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

FORM 10-K

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

For the fiscal year ended December 31, 2019

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: 001-13779

W. P. Carey Inc.
(Exact name of registrant as specified in its charter)

Maryland	**45-4549771**
(State of incorporation)	(I.R.S. Employer Identification No.)
50 Rockefeller Plaza	
New York, New York	**10020**
(Address of principal executive offices)	(Zip Code)

Investor Relations (212) 492-8920
(212) 492-1100
(Registrant's telephone numbers, including area code)

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

Title of each class	Trading Symbol(s)	Name of exchange on which registered
Common Stock, $0.001 Par Value	WPC	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 (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☑ No ☐

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

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

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

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

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of last business day of the registrant's most recently completed second fiscal quarter: $13.8 billion.

As of February 14, 2020 there were 172,278,242 shares of Common Stock of registrant outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

The registrant incorporates by reference its definitive Proxy Statement with respect to its 2020 Annual Meeting of Stockholders, to be filed with the Securities and Exchange Commission within 120 days following the end of its fiscal year, into Part III of this Annual Report on Form 10-K.

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Forward-Looking Statements

This Annual Report on Form 10-K (the "Report") including Management's Discussion and Analysis of Financial Condition and Results of Operations in Item 7 of Part II of this Report, contains forward-looking statements within the meaning of the federal securities laws. These forward-looking statements generally are identified by the words "believe," "project," "expect," "anticipate," "estimate," "intend," "strategy," "plan," "may," "should," "will," "would," "will be," "will continue," "will likely result," and similar expressions. These forward-looking statements include, but are not limited to, statements regarding: our potential UPREIT Reorganization (both as discussed and defined herein); the amount and timing of any future dividends; statements regarding our corporate strategy and estimated or future economic performance and results, including our projected assets under management, underlying assumptions about our portfolio (e.g., occupancy rate, lease terms, and tenant credit quality), possible new acquisitions and dispositions, and our international exposure (including the effects of Brexit, as defined herein); our capital structure, future capital expenditure levels (including any plans to fund our future liquidity needs), and future leverage and debt service obligations; capital markets, including our credit ratings and ability to sell shares under our "at-the-market" program ("ATM Program") and the use of proceeds from that program; the outlook for the investment programs that we manage, including their earnings, as well as possible liquidity events for those programs; statements that we make regarding our ability to remain qualified for taxation as a real estate investment trust ("REIT"); the impact of recently issued accounting pronouncements and other regulatory activity; and the general economic outlook. These statements are based on the current expectations of our management. It is important to note that our actual results could be materially different from those projected in such forward-looking statements. There are a number of risks and uncertainties that could cause actual results to differ materially from these forward-looking statements. Other unknown or unpredictable factors could also have material adverse effects on our business, financial condition, liquidity, results of operations, and prospects. You should exercise caution in relying on forward-looking statements as they involve known and unknown risks, uncertainties, and other factors that may materially affect our future results, performance, achievements, or transactions. Information on factors that could impact actual results and cause them to differ from what is anticipated in the forward-looking statements contained herein is included in this Report as well as in our other filings with the Securities and Exchange Commission ("SEC"), including but not limited to those described in Item 1A. Risk Factors of this Report. Moreover, because we operate in a very competitive and rapidly changing environment, new risks are likely to emerge from time to time. Given these risks and uncertainties, potential investors are cautioned not to place undue reliance on these forward-looking statements as a prediction of future results, which speak only as of the date of this presentation, unless noted otherwise. Except as required by federal securities laws and the rules and regulations of the SEC, we do not undertake to revise or update any forward-looking statements.

All references to "Notes" throughout the document refer to the footnotes to the consolidated financial statements of the registrant in Part II, Item 8. Financial Statements and Supplementary Data.

PART I

Item 1. Business.

General Development of Business

W. P. Carey Inc. ("W. P. Carey"), together with our consolidated subsidiaries and predecessors, is an internally-managed diversified REIT and a leading owner of commercial real estate, net-leased to companies located primarily in the United States and Northern and Western Europe on a long-term basis. The vast majority of our revenues originate from lease revenue provided by our real estate portfolio, which is comprised primarily of single-tenant industrial, warehouse, office, retail, and self-storage facilities that are critical to our tenants' operations. Our portfolio is comprised of 1,214 properties, net-leased to 345 tenants in 25 countries. As of December 31, 2019, approximately 64% of our contractual minimum annualized base rent ("ABR") was generated by properties located in the United States and approximately 34% was generated by properties located in Europe. As of that same date, our portfolio included 21 operating properties, comprised of 19 self-storage properties and two hotels (one of which was sold in January 2020, see Note 20), substantially all of which we acquired in connection with the CPA:17 Merger, as described below.

We also earn fees and other income by managing the portfolios of certain non-traded investment programs through our investment management business. Founded in 1973, we originally operated as sponsor and advisor to a series of non-traded investment programs under the Corporate Property Associates ("CPA") brand name. We became a publicly traded company listed on the New York Stock Exchange ("NYSE") in 1998 and reorganized as a REIT in 2012. In June 2017, we exited non-traded retail fundraising activities and no longer sponsor new investment programs. On October 31, 2018, one of our former investment programs, Corporate Property Associates 17 – Global Incorporated ("CPA:17 – Global"), merged into one of our wholly-owned subsidiaries (the "CPA:17 Merger"), which added approximately $5.6 billion of assets to our portfolio.

Our shares of common stock are listed on the NYSE under the ticker symbol "WPC." Headquartered in New York, we also have offices in Dallas, London, and Amsterdam. At December 31, 2019, we had 204 employees.

Narrative Description of Business

Business Objectives and Strategy

Our primary business objective is to increase long-term stockholder value through accretive acquisitions and proactive asset management of our real estate portfolio, enabling us to grow our dividend.

Our investment strategy primarily focuses on owning and actively managing a diverse portfolio of commercial real estate that is net-leased to credit-worthy companies. We believe that many companies prefer to lease rather than own their corporate real estate because it allows them to deploy their capital more effectively into their core competencies. We generally structure financing for companies in the form of sale-leaseback transactions, where we acquire a company's critical real estate and then lease it back to them on a long-term, triple-net basis, which requires them to pay substantially all of the costs associated with operating and maintaining the property (such as real estate taxes, insurance, and facility maintenance). Compared to other types of real estate investments, sale-leaseback transactions typically produce a more predictable income stream and require minimal capital expenditures, which in turn generate revenues that provide our stockholders with a stable, growing source of income.

We actively manage our real estate portfolio to monitor tenant credit quality and lease renewal risks. We believe that diversification across property type, tenant, tenant industry, and geographic location, as well as diversification of our lease expirations and scheduled rent increases, are vital aspects of portfolio risk management and accordingly have constructed a portfolio of real estate that we believe is well-diversified across each of these categories.

In addition to our real estate portfolio, as of December 31, 2019, we also managed assets, totaling approximately $7.5 billion, of the following entities: (i) Corporate Property Associates 18 – Global Incorporated ("CPA:18 – Global," and together with CPA:17 – Global until October 31, 2018, the "CPA REITs"); (ii) two publicly owned, non-traded REITs that have invested in lodging and lodging-related properties: Carey Watermark Investors Incorporated ("CWI 1") and Carey Watermark Investors 2 Incorporated ("CWI 2," and together with CWI 1, the "CWI REITs"); and (iii) a private limited partnership formed for the purpose of developing, owning, and operating student housing properties and similar investments in Europe: Carey European Student Housing Fund I, L.P. ("CESH"). As used herein, "Managed REITs" refers to the CPA REITs and the CWI REITS, all of which have fully invested the funds raised in their offerings.

In June 2017, in alignment with our long-term strategy of focusing exclusively on net lease investing for our own balance sheet, our board of directors (our "Board") approved a plan to exit non-traded retail fundraising activities carried out by our wholly-owned subsidiary Carey Financial LLC ("Carey Financial"), which was a registered broker-dealer. As a result, Carey Financial ceased active fundraising on behalf of the Managed Programs, as defined below, on June 30, 2017 and deregistered as a broker-dealer as of October 11, 2017. In August 2017, we resigned as the advisor to Carey Credit Income Fund, effective on September 11, 2017 (known since October 23, 2017 as Guggenheim Credit Income Fund) ("CCIF") and by extension its feeder funds ("CCIF Feeder Funds," and together with CCIF, the "Managed BDCs"), each of which is a business development company ("BDC"). We refer to the Managed REITs, CESH, and, prior to our resignation as their advisor, the Managed BDCs as the "Managed Programs." We continue to act as the advisor to the remaining Managed Programs and currently expect to do so through the end of their respective life cycles (Note 4).

On October 22, 2019, CWI 1 and CWI 2 announced that they had entered into a definitive merger agreement under which the two companies intend to merge in an all-stock transaction, with CWI 2 as the surviving entity (the "CWI 1 and CWI 2 Proposed Merger"). On January 13, 2020, the joint proxy statement/prospectus on Form S-4 previously filed with the SEC by CWI 1 and CWI 2 was declared effective. Each of CWI 1 and CWI 2 has scheduled a special meeting of stockholders for March 26, 2020; if the proposed transaction is approved, the merger is expected to close shortly thereafter. Immediately following the closing of the CWI 1 and CWI 2 Proposed Merger, the advisory agreements with each of CWI 1 and CWI 2 will terminate, and the combined company will internalize the management services currently provided by us (Note 4).

We intend to operate our business in a manner that is consistent with the maintenance of our status as a REIT for federal income tax purposes. In addition, we expect to manage our investments in order to maintain our exemption from registration as an investment company under the Investment Company Act of 1940, as amended.

Investment Strategies

When considering potential net-lease investments for our real estate portfolio, we review various aspects of a transaction to determine whether the investment and lease structure will satisfy our investment criteria. We generally analyze the following main aspects of each transaction:

Tenant/Borrower Evaluation — We evaluate each potential tenant or borrower for creditworthiness, typically considering factors such as management experience, industry position and fundamentals, operating history, and capital structure. We also rate each asset based on its market, liquidity, and criticality to the tenant's operations, as well as other factors that may be unique to a particular investment. We seek opportunities where we believe the tenant may have a stable or improving credit profile or credit potential that has not been fully recognized by the market. We define creditworthiness as a risk-reward relationship appropriate to our investment strategies, which may or may not coincide with ratings issued by the credit rating agencies. We have a robust internal credit rating system and may designate a tenant as "implied investment grade" even if the credit rating agencies have not made a rating determination.

Properties Critical to Tenant/Borrower Operations — We generally focus on properties and facilities that we believe are critical to the ongoing operations of the tenant. We believe that these properties generally provide better protection, particularly in the event of a bankruptcy, since a tenant/borrower is less likely to risk the loss of a critically important lease or property in a bankruptcy proceeding or otherwise.

Diversification — We attempt to diversify our portfolio to avoid undue dependence on any one particular tenant, borrower, collateral type, geographic location, or industry. By diversifying our portfolio, we seek to reduce the adverse effect of a single underperforming investment or a downturn in any particular industry or geographic region. While we do not set any fixed diversity metrics in our portfolio, we believe that it is well-diversified.

Lease Terms — Generally, the net-leased properties we invest in are leased on a full-recourse basis to the tenants or their affiliates. In addition, the vast majority of our leases provide for scheduled rent increases over the term of the lease (see Our Portfolio below). These rent increases are either fixed (i.e., mandated on specific dates) or tied to increases in inflation indices (e.g., the Consumer Price Index ("CPI") or similar indices in the jurisdiction where the property is located), but may contain caps or other limitations, either on an annual or overall basis. In the case of retail stores and hotels, the lease may provide for participation in the gross revenues of the tenant above a stated level, which we refer to as percentage rent.

Real Estate Evaluation — We review and evaluate the physical condition of the property and the market in which it is located. We consider a variety of factors, including current market rents, replacement cost, residual valuation, property operating history, demographic characteristics of the location and accessibility, competitive properties, and suitability for re-leasing. We obtain third-party environmental and engineering reports and market studies when required. When considering an investment outside the United States, we will also consider factors particular to a country or region, including geopolitical risk, in addition to the risks normally associated with real property investments. See Item 1A. Risk Factors.

Transaction Provisions to Enhance and Protect Value — When negotiating leases with potential tenants, we attempt to include provisions that we believe help to protect the investment from material changes in the tenant's operating and financial characteristics, which may affect the tenant's ability to satisfy its obligations to us or reduce the value of the investment. Such provisions include covenants requiring our consent for certain activities, requiring indemnification protections and/or security deposits, and requiring the tenant to satisfy specific operating tests. We may also seek to enhance the likelihood that a tenant will satisfy their lease obligations through a letter of credit or guaranty from the tenant's parent or other entity. Such credit enhancements, if obtained, provide us with additional financial security. However, in markets where competition for net-lease transactions is strong, some or all of these lease provisions may be difficult to obtain. In addition, in some circumstances, tenants may retain the option to repurchase the property, typically at the greater of the contract purchase price or the fair market value of the property at the time the option is exercised.

Competition — We face active competition from many sources, both domestically and internationally, for net-lease investment opportunities in commercial properties. In general, we believe that our management's experience in real estate, credit underwriting, and transaction structuring will allow us to compete effectively for commercial properties. However, competitors may be willing to accept rates of return, lease terms, other transaction terms, or levels of risk that we find unacceptable.

Asset Management

We believe that proactive asset management is essential to maintaining and enhancing property values. Important aspects of asset management include entering into new or modified transactions to meet the evolving needs of current tenants, re-leasing properties, credit and real estate risk analysis, building expansions and redevelopments, sustainability and efficiency analysis and retrofits, and strategic dispositions. We regularly engage directly with our tenants and form long-term working relationships with their decision makers in order to provide proactive solutions and to obtain an in-depth, real-time understanding of tenant credit.

We monitor compliance by tenants with their lease obligations and other factors that could affect the financial performance of our real estate investments on an ongoing basis, which typically involves ensuring that each tenant has paid real estate taxes and other expenses relating to the properties it occupies and is maintaining appropriate insurance coverage. To ensure such compliance at our international properties, we often engage the expertise of third parties to complete property inspections. We also review tenant financial statements and undertake regular physical inspections of the properties to verify their condition and maintenance. Additionally, we periodically analyze each tenant's financial condition, the industry in which each tenant operates, and each tenant's relative strength in its industry.

Financing Strategies

We believe in maintaining ample liquidity, a conservative capital structure, and access to multiple forms of capital. We preserve balance sheet flexibility and liquidity by maintaining significant capacity on our $1.8 billion unsecured revolving credit facility (the "Unsecured Revolving Credit Facility"), as well as a term loan and a delayed draw term loan, which we refer to collectively as our "Senior Unsecured Credit Facility," and which was amended and restated in February 2020 for a total capacity of $2.1 billion (our "Amended Credit Facility" (Note 20)). We generally use the Senior Unsecured Credit Facility to fund our immediate capital needs, including new acquisitions and the repayment of secured mortgage debt as we continue to unencumber our balance sheet. We seek to replace short-term financing with more permanent forms of capital, including, but not limited to, common stock, unsecured debt securities, bank debt, and proceeds from asset sales. When evaluating which form of capital to pursue, we take into consideration multiple factors, including our corporate leverage levels and targets, the most advantageous sources of capital available to us, and the optimal timing to raise new capital. We strive to maintain an investment grade rating that places limitations on the amount of leverage acceptable in our capital structure. Although we expect to continue to have access to a wide variety of capital sources and maintain our investment grade rating, there can be no assurance that we will be able to do so in the future.

Our Portfolio

At December 31, 2019, our portfolio had the following characteristics:

- Number of properties — full or partial ownership interests in 1,214 net-leased properties, 19 self-storage properties, and two hotels;
- Total net-leased square footage — 140.0 million; and
- Occupancy rate — approximately 98.8%.

For more information about our portfolio, see Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations — Portfolio Overview.

Tenant/Lease Information

At December 31, 2019, our tenants/leases had the following characteristics:

- Number of tenants — 345;
- Investment grade tenants as a percentage of total ABR — 22%;
- Implied investment grade tenants as a percentage of total ABR — 8%;
- Weighted-average lease term — 10.7 years;
- 99% of our leases provide rent adjustments as follows:
  - CPI and similar — 63%
  - Fixed — 32%
  - Other — 4%

Available Information

We will supply to any stockholder, upon written request and without charge, a copy of this Report as filed with the SEC. Our filings can also be obtained for free on the SEC's website at http://www.sec.gov. All filings we make with the SEC, including this Report, our quarterly reports on Form 10-Q, and our current reports on Form 8-K, as well as any amendments to those reports, are available for free on the Investor Relations portion of our website, http://www.wpcarey.com, as soon as reasonably practicable after they are filed with or furnished to the SEC. We are providing our website address solely for the information of investors and do not intend for it to be an active link. We do not intend to incorporate the information contained on our website into this Report or other documents filed with or furnished to the SEC.

Our Code of Business Conduct and Ethics, which applies to all employees, including our chief executive officer and chief financial officer, is available on our website at http://www.wpcarey.com. We intend to make available on our website any future amendments or waivers to our Code of Business Conduct and Ethics within four business days after any such amendments or waivers. Generally, we also post the dates of our upcoming scheduled financial press releases, telephonic investor calls, and investor presentations on the Investor Relations portion of our website at least ten days prior to the event. Our investor calls are open to the public and remain available on our website for at least two weeks thereafter.

Item 1A. Risk Factors.

Our business, results of operations, financial condition, and ability to pay dividends could be materially adversely affected by various risks and uncertainties, including those enumerated below. These risk factors may have affected, and in the future could affect, our actual operating and financial results, and could cause such results to differ materially from those in any forward-looking statements. You should not consider this list exhaustive. New risk factors emerge periodically and we cannot assure you that the factors described below list all risks that may become material to us at any later time.

Risks Related to Our Business

We face active competition for investments.

We face active competition for our investments from many sources, including credit companies, pension funds, private individuals, financial institutions, finance companies, and investment companies. These institutions may accept greater risk or lower returns, allowing them to offer more attractive terms to prospective tenants. We believe that the investment community remains risk averse and that the net lease financing market is perceived as a relatively conservative investment vehicle.

Accordingly, we expect increased competition for investments, both domestically and internationally. Further capital inflows into our marketplace will place additional pressure on the returns that we can generate from our investments, as well as our willingness and ability to execute transactions. In addition, the vast majority of our current investments are in single-tenant commercial properties that are subject to triple-net leases. Many factors, including changes in tax laws or accounting rules, may make these types of sale-leaseback transactions less attractive to potential sellers and lessees, which could negatively affect our ability to increase the amount of assets of this type under management.

A significant amount of our leases will expire within the next five years and we may have difficulty re-leasing or selling our properties if tenants do not renew their leases.

Within the next five years, approximately 24% of our leases, based on our ABR as of December 31, 2019, are due to expire. If these leases are not renewed or if the properties cannot be re-leased on terms that yield comparable payments, our lease revenues could be substantially adversely affected. In addition, when attempting to re-lease such properties, we may incur significant costs and the terms of any new or renewed leases will depend on prevailing market conditions at that time. We may also seek to sell such properties and incur losses due to prevailing market conditions. Some of our properties are designed for the particular needs of a tenant; thus, we may be required to renovate or make rent concessions in order to lease the property to another tenant. If we need to sell such properties, we may have difficulty selling it to a third party due to the property's unique design. Real estate investments are generally less liquid than many other financial assets, which may limit our ability to quickly adjust our portfolio in response to changes in economic or other conditions. These and other limitations may affect our ability to re-lease or sell properties without adversely affecting returns to stockholders.

We are not required to meet any diversification standards; therefore, our investments may become subject to concentration risks.

Subject to our intention to maintain our qualification as a REIT, we are not required to meet any diversification standards. Therefore, our investments may become concentrated in type or geographic location, which could subject us to significant risks with potentially adverse effects on our investment objectives.

Because we invest in properties located outside the United States, we are exposed to additional risks.

We have invested, and may continue to invest, in properties located outside the United States. At December 31, 2019, our real estate properties located outside of the United States represented 36% of our ABR. These investments may be affected by factors particular to the local jurisdiction where the property is located and may expose us to additional risks, including:

- enactment of laws relating to the foreign ownership of property (including expropriation of investments), or laws and regulations relating to our ability to repatriate invested capital, profits, or cash and cash equivalents back to the United States;
- legal systems where the ability to enforce contractual rights and remedies may be more limited than under U.S. law;
- difficulty in complying with conflicting obligations in various jurisdictions and the burden of observing a variety of evolving foreign laws, regulations, and governmental rules and policies, which may be more stringent than U.S. laws and regulations (including land use, zoning, environmental, financial, and privacy laws and regulations, such as the European Union's General Data Protection Regulation);
- tax requirements vary by country and existing foreign tax laws and interpretations may change (e.g., the on-going implementation of the European Union's Anti-Tax Avoidance Directives), which may result in additional taxes on our international investments;
- changes in operating expenses in particular countries or regions; and
- geopolitical risk and adverse market conditions caused by changes in national or regional economic or political conditions (which may impact relative interest rates and the terms or availability of mortgage funds), including with regard to Brexit (discussed below).

The failure of our compliance and internal control systems to properly mitigate such additional risks, or of our operating infrastructure to support such international investments, could result in operational failures, regulatory fines, or other governmental sanctions.

In addition, the lack of publicly available information in certain jurisdictions could impair our ability to analyze transactions and may cause us to forego an investment opportunity. It may also impair our ability to receive timely and accurate financial information from tenants necessary to meet reporting obligations to financial institutions or governmental and regulatory agencies. Certain of these risks may be greater in less developed countries. Further, our expertise to date is primarily in the

United States and certain countries in Europe. We have less experience in other international markets and may not be as familiar with the potential risks to investments in these areas, which could cause us and the entities we manage to incur losses.

We may engage third-party asset managers in international jurisdictions to monitor compliance with legal requirements and lending agreements. Failure to comply with applicable requirements may expose us, our operating subsidiaries, or the entities we manage to additional liabilities. Our operations in the United Kingdom, the European Economic Area, and other countries are subject to significant compliance, disclosure, and other obligations. The European Union's Alternative Investment Fund Managers Directive ("AIFMD"), as transposed into national law within the states of the European Economic Area, established a new regulatory regime for alternative investment fund managers, including private equity and hedge fund managers. Although AIFMD generally applies to managers with a registered office in the European Economic Area managing one or more alternative investments funds, if a regulator in Europe determines that we are an alternative investment fund manager, and therefore subject to the AIFMD, compliance with the requirements of AIFMD may impose additional compliance burdens and expense on us and could reduce our operating flexibility.

We are also subject to potential fluctuations in exchange rates between foreign currencies and the U.S. dollar because we translate revenue denominated in foreign currency into U.S. dollars for our financial statements (our principal exposure is to the euro). Our results of foreign operations are adversely affected by a stronger U.S. dollar relative to foreign currencies (i.e., absent other considerations, a stronger U.S. dollar will reduce both our revenues and our expenses).

Economic conditions and regulatory changes following the United Kingdom's exit from the European Union could have a material adverse effect on our business and results of operations.

The United Kingdom initiated the process to leave the European Union ("Brexit") on March 29, 2017, which formally occurred on January 31, 2020. The United Kingdom is currently in a transition period until December 31, 2020, during which it negotiates the terms of its future relationship with the European Union, while preserving membership in the European Union's internal market and customs union and relinquishing representation in the European Union's institutions.

The real estate industry faces substantial uncertainty regarding the impact of Brexit. Adverse consequences could include, but are not limited to: global economic uncertainty and deterioration, volatility in currency exchange rates, adverse changes in regulation of the real estate industry, disruptions to the markets we invest in and the tax jurisdictions we operate in (which may adversely impact tax benefits or liabilities in these or other jurisdictions), and/or negative impacts on the operations and financial conditions of our tenants. In addition, Brexit could lead to legal uncertainty and potentially divergent national laws and regulations as the United Kingdom determines which European Union laws to replace or replicate. As of December 31, 2019, 4% and 30% of our total ABR was from the United Kingdom and other European Union countries, respectively.

Given the ongoing uncertainty surrounding the transition period negotiations (including the potential implementation of a free trade agreement versus a "no-deal Brexit"), we cannot predict how the Brexit process will finally be implemented and are continuing to assess the potential impact, if any, of these events on our operations, financial condition, and results of operations.

The anticipated replacement of LIBOR with an alternative reference rate, may adversely affect our interest expense.

Certain instruments within our debt profile are indexed to the London Interbank Offered Rate ("LIBOR"), which is a benchmark rate at which banks offer to lend funds to one another in the international interbank market for short term loans. Concerns regarding the accuracy and integrity of LIBOR led the United Kingdom to publish a review of LIBOR in September 2012. Based on the review, final rules for the regulation and supervision of LIBOR by the Financial Conduct Authority (the "FCA") were published and came into effect on April 2, 2013. On July 27, 2017, the FCA announced its intention to phase out LIBOR rates by the end of 2021.

We cannot predict the impact of these changes as regulators and the global financial markets debate the transition to a successor benchmark. Assuming that LIBOR becomes unavailable after 2021, the interest rates on our LIBOR-indexed debt (comprised of our Senior Unsecured Credit Facility and non-recourse mortgage loans subject to floating interest rates with carrying values of $201.3 million and $72.1 million, respectively, as of December 31, 2019) will fall back to various alternative methods, any of which could result in higher interest obligations than under LIBOR. Further, the same costs and risks that may lead to the discontinuation or unavailability of LIBOR may make one or more of the alternative methods impossible or impracticable to determine. There is no guarantee that a transition from LIBOR to an alternative will not result in financial market disruptions, significant increases in benchmark rates or borrowing costs to borrowers, any of which could have an adverse effect on our financing costs, liquidity, results of operations, and overall financial condition.

We may incur substantial impairment charges.

We may incur substantial impairment charges, which we are required to recognize: (i) whenever we sell a property for less than its carrying value or we determine that the carrying amount of the property is not recoverable and exceeds its fair value; (ii) for direct financing leases, whenever losses related to the collectability of receivables are both probable and reasonably estimable or there has been a permanent decline in the current estimate of the residual value of the property; and (iii) for equity investments, whenever the estimated fair value of the investment's underlying net assets in comparison with the carrying value of our interest in the investment has declined on an other-than-temporary basis. By their nature, the timing or extent of impairment charges are not predictable.

Impairments of goodwill could also adversely affect our financial condition and results of operations. We assess our goodwill and other intangible assets for impairment at least annually and more frequently when required by U.S. generally accepted accounting principles ("GAAP"). We are required to record an impairment charge if circumstances indicate that the asset carrying values exceed their fair values. Our assessment of goodwill or other intangible assets could indicate that an impairment of the carrying value of such assets may have occurred, resulting in a material, non-cash write-down of such assets, which could have a material adverse effect on our results of operations.

Our level of indebtedness could have significant adverse consequences and our cash flow may be insufficient to meet our debt service obligations.

Our consolidated indebtedness as of December 31, 2019 was approximately $6.1 billion, representing a consolidated debt to gross assets ratio of approximately 40.3%. This consolidated indebtedness was comprised of (i) $4.4 billion in Senior Unsecured Notes (as defined in Note 11), (ii) $1.5 billion in non-recourse mortgage loans on various properties, and (iii) $201.3 million outstanding under our Senior Unsecured Credit Facility (as defined in Note 11). Our level of indebtedness could have significant adverse consequences on our business and operations, including the following:

- it may increase our vulnerability to changes in economic conditions (including increases in interest rates) and limit our flexibility in planning for, or reacting to, changes in our business and/or industry;
- we may be at a disadvantage compared to our competitors with comparatively less indebtedness;
- we may be unable to hedge our debt, or such hedges may fail or expire, leaving us exposed to potentially volatile interest or currency exchange rates;
- any default on our secured indebtedness may lead to foreclosures, creating taxable income that could hinder our ability to meet the REIT distribution requirements imposed by the Internal Revenue Code; and
- we may be unable to refinance our indebtedness or obtain additional financing as needed or on favorable terms.

Our ability to generate sufficient cash flow determines whether we will be able to (i) meet our existing or potential future debt service obligations; (ii) refinance our existing or potential future indebtedness; and (iii) fund our operations, working capital, acquisitions, capital expenditures, and other important business uses. Our future cash flow is subject to many factors beyond our control and we cannot assure you that our business will generate sufficient cash flow from operations, or that future sources of cash will be available to us on favorable terms, to meet all of our debt service obligations and fund our other important business uses or liquidity needs. As a result, we may be forced to take other actions to meet those obligations, such as selling properties, raising equity, or delaying capital expenditures, any of which may not be feasible or could have a material adverse effect on us. In addition, despite our substantial outstanding indebtedness and the restrictions in the agreements governing our indebtedness, we may incur significantly more indebtedness in the future, which would exacerbate the risks discussed above.

Restrictive covenants in our credit agreement and indentures may limit our ability to expand or fully pursue our business strategies.

The credit agreement for our Senior Unsecured Credit Facility and the indentures governing our Senior Unsecured Notes contain financial and operating covenants that, among other things, require us to meet specified financial ratios and may limit our ability to take specific actions, even if we believe them to be in our best interest (e.g., subject to certain exceptions, our ability to consummate a merger, consolidation, or a transfer of all or substantially all of our consolidated assets to another person is restricted). These covenants may restrict our ability to expand or fully pursue our business strategies. Our ability to comply with these and other provisions of our debt agreements may be affected by changes in our operating and financial performance, changes in general business and economic conditions, adverse regulatory developments, or other events beyond our control. The breach of any of these covenants could result in a default under our indebtedness, which could result in the acceleration of the maturity of such indebtedness and potentially other indebtedness. If any of our indebtedness is accelerated prior to maturity, we may not be able to repay such indebtedness or refinance such indebtedness on favorable terms, or at all.

A downgrade in our credit ratings could materially adversely affect our business and financial condition as well as the market price of our Senior Unsecured Notes.

We plan to manage our operations to maintain investment grade status with a capital structure consistent with our current profile, but there can be no assurance that we will be able to maintain our current credit ratings. Our credit ratings could change based upon, among other things, our historical and projected business, financial condition, liquidity, results of operations, and prospects. These ratings are subject to ongoing evaluation by credit rating agencies and we cannot provide any assurance that our ratings will not be changed or withdrawn by a rating agency in the future. If any of the credit rating agencies downgrades or lowers our credit rating, or if any credit rating agency indicates that it has placed our rating on a “watch list” for a possible downgrading or lowering, or otherwise indicates that its outlook for our rating is negative, it could have a material adverse effect on our costs and availability of capital, which could in turn have a material adverse effect on us and on our ability to satisfy our debt service obligations (including those under our Senior Unsecured Credit Facility, our Senior Unsecured Notes, or other similar debt securities that we issue) and to pay dividends on our common stock. Furthermore, any such action could negatively impact the market price of our Senior Unsecured Notes.

Some of our properties are encumbered by mortgage debt, which could adversely affect our cash flow.

At December 31, 2019, we had $1.5 billion of property-level mortgage debt on a non-recourse basis, which limits our exposure on any property to the amount of equity invested in the property. If we are unable to make our mortgage-related debt payments as required, a lender could foreclose on the property or properties securing its debt. Additionally, lenders for our international mortgage loan transactions typically incorporated various covenants and other provisions (including loan to value ratio, debt service coverage ratio, and material adverse changes in the borrower’s or tenant’s business) that can cause a technical loan default. Accordingly, if the real estate value declines or the tenant defaults, the lender would have the right to foreclose on its security. If any of these events were to occur, it could cause us to lose part or all of our investment, which could reduce the value of our portfolio and revenues available for distribution to our stockholders.

Some of our property-level financing may also require us to make a balloon payment at maturity. Our ability to make such balloon payments may depend upon our ability to refinance the obligation or sell the underlying property. When a balloon payment is due, however, we may be unable to refinance the balloon payment on terms as favorable as the original loan, make the payment with existing cash or cash resources, or sell the property at a price sufficient to cover the payment. Our ability to accomplish these goals will be affected by various factors existing at the relevant time, such as the state of national and regional economies, local real estate conditions, available mortgage or interest rates, availability of credit, our equity in the mortgaged properties, our financial condition, the operating history of the mortgaged properties, and tax laws. A refinancing or sale could affect the rate of return to stockholders and the projected disposition timeline of our assets.

Certain of our leases permit tenants to purchase a property at a predetermined price, which could limit our realization of any appreciation or result in a loss.

We have granted certain tenants a right to repurchase the properties they lease from us. The purchase price may be a fixed price or it may be based on a formula or the market value at the time of exercise. If a tenant exercises its right to purchase the property and the property's market value has increased beyond that price, we would not be able to fully realize the appreciation on that property. Additionally, if the price at which the tenant can purchase the property is less than our carrying value (e.g., where the purchase price is based on an appraised value), we may incur a loss. In addition, we may also be unable to reinvest proceeds from these dispositions in investments with similar or better investment returns.

Our ability to fully control the management of our net-leased properties may be limited.

The tenants or managers of net-leased properties are responsible for maintenance and other day-to-day management of the properties. If a property is not adequately maintained in accordance with the terms of the applicable lease, we may incur expenses for deferred maintenance expenditures or other liabilities once the property becomes free of the lease. While our leases generally provide for recourse against the tenant in these instances, a bankrupt or financially troubled tenant may be more likely to defer maintenance and it may be more difficult to enforce remedies against such a tenant. In addition, to the extent tenants are unable to successfully conduct their operations, their ability to pay rent may be adversely affected. Although we endeavor to monitor compliance by tenants with their lease obligations and other factors that could affect the financial performance of our properties on an ongoing basis, we may not always be able to ascertain or forestall deterioration in the condition of a property or the financial circumstances of a tenant.

The value of our real estate is subject to fluctuation.

We are subject to all of the general risks associated with the ownership of real estate. While the revenues from our leases are not directly dependent upon the value of the real estate owned, significant declines in real estate values could adversely affect us in many ways, including a decline in the residual values of properties at lease expiration, possible lease abandonments by tenants, and a decline in the attractiveness of triple-net lease transactions to potential sellers. We also face the risk that lease revenue will be insufficient to cover all corporate operating expenses and the debt service payments we incur. General risks associated with the ownership of real estate include:

- adverse changes in general or local economic conditions, including changes in interest rates or foreign exchange rates;
- changes in the supply of, or demand for, similar or competing properties;
- competition for tenants and changes in market rental rates;
- inability to lease or sell properties upon termination of existing leases, or renewal of leases at lower rental rates;
- inability to collect rents from tenants due to financial hardship, including bankruptcy;
- changes in tax, real estate, zoning, or environmental laws that adversely impact the value of real estate;
- failure to comply with federal, state, and local legal and regulatory requirements, including the Americans with Disabilities Act and fire or life-safety requirements;
- uninsured property liability, property damage, or casualty losses;
- changes in operating expenses or unexpected expenditures for capital improvements;
- exposure to environmental losses; and
- force majeure and other factors beyond the control of our management.

In addition, the initial appraisals that we obtain on our properties are generally based on the value of the properties when they are leased. If the leases on the properties terminate, the value of the properties may fall significantly below the appraised value, which could result in impairment charges on the properties.

Because most of our properties are occupied by a single tenant, our success is materially dependent upon the tenant's financial stability.

Most of our properties are occupied by a single tenant; therefore, the success of our investments is materially dependent on the financial stability of these tenants. Revenues from several of our tenants/guarantors constitute a significant percentage of our lease revenues. Our top ten tenants accounted for approximately 22% of total ABR at December 31, 2019. Lease payment defaults by tenants could negatively impact our net income and reduce the amounts available for distribution to stockholders. As some of our tenants may not have a recognized credit rating, these tenants may have a higher risk of lease defaults than tenants with a recognized credit rating.

The bankruptcy or insolvency of tenants may cause a reduction in our revenue and an increase in our expenses.

We have had, and may in the future have, tenants file for bankruptcy protection. Bankruptcy or insolvency of a tenant could cause the loss of lease or interest and principal payments, an increase in the carrying cost of the property, and litigation. If one or a series of bankruptcies or insolvencies is significant enough (more likely during a period of economic downturn), it could lead to a reduction in the value of our shares and/or a decrease in our dividend.

Under U.S. bankruptcy law, a tenant that is the subject of bankruptcy proceedings has the option of assuming or rejecting any unexpired lease. If the tenant rejects the lease, any resulting claim we have for breach of the lease (excluding collateral securing the claim) will be treated as a general unsecured claim and the maximum claim will be capped. In addition, due to the long-term nature of our leases and, in some cases, terms providing for the repurchase of a property by the tenant, a bankruptcy court could recharacterize a net lease transaction as a secured lending transaction.

Insolvency laws outside the United States may be more or less favorable to reorganization or the protection of a debtor’s rights as in the United States (e.g., the Croatian government’s adoption of the Act on Extraordinary Administration Proceedings in Companies of Systemic Importance for the Republic of Croatia in April 2017 in reaction to the financial difficulties of the Agrokor group). In circumstances where the bankruptcy laws of the United States are considered to be more favorable to debtors and/or their reorganization, entities that are not ordinarily perceived as U.S. entities may seek to take advantage of U.S. bankruptcy laws.

Because we are subject to possible liabilities relating to environmental matters, we could incur unexpected costs and our ability to sell or otherwise dispose of a property may be negatively impacted.

We have invested, and may in the future invest, in real properties historically or currently used for industrial, manufacturing, and other commercial purposes, and some of our tenants may handle hazardous or toxic substances, generate hazardous wastes, or discharge regulated pollutants to the environment. Buildings and structures on the properties we purchase may have known or suspected asbestos-containing building materials. We may invest in properties located in countries that have adopted laws or observe environmental management standards that are less stringent than those generally followed in the United States, which may pose a greater risk that releases of hazardous or toxic substances have occurred. We therefore may own properties that have known or potential environmental contamination as a result of historical or ongoing operations, which may expose us to liabilities under environmental laws. Some of these laws could impose the following on us:

- responsibility and liability for the cost of investigation and removal or remediation (including at appropriate disposal facilities) of hazardous or toxic substances in, on, or migrating from our property, generally without regard to our knowledge of, or responsibility for, the presence of these contaminants;
- liability for claims by third parties based on damages to natural resources or property, personal injuries, or costs of removal or remediation of hazardous or toxic substances in, on, or migrating from our property; and
- responsibility for managing asbestos-containing building materials and third-party claims for exposure to those materials.

Costs relating to investigation, remediation, or removal of hazardous or toxic substances, or for third-party claims for damages, may be substantial and could exceed any amounts estimated and recorded within our consolidated financial statements. The presence of hazardous or toxic substances at any of our properties, or the failure to properly remediate a contaminated property, could (i) give rise to a lien in favor of the government for costs it may incur to address the contamination or (ii) otherwise adversely affect our ability to sell or lease the property or to borrow using the property as collateral. In addition, environmental liabilities, or costs or operating limitations imposed on a tenant by environmental laws, could affect its ability to make rental payments to us. And although we endeavor to avoid doing so, we may be required, in connection with any future divestitures of property, to provide buyers with indemnifications against potential environmental liabilities.

Revenue and earnings from our investment management business are subject to volatility, which may cause our investment management revenue to fluctuate.

Revenue from our investment management business, as well as the value of our interests in the Managed Programs and distributions from those interests, may be affected by several factors:

- the Managed Programs have fully invested the funds raised in their offerings, and as a result, we expect the structuring revenue that we earn for structuring and negotiating investments on their behalf to continue to decline;

- our asset management revenue may be affected by changes in the valuation of the Managed Programs' portfolios (CPA:18 – Global has significant investments in triple-net leased properties substantially similar to those we hold and may be affected by the same market conditions and risks as the properties we own);
- each of the Managed Programs has incurred, and may continue to incur, significant debt that, either due to liquidity problems or covenants contained in their borrowing agreements, could restrict their ability to pay revenue owed to us;
- the revenue payable to us under each of our advisory agreements with the Managed REITs is subject to a variable annual cap based on a formula tied to its assets and income;
- our ability to earn revenue related to the disposition of properties is primarily tied to providing liquidity events for the Managed Programs and our ability to do so under circumstances that will satisfy the applicable subordination requirements will depend on market conditions at the relevant time;

Finally, the advisory agreements under which we provide services to the Managed REITs are renewable annually and may generally be terminated by each Managed REIT upon 60 days' notice, with or without cause. Unless otherwise renewed, the advisory agreement with each of the Managed REITs is scheduled to expire on March 31, 2020. There can be no assurance that these agreements will not expire or be terminated. Upon certain terminations, the Managed REITs each have the right, but not the obligation, to repurchase our interests in their operating partnerships at fair market value. If such right is not exercised, we would remain as a limited partner of the respective operating partnerships. Nonetheless, any such termination may have a material adverse effect on our business, results of operations, and financial condition.

On October 22, 2019, CWI 1 and CWI 2 announced that they entered into a definitive merger agreement under which the two companies intend to merge in an all-stock transaction. On January 13, 2020, the joint proxy statement/prospectus on Form S-4 previously filed with the SEC by CWI 1 and CWI 2 was declared effective. Each of CWI 1 and CWI 2 has scheduled a special meeting of stockholders for March 26, 2020; if the proposed transaction is approved, the merger is expected to close shortly thereafter. Immediately following the closing of the CWI 1 and CWI 2 Proposed Merger, our advisory agreements with the CWI REITs will terminate and the newly combined company will internalize the management services currently provided by us. During a transitional period, we have agreed to provide the newly combined company with transitional services consistent with the services that we and our affiliates currently provide under the CWI REITs' advisory agreements.

W. P. Carey is not currently registered as an Investment Adviser and our failure to do so could subject us to civil and/or criminal penalties.

If the SEC determines that W. P. Carey is an investment adviser, we will have to register as an investment adviser with the SEC pursuant to the Investment Advisers Act. Registration requirements and other obligations imposed upon investment advisers may be costly and burdensome. In addition, if we must register with the SEC as an investment adviser, we will become subject to the requirements of the Investment Advisers Act, including: fiduciary duties to clients, substantive prohibitions and requirements, contractual and record-keeping requirements, and administrative oversight by the SEC (primarily by inspection). If we are deemed to be out of compliance with such rules and regulations, we may be subject to civil and/or criminal penalties.

We depend on key personnel for our future success, and the loss of key personnel or inability to attract and retain personnel could harm our business.

Our future success depends in large part on our ability to hire and retain a sufficient number of qualified personnel, including our executive officers. The nature of our executive officers' experience and the extent of the relationships they have developed with real estate professionals and financial institutions are important to the success of our business. We cannot provide any assurances regarding their continued employment with us. The loss of the services of certain of our executive officers could detrimentally affect our business and prospects.

Our accounting policies and methods are fundamental to how we record and report our financial position and results of operations, and they require management to make estimates, judgments, and assumptions about matters that are inherently uncertain.

Our accounting policies and methods are fundamental to how we record and report our financial position and results of operations. We have identified several accounting policies as being critical to the presentation of our financial position and results of operations because they require management to make particularly subjective or complex judgments about matters that are inherently uncertain and because of the likelihood that materially different amounts would be recorded under different conditions or using different assumptions. Due to the inherent uncertainty of the estimates, judgments, and assumptions associated with these critical accounting policies, we cannot provide any assurance that we will not make significant subsequent adjustments to our consolidated financial statements. If our judgments, assumptions, and allocations prove to be incorrect, or if circumstances change, our business, financial condition, revenues, operating expense, results of operations, liquidity, ability to pay dividends, or stock price may be materially adversely affected.

Our charter and Maryland law contain provisions that may delay or prevent a change of control transaction.

Our charter, subject to certain exceptions, authorizes our Board to take such actions as are necessary and desirable to limit any person to beneficial or constructive ownership of 9.8%, in either value or number of shares, whichever is more restrictive, of our aggregate outstanding shares of (i) common and preferred stock (excluding any outstanding shares of our common or preferred stock not treated as outstanding for federal income tax purposes) or (ii) common stock (excluding any of our outstanding shares of common stock not treated as outstanding for federal income tax purposes). Our Board, in its sole discretion, may exempt a person from such ownership limits, provided that they obtain such representations, covenants, and undertakings as appropriate to determine that the exemption would not affect our REIT status. Our Board may also increase or decrease the common stock ownership limit and/or the aggregate stock ownership limit, so long as the change would not result in five or fewer persons beneficially owning more than 49.9% in value of our outstanding stock. The ownership limits and other stock ownership restrictions contained in our charter may delay or prevent a transaction or change of control that might involve a premium price for our common stock or otherwise be in the best interests of our stockholders.

Our Board may modify our authorized shares of stock of any class or series and may create and issue a class or series of common stock or preferred stock without stockholder approval.

Our charter empowers our Board to, without stockholder approval, increase or decrease the aggregate number of shares of our stock or the number of shares of stock of any class or series that we have authority to issue; classify any unissued shares of common stock or preferred stock; reclassify any previously classified, but unissued, shares of common stock or preferred stock into one or more classes or series of stock; and issue such shares of stock so classified or reclassified. Our Board may determine the relative rights, preferences, and privileges of any class or series of common stock or preferred stock issued. As a result, we may issue series or classes of common stock or preferred stock with preferences, dividends, powers, and rights (voting or otherwise) senior to the rights of current holders of our common stock. The issuance of any such classes or series of common stock or preferred stock could also have the effect of delaying or preventing a change of control transaction that might otherwise be in the best interests of our stockholders.

Certain provisions of Maryland law could inhibit changes in control.

Certain provisions of the Maryland General Corporation Law (“MGCL”) may have the effect of inhibiting a third party from making a proposal to acquire us or impeding a change of control that could provide our stockholders with the opportunity to realize a premium over the then-prevailing market price of our common stock, including:

- “business combination” provisions that, subject to limitations, prohibit certain business combinations between us and an “interested stockholder” (defined generally as any person who beneficially owns 10% or more of the voting power of our outstanding voting stock), or an affiliate thereof, for five years after the most recent date on which the stockholder becomes an interested stockholder, and thereafter imposes special appraisal rights and supermajority voting requirements on these combinations; and
- “control share” provisions that provide that holders of “control shares” of our company (defined as voting shares which, when aggregated with all other shares owned or controlled by the stockholder, entitle the stockholder to exercise one of three increasing ranges of voting power in electing directors) acquired in a “control share acquisition” (defined as the direct or indirect acquisition of ownership or control of issued and outstanding “control shares”) have no voting rights except to the extent approved by our stockholders by the affirmative vote of at least two-thirds of all the votes entitled to be cast on the matter, excluding all interested shares.

The statute permits various exemptions from its provisions, including business combinations that are exempted by a board of directors prior to the time that the “interested stockholder” becomes an interested stockholder. Our Board has, by resolution, exempted any business combination between us and any person who is an existing, or becomes in the future, an “interested stockholder.” Consequently, the five-year prohibition and the supermajority vote requirements will not apply to business combinations between us and any such person. As a result, such person 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 supermajority vote requirements and the other provisions of the statute. Additionally, this resolution may be altered, revoked, or repealed in whole or in part at any time and we may opt back into the business combination provisions of the MGCL. If this resolution is revoked or repealed, the statute may discourage others from trying to acquire control of us and increase the difficulty of consummating any offer. In the case of the control share provisions of the MGCL, we have elected to opt out of these provisions of the MGCL pursuant to a provision in our bylaws.

Additionally, Title 3, Subtitle 8 of the MGCL permits our Board, without stockholder approval and regardless of what is currently provided in our charter or our bylaws, to implement certain governance provisions, some of which we do not currently have. We have opted out of Section 3-803 of the MGCL, which permits a board of directors to be divided into classes pursuant to Title 3, Subtitle 8 of the MGCL. Any amendment or repeal of this resolution must be approved in the same manner as an amendment to our charter. The remaining provisions of Title 3, Subtitle 8 of the MGCL may have the effect of inhibiting a third party from making an acquisition proposal for our company or of delaying, deferring, or preventing a change in control of our company 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. Our charter, our bylaws, and Maryland law also contain other provisions that may delay, defer, or prevent a transaction or a change of control that might involve a premium price for our common stock or otherwise be in the best interests of our stockholders.

Future issuances of debt and equity securities may negatively affect the market price of our common stock.

We may issue debt or equity securities or incur additional borrowings in the future. Future issuances of debt securities would rank senior to our common stock upon our liquidation and additional issuances of equity securities would dilute the holdings of our existing common stockholders (and any preferred stock may rank senior to our common stock for the purposes of making distributions), both of which may negatively affect the market price of our common stock.

Upon our liquidation, holders of our debt securities and other loans and preferred stock will receive a distribution of our available assets before common stockholders. If we incur debt in the future, our future interest costs could increase and adversely affect our liquidity and results of operations.

The issuance or sale of substantial amounts of our common stock (directly, in underwritten offerings or through our ATM Program, or indirectly through convertible or exchangeable securities, warrants, or options) to raise additional capital, or pursuant to our stock incentive plans, or the perception that such securities are available or that such issuances or sales are likely to occur, could materially and adversely affect the market price of our common stock and our ability to raise capital through future offerings of equity or equity-related securities. However, our future growth will depend, in part, upon our ability to raise additional capital, including through the issuance of equity securities. We are not required to offer any additional equity securities to existing common stockholders on a preemptive basis and our charter empowers our Board to make significant changes to our stock without stockholder approval. See the risk factor above titled "Our Board may modify our authorized shares of stock of any class or series and may create and issue a class or series of common stock or preferred stock without stockholder approval." Our preferred stock, if any are issued, would likely have a preference on distribution payments, periodically or upon liquidation, which could eliminate or otherwise limit our ability to make distributions to common stockholders.

Because our decision to issue additional debt or equity securities or incur additional borrowings in the future will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing, nature, or success of our future capital raising efforts. Thus, common stockholders bear the risk that our future issuances of debt or equity securities, or our incurrence of additional borrowings, will negatively affect the market price of our common stock.

The trading volume and market price of shares of our common stock may fluctuate or be adversely impacted by various factors.

The trading volume and market price of our common stock may fluctuate significantly and be adversely impacted in response to a number of factors, including, but not limited to:

- actual or anticipated variations in our operating results, earnings, or liquidity, or those of our competitors;
- our failure to meet, or the lowering of, our earnings estimates, or those of any securities analysts;
- increases in market interest rates, which may lead investors to demand a higher dividend yield for our common stock and would result in increased interest expense on our debt;
- changes in our dividend policy;
- publication of research reports about us, our competitors, our tenants, or the REIT industry;
- changes in market valuations of similar companies;
- speculation in the press or investment community;

- our use of taxable REIT subsidiaries (“TRSs”) may cause the market to value our common stock differently than the shares of REITs that do not use TRSs as extensively;
- adverse market reaction to the amount of maturing debt in the near and medium term and our ability to refinance such debt and the terms thereof;
- adverse market reaction to any additional indebtedness we incur or equity or equity-related securities we issue in the future;
- changes in our credit ratings;
- actual or perceived conflicts of interest;
- changes in key management personnel;
- our compliance with GAAP and its policies, including recent accounting pronouncements;
- our compliance with the listing requirements of the NYSE;
- our compliance with applicable laws and regulations or the impact of new laws and regulations;
- the financial condition, liquidity, results of operations, and prospects of our tenants;
- failure to maintain our REIT qualification;
- litigation, regulatory enforcement actions, or disruptive actions by activist stockholders;
- general market and economic conditions, including the current state of the credit and capital markets; and
- the realization of any of the other risk factors presented in this Report or in subsequent reports that we file with the SEC.

Our current or historical trading volume and share prices are not indicative of the number of shares of our common stock that will trade going forward or how the market will value shares of our common stock in the future.

The capital markets may experience extreme volatility and disruption, which could make it more difficult to raise capital. If we cannot access the capital markets upon favorable terms or at all, we may be required to liquidate one or more investments, including when an investment has not yet realized its maximum return, which could also result in adverse tax consequences and affect our ability to capitalize on acquisition opportunities and/or meet operational needs. Moreover, market turmoil could lead to decreased consumer confidence and widespread reduction of business activity, which may materially and adversely impact us, including our ability to acquire and dispose of properties.

There can be no assurance that we will be able to maintain cash dividends.

Our ability to continue to pay dividends in the future may be adversely affected by the risk factors described in this Report. More specifically, while we expect to continue our current dividend practices, we can give no assurance that we will be able to maintain dividend levels in the future for various reasons, including the following:

- there is no assurance that rents from our properties will increase or that future acquisitions will increase our cash available for distribution to stockholders, and we may not have enough cash to pay such dividends due to changes in our cash requirements, capital plans, cash flow, or financial position;
- our Board, in its sole discretion, determines the amount and timing of any future dividend payments to our stockholders based on a number of factors, therefore our dividend levels are not guaranteed and may fluctuate; and
- the amount of dividends that our subsidiaries may distribute to us may be subject to restrictions imposed by state law or regulators, as well as the terms of any current or future indebtedness that these subsidiaries may incur.

Furthermore, certain agreements relating to our borrowings may, under certain circumstances, prohibit or otherwise restrict our ability to pay dividends to our common stockholders. Future dividends, if any, are expected to be based upon our earnings, financial condition, cash flows and liquidity, debt service requirements, capital expenditure requirements for our properties, financing covenants, and applicable law. If we do not have sufficient cash available to pay dividends, we may need to fund the shortage out of working capital or revenues from future acquisitions, if any, or borrow to provide funds for such dividends, which would reduce the amount of funds available for investment and increase our future interest costs. Our inability to pay dividends, or to pay dividends at expected levels, could adversely impact the market price of our common stock.

The occurrence of cyber incidents, or a deficiency in our cyber security, could negatively impact our business by causing a disruption to our operations, a compromise or corruption of our confidential information, and/or damage to our business relationships, all of which could negatively impact our financial results.

A cyber incident is considered to be any adverse event that threatens the confidentiality, integrity, or availability of our information resources. More specifically, a cyber incident could be an intentional attack (which could include gaining unauthorized access to systems to disrupt operations, corrupt data, or steal confidential information) or an unintentional accident or error. We use information technology and other computer resources to carry out important operational activities and to maintain our business records. In addition, we may store or come into contact with sensitive information and data. If we or our third-party service providers fail to comply with applicable privacy or data security laws in handling this information, including the General Data Protection Regulation and the California Consumer Privacy Act, we could face significant legal and financial exposure to claims of governmental agencies and parties whose privacy is compromised, including sizable fines and penalties.

As our reliance on technology has increased, so have the risks posed to our systems, both internal and outsourced. We have implemented processes, procedures, and controls intended to address ongoing and evolving cyber security risks, but these measures, as well as our increased awareness of a risk of a cyber incident, do not guarantee that our financial results will not be negatively impacted by such an incident. Although we and our third-party service providers employ what we believe are adequate security, disaster recovery and other preventative and corrective measures, our security measures may not be sufficient for all possible situations and could be vulnerable to, among other things, hacking, employee error, system error, and faulty password management. The primary risks that could directly result from the occurrence of a cyber incident include operational interruption, damage to our relationship with our tenants, and private data exposure. A significant and extended disruption could damage our business or reputation; cause a loss of revenue; have an adverse effect on tenant relations; cause an unintended or unauthorized public disclosure; or lead to the misappropriation of proprietary, personal identifying and confidential information; all of which could result in us incurring significant expenses to address and remediate or otherwise resolve these kinds of issues. In addition, the insurance we maintain that is intended to cover some of these risks may not be sufficient to cover the losses from any future breaches of our systems.

Risks Related to REIT Structure

While we believe that we are properly organized as a REIT in accordance with applicable law, we cannot guarantee that the Internal Revenue Service will find that we have qualified as a REIT.

We believe that we are organized in conformity with the requirements for qualification as a REIT under the Internal Revenue Code beginning with our 2012 taxable year and that our current and anticipated investments and plan of operation will enable us to meet and continue to meet the requirements for qualification and taxation as a REIT. Investors should be aware, however, that the Internal Revenue Service or any court could take a position different from our own. Given the highly complex nature of the rules governing REITs, the ongoing importance of factual determinations, and the possibility of future changes in our circumstances, no assurance can be given that we will qualify as a REIT for any particular year.

Furthermore, our qualification and taxation as a REIT will depend on our satisfaction of certain asset, income, organizational, distribution, stockholder ownership, and other requirements on a continuing basis. Our ability to satisfy the quarterly asset tests under applicable Internal Revenue Code provisions and Treasury Regulations will depend on the fair market values of our assets, some of which are not susceptible to a precise determination. Our compliance with the REIT income and quarterly asset requirements also depends upon our ability to successfully manage the composition of our income and assets on an ongoing basis. While we believe that we will satisfy these tests, we cannot guarantee that this will be the case on a continuing basis.

If we fail to remain qualified as a REIT, we would be subject to federal income tax at corporate income tax rates and would not be able to deduct distributions to stockholders when computing our taxable income.

If, in any taxable year, we fail to qualify for taxation as a REIT and are not entitled to relief under the Internal Revenue Code, we will:

- not be allowed a deduction for distributions to stockholders in computing our taxable income;
- be subject to federal and state income tax, including any applicable alternative minimum tax (for taxable years ending prior to January 1, 2018), on our taxable income at regular corporate rates; and
- be barred from qualifying as a REIT for the four taxable years following the year when we were disqualified.

Any such corporate tax liability could be substantial and would reduce the amount of cash available for distributions to our stockholders, which in turn could have an adverse impact on the value of our common stock. This adverse impact could last for five or more years because, unless we are entitled to relief under certain statutory provisions, we will be taxed as a corporation beginning the year in which the failure occurs and for the following four years.

If we fail to qualify for taxation as a REIT, we may need to borrow funds or liquidate some investments to pay the additional tax liability. Were this to occur, funds available for investment would be reduced. REIT qualification involves the application of highly technical and complex provisions of the Internal Revenue Code to our operations, as well as various factual determinations concerning matters and circumstances not entirely within our control. There are limited judicial or administrative interpretations of these provisions. Although we plan to continue to operate in a manner consistent with the REIT qualification rules, we cannot assure you that we will qualify in a given year or remain so qualified.

If we fail to make required distributions, we may be subject to federal corporate income tax.

We intend to declare regular quarterly distributions, the amount of which will be determined, and is subject to adjustment, by our Board. To continue to qualify and be taxed as a REIT, we will generally be required to distribute at least 90% of our REIT taxable income (determined without regard to the dividends-paid deduction and excluding net capital gain) each year to our stockholders. Generally, we expect to distribute all, or substantially all, of our REIT taxable income. If our cash available for distribution falls short of our estimates, we may be unable to maintain the proposed quarterly distributions that approximate our taxable income and we may fail to qualify for taxation as a REIT. In addition, our cash flows from operations may be insufficient to fund required distributions as a result of differences in timing between the actual receipt of income and the recognition of income for federal income tax purposes or the effect of nondeductible expenditures (e.g., capital expenditures, payments of compensation for which Section 162(m) of the Internal Revenue Code denies a deduction, the creation of reserves, or required debt service or amortization payments). To the extent we satisfy the 90% distribution requirement, but distribute less than 100% of our REIT taxable income, we will be subject to federal corporate income tax on our undistributed taxable income. We will also be subject to a 4.0% nondeductible excise tax if the actual amount that we pay out to our stockholders for a calendar year is less than a minimum amount specified under the Internal Revenue Code. In addition, in order to continue to qualify as a REIT, any C-corporation earnings and profits to which we succeed must be distributed as of the close of the taxable year in which we accumulate or acquire such C-corporation's earnings and profits.

