance and have, accordingly, decreased AFFO for this amount.

The following table provides operating financial information for the Company's reportable segments:

(In thousands)	Three Months Ended June 30,	
	2026	2025
Industrial & Distribution:		
Revenue from tenants	\$ 51,692	\$ 54,997
Property operating expense	5,644	4,235
Net Operating Income	<u>\$ 46,048</u>	<u>\$ 50,762</u>
Retail:		
Revenue from tenants	\$ 29,995	\$ 35,357
Property operating expense	3,828	3,002
Net Operating Income	<u>\$ 26,167</u>	<u>\$ 32,355</u>
Office:		
Revenue from tenants	\$ 30,788	\$ 34,551
Property operating expense	3,928	4,781
Net Operating Income	<u>\$ 26,860</u>	<u>\$ 29,770</u>

Caution on Use of Non-GAAP Measures

Funds from Operations ("FFO"), Core Funds from Operations ("Core FFO"), Adjusted Funds from Operations ("AFFO"), Adjusted Earnings before Interest, Taxes, Depreciation and Amortization ("Adjusted EBITDA"), Net Operating Income ("NOI") and Cash Net Operating Income ("Cash NOI") and Cash Paid for Interest 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 measures.

Other REITs may not define FFO in accordance with the current National Association of Real Estate Investment Trusts ("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 in our peer group.

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 in our peer group.

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, 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. Adjustments for unconsolidated partnerships and joint ventures are calculated to exclude the proportionate share of the non-controlling interest to arrive at FFO, Core FFO, AFFO and NOI attributable to stockholders, as applicable. Our FFO calculation complies with NAREIT's definition.

FFO includes adjustments related to the treatment of the sale of the Multi-Tenant Retail Portfolio as a discontinued operation, which includes adjustments for depreciation and amortization and loss (gain) on dispositions of real estate investments.

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 merger, transaction and other costs, as well as certain other costs that are considered to be non-core, such as debt extinguishment or modification costs. 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, prepayment penalties and certain other costs incurred with the early extinguishment or modification 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 merger, 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.

Core FFO includes adjustments related to the treatment of the sale of the Multi-Tenant Retail Portfolio as a discontinued operation, which includes adjustments for merger and transaction costs and loss on extinguishment of debt.

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 or items, including items that were paid in cash that are not a fundamental attribute of our business plan or were one time or non-recurring items. These items include, for example, early extinguishment or modification 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 also exclude certain expenses which under GAAP are treated as operating expenses in determining operating net income. All paid and accrued merger, transaction and other costs (including prepayment penalties for debt extinguishments or modifications) and certain other expenses negatively impact our operating performance during the period in which expenses are incurred or properties are acquired and will also have negative effects on returns to investors, but are excluded by us as we believe they are not reflective of our on-going performance. Further, under GAAP, certain contemplated non-cash fair value and other non-cash adjustments are considered operating non-cash adjustments to net income. 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) calculated in accordance with GAAP and 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.

Adjusted Earnings before Interest, Taxes, Depreciation and Amortization, Net Operating Income, Cash Net Operating Income and Cash Paid for Interest

We believe that Adjusted EBITDA, which is defined as earnings before interest, taxes, depreciation and amortization adjusted for merger, transaction and other costs, other non-cash items and including our pro-rata share from unconsolidated joint ventures, is an appropriate measure of our ability to incur and service debt. 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. All paid and accrued merger, transaction and other costs (including prepayment penalties for debt extinguishments or modifications) and certain other expenses negatively impact our operating performance during the period in which expenses are incurred or properties are acquired and will also have negative effects on returns to investors, but are not reflective of on-going performance. Adjusted EBITDA should not be considered as an alternative to cash flows from operating activities, as a measure of our liquidity or as an alternative to net income (loss) as calculated in accordance with GAAP as an indicator of our operating activities. Other REITs may calculate Adjusted EBITDA differently and our calculation should not be compared to that of other REITs.

EBITDA includes adjustments related to the treatment of the sale of the Multi-Tenant Retail Portfolio as a discontinued operation, which includes adjustments for depreciation and amortization and interest expense. Adjusted EBITDA includes adjustments related to the treatment of the sale of the Multi-Tenant Retail Portfolio as a discontinued operation, which includes adjustments for merger, transaction and other costs, (loss) gain on

dispositions of real estate investments, loss (gain) on derivative instruments, loss on extinguishment of debt and other income (expense).

NOI is a non-GAAP financial measure equal to net income (loss), the most directly comparable GAAP financial measure, less discontinued operations, interest, other income and income from preferred equity investments and investment securities, plus corporate general and administrative expense, merger, transaction and other costs, depreciation and amortization, other non-cash expenses and interest expense. We use NOI internally as a performance measure and believe NOI provides useful information to investors regarding our financial condition and results of operations because it reflects only those income and expense items that are incurred at the property level. Therefore, we believe NOI is a useful measure for evaluating the operating performance of our real estate assets and to make decisions about resource allocations. Further, we believe NOI is useful to investors as a performance measure because, when compared across periods, NOI reflects the impact on operations from trends in occupancy rates, rental rates, operating costs and acquisition activity on an unlevered basis, providing perspective not immediately apparent from net income. NOI excludes certain components from net income in order to provide results that are more closely related to a property's results of operations. For example, interest expense is not necessarily linked to the operating performance of a real estate asset and is often incurred at the corporate level as opposed to the property level. In addition, depreciation and amortization, because of historical cost accounting and useful life estimates, may distort operating performance at the property level. NOI presented by us may not be comparable to NOI reported by other REITs that define NOI differently. We believe that in order to facilitate a clear understanding of our operating results, NOI should be examined in conjunction with net income (loss) as presented in our consolidated financial statements. NOI should not be considered as an alternative to net income (loss) as an indication of our performance or to cash flows as a measure of our liquidity.

Cash NOI is a non-GAAP financial measure that is intended to reflect the performance of our properties. We define Cash NOI as net operating income (which is separately defined herein) excluding amortization of above/below market lease intangibles and straight-line rent adjustments that are included in GAAP lease revenues. We believe that Cash NOI is a helpful measure that both investors and management can use to evaluate the current financial performance of our properties and it allows for comparison of our operating performance between periods and to other REITs. Cash NOI should not be considered as an alternative to net income, as an indication of our financial performance, or to cash flows as a measure of liquidity or our ability to fund all needs. The method by which we calculate and present Cash NOI may not be directly comparable to the way other REITs calculate and present Cash NOI.

Cash NOI includes all of the adjustments described above for Adjusted EBITDA related to the treatment of the sale of the Multi-Tenant Retail Portfolio as a discontinued operation, as well as adjustments for general and administrative expenses.

Cash Paid for Interest is calculated based on the interest expense less non-cash portion of interest expense and amortization of mortgage (discount) premium, net. Management believes that Cash Paid for Interest provides useful information to investors to assess our overall solvency and financial flexibility. Cash Paid for Interest should not be considered as an alternative to interest expense as determined in accordance with GAAP or any other GAAP financial measures and should only be considered together with and as a supplement to our financial information prepared in accordance with GAAP.

Source: Global Net Lease, Inc.