
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, 2021

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

Commission File Number: 001-13779

W. P. CAREY

W. P. Carey Inc.

(Exact name of registrant as specified in its charter)

Maryland

(State of incorporation)

45-4549771

(I.R.S. Employer Identification No.)

One Manhattan West, 395 9th Avenue, 58th Floor

New York, New York

(Address of principal executive offices)

10001

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

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

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the 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: \$13.7 billion.

As of February 4, 2022, there were 190,607,438 shares of Common Stock of registrant outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

The registrant incorporates by reference its definitive Proxy Statement with respect to its 2022 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 corporate strategy and estimated or future economic performance and results, including the general economic outlook and our expectations surrounding the continued impact of the novel coronavirus (“COVID-19”) pandemic on our business, financial condition, liquidity, results of operations, and prospects; underlying assumptions about our portfolio, including tenant rent collections and bankruptcies, as well as the estimated fair value of our investments and properties; the amount and timing of any future dividends; our future capital expenditure and leverage levels, debt service obligations, and any plans to fund our future liquidity needs; prospective statements regarding our access to the capital markets, including related to our credit ratings, ability to sell shares under our “at-the-market” program (“ATM Program”), and settlement of our Equity Forwards (as defined herein); the outlook for the investment programs that we manage, including 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”); and the impact of recently issued accounting pronouncements and other regulatory activity.

These statements are based on the current expectations of our management. It is important to note that our actual results could be materially different from those projected in such forward-looking statements. There are a number of risks and uncertainties that could cause actual results to differ materially from these forward-looking statements. Other unknown or unpredictable risks or uncertainties, like the risks related to the effects of pandemics and global outbreaks of contagious diseases (such as the current COVID-19 pandemic) or the fear of such outbreaks, 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](#) and [Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations](#) 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 1,304 properties, net-leased to 352 tenants in 24 countries. As of December 31, 2021, approximately 63% of our contractual minimum annualized base rent (“ABR”) was generated by properties located in the United States and approximately 35% was generated by properties located in Europe. As of that same date, our portfolio included 20 operating properties, comprised of 19 self-storage properties and one hotel.

We also earn fees and other income by managing the portfolios of two remaining non-traded investment programs through our investment management business. We no longer sponsor new investment programs.

Founded in 1973, we became a publicly traded company listed on the New York Stock Exchange (“NYSE”) in 1998 and reorganized as a REIT in 2012. 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. For discussion of the impact of the COVID-19 pandemic on our business, see [Item 1A. Risk Factors](#) and [Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations — Significant Developments](#).

Narrative Description of Business

Business Objectives and Strategy

Our primary business objective is to invest in a diversified portfolio of high-quality, mission-critical assets subject to long-term net leases with built-in rent escalators for the purpose of generating stable cash flows, enabling us to grow our dividend and increase long-term stockholder value.

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 review and evaluate the fundamental value of the underlying real estate. 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 specialize in 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 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. We capitalize on our large portfolio and existing tenant relationships through accretive expansions, renovations, and follow-on deals. We actively manage our real estate portfolio to monitor tenant credit quality and lease renewal risks. We also maintain ample liquidity, a conservative capital structure, and access to multiple forms of capital.

Our business operates in two segments: Real Estate and Investment Management, as described herein and in [Note 1](#). Our Real Estate segment generates the vast majority of our earnings through the lease revenues we earn from our real estate investments. Through our Investment Management segment, we earn asset management fees and other compensation from the management of \$2.7 billion of assets of the following entities: (i) Corporate Property Associates 18 – Global Incorporated (“CPA:18 – Global”) and (ii) Carey European Student Housing Fund I, L.P. (“CESH”). On April 13, 2020, two of our former investment programs, Carey Watermark Investors Incorporated (“CWI 1”) and Carey Watermark Investors 2 Incorporated (“CWI 2”) (together, the “CWI REITs”), merged in an all-stock transaction (the “CWI 1 and CWI 2 Merger”). Following the close of the

CWI 1 and CWI 2 Merger, our advisory agreements with CWI 1 and CWI 2 were terminated and CWI 2 was renamed Watermark Lodging Trust, Inc. (“WLT”) ([Note 3](#)). As used herein, “Managed REITs” refers to CPA:18 – Global and the CWI REITs (through April 13, 2020). We refer to the Managed REITs and CESH as the “Managed Programs.” We continue to act as the advisor to the two remaining Managed Programs and currently expect to do so through the end of their respective life cycles ([Note 3](#)).

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 subsidiaries of non-guarantor parent companies with investment grade ratings as “implied investment grade.”