Because certain covenants in our debt instruments may limit our ability to make required REIT distributions, we could be subject to taxation.

Our existing debt instruments include, and our future debt instruments may include, covenants that limit our ability to make required REIT distributions. If the limits set forth in these covenants prevent us from satisfying our REIT distribution requirements, we could fail to qualify for federal income tax purposes as a REIT. If the limits set forth in these covenants do not jeopardize our qualification for taxation as a REIT, but prevent us from distributing 100% of our REIT taxable income, we will be subject to federal corporate income tax, and potentially a nondeductible excise tax, on the retained amounts.

Because we are required to satisfy numerous requirements imposed upon REITs, we may be required to borrow funds, sell assets, or raise equity on terms that are not favorable to us.

In order to meet the REIT distribution requirements and maintain our qualification and taxation as a REIT, we may need to borrow funds, sell assets, or raise equity, even if the then-prevailing market conditions are not favorable for such transactions. If our cash flows are not sufficient to cover our REIT distribution requirements, it could adversely impact our ability to raise short- and long-term debt, sell assets, or offer equity securities in order to fund the distributions required to maintain our qualification and taxation as a REIT. Furthermore, the REIT distribution requirements may increase the financing we need to fund capital expenditures, future growth, and expansion initiatives, which would increase our total leverage.

In addition, if we fail to comply with certain asset ownership tests at the end of any calendar quarter, we must generally 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. As a result, we may be required to liquidate otherwise attractive investments. These actions may reduce our income and amounts available for distribution to our stockholders.

Because the REIT rules require us to satisfy certain rules on an ongoing basis, our flexibility or ability to pursue otherwise attractive opportunities may be limited.

To qualify as a REIT for federal income tax purposes, we must continually satisfy tests concerning, among other things, the sources of our income, the nature and diversification of our assets, the amounts we distribute to our stockholders, and the ownership of our common stock. Compliance with these tests will require us to refrain from certain activities and may hinder our ability to make certain attractive investments, including the purchase of non-qualifying assets, the expansion of non-real estate activities, and investments in the businesses to be conducted by our TRSs, thereby limiting our opportunities and the flexibility to change our business strategy. Furthermore, acquisition opportunities in domestic and international markets may be adversely affected if we need or require target companies to comply with certain REIT requirements prior to closing on acquisitions.

To meet our annual distribution requirements, we may be required to distribute amounts that may otherwise be used for our operations, including amounts that may be invested in future acquisitions, capital expenditures, or debt repayment; and it is possible that we might be required to borrow funds, sell assets, or raise equity to fund these distributions, even if the then-prevailing market conditions are not favorable for such transactions.

Because the REIT provisions of the Internal Revenue Code limit our ability to hedge effectively, the cost of our hedging may increase and we may incur tax liabilities.

The REIT provisions of the Internal Revenue Code limit our ability to hedge assets and liabilities that are not incurred to acquire or carry real estate. Generally, income from hedging transactions that have been properly identified for tax purposes (which we enter into to manage interest rate risk with respect to borrowings to acquire or carry real estate assets) and income from certain currency hedging transactions related to our non-U.S. operations, do not constitute “gross income” for purposes of the REIT gross income tests (such a hedging transaction is referred to as a “qualifying hedge”). In addition, if we enter into a qualifying hedge, but dispose of the underlying property (or a portion thereof) or the underlying debt (or a portion thereof) is extinguished, we can enter into a hedge of the original qualifying hedge, and income from the subsequent hedge will also not constitute “gross income” for purposes of the REIT gross income tests. To the extent that we enter into other types of hedging transactions, the income from those transactions is likely to be treated as non-qualifying income for purposes of the REIT 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 our TRSs could be subject to tax on income or gains resulting from such hedges or expose us to greater interest rate risks than we would otherwise want to bear. In addition, losses in any of our TRSs generally will not provide any tax benefit, except for being carried forward for use against future taxable income in the TRSs.

We use TRSs, which may cause us to fail to qualify as a REIT.

To qualify as a REIT for federal income tax purposes, we hold our non-qualifying REIT assets and conduct our non-qualifying REIT income activities in or through one or more TRSs. The net income of our TRSs is not required to be distributed to us and income that is not distributed to us will generally not be subject to the REIT income distribution requirement. However, there may be limitations on our ability to accumulate earnings in our TRSs and the accumulation or reinvestment of significant earnings in our TRSs could result in adverse tax treatment. In particular, if the accumulation of cash in our TRSs causes the fair market value of our TRS interests and certain other non-qualifying assets to exceed 20% of the fair market value of our assets, we would lose tax efficiency and could potentially fail to qualify as a REIT.

Because the REIT rules limit our ability to receive distributions from TRSs, our ability to fund distribution payments using cash generated through our TRSs may be limited.

Our ability to receive distributions from our TRSs is limited by the rules we must comply with in order to maintain our REIT status. In particular, at least 75% of our gross income for each taxable year as a REIT must be derived from real estate-related sources, which principally includes gross income from the leasing of our properties. Consequently, no more than 25% of our gross income may consist of dividend income from our TRSs and other non-qualifying income types. Thus, our ability to receive distributions from our TRSs is limited and may impact our ability to fund distributions to our stockholders using cash flows from our TRSs. Specifically, if our TRSs become highly profitable, we might be limited in our ability to receive net income from our TRSs in an amount required to fund distributions to our stockholders commensurate with that profitability.

Transactions with our TRSs could cause us to be subject to a 100% penalty tax on certain income or deductions if those transactions are not conducted on an arm's-length basis.

The Internal Revenue Code limits the deductibility of interest paid or accrued by a TRS to its parent REIT to assure that the TRS is subject to an appropriate level of corporate taxation. The Internal Revenue Code also 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. We will monitor the value of investments in our TRSs in order to ensure compliance with TRS ownership limitations and will structure our transactions with our TRSs on terms that we believe are arm's-length to avoid incurring the 100% excise tax described above. There can be no assurance, however, that we will be able to comply with the TRS ownership limitation or be able to avoid application of the 100% excise tax.

Because distributions payable by REITs generally do not qualify for reduced tax rates, the value of our common stock could be adversely affected.

Certain distributions payable by domestic or qualified foreign corporations to individuals, trusts, and estates in the United States are currently eligible for federal income tax at a maximum rate of 20%. Distributions payable by REITs, in contrast, are generally not eligible for this reduced rate, unless the distributions are attributable to dividends received by the REIT from other corporations that would otherwise be eligible for the reduced rate. This more favorable tax rate for regular corporate distributions could cause qualified investors to perceive investments in REITs to be less attractive than investments in the stock of corporations that pay distributions, which could adversely affect the value of REIT stocks, including our common stock.

Even if we continue to qualify as a REIT, certain of our business activities will be subject to corporate level income tax and foreign taxes, which will continue to reduce our cash flows, and we will have potential deferred and contingent tax liabilities.

Even if we qualify for taxation as a REIT, we may be subject to certain (i) federal, state, local, and foreign taxes on our income and assets (including alternative minimum taxes for taxable years ending prior to January 1, 2018); (ii) taxes on any undistributed income and state, local, or foreign income; and (iii) franchise, property, and transfer taxes. In addition, we could be required to pay an excise or penalty tax under certain circumstances in order to utilize one or more relief provisions under the Internal Revenue Code to maintain qualification for taxation as a REIT, which could be significant in amount.

Any TRS assets and operations would continue to be subject, as applicable, to federal and state corporate income taxes and to foreign taxes in the jurisdictions in which those assets and operations are located. Any of these taxes would decrease our earnings and our cash available for distributions to stockholders.

We will also be subject to a federal corporate level tax at the highest regular corporate rate (currently 21%) on all or a portion of the gain recognized from a sale of assets formerly held by any C corporation that we acquire on a carry-over basis transaction occurring within a five-year period after we acquire such assets, to the extent the built-in gain based on the fair market value of those assets on the effective date of the REIT election is in excess of our then tax basis. The tax on subsequently sold assets will be based on the fair market value and built-in gain of those assets as of the beginning of our holding period. Gains from the sale of an asset occurring after the specified period will not be subject to this corporate level tax. We expect to have only a de minimis amount of assets subject to these corporate tax rules and do not expect to dispose of any significant assets subject to these corporate tax rules.

Because dividends received by foreign stockholders are generally taxable, we may be required to withhold a portion of our distributions to such persons.

Ordinary dividends received by foreign stockholders that are not effectively connected with the conduct of a U.S. trade or business are generally subject to U.S. withholding tax at a rate of 30%, unless reduced by an applicable income tax treaty. Additional rules with respect to certain capital gain distributions will apply to foreign stockholders that own more than 10% of our common stock.

The ability of our Board to revoke our REIT election, without stockholder approval, may cause adverse consequences for our stockholders.

Our organizational documents permit our Board to revoke or otherwise terminate our REIT election, without the approval of our stockholders, if it determines that it is no longer in our best interest to continue to qualify as a REIT. If we cease to be a REIT, we will not be allowed a deduction for dividends paid to stockholders in computing our taxable income and we will be subject to federal income tax at regular corporate rates and state and local taxes, which may have adverse consequences on the total return to our stockholders.

Federal and state income tax laws governing REITs and related interpretations may change at any time, and any such legislative or other actions affecting REITs could have a negative effect on us and our stockholders.

Federal and state income tax laws governing REITs or the administrative interpretations of those laws may be amended at any time. Federal, state, and foreign tax laws are under constant review by persons involved in the legislative process, at the Internal Revenue Service and the U.S. Department of the Treasury, and at various state and foreign tax authorities. Changes to tax laws, regulations, or administrative interpretations, which may be applied retroactively, could adversely affect us or our stockholders. We cannot predict whether, when, in what forms, or with what effective dates, the tax laws, regulations, and administrative interpretations applicable to us or our stockholders may be changed. Accordingly, we cannot assure you that any such change will not significantly affect our ability to qualify for taxation as a REIT or the federal income tax consequences to you or us.

Recent changes to U.S. tax laws could have a negative impact on our business.

On December 22, 2017, the President signed a tax reform bill into law, referred to herein as the “Tax Cuts and Jobs Act,” which among other things:

- reduces the corporate income tax rate from 35% to 21% (including with respect to our TRSs);
- reduces the rate of U.S. federal withholding tax on distributions made to non-U.S. shareholders by a REIT that are attributable to gains from the sale or exchange of U.S. real property interests from 35% to 21%;
- allows for an immediate 100% deduction of the cost of certain capital asset investments (generally excluding real estate assets), subject to a phase-down of the deduction percentage over time;
- changes the recovery periods for certain real property and building improvements (e.g., 30 years (previously 40 years) for residential real property);
- restricts the deductibility of interest expense by businesses (generally, to 30% of the business’s adjusted taxable income) except, among others, real property businesses electing out of such restriction; generally, we expect our business to qualify as such a real property business, but businesses conducted by our TRSs may not qualify, and we have not yet determined whether our subsidiaries can and/or will make such an election;
- requires the use of the less favorable alternative depreciation system to depreciate real property in the event a real property business elects to avoid the interest deduction restriction above;
- restricts the benefits of like-kind exchanges that defer capital gains for tax purposes to exchanges of real property;
- permanently repeals the “technical termination” rule for partnerships, meaning sales or exchanges of the interests in a partnership will be less likely to, among other things, terminate the taxable year of, and restart the depreciable lives of assets held by, such partnership for tax purposes;
- requires accrual method taxpayers to take certain amounts in income no later than the taxable year in which such income is taken into account as revenue in an applicable financial statement prepared under GAAP, which, with respect to certain leases, could accelerate the inclusion of rental income;
- eliminates the federal corporate alternative minimum tax;
- implements a one-time deemed repatriation tax on corporate profits (at a rate of 15.5% on cash assets and 8% on non-cash assets) held offshore, which profits are not taken into account for purposes of the REIT gross income tests;
- reduces the highest marginal income tax rate for individuals to 37% from 39.6% (excluding, in each case, the 3.8% Medicare tax on net investment income);
- generally allows a deduction for individuals equal to 20% of certain income from pass-through entities, including ordinary dividends distributed by a REIT (excluding capital gain dividends and qualified dividend income), generally resulting in a maximum effective federal income tax rate applicable to such dividends of 29.6% compared to 37% (excluding, in each case, the 3.8% Medicare tax on net investment income), although regulations may restrict the ability to claim this deduction for non-corporate shareholders depending upon their holding period in our stock; and
- limits certain deductions for individuals, including deductions for state and local income taxes, and eliminates deductions for miscellaneous itemized deductions (including certain investment expenses).

As a REIT, we are required to distribute at least 90% of our taxable income to our shareholders annually. As a result of the changes to U.S. federal tax laws implemented by the Tax Cuts and Jobs Act, our taxable income and the amount of distributions to our stockholders required to maintain our REIT status, as well as our relative tax advantage as a REIT, could change.

The Tax Cuts and Jobs Act is a complex revision to the U.S. federal income tax laws with impacts on different categories of taxpayers and industries, which will require subsequent rulemaking and interpretation in a number of areas. In addition, many provisions in the Tax Cuts and Jobs Act, particularly those affecting individual taxpayers, expire at the end of 2025. The long-term impact of the Tax Cuts and Jobs Act on the overall economy, government revenues, our tenants, us, and the real estate industry cannot be reliably predicted at this time. Furthermore, the Tax Cuts and Jobs Act may negatively impact the operating results, financial condition, and future business plans for some or all of our tenants. The Tax Cuts and Jobs Act may also result in reduced government revenues, and therefore reduced government spending, which may negatively impact some of our tenants that rely on government funding. There can be no assurance that the Tax Cuts and Jobs Act will not negatively impact our operating results, financial condition, and future business operations.

Risks Related to a Potential Umbrella Partnership Real Estate Investment Trust ("UPREIT") Reorganization

The UPREIT structure will make us dependent on distributions from the Operating Partnership.

As previously announced, we may reorganize into an UPREIT (the "UPREIT Reorganization"), in connection with which we will convert WPC Holdco LLC, our directly wholly-owned subsidiary that currently holds substantially all of our assets, into a limited partnership (the "Operating Partnership"). Following the consummation of the UPREIT Reorganization, we will own all or substantially all of the equity interests in the Operating Partnership, including all of the non-economic equity interests of the general partner thereof, and the Operating Partnership will own substantially all of the assets that we owned prior to the UPREIT Reorganization. Since we expect to conduct our operations generally through the Operating Partnership following the UPREIT Reorganization, our ability to service debt obligations and pay dividends will be entirely dependent upon the earnings and cash flows of the Operating Partnership and the ability of the Operating Partnership to make distributions to us.

It is possible that factors outside our control could result in the UPREIT Reorganization being completed at a later time, or not at all, or that our board of directors may, in their sole discretion and without any prior written notice, cancel, delay or modify the UPREIT Reorganization at any time for any reason.

Adoption of the UPREIT structure could inhibit us from selling properties or retiring debt that would otherwise be in our best interest and the best interest of our stockholders.

One of the benefits of the UPREIT structure is that sellers of property may contribute their properties to the Operating Partnership in exchange for limited partnership units in the Operating Partnership, which allows such sellers to realize certain tax benefits that are not available if we acquired the properties directly for cash or shares of our common stock. In order to ensure such tax-deferred contributions, sellers of properties may require us to agree to maintain a certain level of minimum debt at the Operating Partnership level and refrain from selling such properties for a period of time. Agreeing to certain of these restrictions, therefore, could inhibit us from selling properties or retiring debt that would otherwise be in our best interest and the best interest of our stockholders.

Our interest in the Operating Partnership may be diluted upon the issuance of additional limited partnership units of the Operating Partnership.

Upon the issuance of limited partnership units of the Operating Partnership in connection with future property contributions or as a form of employee compensation, our interest (and therefore the interest of our stockholders) in the assets of the Operating Partnership will be diluted. This dilutive effect would remain if limited partnership units were redeemed or exchanged for shares of our common stock (although our interest in the Operating Partnership will increase if limited partnership units are redeemed for cash). The dilutive effect from property contributions in exchange for limited partnership units of the Operating Partnership is comparable to that from sales of shares of our common stock to fund acquisitions.

The UPREIT structure could lead to potential conflicts of interest.

As the ultimate owner of the general partner of the Operating Partnership, upon the admission of additional limited partners to the Operating Partnership, we may owe a fiduciary obligation to the limited partners under applicable law. In most cases, the interests of the other partners would coincide with our interests and the interests of our stockholders because (i) we would own a majority of the interests in the Operating Partnership and (ii) the other partners will generally receive shares of our common stock upon redemption of their limited partnership units of the Operating Partnership. Nevertheless, under certain circumstances, the interests of the other partners might conflict with our interests and the interests of our stockholders. We currently expect that the operating partnership agreement of the Operating Partnership will provide that in the event of a conflict in the duties owed by us to our stockholders and the fiduciary duties owed by us to the limited partners, we will fulfill our fiduciary duties to the limited partners by acting in the best interests of our company.

In addition, our directors and officers have duties to us and our stockholders under Maryland law. At the same time, as the ultimate general partner of the Operating Partnership, we will have fiduciary duties to the limited partners in the Operating Partnership and to the other members in connection with our management of the Operating Partnership. The duties of our officers and directors in relation to us and our duties as the ultimate owner of the general partner in these two roles may conflict.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

Our principal corporate offices are located at 50 Rockefeller Plaza, New York, NY 10020 and our international offices are located in London and Amsterdam. We have additional office space domestically in Dallas. We lease all of these offices and believe these leases are suitable for our operations for the foreseeable future.

See Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations — Portfolio Overview — Net-Leased Portfolio for a discussion of the properties we hold for rental operations and Part II, Item 8. Financial Statements and Supplementary Data — Schedule III — Real Estate and Accumulated Depreciation for a detailed listing of such properties.

Item 3. Legal Proceedings.

Various claims and lawsuits arising in the normal course of business are pending against us. The results of these proceedings are not expected to have a material adverse effect on our consolidated financial position or results of operations.

Item 4. Mine Safety Disclosures.

Not applicable.

PART II

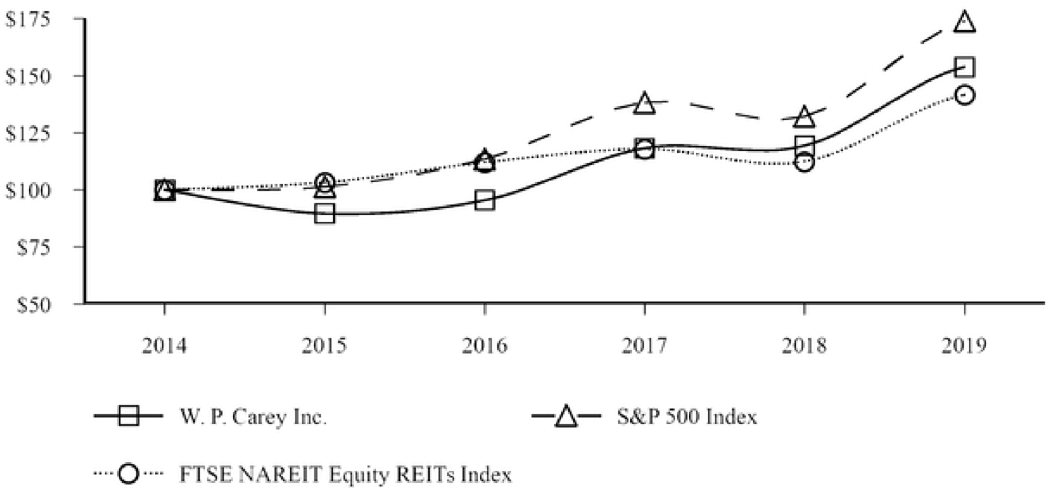
Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Market Information

Our common stock is listed on the NYSE under the ticker symbol "WPC." At February 14, 2020 there were 9,263 registered holders of record of our common stock. This figure does not reflect the beneficial ownership of shares of our common stock.

Stock Price Performance Graph

The graph below provides an indicator of cumulative total stockholder returns for our common stock for the period December 31, 2014 to December 31, 2019, as compared with the S&P 500 Index and the FTSE NAREIT Equity REITs Index. The graph assumes a $100 investment on December 31, 2014, together with the reinvestment of all dividends.



	At December 31,					
	2014	2015	2016	2017	2018	2019
W. P. Carey Inc.	$ 100.00	$ 89.60	$ 95.46	$ 118.20	$ 119.38	$ 153.77
S&P 500 Index	100.00	101.38	113.51	138.29	132.23	173.86
FTSE NAREIT Equity REITs Index	100.00	103.20	111.99	117.84	112.39	141.61

The stock price performance included in this graph is not indicative of future stock price performance.

Dividends

We currently intend to continue paying cash dividends consistent with our historical practice; however, our Board determines the amount and timing of any future dividend payments to our stockholders based on a variety of factors.

Securities Authorized for Issuance Under Equity Compensation Plans

This information will be contained in our definitive proxy statement for the 2020 Annual Meeting of Stockholders, to be filed within 120 days following the end of our fiscal year, and is incorporated herein by reference.

Item 6. Selected Financial Data.

The following selected financial data should be read in conjunction with the consolidated financial statements and related notes in Item 8 (in thousands, except per share data):

	Years Ended December 31,				
	2019	2018	2017	2016	2015
Operating Data					
Revenues [(a)]	$ 1,232,766	$ 885,732	$ 848,302	$ 941,533	$ 938,383
Net income [(a) (b) (c) (d)]	306,544	424,341	285,083	274,807	185,227
Net income attributable to noncontrolling interests [(a)]	(1,301)	(12,775)	(7,794)	(7,060)	(12,969)
Net income attributable to W. P. Carey [(a) (b) (c) (d)]	305,243	411,566	277,289	267,747	172,258
Basic earnings per share	1.78	3.50	2.56	2.50	1.62
Diluted earnings per share	1.78	3.49	2.56	2.49	1.61
Cash dividends declared per share	4.1400	4.0900	4.0100	3.9292	3.8261
Balance Sheet Data					
Total assets	$ 14,060,918	$ 14,183,039	$ 8,231,402	$ 8,453,954	$ 8,742,089
Net investments in real estate	11,916,745	11,928,854	6,703,715	6,781,900	7,229,873
Senior Unsecured Notes, net	4,390,189	3,554,470	2,474,661	1,807,200	1,476,084
Senior credit facilities	201,267	91,563	605,129	926,693	734,704
Non-recourse mortgages, net	1,462,487	2,732,658	1,185,477	1,706,921	2,269,421

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(a) The years ended December 31, 2019 and 2018 reflect the impact of the CPA:17 Merger, which was completed on October 31, 2018 (Note 3).

(b) Amount for the year ended December 31, 2019 includes a loss on change in control of interests of $8.4 million recognized in connection with the CPA:17 Merger. Amount for the year ended December 31, 2018 includes a Gain on change in control of interests of $47.8 million recognized in connection with the CPA:17 Merger (Note 3).

(c) Amount for the year ended December 31, 2019 includes unrealized gains recognized on our investment in shares of a cold storage operator totaling $32.9 million (Note 9).

(d) Amounts from year to year will not be comparable primarily due to fluctuations in gains/losses recognized on the sale of real estate, lease termination and other income, foreign currency exchange rates, and impairment charges.

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

Management's Discussion and Analysis of Financial Condition and Results of Operations is intended to assist in understanding our financial statements and the reasons for changes in certain key components of our financial statements from period to period. This item also provides our perspective on our financial position and liquidity, as well as certain other factors that may affect our future results. The discussion also breaks down the financial results of our business by segment to provide a better understanding of how these segments and their results affect our financial condition and results of operations.

The following discussion should be read in conjunction with our consolidated financial statements in Item 8 of this Report and the matters described under Item 1A. Risk Factors. Please see our Annual Report on Form 10-K for the year ended December 31, 2018 for discussion of our financial condition and results of operations for the year ended December 31, 2017.

Business Overview

We are a diversified net lease REIT with a portfolio of operationally-critical, commercial real estate that includes 1,214 net lease properties covering approximately 140.0 million square feet and 21 operating properties as of December 31, 2019. We invest in high-quality single tenant industrial, warehouse, office, retail, and self-storage properties subject to long-term net leases with built-in rent escalators. Our portfolio is located primarily in the United States and Northern and Western Europe, and we believe it is well-diversified by tenant, property type, geographic location, and tenant industry.

We also earn fees and other income by managing the portfolios of the Managed Programs through our investment management business. We no longer raise capital for new or existing funds, but currently expect to continue managing our existing Managed Programs through the end of their respective life cycles (Note 1).

Significant Developments

CWI 1 and CWI 2 Proposed Merger

On October 22, 2019, CWI 1 and CWI 2 announced that they had entered into a definitive merger agreement under which the two companies intend to merge in an all-stock transaction, with CWI 2 as the surviving entity. On January 13, 2020, the joint proxy statement/prospectus on Form S-4 previously filed with the SEC by CWI 1 and CWI 2 was declared effective. Each of CWI 1 and CWI 2 has scheduled a special meeting of stockholders for March 26, 2020; if the proposed transaction is approved, the merger is expected to close shortly thereafter. In connection with the CWI 1 and CWI 2 Proposed Merger, we have entered into an internalization agreement and transition services agreement. Immediately following the closing of the CWI 1 and CWI 2 Proposed Merger:

(i) the advisory agreements with each of CWI 1 and CWI 2 will terminate;
(ii) the operating partnerships of each of CWI 1 and CWI 2 will redeem the special general partnership interests that we currently hold, for which we will receive approximately $97 million in consideration, comprised of $65 million in shares of CWI 2 preferred stock and 2,840,549 shares in CWI 2 common stock valued at approximately $32 million;
(iii) CWI 2 will internalize the management services currently provided by us; and
(iv) we will provide certain transition services at cost to CWI 2 for periods generally up to 12 months from closing of the proposed merger.

Please see our Current Report on Form 8-K dated October 22, 2019 for additional information.

Amended Credit Facility

On February 20, 2020, we amended and restated our Senior Unsecured Credit Facility. We increased the capacity of our unsecured line of credit under our Amended Credit Facility to $2.1 billion, which is comprised of a $1.8 billion revolving line of credit, a £150.0 million term loan, and a $105.0 million delayed draw term loan, all maturing in five years. The delayed draw term loan may be drawn within one year and allows for borrowings in U.S. dollars, euros, or British pounds sterling. The aggregate principal amount (of revolving and term loans) available under the Amended Credit Facility may be increased up to an amount not to exceed the U.S. dollar equivalent of $2.75 billion, subject to the conditions to increase provided in the related credit agreement. We will incur interest at LIBOR, or a LIBOR equivalent, plus 0.85% on the revolving line of credit, and LIBOR, or a LIBOR equivalent, plus 0.95% on the term loan and delayed draw term loan (Note 20).

Financial Highlights

During the year ended December 31, 2019, we completed the following (as further described in the consolidated financial statements):

Real Estate

Investments

- We acquired 23 investments totaling $737.5 million (Note 5)
- We completed seven construction projects at a cost totaling $122.5 million. Construction projects include build-to-suit and expansion projects (Note 5).
- We committed to purchase a warehouse and distribution facility in Knoxville, Tennessee, for approximately $68.0 million upon completion of construction of the property, which is expected to take place during the second quarter of 2020 (Note 5).
- We committed to purchase two warehouse facilities in Hillerød and Hammelev, Denmark, for approximately $19.9 million (based on the exchange rate of the Danish krone at December 31, 2019) upon completion of construction of the properties. One property was completed in January 2020 (Note 20) and the second property is expected to be completed during the first quarter of 2020 (Note 5).
- We committed to fund an aggregate of $8.3 million (based on the exchange rate of the euro at December 31, 2019) for a warehouse expansion project for an existing tenant at an industrial and office facility in Marktheidenfeld, Germany. We currently expect to complete the project in the second quarter of 2020 (Note 5).
- We committed to fund an aggregate of $3.0 million for an expansion project for an existing tenant at a warehouse facility in Wichita, Kansas. We currently expect to complete in the third quarter of 2020 (Note 5).
- We committed to fund an aggregate of $56.2 million (based on the exchange rate of the euro at December 31, 2019) for a build-to-suit project for a headquarters and industrial facility in Langen, Germany, which we currently expect to be completed in the first quarter of 2021 (Note 5).
- We committed to fund an aggregate of $70.0 million for a renovation project at a warehouse facility in Bowling Green, Kentucky, which we currently expect to be completed in the fourth quarter of 2021 (Note 5).

Dispositions

- As part of our active capital recycling program, we disposed of 22 properties for total proceeds of $382.4 million, net of selling costs (Note 17). In January 2020, we sold one of our two hotel operating properties for gross proceeds of $120.0 million (inclusive of $5.5 million attributable to a noncontrolling interest) (Note 20).

Leasing Transactions

- We entered into net lease agreements for certain self-storage properties previously classified as operating properties. As a result, in June 2019 and August 2019, we reclassified 22 and five consolidated self-storage properties, respectively, with an aggregate carrying value of $287.7 million from Land, buildings and improvements attributable to operating properties to Land, buildings and improvements subject to operating leases. Effective as of those times, we began recognizing lease revenues from these properties, whereas previously we recognized operating property revenues and expenses from these properties (Note 5).
- We restructured the leases with a tenant on a portfolio of grocery store and warehouse properties in Croatia. For 19 properties, we reached agreements on new rents, reducing contractual rents, but increasing total contractual minimum annualized base rent (“ABR”) from $10.2 million to $15.4 million. We extended the lease terms on these properties by a weighted average of three years. We also agreed to a payment plan to collect approximately 50% of unpaid back rents plus value-added tax, which is being paid in ten monthly installments of €1.0 million each (equivalent to approximately $1.1 million) and started in July 2019. During the third and fourth quarters of 2019, such payments totaled approximately $6.6 million, which was included within Lease termination income and other on our consolidated statements of income.
- We received proceeds totaling $9.1 million from a bankruptcy claim on a prior tenant, which was included within Lease termination income and other on our consolidated statements of income.

Financing and Capital Markets Transactions

- On June 14, 2019, we completed an underwritten public offering of $325.0 million of 3.850% Senior Notes due 2029, at a price of 98.876% of par value. These 3.850% Senior Notes due 2029 have a 10.1-year term and are scheduled to mature on July 15, 2029 (Note 11).
- On September 19, 2019, we completed a public offering of €500.0 million of 1.350% Senior Notes due 2028, at a price of 99.266% of par value, issued by our wholly owned finance subsidiary, WPC Eurobond B.V., and fully and unconditionally guaranteed by us. These 1.350% Senior Notes due 2028 have an 8.6-year term and are scheduled to mature on April 15, 2028 (Note 11).
- During the year ended December 31, 2019, we issued 6,672,412 shares of our common stock under our ATM Programs at a weighted-average price of $79.70 per share for net proceeds of $523.3 million (Note 14). Proceeds from issuances of common stock under our ATM Programs were used primarily to prepay certain non-recourse mortgage loans (as described below and in Note 11) and to fund acquisitions.
- We reduced our mortgage debt outstanding by prepaying or repaying at maturity a total of $1.2 billion of non-recourse mortgage loans with a weighted-average interest rate of 4.4% (Note 11).

Investment Management

As of December 31, 2019, we managed total assets of approximately $7.5 billion on behalf of the Managed Programs. Upon completion of the CPA:17 Merger (Note 3), we ceased earning advisory fees and other income previously earned when we served as advisor to CPA:17 – Global. During 2018, through the date of the CPA:17 Merger, such fees and other income from CPA:17 – Global totaled $58.8 million. We expect to receive lower structuring and other advisory revenue from the Managed Programs going forward since they are fully invested and we no longer raise capital for new or existing funds.

Dividends to Stockholders

We declared cash dividends totaling $4.140 per share, comprised of four quarterly dividends per share of $1.032, $1.034, $1.036, and $1.038.

Consolidated Results

(in thousands, except shares)

	Years Ended December 31,		
	2019	2018	2017
Revenues from Real Estate	$ 1,172,863	$ 779,125	$ 687,208
Revenues from Investment Management	59,903	106,607	161,094
Total revenues	1,232,766	885,732	848,302
Net income from Real Estate attributable to W. P. Carey	272,065	307,236	192,139
Net income from Investment Management attributable to W. P. Carey	33,178	104,330	85,150
Net income attributable to W. P. Carey	305,243	411,566	277,289
Dividends declared	713,588	502,819	433,834
Net cash provided by operating activities	812,077	509,166	520,659
Net cash (used in) provided by investing activities	(522,773)	(266,132)	214,238
Net cash used in financing activities	(457,778)	(24,292)	(745,466)
Supplemental financial measures [a]:			
Adjusted funds from operations attributable to W. P. Carey (AFFO) — Real Estate	811,193	516,502	456,865
Adjusted funds from operations attributable to W. P. Carey (AFFO) — Investment Management	45,277	118,084	116,114
Adjusted funds from operations attributable to W. P. Carey (AFFO)	856,470	634,586	572,979
Diluted weighted-average shares outstanding [b]	171,299,414	117,706,445	108,035,971

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

(b) Amounts for the years ended December 31, 2019 and 2018 reflect the dilutive impact of the 53,849,087 shares of our common stock issued to stockholders of CPA:17 – Global in connection with the CPA:17 Merger on October 31, 2018 (Note 3), as well as the dilutive impact of the 10,901,697 shares of our common stock issued under our ATM Programs since January 1, 2018 (Note 14).

Revenues and Net Income Attributable to W. P. Carey

2019 vs. 2018 — Total revenues increased in 2019 as compared to 2018, due to increases within our Real Estate segment, partially offset by decreases within our Investment Management segment. Real Estate revenue increased due to an increase in lease revenues and operating property revenues, primarily from the properties we acquired in the CPA:17 Merger on October 31, 2018 (Note 3) and other property acquisition activity, partially offset by the impact of property dispositions. We also received proceeds from a bankruptcy claim on a prior tenant during 2019 (Note 5). Investment Management revenue decreased primarily due to the cessation of asset management revenue earned from CPA:17 – Global after the CPA:17 Merger on October 31, 2018 (Note 3), as well as lower structuring and other advisory revenue earned from the Managed Programs.

Net income attributable to W. P. Carey decreased in 2019 as compared to 2018, due to decreases within both our Investment Management and Real Estate segments. Net income from Investment Management attributable to W. P. Carey decreased primarily due to the cessation of revenues and distributions previously earned from CPA:17 – Global (Note 3) and a gain on change in control of interests recognized during 2018 in connection with the CPA:17 Merger (Note 3), partially offset by tax benefits recognized during 2019. Net income from Real Estate attributable to W. P. Carey decreased primarily due to a lower gain on sale of real estate recognized during 2019 as compared to 2018 (Note 17), as well as higher impairment charges (Note 9) and loss on extinguishment of debt (Note 11). We also recognized a loss on change in control of interests during 2019 in connection with the CPA:17 Merger, as compared to a gain on change in control of interests during 2018 (Note 3). These decreases were partially offset by the impact of real estate acquisitions and properties acquired in the CPA:17 Merger (Note 3), which we owned for a full year in 2019 as compared to two months in 2018. The increase in revenues from such properties was partially offset by corresponding increases in depreciation and amortization, interest expense, and property expenses. We also recognized significant merger expenses in 2018 related to the CPA:17 Merger (Note 3) and unrealized gains on our investment in shares of a cold storage operator during 2019 (Note 9), and received proceeds from a bankruptcy claim on a prior tenant during 2019 (Note 5).

Net Cash Provided by Operating Activities

2019 vs. 2018 — Net cash provided by operating activities increased in 2019 as compared to 2018, primarily due to an increase in cash flow generated from properties acquired during 2018 and 2019, including properties acquired in the CPA:17 Merger, as well as proceeds from a bankruptcy claim on a prior tenant received during 2019 (Note 5), partially offset by merger expenses recognized in 2018 related to the CPA:17 Merger (Note 3) and a decrease in cash flow as a result of property dispositions during 2018 and 2019, as well as an increase in interest expense, primarily due to the assumption of non-recourse mortgage loans in the CPA:17 Merger and the issuance of senior unsecured notes in March 2018, October 2018, June 2019, and September 2019.

AFFO

2019 vs. 2018 — AFFO increased in 2019 as compared to 2018, primarily due to higher Real Estate revenues, partially offset by higher interest expense and lower Investment Management revenues and cash distributions as a result of the CPA:17 Merger.

Portfolio Overview

Our portfolio is comprised of operationally-critical, commercial real estate assets net leased to tenants located primarily in the United States and Northern and Western Europe. We invest in high-quality single tenant industrial, warehouse, office, retail, and self-storage (net lease) properties subject to long-term leases with built-in rent escalators. Portfolio information is provided on a pro rata basis, unless otherwise noted below, to better illustrate the economic impact of our various net-leased jointly owned investments. See Terms and Definitions below for a description of pro rata amounts.

Portfolio Summary

	As of December 31,		
	2019	2018	2017
Number of net-leased properties [(a)]	1,214	1,163	887
Number of operating properties [(b)]	21	48	2
Number of tenants (net-leased properties)	345	304	210
Total square footage (net-leased properties, in thousands) [(c)]	139,982	130,956	84,899
Occupancy (net-leased properties)	98.8%	98.3%	99.8%
Weighted-average lease term (net-leased properties, in years)	10.7	10.2	9.6
Number of countries [(d)]	25	25	17
Total assets (in thousands)	$ 14,060,918	$ 14,183,039	$ 8,231,402
Net investments in real estate (in thousands)	11,916,745	11,928,854	6,703,715

	Years Ended December 31,		
	2019	2018	2017
Acquisition volume (in millions) [(e)]	$ 737.5	$ 824.8	$ 31.8
Construction projects completed (in millions) [(f)]	122.5	102.5	65.4
Average U.S. dollar/euro exchange rate	1.1196	1.1813	1.1292
Average U.S. dollar/British pound sterling exchange rate	1.2767	1.3356	1.2882
Change in the U.S. CPI [(g)]	2.3%	1.9%	2.1%
Change in the Germany CPI [(g)]	1.5%	1.7%	1.7%
Change in the Poland CPI [(g)]	3.2%	1.2%	2.2%
Change in the Netherlands CPI [(g)]	2.7%	2.0%	1.3%
Change in the Spain CPI [(g)]	0.8%	1.2%	1.1%

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(a) We acquired 273 net-leased properties (in which we did not already have an ownership interest) in the CPA:17 Merger in October 2018 (Note 3).
(b) At December 31, 2019, operating properties consisted of 19 self-storage properties (of which we consolidated ten, with an average occupancy of 91.3% at that date), and two hotel properties, with an average occupancy of 85.4% for the year ended December 31, 2019, one of which was sold in January 2020 (Note 20). During the second quarter of 2019, we entered into net lease agreements for certain self-storage properties previously classified as operating properties. As a result, during the year ended December 31, 2019, we reclassified 27 consolidated self-storage properties from operating properties to net leases (Note 5). We acquired 44 self-storage properties and one hotel in the CPA:17 Merger in October 2018 (Note 3), and we acquired two self-storage properties in November 2018 (Note 8). We also sold a hotel in April 2018 (Note 17). At December 31, 2018, operating properties also included two hotel properties. At December 31, 2017, operating properties consisted of two hotel properties.
(c) Excludes total square footage of 1.6 million for our operating properties at December 31, 2019.
(d) We acquired investments in Croatia, the Czech Republic, Estonia, Italy, Latvia, Lithuania, and Slovakia in connection with the CPA:17 Merger in October 2018 (Note 3). We also acquired investments in Denmark and Portugal during 2018. We sold all of our investments in Australia during 2018 (Note 17).
(e) Amount for 2018 excludes properties acquired in the CPA:17 Merger (Note 3). Amount for 2018 includes a property valued at $85.5 million that was acquired in exchange for 23 properties leased to the same tenant in a nonmonetary transaction (Note 5). Amount for 2018 includes the acquisition of an equity interest in two self-storage properties for $17.9 million (Note 8).
(f) Amount for 2017 includes projects that were partially completed in 2016.
(g) Many of our lease agreements include contractual increases indexed to changes in the CPI or similar indices in the jurisdictions in which the properties are located.

Net-Leased Portfolio

The tables below represent information about our net-leased portfolio at December 31, 2019 on a pro rata basis and, accordingly, exclude all operating properties. See Terms and Definitions below for a description of pro rata amounts and ABR.

Top Ten Tenants by ABR
(dollars in thousands)

Tenant/Lease Guarantor	Description	Number of Properties	ABR	ABR Percent	Weighted-Average Lease Term (Years)
U-Haul Moving Partners Inc. and Mercury Partners, LP	Net lease self-storage properties in the U.S.	78	$ 38,751	3.5%	4.3
Hellweg Die Profi-Baumärkte GmbH & Co. KG (a)	Do-it-yourself retail properties in Germany	42	33,338	3.0%	17.2
State of Andalucía (a)	Government office properties in Spain	70	28,393	2.5%	15.0
Metro Cash & Carry Italia S.p.A. (a)	Business-to-business wholesale stores in Italy and Germany	20	27,119	2.4%	7.3
Pendragon PLC (a)	Automotive dealerships in the United Kingdom	69	22,449	2.0%	10.4
Marriott Corporation	Net lease hotel properties in the U.S.	18	20,065	1.8%	3.9
Extra Space Storage, Inc.	Net lease self-storage properties in the U.S.	27	19,519	1.7%	24.3
Nord Anglia Education, Inc.	K-12 private schools in the U.S.	3	18,734	1.7%	23.7
Forterra, Inc. (a) (b)	Industrial properties in the U.S. and Canada	27	18,394	1.7%	23.5
Advance Auto Parts, Inc.	Distribution facilities in the U.S.	30	18,345	1.6%	13.1
Total		384	$ 245,107	21.9%	13.3

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(a) ABR amounts are subject to fluctuations in foreign currency exchange rates.
(b) Of the 27 properties leased to Forterra, Inc., 25 are located in the United States and two are located in Canada.

Portfolio Diversification by Geography
(in thousands, except percentages)

Region		ABR	ABR Percent	Square Footage [a]	Square Footage Percent
United States					
South					
Texas	$	99,611	8.9%	11,411	8.2%
Florida		47,079	4.2%	4,060	2.9%
Georgia		28,197	2.5%	4,024	2.9%
Tennessee		15,721	1.4%	2,260	1.6%
Alabama		15,273	1.4%	2,397	1.7%
Other [b]		12,622	1.1%	2,263	1.6%
Total South		218,503	19.5%	26,415	18.9%
East					
North Carolina		32,648	2.9%	8,052	5.7%
Pennsylvania		25,079	2.3%	3,609	2.6%
Massachusetts		21,395	1.9%	1,397	1.0%
New Jersey		19,330	1.7%	1,100	0.8%
South Carolina		15,570	1.4%	4,437	3.2%
Virginia		13,449	1.2%	1,430	1.0%
New York		12,919	1.2%	1,392	1.0%
Kentucky		11,220	1.0%	3,063	2.2%
Other [b]		22,818	2.0%	3,531	2.5%
Total East		174,428	15.6%	28,011	20.0%
Midwest					
Illinois		51,385	4.6%	5,974	4.3%
Minnesota		25,652	2.3%	2,362	1.7%
Indiana		18,002	1.6%	2,827	2.0%
Wisconsin		15,874	1.4%	2,984	2.1%
Ohio		15,125	1.4%	3,153	2.2%
Michigan		13,898	1.2%	2,132	1.5%
Other [b]		27,471	2.5%	4,697	3.4%
Total Midwest		167,407	15.0%	24,129	17.2%
West					
California		60,393	5.4%	5,162	3.7%
Arizona		33,826	3.0%	3,648	2.6%
Colorado		11,413	1.0%	1,008	0.7%
Other [b]		44,575	4.0%	4,210	3.0%
Total West		150,207	13.4%	14,028	10.0%
United States Total		710,545	63.5%	92,583	66.1%
International					
Germany		62,653	5.6%	6,769	4.8%
Poland		52,066	4.6%	7,215	5.1%
The Netherlands		50,698	4.5%	6,862	4.9%
Spain		49,089	4.4%	4,226	3.0%
United Kingdom		42,592	3.8%	3,309	2.4%
Italy		25,513	2.3%	2,386	1.7%
Croatia		16,513	1.5%	1,794	1.3%
Denmark		13,991	1.3%	2,320	1.7%
France		13,336	1.2%	1,359	1.0%
Canada		12,867	1.2%	2,103	1.5%
Finland		11,376	1.0%	949	0.7%
Other [c]		57,280	5.1%	8,107	5.8%
International Total		407,974	36.5%	47,399	33.9%
Total	$	1,118,519	100.0%	139,982	100.0%

Portfolio Diversification by Property Type
(in thousands, except percentages)

Property Type		ABR	ABR Percent	Square Footage [(a)]	Square Footage Percent
Industrial	$	268,434	24.0%	47,996	34.3%
Office		251,519	22.5%	16,894	12.1%
Warehouse		240,200	21.5%	46,169	33.0%
Retail [(d)]		198,686	17.7%	17,556	12.5%
Self Storage (net lease)		58,270	5.2%	5,810	4.1%
Other [(e)]		101,410	9.1%	5,557	4.0%
Total	$	1,118,519	100.0%	139,982	100.0%

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(a) Includes square footage for any vacant properties.
(b) Other properties within South include assets in Louisiana, Oklahoma, Arkansas, and Mississippi. Other properties within East include assets in Maryland, Connecticut, West Virginia, New Hampshire, and Maine. Other properties within Midwest include assets in Missouri, Kansas, Nebraska, Iowa, North Dakota, and South Dakota. Other properties within West include assets in Utah, Nevada, Oregon, Washington, Hawaii, New Mexico, Wyoming, Montana, and Alaska.
(c) Includes assets in Lithuania, Norway, Mexico, Hungary, the Czech Republic, Austria, Portugal, Sweden, Japan, Slovakia, Latvia, Belgium, and Estonia.
(d) Includes automotive dealerships.
(e) Includes ABR from tenants with the following property types: education facility, hotel (net lease), fitness facility, laboratory, theater, and student housing (net lease).

Portfolio Diversification by Tenant Industry
(in thousands, except percentages)

Industry Type	ABR	ABR Percent	Square Footage	Square Footage Percent
Retail Stores [(a)]	$ 233,346	20.9%	30,993	22.1%
Consumer Services	113,588	10.1%	8,429	6.0%
Automotive	72,679	6.5%	12,166	8.7%
Cargo Transportation	60,211	5.4%	9,345	6.7%
Business Services	60,073	5.4%	5,272	3.8%
Grocery	56,574	5.1%	6,549	4.7%
Healthcare and Pharmaceuticals	51,010	4.6%	4,281	3.1%
Hotel, Gaming, and Leisure	43,663	3.9%	2,423	1.7%
Construction and Building	42,290	3.8%	7,673	5.5%
Capital Equipment	39,686	3.5%	6,550	4.7%
Sovereign and Public Finance	39,259	3.5%	3,364	2.4%
Beverage, Food, and Tobacco	37,825	3.4%	4,862	3.5%
Containers, Packaging, and Glass	35,718	3.2%	6,186	4.4%
High Tech Industries	30,444	2.7%	3,384	2.4%
Durable Consumer Goods	30,214	2.7%	6,870	4.9%
Insurance	24,875	2.2%	1,759	1.3%
Banking	19,239	1.7%	1,247	0.9%
Telecommunications	18,803	1.7%	1,732	1.2%
Non-Durable Consumer Goods	15,088	1.3%	5,194	3.7%
Media: Advertising, Printing, and Publishing	14,785	1.3%	1,435	1.0%
Aerospace and Defense	13,539	1.2%	1,279	0.9%
Media: Broadcasting and Subscription	12,787	1.1%	784	0.6%
Wholesale	12,206	1.1%	2,005	1.4%
Chemicals, Plastics, and Rubber	12,037	1.1%	1,403	1.0%
Other [(b)]	28,580	2.6%	4,797	3.4%
Total	$ 1,118,519	100.0%	139,982	100.0%

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(a) Includes automotive dealerships.
(b) Includes ABR from tenants in the following industries: metals and mining, oil and gas, environmental industries, electricity, consumer transportation, forest products and paper, real estate, and finance. Also includes square footage for vacant properties.

Lease Expirations
(in thousands, except percentages and number of leases)

Year of Lease Expiration [(a)]	Number of Leases Expiring	Number of Tenants with Leases Expiring	ABR	ABR Percent	Square Footage	Square Footage Percent
2020	25	22	$ 19,294	1.7%	2,050	1.5%
2021	77	23	33,967	3.0%	3,899	2.8%
2022	41	32	58,261	5.2%	5,377	3.8%
2023	31	28	46,954	4.2%	5,919	4.2%
2024	76	49	111,646	10.0%	13,961	10.0%
2025	61	30	58,023	5.2%	7,194	5.1%
2026	32	20	49,824	4.5%	7,354	5.2%
2027	45	27	71,604	6.4%	8,237	5.9%
2028	43	25	61,774	5.5%	4,867	3.5%
2029	31	18	36,289	3.2%	4,561	3.3%
2030	28	22	73,580	6.6%	6,638	4.7%
2031	66	16	68,973	6.2%	8,155	5.8%
2032	35	14	43,105	3.9%	5,914	4.2%
2033	19	13	48,275	4.3%	6,672	4.8%
Thereafter (>2033)	172	84	336,950	30.1%	47,554	34.0%
Vacant	—	—	—	—%	1,630	1.2%
Total	782		$ 1,118,519	100.0%	139,982	100.0%

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

Terms and Definitions

Pro Rata Metrics —The portfolio information above contains certain metrics prepared under the pro rata consolidation method. We refer to these metrics as pro rata metrics. We have a number of investments, usually with our affiliates, in which our economic ownership is less than 100%. Under the full consolidation method, we report 100% of the assets, liabilities, revenues, and expenses of those investments that are deemed to be under our control or for which we are deemed to be the primary beneficiary, even if our ownership is less than 100%. Also, for all other jointly owned investments, which we do not control, we report our net investment and our net income or loss from that investment. Under the pro rata consolidation method, we present our proportionate share, based on our economic ownership of these jointly owned investments, of the portfolio metrics of those investments. Multiplying each of our jointly owned investments' financial statement line items by our percentage ownership and adding or subtracting those amounts from our totals, as applicable, may not accurately depict the legal and economic implications of holding an ownership interest of less than 100% in our jointly owned investments.

ABR — ABR represents contractual minimum annualized base rent for our net-leased properties, net of receivable reserves as determined by GAAP, and reflects exchange rates as of December 31, 2019. If there is a rent abatement, we annualize the first monthly contractual base rent following the free rent period. ABR is not applicable to operating properties.

Results of Operations

We operate in two reportable segments: Real Estate and Investment Management. We evaluate our results of operations with a primary focus on increasing and enhancing the value, quality, and number of properties in our Real Estate segment. We focus our efforts on accretive investing and improving portfolio quality through re-leasing efforts, including negotiation of lease renewals, or selectively selling assets in order to increase value in our real estate portfolio. Through our Investment Management segment, we expect to continue to earn fees and other income from the management of the portfolios of the remaining Managed Programs until those programs reach the end of their respective life cycles.

Real Estate — Property Level Contribution

The following table presents the Property level contribution for our consolidated net-leased and operating properties within our Real Estate segment, as well as a reconciliation to Net income from Real Estate attributable to W. P. Carey (in thousands):

	Years Ended December 31,					
	2019	2018	Change	2018	2017	Change
Existing Net-Leased Properties						
Lease revenues	$ 634,557	$ 624,698	$ 9,859	$ 624,698	$ 603,889	$ 20,809
Depreciation and amortization	(221,176)	(228,060)	6,884	(228,060)	(222,308)	(5,752)
Reimbursable tenant costs	(25,800)	(21,445)	(4,355)	(21,445)	(19,590)	(1,855)
Property expenses	(19,373)	(17,201)	(2,172)	(17,201)	(14,223)	(2,978)
Property level contribution	368,208	357,992	10,216	357,992	347,768	10,224
Net-Leased Properties Acquired in the CPA:17 Merger						
Lease revenues	349,518	55,403	294,115	55,403	—	55,403
Depreciation and amortization	(152,757)	(22,136)	(130,621)	(22,136)	—	(22,136)
Reimbursable tenant costs	(27,618)	(5,062)	(22,556)	(5,062)	—	(5,062)
Property expenses	(15,454)	(2,685)	(12,769)	(2,685)	—	(2,685)
Property level contribution	153,689	25,520	128,169	25,520	—	25,520
Recently Acquired Net-Leased Properties						
Lease revenues	90,382	29,198	61,184	29,198	495	28,703
Depreciation and amortization	(37,438)	(12,730)	(24,708)	(12,730)	(174)	(12,556)
Reimbursable tenant costs	(1,928)	(406)	(1,522)	(406)	(3)	(403)
Property expenses	(1,367)	(400)	(967)	(400)	(78)	(322)
Property level contribution	49,649	15,662	33,987	15,662	240	15,422
Existing Operating Property						
Operating property revenues	15,001	15,179	(178)	15,179	14,554	625
Depreciation and amortization	(1,515)	(1,947)	432	(1,947)	(1,714)	(233)
Operating property expenses	(11,742)	(11,607)	(135)	(11,607)	(11,358)	(249)
Property level contribution	1,744	1,625	119	1,625	1,482	143
Operating Properties Acquired in the CPA:17 Merger						
Operating property revenues	20,787	6,391	14,396	6,391	—	6,391
Depreciation and amortization	(19,502)	(6,040)	(13,462)	(6,040)	—	(6,040)
Operating property expenses	(8,205)	(2,258)	(5,947)	(2,258)	—	(2,258)
Property level contribution	(6,920)	(1,907)	(5,013)	(1,907)	—	(1,907)
Properties Sold or Held for Sale						
Lease revenues	11,918	35,199	(23,281)	35,199	47,513	(12,314)
Operating property revenues	14,432	6,502	7,930	6,502	16,008	(9,506)
Depreciation and amortization	(9,681)	(15,259)	5,578	(15,259)	(23,947)	8,688
Reimbursable tenant costs	(230)	(1,163)	933	(1,163)	(1,931)	768
Property expenses	(3,351)	(2,487)	(864)	(2,487)	(3,029)	542
Operating property expenses	(18,068)	(6,285)	(11,783)	(6,285)	(12,068)	5,783
Property level contribution	(4,980)	16,507	(21,487)	16,507	22,546	(6,039)
Property Level Contribution	561,390	415,399	145,991	415,399	372,036	43,363
Add: Lease termination income and other	36,268	6,555	29,713	6,555	4,749	1,806
Less other expenses:						
General and administrative	(56,796)	(47,210)	(9,586)	(47,210)	(39,002)	(8,208)
Impairment charges	(32,539)	(4,790)	(27,749)	(4,790)	(2,769)	(2,021)
Stock-based compensation expense	(13,248)	(10,450)	(2,798)	(10,450)	(6,960)	(3,490)
Corporate depreciation and amortization	(1,231)	(1,289)	58	(1,289)	(1,289)	—
Merger and other expenses	(101)	(41,426)	41,325	(41,426)	(605)	(40,821)
Other Income and Expenses						
Interest expense	(233,325)	(178,375)	(54,950)	(178,375)	(165,775)	(12,600)
Other gains and (losses)	30,251	30,015	236	30,015	(5,655)	35,670
Gain on sale of real estate, net	18,143	118,605	(100,462)	118,605	33,878	84,727
(Loss) gain on change in control of interests	(8,416)	18,792	(27,208)	18,792	—	18,792
Equity in earnings of equity method investments in real estate	2,361	13,341	(10,980)	13,341	13,068	273
	(190,986)	2,378	(193,364)	2,378	(124,484)	126,862
Income before income taxes	302,757	319,167	(16,410)	319,167	201,676	117,491
(Provision for) benefit from income taxes	(30,802)	844	(31,646)	844	(1,743)	2,587
Net Income from Real Estate	271,955	320,011	(48,056)	320,011	199,933	120,078
Net loss (income) attributable to noncontrolling interests	110	(12,775)	12,885	(12,775)	(7,794)	(4,981)

Net Income from Real Estate Attributable to W. P. Carey	$ 272,065	$ 307,236	$ (35,171)	$ 307,236	$ 192,139	$ 115,097

Also refer to Note 18 for a table presenting the comparative results of our Real Estate segment.

Property level contribution is a non-GAAP measure that we believe to be a useful supplemental measure for management and investors in evaluating and analyzing the financial results of our net-leased and operating properties included in our Real Estate segment over time. Property level contribution presents our lease and operating property revenues, less property expenses, reimbursable tenant costs, and depreciation and amortization. Reimbursable tenant costs (within Real Estate revenues) are now included within Lease revenues in the consolidated statements of income (Note 2). We believe that Property level contribution allows for meaningful comparison between periods of the direct costs of owning and operating our net-leased assets and operating properties. While we believe that Property level contribution is a useful supplemental measure, it should not be considered as an alternative to Net income from Real Estate attributable to W. P. Carey as an indication of our operating performance.

Existing Net-Leased Properties

Existing net-leased properties are those that we acquired or placed into service prior to January 1, 2017 and that were not sold or held for sale during the periods presented. For the periods presented, there were 787 existing net-leased properties.

2019 vs. 2018 — For the year ended December 31, 2019 as compared to 2018, lease revenues from existing net-leased properties increased by $9.2 million due to new leases, $8.2 million related to scheduled rent increases, $4.4 million related to completed construction projects on existing properties, and $3.1 million primarily due to accelerated amortization of an above-market rent lease intangible during the prior year in connection with a lease restructuring. These increases were partially offset by decreases of $10.1 million as a result of the weakening of foreign currencies (primarily the euro) in relation to the U.S. dollar between the years and $7.3 million due to lease expirations or early termination options.

Reimbursable tenant costs from existing net-leased properties increased primarily due to land lease payments for several properties recorded during the current year following the adoption of *Accounting Standards Update 2016-02*, *Leases (Topic 842)* as of January 1, 2019 (Note 2), as a result of which we began recording such payments on a gross basis, as well as higher real estate taxes related to a domestic property. Depreciation and amortization expense from existing net-leased properties decreased primarily due to accelerated amortization of two in-place lease intangibles during the prior year in connection with lease terminations, as well as the weakening of foreign currencies (primarily the euro) in relation to the U.S. dollar between the years. Property expenses from existing net-leased properties increased primarily due to tenant vacancies during 2018 and 2019, which resulted in property expenses no longer being reimbursable.

Net-Leased Properties Acquired in the CPA:17 Merger

Net-leased properties acquired in the CPA:17 Merger on October 31, 2018 (Note 3) consisted of 275 net-leased properties, as well as one property placed into service during the first quarter of 2019, which was an active build-to-suit project at the time of acquisition in the CPA:17 Merger. The 275 net-leased properties included 27 self-storage properties acquired in the CPA:17 Merger, which were reclassified from operating properties to net-leased properties during the year ended December 31, 2019 as a result of entering into net-lease agreements during the second quarter of 2019 (Note 5). Net-leased properties acquired in the CPA:17 Merger contributed lease revenue, depreciation and amortization, and property expenses for a full year during 2019, as compared to two months during 2018.

Recently Acquired Net-Leased Properties

Recently acquired net-leased properties are those that we acquired or placed into service subsequent to December 31, 2016, excluding properties acquired in the CPA:17 Merger, and that were not sold or held for sale during the periods presented. Since January 1, 2017, we acquired 40 investments, comprised of 121 properties (two of which we acquired in 2017, 75 of which we acquired in 2018, and 44 of which we acquired in 2019), and placed three properties into service (two in 2018 and one in 2019).

2019 vs. 2018 — For the year ended December 31, 2019 as compared to 2018, lease revenues increased by $23.3 million as a result of the 45 properties we acquired or placed into service during the year ended December 31, 2019 and $37.7 million as a result of the 77 properties we acquired or placed into service during the year ended December 31, 2018. Depreciation and amortization expense increased by $8.8 million as a result of the 45 properties we acquired or placed into service during the year ended December 31, 2019 and $15.8 million as a result of the 77 properties we acquired or placed into service during the year ended December 31, 2018.

Existing Operating Property

We have one hotel operating property with results of operations reflected in all periods presented. In April 2018, we sold another hotel operating property, which is included in *Properties Sold or Held for Sale* below.

For the year ended December 31, 2019 as compared to 2018, property level contribution from our existing operating property was substantially unchanged.

Operating Properties Acquired in the CPA:17 Merger

Operating properties acquired in the CPA:17 Merger (Note 3) consisted of ten self-storage properties (which excludes seven self-storage properties acquired in the CPA:17 Merger accounted for under the equity method). Aside from these ten operating properties, we acquired 27 self-storage properties in the CPA:17 Merger, which were reclassified from operating properties to net-leased properties during the year ended December 31, 2019, as described in *Net-Leased Properties Acquired in the CPA:17 Merger* above. At December 31, 2019, we had one hotel operating property classified as held for sale (Note 5), which was acquired in the CPA:17 Merger and is included in *Properties Sold or Held for Sale* below. Operating properties acquired in the CPA:17 Merger contributed operating property revenues, depreciation and amortization, and operating property expenses for a full year during 2019, as compared to two months during 2018.

Properties Sold or Held for Sale

During the year ended December 31, 2019, we disposed of 22 properties, including the repayment of a loan receivable in June 2019 (Note 6). At December 31, 2019, we had one hotel operating property classified as held for sale (Note 5), which we acquired in the CPA:17 Merger and sold in January 2020 (Note 20).

During the year ended December 31, 2018, we disposed of 72 properties, including one hotel operating property.

During the year ended December 31, 2017, we disposed of 18 properties and a parcel of vacant land.

In addition to the impact on property level contribution related to properties we sold or classified as held for sale during the periods presented, we recognized gain (loss) on sale of real estate, lease termination income, impairment charges, and gain (loss) on extinguishment of debt. The impact of these transactions is described in further detail below and in Note 17.

Other Revenues and Expenses

Lease Termination Income and Other

2019 — For the year ended December 31, 2019, lease termination income and other was $36.3 million, primarily comprised of: (i) income of $9.1 million from receipt of proceeds from a bankruptcy claim on a prior tenant; (ii) income of $8.8 million related to a lease restructuring in May 2019 that led to the recognition of $6.6 million in rent receipts during the third and fourth quarters of 2019 on claims that were previously deemed uncollectible, and a related value-added tax refund of $2.2 million that was recognized in May 2019; (iii) interest income from our loans receivable totaling $6.2 million; (iv) income of $6.2 million related to a lease termination and related master lease restructuring that occurred during the fourth quarter of 2019, for which payment will be received over the remaining lease term of properties held under that master lease; and (v) income substantially from a parking garage attached to one of our net-leased properties totaling $3.5 million.

2018 — For the year ended December 31, 2018, lease termination income and other was $6.6 million, primarily comprised of lease termination income from a former tenant received in the third quarter of 2018 and income recognized during 2018 related to a lease termination that occurred during the fourth quarter of 2017. Lease termination income and other also consisted of interest income from our loans receivable.

General and Administrative

General and administrative expenses recorded by our Real Estate segment are allocated based on time incurred by our personnel for the Real Estate and Investment Management segments.

2019 vs. 2018 — For the year ended December 31, 2019 as compared to 2018, general and administrative expenses in our Real Estate segment increased by $9.6 million, primarily due to an increase in estimated time spent by management and personnel on Real Estate segment activities following the CPA:17 Merger (Note 3).

Impairment Charges

Our impairment charges are more fully described in Note 9.

2019 — For the year ended December 31, 2019, we recognized impairment charges totaling $32.5 million to reduce the carrying values of certain assets to their estimated fair values, consisting of the following:

- $31.2 million recognized on five properties accounted for as Net investments in direct financing leases, primarily due to a lease restructuring, based on the cash flows expected to be derived from the underlying assets (discounted at the rate implicit in the lease), in accordance with Accounting Standards Codification ("ASC") 310, *Receivables*; and
- $1.3 million recognized on a property that was sold in February 2020 (Note 20).

2018 — For the year ended December 31, 2018, we recognized impairment charges totaling $4.8 million to reduce the carrying values of certain assets to their estimated fair values, consisting of the following:

- $3.8 million recognized on a property due to a tenant bankruptcy; and
- $1.0 million recognized on a property due to a tenant vacancy; this property was sold in July 2019.

Stock-based Compensation Expense

For a description of our equity plans and awards, please see Note 15.

2019 vs. 2018 — For the year ended December 31, 2019 as compared to 2018, stock-based compensation expense allocated to the Real Estate segment increased by $2.8 million, primarily due to an increase in time spent by management and personnel on Real Estate segment activities, partially offset by the impact of the modification of the restricted share units ("RSUs") and performance share units ("PSUs") held by our former chief executive officer in connection with his retirement in February 2018 (Note 15).

Merger and Other Expenses

2018 — For the year ended December 31, 2018, merger and other expenses were primarily comprised of costs incurred in connection with the CPA:17 Merger, including advisory fees, transfer taxes, and legal, accounting, and tax-related professional fees (Note 1, Note 3).

Interest Expense

2019 vs. 2018 — For the year ended December 31, 2019 as compared to 2018, interest expense increased by $55.0 million, primarily due to an increase of $47.8 million related to non-recourse mortgage loans assumed in the CPA:17 Merger (Note 3). We incurred interest expense on such mortgage loans for a full year during 2019, as compared to two months during 2018. Since January 1, 2018, we have (i) completed four offerings of senior unsecured notes totaling $2.1 billion (based on the exchange rate of the euro on the dates of issuance for our euro-denominated senior unsecured notes) with a weighted-average interest rate of 2.2% and (ii) reduced our mortgage debt outstanding by prepaying or repaying at maturity a total of $1.4 billion of non-recourse mortgage loans with a weighted-average interest rate of 4.3% (Note 11). Our average outstanding debt balance was $6.3 billion and $4.9 billion during the years ended December 31, 2019 and 2018, respectively. Our weighted-average interest rate was 3.4% during both the years ended December 31, 2019 and 2018.

Other Gains and (Losses)

Other gains and (losses) primarily consists of gains and losses on foreign currency transactions, derivative instruments, and extinguishment of debt. For the year ended December 31, 2018, gains and losses on foreign currency transactions were recognized on the remeasurement of certain of our euro-denominated unsecured debt instruments that were not designated as net investment hedges; such instruments were all designated as net investment hedges during the year ended December 31, 2019 (Note 10). We also make certain foreign currency-denominated intercompany loans to a number of our foreign subsidiaries, most of which do not have the U.S. dollar as their functional currency. Remeasurement of foreign currency intercompany transactions that are scheduled for settlement, consisting primarily of accrued interest and short-term loans, are included in the determination of net income. In addition, we have certain derivative instruments, including common stock warrants and foreign currency forward and collar contracts, that are not designated as hedges for accounting purposes, for which realized and unrealized gains and losses are included in earnings. We also recognize unrealized gains and losses on movements in the fair value of certain investments within Other gains and (losses). The timing and amount of such gains or losses cannot always be estimated and are subject to fluctuation.

2019 — For the year ended December 31, 2019, net other gains were $30.3 million. During the year, we recognized unrealized gains of $32.9 million related to an increase in the fair value of our investment in shares of a cold storage operator (Note 9) and realized gains of $16.4 million related to the settlement of foreign currency forward contracts and foreign currency collars. These gains were partially offset by a net loss on extinguishment of debt totaling $14.8 million related to the prepayment of mortgage loans (primarily comprised of prepayment penalties) (Note 11) and net realized and unrealized losses of $4.9 million on foreign currency transactions as a result of changes in foreign currency exchange rates.

2018 — For the year ended December 31, 2018, net other gains were $30.0 million. During the year, we recognized net realized and unrealized gains of $21.3 million on foreign currency transactions as a result of changes in foreign currency exchange rates, realized gains of $9.5 million on the settlement of foreign currency forward contracts and foreign currency collars, and interest income of $2.5 million primarily related to our loans to affiliates (Note 4). These gains were partially offset by a non-cash net loss on extinguishment of debt totaling $3.3 million related to the repayment of unsecured term loans and the payoff of certain mortgage loans.

Gain on Sale of Real Estate, Net

Gain on sale of real estate, net, consists of gain on the sale of properties that were disposed of during the years ended December 31, 2019, 2018, and 2017. Our dispositions are more fully described in Note 17.

2019 — During the year ended December 31, 2019, we sold 14 properties for total proceeds of $308.0 million, net of selling costs, and recognized a net gain on these sales totaling $10.9 million (inclusive of income taxes totaling $1.2 million recognized upon sale). In June 2019, a loan receivable was repaid in full to us for $9.3 million, which resulted in a net loss of $0.1 million (Note 6). In October 2019, we transferred ownership of six properties and the related non-recourse mortgage loan, which had an aggregate asset carrying value of $42.3 million and a mortgage carrying value of $43.4 million (including a $13.8 million discount on the mortgage loan), respectively, on the date of transfer, to the mortgage lender, resulting in a net gain of $8.3 million (outstanding principal balance was $56.4 million and we wrote off $5.6 million of accrued interest payable). In addition, in December 2019, we transferred ownership of a property and the related non-recourse mortgage loan, which had an aggregate asset carrying value of $10.4 million and a mortgage carrying value of $8.2 million (including a $0.5 million discount on the mortgage loan), respectively, on the date of transfer, to the mortgage lender, resulting in a net loss of $1.0 million (outstanding principal balance was $8.7 million and we wrote off $0.9 million of accrued interest payable).

2018 — During the year ended December 31, 2018, we sold 49 properties for total proceeds of $431.6 million, net of selling costs, and recognized a net gain on these sales totaling $112.3 million (inclusive of income taxes totaling $21.8 million recognized upon sale). Disposition activity included the sale of one of our hotel operating properties in April 2018. In addition, in June 2018, we completed a nonmonetary transaction, in which we disposed of 23 properties in exchange for the acquisition of one property leased to the same tenant. This swap was recorded based on the fair value of the property acquired of $85.5 million, which resulted in a net gain of $6.3 million, and was a non-cash investing activity (Note 5).

(Loss) Gain on Change in Control of Interests

2019 — During the third quarter of 2019, we identified certain measurement period adjustments that impacted the provisional accounting for an investment we acquired in the CPA:17 Merger (Note 3), in which we had a joint interest and accounted for under the equity method pre-merger. As a result, we recorded a loss on change in control of interests of $8.4 million during the year ended December 31, 2019, reflecting adjustments to the difference between our carrying value and the preliminary estimated fair value of this former equity interest on October 31, 2018 (Note 6). Subsequent to the CPA:17 Merger, we consolidated this wholly owned investment.

2018 — In connection with the CPA:17 Merger, we acquired the remaining interests in six investments in which we already had a joint interest and accounted for under the equity method. Due to the change in control of these six jointly owned investments, we recorded a gain on change in control of interests of $18.8 million reflecting the difference between our carrying values and the preliminary estimated fair values of our previously held equity interests on October 31, 2018. Subsequent to the CPA:17 Merger, we consolidated these wholly owned investments (Note 3).

Equity in Earnings of Equity Method Investments in Real Estate

In connection with the CPA:17 Merger (Note 3), we acquired the remaining interests in six investments, in which we already had a joint interest and accounted for under the equity method, and equity interests in seven unconsolidated investments (Note 8). In November 2018, we acquired an equity interest in two self-storage properties (Note 8); this acquisition was related to a jointly owned investment in seven self-storage properties that we acquired in the CPA:17 Merger. In February 2019, we received full repayment of our preferred equity interest in an investment, which is now retired (Note 8). The following table presents the details of our Equity in earnings of equity method investments in real estate (in thousands):

	Years Ended December 31,		
	2019	2018	2017
Equity in earnings of equity method investments in real estate:			
Equity investments acquired in the CPA:17 Merger	$ 2,510	$ 342	$ —
Recently acquired equity investment	(409)	(115)	—
Retired equity investment	260	1,275	1,275
Equity investments consolidated after the CPA:17 Merger	—	11,839	11,793
Equity in earnings of equity method investments in real estate	$ 2,361	$ 13,341	$ 13,068

(Provision for) Benefit from Income Taxes

2019 vs. 2018 — For the year ended December 31, 2019, we recorded a provision for income taxes of $30.8 million, compared to a benefit from income taxes of $0.8 million recognized during the year ended December 31, 2018 within our Real Estate segment. For the year ended December 31, 2019 as compared to 2018, provision for income taxes related to properties acquired in the CPA:17 Merger on October 31, 2018 (Note 3) increased by $19.6 million, since we owned the properties for a full year in 2019 compared to two months in 2018. In addition, during the year ended December 31, 2019, we recognized deferred tax expenses totaling approximately $8.6 million as a result of the increase in the fair value of our investment in shares of a cold storage operator, as described above under *Other Gains and (Losses)*. Also, during the year ended December 31, 2018, we recognized a deferred tax benefit of approximately $6.2 million as a result of the release of a deferred tax liability relating to a property holding company that was no longer required due to a change in tax classification.

Net Loss (Income) Attributable to Noncontrolling Interests

2019 vs. 2018 — For the year ended December 31, 2019, we recorded loss attributable to noncontrolling interests of $0.1 million, compared to income attributable to noncontrolling interests of $12.8 million for the year ended December 31, 2018. During the prior year, through the CPA:17 Merger on October 31, 2018 (Note 3), we consolidated seven less-than-wholly-owned investments, for which the remaining interests were owned by CPA:17 – Global or a third party. Following the CPA:17 Merger, we consolidate two less-than-wholly-owned investments (for which the remaining interest was owned by a third party), resulting in a decrease in amounts attributable to noncontrolling interests during the current year as compared to the prior year.

Investment Management

We earn revenue as the advisor to the Managed Programs. For the periods presented, we acted as advisor to the following affiliated Managed Programs: CPA:17 – Global (through October 31, 2018), CPA:18 – Global, CWI 1, CWI 2, CCIF (through September 10, 2017), and CESH. The CWI 1 and CWI 2 Proposed Merger is expected to close in the first quarter of 2020, subject to the approval of stockholders of each of CWI 1 and CWI 2, among other conditions. Each of CWI 1 and CWI 2 has scheduled a special meeting of stockholders for March 26, 2020. Immediately following the closing of the CWI 1 and CWI 2 Proposed Merger, the advisory agreements with each of CWI 1 and CWI 2 will terminate and CWI 2 will internalize the management services currently provided by us (Note 4).

In connection with the CWI 1 and CWI 2 Proposed Merger, we expect to record an impairment charge on a significant portion of goodwill within our Investment Management segment, which had a carrying value of $63.6 million as of December 31, 2019. Our accounting policies for evaluating impairment of goodwill are described in Note 2.

Upon completion of the CPA:17 Merger on October 31, 2018 (Note 3), the advisory agreements with CPA:17 – Global were terminated, and we ceased earning revenue from CPA:17 – Global. We no longer raise capital for new or existing funds, but we currently expect to continue to manage all existing Managed Programs and earn the various fees described below through the end of their respective life cycles (Note 1, Note 4). As of December 31, 2019, we managed total assets of approximately $7.5 billion on behalf of the remaining Managed Programs.

Below is a summary of comparative results of our Investment Management segment (in thousands):

	Years Ended December 31,					
	2019	2018	Change	2018	2017	Change
Revenues						
Asset management revenue						
CPA:17 – Global	$ —	$ 24,884	$ (24,884)	$ 24,884	$ 29,363	$ (4,479)
CPA:18 – Global	11,539	12,087	(548)	12,087	11,293	794
CWI 1	14,052	14,136	(84)	14,136	14,499	(363)
CWI 2	10,734	10,400	334	10,400	8,669	1,731
CCIF	—	—	—	—	5,229	(5,229)
CESH	2,807	2,049	758	2,049	1,072	977
	39,132	63,556	(24,424)	63,556	70,125	(6,569)
Reimbursable costs from affiliates						
CPA:17 – Global	—	6,233	(6,233)	6,233	9,775	(3,542)
CPA:18 – Global	3,934	4,207	(273)	4,207	4,055	152
CWI 1	6,936	6,653	283	6,653	6,039	614
CWI 2	4,364	4,171	193	4,171	22,331	(18,160)
CCIF	—	—	—	—	6,591	(6,591)
CESH	1,313	661	652	661	2,654	(1,993)
	16,547	21,925	(5,378)	21,925	51,445	(29,520)
Structuring and other advisory revenue						
CPA:17 – Global	—	1,184	(1,184)	1,184	9,103	(7,919)
CPA:18 – Global	2,322	18,900	(16,578)	18,900	3,999	14,901
CWI 1	1,365	953	412	953	4,976	(4,023)
CWI 2	225	245	(20)	245	10,889	(10,644)
CESH	312	(156)	468	(156)	6,127	(6,283)
	4,224	21,126	(16,902)	21,126	35,094	(13,968)
Dealer manager fees	—	—	—	—	4,430	(4,430)
	59,903	106,607	(46,704)	106,607	161,094	(54,487)
Operating Expenses						
General and administrative	18,497	21,127	(2,630)	21,127	31,889	(10,762)
Reimbursable costs from affiliates	16,547	21,925	(5,378)	21,925	51,445	(29,520)
Subadvisor fees	7,579	9,240	(1,661)	9,240	13,600	(4,360)
Stock-based compensation expense	5,539	7,844	(2,305)	7,844	11,957	(4,113)
Depreciation and amortization	3,835	3,979	(144)	3,979	3,902	77
Restructuring and other compensation	—	—	—	—	9,363	(9,363)
Dealer manager fees and expenses	—	—	—	—	6,544	(6,544)
	51,997	64,115	(12,118)	64,115	128,700	(64,585)
Other Income and Expenses						
Equity in earnings of equity method investments in the Managed Programs	20,868	48,173	(27,305)	48,173	51,682	(3,509)
Other gains and (losses)	1,224	(102)	1,326	(102)	2,042	(2,144)
Gain on change in control of interests	—	29,022	(29,022)	29,022	—	29,022
	22,092	77,093	(55,001)	77,093	53,724	23,369
Income before income taxes	29,998	119,585	(89,587)	119,585	86,118	33,467
Benefit from (provision for) income taxes	4,591	(15,255)	19,846	(15,255)	(968)	(14,287)
Net Income from Investment Management	34,589	104,330	(69,741)	104,330	85,150	19,180
Net income attributable to noncontrolling interests	(1,411)	—	(1,411)	—	—	—
Net Income from Investment Management Attributable to W. P. Carey	$ 33,178	$ 104,330	$ (71,152)	$ 104,330	$ 85,150	$ 19,180

Asset Management Revenue

During the periods presented, we earned asset management revenue from (i) CPA:17 – Global, prior to the CPA:17 Merger, and CPA:18 – Global based on the value of their real estate-related assets under management, (ii) the CWI REITs based on the value of their lodging-related assets under management, and (iii) CESH based on its gross assets under management at fair value. We also earned asset management revenue from CCIF, prior to our resignation as its advisor in the third quarter of 2017, based on the average of its gross assets under management at fair value, which was payable in cash. Asset management revenue may increase or decrease depending upon changes in the Managed Programs' asset bases as a result of purchases, sales, or changes in the appraised value of the real estate-related and lodging-related assets in their investment portfolios. For 2019, (i) we received asset management fees from CPA:18 – Global 50% in cash and 50% in shares of its common stock, (ii) we received asset management fees from the CWI REITs in shares of their common stock, and (iii) we received asset management fees from CESH in cash. As a result of the CPA:17 Merger (Note 3), we no longer receive asset management revenue from CPA:17 – Global.

2019 vs. 2018 — For the year ended December 31, 2019 as compared to 2018, asset management revenue decreased by $24.4 million, primarily as a result of the cessation of asset management fees earned from CPA:17 – Global after the CPA:17 Merger on October 31, 2018 (Note 3).

Reimbursable Costs from Affiliates

Reimbursable costs from affiliates represent costs incurred by us on behalf of the Managed Programs (Note 4). Following the CPA:17 Merger (Note 3), we no longer receive reimbursement of certain personnel costs and overhead costs from CPA:17 – Global, which totaled $6.2 million for the year ended December 31, 2018.

Structuring and Other Advisory Revenue

We earn structuring revenue when we structure investments and debt placement transactions for the Managed Programs. Structuring revenue is dependent on investment activity, which is subject to significant period-to-period variation, and is expected to continue to decline on an annual basis in future periods because the Managed Programs are fully invested, we no longer raise capital for new or existing funds, and as a result of the CPA:17 Merger. Going forward, investment activity for the Managed Programs will be generally limited to capital recycling. In addition, we may earn disposition revenue when we complete dispositions for the Managed Programs.

2019 vs. 2018 — For the year ended December 31, 2019 as compared to 2018, structuring revenue decreased by $16.9 million. Structuring and other advisory revenue from CPA:18 – Global decreased by $16.6 million as a result of lower investment and debt placement volume during 2019. Structuring revenue from CPA:18 – Global for the year ended December 31, 2018 includes a $2.6 million reversal of an adjustment recorded in 2017 related to a development deal for one of the Managed Programs, in accordance with ASC 605, *Revenue Recognition*.

General and Administrative

General and administrative expenses recorded by our Investment Management segment are allocated based on time incurred by our personnel for the Real Estate and Investment Management segments. As discussed in Note 4, certain personnel costs and overhead costs are charged to CPA:18 – Global based on the trailing 12-month reported revenues of the Managed Programs and us. We allocate certain personnel and overhead costs to the CWI REITs and CESH based on the time incurred by our personnel.

2019 vs. 2018 — For the year ended December 31, 2019 as compared to 2018, general and administrative expenses in our Investment Management segment decreased by $2.6 million, primarily due to a decrease in estimated time spent by management and personnel on Investment Management segment activities following the CPA:17 Merger (Note 3).

Subadvisor Fees

Pursuant to the terms of the subadvisory agreements we have with the third-party subadvisors in connection with both CWI 1 and CWI 2, we pay a subadvisory fee equal to 20% of the amount of fees paid to us by CWI 1 and 25% of the amount of fees paid to us by CWI 2, including but not limited to: acquisition fees, asset management fees, loan refinancing fees, property management fees, and subordinated disposition fees, each as defined in the advisory agreements we have with each of CWI 1 and CWI 2. We also pay to each subadvisor 20% and 25% of the net proceeds resulting from any sale, financing, or recapitalization or sale of securities of CWI 1 and CWI 2, respectively, by us, the advisor. In addition, in connection with the multi-family properties acquired on behalf of CPA:18 – Global, we entered into agreements with third-party advisors for the day-to-day management of the properties, for which we paid 100% of asset management fees paid to us by CPA:18 – Global, as well as disposition fees. In 2018, CPA:18 – Global sold five of its six multi-family properties and in January 2019 CPA:18 – Global sold its remaining multi-family property. We also terminated the related subadvisory agreements, so subadvisor fees related to CPA:18 – Global have ceased.

2019 vs. 2018 — For the year ended December 31, 2019 as compared to 2018, subadvisor fees decreased by $1.7 million, primarily as a result of the disposition of the multi-family properties owned by CPA:18 – Global that were managed by the subadvisor, as described above.

Stock-based Compensation Expense

For a description of our equity plans and awards, please see Note 15.

2019 vs. 2018 — For the year ended December 31, 2019 as compared to 2018, stock-based compensation expense allocated to our Investment Management segment decreased by $2.3 million, primarily due to the modification of RSUs and PSUs in connection with the retirement of our former chief executive officer in February 2018 (Note 15), as well as a decrease in time spent by management and personnel on Investment Management segment activities.

Equity in Earnings of Equity Method Investments in the Managed Programs

Equity in earnings of equity method investments in the Managed Programs is recognized in accordance with GAAP (Note 8). In addition, we are entitled to receive distributions of Available Cash (Note 4) from the operating partnerships of each of the Managed REITs. The net income of our unconsolidated investments fluctuates based on the timing of transactions, such as new leases and property sales, as well as the level of impairment charges. The following table presents the details of our Equity in earnings of equity method investments in the Managed Programs (in thousands):

	Years Ended December 31,		
	2019	**2018**	**2017**
Equity in earnings of equity method investments in the Managed Programs:			
Equity in (losses) earnings of equity method investments in the Managed Programs [a]	$ (621)	$ 1,564	$ 3,820
Distributions of Available Cash: [b]			
CPA:17 – Global [a]	—	26,308	26,675
CPA:18 – Global	8,132	9,692	8,650
CWI 1	7,095	5,142	7,459
CWI 2	6,262	5,467	5,078
Equity in earnings of equity method investments in the Managed Programs	$ 20,868	$ 48,173	$ 51,682

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(a) As a result of the completion of the CPA:17 Merger on October 31, 2018 (Note 3), we no longer recognize equity income from our investment in shares of common stock of CPA:17 – Global or receive distributions of Available Cash from CPA:17 – Global.
(b) We are entitled to receive distributions of up to 10% of the Available Cash from the operating partnerships of each of the Managed REITs, as defined in their respective operating partnership agreements (Note 4). We are required to pay 20% and 25% of such distributions to the subadvisors of CWI 1 and CWI 2, respectively. Distributions of Available Cash received and earned from the Managed REITs fluctuate based on the timing of certain events, including acquisitions, dispositions, and weather-related disruptions.

Gain on Change in Control of Interests

2018 — In connection with the CPA:17 Merger, we recognized a gain on change in control of interests of $29.0 million within our Investment Management segment related to the difference between the carrying value and the preliminary estimated fair value of our previously held equity interest in shares of CPA:17 – Global's common stock (Note 3).

Benefit from (Provision for) Income Taxes

2019 vs. 2018 — For the year ended December 31, 2019, we recorded a benefit from income taxes of $4.6 million, compared to a provision for income taxes of $15.3 million recognized during the year ended December 31, 2018, within our Investment Management segment, primarily as a result of lower pre-tax income within that segment, as well as a current tax benefit of approximately $6.3 million recognized during the current year due to a change in tax position for state and local taxes. In addition, we incurred one-time current taxes during the prior year upon the recognition of taxable income associated with the accelerated vesting of shares previously issued by CPA:17 – Global to us for asset management services performed, in connection with the CPA:17 Merger.

Liquidity and Capital Resources

Sources and Uses of Cash During the Year

We use the cash flow generated from our investments primarily to meet our operating expenses, service debt, and fund dividends to stockholders. Our cash flows fluctuate periodically due to a number of factors, which may include, among other things: the timing of our equity and debt offerings; the timing of purchases and sales of real estate; the timing of the repayment of mortgage loans and receipt of lease revenues; the timing and amount of other lease-related payments; the receipt of the asset management fees in either shares of the common stock or limited partnership units of the Managed Programs or cash; the timing of distributions from equity investments in the Managed Programs and real estate; the receipt of distributions of Available Cash from the Managed REITs; the timing of settlement of foreign currency transactions; and changes in foreign currency exchange rates. We no longer receive certain fees and distributions from CPA:17 – Global following the completion of the CPA:17 Merger on October 31, 2018 (Note 3). Despite these fluctuations, we believe that we will generate sufficient cash from operations to meet our normal recurring short-term and long-term liquidity needs. We may also use existing cash resources, available capacity under our Amended Credit Facility, proceeds from dispositions of properties, net contributions from noncontrolling interests, and the issuance of additional debt or equity securities, such as sales of our stock through our ATM Program, in order to meet these needs. We assess our ability to access capital on an ongoing basis. Our sources and uses of cash during the period are described below.

2019

Operating Activities — Net cash provided by operating activities increased by $302.9 million during 2019 as compared to 2018, primarily due to an increase in cash flow generated from properties acquired during 2018 and 2019, including properties acquired in the CPA:17 Merger, as well as proceeds from a bankruptcy claim on a prior tenant received during 2019 (Note 5), partially offset by merger expenses recognized in 2018 related to the CPA:17 Merger (Note 3) and a decrease in cash flow as a result of property dispositions during 2018 and 2019, as well as an increase in interest expense, primarily due to the assumption of non-recourse mortgage loans in the CPA:17 Merger and the issuance of senior unsecured notes in March 2018, October 2018, June 2019, and September 2019.

Investing Activities — Our investing activities are generally comprised of real estate-related transactions (purchases and sales) and capitalized property-related costs.

During 2019, we used $717.7 million to acquire 23 investments (Note 5). We sold 14 properties for net proceeds totaling $308.0 million (Note 17). We also used $165.5 million to fund construction projects and other capital expenditures on certain properties within our real estate portfolio. We used $36.8 million to fund short-term loans to the Managed Programs, while $46.6 million of such loans were repaid during the year (Note 4). We received $19.7 million from the repayment of loans receivable (Note 6). We also received $19.4 million in distributions from equity method investments in the Managed Programs and real estate in excess of cumulative equity income and $15.0 million in proceeds from the full repayment of a preferred equity interest (Note 8).

Financing Activities — During 2019, gross borrowings under our Senior Unsecured Credit Facility were $1.3 billion and repayments were $1.2 billion (Note 11). We made prepaid and scheduled non-recourse mortgage loan principal payments of $1.0 billion and $210.4 million, respectively. Additionally, we received $870.6 million in aggregate net proceeds from the issuances of the 3.850% Senior Notes due 2029 in June 2019 and the 1.350% Senior Notes due 2028 in September 2019, which we used primarily to pay down the outstanding balance on our Unsecured Revolving Credit facility and to repay certain non-recourse mortgage loans (Note 11). In connection with the issuances of these senior unsecured notes (Note 11), we incurred financing costs totaling $6.7 million. We paid dividends to stockholders totaling $704.4 million related to the fourth quarter of 2018 and the first, second, and third quarters of 2019. We also received $523.3 million in net proceeds from the issuance of shares under our ATM Program (Note 14).

2018

Operating Activities — Net cash provided by operating activities decreased by $11.5 million during 2018 as compared to 2017, primarily due to merger expenses recognized in 2018 related to the CPA:17 Merger (Note 3), a decrease in structuring revenue received from the Managed Programs as a result of their lower investment volume during 2018, an increase in interest expense, and a decrease in cash flow as a result of property dispositions during 2017 and 2018. These decreases were partially offset by an increase in cash flow generated from properties acquired during 2017 and 2018, including properties acquired in the CPA:17 Merger (Note 3).

Investing Activities — Our investing activities are generally comprised of real estate-related transactions (purchases and sales) and capitalized property-related costs. In connection with the CPA:17 Merger, we acquired $113.6 million of cash and restricted cash, and paid $1.7 million in cash for the fractional shares of CPA:17 – Global.

During 2018, we used $719.5 million to acquire 14 investments (Note 5). We sold 49 properties for net proceeds totaling $431.6 million (Note 17). We also used $107.7 million to fund construction projects and other capital expenditures on certain properties within our real estate portfolio. We used $10.0 million to fund short-term loans to the Managed Programs, while $37.0 million of such loans were repaid during the year (Note 4). We also made $18.2 million in contributions to jointly owned investments, primarily comprised of $17.9 million to acquire a 90% noncontrolling interest in two self-storage properties (Note 8), and received $16.4 million in distributions from equity method investments in the Managed Programs and real estate in excess of cumulative equity income.

Financing Activities — During 2018, gross borrowings under our Senior Unsecured Credit Facility were $1.4 billion, including amounts borrowed to repay in full $180.3 million outstanding under CPA:17 – Global's senior credit facility in connection with the CPA:17 Merger (Note 3), and repayments were $2.1 billion (Note 11). We received the equivalent of approximately $1.2 billion in aggregate net proceeds from the issuance of (i) €500.0 million of 2.125% Senior Notes due 2027 in March 2018 and (ii) €500.0 million of 2.250% Senior Notes due 2026 in October 2018, which we used to repay in full the outstanding balance on our euro-denominated unsecured term loans in March 2018, prepay certain euro-denominated non-recourse mortgage loans, and pay down the euro-denominated outstanding balance under our Unsecured Revolving Credit Facility at the respective times (Note 11). In connection with the issuances of these Senior Unsecured Notes (Note 11), we incurred financing costs totaling $8.1 million. Additionally, we paid dividends to stockholders totaling $440.4 million related to the fourth quarter of 2017 and the first, second, and third quarters of 2018; and also paid distributions of $18.2 million to affiliates that hold noncontrolling interests in various entities with us. We received $287.5 million in net proceeds from the issuance of shares under our ATM Program (Note 14). We also made scheduled and prepaid non-recourse mortgage loan principal payments of $100.4 million and $207.5 million, respectively.

Summary of Financing

The table below summarizes our Senior Unsecured Notes, our non-recourse mortgages, and our Senior Unsecured Credit Facility (dollars in thousands):

	December 31, 2019	December 31, 2018
Carrying Value		
Fixed rate:		
Senior Unsecured Notes [a]	$ 4,390,189	$ 3,554,470
Non-recourse mortgages [a]	1,232,898	1,795,460
	5,623,087	5,349,930
Variable rate:		
Unsecured Revolving Credit Facility	201,267	91,563
Non-recourse mortgages [a]:		
Amount subject to interest rate swaps and caps	157,518	561,959
Floating interest rate mortgage loans	72,071	375,239
	430,856	1,028,761
	$ 6,053,943	$ 6,378,691
Percent of Total Debt		
Fixed rate	93%	84%
Variable rate	7%	16%
	100%	100%
Weighted-Average Interest Rate at End of Year		
Fixed rate	3.3%	3.7%
Variable rate [b]	2.1%	3.4%
Total debt	3.2%	3.6%

(a) Aggregate debt balance includes unamortized discount, net, totaling $26.7 million and $37.6 million as of December 31, 2019 and 2018, respectively, and unamortized deferred financing costs totaling $23.4 million and $20.5 million as of December 31, 2019 and 2018, respectively.
(b) The impact of our derivative instruments is reflected in the weighted-average interest rates.

Cash Resources

At December 31, 2019, our cash resources consisted of the following:

- cash and cash equivalents totaling $196.0 million. Of this amount, $94.9 million, at then-current exchange rates, was held in foreign subsidiaries, and we could be subject to restrictions or significant costs should we decide to repatriate these amounts;
- our Unsecured Revolving Credit Facility, with available capacity of $1.3 billion; and
- unleveraged properties that had an aggregate asset carrying value of $8.8 billion at December 31, 2019, although there can be no assurance that we would be able to obtain financing for these properties.

We have also accessed the capital markets through additional debt and equity offerings, such as (i) the $325.0 million of 3.850% Senior Notes due 2029 that we issued in June 2019 (Note 11), (ii) the €500.0 million of 1.350% Senior Notes due 2028 that we issued in September 2019 (Note 11), and (iii) the 6,672,412 shares of common stock that we issued under our ATM Programs during the year ended December 31, 2019 at a weighted-average price of $79.70 per share, for net proceeds of $523.3 million. As of December 31, 2019, $616.6 million remained available for issuance under our ATM Program (Note 14).

Our cash resources can be used for working capital needs and other commitments and may be used for future investments.

Cash Requirements and Liquidity

During the next 12 months, we expect that our cash requirements will include: payments to acquire new investments; funding capital commitments such as construction projects; paying dividends to our stockholders; paying distributions to our affiliates that hold noncontrolling interests in entities we control; making scheduled interest payments on the Senior Unsecured Notes, scheduled principal and balloon payments on our mortgage loan obligations, and prepayments of certain of our mortgage loan obligations; making loans to certain of the Managed Programs (Note 4); and other normal recurring operating expenses. We expect to fund these cash requirements through cash generated from operations, cash received from dispositions of properties, the use of our cash reserves or unused amounts on our Unsecured Revolving Credit Facility, issuances of shares through our ATM Program, and/or additional equity or debt offerings. On February 20, 2020, we entered into our Amended Credit Facility and increased the capacity of our unsecured line of credit to $2.1 billion, which is comprised of a $1.8 billion revolving line of credit, a £150.0 million term loan, and a $105.0 million delayed draw term loan, all of which will mature in five years (Note 20).

Our liquidity would be adversely affected by unanticipated costs and greater-than-anticipated operating expenses. To the extent that our working capital reserve is insufficient to satisfy our cash requirements, additional funds may be provided from cash from operations to meet our normal recurring short-term and long-term liquidity needs. We may also use existing cash resources, available capacity under our Unsecured Revolving Credit Facility, net contributions from noncontrolling interests, mortgage loan proceeds, and the issuance of additional debt or equity securities, such as through our ATM Program, to meet these needs.

Off-Balance Sheet Arrangements and Contractual Obligations

The table below summarizes our debt, off-balance sheet arrangements, and other contractual obligations (primarily our capital commitments) at December 31, 2019 and the effect that these arrangements and obligations are expected to have on our liquidity and cash flow in the specified future periods (in thousands):

	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Senior Unsecured Notes — principal [a] [b]	$ 4,433,500	$ —	$ —	$ 1,623,400	$ 2,810,100
Non-recourse mortgages — principal [a]	1,469,250	164,682	704,587	460,895	139,086
Senior Unsecured Credit Facility — principal [c]	201,267	—	201,267	—	—
Interest on borrowings [d]	935,444	193,812	343,555	233,263	164,814
Capital commitments and tenant expansion allowances [e]	367,001	271,876	85,607	3,000	6,518
Lease commitments [f]	96,147	—	10,469	11,965	73,713
	$ 7,502,609	$ 630,370	$ 1,345,485	$ 2,332,523	$ 3,194,231

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(a) Excludes unamortized deferred financing costs totaling $23.4 million, the unamortized discount on the Senior Unsecured Notes of $20.5 million in aggregate, and the aggregate unamortized fair market value discount of $6.2 million, primarily resulting from the assumption of property-level debt in connection with business combinations, including the CPA:17 Merger (Note 3).

(b) Our Senior Unsecured Notes are scheduled to mature from 2023 through 2029 (Note 11).

(c) Our Unsecured Revolving Credit Facility was scheduled to mature on February 22, 2021. However, on February 20, 2020, we entered into our Amended Credit Facility and increased the capacity of our unsecured line of credit to $2.1 billion, which is comprised of a $1.8 billion revolving line of credit, a £150.0 million term loan, and a $105.0 million delayed draw term loan, all of which will mature in five years (Note 20).

(d) Interest on unhedged variable-rate debt obligations was calculated using the applicable annual variable interest rates and balances outstanding at December 31, 2019.

(e) Capital commitments include (i) $227.8 million related to build-to-suit projects, including $48.0 million related to projects for which the tenant has not exercised the associated construction option, (ii) $87.9 million related to purchase commitments, and (iii) $51.3 million related to unfunded tenant improvements, including certain discretionary commitments.

(f) Represents a contractual rent commitment to lease office space. The lease was executed during 2019 but does not commence until the second quarter of 2020; therefore, it is not reflected as an office lease right-of-use asset (Note 2) on our consolidated balance sheets as of December 31, 2019.

Amounts in the table above that relate to our foreign operations are based on the exchange rate of the local currencies at December 31, 2019, which consisted primarily of the euro. At December 31, 2019, we had no material capital lease obligations for which we were the lessee, either individually or in the aggregate.

Environmental Obligations

In connection with the purchase of many of our properties, we required the sellers to perform environmental reviews. We believe, based on the results of these reviews, that our properties were in substantial compliance with federal, state, and foreign environmental statutes at the time the properties were acquired. However, portions of certain properties have been subject to some degree of contamination, principally in connection with leakage from underground storage tanks, surface spills, or other on-site activities. In most instances where contamination has been identified, tenants are actively engaged in the remediation process and addressing identified conditions. Sellers are generally subject to environmental statutes and regulations regarding the discharge of hazardous materials and any related remediation obligations, and we frequently require sellers to address them before closing or obtain contractual protection (e.g., indemnities, cash reserves, letters of credit, or other instruments) from sellers when we acquire a property. In addition, certain of our leases require tenants to indemnify us from all liabilities and losses related to the leased properties and the provisions of such indemnifications specifically address environmental matters. Such leases generally include provisions that allow for periodic environmental assessments, paid for by the tenant, and allow us to extend leases until such time as a tenant has satisfied its environmental obligations. Certain of our leases allow us to require financial assurances from tenants, such as performance bonds or letters of credit, if the costs of remediating environmental conditions are, in our estimation, in excess of specified amounts. With respect to our operating properties or vacant net lease properties, which are not subject to net lease arrangements, there is no tenant to provide for indemnification, so we may be liable for costs associated with environmental contamination in the event any such circumstances arise. However, we believe that the ultimate resolution of any environmental matters should not have a material adverse effect on our financial condition, liquidity, or results of operations. We record environmental obligations within Accounts payable, accrued expenses and other liabilities in the consolidated financial statements.

Critical Accounting Estimates

Our significant accounting policies are described in Note 2. Many of these accounting policies require judgment and the use of estimates and assumptions when applying these policies in the preparation of our consolidated financial statements. On a quarterly basis, we evaluate these estimates and judgments based on historical experience as well as other factors that we believe to be reasonable under the circumstances. These estimates are subject to change in the future if underlying assumptions or factors change. Certain accounting policies, while significant, may not require the use of estimates. Those accounting policies that require significant estimation and/or judgment are described under Critical Accounting Policies and Estimates in Note 2. The proposed accounting changes that may potentially impact our business are described under Recent Accounting Pronouncements in Note 2.

Supplemental Financial Measures

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

Funds from Operations and Adjusted Funds from Operations

Due to certain unique operating characteristics of real estate companies, as discussed below, the National Association of Real Estate Investment Trusts, Inc. ("NAREIT"), an industry trade group, has promulgated a non-GAAP measure known as FFO, which we believe to be an appropriate supplemental measure, when used in addition to and in conjunction with results presented in accordance with GAAP, to reflect the operating performance of a REIT. The use of FFO is recommended by the REIT industry as a supplemental non-GAAP measure. FFO is not equivalent to, nor a substitute for, net income or loss as determined under GAAP.

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

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

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

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

	Years Ended December 31,		
	2019	2018	2017
Net income attributable to W. P. Carey	$ 305,243	$ 411,566	$ 277,289
Adjustments:			
Depreciation and amortization of real property	442,096	286,164	248,042
Impairment charges	32,539	4,790	2,769
Gain on sale of real estate, net	(18,143)	(118,605)	(33,878)
Loss (gain) on change in control of interests [a] [b]	8,416	(47,814)	—
Proportionate share of adjustments to equity in net income of partially owned entities [c]	15,826	4,728	5,293
Proportionate share of adjustments for noncontrolling interests [d]	(69)	(8,966)	(10,491)
Total adjustments	480,665	120,297	211,735
FFO (as defined by NAREIT) attributable to W. P. Carey	785,908	531,863	489,024
Adjustments:			
Above- and below-market rent intangible lease amortization, net	64,383	52,314	55,195
Straight-line and other rent adjustments [e]	(31,787)	(14,460)	(11,679)
Stock-based compensation	18,787	18,294	18,917
Amortization of deferred financing costs	11,714	6,184	8,169
Other (gains) and losses [f]	(8,924)	(15,704)	17,163
Tax expense (benefit) — deferred and other [g] [h]	5,974	1,079	(18,664)
Other amortization and non-cash items	3,198	920	(912)
Merger and other expenses [i]	101	41,426	605
Restructuring and other compensation	—	—	9,363
Proportionate share of adjustments to equity in net income of partially owned entities [c]	7,165	12,439	8,476
Proportionate share of adjustments for noncontrolling interests [d]	(49)	231	(2,678)
Total adjustments	70,562	102,723	83,955
AFFO attributable to W. P. Carey	$ 856,470	$ 634,586	$ 572,979
Summary			
FFO (as defined by NAREIT) attributable to W. P. Carey	$ 785,908	$ 531,863	$ 489,024
AFFO attributable to W. P. Carey	$ 856,470	$ 634,586	$ 572,979

FFO and AFFO from Real Estate were as follows (in thousands):

	Years Ended December 31,		
	2019	2018	2017
Net income from Real Estate attributable to W. P. Carey	$ 272,065	$ 307,236	$ 192,139
Adjustments:			
Depreciation and amortization of real property	442,096	286,164	248,042
Impairment charges	32,539	4,790	2,769
Gain on sale of real estate, net	(18,143)	(118,605)	(33,878)
Loss (gain) on change in control of interests [a]	8,416	(18,792)	—
Proportionate share of adjustments to equity in net income of partially owned entities [c]	15,826	4,728	5,293
Proportionate share of adjustments for noncontrolling interests [d]	(69)	(8,966)	(10,491)
Total adjustments	480,665	149,319	211,735
FFO (as defined by NAREIT) attributable to W. P. Carey — Real Estate	752,730	456,555	403,874
Adjustments:			
Above- and below-market rent intangible lease amortization, net	64,383	52,314	55,195
Straight-line and other rent adjustments [e]	(31,787)	(14,460)	(11,679)
Stock-based compensation	13,248	10,450	6,960
Amortization of deferred financing costs	11,714	6,184	8,169
Other (gains) and losses [f]	(9,773)	(18,025)	18,063
Tax expense (benefit) — deferred and other	7,971	(18,790)	(20,168)
Other amortization and non-cash items	2,540	330	(912)
Merger and other expenses [i]	101	41,426	605
Proportionate share of adjustments to equity in net income of partially owned entities [c]	115	287	(564)
Proportionate share of adjustments for noncontrolling interests [d]	(49)	231	(2,678)
Total adjustments	58,463	59,947	52,991
AFFO attributable to W. P. Carey — Real Estate	$ 811,193	$ 516,502	$ 456,865
Summary			
FFO (as defined by NAREIT) attributable to W. P. Carey — Real Estate	$ 752,730	$ 456,555	$ 403,874
AFFO attributable to W. P. Carey — Real Estate	$ 811,193	$ 516,502	$ 456,865

FFO and AFFO from Investment Management were as follows (in thousands):

	Years Ended December 31,		
	2019	2018	2017
Net income from Investment Management attributable to W. P. Carey	$ 33,178	$ 104,330	$ 85,150
Adjustments:			
Gain on change in control of interests [(b)]	—	(29,022)	—
Total adjustments	—	(29,022)	—
FFO (as defined by NAREIT) attributable to W. P. Carey — Investment Management	33,178	75,308	85,150
Adjustments:			
Stock-based compensation	5,539	7,844	11,957
Tax (benefit) expense — deferred and other [(g)] [(h)]	(1,997)	19,869	1,504
Other (gains) and losses [(f)]	849	2,321	(900)
Other amortization and non-cash items	658	590	—
Restructuring and other compensation	—	—	9,363
Proportionate share of adjustments to equity in net income of partially owned entities [(c)]	7,050	12,152	9,040
Total adjustments	12,099	42,776	30,964
AFFO attributable to W. P. Carey — Investment Management	$ 45,277	$ 118,084	$ 116,114
Summary			
FFO (as defined by NAREIT) attributable to W. P. Carey — Investment Management	$ 33,178	$ 75,308	$ 85,150
AFFO attributable to W. P. Carey — Investment Management	$ 45,277	$ 118,084	$ 116,114

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(a) Amount for the year ended December 31, 2019 represents a loss recognized on the purchase of the remaining interest in a real estate investment from CPA:17 – Global in the CPA:17 Merger, which we had previously accounted for under the equity method. We recognized this loss because we identified certain measurement period adjustments during the third quarter of 2019 that impacted the provisional accounting for this investment (Note 3, Note 6). Amount for the year ended December 31, 2018 represents a gain recognized on the purchase of the remaining interests in six investments from CPA:17 – Global in the CPA:17 Merger, which we had previously accounted for under the equity method (Note 3).

(b) Amount for the year ended December 31, 2018 represents a gain recognized on our previously held interest in shares of CPA:17 – Global common stock in connection with the CPA:17 Merger (Note 3).

(c) Equity income, including amounts that are not typically recognized for FFO and AFFO, is recognized within Equity in earnings of equity method investments in the Managed Programs and real estate on the consolidated statements of income. This represents adjustments to equity income to reflect FFO and AFFO on a pro rata basis.

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

(e) Amount for the year ended December 31, 2019 includes an adjustment to exclude $6.2 million of non-cash lease termination revenue, which will be collected and reflected within AFFO over the remaining master lease term.

(f) Primarily comprised of unrealized gains and losses on derivatives, and gains and losses from foreign currency movements, extinguishment of debt, and marketable securities. Beginning in the second quarter of 2019, we aggregated (gain) loss on extinguishment of debt and realized (gains) losses on foreign currency (both of which were previously disclosed as separate AFFO adjustment line items), as well as certain other adjustments, within this line item, which is comprised of adjustments related to Other gains and (losses) on our consolidated statements of income. Prior period amounts have been reclassified to conform to the current period presentation.

(g) Amount for the year ended December 31, 2018 includes one-time taxes incurred upon the recognition of taxable income associated with the accelerated vesting of shares previously issued by CPA:17 – Global to us for asset management services performed, in connection with the CPA:17 Merger.

(h) Amount for the year ended December 31, 2019 includes a current tax benefit, which is excluded from AFFO as it was incurred as a result of the CPA:17 Merger.

(i) Amount for the year ended December 31, 2018 is primarily comprised of costs incurred in connection with the CPA:17 Merger, including advisory fees, transfer taxes, and legal, accounting, and tax-related professional fees (Note 1, Note 3).

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

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

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

Interest Rate Risk

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

We are exposed to the impact of interest rate changes primarily through our borrowing activities. To limit this exposure, we generally seek long-term debt financing on a fixed-rate basis. However, from time to time, we or our joint investment partners 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 counterparties. See Note 10 for additional information on our interest rate swaps and caps.

At December 31, 2019, a significant portion (approximately 95.5%) of our long-term debt either bore interest at fixed rates or was swapped or capped to a fixed rate. Our debt obligations are more fully described in Note 11 and Liquidity and Capital Resources — Summary of Financing in Item 7 above. The following table presents principal cash flows based upon expected maturity dates of our debt obligations outstanding at December 31, 2019 (in thousands):

	2020	2021	2022	2023	2024	Thereafter	Total	Fair value
Fixed-rate debt [(a)] [(b)]	$ 152,812	$ 213,087	$ 406,785	$ 801,170	$ 1,148,989	$ 2,949,186	$ 5,672,029	$ 5,941,459
Variable-rate debt [(a)]	$ 11,870	$ 232,382	$ 53,600	$ 99,118	$ 35,018	$ —	$ 431,988	$ 430,132

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(a) Amounts are based on the exchange rate at December 31, 2019, as applicable.
(b) Amounts after 2022 are primarily comprised of principal payments for our Senior Unsecured Notes (Note 11).

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, or that has been subject to interest rate caps, is affected by changes in interest rates. Annual interest expense on our unhedged variable-rate debt that does not bear interest at fixed rates at December 31, 2019 would increase or decrease by $1.9 million for our euro-denominated debt, by $0.6 million for our British pound sterling-denominated debt, and by $0.2 million for our Japanese yen-denominated debt for each respective 1% change in annual interest rates.

Foreign Currency Exchange Rate Risk

We own international investments, primarily in Europe, Canada, and Japan, and as a result are subject to risk from the effects of exchange rate movements in various foreign currencies, primarily the euro, the British pound sterling, the Danish krone, the Canadian dollar, and the Japanese yen, which may affect future costs and cash flows. We have obtained, and may in the future obtain, non-recourse mortgage financing in the local currency. We have also completed five offerings of euro-denominated senior notes, and have borrowed under our Unsecured Revolving Credit Facility and Amended Credit Facility (Note 20) in foreign currencies, including the euro, British pound sterling, and Japanese yen (Note 11). To the extent that currency fluctuations increase or decrease rental revenues, as translated to U.S. dollars, the change in debt service, as translated to U.S. dollars, will partially offset the effect of fluctuations in revenue and, to some extent, mitigate the risk from changes in foreign currency exchange rates. In addition, we may use currency hedging to further reduce the exposure to our equity cash flow. We are generally a net receiver of these currencies (we receive more cash than we pay out), and therefore our foreign operations benefit from a weaker U.S. dollar and are adversely affected by a stronger U.S. dollar, relative to the foreign currency.

We enter into foreign currency forward contracts and collars to hedge certain of our foreign currency cash flow exposures. See Note 10 for additional information on our foreign currency forward contracts and collars.

Scheduled future lease payments, exclusive of renewals, under non-cancelable operating leases for our consolidated foreign operations as of December 31, 2019 are as follows (in thousands):

Lease Revenues [a]	2020	2021	2022	2023	2024	Thereafter	Total
Euro [b]	$ 302,124	$ 299,176	$ 289,400	$ 287,769	$ 268,269	$ 1,757,899	$ 3,204,637
British pound sterling [c]	42,332	43,057	43,194	43,612	44,011	268,970	485,176
Japanese yen [d]	2,816	2,809	677	—	—	—	6,302
Other foreign currencies [e]	25,583	25,933	25,860	26,286	26,569	278,207	408,438
	$ 372,855	$ 370,975	$ 359,131	$ 357,667	$ 338,849	$ 2,305,076	$ 4,104,553

Scheduled debt service payments (principal and interest) for our Senior Unsecured Notes, Senior Unsecured Credit Facility, and non-recourse mortgage notes payable for our consolidated foreign operations as of December 31, 2019 are as follows (in thousands):

Debt Service [a] [f]	2020	2021	2022	2023	2024	Thereafter	Total
Euro [b]	$ 132,907	$ 204,384	$ 73,801	$ 754,706	$ 618,274	$ 1,780,284	$ 3,564,356
British pound sterling [c]	2,098	65,717	829	829	829	8,949	79,251
Japanese yen [d]	224	22,327	—	—	—	—	22,551
	$ 135,229	$ 292,428	$ 74,630	$ 755,535	$ 619,103	$ 1,789,233	$ 3,666,158

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(a) Amounts are based on the applicable exchange rates at December 31, 2019. Contractual rents and debt obligations are denominated in the functional currency of the country of each property.
(b) We estimate that, for a 1% increase or decrease in the exchange rate between the euro and the U.S. dollar, there would be a corresponding change in the projected estimated cash flow at December 31, 2019 of $3.6 million, excluding the impact of our derivative instruments. Debt service amounts included the equivalent of $2.8 billion of euro-denominated senior notes maturing from 2023 through 2028, and the equivalent of $131.4 million borrowed in euro under our Unsecured Revolving Credit Facility, which was scheduled to mature on February 22, 2021 (Note 11). However, in February 2020, we entered into our Amended Credit Facility and, as amended, the revolving line of credit will mature in five years (Note 20).
(c) We estimate that, for a 1% increase or decrease in the exchange rate between the British pound sterling and the U.S. dollar, there would be a corresponding change in the projected estimated cash flow at December 31, 2019 of $4.1 million, excluding the impact of our derivative instruments. Debt service amounts included the equivalent of $47.5 million borrowed in British pound sterling under our Unsecured Revolving Credit Facility, which was scheduled to mature on February 22, 2021 (Note 11). However, in February 2020, we entered into our Amended Credit Facility and, as amended, the revolving line of credit will mature in five years (Note 20).
(d) We estimate that, for a 1% increase or decrease in the exchange rate between the Japanese yen and the U.S. dollar, there would be a corresponding change in the projected estimated cash flow at December 31, 2019 of $0.2 million. Debt service amounts included the equivalent of $22.3 million borrowed in Japanese yen under our Unsecured Revolving Credit Facility, which was scheduled to mature on February 22, 2021 (Note 11). However, in February 2020, we entered into our Amended Credit Facility and, as amended, the revolving line of credit will mature in five years (Note 20).
(e) Other foreign currencies for future lease payments consist of the Danish krone, the Norwegian krone, the Swedish krona, and the Canadian dollar.
(f) Interest on unhedged variable-rate debt obligations was calculated using the applicable annual interest rates and balances outstanding at December 31, 2019.

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 well-diversified, it does contain concentrations in certain areas.

For the year ended December 31, 2019, our consolidated portfolio had the following significant characteristics in excess of 10%, based on the percentage of our consolidated total revenues:

- 68% related to domestic operations; and
- 32% related to international operations.

At December 31, 2019, our net-lease portfolio, which excludes our operating properties, had the following significant property and lease characteristics in excess of 10% in certain areas, based on the percentage of our ABR as of that date:

- 64% related to domestic properties;
- 36% related to international properties;
- 24% related to industrial facilities, 23% related to office facilities, 22% related to warehouse facilities, and 18% related to retail facilities; and
- 21% related to the retail stores industry (including automotive dealerships) and 10% related to the consumer services industry.

Item 8. Financial Statements and Supplementary Data.

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 W. P. Carey Inc.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of W. P. Carey Inc. and its subsidiaries (the "Company") as of December 31, 2019 and 2018, and the related consolidated statements of income, of comprehensive income, of equity and of cash flows for each of the three years in the period ended December 31, 2019, including the related notes and financial statement schedules 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, 2019, 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, 2019 and 2018**,** and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2019 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, 2019, 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 Report 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.

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 Allocation for Acquisitions

As described in Notes 2 and 5 to the consolidated financial statements, the Company completed real estate acquisitions for total consideration of $737.5 million during the year ended December 31, 2019. For acquired properties with leases classified as operating leases, management allocated the purchase price to the tangible and intangible assets and liabilities based on their estimated fair values. Management determines the fair value of real estate (i) primarily by reference to portfolio appraisals, which determines their values on a property level, by applying a discounted cash flow analysis to the estimated net operating income for each property in the portfolio during the remaining anticipated lease term, and (ii) by the estimated residual value, which is based on a hypothetical sale of the property upon expiration of a lease factoring in the re-tenanting of such property at estimated current market rental rates, applying a selected capitalization rate, and deducting estimated costs of sale. Management records above- and below-market lease intangible assets and liabilities for acquired properties based on the present value, using a discount rate reflecting the risks associated with the leases acquired.