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.

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, repositioning assets, 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 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. The in-depth understanding of our tenants' businesses and direct relationships with their management teams provides strong visibility into potential issues as well as additional investment opportunities. Our business intelligence platform provides real-time surveillance and early warning, allowing asset managers to work with tenants to enforce lease provisions, and where appropriate, consider lease modifications. Our proactive asset management philosophy has proven particularly applicable during the COVID-19 pandemic.

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 any amounts available to us under our term loan ("Term Loan") and delayed draw term loan ("Delayed Draw Term Loan"), which, together with our Unsecured Revolving Credit Facility, we refer to collectively as our "Senior Unsecured Credit Facility." We generally use the Unsecured Revolving Credit Facility to fund our immediate capital needs, including new acquisitions and the repayment of secured mortgage debt as we continue to unencumber assets. 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, and the most attractive source of capital available to us. We may choose to issue unsecured debt securities and bank debt denominated in foreign currencies in part to fund international acquisitions, unencumber assets, and mitigate our exposure to fluctuations in exchange rates. We strive to maintain an investment grade rating, which 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, 2021, our portfolio had the following characteristics:

- Number of properties — full or partial ownership interests in 1,304 net-leased properties, 19 self-storage properties, and one hotel;
- Total net-leased square footage — approximately 156 million; and
- Occupancy rate — approximately 98.5%.

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, 2021, our tenants/leases had the following characteristics:

- Number of tenants — 352;
- 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 — 10.8 years;
- 99.4% of our leases provide rent adjustments as follows:
 - CPI and similar — 58.7%
 - Fixed — 36.9%
 - Other — 3.8%

Human Capital

Investing in Our Employees

At December 31, 2021, we had 183 employees, 129 of which were located in the United States and 54 of which were located in Europe. We strive to make W. P. Carey a great place to work by attracting a diverse pool of the best and brightest applicants and making them feel supported and included as they progress and grow with the company. We offer various levels of training, including management training, executive training, skills training, and “Respect in the Workplace” training, in addition to our “Conversations at Carey” educational program. By engaging with our employees and investing in their careers through training and development, we have built a talented workforce capable of executing our business strategies.

Diversity

We believe that our success is dependent upon the diverse backgrounds and perspectives of our employees and directors. W. P. Carey is an equal opportunity employer and considers qualified applicants regardless of race, color, religion, sexual orientation, gender, gender identity or expression, national origin, age, disability, military or veteran status, genetic information, or other statuses protected by applicable federal, state, and local law. In 2020, we launched our diversity and inclusion initiative, which is designed to facilitate conversations around race, sexual orientation and gender identity, national origin, creeds, and other important topics. These conversations, led by our Diversity & Inclusion Advisory Committee, provide a forum for us to translate our positions as a company into action in both our internal and external communities. We are also signatory to the CEO Action Pledge for Diversity & Inclusion, which reflects our commitment to fostering a more diverse and inclusive workforce.

Employee Wellness and Benefits

The health and wellness of our employees and their families are paramount and our comprehensive benefits package is designed to address the changing needs of employees and their dependents. In addition to robust health and wellness benefits, we also provide our employees with competitive compensation programs, with a focus on both current compensation and retirement planning for their future.

To enhance transparency and maintain a sense of community during the COVID-19 pandemic, we have communicated frequently through town halls, virtual seminars, and emails. We also reinforced the availability of our corporate benefits, including telemedicine and confidential counseling, and provided additional resources for managing stress, anxiety, and isolation.

Additional information regarding our human capital programs and initiatives is available in our annual Proxy Statement and Environmental, Social, and Governance (“ESG”) Report, which can be found on our company website. Information on our website, including our ESG Report, is not incorporated by reference into this Report.

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.

Our quarterly earnings conference call and investor presentations are accessible by the public. We generally announce via press release the dates and conference call details for upcoming scheduled quarterly earnings announcements and webcast investor presentations, which are also available in the Investor Relations section of our website approximately ten days prior to the event.

Our Code of Business Conduct and Ethics, which applies to all employees, including our chief executive officer and chief financial officer, is also available on our website. 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. 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.

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, which 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 Portfolio and Ownership of Real Estate

We face an increasingly competitive marketplace for investments.