The principal considerations for our determination that performing procedures relating to purchase price allocation for acquisitions is a critical audit matter are (i) there was significant judgment by management to develop the fair value measurements of tangible and intangible assets and liabilities which resulted in a high degree of auditor judgment and subjectivity in performing procedures relating to these fair value measurements; (ii) significant audit effort was necessary in evaluating the significant assumptions relating to the tangible and intangible assets and liabilities, such as the projected cash flows, capitalization rates, market rental rates and discount rates; (iii) significant auditor judgment was necessary in evaluating audit evidence related to tangible and intangible assets acquired and liabilities assumed; and (iv) the audit effort involved the use of professionals with specialized skill and knowledge to assist in performing the 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 acquisitions, including controls over management’s valuation of the tangible and intangibles assets and liabilities and controls over development of the assumptions related to the valuation of tangible and intangible assets and liabilities, including projected cash flows, capitalization rates, market rental rates and discount rates. These procedures also included, among others, for a sample of acquisitions (i) reading the executed purchase agreements and leasing documents; (ii) testing management’s process for estimating the fair value of tangible and intangible assets and liabilities by evaluating the appropriateness of the valuation methods and reasonableness of the significant assumptions, including the projected cash flows, capitalization rates, market rental rates and discount rates for the tangible and intangible assets and liabilities, using professionals with specialized skill and knowledge to assist in doing so; (iii) evaluating the accuracy of the valuation model output; and (iv) performing procedures to test the completeness and accuracy of data provided by management. Evaluating the reasonableness of the capitalization rates, market rental rates, and discount rates involved considering comparable market data and other industry factors.

/s/ PricewaterhouseCoopers LLP
New York, New York
February 21, 2020

We have served as the Company’s auditor since 1973, which includes periods before the Company became subject to SEC reporting requirements.

W. P. CAREY INC.
CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share amounts)

	December 31,	
	2019	**2018**
Assets		
Investments in real estate:		
Land, buildings and improvements	$ 9,856,191	$ 9,251,396
Net investments in direct financing leases	896,549	1,306,215
In-place lease intangible assets and other	2,186,851	2,009,628
Above-market rent intangible assets	909,139	925,797
Investments in real estate	13,848,730	13,493,036
Accumulated depreciation and amortization	(2,035,995)	(1,564,182)
Assets held for sale, net	104,010	—
Net investments in real estate	11,916,745	11,928,854
Equity investments in the Managed Programs and real estate	324,004	329,248
Cash and cash equivalents	196,028	217,644
Due from affiliates	57,816	74,842
Other assets, net	631,637	711,507
Goodwill	934,688	920,944
Total assets [(a)]	$ 14,060,918	$ 14,183,039
Liabilities and Equity		
Debt:		
Senior unsecured notes, net	$ 4,390,189	$ 3,554,470
Unsecured revolving credit facility	201,267	91,563
Non-recourse mortgages, net	1,462,487	2,732,658
Debt, net	6,053,943	6,378,691
Accounts payable, accrued expenses and other liabilities	487,405	403,896
Below-market rent and other intangible liabilities, net	210,742	225,128
Deferred income taxes	179,309	173,115
Dividends payable	181,346	172,154
Total liabilities [(a)]	7,112,745	7,352,984
Commitments and contingencies (Note 12)		
Preferred stock, $0.001 par value, 50,000,000 shares authorized; none issued	—	—
Common stock, $0.001 par value, 450,000,000 shares authorized; 172,278,242 and 165,279,642 shares, respectively, issued and outstanding	172	165
Additional paid-in capital	8,717,535	8,187,335
Distributions in excess of accumulated earnings	(1,557,374)	(1,143,992)
Deferred compensation obligation	37,263	35,766
Accumulated other comprehensive loss	(255,667)	(254,996)
Total stockholders' equity	6,941,929	6,824,278
Noncontrolling interests	6,244	5,777
Total equity	6,948,173	6,830,055
Total liabilities and equity	$ 14,060,918	$ 14,183,039

(a) See Note 2 for details related to variable interest entities ("VIEs").

See Notes to Consolidated Financial Statements.

W. P. CAREY INC.
CONSOLIDATED STATEMENTS OF INCOME
(in thousands, except share and per share amounts)

	Years Ended December 31,		
	2019	2018	2017
Revenues			
Real Estate:			
Lease revenues	$ 1,086,375	$ 744,498	$ 651,897
Operating property revenues	50,220	28,072	30,562
Lease termination income and other	36,268	6,555	4,749
	1,172,863	779,125	687,208
Investment Management:			
Asset management revenue	39,132	63,556	70,125
Reimbursable costs from affiliates	16,547	21,925	51,445
Structuring and other advisory revenue	4,224	21,126	35,094
Dealer manager fees	—	—	4,430
	59,903	106,607	161,094
	1,232,766	885,732	848,302
Operating Expenses			
Depreciation and amortization	447,135	291,440	253,334
General and administrative	75,293	68,337	70,891
Reimbursable tenant costs	55,576	28,076	21,524
Property expenses, excluding reimbursable tenant costs	39,545	22,773	17,330
Operating property expenses	38,015	20,150	23,426
Impairment charges	32,539	4,790	2,769
Stock-based compensation expense	18,787	18,294	18,917
Reimbursable costs from affiliates	16,547	21,925	51,445
Subadvisor fees	7,579	9,240	13,600
Merger and other expenses	101	41,426	605
Restructuring and other compensation	—	—	9,363
Dealer manager fees and expenses	—	—	6,544
	731,117	526,451	489,748
Other Income and Expenses			
Interest expense	(233,325)	(178,375)	(165,775)
Other gains and (losses)	31,475	29,913	(3,613)
Equity in earnings of equity method investments in the Managed Programs and real estate	23,229	61,514	64,750
Gain on sale of real estate, net	18,143	118,605	33,878
(Loss) gain on change in control of interests	(8,416)	47,814	—
	(168,894)	79,471	(70,760)
Income before income taxes	332,755	438,752	287,794
Provision for income taxes	(26,211)	(14,411)	(2,711)
Net Income	306,544	424,341	285,083
Net income attributable to noncontrolling interests	(1,301)	(12,775)	(7,794)
Net Income Attributable to W. P. Carey	$ 305,243	$ 411,566	$ 277,289
Basic Earnings Per Share	$ 1.78	$ 3.50	$ 2.56
Diluted Earnings Per Share	$ 1.78	$ 3.49	$ 2.56
Weighted-Average Shares Outstanding			
Basic	171,001,430	117,494,969	107,824,738
Diluted	171,299,414	117,706,445	108,035,971

See Notes to Consolidated Financial Statements.

W. P. CAREY INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in thousands)

	Years Ended December 31,		
	2019	2018	2017
Net Income	$ 306,544	$ 424,341	$ 285,083
Other Comprehensive (Loss) Income			
Unrealized (loss) gain on derivative instruments	(1,054)	4,923	(37,778)
Foreign currency translation adjustments	376	(31,843)	72,428
Unrealized gain (loss) on investments	7	154	(71)
	(671)	(26,766)	34,579
Comprehensive Income	305,873	397,575	319,662
Amounts Attributable to Noncontrolling Interests			
Net income	(1,301)	(12,775)	(7,794)
Foreign currency translation adjustments	—	7,774	(16,120)
Unrealized loss on derivative instruments	—	7	15
Comprehensive income attributable to noncontrolling interests	(1,301)	(4,994)	(23,899)
Comprehensive Income Attributable to W. P. Carey	$ 304,572	$ 392,581	$ 295,763

See Notes to Consolidated Financial Statements.

W. P. CAREY INC.
CONSOLIDATED STATEMENTS OF EQUITY
(in thousands, except share and per share amounts)

	W. P. Carey Stockholders								
	Common Stock $0.001 Par Value		Additional Paid-in	Distributions in Excess of Accumulated	Deferred Compensation	Accumulated Other Comprehensive	Total W. P. Carey	Noncontrolling	
	Shares	Amount	Capital	Earnings	Obligation	Loss	Stockholders	Interests	Total
Balance at January 1, 2019	165,279,642	$ 165	$8,187,335	$(1,143,992)	$ 35,766	$ (254,996)	$6,824,278	$ 5,777	$6,830,055
Shares issued under “at-the-market” offering, net	6,672,412	6	523,387				523,393		523,393
Shares issued upon delivery of vested restricted share awards	322,831	1	(15,766)				(15,765)		(15,765)
Shares issued upon purchases under employee share purchase plan	3,357	—	252				252		252
Deferral of vested shares, net			(1,445)		1,445		—		—
Amortization of stock-based compensation expense			18,787				18,787		18,787
Contributions from noncontrolling interests							—	849	849
Distributions to noncontrolling interests							—	(1,683)	(1,683)
Dividends declared ($4.14 per share)			4,985	(718,625)	52		(713,588)		(713,588)
Net income				305,243			305,243	1,301	306,544
Other comprehensive loss:									
Unrealized loss on derivative instruments						(1,054)	(1,054)		(1,054)
Foreign currency translation adjustments						376	376		376
Unrealized gain on investments						7	7		7
Balance at December 31, 2019	172,278,242	$ 172	$8,717,535	$(1,557,374)	$ 37,263	$ (255,667)	$6,941,929	$ 6,244	$6,948,173

(Continued)

W. P. CAREY INC.
CONSOLIDATED STATEMENTS OF EQUITY
(Continued)
(in thousands, except share and per share amounts)

	W. P. Carey Stockholders								
	Common Stock $0.001 Par Value		Additional Paid-in	Distributions in Excess of Accumulated	Deferred Compensation	Accumulated Other Comprehensive	Total W. P. Carey	Noncontrolling	
	Shares	Amount	Capital	Earnings	Obligation	Loss	Stockholders	Interests	Total
Balance at January 1, 2018	106,922,616	$ 107	$4,433,573	$(1,052,064)	$ 46,656	$ (236,011)	$3,192,261	$ 219,124	$3,411,385
Shares issued to stockholders of CPA:17 – Global in connection with CPA:17 Merger	53,849,087	54	3,554,524				3,554,578		3,554,578
Shares issued under “at-the-market” offering, net	4,229,285	4	287,433				287,437		287,437
Shares issued upon delivery of vested restricted share awards	293,481	—	(13,644)				(13,644)		(13,644)
Shares issued upon purchases under employee share purchase plan	2,951	—	178				178		178
Delivery of deferred vested shares, net			10,890		(10,890)		—		—
Amortization of stock-based compensation expense			18,294				18,294		18,294
Acquisition of remaining noncontrolling interests in investments that we already consolidate in connection with the CPA:17 Merger			(103,075)				(103,075)	(206,516)	(309,591)
Acquisition of noncontrolling interests in connection with the CPA:17 Merger							—	5,039	5,039
Contributions from noncontrolling interests							—	71	71
Distributions to noncontrolling interests							—	(16,935)	(16,935)
Redemption value adjustment			(335)				(335)		(335)
Dividends declared ($4.09 per share)			675	(503,494)	—		(502,819)		(502,819)
Repurchase of shares in connection with CPA:17 Merger	(17,778)	—	(1,178)				(1,178)		(1,178)
Net income				411,566			411,566	12,775	424,341
Other comprehensive loss:									
Foreign currency translation adjustments						(24,069)	(24,069)	(7,774)	(31,843)
Unrealized gain on derivative instruments						4,930	4,930	(7)	4,923
Unrealized gain on investments						154	154		154
Balance at December 31, 2018	165,279,642	$ 165	$8,187,335	$(1,143,992)	$ 35,766	$ (254,996)	$6,824,278	$ 5,777	$6,830,055

(Continued)

W. P. CAREY INC.
CONSOLIDATED STATEMENTS OF EQUITY
(Continued)
(in thousands, except share and per share amounts)

	W. P. Carey Stockholders								
	Common Stock $0.001 Par Value		Additional Paid-in	Distributions in Excess of Accumulated	Deferred Compensation	Accumulated Other Comprehensive	Total W. P. Carey	Noncontrolling	
	Shares	Amount	Capital	Earnings	Obligation	Loss	Stockholders	Interests	Total
Balance at January 1, 2017	106,294,162	$ 106	$4,399,961	$ (894,137)	$ 50,222	$ (254,485)	$3,301,667	$ 123,473	$3,425,140
Shares issued under "at-the-market" offering, net	345,253	1	22,885				22,886		22,886
Shares issued to a third party in connection with a legal settlement	11,077	—	772				772		772
Shares issued upon delivery of vested restricted share awards	229,121	—	(10,385)				(10,385)		(10,385)
Shares issued upon exercise of stock options and purchases under employee share purchase plan	43,003	—	(1,680)				(1,680)		(1,680)
Delivery of deferred vested shares, net			3,790		(3,790)		—		—
Amortization of stock-based compensation expense			18,917				18,917		18,917
Acquisition of noncontrolling interest			(1,845)				(1,845)	1,845	—
Contributions from noncontrolling interests							—	90,550	90,550
Distributions to noncontrolling interests							—	(20,643)	(20,643)
Dividends declared ($4.01 per share)			1,158	(435,216)	224		(433,834)		(433,834)
Net income				277,289			277,289	7,794	285,083
Other comprehensive income:									
Foreign currency translation adjustments						56,308	56,308	16,120	72,428
Unrealized loss on derivative instruments						(37,763)	(37,763)	(15)	(37,778)
Unrealized loss on investments						(71)	(71)		(71)
Balance at December 31, 2017	106,922,616	$ 107	$4,433,573	$(1,052,064)	$ 46,656	$ (236,011)	$3,192,261	$ 219,124	$3,411,385

See Notes to Consolidated Financial Statements.

W. P. CAREY INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Years Ended December 31,		
	2019	2018	2017
Cash Flows — Operating Activities			
Net income	$ 306,544	$ 424,341	$ 285,083
Adjustments to net income:			
Depreciation and amortization, including intangible assets and deferred financing costs	460,030	298,166	261,415
Amortization of rent-related intangibles and deferred rental revenue	84,878	51,132	55,051
Straight-line rent adjustments	(46,260)	(21,994)	(16,980)
Impairment charges	32,539	4,790	2,769
Investment Management revenue received in shares of Managed REITs and other	(30,555)	(49,110)	(69,658)
Distributions of earnings from equity method investments	26,772	62,015	66,259
Equity in earnings of equity method investments in the Managed Programs and real estate	(23,229)	(61,514)	(64,750)
Stock-based compensation expense	18,787	18,294	18,917
Gain on sale of real estate, net	(18,143)	(118,605)	(33,878)
Loss (gain) on change in control of interests	8,416	(47,814)	—
Deferred income tax expense (benefit)	9,255	(6,279)	(20,013)
Realized and unrealized (gains) losses on foreign currency transactions, derivatives, and other	(466)	(17,644)	16,879
Changes in assets and liabilities:			
Net changes in other operating assets and liabilities	(20,783)	(28,054)	9,390
Deferred structuring revenue received	4,913	9,456	16,705
Increase in deferred structuring revenue receivable	(621)	(8,014)	(6,530)
Net Cash Provided by Operating Activities	812,077	509,166	520,659
Cash Flows — Investing Activities			
Purchases of real estate	(717,666)	(719,548)	(31,842)
Proceeds from sales of real estate	307,959	431,626	159,933
Funding for real estate construction, redevelopments, and other capital expenditures on real estate	(165,490)	(107,684)	(78,367)
Proceeds from repayment of short-term loans to affiliates	46,637	37,000	277,894
Funding of short-term loans to affiliates	(36,808)	(10,000)	(123,492)
Return of capital from equity method investments	34,365	16,382	10,085
Proceeds from repayment of loans receivable	19,707	488	436
Other investing activities, net	(8,882)	(8,169)	882
Capital contributions to equity method investments	(2,595)	(18,173)	(1,291)
Cash and restricted cash acquired in connection with the CPA:17 Merger	—	113,634	—
Cash paid to stockholders of CPA:17 – Global in the CPA:17 Merger	—	(1,688)	—
Net Cash (Used in) Provided by Investing Activities	(522,773)	(266,132)	214,238
Cash Flows — Financing Activities			
Proceeds from Senior Unsecured Credit Facility	1,336,824	1,403,254	1,302,463
Repayments of Senior Unsecured Credit Facility	(1,227,153)	(2,108,629)	(1,680,198)
Prepayments of mortgage principal	(1,028,795)	(207,450)	(193,434)
Proceeds from issuance of Senior Unsecured Notes	870,635	1,183,828	530,456
Dividends paid	(704,396)	(440,431)	(431,182)
Proceeds from shares issued under “at-the-market” offering, net of selling costs	523,287	287,544	22,824
Scheduled payments of mortgage principal	(210,414)	(100,433)	(344,440)
Payments for withholding taxes upon delivery of equity-based awards and exercises of stock options	(15,766)	(13,985)	(11,969)
Payment of financing costs	(6,716)	(8,059)	(12,675)
Other financing activities, net	5,550	(1,465)	(1,301)
Distributions paid to noncontrolling interests	(1,683)	(18,216)	(20,643)
Contributions from noncontrolling interests	849	71	90,550
Repurchase of shares in connection with CPA:17 Merger	—	(1,178)	—
Proceeds from mortgage financing	—	857	4,083
Net Cash Used in Financing Activities	(457,778)	(24,292)	(745,466)
Change in Cash and Cash Equivalents and Restricted Cash During the Year			
Effect of exchange rate changes on cash and cash equivalents and restricted cash	(4,071)	(4,355)	9,514
Net (decrease) increase in cash and cash equivalents and restricted cash	(172,545)	214,387	(1,055)
Cash and cash equivalents and restricted cash, beginning of year	424,063	209,676	210,731
Cash and cash equivalents and restricted cash, end of year	$ 251,518	$ 424,063	$ 209,676

See Notes to Consolidated Financial Statements.

W. P. CAREY INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Continued)

Supplemental Non-Cash Investing and Financing Activities:

2018 — On October 31, 2018, CPA:17 – Global merged with and into us in the CPA:17 Merger (Note 3). The following table summarizes estimated fair values of the assets acquired and liabilities assumed in the CPA:17 Merger, which reflects measurement period adjustments since the date of acquisition (in thousands):

Total Consideration		
Fair value of W. P. Carey shares of common stock issued	$	3,554,578
Cash paid for fractional shares		1,688
Fair value of our equity interest in CPA:17 – Global prior to the CPA:17 Merger		157,594
Fair value of our equity interest in jointly owned investments with CPA:17 – Global prior to the CPA:17 Merger		132,661
Fair value of noncontrolling interests acquired		(308,891)
		3,537,630
Assets Acquired at Fair Value		
Land, buildings and improvements — operating leases		2,948,347
Land, buildings and improvements — operating properties		426,758
Net investments in direct financing leases		604,998
In-place lease and other intangible assets		793,463
Above-market rent intangible assets		298,180
Equity investments in real estate		192,322
Goodwill		296,108
Other assets, net (excluding restricted cash)		228,194
Liabilities Assumed at Fair Value		
Non-recourse mortgages, net		1,849,177
Senior Credit Facility, net		180,331
Accounts payable, accrued expenses and other liabilities		141,750
Below-market rent and other intangible liabilities		112,721
Deferred income taxes		75,356
Amounts attributable to noncontrolling interests		5,039
Net assets acquired excluding cash and restricted cash		3,423,996
Cash and restricted cash acquired	$	113,634

See Notes to Consolidated Financial Statements.

Note 1. Business and Organization

W. P. Carey Inc. (“W. P. Carey”) is a real estate investment trust (“REIT”) that, together with our consolidated subsidiaries, invests primarily in operationally-critical, single-tenant commercial real estate properties located in the United States and Northern and Western Europe on a long-term basis. We earn revenue principally by leasing the properties we own to companies on a triple-net lease basis, which generally requires each tenant to pay the costs associated with operating and maintaining the property.

Founded in 1973, our shares of common stock are listed on the New York Stock Exchange under the symbol “WPC.”

We elected to be taxed as a REIT under Section 856 through 860 of the Internal Revenue Code effective as of February 15, 2012. As a REIT, we are not subject to federal income taxes on income and gains that we distribute to our stockholders as long as we satisfy certain requirements, principally relating to the nature of our income and the level of our distributions, as well as other factors. We also own real property in jurisdictions outside the United States through foreign subsidiaries and are subject to income taxes on our pre-tax income earned from properties in such countries. Through our taxable REIT subsidiaries (“TRSs”), we also earn revenue as the advisor to certain publicly owned, non-traded investment programs. We hold all of our real estate assets attributable to our Real Estate segment under the REIT structure, while the activities conducted by our Investment Management segment subsidiaries have been organized under TRSs.

On October 31, 2018, one of the non-traded REITs that we advised, Corporate Property Associates 17 – Global Incorporated (“CPA:17 – Global”), merged with and into one of our wholly owned subsidiaries (the “CPA:17 Merger”) (Note 3). As a result, at December 31, 2019, we were the advisor to the following entities:

- Corporate Property Associates 18 – Global Incorporated (“CPA:18 – Global”), a publicly owned, non-traded REIT that primarily invests in commercial real estate properties; we refer to CPA:17 – Global (until the closing of the CPA:17 Merger on October 31, 2018) and CPA:18 – Global together as the “CPA REITs;”
- Carey Watermark Investors Incorporated (“CWI 1”) and Carey Watermark Investors 2 Incorporated (“CWI 2”), two publicly owned, non-traded REITs that invest in lodging and lodging-related properties; we refer to CWI 1 and CWI 2 together as the “CWI REITs” and, together with the CPA REITs, as the “Managed REITs” (Note 4); and
- Carey European Student Housing Fund I, L.P. (“CESH”), a limited partnership formed for the purpose of developing, owning, and operating student housing properties and similar investments in Europe (Note 4); we refer to the Managed REITs (including CPA:17 – Global prior to the CPA:17 Merger) and CESH collectively as the “Managed Programs.”

In June 2017, our board of directors (the “Board”) approved a plan to exit non-traded retail fundraising activities carried out by our wholly-owned broker-dealer subsidiary, Carey Financial LLC (“Carey Financial”), as of June 30, 2017. As a result, we no longer raise capital for new or existing funds, but expect to continue managing our existing Managed Programs through the end of their respective life cycles (Note 4). On October 22, 2019, CWI 1 and CWI 2 announced that they had entered into a definitive merger agreement under which the two companies intend to merge in an all-stock transaction (the “CWI 1 and CWI 2 Proposed Merger”). On January 13, 2020, the joint proxy statement/prospectus on Form S-4 previously filed with the Securities and Exchange Commission (“SEC”) by CWI 1 and CWI 2 was declared effective. Each of CWI 1 and CWI 2 has scheduled a special meeting of stockholders for March 26, 2020; if the proposed transaction is approved, the merger is expected to close shortly thereafter. Following the close of the merger, the combined company intends to internalize the management services currently provided by one of our subsidiaries (Note 4).

In August 2017, we resigned as the advisor to Carey Credit Income Fund (known since October 23, 2017 as Guggenheim Credit Income Fund) (“CCIF”), and by extension, its feeder funds (the “CCIF Feeder Funds”), each of which is a business development company (“BDC”) (Note 4). We refer to CCIF and the CCIF Feeder Funds collectively as the “Managed BDCs”. The board of trustees of CCIF approved our resignation and appointed CCIF’s subadvisor Guggenheim Partners Investment Management, LLC (“Guggenheim”), as the interim sole advisor to CCIF, effective as of September 11, 2017. The shareholders of CCIF approved Guggenheim’s appointment as sole advisor on a permanent basis on October 20, 2017. The Managed BDCs were included in the Managed Programs prior to our resignation as their advisor. We have retained our initial investment in shares of CCIF (now known as “GCIF”), which is included within Other assets, net in the consolidated financial statements (Note 9).

Reportable Segments

Real Estate — Lease revenues from our real estate investments generate the vast majority of our earnings. We invest primarily in commercial properties located in the United States and Northern and Western Europe, which are leased to companies on a triple-net lease basis. At December 31, 2019, our owned portfolio was comprised of our full or partial ownership interests in 1,214 properties, totaling approximately 140.0 million square feet (unaudited), substantially all of which were net leased to 345 tenants, with a weighted-average lease term of 10.7 years and an occupancy rate of 98.8%. In addition, at December 31, 2019, our portfolio was comprised of full or partial ownership interests in 21 operating properties, including 19 self-storage properties and two hotels (one of which was sold in January 2020, see Note 20), totaling approximately 1.6 million square feet.

Investment Management — Through our TRSs, we structure and negotiate investments and debt placement transactions for the Managed Programs, for which we earn structuring revenue, and manage their portfolios of real estate investments, for which we earn asset management revenue. We may earn disposition revenue when we negotiate and structure the sale of properties on behalf of the Managed REITs, and we may also earn incentive revenue and receive other compensation through our advisory agreements with certain of the Managed Programs, including in connection with providing liquidity events for the Managed REITs' stockholders. In addition, we include equity income generated through our (i) ownership of shares and limited partnership units of the Managed Programs (Note 8) and (ii) special general partner interests in the operating partnerships of the Managed REITs, through which we participate in their cash flows (Note 4), in our Investment Management segment.

At December 31, 2019, the Managed Programs owned all or a portion of 49 net-leased properties (including certain properties in which we also have an ownership interest), totaling approximately 9.8 million square feet (unaudited), substantially all of which were leased to 62 tenants, with an occupancy rate of approximately 99.4%. The Managed Programs also had interests in 122 operating properties (including 16 active build-to-suit projects), totaling approximately 15.2 million square feet (unaudited), in the aggregate.

Note 2. Summary of Significant Accounting Policies

Critical Accounting Policies and Estimates

Accounting for Acquisitions

In accordance with the guidance for business combinations, we determine whether a transaction or other event is a business combination, which requires that the assets acquired and liabilities assumed constitute a business. Each business combination is then accounted for by applying the acquisition method. If the assets acquired are not a business, we account for the transaction or other event as an asset acquisition. Under both methods, we recognize the identifiable assets acquired, the liabilities assumed, and any noncontrolling interest in the acquired entity. In addition, for transactions that are business combinations, we evaluate the existence of goodwill or a gain from a bargain purchase. We capitalize acquisition-related costs and fees associated with asset acquisitions. We immediately expense acquisition-related costs and fees associated with business combinations. All transaction costs incurred during the years ended December 31, 2019, 2018, and 2017 were capitalized since our acquisitions during the years were classified as asset acquisitions (excluding the CPA:17 Merger). Most of our future acquisitions are likely to be classified as asset acquisitions.

Purchase Price Allocation of Tangible Assets — When we acquire properties with leases classified as operating leases, we allocate the purchase price to the tangible and intangible assets and liabilities acquired based on their estimated fair values. The tangible assets consist of land, buildings, and site improvements. The intangible assets include the above- and below-market value of leases and the in-place leases, which includes the value of tenant relationships. Land is typically valued utilizing the sales comparison (or market) approach. Buildings are valued, as if vacant, using the cost and/or income approach. The fair value of real estate is determined (i) primarily by reference to portfolio appraisals, which determines their values on a property level, by applying a discounted cash flow analysis to the estimated net operating income for each property in the portfolio during the remaining anticipated lease term, and (ii) by the estimated residual value, which is based on a hypothetical sale of the property upon expiration of a lease factoring in the re-tenanting of such property at estimated current market rental rates, applying a selected capitalization rate, and deducting estimated costs of sale.

Assumptions used in the model are property-specific where this information is available; however, when certain necessary information is not available, we use available regional and property-type information. Assumptions and estimates include the following:

- a discount rate or internal rate of return;
- the marketing period necessary to put a lease in place;
- carrying costs during the marketing period;
- leasing commissions and tenant improvement allowances;
- market rents and growth factors of these rents; and
- a market lease term and a capitalization rate to be applied to an estimate of market rent at the end of the market lease term.

The discount rates and residual capitalization rates used to value the properties are selected based on several factors, including:

- the creditworthiness of the lessees;
- industry surveys;
- property type;
- property location and age;
- current lease rates relative to market lease rates; and
- anticipated lease duration.

In the case where a tenant has a purchase option deemed to be favorable to the tenant, or the tenant has long-term renewal options at rental rates below estimated market rental rates, we generally include the value of the exercise of such purchase option or long-term renewal options in the determination of residual value.

The remaining economic life of leased assets is estimated by relying in part upon third-party appraisals of the leased assets, industry standards, and based on our experience. Different estimates of remaining economic life will affect the depreciation expense that is recorded.

Purchase Price Allocation of Intangible Assets and Liabilities — We record above- and below-market lease intangible assets and liabilities for acquired properties based on the present value (using a discount rate reflecting the risks associated with the leases acquired including consideration of the credit of the lessee) of the difference between (i) the contractual rents to be paid pursuant to the leases negotiated or in place at the time of acquisition of the properties and (ii) our estimate of fair market lease rates for the property or equivalent property, both of which are measured over the estimated lease term, which includes renewal options that have rental rates below estimated market rental rates. We discount the difference between the estimated market rent and contractual rent to a present value using an interest rate reflecting our current assessment of the risk associated with the lease acquired, which includes a consideration of the credit of the lessee. Estimates of market rent are generally determined by us relying in part upon a third-party appraisal obtained in connection with the property acquisition and can include estimates of market rent increase factors, which are generally provided in the appraisal or by local real estate brokers. When we enter into sale-leaseback transactions with above- or below-market leases, the intangibles will be accounted for as loan receivables or prepaid rent liabilities, respectively. We measure the fair value of below-market purchase option liabilities we acquire as the excess of the present value of the fair value of the real estate over the present value of the tenant’s exercise price at the option date. We determine these values using our estimates or by relying in part upon third-party appraisals conducted by independent appraisal firms.

We amortize the above-market lease intangible as a reduction of lease revenue over the remaining contractual lease term. We amortize the below-market lease intangible as an increase to lease revenue over the initial term and any renewal periods in the respective leases. We include the value of below-market leases in Below-market rent and other intangible liabilities in the consolidated financial statements.

The value of any in-place lease is estimated to be equal to the acquirer’s avoidance of costs as a result of having tenants in place, that would be necessary to lease the property for a lease term equal to the remaining primary in-place lease term and the value of investment grade tenancy. The cost avoidance is derived first by determining the in-place lease term on the subject lease. Then, based on our review of the market, the cost to be borne by a property owner to replicate a market lease to the remaining in-place term is estimated. These costs consist of: (i) rent lost during downtime (i.e., assumed periods of vacancy), (ii) estimated expenses that would be incurred by the property owner during periods of vacancy, (iii) rent concessions (i.e. free rent), (iv) leasing commissions, and (v) tenant improvements allowances given to tenants. We determine these values using our estimates or by relying in part upon third-party appraisals. We amortize the value of in-place lease intangibles to depreciation and amortization expense over the remaining initial term of each lease. The amortization period for intangibles does not exceed the remaining depreciable life of the building.

If a lease is terminated, we charge the unamortized portion of above- and below-market lease values to rental income and in-place lease values to amortization expense. If a lease is amended, we will determine whether the economics of the amended lease continue to support the existence of the above- or below-market lease intangibles.

Purchase Price Allocation of Debt — When we acquire leveraged properties, the fair value of the related debt instruments is determined using a discounted cash flow model with rates that take into account the credit of the tenants, where applicable, and interest rate risk. Such resulting premium or discount is amortized over the remaining term of the obligation. We also consider the value of the underlying collateral, taking into account the quality of the collateral, the credit quality of the tenant, the time until maturity and the current interest rate.

Purchase Price Allocation of Goodwill — In the case of a business combination, after identifying all tangible and intangible assets and liabilities, the excess consideration paid over the fair value of the assets and liabilities acquired and assumed, respectively, represents goodwill. We allocate goodwill to the respective reporting units in which such goodwill arises. Goodwill acquired in certain business combinations, including the CPA:17 Merger, was attributed to the Real Estate segment which comprises one reporting unit. In the event we dispose of a property that constitutes a business under U.S. generally accepted accounting principles ("GAAP") from a reporting unit with goodwill, we allocate a portion of the reporting unit's goodwill to that business in determining the gain or loss on the disposal of the business. The amount of goodwill allocated to the business is based on the relative fair value of the business to the fair value of the reporting unit. As part of purchase accounting for a business, we record any deferred tax assets and/or liabilities resulting from the difference between the tax basis and GAAP basis of the investment in the taxing jurisdiction. Such deferred tax amount will be included in purchase accounting and may impact the amount of goodwill recorded depending on the fair value of all of the other assets and liabilities and the amounts paid.

Impairments

Real Estate — We periodically assess whether there are any indicators that the value of our long-lived real estate and related intangible assets may be impaired or that their carrying value may not be recoverable. These impairment indicators include, but are not limited to, vacancies, an upcoming lease expiration, a tenant with credit difficulty, the termination of a lease by a tenant, or a likely disposition of the property.

For real estate assets held for investment and related intangible assets in which an impairment indicator is identified, we follow a two-step process to determine whether an asset is impaired and to determine the amount of the charge. First, we compare the carrying value of the property's asset group to the estimated future net undiscounted cash flow that we expect the property's asset group will generate, including any estimated proceeds from the eventual sale of the property's asset group. The undiscounted cash flow analysis requires us to make our best estimate of market rents, residual values, and holding periods. We estimate market rents and residual values using market information from outside sources such as third-party market research, external appraisals, broker quotes, or recent comparable sales.

As our investment objective is to hold properties on a long-term basis, holding periods used in the undiscounted cash flow analysis are generally ten years, but may be less if our intent is to hold a property for less than ten years. Depending on the assumptions made and estimates used, the future cash flow projected in the evaluation of long-lived assets and associated intangible assets can vary within a range of outcomes. We consider the likelihood of possible outcomes in determining our estimate of future cash flows and, if warranted, we apply a probability-weighted method to the different possible scenarios. If the future net undiscounted cash flow of the property's asset group is less than the carrying value, the carrying value of the property's asset group is considered not recoverable. We then measure the impairment loss as the excess of the carrying value of the property's asset group over its estimated fair value.

Assets Held for Sale — We generally classify real estate assets that are subject to operating leases or direct financing leases as held for sale when we have entered into a contract to sell the property, all material due diligence requirements have been satisfied, we received a non-refundable deposit, and we believe it is probable that the disposition will occur within one year. When we classify an asset as held for sale, we compare the asset's fair value less estimated cost to sell to its carrying value, and if the fair value less estimated cost to sell is less than the property's carrying value, we reduce the carrying value to the fair value less estimated cost to sell. We base the fair value on the contract and the estimated cost to sell on information provided by brokers and legal counsel. We then compare the asset's fair value (less estimated cost to sell) to its carrying value, and if the fair value, less estimated cost to sell, is less than the property's carrying value, we reduce the carrying value to the fair value, less estimated cost to sell. We will continue to review the property for subsequent changes in the fair value, and may recognize an additional impairment charge, if warranted.

Direct Financing Leases — We periodically assess whether there are any indicators that the value of our net investments in direct financing leases may be impaired. When determining a possible impairment, we take into consideration the collectability of direct financing lease receivables for which a reserve would be required if any losses are both probable and reasonably estimable. In addition, we determine whether there has been a permanent decline in the current estimate of the residual value of the property. If this review indicates a permanent decline in the fair value of the asset below its carrying value, we recognize an impairment charge.

When we enter into a contract to sell the real estate assets that are recorded as direct financing leases, we evaluate whether we believe it is probable that the disposition will occur. If we determine that the disposition is probable, we will classify the net investment as held for sale and write down the net investment to its fair value if the fair value is less than the carrying value.

Equity Investments in the Managed Programs and Real Estate — We evaluate our equity investments in the Managed Programs and real estate on a periodic basis to determine if there are any indicators that the value of our equity investment may be impaired and whether or not that impairment is other-than-temporary. To the extent an impairment has occurred and is determined to be other-than-temporary, we measure the charge as the excess of the carrying value of our investment over its estimated fair value, which is determined by calculating our share of the estimated fair market value of the underlying net assets based on the terms of the applicable partnership or joint venture agreement. For certain investments in the Managed REITs, we calculate the estimated fair value of our investment using the most recently published net asset value per share ("NAV") of each Managed REIT multiplied by the number of shares owned. For our equity investments in real estate, we calculate the estimated fair value of the underlying investment's real estate or net investment in direct financing lease as described in Real Estate and Direct Financing Leases above. The fair value of the underlying investment's debt, if any, is calculated based on market interest rates and other market information. The fair value of the underlying investment's other financial assets and liabilities (excluding net investment in direct financing leases) have fair values that generally approximate their carrying values.

Goodwill — We evaluate goodwill for possible impairment at least annually or upon the occurrence of a triggering event. Such a triggering event within our Investment Management segment depends on the timing and form of liquidity events for the Managed Programs (Note 4). To identify any impairment, we first assess qualitative factors to determine whether it is more likely than not that the fair value of the reporting unit is less than its carrying value. This assessment is used as a basis to determine whether it is necessary to calculate reporting unit fair values. If necessary, we calculate the estimated fair value of the Investment Management reporting unit by utilizing a discounted cash flow analysis methodology and available NAVs. We calculate the estimated fair value of the Real Estate reporting unit by utilizing our market capitalization and the aforementioned fair value of the Investment Management segment. Impairments, if any, will be the difference between the reporting unit's fair value and carrying amount, not to exceed the carrying amount of goodwill.

Other Accounting Policies

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

When we obtain an economic interest in an entity, we evaluate the entity to determine if it should be deemed a VIE and, if so, whether we are the primary beneficiary and are therefore required to consolidate the entity. We apply accounting guidance for consolidation of VIEs to certain entities in which the equity investors do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties. Fixed price purchase and renewal options within a lease, as well as certain decision-making rights within a loan or joint-venture agreement, can cause us to consider an entity a VIE. Limited partnerships and other similar entities that operate as a partnership will be considered a VIE unless the limited partners hold substantive kick-out rights or participation rights. Significant judgment is required to determine whether a VIE should be consolidated. We review the contractual arrangements provided for in the partnership agreement or other related contracts to determine whether the entity is considered a VIE, and to establish whether we have any variable interests in the VIE. We then compare our variable interests, if any, to those of the other variable interest holders to determine which party is the primary beneficiary of the VIE based on whether the entity (i) has the power to direct the activities that most significantly impact the economic performance of the VIE and (ii) has the obligation to absorb losses or the right to receive benefits of the VIE that could potentially be significant to the VIE. The liabilities of these VIEs are non-recourse to us and can only be satisfied from each VIE's respective assets.

During the year ended December 31, 2019, we had a net decrease of 13 entities considered to be consolidated VIEs, primarily related to disposition activity and certain lease amendments. In addition, during the year ended December 31, 2019, we received a full repayment of our preferred equity interest in an unconsolidated VIE entity. As a result, this preferred equity interest is now retired and is no longer considered a VIE (Note 8).

At December 31, 2019 and 2018, we considered 18 and 32 entities to be VIEs, respectively, of which we consolidated 11 and 24, respectively, as we are considered the primary beneficiary. The following table presents a summary of selected financial data of the consolidated VIEs included in our consolidated balance sheets (in thousands):

	December 31,	
	2019	2018
Land, buildings and improvements	$ 493,714	$ 781,347
Net investments in direct financing leases	15,584	305,493
In-place lease intangible assets and other	56,915	84,870
Above-market rent intangible assets	34,576	45,754
Accumulated depreciation and amortization	(151,017)	(164,942)
Assets held for sale, net	104,010	—
Total assets	596,168	1,112,984
Non-recourse mortgages, net	$ 32,622	$ 157,955
Total liabilities	98,671	227,461

At December 31, 2019 and 2018, our seven and eight unconsolidated VIEs, respectively, included our interests in five and six unconsolidated real estate investments, respectively, which we account for under the equity method of accounting, and two unconsolidated entities, which we account for at fair value. We do not consolidate these entities because we are not the primary beneficiary and the nature of our involvement in the activities of these entities allows us to exercise significant influence on, but does not give us power over, decisions that significantly affect the economic performance of these entities. As of December 31, 2019 and 2018, the net carrying amount of our investments in these entities was $298.3 million and $301.6 million, respectively, and our maximum exposure to loss in these entities was limited to our investments.

Reclassifications — Certain prior period amounts have been reclassified to conform to the current period presentation. Structuring revenue and other advisory revenue were previously presented separately, but are now included within Structuring and other advisory revenue in the consolidated statements of income.

In connection with our adoption of Accounting Standards Update ("ASU") *2016-02, Leases (Topic 842)*, as described below in *Recent Accounting Pronouncements*, reimbursable tenant costs (within Real Estate revenues) are now included within Lease revenues in the consolidated statements of income. In addition, we currently present Reimbursable tenant costs and Reimbursable costs from affiliates (both within operating expenses) on their own line items in the consolidated statements of income. Previously, these line items were included within Reimbursable tenant and affiliate costs.

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

	December 31,		
	2019	2018	2017
Cash and cash equivalents	$ 196,028	$ 217,644	$ 162,312
Restricted cash [(a)]	55,490	206,419	47,364
Total cash and cash equivalents and restricted cash	$ 251,518	$ 424,063	$ 209,676

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(a) Restricted cash is included within Other assets, net in our consolidated balance sheets. The amount as of December 31, 2018 includes $145.7 million of proceeds from the sale of a portfolio of Australian properties in December 2018. These funds were transferred from a restricted cash account to us in January 2019.

Land, Buildings and Improvements — We carry land, buildings, and personal property at cost less accumulated depreciation. We capitalize improvements and significant renovations that extend the useful life of the properties, while we expense maintenance and repairs that do not improve or extend the lives of the respective assets as incurred.

Gain/Loss on Sale — We recognize gains and losses on the sale of properties when the transaction meets the definition of a contract, criteria are met for the sale of one or more distinct assets, and control of the properties is transferred.

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

Internal-Use Software Development Costs — We expense costs associated with the assessment stage of software development projects. Upon completion of the preliminary project assessment stage, we capitalize internal and external costs associated with the application development stage, including the costs associated with software that allows for the conversion of our old data to our new system. We expense the personnel-related costs of training and data conversion. We also expense costs associated with the post-implementation and operation stage, including maintenance and specified upgrades; however, we capitalize internal and external costs associated with significant upgrades to existing systems that result in additional functionality. Capitalized costs are amortized on a straight-line basis over the software's estimated useful life, which is three to seven years. Periodically, we reassess the useful life considering technology, obsolescence, and other factors.

Other Assets and Liabilities — We include prepaid expenses, deferred rental income, tenant receivables, deferred charges, escrow balances held by lenders, restricted cash balances, marketable securities, derivative assets, other intangible assets, corporate fixed assets, our investment in shares of a cold storage operator (Note 9), our investment in shares of GCIF (Note 9), and our loans receivable in Other assets, net. We include derivative liabilities, amounts held on behalf of tenants, and deferred revenue in Accounts payable, accrued expenses and other liabilities.

Revenue Recognition, Real Estate Leased to Others — We lease real estate to others primarily on a triple-net leased basis, whereby the tenant is generally responsible for operating expenses relating to the property, including property taxes, insurance, maintenance, repairs, and improvements.

Substantially all of our leases provide for either scheduled rent increases, periodic rent adjustments based on formulas indexed to changes in the Consumer Price Index ("CPI") or similar indices, or percentage rents. CPI-based adjustments are contingent on future events and are therefore not included as minimum rent in straight-line rent calculations. We recognize rents from percentage rents as reported by the lessees, which is after the level of sales requiring a rental payment to us is reached. Percentage rents were insignificant for the periods presented.

For our operating leases, we recognize future minimum rental revenue on a straight-line basis over the non-cancelable lease term of the related leases and charge expenses to operations as incurred (Note 5). We record leases accounted for under the direct financing method as a net investment in direct financing leases (Note 6). The net investment is equal to the cost of the leased assets. The difference between the cost and the gross investment, which includes the residual value of the leased asset and the future minimum rents, is unearned income. We defer and amortize unearned income to income over the lease term so as to produce a constant periodic rate of return on our net investment in the lease.

Revenue from contracts under Accounting Standards Codification ("ASC") 606 is recognized when, or as, control of promised goods or services is transferred to customers, in an amount that reflects the consideration we expect to be entitled to in exchange for those goods or services. At contract inception, we assess the services promised in our contracts with customers and identify a performance obligation for each promise to transfer to the customer a good or service (or bundle of goods or services) that is distinct. To identify the performance obligations, we consider all of the services promised in the contract regardless of whether they are explicitly stated or are implied by customary business practices. ASC 606 does not apply to our lease revenues, which constitute a majority of our revenues, but primarily applies to revenues generated from our hotel operating properties and our Investment Management segment.

Revenue from contracts for our Real Estate segment primarily represented operating property revenues of $29.4 million, $21.7 million, and $30.6 million for the years ended December 31, 2019, 2018, and 2017, respectively. Such operating property revenues are primarily comprised of revenues from room rentals and from food and beverage services at our hotel operating properties during those years. We identified a single performance obligation for each distinct service. Performance obligations are typically satisfied at a point in time, at the time of sale, or at the rendering of the service. Fees are generally determined to be fixed. Payment is typically due immediately following the delivery of the service. Revenue from contracts under ASC 606 from our Investment Management segment is discussed in Note 4.

Revenue Recognition, Investment Management Operations — We earn structuring revenue and asset management revenue in connection with providing services to the Managed Programs. We earn structuring revenue for services we provide in connection with the analysis, negotiation, and structuring of transactions, including acquisitions and dispositions and the placement of mortgage financing obtained by the Managed Programs. We earn asset management revenue from property management, leasing, and advisory services performed. In addition, we earn subordinated incentive and disposition revenue related to the disposition of properties. We may also earn termination revenue in connection with a liquidity event and/or the termination of the advisory agreements for the Managed REITs.

During their respective offering periods, the Managed Programs reimbursed us for certain costs in connection with those offerings that we incurred on their behalf, which consisted primarily of broker-dealer commissions, marketing costs, and an annual distribution and shareholder servicing fee, as applicable. As a result of our exit from non-traded retail fundraising activities on June 2017, we ceased raising funds on behalf of the Managed Programs in the third quarter of 2017 and no longer incur these costs. However, the Managed Programs will continue to reimburse us for certain personnel and overhead costs that we incur on their behalf. We record reimbursement income as the expenses are incurred, subject to limitations imposed by the advisory agreements.

Asset Retirement Obligations — Asset retirement obligations relate to the legal obligations associated with the retirement of long-lived assets that result from the acquisition, construction, development, and/or normal operation of a long-lived asset. The fair value of a liability for an asset retirement obligation is recorded in the period in which it is incurred or at the point of acquisition of an asset with an assumed asset retirement obligation, and the cost of such liability is recorded as an increase in the carrying amount of the related long-lived asset by the same amount. The liability is accreted each period and the capitalized cost is depreciated over the estimated remaining life of the related long-lived asset. Revisions to estimated retirement obligations result in adjustments to the related capitalized asset and corresponding liability.

In order to determine the fair value of the asset retirement obligations, we make certain estimates and assumptions including, among other things, projected cash flows, the borrowing interest rate, and an assessment of market conditions that could significantly impact the estimated fair value. These estimates and assumptions are subjective.

Depreciation — We compute depreciation of building and related improvements using the straight-line method over the estimated remaining useful lives of the properties (not to exceed 40 years) and furniture, fixtures, and equipment. We compute depreciation of tenant improvements using the straight-line method over the lesser of the remaining term of the lease or the estimated useful life.

Stock-Based Compensation — We have granted stock options, restricted share awards (“RSAs”), restricted share units (“RSUs”), and performance share units (“PSUs”) to certain employees, independent directors, and nonemployees. Grants were awarded in the name of the recipient subject to certain restrictions of transferability and a risk of forfeiture. Stock-based compensation expense for all equity-classified stock-based compensation awards is based on the grant date fair value estimated in accordance with current accounting guidance for share-based payments, which includes awards granted to certain nonemployees, upon our adoption of ASU 2018-07 on January 1, 2019, as described below. We recognize these compensation costs for only those shares expected to vest on a straight-line basis over the requisite service or performance period of the award. We include stock-based compensation within Additional paid-in capital in the consolidated statements of equity and Stock-based compensation expense in the consolidated statements of income.

Foreign Currency Translation and Transaction Gains and Losses — We have interests in international real estate investments primarily in Europe, Canada, and Japan, and the primary functional currencies for those investments are the euro, the British pound sterling, the Danish krone, the Canadian dollar, and the Japanese yen. We perform the translation from these currencies to the U.S. dollar for assets and liabilities using current exchange rates in effect at the balance sheet date and for revenue and expense accounts using a weighted-average exchange rate during the year. We report the gains and losses resulting from such translation as a component of other comprehensive income in equity. These translation gains and losses are released to net income (within Gain on sale of real estate, net, in the consolidated statements of income) when we have substantially exited from all investments in the related currency (Note 10, Note 14, Note 17).

A transaction gain or loss (measured from the transaction date or the most recent intervening balance sheet date, whichever is later), realized upon settlement of a foreign currency transaction generally will be included in net income for the period in which the transaction is settled. Also, foreign currency intercompany transactions that are scheduled for settlement, consisting primarily of accrued interest and the translation to the reporting currency of short-term subordinated intercompany debt or debt with scheduled principal payments, are included in the determination of net income (within Other gains and (losses) in the statements of income).

Intercompany foreign currency transactions of a long-term nature (that is, settlement is not planned or anticipated in the foreseeable future), in which the entities involved in the transactions are consolidated or accounted for by the equity method in our consolidated financial statements, are not included in net income but are reported as a component of other comprehensive income in equity.

Derivative Instruments — We measure derivative instruments at fair value and record them as assets or liabilities, depending on our rights or obligations under the applicable derivative contract. Derivatives that are not designated as hedges must be adjusted to fair value through earnings. For derivatives designated and that qualify as cash flow hedges, the change in fair value of the derivative is recognized in Other comprehensive (loss) income until the hedged transaction affects earnings. Gains and losses on the cash flow hedges representing hedge components excluded from the assessment of effectiveness are recognized in earnings over the life of the hedge on a systematic and rational basis, as documented at hedge inception in accordance with our accounting policy election. Such gains and losses are recorded within Other gains and (losses) or Interest expense in our consolidated statements of income. The earnings recognition of excluded components is presented in the same line item as the hedged transactions. For derivatives designated and that qualify as a net investment hedge, the change in the fair value and/or the net settlement of the derivative is reported in Other comprehensive (loss) income as part of the cumulative foreign currency translation adjustment. Amounts are reclassified out of Other comprehensive (loss) income into earnings (within Gain on sale of real estate, net, in our consolidated statements of income) when the hedged investment is either sold or substantially liquidated. In accordance with fair value measurement guidance, counterparty credit risk is measured on a net portfolio position basis.

General and Administrative Expenses — Beginning with the third quarter of 2017, personnel and rent expenses included within general and administrative expenses that are recorded by our Real Estate and Investment Managements segments are allocated based on time incurred by our personnel for those segments. Following our exit from non-traded retail fundraising activities, as of June 30, 2017 (Note 1), we believe that this allocation methodology is appropriate.

Income Taxes — We conduct business in various states and municipalities primarily within North America and Europe, and as a result, we or one or more of our subsidiaries file income tax returns in the United States federal jurisdiction and various state and foreign jurisdictions. We derive most of our REIT income from our real estate operations under our Real Estate segment. Our domestic real estate operations are generally not subject to federal tax, and accordingly, no provision has been made for U.S. federal income taxes in the consolidated financial statements for these operations. These operations may be subject to certain state and local taxes, as applicable. We conduct our Investment Management operations primarily through TRSs. In general, a TRS may perform additional services for our tenants and generally may engage in any real estate or non-real estate-related business. These operations are subject to federal, state, local, and foreign taxes, as applicable. Our financial statements are prepared on a consolidated basis including these TRSs and include a provision for current and deferred taxes on these operations.

Significant judgment is required in determining our tax provision and in evaluating our tax positions. We establish tax reserves based on a benefit recognition model, which could result in a greater amount of benefit (and a lower amount of reserve) being initially recognized in certain circumstances. Provided that the tax position is deemed more likely than not of being sustained, we recognize the largest amount of tax benefit that is greater than 50% likely of being ultimately realized upon settlement. We derecognize the tax position when it is no longer more likely than not of being sustained.

Our earnings and profits, which determine the taxability of distributions to stockholders, differ from net income reported for financial reporting purposes due primarily to differences in depreciation, including hotel properties, and timing differences of rent recognition and certain expense deductions, for federal income tax purposes.

We recognize deferred income taxes in certain of our subsidiaries taxable in the United States 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 as described in Note 16). In addition, deferred tax assets arise from unutilized tax net operating losses, generated in prior years. Deferred income taxes are computed under the asset and liability method. The asset and liability method requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of temporary differences between tax bases and financial bases of assets and liabilities. We provide a valuation allowance against our deferred income tax assets when we believe 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).

Earnings Per Share — Basic earnings per share is calculated by dividing net income available to common stockholders, as adjusted for unallocated earnings attributable to the nonvested RSUs by the weighted-average number of shares of common stock outstanding during the year. Diluted earnings per share reflects potentially dilutive securities (RSAs, RSUs, PSUs, and options) using the treasury stock method, except when the effect would be anti-dilutive.

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

Recent Accounting Pronouncements

Pronouncements Adopted as of December 31, 2019

In February 2016, the Financial Accounting Standards Board (“FASB”) issued *ASU 2016-02, Leases (Topic 842).* ASU 2016-02 modifies the principles for the recognition, measurement, presentation, and disclosure of leases for both parties to a contract: the lessee and the lessor. ASU 2016-02 provides new guidelines that change the accounting for leasing arrangements for lessees, whereby their rights and obligations under substantially all leases, existing and new, are capitalized and recorded on the balance sheet. For lessors, however, the new standard remains generally consistent with existing guidance, but has been updated to align with certain changes to the lessee model and *ASU 2014-09, Revenue from Contracts with Customers (Topic 606)* (“ASU 2014-09”).

We adopted this guidance for our interim and annual periods beginning January 1, 2019 using the modified retrospective method, applying the transition provisions at the beginning of the period of adoption rather than at the beginning of the earliest comparative period presented. We elected the package of practical expedients as permitted under the transition guidance, which allowed us to not reassess whether arrangements contain leases, lease classification, and initial direct costs. The adoption of the lease standard did not result in a cumulative effect adjustment recognized in the opening balance of retained earnings as of January 1, 2019.

- *As a Lessee*: we recognized $115.6 million of land lease right-of-use (“ROU”) assets, $12.7 million of office lease ROU assets, and $95.3 million of corresponding lease liabilities for certain operating office and land lease arrangements for which we were the lessee on January 1, 2019, which included reclassifying below-market ground lease intangible assets, above-market ground lease intangible liabilities, prepaid rent, and deferred rent as a component of the ROU asset (a net reclassification of $33.0 million). See Note 5 for additional disclosures on the presentation of these amounts in our consolidated balance sheets.

  ROU assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments under the lease. We determine if an arrangement contains a lease at contract inception and determine the classification of the lease at commencement. Operating lease ROU assets and lease liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. We do not include renewal options in the lease term when calculating the lease liability unless we are reasonably certain we will exercise the option. Variable lease payments are excluded from the ROU assets and lease liabilities and are recognized in the period in which the obligation for those payments is incurred. Our variable lease payments consist of increases as a result of the CPI or other comparable indices, taxes, and maintenance costs. Lease expense for lease payments is recognized on a straight-line basis over the term of the lease.

The implicit rate within our operating leases is generally not determinable and, as a result, we use our incremental borrowing rate at the lease commencement date to determine the present value of lease payments. The determination of our incremental borrowing rate requires judgment. We determine our incremental borrowing rate for each lease using estimated baseline mortgage rates. These baseline rates are determined based on a review of current mortgage debt market activity for benchmark securities across domestic and international markets, utilizing a yield curve. The rates are then adjusted for various factors, including level of collateralization and lease term.

- *As a Lessor*: a practical expedient allows lessors to combine non-lease components (lease arrangements that include common area maintenance services) with related lease components (lease revenues), if both the timing and pattern of transfer are the same for the non-lease component and related lease component, the lease component is the predominant component, and the lease component would otherwise be classified as an operating lease. We elected the practical expedient. For (i) operating lease arrangements involving real estate that include common area maintenance services and (ii) all real estate arrangements that include real estate taxes and insurance costs, we present these amounts within lease revenues in our consolidated statements of income. We record amounts reimbursed by the lessee in the period in which the applicable expenses are incurred.

  Under ASU 2016-02, lessors are allowed to only capitalize incremental direct leasing costs. Historically, we have not capitalized internal legal and leasing costs incurred, and, as a result, we were not impacted by this change.

In August 2017, the FASB issued *ASU 2017-12, Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities*. ASU 2017-12 makes more financial and nonfinancial hedging strategies eligible for hedge accounting. It also amends the presentation and disclosure requirements and eliminates the requirements to separately measure and disclose hedge effectiveness. It is intended to more closely align hedge accounting with companies' risk management strategies, simplify the application of hedge accounting, and increase transparency as to the scope and results of hedging programs. We adopted this guidance for our interim and annual periods beginning January 1, 2019. The adoption of this standard impacted our consolidated financial statements for both cash flow hedges and net investment hedges. Changes in the fair value of our hedging instruments are no longer separated into effective and ineffective portions. The entire change in the fair value of these hedging instruments included in the assessment of effectiveness is now recorded in Accumulated other comprehensive loss. The impact to our consolidated financial statements as a result of these changes was not material.

In June 2018, the FASB issued *ASU 2018-07, Compensation-Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting*. ASU 2018-07 expands the scope of Topic 718 to include share-based payment transactions in exchange for goods and services from nonemployees, which will align the accounting for such payments to nonemployees with the existing requirements for share-based payments granted to employees (with certain exceptions). These share-based payments will now be measured at the grant-date fair value of the equity instrument issued. We adopted this guidance for our interim and annual periods beginning January 1, 2019. The adoption of this standard did not have a material impact on our consolidated financial statements.

Pronouncements to be Adopted after December 31, 2019

In June 2016, the FASB issued *ASU 2016-13, Financial Instruments — Credit Losses.* ASU 2016-13 replaces the "incurred loss" model with an "expected loss" model, resulting in the earlier recognition of credit losses even if the risk of loss is remote. This standard applies to financial assets measured at amortized cost and certain other instruments, including loans receivable and net investments in direct financing leases. This standard does not apply to receivables arising from operating leases, which are within the scope of *Topic 842*. We will adopt ASU 2016-13 for our interim and annual periods beginning January 1, 2020 using the modified retrospective method, which requires applying changes in reserves through a cumulative-effect adjustment to retained earnings as of January 1, 2020. The adoption of this standard is not expected to have a material impact on our consolidated financial statements.

Note 3. Merger with CPA:17 – Global

CPA:17 Merger

On June 17, 2018, we and certain of our subsidiaries entered into a merger agreement with CPA:17 – Global, pursuant to which CPA:17 – Global would merge with and into one of our subsidiaries in exchange for shares of our common stock, subject to approvals of our stockholders and the stockholders of CPA:17 – Global. The CPA:17 Merger and related transactions were approved by both sets of stockholders on October 29, 2018 and completed on October 31, 2018.

At the effective time of the CPA:17 Merger, each share of CPA:17 – Global common stock issued and outstanding immediately prior to the effective time of the CPA:17 Merger was canceled and the rights attaching to such share were converted automatically into the right to receive 0.160 shares of our common stock. Each share of CPA:17 – Global common stock owned by us or any of our subsidiaries immediately prior to the effective time of the CPA:17 Merger was automatically canceled and retired, and ceased to exist, for no consideration. In exchange for the 336,715,969 shares of CPA:17 – Global common stock that we and our affiliates did not previously own, we paid total merger consideration of approximately $3.6 billion, consisting of (i) the issuance of 53,849,087 shares of our common stock with a fair value of $3.6 billion, based on the closing price of our common stock on October 31, 2018 of $66.01 per share and (ii) cash of $1.7 million paid in lieu of issuing any fractional shares of our common stock. As a condition of the CPA:17 Merger, we waived certain back-end fees that we would have otherwise been entitled to receive from CPA:17 – Global upon its liquidation pursuant to the terms of our advisory agreement with CPA:17 – Global.

Immediately prior to the closing of the CPA:17 Merger, CPA:17 – Global's portfolio was comprised of full or partial ownership interests in 410 leased properties (including 137 properties in which we already owned a partial ownership interest), substantially all of which were triple-net leased with a weighted-average lease term of 11.0 years, an occupancy rate of 97.4%, and an estimated contractual minimum annualized base rent totaling $364.4 million, as well as 44 self-storage operating properties and one hotel operating property totaling 3.1 million square feet. The related property-level debt was comprised of non-recourse mortgage loans with an aggregate consolidated fair value of approximately $1.85 billion with a weighted-average annual interest rate of 4.3% as of October 31, 2018. We acquired equity interests in seven unconsolidated investments in the CPA:17 Merger, four of which were consolidated by CPA:18 – Global and three of which were jointly owned with a third party. These investments owned a total of 28 net-lease properties (which are included in the 410 leased properties described above) and seven self-storage properties (which are included in the 44 self-storage operating properties described above). The debt related to these equity investments was comprised of non-recourse mortgage loans with an aggregate fair value of approximately $467.1 million, of which our proportionate share was $208.2 million, with a weighted-average annual interest rate of 3.6% as of October 31, 2018. From the date of the CPA:17 Merger through December 31, 2018, lease revenues, operating property revenues, and net income from properties acquired were $52.8 million, $8.0 million, and $13.7 million, respectively.

CPA:17 – Global had a senior credit facility (comprised of a term loan and unsecured revolving credit facility) with an outstanding balance of approximately $180.3 million on October 31, 2018, the date of the closing of the CPA:17 Merger. On that date, we repaid in full all amounts outstanding under CPA:17 – Global's senior credit facility, using funds borrowed under our Unsecured Revolving Credit Facility (Note 11).

Purchase Price Allocation

We accounted for the CPA:17 Merger as a business combination under the acquisition method of accounting. After consideration of all applicable factors pursuant to the business combination accounting rules, we were considered the "accounting acquirer" due to various factors, including the fact that our stockholders held the largest portion of the voting rights in us upon completion of the CPA:17 Merger. Costs related to the CPA:17 Merger have been expensed as incurred and classified within Merger and other expenses in the consolidated statements of income, totaling $41.8 million and $0.4 million for the years ended December 31, 2018 and 2017, respectively.

Initially, the purchase price was allocated to the assets acquired and liabilities assumed, based upon their preliminary fair values at October 31, 2018. During 2019, we identified certain measurement period adjustments that impacted the provisional accounting, which decreased the total consideration by $8.4 million and decreased total identifiable net assets by $24.2 million, resulting in a $15.8 million increase in goodwill. The following tables summarize the fair values of the assets acquired and liabilities assumed in the acquisition.

(in thousands)

	Initially Reported at December 31, 2018	Measurement Period Adjustments	As Revised at December 31, 2019
Total Consideration			
Fair value of W. P. Carey shares of common stock issued	$ 3,554,578	$ —	$ 3,554,578
Cash paid for fractional shares	1,688	—	1,688
Merger Consideration	3,556,266	—	3,556,266
Fair value of our equity interest in CPA:17 – Global prior to the CPA:17 Merger	157,594	—	157,594
Fair value of our equity interest in jointly owned investments with CPA:17 – Global prior to the CPA:17 Merger	141,077	(8,416)	132,661
Fair value of noncontrolling interests acquired	(308,891)	—	(308,891)
	$ 3,546,046	$ (8,416)	$ 3,537,630

	Initially Reported at December 31, 2018	Measurement Period Adjustments	As Revised at December 31, 2019
Assets			
Land, buildings and improvements — operating leases	$ 2,954,034	$ (5,687)	$ 2,948,347
Land, buildings and improvements — operating properties	426,758	—	426,758
Net investments in direct financing leases	626,038	(21,040)	604,998
In-place lease and other intangible assets	793,463	—	793,463
Above-market rent intangible assets	298,180	—	298,180
Equity investments in real estate	189,756	2,566	192,322
Cash and cash equivalents and restricted cash	113,634	—	113,634
Other assets, net (excluding restricted cash)	228,980	(786)	228,194
Total assets	5,630,843	(24,947)	5,605,896
Liabilities			
Non-recourse mortgages, net	1,849,177	—	1,849,177
Senior Credit Facility, net	180,331	—	180,331
Accounts payable, accrued expenses and other liabilities	141,750	—	141,750
Below-market rent and other intangible liabilities	112,721	—	112,721
Deferred income taxes	76,085	(729)	75,356
Total liabilities	2,360,064	(729)	2,359,335
Total identifiable net assets	3,270,779	(24,218)	3,246,561
Noncontrolling interests	(5,039)	—	(5,039)
Goodwill	280,306	15,802	296,108
	$ 3,546,046	$ (8,416)	$ 3,537,630

Goodwill

The $296.1 million of goodwill recorded in the CPA:17 Merger was primarily due to the premium we paid over CPA:17 – Global's estimated fair value. Management believes the premium is supported by several factors, including that: the CPA:17 Merger (i) improves our earnings quality, (ii) accelerates our strategy to further simplify our business, (iii) adds a high-quality diversified portfolio of net lease assets that is well-aligned with our existing portfolio, (iv) enhances our overall portfolio metrics, (v) significantly increases our size, scale, and market prominence, and (vi) enhances our overall credit profile.

The fair value of the 53,849,087 shares of our common stock issued in the CPA:17 Merger as part of the consideration paid for CPA:17 – Global of $3.6 billion was derived from the closing market price of our common stock on the acquisition date. As required by GAAP, the fair value related to the assets acquired and liabilities assumed, as well as the shares exchanged, has been computed as of the date we gained control, which was the closing date of the CPA:17 Merger, in a manner consistent with the methodology described above.

Goodwill is not deductible for income tax purposes.

Equity Investments and Noncontrolling Interests

During the fourth quarter of 2018, we recognized a gain on change in control of interests of approximately $29.0 million, which was the difference between the carrying value of approximately $128.7 million and the fair value of approximately $157.6 million of our previously held equity interest in 16,131,967 shares of CPA:17 – Global's common stock.

The CPA:17 Merger also resulted in our acquisition of the remaining interests in six investments in which we already had a joint interest and accounted for under the equity method. Upon acquiring the remaining interests in these investments, we owned 100% of these investments and thus accounted for the acquisitions of these interests utilizing the purchase method of accounting. Due to the change in control of the six jointly owned investments that occurred, we recorded a gain on change in control of interests of approximately $18.8 million during the year ended December 31, 2018, which was the difference between our carrying values and the fair values of our previously held equity interests on October 31, 2018 of approximately $122.3 million and approximately $141.1 million, respectively. Subsequent to the CPA:17 Merger, we consolidate these wholly owned investments. We recorded a loss on change in control of interests of $8.4 million during the year ended December 31, 2019, reflecting adjustments to the difference between our carrying value and the preliminary estimated fair value of one of these former equity interests on October 31, 2018 (Note 6), as a result of a decrease in the purchase price allocated to the investment.

In connection with the CPA:17 Merger, we also acquired the remaining interests in six less-than-wholly-owned investments that we already consolidated and recorded an adjustment to additional paid-in-capital of approximately $102.7 million related to the difference between our carrying values and the fair values of our previously held noncontrolling interests on October 31, 2018 of approximately $206.2 million and approximately $308.9 million, respectively.

The fair values of our previously held equity interests and our noncontrolling interests are based on the estimated fair market values of the underlying real estate and related mortgage debt, both of which were determined by management relying in part on a third party. Real estate valuation requires significant judgment. We determined the significant inputs to be Level 3 with ranges for our previously held equity interests and our noncontrolling interests as follows:

- Market rents ranged from $1.65 per square foot to $54.00 per square foot;
- Discount rates applied to the estimated net operating income of each property ranged from approximately 5.75% to 10.50%;
- Discount rates applied to the estimated residual value of each property ranged from approximately 3.89% to 10.25%;
- Residual capitalization rates applied to the properties ranged from approximately 5.75% to 9.50%;
- The fair market value of the property level debt was determined based upon available market data for comparable liabilities and by applying selected discount rates to the stream of future debt payments; and
- Discount rates applied to the property level debt cash flows ranged from approximately 2.40% to 5.95%.

Pro Forma Financial Information (Unaudited)

The following unaudited consolidated pro forma financial information has been presented as if the CPA:17 Merger had occurred on January 1, 2017 for the years ended December 31, 2018 and 2017. The pro forma financial information is not necessarily indicative of what the actual results would have been had the CPA:17 Merger on that date, nor does it purport to represent the results of operations for future periods.

(in thousands)

	Years Ended December 31,	
	2018	2017
Pro forma total revenues	$ 1,207,820	$ 1,228,909
Pro forma net income	$ 405,659	$ 275,634
Pro forma net loss (income) attributable to noncontrolling interests	1,301	(429)
Pro forma net income attributable to W. P. Carey [(a)]	$ 406,960	$ 275,205

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(a) The pro forma net income attributable to W. P. Carey through the year ended December 31, 2018 reflects the following income and expenses related to the CPA:17 Merger as if the CPA:17 Merger had taken place on January 1, 2017: (i) combined merger expenses of $58.9 million through December 31, 2018 and (ii) an aggregate gain on change in control of interests of $47.8 million.

Note 4. Agreements and Transactions with Related Parties

CWI 1 and CWI 2 Proposed Merger

On October 22, 2019, CWI 1 and CWI 2 announced that they had entered into a definitive merger agreement under which the two companies intend to merge in an all-stock transaction, with CWI 2 as the surviving entity. On January 13, 2020, the joint proxy statement/prospectus on Form S-4 previously filed with the SEC by CWI 1 and CWI 2 was declared effective. Each of CWI 1 and CWI 2 has scheduled a special meeting of stockholders for March 26, 2020; if the proposed transaction is approved, the merger is expected to close shortly thereafter. In connection with the CWI 1 and CWI 2 Proposed Merger, we have entered into an internalization agreement and transition services agreement. Immediately following the closing of the CWI 1 and CWI 2 Proposed Merger:

(i) the advisory agreements with each of CWI 1 and CWI 2 will terminate;
(ii) the operating partnerships of each of CWI 1 and CWI 2 will redeem the special general partnership interests that we currently hold, for which we will receive approximately $97 million in consideration, comprised of $65 million in shares of CWI 2 preferred stock and 2,840,549 shares in CWI 2 common stock valued at approximately $32 million;
(iii) CWI 2 will internalize the management services currently provided by us; and
(iv) we will provide certain transition services at cost to CWI 2 for periods generally up to 12 months from closing of the proposed merger.

Advisory Agreements and Partnership Agreements with the Managed Programs

We have advisory agreements with each of the existing Managed Programs, pursuant to which we earn fees and are entitled to receive reimbursement for certain fund management expenses. Upon completion of the CPA:17 Merger on October 31, 2018 (Note 3), our advisory agreements with CPA:17 – Global were terminated, and we no longer receive fees or reimbursements from CPA:17 – Global. The advisory agreements also entitle us to fees for serving as the dealer manager for the offerings of the Managed Programs. However, as previously noted, we ceased all active non-traded retail fundraising activities as of June 30, 2017 and facilitated the orderly processing of sales for CWI 2 and CESH until their offerings closed on July 31, 2017, at which point we no longer received dealer manager fees. In addition, we resigned as CCIF's advisor in August 2017 and our advisory agreement with CCIF was terminated effective as of September 11, 2017, at which point we no longer earned any fees from CCIF. We no longer raise capital for new or existing funds, but we currently expect to continue to manage all existing Managed Programs and earn various fees (as described below) through the end of their respective life cycles (Note 1).

We have partnership agreements with each of the Managed Programs, and under the partnership agreements with the Managed REITs, we are entitled to receive certain cash distributions from their respective operating partnerships. Pursuant to the partnership agreement with CESH, we received limited partnership units of CESH equal to 2.5% of its gross offering proceeds in lieu of reimbursement of certain organizational expenses prior to the closing of CESH's offering on July 31, 2017.

The following tables present a summary of revenue earned and Distributions of Available Cash received from the Managed Programs for the periods indicated, included in the consolidated financial statements (in thousands):

	Years Ended December 31,		
	2019	2018	2017
Asset management revenue [a]	$ 39,132	$ 63,556	$ 70,125
Distributions of Available Cash [b]	21,489	46,609	47,862
Reimbursable costs from affiliates [a]	16,547	21,925	51,445
Structuring and other advisory revenue [a]	4,224	21,126	35,094
Interest income on deferred acquisition fees and loans to affiliates [c]	2,237	2,055	2,103
Dealer manager fees [a]	—	—	4,430
	$ 83,629	$ 155,271	$ 211,059

	Years Ended December 31,		
	2019	2018	2017
CPA:17 – Global [d]	$ —	$ 58,788	$ 75,188
CPA:18 – Global	26,039	44,969	28,683
CWI 1	30,770	28,243	33,691
CWI 2	21,584	20,283	50,189
CCIF	—	—	12,787
CESH	5,236	2,988	10,521
	$ 83,629	$ 155,271	$ 211,059

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(a) Amounts represent revenues from contracts under ASC 606.
(b) Included within Equity in earnings of equity method investments in the Managed Programs and real estate in the consolidated statements of income.
(c) Included within Other gains and (losses) in the consolidated statements of income.
(d) We no longer earn revenue from CPA:17 – Global following the completion of the CPA:17 Merger on October 31, 2018 (Note 3).

The following table presents a summary of amounts included in Due from affiliates in the consolidated financial statements (in thousands):

	December 31,	
	2019	2018
Short-term loans to affiliates, including accrued interest	$ 47,721	$ 58,824
Deferred acquisition fees receivable, including accrued interest	4,450	8,697
Reimbursable costs	3,129	3,227
Asset management fees receivable	1,267	563
Accounts receivable	1,118	1,425
Current acquisition fees receivable	131	2,106
	$ 57,816	$ 74,842

Performance Obligations and Significant Judgments

The fees earned pursuant to our advisory agreements are considered variable consideration. For the agreements that include multiple performance obligations, including asset management and investment structuring services, revenue is allocated to each performance obligation based on estimates of the price that we would charge for each promised service if it were sold on a standalone basis.

Judgment is applied in assessing whether there should be a constraint on the amount of fees recognized, such as amounts in excess of certain threshold limits with respect to the contract price or any potential clawback provisions included in certain of our arrangements. We exclude fees subject to such constraints to the extent it is probable that a significant reversal of those amounts will occur.

Asset Management Revenue

Under the advisory agreements with the Managed Programs, we earn asset management revenue for managing their investment portfolios. The following table presents a summary of our asset management fee arrangements with the existing Managed Programs:

Managed Program	Rate	Payable	Description
CPA:18 – Global	0.5% – 1.5%	In shares of its Class A common stock and/or cash, at the option of CPA:18 – Global; payable 50% in cash and 50% in shares of its Class A common stock for 2019; payable in shares of its Class A common stock for 2018 and 2017	Rate depends on the type of investment and is based on the average market or average equity value, as applicable
CWI 1	0.5%	In shares of its common stock and/or cash, at our election; payable in shares of its common stock for 2019, 2018, and 2017	Rate is based on the average market value of the investment; we are required to pay 20% of the asset management revenue we receive to the subadvisor
CWI 2	0.55%	In shares of its Class A common stock and/or cash, at our election; payable in shares of its Class A common stock for 2019, 2018, and 2017	Rate is based on the average market value of the investment; we are required to pay 25% of the asset management revenue we receive to the subadvisor
CESH	1.0%	In cash	Based on gross assets at fair value

The performance obligation for asset management services is satisfied over time as services are rendered. The time-based output method is used to measure progress over time, as this is representative of the transfer of the services. We are compensated for our services on a monthly or quarterly basis. However, these services represent a series of distinct daily services under ASU 2014-09. Accordingly, we satisfy the performance obligation and resolve the variability associated with our fees on a daily basis. We apply the practical expedient and, as a result, do not disclose variable consideration attributable to wholly or partially unsatisfied performance obligations as of the end of the reporting period.

In providing asset management services, we are reimbursed for certain costs. Direct reimbursement of these costs does not represent a separate performance obligation. Payment for asset management services is typically due on the first business day following the month of the delivery of the service.

Structuring and Other Advisory Revenue

Under the terms of the advisory agreements with the Managed Programs, we earn revenue for structuring and negotiating investments and related financing. For the Managed REITs, the combined total of acquisition fees and other acquisition expenses are limited to 6% of the contract prices in aggregate. The following table presents a summary of our structuring fee arrangements with the existing Managed Programs:

Managed Program	Rate	Payable	Description
CPA:18 – Global	4.5%	In cash; for all investments, other than readily marketable real estate securities for which we will not receive any acquisition fees, 2.5% upon completion, with 2% deferred and payable in three interest-bearing annual installments	Based on the total aggregate cost of the investments or commitments made
CWI REITs	1% – 2.5%	In cash upon completion; loan refinancing transactions up to 1% of the principal amount; 2.5% of the total investment cost of the properties acquired, however, fees were paid 50% in cash and 50% in shares of CWI 1's common stock and CWI 2's Class A common stock for a jointly owned investment structured on behalf of CWI 1 and CWI 2 in September 2017, with the approval of each CWI REIT's board of directors	Based on the total aggregate cost of the lodging investments or commitments made; we are required to pay 20% and 25% to the subadvisors of CWI 1 and CWI 2, respectively
CESH	2.0%	In cash upon acquisition	Based on the total aggregate cost of investments or commitments made, including the acquisition, development, construction, or redevelopment of the investments

The performance obligation for investment structuring services is satisfied at a point in time upon the closing of an investment acquisition, when there is an enforceable right to payment, and control (as well as the risks and rewards) has been transferred. Determining when control transfers requires management to make judgments that affect the timing of revenue recognized. Payment is due either on the day of acquisition (current portion) or deferred, as described above (Note 6). We do not believe the deferral of the fees represents a significant financing component.

In addition, we may earn fees for dispositions and mortgage loan refinancings completed on behalf of the Managed Programs.

Reimbursable Costs from Affiliates

The existing Managed Programs reimburse us for certain personnel and overhead costs that we incur on their behalf, a summary of which is presented in the table below:

Managed Program	Payable	Description
CPA:18 – Global	In cash	Personnel and overhead costs, excluding those related to our legal transactions group, our senior management, and our investments team, are charged to CPA:18 – Global based on the average of the trailing 12-month aggregate reported revenues of the Managed Programs and us, and personnel costs are capped at 1.0%, 1.0%, and 2.0% of CPA:18 – Global's pro rata lease revenues for 2019, 2018, and 2017, respectively; for the legal transactions group, costs are charged according to a fee schedule
CWI REITs	In cash	Actual expenses incurred, excluding those related to our senior management; allocated between the CWI REITs based on the percentage of their total pro rata hotel revenues for the most recently completed quarter
CESH	In cash	Actual expenses incurred

Distributions of Available Cash

We are entitled to receive distributions of up to 10% of the Available Cash (as defined in the respective partnership agreements) from the operating partnerships of each of the existing Managed REITs, payable quarterly in arrears. We are required to pay 20% and 25% of such distributions to the subadvisors of CWI 1 and CWI 2, respectively.

Back-End Fees and Interests in the Managed Programs

Under our advisory agreements with certain of the Managed Programs, we may also receive compensation in connection with providing liquidity events for their stockholders. For the Managed REITs, the timing and form of such liquidity events are at the discretion of each REIT's board of directors. Therefore, there can be no assurance as to whether or when any of these back-end fees or interests will be realized. Such back-end fees or interests may include disposition fees, interests in disposition proceeds, and distributions related to ownership of shares or limited partnership units in the Managed Programs. As a condition of the CPA:17 Merger, we waived certain back-end fees that we would have been entitled to receive from CPA:17 – Global upon its liquidation pursuant to the terms of our advisory agreement and partnership agreement with CPA:17 – Global (Note 3).

Other Transactions with Affiliates

Loans to Affiliates

From time to time, our Board has approved the making of secured and unsecured loans or lines of credit from us to certain of the Managed Programs, at our sole discretion, with each loan at a rate equal to the rate at which we are able to borrow funds under our Senior Unsecured Credit Facility (Note 11), generally for the purpose of facilitating acquisitions, construction funding, or for working capital purposes.

The following table sets forth certain information regarding our loans or lines of credit to affiliates (dollars in thousands):

Managed Program	Interest Rate at December 31, 2019	Maturity Date at December 31, 2019	Maximum Loan Amount Authorized at December 31, 2019	Principal Outstanding Balance at December 31, [a] 2019	2018
CESH [b] [c]	LIBOR + 1.00%	10/1/2020	$ 65,000	$ 46,269	$ 14,461
CWI 1 [d]	N/A	N/A	25,000	—	41,637
CPA:18 – Global	N/A	N/A	50,000	—	—
CWI 2 [d]	N/A	N/A	25,000	—	—
				$ 46,269	$ 56,098

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(a) Amounts exclude accrued interest of $1.5 million and $2.7 million at December 31, 2019 and 2018, respectively.
(b) LIBOR means London Interbank Offered Rate.
(c) In February 2020, we loaned an additional $5.5 million to CESH.
(d) During the first quarter of 2020, loan authorization expiration dates for CWI 1 and CWI 2 were extended to the earlier of March 31, 2020 or the completion date of the CWI 1 and CWI 2 Proposed Merger.

Other

At December 31, 2019, we owned interests in nine jointly owned investments in real estate, with the remaining interests held by affiliates or third parties. We consolidate two such investments and account for the remaining seven investments under the equity method of accounting (Note 8). In addition, we owned stock of each of the existing Managed REITs and limited partnership units of CESH at that date. We account for these investments under the equity method of accounting or at fair value (Note 8).

Note 5. Land, Buildings and Improvements and Assets Held for Sale

Land, Buildings and Improvements — Operating Leases

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

	December 31,	
	2019	2018
Land	$ 1,875,065	$ 1,772,099
Buildings and improvements	7,828,439	6,945,513
Real estate under construction	69,604	63,114
Less: Accumulated depreciation	(950,452)	(724,550)
	$ 8,822,656	$ 8,056,176

During 2019, the U.S. dollar strengthened against the euro, as the end-of-period rate for the U.S. dollar in relation to the euro decreased by 1.9% to $1.1234 from $1.1450. As a result of this fluctuation in foreign currency exchange rates, the carrying value of our Land, buildings and improvements subject to operating leases decreased by $36.7 million from December 31, 2018 to December 31, 2019.

During the second quarter of 2019, we entered into net lease agreements for certain self-storage properties previously classified as operating properties. As a result, in June 2019 and August 2019, we reclassified 22 and five consolidated self-storage properties, respectively, with an aggregate carrying value of $287.7 million from Land, buildings and improvements attributable to operating properties to Land, buildings and improvements subject to operating leases. Effective as of those times, we began recognizing lease revenues from these properties, whereas previously we recognized operating property revenues and expenses from these properties.

In connection with changes in lease classifications due to extensions of the underlying leases, we reclassified ten properties with an aggregate carrying value of $76.9 million from Net investments in direct financing leases to Land, buildings and improvements during 2019 (Note 6).

During the third quarter of 2019, we identified measurement period adjustments that impacted the provisional accounting for an investment classified as Land, buildings and improvements subject to operating leases, which was acquired in the CPA:17 Merger on October 31, 2018 (Note 3). As such, the CPA:17 Merger purchase price allocated to this investment decreased by approximately $5.7 million.

Depreciation expense, including the effect of foreign currency translation, on our buildings and improvements subject to operating leases was $229.0 million, $162.6 million, and $143.9 million for the years ended December 31, 2019, 2018, and 2017, respectively.

Acquisitions of Real Estate During 2019 — We entered into the following investments, which were deemed to be real estate asset acquisitions, at a total cost of $737.5 million, including land of $86.3 million, buildings of $523.3 million (including capitalized acquisition-related costs of $9.6 million), net lease intangibles of $134.9 million, a prepaid rent liability of $6.1 million, a debt premium of $0.8 million (related to the non-recourse mortgage loan assumed in connection with an acquisition, as described below), and net other liabilities assumed of $0.1 million:

- an investment of $32.7 million for an educational facility in Portland, Oregon, on February 20, 2019;
- an investment of $48.3 million for an office building in Morrisville, North Carolina, on March 7, 2019;
- an investment of $37.6 million for a distribution center in Inwood, West Virginia, on March 27, 2019, which is encumbered by a non-recourse mortgage loan that we assumed on the date of acquisition with an outstanding principal balance of $20.2 million (Note 11);
- an investment of $49.3 million for an industrial facility in Hurricane, Utah, on March 28, 2019;
- an investment of $16.6 million for an industrial facility in Bensenville, Illinois, on March 29, 2019;
- an investment of $10.2 million for two manufacturing and distribution centers in Westerville, Ohio, and North Wales, Pennsylvania, on May 21, 2019;

- an investment of $24.5 million for eight manufacturing facilities in various locations in the United States and Mexico on May 31, 2019;
- an investment of $18.8 million for a headquarters and warehouse facility in Statesville, North Carolina, on June 7, 2019;
- an investment of $70.1 million for a headquarters and industrial facility in Conestoga, Pennsylvania, on June 27, 2019;
- an investment of $30.1 million for three manufacturing and warehouse facilities in Hartford and Milwaukee, Wisconsin, on July 19, 2019;
- an investment of $15.1 million for two manufacturing facilities in Brockville and Prescott, Canada, on July 24, 2019;
- an investment of $16.4 million for an industrial facility in Dordrecht, the Netherlands, on September 26, 2019;
- an investment of $53.2 million for three manufacturing facilities in York, Pennsylvania; Lexington, South Carolina; and Queretaro, Mexico, on October 3, 2019;
- an investment of $9.9 million for a headquarters facility in Dearborn, Michigan, on October 3, 2019;
- an investment of $39.1 million for six industrial and office facilities in Houston, Texas; Mason, Ohio; and Metairie, Louisiana, on November 5, 2019 (we also committed to fund an additional $2.5 million for an expansion at the facility in Mason, Ohio, which is expected to be completed in the second quarter of 2021);
- an investment of $12.2 million for an industrial facility in Pardubice, Czech Republic, on November 26, 2019;
- an investment of $38.0 million for two warehouse facilities in Brabrand, Denmark, and Arlandastad, Sweden, on November 29, 2019 and December 2, 2019 (we also recorded an estimated deferred tax liability of $1.2 million, with a corresponding increase to the asset value, since we assumed the tax basis of one of the acquired properties);
- an investment of $1.8 million for three industrial facilities in Cortland, Illinois, and Madison and Monona, Wisconsin, on December 3, 2019;
- an investment of $55.9 million for a retail facility in Hamburg, Pennsylvania, on December 12, 2019;
- an investment of $94.1 million for a warehouse facility in Charlotte, North Carolina (located on the border with Fort Mill, South Carolina), on December 18, 2019;
- an investment of $16.8 million for a headquarters and logistics facility in Buffalo Grove, Illinois, on December 20, 2019
- an investment of $7.8 million for an industrial facility in Hvidovre, Denmark, on December 20, 2019 (we also recorded an estimated deferred tax liability of $0.5 million, with a corresponding increase to the asset value, since we assumed the tax basis of the acquired property); and
- an investment of $38.9 million for a distribution center in Huddersfield, United Kingdom, on December 31, 2019.

The acquired net lease intangibles are comprised of (i) in-place lease intangible assets totaling $150.1 million, which have a weighted-average expected life of 19.9 years, (ii) below-market rent intangible liabilities totaling $16.1 million, which have a weighted-average expected life of 18.3 years, and (iii) an above-market rent intangible asset of $0.9 million, which has an expected life of 19.3 years.

During the year ended December 31, 2019, we committed to purchase a warehouse and distribution facility in Knoxville, Tennessee, for approximately $68.0 million upon completion of construction of the property, which is expected to take place during the second quarter of 2020.

During the year ended December 31, 2019, we committed to purchase two warehouse facilities in Hillerød and Hammelev, Denmark, for approximately $19.9 million (based on the exchange rate of the Danish krone at December 31, 2019) upon completion of construction of the properties. One property was completed in January 2020 (Note 20) and the second property is expected to be completed during the first quarter of 2020.

Acquisitions of Real Estate During 2018 — We entered into 15 investments, which were deemed to be real estate asset acquisitions, at a total cost of $806.9 million, including land of $126.4 million, buildings of $571.6 million (including capitalized acquisition-related costs of $17.3 million), net lease intangibles of $113.7 million, and net other liabilities assumed of $4.8 million.

In addition, as discussed in Note 3, we acquired 232 consolidated properties subject to existing operating leases in the CPA:17 Merger, which increased the carrying value of our Land, buildings and improvements subject to operating leases by $3.0 billion during the year ended December 31, 2018.

Acquisitions of Real Estate During 2017 — We entered into two investments, which were deemed to be real estate asset acquisitions, at a total cost of $31.8 million, including land of $4.8 million, buildings of $18.5 million (including capitalized acquisition-related costs of $0.1 million), and net lease intangibles of $8.5 million.

Dollar amounts are based on the exchange rates of the foreign currencies on the dates of activity, as applicable.

Real Estate Under Construction

During 2019, we capitalized real estate under construction totaling $129.0 million. The number of construction projects in progress with balances included in real estate under construction was three and four as of December 31, 2019 and 2018, respectively. Aggregate unfunded commitments totaled approximately $227.8 million and $204.5 million as of December 31, 2019 and 2018, respectively.

During 2019, we completed the following construction projects, at a total cost of $122.5 million:

- an expansion project at a warehouse facility in Zabia Wola, Poland, in March 2019 at a cost totaling $5.6 million, including capitalized interest;
- a built-to-suit project for a warehouse facility in Dillon, South Carolina, in March 2019 at a cost totaling $47.4 million, including capitalized interest;
- an expansion project at a warehouse facility in Rotterdam, the Netherlands, in May 2019 at a cost totaling $20.4 million, including capitalized interest;
- an expansion project at an industrial facility in Legnica, Poland, in June 2019 at a cost totaling $6.0 million
- an expansion project at a warehouse facility in Kilgore, Texas, in October 2019 at a cost totaling $14.1 million;
- a built-to-suit project for an industrial facility in Katowice, Poland, in November 2019 at a cost totaling $15.4 million; and
- an expansion project at an industrial facility in McCalla, Alabama, in December 2019 at a cost totaling $13.6 million.

During 2019, we committed to fund an aggregate of $137.5 million (based on the exchange rate of the foreign currency at December 31, 2019, as applicable) for the following construction projects:

- a warehouse expansion project for an existing tenant at an industrial and office facility in Marktheidenfeld, Germany, for an aggregate of $8.3 million, which we currently expect to complete in the second quarter of 2020;
- an expansion project for an existing tenant at a warehouse facility in Wichita, Kansas, for an aggregate of $3.0 million, which we currently expect to complete in the third quarter of 2020;
- a build-to-suit project for a headquarters and industrial facility in Langen, Germany, for an aggregate of $56.2 million, which we currently expect to be completed in the first quarter of 2021; and
- a renovation project at a warehouse facility in Bowling Green, Kentucky, for an aggregate of $70.0 million, which we currently expect to be completed in the fourth quarter of 2021.

During 2018, we completed nine construction projects, at a total cost of $102.5 million, of which $39.8 million was capitalized during 2017.

During 2017, we completed five construction projects, at a total cost of $65.4 million, of which $35.5 million was capitalized during 2016.

Dollar amounts are based on the exchange rates of the foreign currencies on the dates of activity, as applicable.

Dispositions of Real Estate

During 2019, we sold 16 properties, which were classified as Land, buildings and improvements subject to operating leases. As a result, the carrying value of our Land, buildings and improvements subject to operating leases decreased by $84.3 million from December 31, 2018 to December 31, 2019.

Future Disposition of Real Estate

As of December 31, 2019, one of our tenants exercised its option to repurchase a property it is leasing for $0.6 million (the amount for the repurchase option is based on the exchange rate of the euro as of December 31, 2019). At December 31, 2019, the property's asset carrying value approximated its sales price. This property was sold in February 2020 (Note 20).

Lease Termination Income and Other

For the year ended December 31, 2019, lease termination income and other on our consolidated statements of income included: (i) income of $9.1 million from receipt of proceeds from a bankruptcy claim on a prior tenant; (ii) income of $8.8 million related to a lease restructuring in May 2019 that led to the recognition of $6.6 million in rent receipts during the third and fourth quarters of 2019 on claims that were previously deemed uncollectible, and a related value-added tax refund of $2.2 million that was recognized in May 2019; and (iii) income of $6.2 million related to a lease termination and related master lease restructuring that occurred during the fourth quarter of 2019, for which payment will be received over the remaining lease term of properties held under that master lease.

Leases

Operating Lease Income

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

	Year Ended December 31, 2019
Lease income — fixed	$ 898,111
Lease income — variable [(a)]	89,873
Total operating lease income [(b)]	$ 987,984

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(a) Includes (i) rent increases based on changes in the CPI and other comparable indices and (ii) reimbursements for property taxes, insurance, and common area maintenance services.
(b) Excludes $98.4 million of interest income from direct financing leases that is included in Lease revenues in the consolidated statement of income for the year ended December 31, 2019.

Scheduled Future Lease Payments to be Received

Scheduled future lease payments to be received (exclusive of expenses paid by tenants, percentage of sales rents, and future CPI-based adjustments) under non-cancelable operating leases at December 31, 2019 are as follows (in thousands):

Years Ending December 31,	Total
2020	$ 1,007,041
2021	992,378
2022	962,801
2023	924,275
2024	854,652
Thereafter	7,071,917
Total	$ 11,813,064

Scheduled future lease payments to be received (exclusive of expenses paid by tenants, percentage of sales rents, and future CPI-based adjustments) under non-cancelable operating leases at December 31, 2018 are as follows (in thousands):

Years Ending December 31,	Total
2019	$ 920,044
2020	915,411
2021	896,083
2022	861,688
2023	802,509
Thereafter	6,151,480
Total	$ 10,547,215

See Note 6 for scheduled future lease payments to be received under non-cancelable direct financing leases.

Lease Cost

Certain information related to the total lease cost for operating leases is as follows (in thousands):

	Year Ended December 31, 2019
Fixed lease cost	$ 14,503
Variable lease cost	1,186
Total lease cost	$ 15,689

During the year ended December 31, 2019, we received sublease income totaling approximately $5.4 million, which is included in Lease revenues in the consolidated statement of income.

Other Information

Supplemental balance sheet information related to ROU assets and lease liabilities is as follows (dollars in thousands):

	Location on Consolidated Balance Sheets	December 31, 2019
Operating ROU assets — land leases	In-place lease intangible assets and other	$ 114,209
Operating ROU assets — office leases	Other assets, net	7,519
Total operating ROU assets		$ 121,728
Operating lease liabilities	Accounts payable, accrued expenses and other liabilities	$ 87,658

Weighted-average remaining lease term — operating leases	38.2 years
Weighted-average discount rate — operating leases	7.8%
Number of land lease arrangements	64
Number of office space arrangements	6
Lease term range (excluding extension options not reasonably certain of being exercised)	1 – 100 years

Cash paid for operating lease liabilities included in Net cash provided by operating activities totaled $14.6 million for the year ended December 31, 2019. There are no land or office direct financing leases for which we are the lessee, therefore there are no related ROU assets or lease liabilities.

Undiscounted Cash Flows

A reconciliation of the undiscounted cash flows for operating leases recorded on the consolidated balance sheet within Accounts payable, accrued expenses and other liabilities as of December 31, 2019 is as follows (in thousands):

Years Ending December 31,	Total
2020	$ 14,197
2021	8,769
2022	8,006
2023	7,866
2024	6,728
Thereafter	251,844
Total lease payments	297,410
Less: amount of lease payments representing interest	(209,752)
Present value of future lease payments/lease obligations	$ 87,658

Scheduled future lease payments (excluding amounts paid directly by tenants) for the years subsequent to the year ended December 31, 2018 are: $14.5 million for 2019, $13.5 million for 2020, $7.9 million for 2021, $7.1 million for 2022, $7.0 million for 2023, and $246.7 million for the years thereafter.

Land, Buildings and Improvements — Operating Properties

At December 31, 2019, Land, buildings and improvements attributable to operating properties consisted of our investments in ten consolidated self-storage properties and one consolidated hotel. As of December 31, 2019, we reclassified another consolidated hotel to Assets held for sale, net, as described below. At December 31, 2018, Land, buildings and improvements attributable to operating properties consisted of our investments in 37 consolidated self-storage properties and two consolidated hotels. Below is a summary of our Land, buildings and improvements attributable to operating properties (in thousands):

	December 31,	
	2019	2018
Land	$ 10,452	$ 102,478
Buildings and improvements	72,631	363,572
Real estate under construction	—	4,620
Less: Accumulated depreciation	(11,241)	(10,234)
	$ 71,842	$ 460,436

As described above under *Land, Buildings and Improvements — Operating Leases***,** during the second quarter of 2019, we entered into net lease agreements for certain self-storage properties previously classified as operating properties. As a result, in June 2019 and August 2019, we reclassified 22 and five consolidated self-storage properties, respectively, with an aggregate carrying value of $287.7 million from Land, buildings and improvements attributable to operating properties to Land, buildings and improvements subject to operating leases.

Depreciation expense on our buildings and improvements attributable to operating properties was $6.9 million, $4.2 million, and $4.3 million for the years ended December 31, 2019, 2018, and 2017, respectively.

For the year ended December 31, 2019, Operating property revenues totaling $50.2 million were comprised of $39.5 million in lease revenues and $10.7 million in other income (such as food and beverage revenue) from 37 consolidated self-storage properties and two consolidated hotels. For the year ended December 31, 2018, Operating property revenues totaling $28.1 million were comprised of $20.9 million in lease revenues and $7.2 million in other income from 37 consolidated self-storage properties and three consolidated hotels. For the year ended December 31, 2017, Operating property revenues totaling $30.6 million were comprised of $22.3 million in lease revenues and $8.3 million in other income from two consolidated hotels. We derive self-storage revenue primarily from rents received from customers who rent storage space under month-to-month leases for personal or business use. We derive hotel revenue primarily from room rentals, as well as food, beverage, and other services.

Assets Held for Sale, Net

Below is a summary of our properties held for sale (in thousands):

	December 31,	
	2019	2018
Land, buildings and improvements	$ 105,573	$ —
Accumulated depreciation and amortization	(1,563)	—
Assets held for sale, net	$ 104,010	$ —

At December 31, 2019, we had one hotel operating property classified as Assets held for sale, net, with an aggregate carrying value of $104.0 million. This property was sold in January 2020 for gross proceeds of $120.0 million (Note 20).

Note 6. Finance Receivables

Assets representing rights to receive money on demand or at fixed or determinable dates are referred to as finance receivables. Our finance receivables portfolio consists of our Net investments in direct financing leases, loans receivable, and deferred acquisition fees. Operating leases are not included in finance receivables. See Note 2 and Note 5 for information on ROU operating lease assets recognized in our consolidated balance sheets.

Net Investments in Direct Financing Leases

Net investments in direct financing leases is summarized as follows (in thousands):

	December 31,	
	2019	2018
Lease payments receivable	$ 686,149	$ 1,160,977
Unguaranteed residual value	828,206	966,826
	1,514,355	2,127,803
Less: unearned income	(617,806)	(821,588)
	$ 896,549	$ 1,306,215

2019 — Interest income from direct financing leases, which was included in Lease revenues in the consolidated financial statements, was $98.4 million for the year ended December 31, 2019. During the year ended December 31, 2019, we sold six properties accounted for as direct financing leases that had an aggregate net carrying value of $255.0 million. During the year ended December 31, 2019, we reclassified ten properties with a carrying value of $76.9 million from Net investments in direct financing leases to Land, buildings and improvements in connection with changes in lease classifications due to extensions of the underlying leases (Note 5). During the year ended December 31, 2019, the U.S. dollar strengthened against the euro, resulting in an $5.5 million decrease in the carrying value of Net investments in direct financing leases from December 31, 2018 to December 31, 2019.

During the third quarter of 2019, we identified measurement period adjustments that impacted the provisional accounting for an investment classified as Net investments in direct financing leases, which was acquired in the CPA:17 Merger on October 31, 2018 (Note 3). Prior to the CPA:17 Merger, we already had a joint interest in this investment and accounted for it under the equity method (subsequent to the CPA:17 Merger, we consolidated this wholly owned investment). As such, the CPA:17 Merger purchase price allocated to this investment decreased by approximately $21.0 million. In addition, we recorded a loss on change in control of interests of $8.4 million during the third quarter of 2019, reflecting adjustments to the difference between our carrying value and the preliminary estimated fair value of this former equity interest on October 31, 2018. We also recorded impairment charges totaling $25.8 million on this investment during the third quarter of 2019 (Note 9).

2018 — Interest income from direct financing leases, which was included in Lease revenues in the consolidated financial statements, was $74.2 million for the year ended December 31, 2018. In connection with the CPA:17 Merger in October 2018, we acquired 40 consolidated properties subject to direct financing leases with a total fair value of $626.0 million (Note 3).

2017 — Interest income from direct financing leases, which was included in Lease revenues in the consolidated financial statements, was $66.2 million for the year ended December 31, 2017.

Scheduled Future Lease Payments to be Received

Scheduled future lease payments to be received (exclusive of expenses paid by tenants, percentage of sales rents, and future CPI-based adjustments) under non-cancelable direct financing leases at December 31, 2019 are as follows (in thousands):

Years Ending December 31,	Total
2020	$ 86,334
2021	85,061
2022	75,865
2023	69,406
2024	64,636
Thereafter	304,847
Total	$ 686,149

Scheduled future lease payments to be received (exclusive of expenses paid by tenants, percentage of sales rents, and future CPI-based adjustments) under non-cancelable direct financing leases at December 31, 2018 are as follows (in thousands):

Years Ending December 31,	Total
2019 [(a)]	$ 373,632
2020	98,198
2021	95,181
2022	85,801
2023	80,033
Thereafter	428,132
Total	$ 1,160,977

(a) Includes total rents owed and a bargain purchase option amount (for an aggregate of $275.4 million as of December 31, 2018) from The New York Times Company, a tenant at one of our properties, which exercised its bargain purchase option and repurchased the property in December 2019.

See Note 5 for scheduled future lease payments to be received under non-cancelable operating leases.

Loans Receivable

At December 31, 2018, we had four loans receivable related to a domestic investment with an aggregate carrying value of $57.7 million. In October 2019, two of these loans receivable were repaid in full to us for $10.0 million. In addition, at December 31, 2018, we had a loan receivable representing the expected future payments under a sales type lease with a carrying value of $9.5 million. In June 2019, this loan receivable was repaid in full to us for $9.3 million (Note 17). Our loans receivable are included in Other assets, net in the consolidated financial statements, and had an aggregate carrying value of $47.7 million at December 31, 2019. Earnings from our loans receivable are included in Lease termination income and other in the consolidated financial statements, and totaled $6.2 million, $1.8 million, and $0.8 million for the years ended December 31, 2019, 2018, and 2017, respectively.

Deferred Acquisition Fees Receivable

As described in Note 4, we earn revenue in connection with structuring and negotiating investments and related mortgage financing for CPA:18 – Global. A portion of this revenue is due in equal annual installments over three years. Unpaid deferred installments, including accrued interest, from CPA:18 – Global were included in Due from affiliates in the consolidated financial statements.

Credit Quality of Finance Receivables

We generally invest in facilities that we believe are critical to a tenant's business and therefore have a lower risk of tenant default. At both December 31, 2019 and 2018, none of the balances of our finance receivables were past due. Other than the lease extensions noted under *Net Investments in Direct Financing Leases* above, there were no material modifications of finance receivables during the year ended December 31, 2019.

We evaluate the credit quality of our finance receivables utilizing an internal five-point credit rating scale, with one representing the highest credit quality and five representing the lowest. A credit quality of one through three indicates a range of investment grade to stable. A credit quality of four through five indicates a range of inclusion on the watch list to risk of default. The credit quality evaluation of our finance receivables is updated quarterly. We believe the credit quality of our deferred acquisition fees receivable falls under category one, as CPA:18 – Global is expected to have the available cash to make such payments.

A summary of our finance receivables by internal credit quality rating, excluding our deferred acquisition fees receivable, is as follows (dollars in thousands):

	Number of Tenants / Obligors at December 31,		Carrying Value at December 31,	
Internal Credit Quality Indicator	**2019**	**2018**	**2019**	**2018**
1 – 3	28	36	$ 798,108	$ 1,135,321
4	8	10	146,178	227,591
5	—	1	—	10,580
			$ 944,286	$ 1,373,492

Note 7. Goodwill and Other Intangibles

We have recorded net lease, internal-use software development, and trade name intangibles that are being amortized over periods ranging from two years to 48 years. In-place lease intangibles, at cost are included in In-place lease intangible assets and other in the consolidated financial statements. Above-market rent intangibles, at cost are included in Above-market rent intangible assets in the consolidated financial statements. Accumulated amortization of in-place lease and above-market rent intangibles is included in Accumulated depreciation and amortization in the consolidated financial statements. Internal-use software development and trade name intangibles are included in Other assets, net in the consolidated financial statements. Below-market rent and below-market purchase option intangibles are included in Below-market rent and other intangible liabilities, net in the consolidated financial statements.

In connection with certain business combinations, including the CPA:17 Merger, we recorded goodwill as a result of consideration exceeding the fair values of the assets acquired and liabilities assumed (Note 2). The goodwill was attributed to our Real Estate reporting unit as it relates to the real estate assets we acquired in such business combinations. The following table presents a reconciliation of our goodwill (in thousands):

	Real Estate	Investment Management	Total
Balance at January 1, 2017	$ 572,313	$ 63,607	$ 635,920
Foreign currency translation adjustments	8,040	—	8,040
Balance at December 31, 2017	580,353	63,607	643,960
Acquisition of CPA:17 – Global (Note 3)	280,306	—	280,306
Foreign currency translation adjustments	(3,322)	—	(3,322)
Balance at December 31, 2018	857,337	63,607	920,944
CPA:17 Merger measurement period adjustments (Note 3)	15,802	—	15,802
Foreign currency translation adjustments	(2,058)	—	(2,058)
Balance at December 31, 2019	$ 871,081	$ 63,607	$ 934,688

Current accounting guidance requires that we test for the recoverability of goodwill at the reporting unit level. The test for recoverability must be conducted at least annually, or more frequently if events or changes in circumstances indicate that the carrying value of goodwill may not be recoverable. We performed our annual test for impairment in October 2019 for goodwill recorded in both segments and found no impairment indicated.

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

	December 31,					
	2019			2018		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Finite-Lived Intangible Assets						
Internal-use software development costs	$ 19,582	$ (13,491)	$ 6,091	$ 18,924	$ (10,672)	$ 8,252
Trade name	3,975	(1,991)	1,984	3,975	(1,196)	2,779
	23,557	(15,482)	8,075	22,899	(11,868)	11,031
Lease Intangibles:						
In-place lease	2,072,642	(676,008)	1,396,634	1,960,437	(496,096)	1,464,341
Above-market rent	909,139	(398,294)	510,845	925,797	(330,935)	594,862
Below-market ground lease [(a)]	—	—	—	42,889	(2,367)	40,522
	2,981,781	(1,074,302)	1,907,479	2,929,123	(829,398)	2,099,725
Indefinite-Lived Goodwill and Intangible Assets						
Goodwill	934,688	—	934,688	920,944	—	920,944
Below-market ground lease [(a)]	—	—	—	6,302	—	6,302
	934,688	—	934,688	927,246	—	927,246
Total intangible assets	$ 3,940,026	$ (1,089,784)	$ 2,850,242	$ 3,879,268	$ (841,266)	$ 3,038,002
Finite-Lived Intangible Liabilities						
Below-market rent	$ (268,515)	$ 74,484	$ (194,031)	$ (253,633)	$ 57,514	$ (196,119)
Above-market ground lease [(a)]	—	—	—	(15,961)	3,663	(12,298)
	(268,515)	74,484	(194,031)	(269,594)	61,177	(208,417)
Indefinite-Lived Intangible Liabilities						
Below-market purchase option	(16,711)	—	(16,711)	(16,711)	—	(16,711)
Total intangible liabilities	$ (285,226)	$ 74,484	$ (210,742)	$ (286,305)	$ 61,177	$ (225,128)

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(a) In connection with our adoption of ASU 2016-02 (Note 2), in the first quarter of 2019, we prospectively reclassified below-market ground lease intangible assets and above-market ground lease intangible liabilities to be a component of ROU assets within In-place lease intangible assets and other in our consolidated balance sheets. As of December 31, 2018, below-market ground lease intangible assets were included in In-place lease intangible assets and other in the consolidated balance sheets, and above-market ground lease intangible liabilities were included in Below-market rent and other intangible liabilities, net in the consolidated balance sheets.

During 2019, the U.S. dollar strengthened against the euro, resulting in a decrease of $10.5 million in the carrying value of our net intangible assets from December 31, 2018 to December 31, 2019. Net amortization of intangibles, including the effect of foreign currency translation, was $272.0 million, $174.1 million, and $157.8 million for the years ended December 31, 2019, 2018, and 2017, respectively. Amortization of below-market rent and above-market rent intangibles is recorded as an adjustment to Lease revenues; amortization of internal-use software development, trade name, and in-place lease intangibles is included in Depreciation and amortization; and amortization of above-market ground lease and below-market ground lease intangibles was included in Property expenses, excluding reimbursable tenant costs, prior to the reclassification of above-market ground lease and below-market ground lease intangibles to ROU assets in the first quarter of 2019, as described above and in Note 2.

Based on the intangible assets and liabilities recorded at December 31, 2019, scheduled annual net amortization of intangibles for each of the next five calendar years and thereafter is as follows (in thousands):

Years Ending December 31,	Net Decrease in Lease Revenues	Increase to Amortization	Total
2020	$ 55,165	$ 189,081	$ 244,246
2021	50,656	173,294	223,950
2022	43,208	160,116	203,324
2023	39,144	148,999	188,143
2024	34,192	134,364	168,556
Thereafter	94,449	598,855	693,304
Total	$ 316,814	$ 1,404,709	$ 1,721,523

Note 8. Equity Investments in the Managed Programs and Real Estate

We own interests in certain unconsolidated real estate investments with CPA:18 – Global and third parties, and also own interests in the Managed Programs. We account for our interests in these investments under the equity method of accounting (i.e., at cost, increased or decreased by our share of earnings or losses, less distributions, plus contributions and other adjustments required by equity method accounting, such as basis differences) or at fair value by electing the equity method fair value option available under GAAP.

We classify distributions received from equity method investments using the cumulative earnings approach. Distributions received are considered returns on the investment and classified as cash inflows from operating activities. If, however, the investor's cumulative distributions received, less distributions received in prior periods determined to be returns of investment, exceeds cumulative equity in earnings recognized, the excess is considered a return of investment and is classified as cash inflows from investing activities.

The following table presents Equity in earnings of equity method investments in the Managed Programs and real estate, which represents our proportionate share of the income or losses of these investments, as well as certain adjustments related to amortization of basis differences related to purchase accounting adjustments (in thousands):

	Years Ended December 31,		
	2019	2018	2017
Distributions of Available Cash (Note 4)	$ 21,489	$ 46,609	$ 47,862
Proportionate share of equity in earnings of equity method investments in the Managed Programs	862	3,896	5,156
Amortization of basis differences on equity method investments in the Managed Programs	(1,483)	(2,332)	(1,336)
Total equity in earnings of equity method investments in the Managed Programs	20,868	48,173	51,682
Equity in earnings of equity method investments in real estate	3,408	15,585	15,452
Amortization of basis differences on equity method investments in real estate	(1,047)	(2,244)	(2,384)
Total equity in earnings of equity method investments in real estate	2,361	13,341	13,068
Equity in earnings of equity method investments in the Managed Programs and real estate	$ 23,229	$ 61,514	$ 64,750

Managed Programs

We own interests in the Managed Programs and account for these interests under the equity method because, as their advisor, we do not exert control over, but we do have the ability to exercise significant influence over, the Managed Programs. Operating results of the Managed Programs are included in the Investment Management segment.

The following table sets forth certain information about our investments in the Managed Programs (dollars in thousands):

	% of Outstanding Shares Owned at December 31,		Carrying Amount of Investment at December 31,	
Fund	**2019**	**2018**	**2019**	**2018**
CPA:18 – Global [(a)]	3.851%	3.446%	$ 42,644	$ 39,600
CPA:18 – Global operating partnership	0.034%	0.034%	209	209
CWI 1 [(a)]	3.943%	3.062%	49,032	38,600
CWI 1 operating partnership	0.015%	0.015%	186	186
CWI 2 [(a)]	3.755%	2.807%	33,669	25,200
CWI 2 operating partnership	0.015%	0.015%	300	300
CESH [(b)]	2.430%	2.430%	3,527	3,495
			$ 129,567	$ 107,590

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(a) During 2019, we received asset management revenue from the Managed REITs in shares of their common stock, which increased our ownership percentage in each of the Managed REITs (Note 4).
(b) Investment is accounted for at fair value.

CPA:17 – Global — On October 31, 2018, we acquired all of the remaining interests in CPA:17 – Global and the CPA:17 – Global operating partnership in the CPA:17 Merger (Note 3). We received distributions from this investment during the years ended December 31, 2018 and 2017 of $10.1 million and $8.4 million, respectively. We received distributions from our investment in the CPA:17 – Global operating partnership during the years ended December 31, 2018 and 2017 of $26.3 million and $26.7 million, respectively (Note 4).

CPA:18 – Global — The carrying value of our investment in CPA:18 – Global at December 31, 2019 includes asset management fees receivable, for which 55,421 shares of CPA:18 – Global class A common stock were issued during the first quarter of 2020. We received distributions from this investment during the years ended December 31, 2019, 2018, and 2017 of $3.3 million, $2.6 million, and $1.7 million, respectively. We received distributions from our investment in the CPA:18 – Global operating partnership during the years ended December 31, 2019, 2018, and 2017 of $8.1 million, $9.7 million, and $8.7 million, respectively (Note 4).

CWI 1 — The carrying value of our investment in CWI 1 at December 31, 2019 includes asset management fees receivable, for which 106,386 shares of CWI 1 common stock were issued during the first quarter of 2020. We received distributions from this investment during the years ended December 31, 2019, 2018, and 2017 of $2.7 million, $2.0 million, and $1.1 million, respectively. We received distributions from our investment in the CWI 1 operating partnership during the years ended December 31, 2019, 2018, and 2017 of $7.1 million, $5.1 million, and $7.5 million, respectively (Note 4).

CWI 2 — The carrying value of our investment in CWI 2 at December 31, 2019 includes asset management fees receivable, for which 78,392 shares of class A common stock of CWI 2 were issued during the first quarter of 2020. We received distributions from this investment during the years ended December 31, 2019, 2018 and 2017 of $1.6 million, $1.1 million, and $0.4 million, respectively. We received distributions from our investment in the CWI 2 operating partnership during the years ended December 31, 2019, 2018, and 2017 of $6.3 million, $5.5 million, and $5.1 million, respectively (Note 4).

CESH — We have elected to account for our investment in CESH at fair value by selecting the equity method fair value option available under GAAP. We record our investment in CESH on a one quarter lag; therefore, the balance of our equity method investment in CESH recorded as of December 31, 2019 is based on the estimated fair value of our investment as of September 30, 2019. We did not receive distributions from this investment during the years ended December 31, 2019, 2018, or 2017.

At December 31, 2019 and 2018, the aggregate unamortized basis differences on our equity investments in the Managed Programs were $47.0 million and $35.2 million, respectively.

The following tables present estimated combined summarized financial information for the Managed Programs. Amounts provided are expected total amounts attributable to the Managed Programs and do not represent our proportionate share (in thousands):

	December 31,	
	2019	2018
Net investments in real estate	$ 5,291,051	$ 5,417,770
Other assets	959,358	1,019,783
Total assets	6,250,409	6,437,553
Debt	(3,366,138)	(3,474,126)
Accounts payable, accrued expenses and other liabilities	(517,803)	(467,758)
Total liabilities	(3,883,941)	(3,941,884)
Noncontrolling interests	(130,656)	(146,799)
Stockholders' equity	$ 2,235,812	$ 2,348,870

	Years Ended December 31,		
	2019	2018	2017
Revenues	$ 1,184,585	$ 1,562,688	$ 1,637,198
Expenses	(1,142,286)	(1,368,051)	(1,456,842)
Income from continuing operations	$ 42,299	$ 194,637	$ 180,356
Net income attributable to the Managed Programs [(a)] [(b)]	$ 8,505	$ 121,503	$ 127,130

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(a) Includes impairment charges recognized by the Managed Programs totaling $34.4 million and $19.5 million during the years ended December 31, 2018 and 2017, respectively. These impairment charges reduced our income earned from these investments by $1.6 million and $0.8 million during the years ended December 31, 2018 and 2017, respectively. The Managed Programs did not recognize impairment charges during the year ended December 31, 2019.