The net lease financing market is perceived as a relatively conservative investment vehicle and there has been increasing capital inflows into our sector; accordingly, we face escalating competition for investments, both domestically and internationally. We compete for investments with many other financial institutions and investors, including other REITs, private equity firms, pension funds, and finance companies. Our competitors may accept greater risk or lower returns, allowing them to offer more attractive terms to prospective tenants. Further capital inflows into our sector will place additional pressure on our ability to execute transactions and the returns that we can generate from investments. In particular, private equity real estate investors have raised record amounts of capital in recent periods, which is expected to be deployed into acquisitions that are contributing to an increasingly competitive marketplace.

In addition, expectations of rising interest rates may increase our cost of capital, while capitalization rates (which generally respond to higher interest rates on a lag) could remain low or continue to decline, thereby placing additional pressure on investment spreads throughout the net lease sector. Finally, 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 these types of investments.

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 (e.g., COVID-19 has negatively impacted certain sectors more harshly than others) with potentially adverse effects on our investment objectives.

We may incur substantial impairment charges.

We may incur substantial impairment charges, which could adversely affect our results of operations or limit our ability to dispose of assets at attractive prices and may reduce the availability of buyer financing. By their nature, the timing or extent of impairment charges are not predictable.

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, 2021, our real estate properties located outside of the United States represented 37% 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 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).

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. 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.

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 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).

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, 2021, 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 adversely affect returns to our stockholders.

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.

Under our existing leases, certain tenants have 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 control the management of our net-leased properties is limited, which limits our ability to manage property deterioration risks and could impact our ESG ratings and our ability to make ESG disclosures.

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. 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.

This lack of control over our net-leased properties also makes it difficult for us to collect property-level environmental metrics and to enforce sustainability initiatives, which may impact our ability to comply with certain ESG disclosure requirements (such as the SEC's expected new ESG disclosure rules) or engage effectively with established ESG frameworks and standards, such as the Global Real Estate Sustainability Benchmarks, the Task Force for Climate-Related Financial Disclosures and the Sustainability Accounting Standards Board. If we are unable to successfully collect the data necessary to comply with ESG disclosure requirements, we may be subject to increased regulatory risk; and if such data is incomplete or unfavorable, our relationship with our investor base, our stock price, and our access to capital may be negatively impacted.

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, which 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.

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 abandonment 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.

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 20% of total ABR at December 31, 2021. Lease payment defaults by tenants could negatively impact our net income and reduce the amounts available for distribution to stockholders.

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 lead to 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. 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.

The continued disruption and reduced economic activity caused by COVID-19 may severely affect our tenants' businesses, financial condition and liquidity, leading to an increase in tenant bankruptcy or insolvency. In addition, a portion of our tenants may fail to meet their obligations to us in full (or at all), or may otherwise seek modifications of such obligations. Certain jurisdictions may also enact laws or regulations that impact or alter our ability to collect rent under our existing lease terms. The ultimate extent to which COVID-19 will continue to impact the operations of our tenants will depend on future developments, which remain uncertain and cannot be predicted with confidence.

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.

Risks Related to Our Liquidity and Capital Resources

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, 2021 was approximately \$6.8 billion, representing a consolidated debt to gross assets ratio of approximately 40.1%. This consolidated indebtedness was comprised of (i) \$5.7 billion in Senior Unsecured Notes (as defined in [Note 10](#)), (ii) \$721.2 million outstanding under our Senior Unsecured Credit Facility (as defined in [Note 10](#)), and (iii) \$368.5 million in non-recourse mortgage loans on various properties. 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.

The anticipated replacement of the London Inter-bank Offered Rate (“LIBOR”) with an alternative reference rate may cause disruptions that will have an adverse effect on us.

In July 2017, the Financial Conduct Authority (“FCA”), the authority that regulates LIBOR, announced that it intends to stop compelling banks to submit rates for the calculation of LIBOR after 2021. As a result, the Federal Reserve Board and the Federal Reserve Bank of New York organized the Alternative Reference Rates Committee, which identified the Secured Overnight Financing Rate (“SOFR”) as its preferred alternative to USD LIBOR in derivatives and other financial contracts. On November 30, 2020, the FCA announced a partial extension of this deadline, indicating its intention to cease the publication of the one-week and two-month USD LIBOR settings immediately following December 31, 2021, and the remaining USD LIBOR settings immediately following the LIBOR publication on June 30, 2023. While we expect LIBOR to be available in substantially its current form until at least such date, it is possible that LIBOR will become unavailable prior to that point; in which case, the risks associated with the transition to an alternative reference rate will be accelerated and magnified. The introduction of an alternative rate also may create additional basis risk and increased volatility as alternative rates are phased in and utilized in parallel with LIBOR.