(b) Amounts included net gains on sale of real estate recorded by the Managed Programs totaling $55.7 million, $114.3 million, and $22.3 million for the years ended December 31, 2019, 2018, and 2017, respectively. These net gains on sale of real estate increased our income earned from these investments by $2.2 million, $3.9 million, and $0.6 million during the years ended December 31, 2019, 2018, and 2017, respectively.

Interests in Other Unconsolidated Real Estate Investments

We own equity interests in properties that are generally leased to companies through noncontrolling interests in partnerships and limited liability companies that we do not control but over which we exercise significant influence. The underlying investments are jointly owned with affiliates or third parties. We account for these investments under the equity method of accounting. Investments in unconsolidated investments are required to be evaluated periodically for impairment. We periodically compare an investment's carrying value to its estimated fair value and recognize an impairment charge to the extent that the carrying value exceeds fair value and such decline is determined to be other than temporary. Operating results of our unconsolidated real estate investments are included in the Real Estate segment.

The following table sets forth our ownership interests in our equity investments in real estate, excluding the Managed Programs, and their respective carrying values (dollars in thousands):

Lessee	Co-owner	Ownership Interest at December 31, 2019	Carrying Value at December 31, 2019	2018
Johnson Self Storage [(a)]	Third Party	90%	$ 70,690	$ 73,475
Kesko Senukai [(b)]	Third Party	70%	46,475	52,432
Bank Pekao [(b)]	CPA:18 – Global	50%	26,388	29,086
BPS Nevada, LLC [(c)]	Third Party	15%	22,900	22,292
State Farm Mutual Automobile Insurance Co.	CPA:18 – Global	50%	17,232	18,927
Apply Sørco AS [(d)] [(e)]	CPA:18 – Global	49%	8,040	7,483
Fortenova Grupa d.d. (formerly Konzum d.d.) [(b)]	CPA:18 – Global	20%	2,712	2,858
Beach House JV, LLC [(f)]	Third Party	N/A	—	15,105
			$ 194,437	$ 221,658

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(a) On November 7, 2018, we entered into a joint venture investment to acquire a 90% interest in two self-storage properties for an aggregate amount of $19.9 million, with our portion of the investment totaling $17.9 million (one property is located in South Carolina and one property is located in North Carolina). This transaction was accounted for as an equity method investment as the minority shareholders have significant influence over this investment. All major decisions that significantly impact the economic performance of the entity require a unanimous decision vote from all of the shareholders; therefore, we have joint control over this investment. This acquisition was completed subsequent to the CPA:17 Merger, in which we acquired seven properties related to this investment.

(b) The carrying value of this investment is affected by fluctuations in the exchange rate of the euro.

(c) This investment is reported using the hypothetical liquidation at book value model, which may be different than pro rata ownership percentages, primarily due to the capital structure of the partnership agreement.

(d) The carrying value of this investment is affected by fluctuations in the exchange rate of the Norwegian krone.

(e) During the first quarter of 2019, we identified measurement period adjustments that impacted the provisional accounting for this investment, which was acquired in the CPA:17 Merger on October 31, 2018 (Note 3). As such, the CPA:17 Merger purchase price allocated to this jointly owned investment increased by approximately $5.2 million, of which our proportionate share was $2.6 million.

(f) On February 27, 2019, we received a full repayment of our preferred equity interest in this investment totaling $15.0 million. As a result, this preferred equity interest is now retired.

The following tables present estimated combined summarized financial information of our equity investments, excluding the Managed Programs. Amounts provided are the total amounts attributable to the investments and do not represent our proportionate share (in thousands):

	December 31,	
	2019	2018
Net investments in real estate	$ 729,442	$ 769,643
Other assets	32,983	31,227
Total assets	762,425	800,870
Debt	(455,876)	(469,343)
Accounts payable, accrued expenses and other liabilities	(32,049)	(28,648)
Total liabilities	(487,925)	(497,991)
Stockholders' equity	$ 274,500	$ 302,879

	Years Ended December 31,		
	2019	2018	2017
Revenues	$ 66,608	$ 60,742	$ 57,377
Expenses	(71,977)	(28,422)	(22,231)
(Loss) income from continuing operations	$ (5,369)	$ 32,320	$ 35,146
Net (loss) income attributable to the jointly owned investments	$ (5,369)	$ 32,320	$ 35,146

We received aggregate distributions of $17.0 million, $17.8 million, and $16.0 million from our other unconsolidated real estate investments for the years ended December 31, 2019, 2018, and 2017, respectively. At December 31, 2019 and 2018, the aggregate unamortized basis differences on our unconsolidated real estate investments were $25.2 million and $23.7 million, respectively.

Note 9. Fair Value Measurements

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

Items Measured at Fair Value on a Recurring Basis

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

Derivative Assets and Liabilities — Our derivative assets and liabilities, which are included in Other assets, net and Accounts payable, accrued expenses and other liabilities, respectively, in the consolidated financial statements, are comprised of foreign currency forward contracts, foreign currency collars, interest rate swaps, interest rate caps, and stock warrants (Note 10).

The valuation of our derivative instruments (excluding stock warrants) is determined using a discounted cash flow analysis on the expected cash flows of each derivative. This analysis reflects the contractual terms of the derivatives, including the period to maturity, as well as observable market-based inputs, including interest rate curves, spot and forward rates, and implied volatilities. We incorporate credit valuation adjustments to appropriately reflect both our own nonperformance risk and the respective counterparty's nonperformance risk in the fair value measurements. In adjusting the fair value of our derivative instruments for the effect of nonperformance risk, we have considered the impact of netting and any applicable credit enhancements, such as collateral postings, thresholds, mutual puts, and guarantees. These derivative instruments were classified as Level 2 as these instruments are custom, over-the-counter contracts with various bank counterparties that are not traded in an active market.

The stock warrants were measured at fair value using valuation models that incorporate market inputs and our own assumptions about future cash flows. We classified these assets as Level 3 because these assets are not traded in an active market.

Equity Investment in CESH — We have elected to account for our investment in CESH, which is included in Equity investments in the Managed Programs and real estate in the consolidated financial statements, at fair value by selecting the equity method fair value option available under GAAP (Note 8). We classified this investment as Level 3 because we primarily used valuation models that incorporate unobservable inputs to determine its fair value. The fair value of our equity investment in CESH approximated its carrying value as of December 31, 2019 and 2018.

Investment in Shares of a Cold Storage Operator — We have elected to apply the measurement alternative under *ASU 2016-01, Financial Instruments — Overall (Subtopic 825-10)* to account for our investment in shares of a cold storage operator, which is included in Other assets, net in the consolidated financial statements. Under this alternative, the carrying value is adjusted for any impairments or changes in fair value resulting from observable transactions for similar or identical investments in the issuer. We classified this investment as Level 3 because it is not traded in an active market. During the year ended December 31, 2019, we recognized unrealized gains on our investment in shares of a cold storage operator totaling $32.9 million, due to additional outside investments at a higher price per share, which was recorded within Other gains and (losses) in the consolidated financial statements. In addition, during the first quarter of 2019, we identified measurement period adjustments that impacted the provisional accounting for this investment, which was acquired in the CPA:17 Merger on October 31, 2018 (Note 3). As such, the CPA:17 Merger purchase price allocated to this investment decreased by approximately $3.0 million. The fair value of this investment approximated its carrying value, which was $146.2 million and $116.3 million at December 31, 2019 and 2018, respectively.

Investment in Shares of GCIF — In August 2017, we resigned as the advisor to CCIF, effective as of September 11, 2017 (Note 1). As such, we reclassified our investment in shares of CCIF (known since October 23, 2017 as GCIF) from Equity investments in the Managed Programs and real estate to Other assets, net in our consolidated balance sheets and accounted for it under the cost method, since we no longer shared decision-making responsibilities with the third-party investment partner. We received distributions from our investment in CCIF during the year ended December 31, 2017 of $0.9 million, which was included within Equity in earnings of equity method investments in the Managed Programs and real estate in the consolidated statements of income. Following our resignation as the advisor to CCIF in the third quarter of 2017, distributions of earnings from GCIF are recorded within Other gains and (losses) in the consolidated financial statements.

Following our adoption of ASU 2016-01, effective January 1, 2018, (Note 2), we account for our investment in shares of GCIF at fair value. We classified this investment as Level 2 because we used a quoted price from an inactive market to determine its fair value. During the year ended December 31, 2019, we redeemed a portion of our investment in shares of GCIF for approximately $9.7 million and recognized a net loss of $0.6 million, which was included within Other gains and (losses) in the consolidated statements of income. Distributions of earnings from GCIF and unrealized gains or losses recognized on GCIF are recorded within Other gains and (losses) in the consolidated financial statements. During the year ended December 31, 2019, we recognized unrealized losses on our investment in shares of GCIF totaling $1.1 million, due to a decrease in the NAV of the investment. The fair value of our investment in shares of GCIF approximated its carrying value, which was $12.2 million and $23.6 million at December 31, 2019 and 2018, respectively.

We did not have any transfers into or out of Level 1, Level 2, and Level 3 category of measurements during either the years ended December 31, 2019 or 2018. Gains and losses (realized and unrealized) recognized on items measured at fair value on a recurring basis included in earnings are reported within Other gains and (losses) on our consolidated financial statements.

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

		December 31, 2019		December 31, 2018	
	Level	Carrying Value	Fair Value	Carrying Value	Fair Value
Senior Unsecured Notes, net [(a) (b) (c)]	2	$ 4,390,189	$ 4,682,432	$ 3,554,470	$ 3,567,593
Non-recourse mortgages, net [(a) (b) (d)]	3	1,462,487	1,487,892	2,732,658	2,737,861

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(a) The carrying value of Senior Unsecured Notes, net (Note 11) includes unamortized deferred financing costs of $22.8 million and $19.7 million at December 31, 2019 and 2018, respectively. The carrying value of Non-recourse mortgages, net includes unamortized deferred financing costs of $0.6 million and $0.8 million at December 31, 2019 and 2018, respectively.
(b) The carrying value of Senior Unsecured Notes, net includes unamortized discount of $20.5 million and $15.8 million at December 31, 2019 and 2018, respectively. The carrying value of Non-recourse mortgages, net includes unamortized discount of $6.2 million and $21.8 million at December 31, 2019 and 2018, respectively.
(c) We determined the estimated fair value of the Senior Unsecured Notes using observed market prices in an open market with limited trading volume.
(d) We determined the estimated fair value of our non-recourse mortgage loans using a discounted cash flow model that estimates the present value of the future loan payments by discounting such payments at current estimated market interest rates. The estimated market interest rates consider interest rate risk and the value of the underlying collateral, which includes quality of the collateral, the credit quality of the tenant/obligor, and the time until maturity.

We estimated that our other financial assets and liabilities, including amounts outstanding under our Senior Unsecured Credit Facility (Note 11) and our loans receivable, but excluding net investments in direct financing leases, had fair values that approximated their carrying values at both December 31, 2019 and 2018.

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

We periodically assess whether there are any indicators that the value of our real estate investments may be impaired or that their carrying value may not be recoverable. Our impairment policies are described in Note 2.

The following table presents information about assets for which we recorded an impairment charge and that were measured at fair value on a non-recurring basis (in thousands):

	Year Ended December 31, 2019		Year Ended December 31, 2018		Year Ended December 31, 2017	
	Fair Value Measurements	Total Impairment Charges	Fair Value Measurements	Total Impairment Charges	Fair Value Measurements	Total Impairment Charges
Impairment Charges						
Net investments in direct financing leases	$ 33,115	$ 31,194	$ —	$ —	$ —	$ —
Land, buildings and improvements and intangibles	1,012	1,345	7,797	4,790	2,914	2,769
		$ 32,539		$ 4,790		$ 2,769

Impairment charges, and their related triggering events and fair value measurements, recognized during 2019, 2018, and 2017 were as follows:

Net Investments in Direct Financing Leases

2019 — During the year ended December 31, 2019, we recognized impairment charges totaling $31.2 million on five properties accounted for as Net investments in direct financing leases, primarily due to a lease restructuring, based on the cash flows expected to be derived from the underlying assets (discounted at the rate implicit in the lease), in accordance with ASC 310, *Receivables*.

Land, Buildings and Improvements and Intangibles

2019 — During the year ended December 31, 2019, we recognized an impairment charge of $1.3 million on a property in order to reduce the carrying value of the property to its estimated fair value. The fair value measurement for this property approximated its estimated selling price, and this property was sold in February 2020 (Note 20).

2018 — During the year ended December 31, 2018, we recognized impairment charges totaling $4.8 million on two properties in order to reduce the carrying values of the properties to their estimated fair values, which was $3.9 million in each case. We recognized an impairment charge of $3.8 million on one of those properties due to a tenant bankruptcy and the resulting vacancy, and the fair value measurement for the property was determined by estimating discounted cash flows using market rent assumptions. We recognized an impairment charge of $1.0 million on the other property due to a lease expiration and resulting vacancy, and the fair value measurement for the property approximated its estimated selling price. This property was sold in July 2019.

2017 — During the year ended December 31, 2017, we recognized impairment charges totaling $2.8 million on two properties in order to reduce the carrying values of the properties to their estimated fair values. The tenant in one of the properties filed for bankruptcy and the fair value measurement for the property was based on the average sales price per square foot of comparable properties that were sold during 2017 by other entities. We recognized an impairment charge of $2.2 million on this property, which was sold in August 2019. The fair value measurement for the other property approximated its estimated selling price and we recognized an impairment charge of $0.6 million on this property, which was sold in March 2018.

Note 10. Risk Management and Use of Derivative Financial Instruments

Risk Management

In the normal course of our ongoing business operations, we encounter economic risk. There are four main components of economic risk that impact us: interest rate risk, credit risk, market risk, and foreign currency risk. We are primarily subject to interest rate risk on our interest-bearing liabilities, including our Senior Unsecured Credit Facility and Senior Unsecured Notes (Note 11). Credit risk is the risk of default on our operations and our tenants' inability or unwillingness to make contractually required payments. Market risk includes changes in the value of our properties and related loans, as well as changes in the value of our other securities and the shares or limited partnership units we hold in the Managed Programs due to changes in interest rates or other market factors. We own investments in North America, Europe, and Japan and are subject to risks associated with fluctuating foreign currency exchange rates.

Derivative Financial Instruments

When we use derivative instruments, it is generally to reduce our exposure to fluctuations in interest rates and foreign currency exchange rate movements. We have not entered into, and do not plan to enter into, financial instruments for trading or speculative purposes. In addition to entering into derivative instruments on our own behalf, we may also be a party to derivative instruments that are embedded in other contracts, and we may be granted common stock warrants by lessees when structuring lease transactions, which are considered to be derivative instruments. The primary risks related to our use of derivative instruments include a counterparty to a hedging arrangement defaulting on its obligation and a downgrade in the credit quality of a counterparty to such an extent that our ability to sell or assign our side of the hedging transaction is impaired. While we seek to mitigate these risks by entering into hedging arrangements with large financial institutions that we deem to be creditworthy, it is possible that our hedging transactions, which are intended to limit losses, could adversely affect our earnings. Furthermore, if we terminate a hedging arrangement, we may be obligated to pay certain costs, such as transaction or breakage fees. We have established policies and procedures for risk assessment and the approval, reporting, and monitoring of derivative financial instrument activities.

We measure derivative instruments at fair value and record them as assets or liabilities, depending on our rights or obligations under the applicable derivative contract. Derivatives that are not designated as hedges must be adjusted to fair value through earnings. For derivatives designated and that qualify as cash flow hedges, the change in fair value of the derivative is recognized in Other comprehensive (loss) income until the hedged item is recognized in earnings. Gains and losses on the cash flow hedges representing hedge components excluded from the assessment of effectiveness are recognized in earnings over the life of the hedge on a systematic and rational basis, as documented at hedge inception in accordance with our accounting policy election. Such gains and losses are recorded within Other gains and (losses) or Interest expense in our consolidated statements of income. The earnings recognition of excluded components is presented in the same line item as the hedged transactions. For derivatives designated and that qualify as a net investment hedge, the change in the fair value and/or the net settlement of the derivative is reported in Other comprehensive (loss) income as part of the cumulative foreign currency translation adjustment. Amounts are reclassified out of Other comprehensive (loss) income into earnings (within Gain on sale of real estate, net, in our consolidated statements of income) when the hedged net investment is either sold or substantially liquidated.

All derivative transactions with an individual counterparty are governed by a master International Swap and Derivatives Association agreement, which can be considered as a master netting arrangement; however, we report all our derivative instruments on a gross basis on our consolidated financial statements. At both December 31, 2019 and 2018, no cash collateral had been posted nor received for any of our derivative positions.

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

		Asset Derivatives Fair Value at		Liability Derivatives Fair Value at	
Derivatives Designated as Hedging Instruments	**Balance Sheet Location**	**December 31, 2019**	**December 31, 2018**	**December 31, 2019**	**December 31, 2018**
Foreign currency collars	Other assets, net	$ 14,460	$ 8,536	$ —	$ —
Foreign currency forward contracts	Other assets, net	9,689	22,520	—	—
Interest rate caps	Other assets, net	1	56	—	—
Interest rate swaps	Other assets, net	—	1,435	—	—
Interest rate swaps	Accounts payable, accrued expenses and other liabilities	—	—	(4,494)	(3,387)
Foreign currency collars	Accounts payable, accrued expenses and other liabilities	—	—	(1,587)	(1,679)
		24,150	32,547	(6,081)	(5,066)
Derivatives Not Designated as Hedging Instruments					
Stock warrants	Other assets, net	5,000	5,500	—	—
Interest rate swap [(a)]	Other assets, net	8	—	—	—
Foreign currency forward contracts	Other assets, net	—	7,144	—	—
Interest rate swaps [(a)]	Accounts payable, accrued expenses and other liabilities	—	—	(93)	(343)
		5,008	12,644	(93)	(343)
Total derivatives		$ 29,158	$ 45,191	$ (6,174)	$ (5,409)

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(a) These interest rate swaps do not qualify for hedge accounting; however, they do protect against fluctuations in interest rates related to the underlying variable-rate debt.

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

	Amount of Gain (Loss) Recognized on Derivatives in Other Comprehensive (Loss) Income [(a)]		
	Years Ended December 31,		
Derivatives in Cash Flow Hedging Relationships	**2019**	**2018**	**2017**
Foreign currency collars	$ 5,997	$ 9,029	$ (19,220)
Foreign currency forward contracts	(4,253)	(1,905)	(19,120)
Interest rate swaps	(1,666)	(1,560)	1,550
Interest rate caps	219	(68)	(29)
Derivatives in Net Investment Hedging Relationships [(b)]			
Foreign currency collars	10	—	—
Foreign currency forward contracts	7	(2,630)	(5,652)
Total	$ 314	$ 2,866	$ (42,471)

Derivatives in Cash Flow Hedging Relationships	Location of Gain (Loss) Recognized in Income	Amount of Gain (Loss) on Derivatives Reclassified from Other Comprehensive (Loss) Income — Years Ended December 31, 2019	2018	2017
Foreign currency forward contracts	Other gains and (losses)	$ 9,582	$ 6,533	$ 6,845
Foreign currency collars	Other gains and (losses)	5,759	2,359	3,650
Interest rate swaps and caps	Interest expense	(2,256)	(400)	(1,294)
Derivatives in Net Investment Hedging Relationships				
Foreign currency forward contracts [c]	Gain on sale of real estate, net	—	7,609	—
Total		$ 13,085	$ 16,101	$ 9,201

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(a) Excludes net losses of $1.4 million, $0.6 million and $1.0 million, recognized on unconsolidated jointly owned investments for the years ended December 31, 2019, 2018, and 2017, respectively.
(b) The changes in fair value of these contracts are reported in the foreign currency translation adjustment section of Other comprehensive (loss) income.
(c) We reclassified net foreign currency transaction gains from net investment hedge foreign currency forward contracts related to our Australian investments from Accumulated other comprehensive loss to Gain on sale of real estate, net (as an increase to Gain on sale of real estate, net) in connection with the disposal of all of our Australian investments in December 2018 (Note 14, Note 17).

Amounts reported in Other comprehensive (loss) income related to interest rate swaps will be reclassified to Interest expense as interest is incurred on our variable-rate debt. Amounts reported in Other comprehensive (loss) income related to foreign currency derivative contracts will be reclassified to Other gains and (losses) when the hedged foreign currency contracts are settled. As of December 31, 2019, we estimate that an additional $1.9 million and $9.3 million will be reclassified as interest expense and other gains, respectively, during the next 12 months.

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

Derivatives Not in Cash Flow Hedging Relationships	Location of Gain (Loss) Recognized in Income	Amount of Gain (Loss) on Derivatives Recognized in Income — Years Ended December 31, 2019	2018	2017
Foreign currency forward contracts	Other gains and (losses)	$ 575	$ 356	$ (53)
Stock warrants	Other gains and (losses)	(500)	(99)	(67)
Interest rate swaps	Interest expense	265	—	—
Foreign currency collars	Other gains and (losses)	184	455	(754)
Interest rate swaps	Other gains and (losses)	(118)	(20)	18
Derivatives in Cash Flow Hedging Relationships				
Interest rate swaps	Interest expense	(941)	286	693
Interest rate caps	Interest expense	(220)	—	—
Foreign currency forward contracts	Other gains and (losses)	(132)	132	(75)
Foreign currency collars	Other gains and (losses)	7	18	(32)
Total		$ (880)	$ 1,128	$ (270)

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

Interest Rate Swaps and Caps

We are exposed to the impact of interest rate changes primarily through our borrowing activities. To limit this exposure, we generally seek long-term debt financing on a fixed-rate basis. However, from time to time, we or our investment partners 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 counterparties. Interest rate swaps, which effectively convert the variable-rate debt service obligations of a loan to a fixed rate, are agreements in which one party exchanges a stream of interest payments for a counterparty's stream of cash flow over a specific period. The notional, or face, amount on which the swaps are based is not exchanged. Interest rate caps limit the effective borrowing rate of variable-rate debt obligations while allowing participants to share in downward shifts in interest rates. Our objective in using these derivatives is to limit our exposure to interest rate movements.

The interest rate swaps and caps that our consolidated subsidiaries had outstanding at December 31, 2019 are summarized as follows (currency in thousands):

Interest Rate Derivatives	Number of Instruments	Notional Amount		Fair Value at December 31, 2019 [(a)]
Designated as Cash Flow Hedging Instruments				
Interest rate swaps	5	76,028	USD	$ (3,122)
Interest rate swaps	2	49,655	EUR	(1,372)
Interest rate cap	1	11,388	EUR	1
Interest rate cap	1	6,394	GBP	—
Not Designated as Hedging Instruments				
Interest rate swap [(b)]	1	4,608	EUR	(93)
Interest rate swap [(b)]	1	7,750	USD	8
				$ (4,578)

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(a) Fair value amounts are based on the exchange rate of the euro or British pound sterling at December 31, 2019, as applicable.
(b) These interest rate swaps do not qualify for hedge accounting; however, they do protect against fluctuations in interest rates related to the underlying variable-rate debt.

Foreign Currency Forward Contracts and Collars

We are exposed to foreign currency exchange rate movements, primarily in the euro and, to a lesser extent, the British pound sterling, the Danish krone, the Norwegian krone, and certain other currencies. In order to hedge certain of our foreign currency cash flow exposures, we enter into foreign currency forward contracts and collars. A foreign currency forward contract is a commitment to deliver a certain amount of currency at a certain price on a specific date in the future. A foreign currency collar consists of a written call option and a purchased put option to sell the foreign currency at a range of predetermined exchange rates. 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 collar guarantees that the exchange rate of the currency will not fluctuate beyond the range of the options' strike prices. Our foreign currency forward contracts and foreign currency collars have maturities of 77 months or less.

The following table presents the foreign currency derivative contracts we had outstanding at December 31, 2019 (currency in thousands):

Foreign Currency Derivatives	Number of Instruments	Notional Amount		Fair Value at December 31, 2019
Designated as Cash Flow Hedging Instruments				
Foreign currency collars	86	277,624	EUR	$ 11,696
Foreign currency forward contracts	10	30,376	EUR	9,671
Foreign currency collars	61	44,000	GBP	1,162
Foreign currency forward contract	1	729	NOK	18
Foreign currency collars	3	2,000	NOK	7
Designated as Net Investment Hedging Instruments				
Foreign currency collar	1	2,500	NOK	8
				$ 22,562

Credit Risk-Related Contingent Features

We measure our credit exposure on a counterparty basis as the net positive aggregate estimated fair value of our derivatives, net of any collateral received. No collateral was received as of December 31, 2019. At December 31, 2019, our total credit exposure and the maximum exposure to any single counterparty was $23.0 million and $7.2 million, respectively.

Some of the agreements we have with our derivative counterparties contain cross-default provisions that could trigger a declaration of default on our derivative obligations if we default, or are capable of being declared in default, on certain of our indebtedness. At December 31, 2019, we had not been declared in default on any of our derivative obligations. The estimated fair value of our derivatives in a net liability position was $9.6 million and $7.3 million at December 31, 2019 and 2018, respectively, which included accrued interest and any nonperformance risk adjustments. If we had breached any of these provisions at December 31, 2019 or 2018, we could have been required to settle our obligations under these agreements at their aggregate termination value of $9.9 million and $7.6 million, respectively.

Net Investment Hedges

We have completed five offerings of euro-denominated senior notes, each with a principal amount of €500.0 million, which we refer to as the 2.0% Senior Notes due 2023, 2.25% Senior Notes due 2024, 2.250% Senior Notes due 2026, 2.125% Senior Notes due 2027, and 1.350% Senior Notes due 2028 (Note 11). In addition, at December 31, 2019, the amounts borrowed in Japanese yen, euro, and British pound sterling outstanding under our Unsecured Revolving Credit Facility (Note 11) were ¥2.4 billion, €117.0 million, and £36.0 million, respectively. These borrowings are designated as, and are effective as, economic hedges of our net investments in foreign entities. Exchange rate variations impact our financial results because the financial results of our foreign subsidiaries are translated to U.S. dollars each period, with the effect of exchange rate variations being recorded in Other comprehensive (loss) income as part of the cumulative foreign currency translation adjustment. As a result, changes in the value of our borrowings under our euro-denominated senior notes and changes in the value of our euro and Japanese yen borrowings under our Unsecured Revolving Credit Facility, related to changes in the spot rates, will be reported in the same manner as foreign currency translation adjustments, which are recorded in Other comprehensive (loss) income as part of the cumulative foreign currency translation adjustment. Such gains (losses) related to non-derivative net investment hedges were $33.4 million, $66.3 million, and $(163.9) million for the years ended December 31, 2019, 2018, and 2017, respectively.

At December 31, 2019, we also had foreign currency forward contracts that were designated as net investment hedges, as discussed in “Derivative Financial Instruments” above.

Note 11. Debt

Senior Unsecured Credit Facility

On February 22, 2017, we entered into the Third Amended and Restated Credit Facility (the "Credit Agreement"), which provided for a $1.5 billion unsecured revolving credit facility (our "Unsecured Revolving Credit Facility"), a €236.3 million term loan, and a $100.0 million delayed draw term loan, which we refer to collectively as the "Senior Unsecured Credit Facility". The aggregate principal amount (of revolving and term loans) available under the Credit Agreement may be increased up to an amount not to exceed the U.S. dollar equivalent of $2.35 billion, subject to the conditions to increase provided in the Credit Agreement. The Unsecured Revolving Credit Facility is used for working capital needs, for acquisitions, and for other general corporate purposes, including the repayment of certain non-recourse mortgage loans. The Credit Agreement permits borrowing under the Unsecured Revolving Credit Facility in certain currencies other than U.S. dollars.

On February 20, 2020, we amended and restated our Senior Unsecured Credit Facility (our "Amended Credit Facility"), increasing the capacity of our unsecured line of credit to $2.1 billion and extending the maturity dates of our revolving line of credit, term loan, and delayed draw term loan to five years (Note 20).

At December 31, 2019, our Unsecured Revolving Credit Facility had available capacity of $1.3 billion. We incur an annual facility fee of 0.20% of the total commitment on our Unsecured Revolving Credit Facility.

The following table presents a summary of our Senior Unsecured Credit Facility (dollars in thousands):

Senior Unsecured Credit Facility	Interest Rate at December 31, 2019 [(a)]	Maturity Date at December 31, 2019	Principal Outstanding Balance at December 31, 2019	2018
Unsecured Revolving Credit Facility: [(b)]				
Unsecured Revolving Credit Facility — borrowing in euros [(c)]	EURIBOR + 1.00%	2/22/2021	$ 131,438	$ 69,273
Unsecured revolving credit facility — borrowing in British pounds sterling	GBP LIBOR + 1.00%	2/22/2021	47,534	—
Unsecured Revolving Credit Facility — borrowing in Japanese yen	JPY LIBOR + 1.00%	2/22/2021	22,295	22,290
			$ 201,267	$ 91,563

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(a) The applicable interest rate at December 31, 2019 was based on the credit rating for our Senior Unsecured Notes of BBB/Baa2.
(b) On February 20, 2020, we entered into our Amended Credit Facility, extending the maturity date of our revolving line of credit to five years (Note 20).
(c) EURIBOR means Euro Interbank Offered Rate.

Senior Unsecured Notes

As set forth in the table below, we have euro and U.S. dollar-denominated senior unsecured notes outstanding with an aggregate principal balance outstanding of $4.4 billion at December 31, 2019 (the "Senior Unsecured Notes"). On June 14, 2019, we completed an underwritten public offering of $325.0 million of 3.850% Senior Notes due 2029, at a price of 98.876% of par value. These 3.850% Senior Notes due 2029 have a 10.1-year term and are scheduled to mature on July 15, 2029. On September 19, 2019, we completed a public offering of €500.0 million of 1.350% Senior Notes due 2028, at a price of 99.266% of par value, issued by our wholly owned finance subsidiary, WPC Eurobond B.V., and fully and unconditionally guaranteed by us. These 1.350% Senior Notes due 2028 have an 8.6-year term and are scheduled to mature on April 15, 2028.

Interest on the Senior Unsecured Notes is payable annually in arrears for our euro-denominated senior notes and semi-annually for U.S. dollar-denominated senior notes. The Senior Unsecured Notes can be redeemed at par within three months of their respective maturities, or we can call the notes at any time for the principal, accrued interest, and a make-whole amount based upon the applicable government bond yield plus 30 to 35 basis points. The following table presents a summary of our Senior Unsecured Notes outstanding at December 31, 2019 (currency in millions):

Senior Unsecured Notes, net (a)	Issue Date	Principal Amount		Price of Par Value	Original Issue Discount		Effective Interest Rate	Coupon Rate	Maturity Date	Principal Outstanding Balance at December 31,			
										2019		2018	
2.0% Senior Notes due 2023	1/21/2015	€	500.0	99.220%	$	4.6	2.107%	2.0%	1/20/2023	$	561.7	$	572.5
4.6% Senior Notes due 2024	3/14/2014	$	500.0	99.639%	$	1.8	4.645%	4.6%	4/1/2024		500.0		500.0
2.25% Senior Notes due 2024	1/19/2017	€	500.0	99.448%	$	2.9	2.332%	2.25%	7/19/2024		561.7		572.5
4.0% Senior Notes due 2025	1/26/2015	$	450.0	99.372%	$	2.8	4.077%	4.0%	2/1/2025		450.0		450.0
2.250% Senior Notes due 2026	10/9/2018	€	500.0	99.252%	$	4.3	2.361%	2.250%	4/9/2026		561.7		572.5
4.25% Senior Notes due 2026	9/12/2016	$	350.0	99.682%	$	1.1	4.290%	4.25%	10/1/2026		350.0		350.0
2.125% Senior Notes due 2027	3/6/2018	€	500.0	99.324%	$	4.2	2.208%	2.125%	4/15/2027		561.7		572.5
1.350% Senior Notes due 2028	9/19/2019	€	500.0	99.266%	$	4.1	1.442%	1.350%	4/15/2028		561.7		—
3.850% Senior Notes due 2029	6/14/2019	$	325.0	98.876%	$	3.7	3.986%	3.850%	7/15/2029		325.0		—
										$	4,433.5	$	3,590.0

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(a) Aggregate balance excludes unamortized deferred financing costs totaling $22.8 million and $19.7 million, and unamortized discount totaling $20.5 million and $15.8 million at December 31, 2019 and 2018, respectively.

Proceeds from the issuances of each of these notes were used primarily to partially pay down the amounts then outstanding under the senior unsecured credit facility that we had in place at that time and/or to repay certain non-recourse mortgage loans. In connection with the offering of the 3.850% Senior Notes due 2029 in June 2019 and 1.350% Senior Notes due 2028 in September 2019, we incurred financing costs totaling $6.7 million during the year ended December 31, 2019, which are included in Senior Unsecured Notes, net in the consolidated financial statements and are being amortized to Interest expense over the term of the 3.850% Senior Notes due 2029 and 1.350% Senior Notes due 2028.

Covenants

The Credit Agreement and each of the Senior Unsecured Notes include customary financial maintenance covenants that require us to maintain certain ratios and benchmarks at the end of each quarter. The Credit Agreement also contains various customary affirmative and negative covenants applicable to us and our subsidiaries, subject to materiality and other qualifications, baskets, and exceptions as outlined in the Credit Agreement. We were in compliance with all of these covenants at December 31, 2019.

We may make unlimited Restricted Payments (as defined in the Credit Agreement), as long as no non-payment default or financial covenant default has occurred before, or would on a pro forma basis occur as a result of, the Restricted Payment. In addition, we may make Restricted Payments in an amount required to (i) maintain our REIT status and (ii) as a result of that status, not pay federal or state income or excise tax, as long as the loans under the Credit Agreement have not been accelerated and no bankruptcy or event of default has occurred.

Obligations under the Unsecured Revolving Credit Facility may be declared immediately due and payable upon the occurrence of certain events of default as defined in the Credit Agreement, including failure to pay any principal when due and payable, failure to pay interest within five business days after becoming due, failure to comply with any covenant, representation or condition of any loan document, any change of control, cross-defaults, and certain other events as set forth in the Credit Agreement, with grace periods in some cases.

Non-Recourse Mortgages

Non-recourse mortgages consist of mortgage notes payable, which are collateralized by the assignment of real estate properties. For a list of our encumbered properties, please see Schedule III — Real Estate and Accumulated Depreciation. At December 31, 2019, the weighted-average interest rates for our fixed-rate and variable-rate non-recourse mortgage notes payable were 5.0% and 2.9%, respectively, with maturity dates ranging from June 2020 to September 2031.

During the year ended December 31, 2019, we assumed a non-recourse mortgage loan with an outstanding principal balance of $20.2 million in connection with the acquisition of a property (Note 5). This mortgage loan has a fixed annual interest rate of 4.7% and a maturity date of July 6, 2024.

CPA:17 Merger

In connection with the CPA:17 Merger on October 31, 2018 (Note 3), we assumed property-level debt comprised of non-recourse mortgage loans with fair values totaling $1.85 billion and recorded an aggregate fair market value net discount of $20.4 million. The fair market value net discount will be amortized to interest expense over the remaining lives of the related loans. These non-recourse mortgage loans had a weighted-average annual interest rate of 4.3% on the merger date.

Repayments During 2019

During the year ended December 31, 2019, we (i) prepaid non-recourse mortgage loans totaling $1.0 billion and (ii) repaid non-recourse mortgage loans at maturity with an aggregate principal balance of approximately $142.7 million. We recognized an aggregate net loss on extinguishment of debt of $14.8 million during the year ended December 31, 2019, primarily comprised of prepayment penalties. The weighted-average interest rate for these non-recourse mortgage loans on their respective dates of repayment was 4.4%. Amounts are based on the exchange rate of the related foreign currency as of the date of repayment, as applicable. We primarily used proceeds from issuances of common stock under our ATM Programs (Note 14) and proceeds from the issuances of senior notes to fund these prepayments.

Repayments During 2018

During the year ended December 31, 2018, we (i) prepaid non-recourse mortgage loans totaling $207.4 million, including $18.0 million encumbering properties that were disposed of during that year, and (ii) repaid non-recourse mortgage loans at maturity with an aggregate principal balance of approximately $44.0 million. The weighted-average interest rate for these non-recourse mortgage loans on their respective dates of repayment was 3.9%. Amounts are based on the exchange rate of the related foreign currency as of the date of repayment, as applicable.

Interest Paid

For the years ended December 31, 2019, 2018, and 2017, interest paid was $208.4 million, $157.3 million, and $155.4 million, respectively.

Foreign Currency Exchange Rate Impact

During the year ended December 31, 2019, the U.S. dollar strengthened against the euro, resulting in an aggregate decrease of $52.6 million in the aggregate carrying values of our Non-recourse mortgages, net, Senior Unsecured Credit Facility, and Senior Unsecured Notes, net from December 31, 2018 to December 31, 2019.

Scheduled Debt Principal Payments

Scheduled debt principal payments as of December 31, 2019 are as follows (in thousands):

Years Ending December 31,	Total [a]
2020	$ 164,682
2021	445,469
2022	460,385
2023	900,288
2024	1,184,007
Thereafter through 2031	2,949,186
Total principal payments	6,104,017
Unamortized discount, net [b]	(26,679)
Unamortized deferred financing costs	(23,395)
Total	$ 6,053,943

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(a) Certain amounts are based on the applicable foreign currency exchange rate at December 31, 2019.
(b) Represents the unamortized discount, net, of $6.2 million in aggregate primarily resulting from the assumption of property-level debt in connection with business combinations, including the CPA:17 Merger (Note 3), and the unamortized discount on the Senior Unsecured Notes of $20.5 million in aggregate.

Note 12. Commitments and Contingencies

At December 31, 2019, we were not involved in any material litigation. Various claims and lawsuits arising in the normal course of business are pending against us. The results of these proceedings are not expected to have a material adverse effect on our consolidated financial position or results of operations.

Note 13. Restructuring and Other Compensation

In June 2017, our Board approved a plan to exit non-traded retail fundraising activities carried out by our wholly-owned broker-dealer subsidiary, Carey Financial, as of June 30, 2017 (Note 1). As a result, we incurred non-recurring charges to exit our fundraising activities, consisting primarily of severance costs. During the year ended December 31, 2017, we recorded $8.2 million of severance and benefits and $1.2 million of other related costs, which are all included in Restructuring and other compensation in the consolidated financial statements.

Note 14. Equity

Common Stock

Dividends paid to stockholders consist of ordinary income, capital gains, return of capital or a combination thereof for income tax purposes. Our dividends per share are summarized as follows:

	Dividends Paid During the Years Ended December 31,		
	2019	**2018**	**2017**
Ordinary income	$ 3.1939	$ 3.5122	$ 3.2537
Return of capital	0.9194	—	0.5182
Capital gains	0.0187	0.5578	0.2181
Total dividends paid [(a)]	$ 4.1320	$ 4.0700	$ 3.9900

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(a) A portion of dividends paid during 2019 has been applied to 2018 for income tax purposes.

During the fourth quarter of 2019, our Board declared a quarterly dividend of $1.038 per share, which was paid on January 15, 2020 to stockholders of record as of December 31, 2019.

In October 2017, we issued 11,077 shares of our common stock to a third party, which had a value of $0.8 million as of the date of issuance, in connection with a one-time legal settlement.

Earnings Per Share

Under current authoritative guidance for determining earnings per share, all nonvested share-based payment awards that contain non-forfeitable rights to dividends 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. Certain of our nonvested RSUs contain rights to receive non-forfeitable dividend equivalents or dividends, respectively, and therefore we apply the two-class method of computing earnings per share. The calculation of earnings per share below excludes the income attributable to the nonvested participating RSUs from the numerator and such nonvested shares in the denominator. The following table summarizes basic and diluted earnings (in thousands, except share amounts):

	Years Ended December 31,		
	2019	2018	2017
Net income attributable to W. P. Carey	$ 305,243	$ 411,566	$ 277,289
Net income attributable to nonvested participating RSUs	(77)	(340)	(784)
Net income – basic and diluted	$ 305,166	$ 411,226	$ 276,505
Weighted-average shares outstanding – basic	171,001,430	117,494,969	107,824,738
Effect of dilutive securities	297,984	211,476	211,233
Weighted-average shares outstanding – diluted	171,299,414	117,706,445	108,035,971

For the years ended December 31, 2019, 2018, and 2017, there were no potentially dilutive securities excluded from the computation of diluted earnings per share.

At-The-Market Equity Offering Program

On August 9, 2019, we filed a prospectus supplement with the SEC, pursuant to which we may offer and sell shares of our common stock from time to time, up to an aggregate gross sales price of $750.0 million, through a continuous “at-the-market” offering program (“ATM Program”) with a syndicate of banks. The related equity sales agreement contemplates that, in addition to issuing shares of our common stock through or to the banks acting as sales agents or as principal for their own accounts, we may also enter into separate forward sale agreements with participating banks or their affiliates acting as forward purchasers. Effective as of that date, we terminated a prior ATM Program that was established on February 27, 2019. Previously, on February 27, 2019, we also terminated an earlier ATM Program that was established on March 1, 2017.

During the year ended December 31, 2019, we issued 6,672,412 shares of our common stock under our current and former ATM Programs at a weighted-average price of $79.70 per share for net proceeds of $523.3 million. During the year ended December 31, 2018, we issued 4,229,285 shares of our common stock under a prior ATM Program at a weighted-average price of $69.03 per share for net proceeds of $287.5 million. During the year ended December 31, 2017, we issued 345,253 shares of our common stock under a prior ATM Program at a weighted-average price of $67.78 per share for net proceeds of $22.8 million. As of December 31, 2019, $616.6 million remained available for issuance under our current ATM Program.

Noncontrolling Interests

Acquisition of Noncontrolling Interest

On May 24, 2017, we acquired the remaining 25% interest in an international jointly owned investment (which we already consolidated) from the noncontrolling interest holders for €2, bringing our ownership interest to 100%. No gain or loss was recognized on the transaction. We recorded an adjustment of approximately $1.8 million to Additional paid-in capital in our consolidated statement of equity for the year ended December 31, 2017 related to the difference between the consideration transferred and the carrying value of the noncontrolling interest related to this investment. The property owned by the investment was sold on May 26, 2017 and we recognized a gain on sale of less than $0.1 million.

Redeemable Noncontrolling Interest

We accounted for the noncontrolling interest in our subsidiary, W. P. Carey International, LLC (“WPCI”), held by a third party as a redeemable noncontrolling interest, because, pursuant to a put option held by the third party, we had an obligation to redeem the interest at fair value, subject to certain conditions. This obligation was required to be settled in shares of our common stock. On October 1, 2013, we received a notice from the holder of the noncontrolling interest in WPCI regarding the exercise of the put option, pursuant to which we were required to purchase the third party’s 7.7% interest in WPCI. Pursuant to the terms of the related put agreement, the value of that interest was determined based on a third-party valuation as of October 31, 2013, which is the end of the month that the put option was exercised. In March 2016, we issued 217,011 shares of our common stock to the holder of the redeemable noncontrolling interest, which had a value of $13.4 million at the date of issuance, pursuant to a formula set forth in the put agreement. However, the third party did not formally transfer his interests in WPCI to us pursuant to the put agreement at that time because of a dispute regarding any amounts that might still be owed to him. In September 2018, we negotiated a settlement of that dispute, and as a result, we recorded an adjustment of $0.3 million to Additional paid-in capital in our consolidated statement of equity for the year ended December 31, 2018 to reflect the redemption value of the third party’s interest. As part of the settlement, the third party acknowledged that all of his interests in WPCI have been transferred to us and all disputes between the parties were resolved. We have no further obligation related to this redeemable noncontrolling interest as of December 31, 2018.

Reclassifications Out of Accumulated Other Comprehensive Loss

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

	Gains and (Losses) on Derivative Instruments	Foreign Currency Translation Adjustments	Gains and (Losses) on Investments	Total
Balance at January 1, 2017	$ 46,935	$ (301,330)	$ (90)	$ (254,485)
Other comprehensive income before reclassifications	(28,577)	69,040	(71)	40,392
Amounts reclassified from accumulated other comprehensive loss to:				
Gain on sale of real estate, net (Note 17)	—	3,388	—	3,388
Other gains and (losses)	(10,495)	—	—	(10,495)
Interest expense	1,294	—	—	1,294
Total	(9,201)	3,388	—	(5,813)
Net current period other comprehensive income	(37,778)	72,428	(71)	34,579
Net current period other comprehensive income attributable to noncontrolling interests	15	(16,120)	—	(16,105)
Balance at December 31, 2017	9,172	(245,022)	(161)	(236,011)
Other comprehensive loss before reclassifications	13,415	(52,069)	154	(38,500)
Amounts reclassified from accumulated other comprehensive loss to:				
Gain on sale of real estate, net (Note 10, Note 17)	—	20,226	—	20,226
Other gains and (losses)	(8,892)	—	—	(8,892)
Interest expense	400	—	—	400
Total	(8,492)	20,226	—	11,734
Net current period other comprehensive loss	4,923	(31,843)	154	(26,766)
Net current period other comprehensive loss attributable to noncontrolling interests	7	7,774	—	7,781
Balance at December 31, 2018	14,102	(269,091)	(7)	(254,996)
Other comprehensive income before reclassifications	12,031	376	7	12,414
Amounts reclassified from accumulated other comprehensive loss to:				
Other gains and (losses)	(15,341)	—	—	(15,341)
Interest expense	2,256	—	—	2,256
Total	(13,085)	—	—	(13,085)
Net current period other comprehensive loss	(1,054)	376	7	(671)
Balance at December 31, 2019	$ 13,048	$ (268,715)	$ —	$ (255,667)

See Note 10 for additional information on our derivatives activity recognized within Other comprehensive (loss) income for the periods presented.

Note 15. Stock-Based and Other Compensation

Stock-Based Compensation

At December 31, 2019, we maintained several stock-based compensation plans as described below. The total compensation expense (net of forfeitures) for awards issued under these plans was $18.8 million, $18.3 million, and $18.9 million for the years ended December 31, 2019, 2018, and 2017, respectively, which was included in Stock-based compensation expense in the consolidated financial statements. Approximately $4.2 million of the stock-based compensation expense recorded during the year ended December 31, 2018 was attributable to the modification of RSUs and PSUs in connection with the retirement of our former chief executive officer in February 2018. The tax benefit recognized by us related to these awards totaled $5.1 million, $6.6 million, and $4.6 million for the years ended December 31, 2019, 2018, and 2017, respectively. The tax benefits for the years ended December 31, 2019, 2018, and 2017 were reflected as a deferred tax benefit within Provision for income taxes in the consolidated financial statements.

2017 Share Incentive Plan

In June 2017, our shareholders approved the 2017 Share Incentive Plan, which replaced our predecessor plans for employees, the 2009 Share Incentive Plan, and for non-employee directors, the 2009 Non-Employee Directors' Incentive Plan. No further awards will be granted under those predecessor plans, which are more fully described in the 2016 Annual Report. The 2017 Share Incentive Plan authorizes the issuance of up to 4,000,000 shares of our common stock, reduced by the number of shares (279,728) that were subject to awards granted under the 2009 Share Incentive Plan and the 2009 Non-Employee Directors' Incentive Plan after December 31, 2016 and before the effective date of the 2017 Share Incentive Plan, which was June 15, 2017. The 2017 Share Incentive Plan provides for the grant of various stock- and cash-based awards, including (i) share options, (ii) RSUs, (iii) PSUs, (iv) RSAs, and (v) dividend equivalent rights. At December 31, 2019, 3,243,301 shares remained available for issuance under the 2017 Share Incentive Plan, assuming that the target level of performance is achieved for all outstanding PSU awards and not including any dividend equivalents to be paid on those PSUs, which are reinvested in shares of our common stock after the end of the relevant three-year performance cycle but only to the extent that the PSUs vest. PSUs are reflected at 100% of target but may settle at up to three times the target amount shown or less, including 0%, depending on the achievement of pre-set performance metrics over a three-year performance period. RSUs generally vest one-third annually over three years.

Employee Share Purchase Plan

We sponsor an employee share purchase plan ("ESPP") pursuant to which eligible employees may contribute up to 10% of compensation, subject to certain limits, to purchase our common stock semi-annually at a price equal to 90% of the fair market value at certain plan defined dates. Compensation expense under this plan for each of the years ended December 31, 2019, 2018, and 2017 was less than $0.1 million.

Restricted and Conditional Awards

Nonvested RSAs, RSUs, and PSUs at December 31, 2019 and changes during the years ended December 31, 2019, 2018, and 2017 were as follows:

	RSA and RSU Awards		PSU Awards	
	Shares	Weighted-Average Grant Date Fair Value	Shares	Weighted-Average Grant Date Fair Value
Nonvested at January 1, 2017	356,865	$ 61.63	310,018	$ 73.80
Granted	194,349	62.22	107,934	75.39
Vested [(a)]	(185,259)	62.72	(132,412)	74.21
Forfeited	(41,616)	61.08	(45,258)	76.91
Adjustment [(b)]	—	—	41,017	63.18
Nonvested at December 31, 2017	324,339	61.43	281,299	74.57
Granted	137,519	64.50	75,864	75.81
Vested [(a)]	(181,777)	62.25	(66,632)	76.96
Forfeited	(3,079)	61.71	(3,098)	76.49
Adjustment [(b)]	—	—	43,783	74.17
Nonvested at December 31, 2018	277,002	62.41	331,216	78.82
Granted [(c)]	163,447	72.86	84,006	92.16
Vested [(a)]	(152,364)	62.11	(403,701)	74.04
Forfeited	(4,108)	68.10	(2,829)	75.81
Adjustment [(b)]	—	—	322,550	77.69
Nonvested at December 31, 2019 [(d)]	283,977	$ 68.51	331,242	$ 80.90

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(a) The grant date fair value of shares vested during the years ended December 31, 2019, 2018, and 2017 was $39.4 million, $16.4 million, and $21.4 million, respectively. Employees have the option to take immediate delivery of the shares upon vesting or defer receipt to a future date pursuant to previously made deferral elections. At December 31, 2019 and 2018, we had an obligation to issue 893,713 and 867,871 shares, respectively, of our common stock underlying such deferred awards, which is recorded within Total stockholders' equity as a Deferred compensation obligation of $37.3 million and $35.8 million, respectively.

(b) Vesting and payment of the PSUs is conditioned upon certain company and/or market performance goals being met during the relevant three-year performance period. The ultimate number of PSUs to be vested will depend on the extent to which the performance goals are met and can range from zero to three times the original awards. As a result, we recorded adjustments to reflect the number of shares expected to be issued when the PSUs vest.

(c) The grant date fair value of RSAs and RSUs reflect our stock price on the date of grant on a one-for-one basis. The grant date fair value of PSUs was determined utilizing (i) a Monte Carlo simulation model to generate an estimate of our future stock price over the three-year performance period and (ii) future financial performance projections. To estimate the fair value of PSUs granted during the year ended December 31, 2019, we used a risk-free interest rate of 2.5%, an expected volatility rate of 15.8%, and assumed a dividend yield of zero.

(d) At December 31, 2019, total unrecognized compensation expense related to these awards was approximately $22.5 million, with an aggregate weighted-average remaining term of 1.6 years.

At the end of each reporting period, we evaluate the ultimate number of PSUs we expect to vest based upon the extent to which we have met and expect to meet the performance goals and where appropriate, revise our estimate and associated expense. We do not adjust the associated expense for revision on PSUs expected to vest based on market performance. Upon vesting, the RSUs and PSUs may be converted into shares of our common stock. Both the RSUs and PSUs carry dividend equivalent rights. Dividend equivalent rights on RSUs issued under the predecessor employee plan are paid in cash on a quarterly basis, whereas dividend equivalent rights on RSUs issued under the 2017 Share Incentive Plan are accrued and paid in cash only when the underlying shares vest, which is generally on an annual basis; dividend equivalents on PSUs accrue during the performance period and are converted into additional shares of common stock at the conclusion of the performance period to the extent the PSUs vest. Dividend equivalent rights are accounted for as a reduction to retained earnings to the extent that the awards are expected to vest. For awards that are not expected to vest or do not ultimately vest, dividend equivalent rights are accounted for as additional compensation expense.

Stock Options

At December 31, 2016, we had 145,033 stock options outstanding, all of which were exercised during the year ended December 31, 2017 (prior to the expiration of their terms on that date), at a weighted-average exercise price of $33.27.

Options granted under the 1997 Share Incentive Plan, a predecessor employee plan, generally had a ten-year term and vested in four equal annual installments. We have not issued option awards since 2007. The total intrinsic value of options exercised during the year ended December 31, 2017 was $4.4 million.

At December 31, 2017, all of our options had either been fully exercised or expired, and all related compensation expense has been previously recognized.

Cash received from purchases under the ESPP and stock option exercises during the years ended December 31, 2019, 2018, and 2017 was $0.3 million, $0.2 million, and $0.2 million, respectively.

Other Compensation

Profit-Sharing Plan

We sponsor a qualified profit-sharing plan and trust that generally permits all employees, as defined by the plan, to make pre-tax contributions into the plan. We are under no obligation to contribute to the plan and the amount of any contribution is determined by and at the discretion of our Board. In December 2019, 2018, and 2017, our Board determined that the contribution to the plan for each of those respective years would be 10% of an eligible participant's compensation, up to the legal maximum allowable in each of those years of $28,000 for 2019, $27,500 for 2018, and $27,000 for 2017. For the years ended December 31, 2019, 2018, and 2017, amounts expensed for contributions to the trust were $2.1 million, $2.6 million, and $3.3 million, respectively, which were included in General and administrative expenses in the consolidated financial statements. The profit-sharing plan is a deferred compensation plan and is therefore considered to be outside the scope of current accounting guidance for stock-based compensation.

Other

During the years ended December 31, 2019, 2018, and 2017, we recognized severance costs totaling $1.1 million, $0.9 million, and less than $0.1 million, respectively. Such costs are included in General and administrative expenses in the accompanying consolidated financial statements, and exclude severance-related costs that are included in Restructuring and other compensation in the consolidated financial statements (Note 13).

Note 16. Income Taxes

Income Tax Provision

The components of our provision for income taxes for the periods presented are as follows (in thousands):

	Years Ended December 31,		
	2019	2018	2017
Federal			
Current	$ 407	$ (829)	$ (687)
Deferred	9,579	3,275	(9,520)
	9,986	2,446	(10,207)
State and Local			
Current	(3,814)	4,820	1,954
Deferred	(376)	3,042	572
	(4,190)	7,862	2,526
Foreign			
Current	20,363	16,791	21,457
Deferred	52	(12,688)	(11,065)
	20,415	4,103	10,392
Total Provision	$ 26,211	$ 14,411	$ 2,711

A reconciliation of effective income tax for the periods presented is as follows (in thousands):

	Years Ended December 31,		
	2019	2018	2017
Pre-tax income attributable to taxable subsidiaries [a]	$ 74,754	$ 98,245	$ 49,909
Federal provision at statutory tax rate [b]	$ 15,698	$ 20,632	$ 17,468
Change in valuation allowance	11,041	6,735	11,805
Rate differential [c]	(6,820)	(14,165)	(13,134)
Non-deductible expense	5,313	4,996	3,010
Windfall tax benefit	(5,183)	(3,754)	(4,618)
State and local taxes, net of federal benefit	4,062	7,590	1,115
Non-taxable income	103	(736)	(8,073)
Revocation of TRS Status	—	(6,285)	—
Revaluation of deferred taxes due to Tax Cuts and Jobs Act [d]	—	—	(7,826)
Other	1,997	(602)	2,964
Total provision	$ 26,211	$ 14,411	$ 2,711

(a) Pre-tax income attributable to taxable subsidiaries for 2018 includes taxable income associated with the accelerated vesting of shares previously issued by CPA:17 – Global to us for asset management services performed, in connection with the CPA:17 Merger. Pre-tax income attributable to taxable subsidiaries for 2017 excludes the impact of foreign currency exchange rates on an intercompany transaction related to the euro-denominated 2.25% Senior Notes due 2024 issued in 2017 (Note 11) since it had no tax impact and eliminates in consolidation.
(b) The applicable statutory tax rate is 21%, 21%, and 35% for the years ended December 31, 2019, 2018, and 2017, respectively.
(c) Amount for the year ended December 31, 2019 includes a current tax benefit of approximately $6.3 million due to a change in tax position for state and local taxes.

(d) The Tax Cuts and Jobs Act, which was signed into law on December 22, 2017, lowered the U.S. corporate income tax rate from 35% to 21%. The dollar amount shown in the table reflects the net impact of the Tax Cuts and Jobs Act on our domestic TRSs.

Deferred Income Taxes

Deferred income taxes at December 31, 2019 and 2018 consist of the following (in thousands):

	December 31,	
	2019	2018
Deferred Tax Assets		
Net operating loss and other tax credit carryforwards	$ 51,265	$ 44,445
Basis differences — foreign investments	31,704	15,286
Unearned and deferred compensation	10,345	16,255
Other	555	640
Total deferred tax assets	93,869	76,626
Valuation allowance	(73,643)	(54,499)
Net deferred tax assets	20,226	22,127
Deferred Tax Liabilities		
Basis differences — foreign investments	(137,074)	(138,712)
Basis differences — equity investees	(53,460)	(46,899)
Deferred revenue	(100)	(1,778)
Total deferred tax liabilities	(190,634)	(187,389)
Net Deferred Tax Liability	$ (170,408)	$ (165,262)

Certain basis differences on foreign investments are now presented as deferred tax assets in the table above. Prior period amounts have been reclassified to conform to the current period presentation.

Our 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, we assume 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, straight-line rent, prepaid rents, and intangible assets, as well as unearned and deferred compensation;
- Basis differences in equity investments represents fees earned in shares recognized under GAAP into income and deferred for U.S. taxes based upon a share vesting schedule; 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. Certain net operating losses and interest carryforwards were subject to limitations as a result of the CPA:17 Merger, and thus could not be applied to reduce future income tax liabilities.

As of December 31, 2019, U.S. federal and state net operating loss carryforwards were $66.4 million and $27.8 million, respectively, which will begin to expire in 2031 and 2024, respectively. As of December 31, 2019, net operating loss carryforwards in foreign jurisdictions were $49.7 million, which will begin to expire in 2020.

The net deferred tax liability in the table above is comprised of deferred tax asset balances, net of certain deferred tax liabilities and valuation allowances, of $8.9 million and $7.9 million at December 31, 2019 and 2018, respectively, which are included in Other assets, net in the consolidated balance sheets, and other deferred tax liability balances of $179.3 million and $173.1 million at December 31, 2019 and 2018, respectively, which are included in Deferred income taxes in the consolidated balance sheets.

Our taxable subsidiaries recognize tax positions in the financial statements only when it is more likely than not that the position will be sustained on examination by the relevant taxing authority based on the technical merits of the position. A position that meets this standard is measured at the largest amount of benefit that will more likely than not be realized on settlement. A liability is established for differences between positions taken in a tax return and amounts recognized in the financial statements.

The following table presents a reconciliation of the beginning and ending amount of unrecognized tax benefits (in thousands):

	Years Ended December 31,	
	2019	2018
Beginning balance	$ 6,105	$ 5,202
Addition based on tax positions related to the current year	543	514
Decrease due to lapse in statute of limitations	(497)	(2,186)
(Decrease) addition based on tax positions related to prior years	(287)	442
Foreign currency translation adjustments	(108)	(140)
Increase due to CPA:17 Merger	—	2,273
Ending balance	$ 5,756	$ 6,105

At December 31, 2019 and 2018, we had unrecognized tax benefits as presented in the table above that, if recognized, would have a favorable impact on our effective income tax rate in future periods. We recognize interest and penalties related to uncertain tax positions in income tax expense. At December 31, 2019 and 2018, we had approximately $1.6 million and $1.4 million, respectively, of accrued interest related to uncertain tax positions.

Income Taxes Paid

Income taxes paid were $35.3 million, $23.2 million, and $16.7 million for the years ended December 31, 2019, 2018, and 2017, respectively.

Real Estate Operations

We elected to be taxed as a REIT under Section 856 through 860 of the Internal Revenue Code effective as of February 15, 2012. In order to maintain our qualification as a REIT, we are required, among other things, to distribute at least 90% of our REIT net taxable income to our stockholders and meet certain tests regarding the nature of our income and assets. As a REIT, we are not subject to federal income taxes on our income and gains that we distribute to our stockholders as long as we satisfy certain requirements, principally relating to the nature of our income and the level of our distributions, as well as other factors. We believe that we have operated, and we intend to continue to operate, in a manner that allows us to continue to qualify as a REIT. We conduct business primarily in North America and Europe, and as a result, we or one or more of our subsidiaries file income tax returns in the United States federal jurisdiction and various state, local, and foreign jurisdictions.

Investment Management Operations

We conduct our investment management services in our Investment Management segment through TRSs. Our use of TRSs enables us to engage in certain businesses while complying with the REIT qualification requirements and also allows us to retain income generated by these businesses for reinvestment without the requirement to distribute those earnings. Certain of our inter-company transactions that have been eliminated in consolidation for financial accounting purposes are also subject to taxation. Periodically, shares in the Managed REITs that are payable to our TRSs in consideration of services rendered are distributed from TRSs to us.

Tax authorities in the relevant jurisdictions may select our tax returns for audit and propose adjustments before the expiration of the statute of limitations. Our tax returns filed for tax years 2014 through 2018 or any ongoing audits remain open to adjustment in the major tax jurisdictions.

Note 17. Property Dispositions

We have an active capital recycling program, with a goal of extending the average lease term through reinvestment, improving portfolio credit quality through dispositions and acquisitions of assets, increasing the asset criticality factor in our portfolio, and/or executing strategic dispositions of assets. We may make a decision to dispose of a property when it is vacant as a result of tenants vacating space, tenants electing not to renew their leases, tenant insolvency, or lease rejection in the bankruptcy process. In such cases, we assess whether we can obtain the highest value from the property by selling it, as opposed to re-leasing it. We may also sell a property when we receive an unsolicited offer or negotiate a price for an investment that is consistent with our strategy for that investment. When it is appropriate to do so, we classify the property as an asset held for sale on our consolidated balance sheet. All property dispositions are recorded within our Real Estate segment.

2019 — During the year ended December 31, 2019, we sold 14 properties for total proceeds of $308.0 million, net of selling costs, and recognized a net gain on these sales totaling $10.9 million (inclusive of income taxes totaling $1.2 million recognized upon sale).

In June 2019, a loan receivable was repaid in full to us for $9.3 million, which resulted in a net loss of $0.1 million (Note 6).

In October 2019, we transferred ownership of six properties and the related non-recourse mortgage loan, which had an aggregate asset carrying value of $42.3 million and a mortgage carrying value of $43.4 million (including a $13.8 million discount on the mortgage loan), respectively, on the date of transfer, to the mortgage lender, resulting in a net gain of $8.3 million (outstanding principal balance was $56.4 million and we wrote off $5.6 million of accrued interest payable).

In addition, in December 2019, we transferred ownership of a property and the related non-recourse mortgage loan, which had an aggregate asset carrying value of $10.4 million and a mortgage carrying value of $8.2 million (including a $0.5 million discount on the mortgage loan), respectively, on the date of transfer, to the mortgage lender, resulting in a net loss of $1.0 million (outstanding principal balance was $8.7 million and we wrote off $0.9 million of accrued interest payable).

2018 — During the year ended December 31, 2018, we sold 49 properties for total proceeds of $431.6 million, net of selling costs, and recognized a net gain on these sales totaling $112.3 million (inclusive of income taxes totaling $21.8 million recognized upon sale). Disposition activity included the sale of one of our hotel operating properties in April 2018. In connection with the sale of 28 properties in Australia in December 2018, and in accordance with ASC 830-30-40, *Foreign Currency Matters*, we reclassified an aggregate of $20.2 million of net foreign currency translation losses, including net gains of $7.6 million from net investment hedge forward currency contracts (Note 10), from Accumulated other comprehensive loss to Gain on sale of real estate, net (as a reduction to Gain on sale of real estate, net), since the sale represented a disposal of all of our Australian investments (Note 14).

In addition, in June 2018, we completed a nonmonetary transaction, in which we disposed of 23 properties in exchange for the acquisition of one property leased to the same tenant. This swap was recorded based on the fair value of the property acquired of $85.5 million, which resulted in a net gain of $6.3 million, and was a non-cash investing activity (Note 5).

2017 — During the year ended December 31, 2017, we sold 16 properties and a parcel of vacant land for total proceeds of $159.9 million, net of selling costs, and recognized a net gain on these sales totaling $33.9 million (inclusive of income taxes totaling $5.2 million recognized upon sale). In connection with the sale of a property in Malaysia in August 2017 and the sale of two properties in Thailand in December 2017, and in accordance with ASC 830-30-40, *Foreign Currency Matters*, we reclassified an aggregate of $3.4 million of net foreign currency translation losses from Accumulated other comprehensive loss to Gain on sale of real estate, net (as a reduction to Gain on sale of real estate, net), since the sales represented disposals of all of our Malaysian and Thai investments (Note 14).

In addition, in January 2017, we transferred ownership of two international properties and the related non-recourse mortgage loan, which had an aggregate asset carrying value of $28.1 million and an outstanding balance of $28.1 million (net of $3.8 million of cash held in escrow that was retained by the mortgage lender), respectively, on the dates of transfer, to the mortgage lender, resulting in a net loss of less than $0.1 million.

Note 18. Segment Reporting

We evaluate our results from operations by our two major business segments: Real Estate and Investment Management (Note 1). The following tables present a summary of comparative results and assets for these business segments (in thousands):

Real Estate

	Years Ended December 31,		
	2019	2018	2017
Revenues			
Lease revenues	$ 1,086,375	$ 744,498	$ 651,897
Operating property revenues [(a)]	50,220	28,072	30,562
Lease termination income and other	36,268	6,555	4,749
	1,172,863	779,125	687,208
Operating Expenses			
Depreciation and amortization	443,300	287,461	249,432
General and administrative	56,796	47,210	39,002
Reimbursable tenant costs	55,576	28,076	21,524
Property expenses, excluding reimbursable tenant costs	39,545	22,773	17,330
Operating property expenses	38,015	20,150	23,426
Impairment charges	32,539	4,790	2,769
Stock-based compensation expense	13,248	10,450	6,960
Merger and other expenses	101	41,426	605
	679,120	462,336	361,048
Other Income and Expenses			
Interest expense	(233,325)	(178,375)	(165,775)
Other gains and (losses)	30,251	30,015	(5,655)
Gain on sale of real estate, net	18,143	118,605	33,878
(Loss) gain on change in control of interests	(8,416)	18,792	—
Equity in earnings of equity method investments in real estate	2,361	13,341	13,068
	(190,986)	2,378	(124,484)
Income before income taxes	302,757	319,167	201,676
(Provision for) benefit from income taxes	(30,802)	844	(1,743)
Net Income from Real Estate	271,955	320,011	199,933
Net loss (income) attributable to noncontrolling interests	110	(12,775)	(7,794)
Net Income from Real Estate Attributable to W. P. Carey	$ 272,065	$ 307,236	$ 192,139

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(a) Operating property revenues from our hotels include (i) $15.0 million, $15.2 million, and $14.6 million for the years ended December 31, 2019, 2018, and 2017, respectively, generated from a hotel in Bloomington, Minnesota, (ii) $14.4 million and $1.7 million for the years ended December 31, 2019 and 2018, respectively, generated from a hotel in Miami, Florida, which was acquired in the CPA:17 Merger (Note 3), classified as held for sale as of December 31, 2019 (Note 5), and sold in January 2020 (Note 20), and (iii) $4.8 million and $16.0 million for the years ended December 31, 2018 and 2017, respectively, generated from a hotel in Memphis, Tennessee, which was sold in April 2018 (Note 17).

Investment Management

	Years Ended December 31,		
	2019	2018	2017
Revenues			
Asset management revenue	$ 39,132	$ 63,556	$ 70,125
Reimbursable costs from affiliates	16,547	21,925	51,445
Structuring and other advisory revenue	4,224	21,126	35,094
Dealer manager fees	—	—	4,430
	59,903	106,607	161,094
Operating Expenses			
General and administrative	18,497	21,127	31,889
Reimbursable costs from affiliates	16,547	21,925	51,445
Subadvisor fees	7,579	9,240	13,600
Stock-based compensation expense	5,539	7,844	11,957
Depreciation and amortization	3,835	3,979	3,902
Restructuring and other compensation	—	—	9,363
Dealer manager fees and expenses	—	—	6,544
	51,997	64,115	128,700
Other Income and Expenses			
Equity in earnings of equity method investments in the Managed Programs	20,868	48,173	51,682
Other gains and (losses)	1,224	(102)	2,042
Gain on change in control of interests	—	29,022	—
	22,092	77,093	53,724
Income before income taxes	29,998	119,585	86,118
Benefit from (provision for) income taxes	4,591	(15,255)	(968)
Net Income from Investment Management	34,589	104,330	85,150
Net income attributable to noncontrolling interests	(1,411)	—	—
Net Income from Investment Management Attributable to W. P. Carey	$ 33,178	$ 104,330	$ 85,150

Total Company

	Years Ended December 31,		
	2019	2018	2017
Revenues	$ 1,232,766	$ 885,732	$ 848,302
Operating expenses	731,117	526,451	489,748
Other income and expenses	(168,894)	79,471	(70,760)
Provision for income taxes	(26,211)	(14,411)	(2,711)
Net income attributable to noncontrolling interests	(1,301)	(12,775)	(7,794)
Net income attributable to W. P. Carey	$ 305,243	$ 411,566	$ 277,289

	Total Assets at December 31,	
	2019	2018
Real Estate	$ 13,811,403	$ 13,941,963
Investment Management	249,515	241,076
Total Company	$ 14,060,918	$ 14,183,039

Our portfolio is comprised of domestic and international investments. At December 31, 2019, our international investments within our Real Estate segment were comprised of investments in Germany, Spain, the United Kingdom, Poland, the Netherlands, Finland, France, Denmark, Norway, Hungary, Italy, Austria, Sweden, Croatia, Belgium, Lithuania, Portugal, Slovakia, the Czech Republic, Canada, Mexico, and Japan. We sold all of our investments in Australia during 2018 (Note 17). We sold all of our investments in Malaysia and Thailand during 2017 (Note 17). No international country or tenant individually comprised at least 10% of our total lease revenues for the years ended December 31, 2019, 2018, or 2017, or at least 10% of our total long-lived assets at December 31, 2019 or 2018. Revenues and assets within our Investment Management segment are entirely domestic. The following tables present the geographic information for our Real Estate segment (in thousands):

	Years Ended December 31,		
	2019	2018	2017
Revenues			
Domestic	$ 783,828	$ 499,342	$ 451,310
International	389,035	279,783	235,898
Total	$ 1,172,863	$ 779,125	$ 687,208

	December 31,	
	2019	2018
Long-lived Assets [(a)]		
Domestic	$ 7,574,110	$ 7,579,018
International	4,342,635	4,349,836
Total	$ 11,916,745	$ 11,928,854
Equity Investments in Real Estate		
Domestic	$ 110,822	$ 129,799
International	83,615	91,859
Total	$ 194,437	$ 221,658

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(a) Consists of Net investments in real estate.

Note 19. Selected Quarterly Financial Data (Unaudited)

(dollars in thousands, except per share amounts)

	Three Months Ended			
	March 31, 2019	June 30, 2019	September 30, 2019	December 31, 2019
Revenues [a]	$ 298,323	$ 305,211	$ 318,005	$ 311,227
Expenses [a] [b]	177,722	179,170	198,409	175,816
Net income [a] [b] [c] [d]	68,796	66,121	41,835	129,792
Net income attributable to noncontrolling interests [a]	(302)	(83)	(496)	(420)
Net income attributable to W. P. Carey [a] [b] [c] [d]	68,494	66,038	41,339	129,372
Earnings per share attributable to W. P. Carey:				
Basic [e]	$ 0.41	$ 0.39	$ 0.24	$ 0.75
Diluted [e]	$ 0.41	$ 0.38	$ 0.24	$ 0.75

	Three Months Ended			
	March 31, 2018	June 30, 2018	September 30, 2018	December 31, 2018
Revenues [a]	$ 201,810	$ 201,143	$ 209,384	$ 273,395
Expenses [a]	120,966	109,202	110,937	185,346
Net income [a] [f] [g]	68,066	79,424	81,573	195,278
Net income attributable to noncontrolling interests [a]	(2,792)	(3,743)	(4,225)	(2,015)
Net income attributable to W. P. Carey [a] [f] [g]	65,274	75,681	77,348	193,263
Earnings per share attributable to W. P. Carey:				
Basic [e]	$ 0.60	$ 0.70	$ 0.71	$ 1.33
Diluted [e]	$ 0.60	$ 0.70	$ 0.71	$ 1.33

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(a) Amounts for 2019 and the three months ended December 31, 2018 include the impact of the CPA:17 Merger (Note 3).
(b) Amount for the three months ended September 30, 2019 includes impairment charges totaling $25.8 million recognized on a portfolio of four properties accounted for as Net investments in direct financing leases (Note 9).
(c) Amount for the three months ended September 30, 2019 includes a loss on change in control of interests of $8.4 million recognized in connection with the CPA:17 Merger (Note 3).
(d) Amount for the three months ended December 31, 2019 includes: (i) unrealized gains recognized on our investment in shares of a cold storage operator totaling $36.1 million (Note 9) and (ii) an aggregate gain on sale of real estate of $17.5 million recognized on the disposition of 12 properties.
(e) The sum of the quarterly basic and diluted earnings per share amounts may not agree to the full year basic and diluted earnings per share amounts because the calculations of basic and diluted weighted-average shares outstanding for each quarter and the full year are performed independently. For the year ended December 31, 2018, total quarterly basic and diluted earnings per share were $0.16 and $0.15 lower, respectively, than the corresponding earnings per share as computed on an annual basis, as a result of the change in the shares outstanding for each of the periods, primarily due to the issuance of shares in the CPA:17 Merger (Note 3) and under our ATM Programs (Note 14).
(f) Amount for the three months ended December 31, 2018 includes a gain on change in control of interests of $47.8 million recognized in connection with the CPA:17 Merger (Note 3).
(g) Amount for the three months ended June 30, 2018 includes an aggregate gain on sale of real estate of $11.9 million recognized on the disposition of 25 properties. Amount for the three months ended December 31, 2018 includes an aggregate gain on sale of real estate of $99.6 million recognized on the disposition of 39 properties.

Note 20. Subsequent Events

Amended Credit Facility

On February 20, 2020, we amended and restated our Senior Unsecured Credit Facility. We increased the capacity of our unsecured line of credit under our Amended Credit Facility to $2.1 billion, which is comprised of a $1.8 billion revolving line of credit, a £150.0 million term loan, and a $105.0 million delayed draw term loan, all maturing in five years. The delayed draw term loan may be drawn within one year and allows for borrowings in U.S. dollars, euros, or British pounds sterling. The aggregate principal amount (of revolving and term loans) available under the Amended Credit Facility may be increased up to an amount not to exceed the U.S. dollar equivalent of $2.75 billion, subject to the conditions to increase provided in the related credit agreement. We will incur interest at LIBOR, or a LIBOR equivalent, plus 0.85% on the revolving line of credit, and LIBOR, or a LIBOR equivalent, plus 0.95% on the term loan and delayed draw term loan.

Acquisitions and Completed Construction Projects

In January 2020, we completed three investments for a total purchase price of approximately $149.9 million (based on the exchange rates of the foreign currencies on the dates of acquisition, as applicable). It is not practicable to disclose the preliminary purchase price allocations for these transactions given the short period of time between the acquisition dates and the filing of this Report.

In addition, in January 2020, we completed one construction project at a total cost of $53.1 million.

Dispositions

In January and February 2020, we sold four properties for gross proceeds totaling $121.8 million, including one of our two hotel operating properties for gross proceeds of $120.0 million (inclusive of $5.5 million attributable to a noncontrolling interest). This property was classified as held for sale as of December 31, 2019 (Note 5).

W. P. CAREY INC.
SCHEDULE II — VALUATION AND QUALIFYING ACCOUNTS
Years Ended December 31, 2019, 2018, and 2017
(in thousands)

Description	Balance at Beginning of Year	Other Additions	Deductions	Balance at End of Year
Year Ended December 31, 2019				
Valuation reserve for deferred tax assets	$ 54,499	$ 22,384	$ (3,240)	$ 73,643
Year Ended December 31, 2018				
Valuation reserve for deferred tax assets	$ 39,155	$ 30,557	$ (15,213)	$ 54,499
Year Ended December 31, 2017				
Valuation reserve for deferred tax assets	$ 27,350	$ 18,031	$ (6,226)	$ 39,155

(in thousands)

		Initial Cost to Company		Cost Capitalized Subsequent to Acquisition (a)	Increase (Decrease) in Net Investments (b)	Gross Amount at which Carried at Close of Period (c) (d)			Accumulated Depreciation (d)	Date of Construction	Date Acquired	Life on which Depreciation in Latest Statement of Income is Computed
Description	**Encumbrances**	**Land**	**Buildings**			**Land**	**Buildings**	**Total**				
Land, Buildings and Improvements Subject to Operating Leases												
Industrial facilities in Erlanger, KY	$ —	$ 1,526	$ 21,427	$ 2,966	$ 141	$ 1,526	$ 24,534	$ 26,060	$ 13,881	1979; 1987	Jan. 1998	40 yrs.
Industrial facilities in Thurmont, MD and Farmington, NY	—	729	5,903	—	—	729	5,903	6,632	2,238	1964; 1983	Jan. 1998	15 yrs.
Warehouse facilities in Anchorage, AK and Commerce, CA	—	4,905	11,898	—	12	4,905	11,910	16,815	5,803	1948; 1975	Jan. 1998	40 yrs.
Industrial facility in Toledo, OH	—	224	2,408	—	—	224	2,408	2,632	1,705	1966	Jan. 1998	40 yrs.
Industrial facility in Goshen, IN	—	239	940	—	—	239	940	1,179	462	1973	Jan. 1998	40 yrs.
Office facility in Raleigh, NC	—	1,638	2,844	187	(2,554)	828	1,287	2,115	911	1983	Jan. 1998	20 yrs.
Office facility in King of Prussia, PA	—	1,219	6,283	1,295	—	1,219	7,578	8,797	4,036	1968	Jan. 1998	40 yrs.
Industrial facility in Pinconning, MI	—	32	1,692	—	—	32	1,692	1,724	930	1948	Jan. 1998	40 yrs.
Industrial facilities in San Fernando, CA	6,103	2,052	5,322	—	(1,889)	1,494	3,991	5,485	2,208	1962; 1979	Jan. 1998	40 yrs.
Retail facilities in several cities in the following states: Alabama, Florida, Georgia, Illinois, Louisiana, Missouri, New Mexico, North Carolina, South Carolina, Tennessee, and Texas	—	9,382	—	238	14,696	9,025	15,291	24,316	5,790	Various	Jan. 1998	15 yrs.
Industrial facility in Glendora, CA	—	1,135	—	—	1,942	1,152	1,925	3,077	192	1950	Jan. 1998	10 yrs.
Warehouse facility in Doraville, GA	—	3,288	9,864	16,729	(11,410)	3,288	15,183	18,471	1,268	2016	Jan. 1998	40 yrs.
Office facility in Collierville, TN and warehouse facility in Corpus Christi, TX	42,576	3,490	72,497	—	(15,609)	288	60,090	60,378	17,933	1989; 1999	Jan. 1998	40 yrs.
Land in Irving and Houston, TX	—	9,795	—	—	—	9,795	—	9,795	—	N/A	Jan. 1998	N/A
Industrial facility in Chandler, AZ	—	5,035	18,957	7,460	516	5,035	26,933	31,968	14,406	1989	Jan. 1998	40 yrs.
Office facility in Bridgeton, MO	—	842	4,762	2,523	71	842	7,356	8,198	3,768	1972	Jan. 1998	40 yrs.
Retail facility in Drayton Plains, MI	—	1,039	4,788	236	(2,297)	494	3,272	3,766	1,266	1972	Jan. 1998	35 yrs.
Warehouse facility in Memphis, TN	—	1,882	3,973	294	(3,892)	328	1,929	2,257	1,266	1969	Jan. 1998	15 yrs.
Industrial facility in Romulus, MI	—	454	6,411	525	—	454	6,936	7,390	682	1970	Jan. 1998	10 yrs.
Retail facility in Bellevue, WA	—	4,125	11,812	393	(123)	4,371	11,836	16,207	6,322	1994	Apr. 1998	40 yrs.
Office facility in Rio Rancho, NM	—	1,190	9,353	5,866	—	2,287	14,122	16,409	6,369	1999	Jul. 1998	40 yrs.
Office facility in Moorestown, NJ	—	351	5,981	1,652	1	351	7,634	7,985	4,265	1964	Feb. 1999	40 yrs.
Industrial facilities in Lenexa, KS and Winston-Salem, NC	—	1,860	12,539	3,075	(1,135)	1,725	14,614	16,339	6,531	1968; 1980	Sep. 2002	40 yrs.
Office facilities in Playa Vista and Venice, CA	21,048	2,032	10,152	52,817	1	5,889	59,113	65,002	15,303	1991; 1999	Sep. 2004; Sep. 2012	40 yrs.
Warehouse facility in Greenfield, IN	—	2,807	10,335	223	(8,383)	967	4,015	4,982	1,857	1995	Sep. 2004	40 yrs.
Retail facility in Hot Springs, AR	—	850	2,939	2	(2,614)	—	1,177	1,177	451	1985	Sep. 2004	40 yrs.

(in thousands)

		Initial Cost to Company				Gross Amount at which Carried at Close of Period (c) (d)						
Description	**Encumbrances**	**Land**	**Buildings**	**Cost Capitalized Subsequent to Acquisition (a)**	**Increase (Decrease) in Net Investments (b)**	**Land**	**Buildings**	**Total**	**Accumulated Depreciation (d)**	**Date of Construction**	**Date Acquired**	**Life on which Depreciation in Latest Statement of Income is Computed**
Warehouse facilities in Apopka, FL	—	362	10,855	1,195	(155)	337	11,920	12,257	4,100	1969	Sep. 2004	40 yrs.
Land in San Leandro, CA	—	1,532	—	—	—	1,532	—	1,532	—	N/A	Dec. 2006	N/A
Fitness facility in Austin, TX	—	1,725	5,168	—	—	1,725	5,168	6,893	2,372	1995	Dec. 2006	29 yrs.
Retail facility in Wroclaw, Poland	—	3,600	10,306	—	(3,747)	2,809	7,350	10,159	2,195	2007	Dec. 2007	40 yrs.
Office facility in Fort Worth, TX	—	4,600	37,580	186	—	4,600	37,766	42,366	9,335	2003	Feb. 2010	40 yrs.
Warehouse facility in Mallorca, Spain	—	11,109	12,636	—	(1,414)	10,428	11,903	22,331	2,848	2008	Jun. 2010	40 yrs.
Retail facilities in Florence, AL; Snellville, GA; Rockport, TX; and Virginia Beach, VA	—	5,646	12,367	—	(3,786)	4,323	9,904	14,227	1,900	2005; 2007	Sep. 2012	40 yrs.
Net-lease hotels in Irvine, Sacramento, and San Diego, CA; Orlando, FL; Des Plaines, IL; Indianapolis, IN; Louisville, KY; Linthicum Heights, MD; Newark, NJ; Albuquerque, NM; and Spokane, WA	128,609	32,680	198,999	—	—	32,680	198,999	231,679	39,753	1989; 1990	Sep. 2012	34 - 37 yrs.
Industrial facilities in Auburn, IN; Clinton Township, MI; and Bluffton, OH	—	4,403	20,298	—	(3,870)	2,589	18,242	20,831	3,998	1968; 1975; 1995	Sep. 2012; Jan. 2014	30 yrs.
Land in Irvine, CA	1,631	4,173	—	—	—	4,173	—	4,173	—	N/A	Sep. 2012	N/A
Industrial facility in Alpharetta, GA	—	2,198	6,349	1,247	—	2,198	7,596	9,794	1,798	1997	Sep. 2012	30 yrs.
Office facility in Clinton, NJ	18,718	2,866	34,834	—	—	2,866	34,834	37,700	8,435	1987	Sep. 2012	30 yrs.
Office facilities in St. Petersburg, FL	—	3,280	24,627	2,078	—	3,280	26,705	29,985	6,001	1996; 1999	Sep. 2012	30 yrs.
Movie theater in Baton Rouge, LA	—	4,168	5,724	3,200	—	4,168	8,924	13,092	1,890	2003	Sep. 2012	30 yrs.
Industrial and office facility in San Diego, CA	—	7,804	16,729	4,654	(705)	7,804	20,678	28,482	5,228	2002	Sep. 2012	30 yrs.
Industrial facility in Richmond, CA	—	895	1,953	—	—	895	1,953	2,848	473	1999	Sep. 2012	30 yrs.
Warehouse facilities in Kingman, AZ; Woodland, CA; Jonesboro, GA; Kansas City, MO; Springfield, OR; Fogelsville, PA; and Corsicana, TX	51,263	16,386	84,668	—	—	16,386	84,668	101,054	20,333	Various	Sep. 2012	30 yrs.
Industrial facilities in Rocky Mount, NC and Lewisville, TX	—	2,163	17,715	609	(8,389)	1,132	10,966	12,098	2,573	1948; 1989	Sep. 2012	30 yrs.
Industrial facilities in Chattanooga, TN	—	558	5,923	—	—	558	5,923	6,481	1,418	1974; 1989	Sep. 2012	30 yrs.
Industrial facility in Mooresville, NC	2,690	756	9,775	—	—	756	9,775	10,531	2,334	1997	Sep. 2012	30 yrs.
Industrial facility in McCalla, AL	—	960	14,472	42,662	—	2,076	56,018	58,094	7,431	2004	Sep. 2012	31 yrs.
Office facility in Lower Makefield Township, PA	—	1,726	12,781	4,378	—	1,726	17,159	18,885	3,430	2002	Sep. 2012	30 yrs.
Industrial facility in Fort Smith, AZ	—	1,063	6,159	—	—	1,063	6,159	7,222	1,455	1982	Sep. 2012	30 yrs.
Retail facilities in Greenwood, IN and Buffalo, NY	6,547	—	19,990	—	—	—	19,990	19,990	4,672	2000; 2003	Sep. 2012	30 - 31 yrs.
Industrial facilities in Bowling Green, KY and Jackson, TN	—	1,492	8,182	—	—	1,492	8,182	9,674	1,928	1989; 1995	Sep. 2012	31 yrs.

SCHEDULE III — REAL ESTATE AND ACCUMULATED DEPRECIATION (Continued)
December 31, 2019
(in thousands)

		Initial Cost to Company				Gross Amount at which Carried at Close of Period [c] [d]						
Description	**Encumbrances**	**Land**	**Buildings**	**Cost Capitalized Subsequent to Acquisition [a]**	**Increase (Decrease) in Net Investments [b]**	**Land**	**Buildings**	**Total**	**Accumulated Depreciation [d]**	**Date of Construction**	**Date Acquired**	**Life on which Depreciation in Latest Statement of Income is Computed**
Education facilities in Avondale, AZ; Rancho Cucamonga, CA; and Exton, PA	6,947	14,006	33,683	157	(3,878)	11,179	32,789	43,968	7,404	2004	Sep. 2012	31 - 32 yrs.
Industrial facilities in St. Petersburg, FL; Buffalo Grove, IL; West Lafayette, IN; Excelsior Springs, MO; and North Versailles, PA	5,695	6,559	19,078	—	—	6,559	19,078	25,637	4,459	Various	Sep. 2012	31 yrs.
Industrial facilities in Tolleson, AZ; Alsip, IL; and Solvay, NY	7,732	6,080	23,424	—	—	6,080	23,424	29,504	5,430	1990; 1994; 2000	Sep. 2012	31 yrs.
Fitness facilities in Englewood, CO; Memphis TN; and Bedford, TX	1,371	4,877	4,258	5,215	4,756	4,877	14,229	19,106	3,629	1990; 1995; 2001	Sep. 2012	31 yrs.
Office facility in Mons, Belgium	5,501	1,505	6,026	653	(1,065)	1,315	5,804	7,119	1,289	1982	Sep. 2012	32 yrs.
Warehouse facilities in Oceanside, CA and Concordville, PA	2,298	3,333	8,270	—	—	3,333	8,270	11,603	1,922	1989; 1996	Sep. 2012	31 yrs.
Net-lease self-storage facilities located throughout the United States	—	74,551	319,186	—	(50)	74,501	319,186	393,687	73,409	Various	Sep. 2012	31 yrs.
Warehouse facility in La Vista, NE	19,073	4,196	23,148	—	—	4,196	23,148	27,344	5,017	2005	Sep. 2012	33 yrs.
Office facility in Pleasanton, CA	—	3,675	7,468	—	—	3,675	7,468	11,143	1,713	2000	Sep. 2012	31 yrs.
Office facility in San Marcos, TX	—	440	688	—	—	440	688	1,128	157	2000	Sep. 2012	31 yrs.
Office facility in Chicago, IL	—	2,169	19,010	72	(72)	2,169	19,010	21,179	4,326	1910	Sep. 2012	31 yrs.
Industrial facilities in Hollywood and Orlando, FL	—	3,639	1,269	—	—	3,639	1,269	4,908	289	1996	Sep. 2012	31 yrs.
Warehouse facility in Golden, CO	—	808	4,304	77	—	808	4,381	5,189	1,096	1998	Sep. 2012	30 yrs.
Industrial facility in Texarkana, TX	—	1,755	4,493	—	(2,783)	216	3,249	3,465	739	1997	Sep. 2012	31 yrs.
Industrial facility in Eugene, OR	4,014	2,286	3,783	—	—	2,286	3,783	6,069	861	1980	Sep. 2012	31 yrs.
Industrial facility in South Jordan, UT	—	2,183	11,340	1,642	—	2,183	12,982	15,165	2,782	1995	Sep. 2012	31 yrs.
Warehouse facility in Ennis, TX	—	478	4,087	145	—	478	4,232	4,710	1,075	1989	Sep. 2012	31 yrs.
Retail facility in Braintree, MA	—	2,409	—	6,184	(1,403)	1,006	6,184	7,190	1,209	1994	Sep. 2012	30 yrs.
Office facility in Paris, France	46,269	23,387	43,450	—	(8,451)	20,430	37,956	58,386	8,418	1975	Sep. 2012	32 yrs.
Retail facilities in Bydgoszcz, Czestochowa, Jablonna, Katowice, Kielce, Lodz, Lubin, Olsztyn, Opole, Plock, Rybnik, Walbrzych, and Warsaw, Poland	—	26,564	72,866	—	(12,613)	23,164	63,653	86,817	19,395	Various	Sep. 2012	23 - 34 yrs.
Industrial facility in Laupheim, Germany	—	2,072	8,339	—	(1,317)	1,810	7,284	9,094	2,649	1960	Sep. 2012	20 yrs.
Industrial facilities in Danbury, CT and Bedford, MA	5,443	3,519	16,329	—	—	3,519	16,329	19,848	3,965	1965; 1980	Sep. 2012	29 yrs.
Industrial facility in Brownwood, TX	—	722	6,268	—	—	722	6,268	6,990	418	1964	Sep. 2012	15 yrs.
Warehouse facilities in Venlo, Netherlands	—	10,154	18,590	—	(3,911)	8,772	16,061	24,833	3,160	1998; 1999	Apr. 2013	35 yrs.

SCHEDULE III — REAL ESTATE AND ACCUMULATED DEPRECIATION (Continued)

December 31, 2019

(in thousands)

		Initial Cost to Company				Gross Amount at which Carried at Close of Period (c) (d)						
Description	**Encumbrances**	**Land**	**Buildings**	**Cost Capitalized Subsequent to Acquisition (a)**	**Increase (Decrease) in Net Investments (b)**	**Land**	**Buildings**	**Total**	**Accumulated Depreciation (d)**	**Date of Construction**	**Date Acquired**	**Life on which Depreciation in Latest Statement of Income is Computed**
Industrial and office facility in Tampere, Finland	—	2,309	37,153	—	(5,456)	1,965	32,041	34,006	6,736	2012	Jun. 2013	40 yrs.
Office facility in Quincy, MA	—	2,316	21,537	127	—	2,316	21,664	23,980	3,842	1989	Jun. 2013	40 yrs.
Office facility in Salford, United Kingdom	—	—	30,012	—	(4,679)	—	25,333	25,333	4,119	1997	Sep. 2013	40 yrs.
Office facility in Lone Tree, CO	—	4,761	28,864	2,927	—	4,761	31,791	36,552	5,725	2001	Nov. 2013	40 yrs.
Office facility in Mönchengladbach, Germany	32,182	2,154	6,917	50,626	(1,728)	2,158	55,811	57,969	5,766	2015	Dec. 2013	40 yrs.
Fitness facility in Houston, TX	—	2,430	2,270	—	—	2,430	2,270	4,700	599	1995	Jan. 2014	23 yrs.
Fitness facility in St. Charles, MO	—	1,966	1,368	1,352	—	1,966	2,720	4,686	624	1987	Jan. 2014	27 yrs.
Fitness facility in Salt Lake City, UT	—	856	2,804	—	—	856	2,804	3,660	642	1999	Jan. 2014	26 yrs.
Land in Scottsdale, AZ	9,358	22,300	—	—	—	22,300	—	22,300	—	N/A	Jan. 2014	N/A
Industrial facility in Aurora, CO	2,611	737	2,609	—	—	737	2,609	3,346	488	1985	Jan. 2014	32 yrs.
Warehouse facility in Burlington, NJ	—	3,989	6,213	377	—	3,989	6,590	10,579	1,527	1999	Jan. 2014	26 yrs.
Industrial facility in Albuquerque, NM	—	2,467	3,476	606	—	2,467	4,082	6,549	905	1993	Jan. 2014	27 yrs.
Industrial facility in North Salt Lake, UT	—	10,601	17,626	—	(16,936)	4,388	6,903	11,291	1,560	1981	Jan. 2014	26 yrs.
Industrial facilities in Lexington, NC and Murrysville, PA	—	2,185	12,058	—	2,713	1,608	15,348	16,956	3,271	1940; 1995	Jan. 2014	28 yrs.
Land in Welcome, NC	—	980	11,230	—	(11,724)	486	—	486	—	N/A	Jan. 2014	N/A
Industrial facilities in Evansville, IN; Lawrence, KS; and Baltimore, MD	—	4,005	44,192	—	—	4,005	44,192	48,197	10,965	1911; 1967; 1982	Jan. 2014	24 yrs.
Industrial facilities in Colton, CA; Bonner Springs, KS; and Dallas, TX and land in Eagan, MN	—	8,451	25,457	—	298	8,451	25,755	34,206	5,304	1978; 1979; 1986	Jan. 2014	17 - 34 yrs.
Retail facility in Torrance, CA	—	8,412	12,241	1,377	(76)	8,335	13,619	21,954	3,345	1973	Jan. 2014	25 yrs.
Office facility in Houston, TX	—	6,578	424	560	—	6,578	984	7,562	360	1978	Jan. 2014	27 yrs.
Land in Doncaster, United Kingdom	—	4,257	4,248	—	(8,111)	394	—	394	—	N/A	Jan. 2014	N/A
Warehouse facility in Norwich, CT	8,111	3,885	21,342	—	2	3,885	21,344	25,229	4,469	1960	Jan. 2014	28 yrs.
Warehouse facility in Norwich, CT	—	1,437	9,669	—	—	1,437	9,669	11,106	2,024	2005	Jan. 2014	28 yrs.
Warehouse facility in Whitehall, PA	—	7,435	9,093	—	(4,164)	6,983	5,381	12,364	1,379	1986	Jan. 2014	23 yrs.
Retail facilities in York, PA	2,972	3,776	10,092	—	(2,016)	2,668	9,184	11,852	1,853	1992; 2005	Jan. 2014	26 - 34 yrs.
Industrial facility in Pittsburgh, PA	—	1,151	10,938	—	—	1,151	10,938	12,089	2,613	1991	Jan. 2014	25 yrs.
Warehouse facilities in Atlanta, GA and Elkwood, VA	—	5,356	4,121	—	(2,104)	4,284	3,089	7,373	656	1975	Jan. 2014	28 yrs.
Warehouse facility in Harrisburg, NC	—	1,753	5,840	—	(111)	1,642	5,840	7,482	1,324	2000	Jan. 2014	26 yrs.
Industrial facility in Chandler, AZ; industrial, office, and warehouse facility in Englewood, CO; and land in Englewood, CO	3,416	4,306	7,235	—	3	4,306	7,238	11,544	1,415	1978; 1987	Jan. 2014	30 yrs.

(in thousands)

		Initial Cost to Company				Gross Amount at which Carried at Close of Period (c) (d)						
Description	**Encumbrances**	**Land**	**Buildings**	**Cost Capitalized Subsequent to Acquisition (a)**	**Increase (Decrease) in Net Investments (b)**	**Land**	**Buildings**	**Total**	**Accumulated Depreciation (d)**	**Date of Construction**	**Date Acquired**	**Life on which Depreciation in Latest Statement of Income is Computed**
Industrial facility in Cynthiana, KY	1,672	1,274	3,505	525	(107)	1,274	3,923	5,197	807	1967	Jan. 2014	31 yrs.
Industrial facility in Columbia, SC	—	2,843	11,886	—	—	2,843	11,886	14,729	3,112	1962	Jan. 2014	23 yrs.
Movie theater in Midlothian, VA	—	2,824	16,618	—	—	2,824	16,618	19,442	514	2000	Jan. 2014	40 yrs.
Net-lease student housing facility in Laramie, WY	—	1,966	18,896	—	—	1,966	18,896	20,862	4,308	2007	Jan. 2014	33 yrs.
Office facility in Greenville, SC	7,311	562	7,916	—	43	562	7,959	8,521	1,877	1972	Jan. 2014	25 yrs.
Warehouse facilities in Mendota, IL; Toppenish, WA; and Plover, WI	—	1,444	21,208	—	(623)	1,382	20,647	22,029	5,447	1996	Jan. 2014	23 yrs.
Industrial facility in Allen, TX and office facility in Sunnyvale, CA	—	9,297	24,086	—	(42)	9,255	24,086	33,341	4,607	1981; 1997	Jan. 2014	31 yrs.
Industrial facilities in Hampton, NH	6,067	8,990	7,362	—	—	8,990	7,362	16,352	1,435	1976	Jan. 2014	30 yrs.
Industrial facilities located throughout France	—	36,306	5,212	—	(8,126)	29,091	4,301	33,392	1,111	Various	Jan. 2014	23 yrs.
Retail facility in Fairfax, VA	—	3,402	16,353	—	—	3,402	16,353	19,755	3,672	1998	Jan. 2014	26 yrs.
Retail facility in Lombard, IL	—	5,087	8,578	—	—	5,087	8,578	13,665	1,926	1999	Jan. 2014	26 yrs.
Warehouse facility in Plainfield, IN	18,054	1,578	29,415	—	—	1,578	29,415	30,993	5,735	1997	Jan. 2014	30 yrs.
Retail facility in Kennesaw, GA	2,395	2,849	6,180	5,530	(76)	2,773	11,710	14,483	2,174	1999	Jan. 2014	26 yrs.
Retail facility in Leawood, KS	7,750	1,487	13,417	—	—	1,487	13,417	14,904	3,013	1997	Jan. 2014	26 yrs.
Office facility in Tolland, CT	7,328	1,817	5,709	—	11	1,817	5,720	7,537	1,234	1968	Jan. 2014	28 yrs.
Warehouse facilities in Lincolnton, NC and Mauldin, SC	9,006	1,962	9,247	—	—	1,962	9,247	11,209	1,948	1988; 1996	Jan. 2014	28 yrs.
Retail facilities located throughout Germany	—	81,109	153,927	10,510	(127,152)	29,403	88,991	118,394	16,834	Various	Jan. 2014	Various
Industrial and office facility in Marktheidenfeld, Germany	—	1,303	16,116	—	551	1,344	16,626	17,970	105	2002	Jan. 2014	40 yrs.
Office facility in Southfield, MI	—	1,726	4,856	89	—	1,726	4,945	6,671	943	1985	Jan. 2014	31 yrs.
Office facility in The Woodlands, TX	17,072	3,204	24,997	—	—	3,204	24,997	28,201	4,693	1997	Jan. 2014	32 yrs.
Warehouse facilities in Valdosta, GA and Johnson City, TN	—	1,080	14,998	1,688	—	1,080	16,686	17,766	3,392	1978; 1998	Jan. 2014	27 yrs.
Industrial facility in Amherst, NY	7,021	674	7,971	—	—	674	7,971	8,645	2,103	1984	Jan. 2014	23 yrs.
Industrial and warehouse facilities in Westfield, MA	—	1,922	9,755	7,435	9	1,922	17,199	19,121	3,451	1954; 1997	Jan. 2014	28 yrs.
Warehouse facilities in Kottka, Finland	—	—	8,546	—	(1,493)	—	7,053	7,053	1,910	1999; 2001	Jan. 2014	21 - 23 yrs.
Office facility in Bloomington, MN	—	2,942	7,155	—	—	2,942	7,155	10,097	1,494	1988	Jan. 2014	28 yrs.
Warehouse facility in Gorinchem, Netherlands	3,131	1,143	5,648	—	(1,186)	944	4,661	5,605	973	1995	Jan. 2014	28 yrs.
Retail facility in Cresskill, NJ	—	2,366	5,482	—	19	2,366	5,501	7,867	1,044	1975	Jan. 2014	31 yrs.
Retail facility in Livingston, NJ	—	2,932	2,001	—	14	2,932	2,015	4,947	439	1966	Jan. 2014	27 yrs.
Retail facility in Maplewood, NJ	—	845	647	—	4	845	651	1,496	142	1954	Jan. 2014	27 yrs.

SCHEDULE III — REAL ESTATE AND ACCUMULATED DEPRECIATION (Continued)

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(in thousands)

Description	Encumbrances	Initial Cost to Company		Cost Capitalized Subsequent to Acquisition (a)	Increase (Decrease) in Net Investments (b)	Gross Amount at which Carried at Close of Period (c) (d)			Accumulated Depreciation (d)	Date of Construction	Date Acquired	Life on which Depreciation in Latest Statement of Income is Computed
		Land	Buildings			Land	Buildings	Total				
Retail facility in Montclair, NJ	—	1,905	1,403	—	6	1,905	1,409	3,314	307	1950	Jan. 2014	27 yrs.
Retail facility in Morristown, NJ	—	3,258	8,352	—	26	3,258	8,378	11,636	1,824	1973	Jan. 2014	27 yrs.
Retail facility in Summit, NJ	—	1,228	1,465	—	8	1,228	1,473	2,701	321	1950	Jan. 2014	27 yrs.
Industrial and office facilities in Dransfeld and Wolfach, Germany	—	2,789	8,750	—	(3,345)	2,168	6,026	8,194	1,465	1898; 1978	Jan. 2014	24 yrs.
Industrial facilities in Georgetown, TX and Woodland, WA	—	965	4,113	—	—	965	4,113	5,078	721	1998; 2001	Jan. 2014	33 - 35 yrs.
Education facilities in Union, NJ; Allentown and Philadelphia, PA; and Grand Prairie, TX	—	5,365	7,845	—	5	5,365	7,850	13,215	1,668	Various	Jan. 2014	28 yrs.
Industrial facility in Salisbury, NC	—	1,499	8,185	—	—	1,499	8,185	9,684	1,744	2000	Jan. 2014	28 yrs.
Industrial facilities in Solon and Twinsburg, OH and office facility in Plymouth, MI	—	2,831	10,565	—	—	2,831	10,565	13,396	2,298	1970; 1991; 1995	Jan. 2014	26 - 27 yrs.
Industrial facility in Cambridge, Canada	—	1,849	7,371	—	(1,288)	1,591	6,341	7,932	1,200	2001	Jan. 2014	31 yrs.
Industrial facilities in Peru, IL; Huber Heights, Lima, and Sheffield, OH; and Lebanon, TN	8,073	2,962	17,832	—	—	2,962	17,832	20,794	3,375	Various	Jan. 2014	31 yrs.
Industrial facility in Ramos Arizpe, Mexico	—	1,059	2,886	—	—	1,059	2,886	3,945	545	2000	Jan. 2014	31 yrs.
Industrial facilities in Salt Lake City, UT	—	2,783	3,773	—	—	2,783	3,773	6,556	714	1983; 2002	Jan. 2014	31 - 33 yrs.
Net-lease student housing facility in Blairsville, PA	8,821	1,631	23,163	—	—	1,631	23,163	24,794	5,051	2005	Jan. 2014	33 yrs.
Warehouse facilities in Atlanta, Doraville, and Rockmart, GA	—	6,488	77,192	—	—	6,488	77,192	83,680	16,002	1959; 1962; 1991	Jan. 2014	23 - 33 yrs.
Warehouse facilities in Flora, MS and Muskogee, OK	3,106	554	4,353	—	—	554	4,353	4,907	786	1992; 2002	Jan. 2014	33 yrs.
Industrial facility in Richmond, MO	—	2,211	8,505	747	—	2,211	9,252	11,463	1,874	1996	Jan. 2014	28 yrs.
Industrial facility in Tuusula, Finland	—	6,173	10,321	—	(2,881)	5,095	8,518	13,613	1,975	1975	Jan. 2014	26 yrs.
Office facility in Turku, Finland	—	5,343	34,106	—	(6,893)	4,409	28,147	32,556	5,981	1981	Jan. 2014	28 yrs.
Industrial facility in Turku, Finland	—	1,105	10,243	—	(1,967)	912	8,469	9,381	1,806	1981	Jan. 2014	28 yrs.
Industrial facility in Baraboo, WI	—	917	10,663	—	—	917	10,663	11,580	4,821	1988	Jan. 2014	13 yrs.
Warehouse facility in Phoenix, AZ	16,836	6,747	21,352	—	—	6,747	21,352	28,099	4,550	1996	Jan. 2014	28 yrs.
Land in Calgary, Canada	—	3,721	—	—	(520)	3,201	—	3,201	—	N/A	Jan. 2014	N/A
Industrial facilities in Sandersville, GA; Erwin, TN; and Gainesville, TX	1,541	955	4,779	—	—	955	4,779	5,734	912	1950; 1986; 1996	Jan. 2014	31 yrs.
Industrial facility in Buffalo Grove, IL	4,926	1,492	12,233	—	—	1,492	12,233	13,725	2,340	1996	Jan. 2014	31 yrs.
Warehouse facility in Spanish Fork, UT	—	991	7,901	—	—	991	7,901	8,892	1,430	2001	Jan. 2014	33 yrs.

(in thousands)

Description	Encumbrances	Initial Cost to Company: Land	Initial Cost to Company: Buildings	Cost Capitalized Subsequent to Acquisition (a)	Increase (Decrease) in Net Investments (b)	Gross Amount at which Carried at Close of Period (c) (d): Land	Gross Amount: Buildings	Gross Amount: Total	Accumulated Depreciation (d)	Date of Construction	Date Acquired	Life on which Depreciation in Latest Statement of Income is Computed
Industrial facilities in West Jordan, UT and Tacoma, WA; office facility in Eugene, OR; and warehouse facility in Perris, CA	—	8,989	5,435	—	8	8,989	5,443	14,432	1,146	Various	Jan. 2014	28 yrs.
Office facility in Carlsbad, CA	—	3,230	5,492	—	—	3,230	5,492	8,722	1,377	1999	Jan. 2014	24 yrs.
Land in Pensacola, FL	—	1,746	—	—	—	1,746	—	1,746	—	N/A	Jan. 2014	N/A
Movie theater in Port St. Lucie, FL	—	4,654	2,576	—	—	4,654	2,576	7,230	557	2000	Jan. 2014	27 yrs.
Movie theater in Hickory Creek, TX	—	1,693	3,342	—	—	1,693	3,342	5,035	739	2000	Jan. 2014	27 yrs.
Industrial facility in Nurieux-Volognat, France	—	121	5,328	—	(852)	99	4,498	4,597	823	2000	Jan. 2014	32 yrs.
Warehouse facility in Suwanee, GA	—	2,330	8,406	—	—	2,330	8,406	10,736	1,470	1995	Jan. 2014	34 yrs.
Retail facilities in Wichita, KS and Oklahoma City, OK and warehouse facility in Wichita, KS	—	1,878	8,579	—	—	1,878	8,579	10,457	2,167	1954; 1975; 1984	Jan. 2014	24 yrs.
Industrial facilities in Fort Dodge, IA and Menomonie and Oconomowoc, WI	7,337	1,403	11,098	—	—	1,403	11,098	12,501	4,039	1996	Jan. 2014	16 yrs.
Industrial facility in Mesa, AZ	3,864	2,888	4,282	—	—	2,888	4,282	7,170	929	1991	Jan. 2014	27 yrs.
Industrial facility in North Amityville, NY	—	3,486	11,413	—	—	3,486	11,413	14,899	2,596	1981	Jan. 2014	26 yrs.
Warehouse facilities in Greenville, SC	—	567	10,217	—	(1,330)	454	9,000	9,454	2,938	1960	Jan. 2014	21 yrs.
Industrial facility in Fort Collins, CO	—	821	7,236	—	—	821	7,236	8,057	1,303	1993	Jan. 2014	33 yrs.
Warehouse facility in Elk Grove Village, IL	—	4,037	7,865	—	—	4,037	7,865	11,902	32	1980	Jan. 2014	22 yrs.
Office facility in Washington, MI	—	4,085	7,496	—	—	4,085	7,496	11,581	1,354	1990	Jan. 2014	33 yrs.
Office facility in Houston, TX	—	522	7,448	227	—	522	7,675	8,197	1,724	1999	Jan. 2014	27 yrs.
Industrial facilities in Conroe, Odessa, and Weimar, TX and industrial and office facility in Houston, TX	4,613	4,049	13,021	—	133	4,049	13,154	17,203	4,167	Various	Jan. 2014	12 - 22 yrs.
Education facility in Sacramento, CA	25,542	—	13,715	—	—	—	13,715	13,715	2,428	2005	Jan. 2014	34 yrs.
Industrial facilities in City of Industry, CA; Chelmsford, MA; and Lancaster, TX	—	5,138	8,387	—	43	5,138	8,430	13,568	1,799	1969; 1974; 1984	Jan. 2014	27 yrs.
Office facility in Tinton Falls, NJ	—	1,958	7,993	725	—	1,958	8,718	10,676	1,562	2001	Jan. 2014	31 yrs.
Industrial facility in Woodland, WA	—	707	1,562	—	—	707	1,562	2,269	262	2009	Jan. 2014	35 yrs.
Warehouse facilities in Gyál and Herceghalom, Hungary	—	14,601	21,915	—	(6,379)	12,050	18,087	30,137	5,239	2002; 2004	Jan. 2014	21 yrs.
Industrial facility in Windsor, CT	—	453	637	3,422	(83)	453	3,976	4,429	363	1999	Jan. 2014	33 yrs.
Industrial facility in Aurora, CO	2,482	574	3,999	—	—	574	3,999	4,573	603	2012	Jan. 2014	40 yrs.
Office facility in Chandler, AZ	—	5,318	27,551	19	—	5,318	27,570	32,888	4,608	2000	Mar. 2014	40 yrs.
Warehouse facility in University Park, IL	—	7,962	32,756	221	—	7,962	32,977	40,939	5,305	2008	May 2014	40 yrs.

(in thousands)

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Office facility in Stavanger, Norway	—	10,296	91,744	—	(29,855)	7,354	64,831	72,185	8,876	1975	Aug. 2014	40 yrs.
Office facility in Westborough, MA	—	3,409	37,914	—	—	3,409	37,914	41,323	5,706	1992	Aug. 2014	40 yrs.
Office facility in Andover, MA	—	3,980	45,120	289	—	3,980	45,409	49,389	6,289	2013	Oct. 2014	40 yrs.
Office facility in Newport, United Kingdom	—	—	22,587	—	(4,040)	—	18,547	18,547	2,454	2014	Oct. 2014	40 yrs.
Industrial facility in Lewisburg, OH	—	1,627	13,721	—	—	1,627	13,721	15,348	1,987	2014	Nov. 2014	40 yrs.
Industrial facility in Opole, Poland	—	2,151	21,438	—	(2,276)	1,944	19,369	21,313	2,866	2014	Dec. 2014	38 yrs.
Office facilities located throughout Spain	—	51,778	257,624	10	(24,847)	50,497	234,068	284,565	30,609	Various	Dec. 2014	Various
Retail facilities located throughout the United Kingdom	—	66,319	230,113	277	(48,957)	55,222	192,530	247,752	31,546	Various	Jan. 2015	20 - 40 yrs.
Warehouse facility in Rotterdam, Netherlands	—	—	33,935	20,442	(211)	—	54,166	54,166	4,717	2014	Feb. 2015	40 yrs.
Retail facility in Bad Fischau, Austria	—	2,855	18,829	—	923	2,977	19,630	22,607	2,908	1998	Apr. 2015	40 yrs.
Industrial facility in Oskarshamn, Sweden	—	3,090	18,262	—	(2,382)	2,745	16,225	18,970	2,025	2015	Jun. 2015	40 yrs.
Office facility in Sunderland, United Kingdom	—	2,912	30,140	—	(5,047)	2,467	25,538	28,005	3,263	2007	Aug. 2015	40 yrs.
Industrial facilities in Gersthofen and Senden, Germany and Leopoldsdorf, Austria	—	9,449	15,838	—	231	9,535	15,983	25,518	2,387	2008; 2010	Aug. 2015	40 yrs.
Net-lease hotels in Clive, IA; Baton Rouge, LA; St. Louis, MO; Greensboro, NC; Mount Laurel, NJ; and Fort Worth, TX	—	—	49,190	—	—	—	49,190	49,190	6,111	1988; 1989; 1990	Oct. 2015	38 - 40 yrs.
Retail facilities in Almere, Amsterdam, Eindhoven, Houten, Nieuwegein, Utrecht, Veghel, and Zwaag, Netherlands	—	5,698	38,130	79	2,015	5,959	39,963	45,922	5,128	Various	Nov. 2015	30 - 40 yrs.
Office facility in Irvine, CA	—	7,626	16,137	—	—	7,626	16,137	23,763	1,705	1977	Dec. 2015	40 yrs.
Education facility in Windermere, FL	—	5,090	34,721	15,333	—	5,090	50,054	55,144	6,695	1998	Apr. 2016	38 yrs.
Industrial facilities located throughout the United States	—	66,845	87,575	65,400	(56,517)	49,680	113,623	163,303	16,284	Various	Apr. 2016	Various
Industrial facilities in North Dumfries and Ottawa, Canada	—	17,155	10,665	—	(18,207)	5,963	3,650	9,613	1,240	1967; 1974	Apr. 2016	28 yrs.
Education facilities in Coconut Creek, FL and Houston, TX	—	15,550	83,862	63,830	—	15,550	147,692	163,242	13,234	1979; 1984	May 2016	37 - 40 yrs.
Office facility in Southfield, MI and warehouse facilities in London, KY and Gallatin, TN	—	3,585	17,254	—	—	3,585	17,254	20,839	1,539	1969; 1987; 2000	Nov. 2016	35 - 36 yrs.
Industrial facilities in Brampton, Toronto, and Vaughan, Canada	—	28,759	13,998	—	—	28,759	13,998	42,757	1,488	Various	Nov. 2016	28 - 35 yrs.
Industrial facilities in Queretaro and San Juan del Rio, Mexico	—	5,152	12,614	—	—	5,152	12,614	17,766	1,083	Various	Dec. 2016	28 - 40 yrs.

SCHEDULE III — REAL ESTATE AND ACCUMULATED DEPRECIATION (Continued)

December 31, 2019

(in thousands)

		Initial Cost to Company				Gross Amount at which Carried at Close of Period (c) (d)						
Description	Encumbrances	Land	Buildings	Cost Capitalized Subsequent to Acquisition (a)	Increase (Decrease) in Net Investments (b)	Land	Buildings	Total	Accumulated Depreciation (d)	Date of Construction	Date Acquired	Life on which Depreciation in Latest Statement of Income is Computed
Industrial facility in Chicago, IL	—	2,222	2,655	3,511	—	2,222	6,166	8,388	680	1985	Jun. 2017	30 yrs.
Industrial facility in Zawiercie, Poland	—	395	102	10,378	(401)	380	10,094	10,474	427	2018	Aug. 2017	40 yrs.
Office facility in Roseville, MN	—	2,560	16,025	—	—	2,560	16,025	18,585	955	2001	Nov. 2017	40 yrs.
Industrial facility in Radomsko, Poland	—	1,718	59	14,453	(629)	1,657	13,944	15,601	465	2018	Nov. 2017	40 yrs.
Warehouse facility in Sellersburg, IN	—	1,016	3,838	—	—	1,016	3,838	4,854	246	2000	Feb. 2018	36 yrs.
Retail and warehouse facilities in Appleton, Madison, and Waukesha, WI	—	5,512	61,230	—	—	5,465	61,277	66,742	3,392	1995; 2004	Mar. 2018	36 - 40 yrs.
Office and warehouse facilities located throughout Denmark	—	20,304	185,481	—	(6,754)	19,638	179,393	199,031	8,534	Various	Jun. 2018	25 - 41 yrs.
Retail facilities located throughout the Netherlands	—	38,475	117,127	—	(5,465)	37,124	113,013	150,137	5,890	Various	Jul. 2018	26 - 30 yrs.
Industrial facility in Oostburg, WI	—	786	6,589	—	—	786	6,589	7,375	432	2002	Jul. 2018	35 yrs.
Warehouse facility in Kampen, Netherlands	—	3,251	12,858	126	(492)	3,152	12,591	15,743	734	1976	Jul. 2018	26 yrs.
Warehouse facility in Azambuja, Portugal	—	13,527	35,631	—	(1,452)	13,127	34,579	47,706	1,688	1994	Sep. 2018	28 yrs.
Retail facilities in Amsterdam, Moordrecht, and Rotterdam, Netherlands	—	2,582	18,731	3,219	(317)	2,549	21,666	24,215	912	Various	Oct. 2018	27 - 37 yrs.
Office and warehouse facilities in Bad Wünnenberg and Soest, Germany	—	2,916	39,687	—	(595)	2,875	39,133	42,008	1,225	1982; 1986	Oct. 2018	40 yrs.
Industrial facility in Norfolk, NE	1,172	802	3,686	—	—	802	3,686	4,488	146	1975	Oct. 2018	40 yrs.
Education facility in Chicago, IL	11,180	7,720	17,266	—	—	7,720	17,266	24,986	538	1912	Oct. 2018	40 yrs.
Fitness facilities in Phoenix, AZ and Columbia, MD	—	18,286	33,030	—	—	18,286	33,030	51,316	1,024	2006	Oct. 2018	40 yrs.
Retail facility in Gorzow, Poland	—	1,736	8,298	—	(140)	1,712	8,182	9,894	275	2008	Oct. 2018	40 yrs.
Industrial facilities in Sergeant Bluff, IA; Bossier City, LA; and Alvarado, TX	9,996	6,460	49,462	—	—	6,460	49,462	55,922	1,660	Various	Oct. 2018	40 yrs.
Industrial facilities in Mayodan, Sanford, and Stoneville, NC	—	3,505	20,913	—	—	3,505	20,913	24,418	—	1992; 1997; 1998	Oct. 2018	29 yrs.
Warehouse facility in Dillon, SC	15,522	3,424	43,114	—	—	3,424	43,114	46,538	1,447	2001	Oct. 2018	40 yrs.
Office facility in Birmingham, United Kingdom	16,915	7,383	7,687	—	330	7,545	7,855	15,400	241	2009	Oct. 2018	40 yrs.
Retail facilities located throughout Spain	—	17,626	44,501	—	(867)	17,380	43,880	61,260	1,387	Various	Oct. 2018	40 yrs.
Warehouse facility in Gadki, Poland	—	1,376	6,137	—	(105)	1,357	6,051	7,408	193	2011	Oct. 2018	40 yrs.
Office facility in The Woodlands, TX	22,895	1,697	52,289	—	—	1,697	52,289	53,986	1,564	2009	Oct. 2018	40 yrs.
Office facility in Hoffman Estates, IL	—	5,550	14,214	—	—	5,550	14,214	19,764	441	2009	Oct. 2018	40 yrs.
Warehouse facility in Zagreb, Croatia	—	15,789	33,287	—	(685)	15,568	32,823	48,391	1,523	2001	Oct. 2018	26 yrs.

SCHEDULE III — REAL ESTATE AND ACCUMULATED DEPRECIATION (Continued)
December 31, 2019
(in thousands)

Description	Encumbrances	Initial Cost to Company		Cost Capitalized Subsequent to Acquisition (a)	Increase (Decrease) in Net Investments (b)	Gross Amount at which Carried at Close of Period (c) (d)			Accumulated Depreciation (d)	Date of Construction	Date Acquired	Life on which Depreciation in Latest Statement of Income is Computed
		Land	Buildings			Land	Buildings	Total				
Industrial facilities in Middleburg Heights and Union Township, OH	5,126	1,295	13,384	—	—	1,295	13,384	14,679	411	1990; 1997	Oct. 2018	40 yrs.
Retail facility in Las Vegas, NV	39,504	—	79,720	—	—	—	79,720	79,720	2,331	2012	Oct. 2018	40 yrs.
Industrial facilities located in Phoenix, AZ; Colton, Fresno, Los Angeles, Orange, Pomona, and San Diego, CA; Safety Harbor, FL; Durham, NC; and Columbia, SC	10,306	20,517	14,135	—	—	20,517	14,135	34,652	458	Various	Oct. 2018	40 yrs.
Warehouse facility in Bowling Green, KY	—	2,652	51,915	—	—	2,652	51,915	54,567	1,787	2011	Oct. 2018	40 yrs.
Warehouse facilities in Cannock, Liverpool, Luton, Plymouth, Southampton, and Taunton United Kingdom	—	6,791	2,315	—	199	6,940	2,365	9,305	81	Various	Oct. 2018	40 yrs.
Industrial facility in Evansville, IN	14,085	180	22,095	—	—	180	22,095	22,275	662	2009	Oct. 2018	40 yrs.
Office facilities in Tampa, FL	31,792	3,889	49,843	257	—	3,889	50,100	53,989	1,525	1985; 2000	Oct. 2018	40 yrs.
Warehouse facility in Elorrio, Spain	—	7,858	12,728	—	(286)	7,749	12,551	20,300	443	1996	Oct. 2018	40 yrs.
Industrial and office facilities in Elberton, GA	—	879	2,014	—	—	879	2,014	2,893	85	1997; 2002	Oct. 2018	40 yrs.
Office facility in Tres Cantos, Spain	55,156	24,344	39,646	—	(893)	24,004	39,093	63,097	1,242	2002	Oct. 2018	40 yrs.
Office facility in Hartland, WI	2,850	1,454	6,406	—	—	1,454	6,406	7,860	211	2001	Oct. 2018	40 yrs.
Retail facilities in Dugo Selo, Kutina, Samobor, Spansko, and Zagreb, Croatia	—	5,549	12,408	1,308	6,367	6,712	18,920	25,632	683	2000; 2002; 2003	Oct. 2018	26 yrs.
Office and warehouse facilities located throughout the United States	99,793	42,793	193,666	—	—	42,793	193,666	236,459	6,278	Various	Oct. 2018	40 yrs.
Warehouse facilities in Rincon and Unadilla, GA	—	1,954	48,421	—	—	1,954	48,421	50,375	1,536	2000; 2006	Oct. 2018	40 yrs.
Warehouse facilities in Breda, Elst, Gieten, Raalte, and Woerden, Netherlands	—	37,755	91,666	—	(1,807)	37,228	90,386	127,614	2,780	Various	Oct. 2018	40 yrs.
Warehouse facilities in Oxnard and Watsonville, CA	—	22,453	78,814	—	—	22,453	78,814	101,267	2,435	1975; 1994; 2002	Oct. 2018	40 yrs.
Retail facilities located throughout Italy	—	75,492	138,280	—	(2,984)	74,438	136,350	210,788	4,536	Various	Oct. 2018	40 yrs.
Land in Hudson, NY	—	2,405	—	—	—	2,405	—	2,405	—	N/A	Oct. 2018	N/A
Office facility in Houston, TX	—	2,136	2,344	—	—	2,136	2,344	4,480	84	1982	Oct. 2018	40 yrs.
Office facility in Martinsville, VA	—	1,082	8,108	—	—	1,082	8,108	9,190	266	2011	Oct. 2018	40 yrs.
Land in Chicago, IL	—	9,887	—	—	—	9,887	—	9,887	—	N/A	Oct. 2018	N/A
Industrial facility in Fraser, MI	—	1,346	9,551	—	—	1,346	9,551	10,897	304	2012	Oct. 2018	40 yrs.
Net-lease self-storage facilities located throughout the United States	—	19,583	108,971	—	—	19,583	108,971	128,554	3,597	Various	Oct. 2018	40 yrs.

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		Land	Buildings			Land	Buildings	Total				
Warehouse facility in Middleburg Heights, OH	—	542	2,507	—	—	542	2,507	3,049	77	2002	Oct. 2018	40 yrs.
Net-lease self-storage facility in Fort Worth, TX	—	691	6,295	—	—	691	6,295	6,986	213	2004	Oct. 2018	40 yrs.
Retail facilities in Delnice, Pozega, and Sesvete, Croatia	—	5,519	9,930	1,068	(200)	5,442	10,875	16,317	472	2011	Oct. 2018	27 yrs.
Office facilities in Aurora, Eagan, and Virginia, MN	—	16,302	91,239	—	—	16,302	91,239	107,541	2,964	Various	Oct. 2018	40 yrs.
Retail facility in Orlando, FL	—	6,262	25,134	430	—	6,371	25,455	31,826	754	2011	Oct. 2018	40 yrs.
Industrial facility in Avon, OH	3,057	1,447	5,564	—	—	1,447	5,564	7,011	185	2001	Oct. 2018	40 yrs.
Industrial facility in Chimelow, Poland	—	6,158	28,032	—	(477)	6,072	27,641	33,713	885	2012	Oct. 2018	40 yrs.
Net-lease self-storage facility in Fayetteville, NC	—	1,839	4,654	—	—	1,839	4,654	6,493	201	2001	Oct. 2018	40 yrs.
Retail facilities in Huntsville, AL; Bentonville, AR; Bossier City, LA; Lee's Summit, MO; Fayetteville, TN, and Fort Worth, TX	—	19,529	42,318	—	—	19,529	42,318	61,847	1,370	Various	Oct. 2018	40 yrs.
Education facilities in Montgomery, AL and Savannah, GA	13,520	5,508	12,032	—	—	5,508	12,032	17,540	385	1969; 2002	Oct. 2018	40 yrs.
Office facilities in St. Louis, MO	—	1,297	5,362	3,316	—	1,297	8,678	9,975	178	1995	Oct. 2018	40 yrs.
Office and warehouse facility in Zary, PL	—	2,062	10,034	—	(169)	2,034	9,893	11,927	325	2013	Oct. 2018	40 yrs.
Industrial facility in Sterling, VA	—	3,198	23,981	—	—	3,198	23,981	27,179	720	1980	Oct. 2018	40 yrs.
Industrial facility in Elk Grove Village, IL	8,230	5,511	10,766	2	—	5,511	10,768	16,279	337	1961	Oct. 2018	40 yrs.
Industrial facility in Portage, WI	4,408	3,450	7,797	—	—	3,450	7,797	11,247	275	1970	Oct. 2018	40 yrs.
Office facility in Warrenville, IL	17,155	3,662	23,711	—	—	3,662	23,711	27,373	732	2002	Oct. 2018	40 yrs.
Warehouse facility in Saitama Prefecture, Japan	—	13,507	25,301	15	(4,141)	12,005	22,677	34,682	767	2007	Oct. 2018	40 yrs.
Retail facility in Dallas, TX	—	2,977	16,168	—	—	2,977	16,168	19,145	485	1913	Oct. 2018	40 yrs.
Office facility in Houston, TX	124,592	23,161	104,266	256	—	23,161	104,522	127,683	3,091	1973	Oct. 2018	40 yrs.
Retail facilities located throughout Croatia	—	9,000	13,002	1,202	(286)	8,874	14,044	22,918	515	Various	Oct. 2018	29 - 38 yrs.
Office facility in Northbrook, IL	5,226	—	493	—	—	—	493	493	58	2007	Oct. 2018	40 yrs.
Education facilities in Chicago, IL	—	18,510	163	—	—	18,510	163	18,673	19	2014; 2015	Oct. 2018	40 yrs.
Warehouse facility in Dillon, SC	25,745	3,516	44,933	—	—	3,516	44,933	48,449	1,496	2013	Oct. 2018	40 yrs.
Net-lease self-storage facilities in New York City, NY	—	29,223	77,202	114	—	29,223	77,316	106,539	2,274	Various	Oct. 2018	40 yrs.
Net-lease self-storage facility in Hilo, HI	—	769	12,869	—	—	769	12,869	13,638	381	2007	Oct. 2018	40 yrs.
Net-lease self-storage facility in Clearwater, FL	—	1,247	5,733	—	—	1,247	5,733	6,980	193	2001	Oct. 2018	40 yrs.

SCHEDULE III — REAL ESTATE AND ACCUMULATED DEPRECIATION (Continued)
December 31, 2019
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		Land	Buildings			Land	Buildings	Total				
Warehouse facilities in Gadki, Poland	—	10,422	47,727	57	(812)	10,276	47,118	57,394	1,527	2007; 2010	Oct. 2018	40 yrs.
Net-lease self-storage facility in Orlando, FL	—	1,070	8,686	—	—	1,070	8,686	9,756	276	2000	Oct. 2018	40 yrs.
Retail facility in Lewisville, TX	8,711	3,485	11,263	—	—	3,485	11,263	14,748	352	2004	Oct. 2018	40 yrs.
Industrial facility in Wageningen, Netherlands	17,293	5,227	18,793	—	(55)	5,154	18,811	23,965	599	2013	Oct. 2018	40 yrs.
Office facility in Haibach, Germany	8,690	1,767	12,229	—	(195)	1,743	12,058	13,801	390	1993	Oct. 2018	40 yrs.
Net-lease self-storage facility in Palm Coast, FL	—	1,994	4,982	—	—	1,994	4,982	6,976	197	2001	Oct. 2018	40 yrs.
Office facility in Auburn Hills, MI	5,473	1,910	6,773	—	—	1,910	6,773	8,683	216	2012	Oct. 2018	40 yrs.
Net-lease self-storage facility in Holiday, FL	—	1,730	4,213	—	—	1,730	4,213	5,943	162	1975	Oct. 2018	40 yrs.
Office facility in Tempe, AZ	14,108	—	19,533	—	—	—	19,533	19,533	603	2000	Oct. 2018	40 yrs.
Office facility in Tucson, AZ	—	2,448	17,353	—	—	2,448	17,353	19,801	543	2002	Oct. 2018	40 yrs.
Industrial facility in Drunen, Netherlands	—	2,316	9,370	—	(163)	2,284	9,239	11,523	288	2014	Oct. 2018	40 yrs.
Industrial facility New Concord, OH	1,416	958	2,309	—	—	958	2,309	3,267	88	1999	Oct. 2018	40 yrs.
Office facility in Krakow, Poland	5,192	2,381	6,212	—	(120)	2,348	6,125	8,473	192	2003	Oct. 2018	40 yrs.
Retail facility in Gelsenkirchen, Germany	12,848	2,178	17,097	—	(269)	2,147	16,859	19,006	523	2000	Oct. 2018	40 yrs.
Warehouse facilities in Mszczonow and Tomaszow Mazowiecki, Poland	—	8,782	53,575	—	(870)	8,660	52,827	61,487	1,777	1995; 2000	Oct. 2018	40 yrs.
Office facility in Plymouth, MN	21,310	2,871	26,353	—	—	2,871	26,353	29,224	815	1999	Oct. 2018	40 yrs.
Office facility in San Antonio, TX	12,390	3,094	16,624	—	—	3,094	16,624	19,718	523	2002	Oct. 2018	40 yrs.
Warehouse facility in Sered, Slovakia	—	3,428	28,005	—	(439)	3,380	27,614	30,994	866	2004	Oct. 2018	40 yrs.
Industrial facility in Tuchomerice, Czech Republic	—	7,864	27,006	—	(487)	7,754	26,629	34,383	824	1998	Oct. 2018	40 yrs.
Office facility in Warsaw, Poland	37,151	—	44,990	—	(628)	—	44,362	44,362	1,339	2015	Oct. 2018	40 yrs.
Warehouse facility in Kaunas, Lithuania	38,847	10,199	47,391	—	(804)	10,057	46,729	56,786	1,481	2008	Oct. 2018	40 yrs.
Net-lease student housing facility in Jacksonville, FL	11,717	906	17,020	—	—	906	17,020	17,926	514	2015	Oct. 2018	40 yrs.
Warehouse facilities in Houston, TX	—	791	1,990	—	—	791	1,990	2,781	66	1972	Oct. 2018	40 yrs.
Office facility in Oak Creek, WI	—	2,858	11,055	—	—	2,858	11,055	13,913	367	2000	Oct. 2018	40 yrs.
Warehouse facilities in Shelbyville, IN; Kalamazoo, MI; Tiffin, OH; Andersonville, TN; and Millwood, WV	—	2,868	37,571	—	—	2,868	37,571	40,439	1,268	Various	Oct. 2018	40 yrs.
Warehouse facility in Perrysburg, OH	—	806	11,922	—	—	806	11,922	12,728	415	1974	Oct. 2018	40 yrs.
Warehouse facility in Dillon, SC	—	620	46,319	434	—	620	46,753	47,373	916	2019	Oct. 2018	40 yrs.

SCHEDULE III — REAL ESTATE AND ACCUMULATED DEPRECIATION (Continued)

December 31, 2019

(in thousands)

Description	Encumbrances	Initial Cost to Company		Cost Capitalized Subsequent to Acquisition (a)	Increase (Decrease) in Net Investments (b)	Gross Amount at which Carried at Close of Period (c) (d)			Accumulated Depreciation (d)	Date of Construction	Date Acquired	Life on which Depreciation in Latest Statement of Income is Computed
		Land	Buildings			Land	Buildings	Total				
Warehouse facility in Zabia Wola, Poland	16,970	4,742	23,270	5,636	(438)	4,676	28,534	33,210	843	1999	Oct. 2018	40 yrs.
Office facility in Buffalo Grove, IL	—	2,224	6,583	—	—	2,224	6,583	8,807	210	1992	Oct. 2018	40 yrs.
Warehouse facilities in McHenry, IL	—	5,794	21,141	—	—	5,794	21,141	26,935	917	1990; 1999	Dec. 2018	27 - 28 yrs.
Industrial facilities in Chicago, Cortland, Forest View, Morton Grove, and Northbrook, IL and Madison and Monona, WI	—	23,267	9,166	—	—	23,267	9,166	32,433	354	Various	Dec. 2018; Dec. 2019	35 - 40 yrs.
Warehouse facility in Kilgore, TX	—	3,002	36,334	14,096	(6)	3,002	50,424	53,426	1,161	2007	Dec. 2018	37 yrs.
Industrial facility in San Luis Potosi, Mexico	—	2,787	12,945	—	—	2,787	12,945	15,732	391	2009	Dec. 2018	39 yrs.
Industrial facility in Legnica, Poland	—	995	9,787	6,007	(252)	979	15,558	16,537	459	2002	Dec. 2018	29 yrs.
Industrial facility in Meru, France	—	4,231	14,731	8	(238)	4,178	14,554	18,732	557	1997	Dec. 2018	29 yrs.
Education facility in Portland, OR	—	2,396	23,258	10	—	2,396	23,268	25,664	513	2006	Feb. 2019	40 yrs.
Office facility in Morrisville, NC	—	2,374	30,140	—	—	2,374	30,140	32,514	693	1998	Mar. 2019	40 yrs.
Warehouse facility in Inwood, WV	20,579	3,265	36,692	—	—	3,265	36,692	39,957	777	2000	Mar. 2019	40 yrs.
Industrial facility in Hurricane, UT	—	1,914	37,279	—	—	1,914	37,279	39,193	745	2011	Mar. 2019	40 yrs.
Industrial facility in Bensenville, IL	—	8,640	4,948	—	300	8,940	4,948	13,888	158	1981	Mar. 2019	40 yrs.
Industrial facility in Katowice, Poland	—	—	764	14,586	313	—	15,663	15,663	38	2019	Apr. 2019	40 yrs.
Industrial facilities in Westerville, OH and North Wales, PA	—	1,545	6,508	—	—	1,545	6,508	8,053	128	1960; 1997	May 2019	40 yrs.
Industrial facilities in Fargo, ND; Norristown, PA; and Atlanta, TX	—	1,616	5,589	—	—	1,616	5,589	7,205	134	Various	May 2019	40 yrs.
Industrial facilities in Chihuahua and Juarez, Mexico	—	3,426	7,286	—	—	3,426	7,286	10,712	158	1983; 1986; 1991	May 2019	40 yrs.
Warehouse facility in Statesville, NC	—	1,683	13,827	—	—	1,683	13,827	15,510	238	1979	Jun. 2019	40 yrs.
Industrial facility in Conestoga, PA	—	4,290	51,410	—	—	4,290	51,410	55,700	822	1950	Jun. 2019	40 yrs.
Industrial facilities in Hartford and Milwaukee, WI	—	1,471	21,293	—	—	1,471	21,293	22,764	290	1964; 1992; 1993	Jul. 2019	40 yrs.
Industrial facilities in Brockville and Prescott, Canada	—	2,025	9,519	—	—	2,025	9,519	11,544	127	1955; 1995	Jul. 2019	40 yrs.
Industrial facility in Dordrecht, Netherlands	—	3,233	10,954	—	328	3,307	11,208	14,515	76	1986	Sep. 2019	40 yrs.
Industrial facilities in York, PA and Lexington, SC	—	4,155	22,930	—	—	4,155	22,930	27,085	197	1968; 1971	Oct. 2019	40 yrs.
Industrial facility in Queretaro, Mexico	—	2,851	12,748	—	—	2,851	12,748	15,599	99	1999	Oct. 2019	40 yrs.
Office facility in Dearborn, MI	—	1,431	5,402	—	—	1,431	5,402	6,833	43	2002	Oct. 2019	40 yrs.

(in thousands)

Description	Encumbrances	Initial Cost to Company		Cost Capitalized Subsequent to Acquisition (a)	Increase (Decrease) in Net Investments (b)	Gross Amount at which Carried at Close of Period (c) (d)			Accumulated Depreciation (d)	Date of Construction	Date Acquired	Life on which Depreciation in Latest Statement of Income is Computed
		Land	Buildings			Land	Buildings	Total				
Industrial facilities in Houston, TX and Metairie, LA and office facilities in Houston, TX and Mason, OH	—	6,130	24,981	—	—	6,130	24,981	31,111	116	Various	Nov. 2019	40 yrs.
Industrial facility in Pardubice, Czech Republic	—	1,694	8,793	—	203	1,727	8,963	10,690	—	1970	Nov. 2019	40 yrs.
Warehouse facilities in Brabrand, Denmark and Arlandastad, Sweden	—	6,499	27,899	—	858	6,665	28,591	35,256	70	2012; 2017	Nov. 2019	40 yrs.
Retail facility in Hamburg, PA	—	4,520	34,167	—	—	4,520	34,167	38,687	—	2003	Dec. 2019	40 yrs.
Warehouse facility in Charlotte, NC	—	6,481	82,936	—	—	6,481	82,936	89,417	—	1995	Dec. 2019	40 yrs.
Warehouse facility in Buffalo Grove, IL	—	3,287	10,167	—	—	3,287	10,167	13,454	17	1987	Dec. 2019	40 yrs.
Industrial facility in Hvidovre, Denmark	—	1,931	4,243	—	77	1,955	4,296	6,251	—	2007	Dec. 2019	40 yrs.
Warehouse facility in Huddersfield, United Kingdom	—	8,659	29,752	—	—	8,659	29,752	38,411	—	2005	Dec. 2019	40 yrs.
	$ 1,387,046	$2,028,107	$7,687,370	$ 506,074	$ (518,047)	$1,875,065	$7,828,439	$9,703,504	$ 950,452			

(in thousands)

Description	Encumbrances	Initial Cost to Company: Land	Initial Cost to Company: Buildings	Cost Capitalized Subsequent to Acquisition (a)	Increase (Decrease) in Net Investments (b)	Gross Amount at which Carried at Close of Period Total	Date of Construction	Date Acquired
Direct Financing Method								
Industrial facilities in Irving and Houston, TX	$ —	$ —	$ 27,599	$ —	$ (4,074)	$ 23,525	1978	Jan. 1998
Retail facility in Freehold, NJ	7,637	—	17,067	—	(278)	16,789	2004	Sep. 2012
Office facilities in Corpus Christi, Odessa, San Marcos, and Waco, TX	2,434	2,089	14,211	—	(937)	15,363	1969; 1996; 2000	Sep. 2012
Retail facilities in Arnstadt, Borken, Bünde, Dorsten, Duisburg, Freiberg, Gütersloh, Leimbach-Kaiserro, Monheim, Oberhausen, Osnabrück, Rodewisch, Sankt Augustin, Schmalkalden, Stendal, and Wuppertal Germany	—	28,734	145,854	5,582	(23,090)	157,080	Various	Sep. 2012
Warehouse facility in Brierley Hill, United Kingdom	—	2,147	12,357	—	(1,553)	12,951	1996	Sep. 2012
Industrial and warehouse facility in Mesquite, TX	5,580	2,851	15,899	—	(2,377)	16,373	1972	Sep. 2012
Industrial facility in Rochester, MN	2,184	881	17,039	—	(2,336)	15,584	1997	Sep. 2012
Office facility in Irvine, CA	5,785	—	17,027	—	(2,230)	14,797	1981	Sep. 2012
Office facility in Scottsdale, AZ	17,819	—	43,570	—	(1,108)	42,462	1977	Jan. 2014
Retail facilities in El Paso and Fabens, TX	—	4,777	17,823	—	(54)	22,546	Various	Jan. 2014
Industrial facility in Dallas, TX	—	3,190	10,010	—	161	13,361	1968	Jan. 2014
Industrial facility in Eagan, MN	—	—	11,548	—	(359)	11,189	1975	Jan. 2014
Industrial facilities in Albemarle and Old Fort, NC and Holmesville, OH	—	6,542	20,668	5,317	(7,297)	25,230	1955; 1966; 1970	Jan. 2014
Industrial facilities located throughout France	—	—	27,270	—	(7,877)	19,393	Various	Jan. 2014
Retail facility in Gronau, Germany	—	281	4,401	—	(818)	3,864	1989	Jan. 2014
Industrial and warehouse facility in Newbridge, United Kingdom	9,818	6,851	22,868	—	(7,378)	22,341	1998	Jan. 2014
Education facility in Mooresville, NC	2,009	1,795	15,955	—	—	17,750	2002	Jan. 2014
Industrial facility in Mount Carmel, IL	—	135	3,265	—	(150)	3,250	1896	Jan. 2014
Retail facility in Vantaa, Finland	—	5,291	15,522	—	(3,636)	17,177	2004	Jan. 2014
Retail facility in Linköping, Sweden	—	1,484	9,402	—	(3,282)	7,604	2004	Jan. 2014
Industrial facility in Calgary, Canada	—	—	7,076	—	(985)	6,091	1965	Jan. 2014
Industrial facilities in Kearney, MO; Fair Bluff, NC; York, NE; Walbridge, OH; Middlesex Township, PA; Rocky Mount, VA; and Martinsburg, WV	6,783	5,780	40,860	—	(380)	46,260	Various	Jan. 2014
Movie theater in Pensacola, FL	—	—	13,034	—	(6,083)	6,951	2001	Jan. 2014
Industrial facility in Monheim, Germany	—	2,939	7,379	—	(2,174)	8,144	1992	Jan. 2014
Industrial facility in Göppingen, Germany	—	10,717	60,120	—	(15,177)	55,660	1930	Jan. 2014
Industrial facility in Sankt Ingbert, Germany	—	2,786	26,902	—	(6,168)	23,520	1960	Jan. 2014
Industrial and office facility in Nagold, Germany	—	4,553	17,675	—	(310)	21,918	1994	Oct. 2018
Industrial facility in Glendale Heights, IL	—	4,237	45,173	—	269	49,679	1991	Oct. 2018
Industrial facilities in Colton, Fresno, Orange, Pomona, and San Diego, CA; Holly Hill, FL; Rockmart, GA; Ooltewah, TN; and Dallas, TX	9,967	2,068	31,256	—	(254)	33,070	Various	Oct. 2018
Warehouse facilities in Bristol, Leeds, Liverpool, Luton, Newport, Plymouth, and Southampton, United Kingdom	—	1,062	23,087	—	497	24,646	Various	Oct. 2018
Warehouse facility in Gieten, Netherlands	—	—	15,258	—	(248)	15,010	1985	Oct. 2018
Warehouse facility in Oxnard, CA	—	—	10,960	—	(305)	10,655	1975	Oct. 2018

(in thousands)

Description	Encumbrances	Initial Cost to Company: Land	Initial Cost to Company: Buildings	Cost Capitalized Subsequent to Acquisition (a)	Increase (Decrease) in Net Investments (b)	Gross Amount at which Carried at Close of Period Total	Date of Construction	Date Acquired
Industrial facilities in Bartow, FL; Momence, IL; Smithfield, NC; Hudson, NY; and Ardmore, OK	—	4,454	87,030	—	1,099	92,583	Various	Oct. 2018
Industrial facility in Countryside, IL	—	563	1,457	—	16	2,036	1981	Oct. 2018
Industrial facility in Clarksville, TN	3,688	1,680	10,180	—	(7)	11,853	1998	Oct. 2018
Industrial facility in Bluffton, IN	1,737	503	3,407	—	(11)	3,899	1975	Oct. 2018
Warehouse facility in Houston, TX	—	—	5,977	—	(32)	5,945	1972	Oct. 2018
	$ 75,441	$ 108,390	$ 876,186	$ 10,899	$ (98,926)	$ 896,549		

Description	Encumbrances	Initial Cost to Company: Land	Initial Cost to Company: Buildings	Initial Cost to Company: Personal Property	Cost Capitalized Subsequent to Acquisition (a)	Increase (Decrease) in Net Investments (b)	Gross Amount at which Carried at Close of Period (c) (d): Land	Gross Amount: Buildings	Gross Amount: Personal Property	Gross Amount: Total	Accumulated Depreciation (d)	Date of Construction	Date Acquired	Life on which Depreciation in Latest Statement of Income is Computed
Land, Buildings and Improvements Attributable to Operating Properties – Hotels														
Bloomington, MN	$ —	$ 3,810	$ 29,126	$ 3,622	$ 5,974	$ (247)	$ 3,874	$ 31,208	$ 7,203	$42,285	$ 9,855	2008	Jan. 2014	34 yrs.
Land, Buildings and Improvements Attributable to Operating Properties – Self-Storage Facilities														
Loves Park, IL	—	1,412	4,853	—	4	—	1,412	4,853	4	6,269	214	1997	Oct. 2018	40 yrs.
Cherry Valley, IL	—	1,339	4,160	—	—	—	1,339	4,160	—	5,499	179	1988	Oct. 2018	40 yrs.
Rockford, IL	—	695	3,873	—	14	—	695	3,883	4	4,582	151	1979	Oct. 2018	40 yrs.
Rockford, IL	—	87	785	—	—	—	87	785	—	872	28	1979	Oct. 2018	40 yrs.
Rockford, IL	—	454	4,724	—	—	—	454	4,724	—	5,178	152	1957	Oct. 2018	40 yrs.
Peoria, IL	—	444	4,944	—	37	—	443	4,964	18	5,425	215	1990	Oct. 2018	40 yrs.
East Peoria, IL	—	268	3,290	—	53	—	268	3,336	7	3,611	138	1986	Oct. 2018	40 yrs.
Loves Park, IL	—	721	2,973	—	17	—	721	2,990	—	3,711	120	1978	Oct. 2018	40 yrs.
Winder, GA	—	338	1,310	—	2	—	338	1,310	2	1,650	55	2006	Oct. 2018	40 yrs.
Winder, GA	—	821	3,180	—	—	—	821	3,180	—	4,001	134	2001	Oct. 2018	40 yrs.
	$ —	$10,389	$ 63,218	$ 3,622	$ 6,101	$ (247)	$10,452	$ 65,393	$ 7,238	$83,083	$ 11,241			

(a) Consists of the cost of improvements subsequent to acquisition and acquisition costs, including construction costs on build-to-suit transactions, legal fees, appraisal fees, title costs, and other related professional fees. For business combinations, transaction costs are excluded.
(b) The increase (decrease) in net investment was primarily due to (i) sales of properties, (ii) impairment charges, (iii) changes in foreign currency exchange rates, (iv) allowances for credit loss, and (v) the amortization of unearned income from net investments in direct financing leases, which produces a periodic rate of return that at times may be greater or less than lease payments received.
(c) Excludes (i) gross lease intangible assets of $3.0 billion and the related accumulated amortization of $1.1 billion, (ii) gross lease intangible liabilities of $285.2 million and the related accumulated amortization of $74.5 million, (iii) assets held for sale, net of $104.0 million, and (iv) real estate under construction of $69.6 million.
(d) A reconciliation of real estate and accumulated depreciation follows:

W. P. CAREY INC.

NOTES TO SCHEDULE III — REAL ESTATE AND ACCUMULATED DEPRECIATION

(in thousands)

	Reconciliation of Land, Buildings and Improvements Subject to Operating Leases		
	Years Ended December 31,		
	2019	2018	2017
Beginning balance	$ 8,717,612	$ 5,334,446	$ 5,182,267
Acquisitions	610,381	734,963	23,462
Reclassification from operating properties	291,750	—	—
Reclassification from real estate under construction	122,519	86,784	51,198
Dispositions	(90,488)	(296,543)	(131,549)
Reclassification from direct financing lease	76,934	15,998	1,611
Foreign currency translation adjustment	(37,032)	(88,715)	192,580
Capital improvements	18,860	25,727	17,778
CPA:17 Merger measurement period adjustments	(5,687)	—	—
Impairment charges	(1,345)	(3,030)	(2,901)
Acquisitions through CPA:17 Merger	—	2,907,982	—
Ending balance	$ 9,703,504	$ 8,717,612	$ 5,334,446

	Reconciliation of Accumulated Depreciation for Land, Buildings and Improvements Subject to Operating Leases		
	Years Ended December 31,		
	2019	2018	2017
Beginning balance	$ 724,550	$ 613,543	$ 472,294
Depreciation expense	232,927	162,119	144,183
Dispositions	(6,109)	(41,338)	(17,770)
Foreign currency translation adjustment	(916)	(9,774)	14,836
Ending balance	$ 950,452	$ 724,550	$ 613,543

	Reconciliation of Land, Buildings and Improvements Attributable to Operating Properties		
	Years Ended December 31,		
	2019	2018	2017
Beginning balance	$ 466,050	$ 83,047	$ 81,711
Reclassification to operating leases	(291,750)	—	—
Reclassification to assets held for sale	(94,078)	—	—
Capital improvements	1,853	3,080	1,336
Reclassification from real estate under construction	1,008	—	—
Acquisitions through CPA:17 Merger	—	423,530	—
Dispositions	—	(43,607)	—
Ending balance	$ 83,083	$ 466,050	$ 83,047

	Reconciliation of Accumulated Depreciation for Land, Buildings and Improvements Attributable to Operating Properties		
	Years Ended December 31,		
	2019	2018	2017
Beginning balance	$ 10,234	$ 16,419	$ 12,143
Depreciation expense	2,553	4,240	4,276
Reclassification to assets held for sale	(1,546)	—	—
Dispositions	—	(10,425)	—
Ending balance	$ 11,241	$ 10,234	$ 16,419

At December 31, 2019, the aggregate cost of real estate that we and our consolidated subsidiaries own for federal income tax purposes was approximately $12.4 billion.

W. P. CAREY INC.
SCHEDULE IV — MORTGAGE LOANS ON REAL ESTATE
December 31, 2019
(dollars in thousands)

Description	Interest Rate	Final Maturity Date	Fair Value	Carrying Amount
Financing agreement — observation wheel	6.5%	Mar. 2020	$ 24,350	$ 24,350
Financing agreement — mezzanine loan	9.0%	Apr. 2020	23,387	23,387
			$ 47,737	$ 47,737

	Reconciliation of Mortgage Loans on Real Estate Years Ended December 31,		
	2019	2018	2017
Beginning balance	$ 57,737	$ —	$ —
Repayments	(10,000)	—	—
Acquisitions through CPA:17 Merger	—	57,737	—
Ending balance	$ 47,737	$ 57,737	$ —

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

None.

Item 9A. Controls and Procedures.

Disclosure Controls and Procedures

Our disclosure controls and procedures include internal controls and other procedures designed to provide reasonable assurance that information required to be disclosed in this and other reports filed under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), is recorded, processed, summarized, and reported within the required time periods specified in the SEC’s rules and forms; and that such information is accumulated and communicated to management, including our chief executive officer and chief financial officer, to allow timely decisions regarding required disclosures. It should be noted that no system of controls can provide complete assurance of achieving a company’s objectives and that future events may impact the effectiveness of a system of controls.

Our chief executive officer and chief financial officer, after conducting an evaluation, together with members of our management, of the effectiveness of the design and operation of our disclosure controls and procedures as of December 31, 2019, have concluded that our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) were effective as of December 31, 2019 at a reasonable level of assurance.

Management’s Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act). 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 accounting principles generally accepted in the United States of America.

Our 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 our assets; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of our 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 policies or procedures may deteriorate.

We assessed the effectiveness of our internal control over financial reporting at December 31, 2019. In making this assessment, we used criteria set forth in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our assessment, we concluded that, at December 31, 2019, our internal control over financial reporting is effective based on those criteria.

The effectiveness of our internal control over financial reporting as of December 31, 2019 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, and in connection therewith, PricewaterhouseCoopers LLP has issued an attestation report on the Company’s effectiveness of internal controls over financial reporting as of December 31, 2019, as stated in their report in Item 8.

Changes in Internal Control Over Financial Reporting

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

Item 9B. Other Information.

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

This information will be contained in our definitive proxy statement for the 2020 Annual Meeting of Stockholders, to be filed within 120 days following the end of our fiscal year, and is incorporated herein by reference.

Item 11. Executive Compensation.

This information will be contained in our definitive proxy statement for the 2020 Annual Meeting of Stockholders, to be filed within 120 days following the end of our fiscal year, and is incorporated herein by reference.

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

This information will be contained in our definitive proxy statement for the 2020 Annual Meeting of Stockholders, to be filed within 120 days following the end of our fiscal year, and is incorporated herein by reference.

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

This information will be contained in our definitive proxy statement for the 2020 Annual Meeting of Stockholders, to be filed within 120 days following the end of our fiscal year, and is incorporated herein by reference.

Item 14. Principal Accounting Fees and Services.

This information will be contained in our definitive proxy statement for the 2020 Annual Meeting of Stockholders, to be filed within 120 days following the end of our fiscal year, and is incorporated herein by reference.

PART IV

Item 15. Exhibits and Financial Statement Schedules.

(1) and (2) — Financial statements and schedules: see index to financial statements and schedules included in Item 8.

(3) Exhibits:

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

Exhibit No.	Description	Method of Filing
3.1	Articles of Amendment and Restatement	Incorporated by reference to Exhibit 3.1 to Current Report on Form 8-K, filed June 16, 2017
3.2	Fifth Amended and Restated Bylaws of W. P. Carey Inc.	Incorporated by reference to Exhibit 3.2 to Current Report on Form 8-K filed June 16, 2017
4.1	Form of Common Stock Certificate	Incorporated by reference to Exhibit 4.1 to Annual Report on Form 10-K for the year ended December 31, 2012 filed February 26, 2013
4.2	Indenture, dated as of March 14, 2014, by and between W. P. Carey Inc., as issuer and U.S. Bank National Association, as trustee	Incorporated by reference to Exhibit 4.1 to Current Report on Form 8-K filed March 14, 2014
4.3	First Supplemental Indenture, dated as of March 14, 2014, by and between W. P. Carey Inc., as issuer, and U.S. Bank National Association, as trustee	Incorporated by reference to Exhibit 4.2 to Current Report on Form 8-K filed March 14, 2014
4.4	Form of Global Note Representing $500,000,000 Aggregate Principal Amount of 4.60% Senior Notes due 2024	Incorporated by reference to Exhibit 4.3 to Current Report on Form 8-K filed March 14, 2014
4.5	Second Supplemental Indenture, dated as of January 21, 2015, by and between W. P. Carey Inc., as issuer, and U.S. Bank National Association, as trustee	Incorporated by reference to Exhibit 4.2 to Current Report on Form 8-K filed January 21, 2015
4.6	Form of Note representing €500 Million Aggregate Principal Amount of 2.000% Senior Notes due 2023	Incorporated by reference to Exhibit 4.3 to Current Report on Form 8-K filed January 21, 2015
4.7	Third Supplemental Indenture, dated January 26, 2015, by and between W. P. Carey Inc., as issuer, and U.S. Bank National Association, as trustee	Incorporated by reference to Exhibit 4.2 to Current Report on Form 8-K filed January 26, 2015
4.8	Form of Note representing $450 Million Aggregate Principal Amount of 4.000% Senior Notes due 2025	Incorporated by reference to Exhibit 4.3 to Current Report on Form 8-K filed January 26, 2015
4.9	Fourth Supplemental Indenture, dated as of September 12, 2016, by and between W. P. Carey Inc., as issuer, and U.S. Bank National Association, as trustee	Incorporated by reference to Exhibit 4.2 to Current Report on Form 8-K filed September 12, 2016

Exhibit No.	Description	Method of Filing
4.10	Form of Note representing $350 Million Aggregate Principal Amount of 4.250% Senior Notes due 2026	Incorporated by reference to Exhibit 4.3 to Current Report on Form 8-K filed September 12, 2016
4.11	Indenture, dated as of November 8, 2016, by and among WPC Eurobond B.V., as issuer, W. P. Carey Inc., as guarantor, and U.S. Bank National Association, as trustee	Incorporated by reference to Exhibit 4.3 to Automatic shelf registration statement on Form S-3 (File No. 333-233159) filed August 9, 2019
4.12	First Supplemental Indenture, dated as of January 19, 2017, by and among WPC Eurobond B.V., as issuer, W. P. Carey Inc., as guarantor, and U.S. Bank National Association, as trustee.	Incorporated by reference to Exhibit 4.3 to Current Report on Form 8-K filed January 19, 2017
4.13	Form of Note representing €500 Million Aggregate Principal Amount of 2.250% Senior Notes due 2024	Incorporated by reference to Exhibit 4.1 to Current Report on Form 8-K filed January 19, 2017
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4.15	Form of Note representing €500 Million Aggregate Principal Amount of 2.125% Senior Notes due 2027	Incorporated by reference to Exhibit 4.1 to Current Report on Form 8-K filed March 6, 2018
4.16	Third Supplemental Indenture dated as of October 9, 2018, by and among WPC Eurobond B.V., as issuer, W. P. Carey Inc., as guarantor, and U.S. Bank National Association, as trustee	Incorporated by reference to Exhibit 4.3 to Current Report on Form 8-K filed October 9, 2018
4.17	Form of Note representing €500 Million Aggregate Principal Amount of 2.250% Senior Notes due 2026	Incorporated by reference to Exhibit 4.1 to Current Report on Form 8-K filed October 9, 2018
4.18	Fifth Supplemental Indenture, dated June 14, 2019, by and between W. P. Carey Inc., as issuer, and U.S. Bank National Association, as trustee	Incorporated by reference to Exhibit 4.1 to Current Report on Form 10-Q filed August 2, 2019
4.19	Form of Note representing $325 Million Aggregate Principal Amount of 3.850% Senior Notes due 2029	Incorporated by reference to Exhibit 4.2 to Current Report on Form 10-Q filed August 2, 2019
4.20	Fourth Supplemental Indenture, dated as of September 19, 2019, by and among WPC Eurobond B.V., as issuer, W. P. Carey Inc., as guarantor, and U.S. Bank National Association, as trustee	Incorporated by reference to Exhibit 4.3 to Current Report on Form 8-K filed September 19, 2019
4.21	Form of Note representing €500 Million Aggregate Principal Amount of 1.350% Senior Notes due 2028	Incorporated by reference to Exhibit 4.1 to Current Report on Form 8-K filed September 19, 2019
4.22	Description of Securities Registered under Section 12 of the Exchange Act	Filed herewith
10.1	W. P. Carey Inc. 1997 Share Incentive Plan, as amended *	Incorporated by reference to Exhibit 10.2 to Annual Report on Form 10-K for the year ended December 31, 2014 filed March 2, 2015
10.2	W. P. Carey Inc. (formerly W. P. Carey & Co. LLC) Long-Term Incentive Program as amended and restated effective as of September 28, 2012 *	Incorporated by reference to Exhibit 10.3 to Annual Report on Form 10-K for the year ended December 31, 2012 filed February 26, 2013

Exhibit No.	Description	Method of Filing
10.3	W. P. Carey Inc. Amended and Restated Deferred Compensation Plan for Employees *	Incorporated by reference to Exhibit 10.4 to Annual Report on Form 10-K for the year ended December 31, 2012 filed February 26, 2013
10.4	Amended and Restated W. P. Carey Inc. 2009 Share Incentive Plan *	Incorporated by reference to Appendix A of Schedule 14A filed April 30, 2013
10.5	2017 Annual Incentive Compensation Plan	Incorporated by reference to Exhibit A of Schedule 14A filed April 11, 2017
10.6	2017 Share Incentive Plan	Incorporated by reference to Exhibit B of Schedule 14A filed April 11, 2017
10.7	Form of Share Option Agreement under the 2017 Share Incentive Plan	Incorporated by reference to Exhibit 4.9 to Registration Statement on Form S-8 filed June 27, 2017
10.8	Form of Restricted Share Agreement under the 2017 Share Incentive Plan	Incorporated by reference to Exhibit 4.7 to Registration Statement on Form S-8 filed June 27, 2017
10.9	Form of Restricted Share Unit Agreement under the 2017 Share Incentive Plan	Incorporated by reference to Exhibit 4.8 to Registration Statement on Form S-8 filed June 27, 2017
10.10	Form of Long-Term Performance Share Unit Award Agreement pursuant to the W. P. Carey Inc. 2017 Share Incentive Plan	Incorporated by reference to Exhibit 4.6 to Registration Statement on Form S-8 filed June 27, 2017
10.11	Form of Non-Employee Director Restricted Share Agreement under the 2017 Share Incentive Plan	Incorporated by reference to Exhibit 4.5 to Registration Statement on Form S-8, filed June 27, 2017
10.12	W. P. Carey Inc. 2009 Non-Employee Directors' Incentive Plan *	Incorporated by reference to Exhibit 10.2 to Quarterly Report on Form 10-Q for the quarter ended June 30, 2013 filed August 6, 2013
10.13	Amendment to Certain Equity Award Agreements between W. P. Carey Inc. and Mark J. DeCesaris	Incorporated by reference to Exhibit 10.16 to Annual Report on Form 10-K for the year ended December 31, 2017 filed February 23, 2018
10.14	Amended and Restated Advisory Agreement, dated as of January 1, 2015 by and among Corporate Property Associates 18 – Global Incorporated, CPA:18 Limited Partnership and Carey Asset Management Corp.	Incorporated by reference to Exhibit 10.15 to Annual Report on Form 10-K for the year ended December 31, 2014 filed March 2, 2015
10.15	First Amendment to Amended and Restated Advisory Agreement, dated as of January 30, 2018, among Corporate Property Associates 18 – Global Incorporated, CPA: 18 Limited Partnership and Carey Asset Management Corp.	Incorporated by reference to Exhibit 10.21 to Annual Report on Form 10-K for the year ended December 31, 2017 filed February 23, 2018
10.16	Amended and Restated Asset Management Agreement dated as of May 13, 2015, by and among, Corporate Property Associates 18 – Global Incorporated, CPA:18 Limited Partnership and W. P. Carey & Co. B.V.	Incorporated by reference to Exhibit 10.3 to Corporate Property Associates 18 – Global Incorporated's Quarterly Report on Form 10-Q for the quarter ended March 31, 2015 filed May 15, 2015
10.17	Amended and Restated Advisory Agreement, dated as of January 1, 2016, by and among Carey Watermark Investors Incorporated, CWI OP, LP, and Carey Lodging Advisors, LLC	Incorporated by reference to Exhibit 10.14 to Annual Report on Form 10-K filed February 26, 2016

Exhibit No.	Description	Method of Filing
10.18	First Amendment to Amended and Restated Advisory Agreement, dated as of June 13, 2017, among Carey Watermark Investors Incorporated, CWI OP, LP, and Carey Lodging Advisors, LLC	Incorporated by reference to Exhibit 10.24 to Annual Report on Form 10-K for the year ended December 31, 2017 filed February 23, 2018
10.19	Advisory Agreement, dated as of February 9, 2015, by and among Carey Watermark Investors 2 Incorporated, CWI 2 OP, LP and Carey Lodging Advisors, LLC	Incorporated by reference to Exhibit 10.25 to Annual Report on Form 10-K for the year ended December 31, 2014 filed March 2, 2015
10.20	First Amendment to Advisory Agreement, dated as of June 30, 2015, by and among Carey Watermark Investors 2 Incorporated, CWI 2 OP, LP and Carey Lodging Advisors, LLC	Incorporated by reference to Exhibit 10.2 to Quarterly Report on Form 10-Q for the quarter ended June 30, 2015 filed August 7, 2015
10.21	Second Amendment to Advisory Agreement, dated as of June 13, 2017, by and among Carey Watermark Investors 2 Incorporated, CWI 2 OP, LP and Carey Lodging Advisors, LLC	Incorporated by reference to Exhibit 10.27 to Annual Report on Form 10-K for the year ended December 31, 2017 filed February 23, 2018
10.22	Fourth Amended and Restated Credit Agreement, dated as of February 20, 2020, among W. P. Carey Inc. and Certain of its Subsidiaries identified therein as Guarantors, Bank of America, N.A., as Administrative Agent, Bank of America, N.A., JPMorgan Chase Bank, N.A. and Wells Fargo Bank, N.A., as L/C Issuers, Bank of America, N.A., as Swing Line Lender, and the Lenders party thereto	Incorporated by reference to Exhibit 10.1 to Current Report on Form 8-K filed February 20, 2020
10.23	Agency Agreement dated as of January 19, 2017, by and among WPC Eurobond B.V., as issuer, W. P. Carey Inc., as guarantor, Elavon Financial Services DAC, UK Branch, as paying agent and U.S. Bank National Association, as transfer agent, registrar and trustee	Incorporated by reference to Exhibit 10.1 to Current Report on Form 8-K filed January 19, 2017
10.24	Agency Agreement dated as of March 6, 2018, by and among WPC Eurobond B.V., as issuer, W. P. Carey Inc., as guarantor, Elavon Financial Services DAC, UK Branch, as paying agent and U.S. Bank National Association, as transfer agent, registrar and trustee	Incorporated by reference to Exhibit 10.1 to Current Report on Form 8-K filed March 6, 2018
10.25	Agency Agreement dated as of October 9, 2018, by and among WPC Eurobond B.V., as issuer, W. P. Carey Inc., as guarantor, Elavon Financial Services DAC, UK Branch, as paying agent and U.S. Bank National Association, as transfer agent, registrar and trustee	Incorporated by reference to Exhibit 10.1 to Current Report on Form 8-K filed October 9, 2018
10.26	Equity Sales Agreement, dated August 9, 2019, by and among W. P. Carey Inc. and each of Barclays Capital Inc., BMO Capital Markets Corp., BNY Mellon Capital Markets, LLC, BofA Securities, Inc., BTIG, LLC, Capital One Securities, Inc., Fifth Third Securities, Inc., Jefferies LLC, J.P. Morgan Securities LLC, Regions Securities LLC, Scotia Capital (USA) Inc., Stifel, Nicolaus & Company, Incorporated and Wells Fargo Securities, LLC, as agents, and each of Barclays Bank PLC, Bank of Montreal, The Bank of New York Mellon, Bank of America, N.A., Jefferies LLC, JPMorgan Chase Bank, National Association, The Bank of Nova Scotia and Wells Fargo Bank, National Association, as forward purchasers	Incorporated by reference to Exhibit 1.1 to Current Report on Form 8-K filed August 12, 2019

Exhibit No.	Description	Method of Filing
10.27	Agency Agreement dated as of September 19, 2019, by and among WPC Eurobond B.V., as issuer, W.P. Carey Inc., as guarantor, Elavon Financial Services DAC, as paying agent and U.S. Bank National Association, as transfer agent, registrar and trustee	Incorporated by reference to Exhibit 10.1 to Current Report on Form 8-K filed September 19, 2019
10.28	Internalization Agreement dated as of October 22, 2019, by and among Carey Watermark Investors Incorporated, CWI OP, LP, Carey Watermark Investors 2 Incorporated, CWI 2 OP, LP, W. P. Carey Inc., Carey Watermark Holdings, LLC, Carey Watermark Holdings 2, LLC, Carey Lodging Advisors, LLC, Watermark Capital Partners, LLC, CWA, LLC, and CWA 2, LLC	Incorporated by reference to Exhibit 10.1 to Current Report on Form 8-K filed October 22, 2019
10.29	Transition Services Agreement dated as of October 22, 2019, by and between W. P. Carey Inc. and Carey Watermark Investors 2 Incorporated	Incorporated by reference to Exhibit 10.2 to Current Report on Form 8-K filed October 22, 2019
18.1	Preferability letter of Independent Registered Public Accounting Firm	Incorporated by reference to Exhibit 18.1 to Quarterly Report on Form 10-Q for the quarter ended September 30, 2013 filed November 5, 2013
21.1	List of Registrant Subsidiaries	Filed herewith
23.1	Consent of PricewaterhouseCoopers LLP	Filed herewith
31.1	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed herewith
31.2	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed herewith
32	Certifications pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Filed herewith
99.1	Director and Officer Indemnification Policy	Incorporated by reference to Exhibit 99.1 to Annual Report on Form 10-K for the year ended December 31, 2012 filed February 26, 2013
101.INS	XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL Document.	Filed herewith
101.SCH	XBRL Taxonomy Extension Schema Document	Filed herewith
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document	Filed herewith
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document	Filed herewith

Exhibit No.	Description	Method of Filing
101.LAB	XBRL Taxonomy Extension Label Linkbase Document	Filed herewith
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document	Filed herewith

*The referenced exhibit is a management contract or compensation plan or arrangement required to be filed as an exhibit pursuant to Item 15 (a)(3) of Form 10-K.

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.

W. P. Carey Inc.

Date: February 21, 2020

By: /s/ ToniAnn Sanzone
ToniAnn Sanzone
Chief Financial Officer

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

Signature	Title	Date
/s/ Jason E. Fox Jason E. Fox	Director and Chief Executive Officer (Principal Executive Officer)	February 21, 2020
/s/ ToniAnn Sanzone ToniAnn Sanzone	Chief Financial Officer (Principal Financial Officer)	February 21, 2020
/s/ Arjun Mahalingam Arjun Mahalingam	Chief Accounting Officer (Principal Accounting Officer)	February 21, 2020
/s/ Christopher J. Niehaus Christopher J. Niehaus	Chairman of the Board and Director	February 21, 2020
/s/ Mark A. Alexander Mark A. Alexander	Director	February 21, 2020
/s/ Peter J. Farrell Peter J. Farrell	Director	February 21, 2020
/s/ Robert J. Flanagan Robert J. Flanagan	Director	February 21, 2020
/s/ Benjamin H. Griswold, IV Benjamin H. Griswold, IV	Director	February 21, 2020
/s/ Axel K. A. Hansing Axel K. A. Hansing	Director	February 21, 2020
/s/ Jean Hoysradt Jean Hoysradt	Director	February 21, 2020
/s/ Margaret G. Lewis Margaret G. Lewis	Director	February 21, 2020
/s/ Nicolaas J. M. van Ommen Nicolaas J. M. van Ommen	Director	February 21, 2020

EXHIBIT INDEX

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Exhibit No.	Description	Method of Filing
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10.7	Form of Share Option Agreement under the 2017 Share Incentive Plan	Incorporated by reference to Exhibit 4.9 to Registration Statement on Form S-8 filed June 27, 2017
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10.25	Agency Agreement dated as of October 9, 2018, by and among WPC Eurobond B.V., as issuer, W. P. Carey Inc., as guarantor, Elavon Financial Services DAC, UK Branch, as paying agent and U.S. Bank National Association, as transfer agent, registrar and trustee	Incorporated by reference to Exhibit 10.1 to Current Report on Form 8-K filed October 9, 2018
10.26	Equity Sales Agreement, dated August 9, 2019, by and among W. P. Carey Inc. and each of Barclays Capital Inc., BMO Capital Markets Corp., BNY Mellon Capital Markets, LLC, BofA Securities, Inc., BTIG, LLC, Capital One Securities, Inc., Fifth Third Securities, Inc., Jefferies LLC, J.P. Morgan Securities LLC, Regions Securities LLC, Scotia Capital (USA) Inc., Stifel, Nicolaus & Company, Incorporated and Wells Fargo Securities, LLC, as agents, and each of Barclays Bank PLC, Bank of Montreal, The Bank of New York Mellon, Bank of America, N.A., Jefferies LLC, JPMorgan Chase Bank, National Association, The Bank of Nova Scotia and Wells Fargo Bank, National Association, as forward purchasers	Incorporated by reference to Exhibit 1.1 to Current Report on Form 8-K filed August 12, 2019
10.27	Agency Agreement dated as of September 19, 2019, by and among WPC Eurobond B.V., as issuer, W.P. Carey Inc., as guarantor, Elavon Financial Services DAC, as paying agent and U.S. Bank National Association, as transfer agent, registrar and trustee	Incorporated by reference to Exhibit 10.1 to Current Report on Form 8-K filed September 19, 2019
10.28	Internalization Agreement dated as of October 22, 2019, by and among Carey Watermark Investors Incorporated, CWI OP, LP, Carey Watermark Investors 2 Incorporated, CWI 2 OP, LP, W. P. Carey Inc., Carey Watermark Holdings, LLC, Carey Watermark Holdings 2, LLC, Carey Lodging Advisors, LLC, Watermark Capital Partners, LLC, CWA, LLC, and CWA 2, LLC	Incorporated by reference to Exhibit 10.1 to Current Report on Form 8-K filed October 22, 2019

Exhibit No.	Description	Method of Filing
10.29	Transition Services Agreement dated as of October 22, 2019, by and between W. P. Carey Inc. and Carey Watermark Investors 2 Incorporated	Incorporated by reference to Exhibit 10.2 to Current Report on Form 8-K filed October 22, 2019
18.1	Preferability letter of Independent Registered Public Accounting Firm	Incorporated by reference to Exhibit 18.1 to Quarterly Report on Form 10-Q for the quarter ended September 30, 2013 filed November 5, 2013
21.1	List of Registrant Subsidiaries	Filed herewith
23.1	Consent of PricewaterhouseCoopers LLP	Filed herewith
31.1	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed herewith
31.2	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed herewith
32	Certifications pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Filed herewith
99.1	Director and Officer Indemnification Policy	Incorporated by reference to Exhibit 99.1 to Annual Report on Form 10-K for the year ended December 31, 2012 filed February 26, 2013
101.INS	XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL Document.	Filed herewith
101.SCH	XBRL Taxonomy Extension Schema Document	Filed herewith
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document	Filed herewith
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document	Filed herewith
101.LAB	XBRL Taxonomy Extension Label Linkbase Document	Filed herewith
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document	Filed herewith

*The referenced exhibit is a management contract or compensation plan or arrangement required to be filed as an exhibit pursuant to Item 15 (a)(3) of Form 10-K.