We have financial contracts that are indexed to LIBOR and have transitioned certain non-USD LIBOR base rates phased out at the end of 2021 to their respective alternative reference rates. Our Senior Unsecured Credit Facility contains provisions that contemplate alternative methods to establishing a base rate upon LIBOR’s retirement. We expect to manage the transition to alternative reference rates using the language set forth in our agreements and through potential modifications to our debt and derivative instruments. In some instances, transitioning to an alternative reference rate may require negotiations with lenders and other counterparties, which could present challenges if we disagree regarding the method of transition. We continue to monitor and evaluate the risks related to potential changes in LIBOR availability, which include potential changes to financial products and market practices, borrowing rates, interest obligations, and the value of debt and derivative instruments. We are not able to predict when LIBOR will ultimately cease to be published or how SOFR will be calculated and implemented as an

alternative reference rate to USD LIBOR. In addition, there is no guarantee that the transition period will not result in general 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.

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, 2021, we had \$368.5 million 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 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.

Risks Related to our Corporate Structure and Maryland Law

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 of directors (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.

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 rate; 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 taxable REIT subsidiaries ("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. Also, please see the risk "There can be no assurance that we will be able to maintain cash dividends" below.

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. Income that is not distributed to us by our domestic TRSs will generally not be subject to the REIT income distribution requirement. However, certain income that is not distributed to us by our foreign TRSs may be deemed distributed to us by operation of certain provisions of the U.S. Tax Code and generally subject to REIT income distribution requirements. In addition, 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% plus the 3.8% Medicare tax on net investment income, if

applicable. 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 rate 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.

Risks Related to Our Overall Business

We are subject to the volatility of the capital markets, which may impact our ability to deploy capital.

The trading volume and market price of our common stock may fluctuate significantly and be adversely impacted in response to a number of factors. Therefore, 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. In addition, the capital markets may experience extreme volatility, disruption and periods of dislocation (e.g., during pandemics or a global financial crisis), which could make it more difficult for us to raise capital. Since net-lease REITs must be able to deploy capital with agility and consistency, 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.

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 increase our interest costs and 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. However, our future growth will depend, in part, upon our ability to raise additional capital, including through the issuance of debt and equity securities. 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.

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.

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 future success depends on the successful recruitment and retention of personnel, including our executives.

Our future success depends in large part on our ability to hire and retain a sufficient number of qualified and diverse personnel. Failure to recruit from a diverse pool of qualified candidates, particularly in light of recent labor shortages triggered by the COVID-19 pandemic, could negatively impact the dynamic growth of our company. In addition, 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, and a sustained labor shortage or increased turnover rates among our employees, as a result of the COVID-19 pandemic or other factors, could increase costs and materially adversely affect our business.

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, which could be an intentional attack 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. With the advent of remote work environments and technologies, we face heightened cybersecurity risks as our employees and counterparties increasingly depend on the internet and face greater exposure to malware and phishing attacks. These heightened cybersecurity risks may increase our vulnerability to cyber-attacks and cause disruptions to our internal control procedures.

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.

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. 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. There can be no assurance that the insurance we maintain to cover some of these risks will be sufficient to cover the losses from any future breaches of our systems.

Our business may continue to be adversely affected by COVID-19.

We are unable to predict the impact of ongoing disruptions caused by additional surges of COVID-19 transmission. The economic downturn and market volatility caused by the COVID-19 pandemic has already eroded the financial condition of certain of our tenants and operating properties; therefore, we cannot predict the impact that COVID-19 will continue to have on our tenants' ability to pay rent and any information provided regarding historical rent collections should not serve as an indication of expected future rent collections. We also cannot assure you that conditions in the bank lending, capital, and other financial markets will not deteriorate as a result of the ongoing disruptions caused by COVID-19, causing our access to capital and other sources of funding to become constrained, which could adversely affect the terms or even availability of future borrowings, renewals, and refinancings. Changes in laws and regulatory policies, including any governmental actions related to COVID-19 and the effects of fiscal and monetary policy changes, could result in business disruptions and subject us to additional market volatility and risks. On a company-level, rapidly changing guidance regarding COVID-19 protocols could subject us to risks arising from potential legal liabilities. The extent to which COVID-19 will impact our results and operations

will depend on future developments, including progression in vaccination and treatment regimes, the frequency and duration of additional surges in transmission, and governmental actions taken to contain or mitigate the impacts of COVID-19, all of which are highly uncertain and cannot be predicted with confidence.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

Our principal corporate offices are located at One Manhattan West, 395 9th Avenue, 58th Floor, New York, NY 10001 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

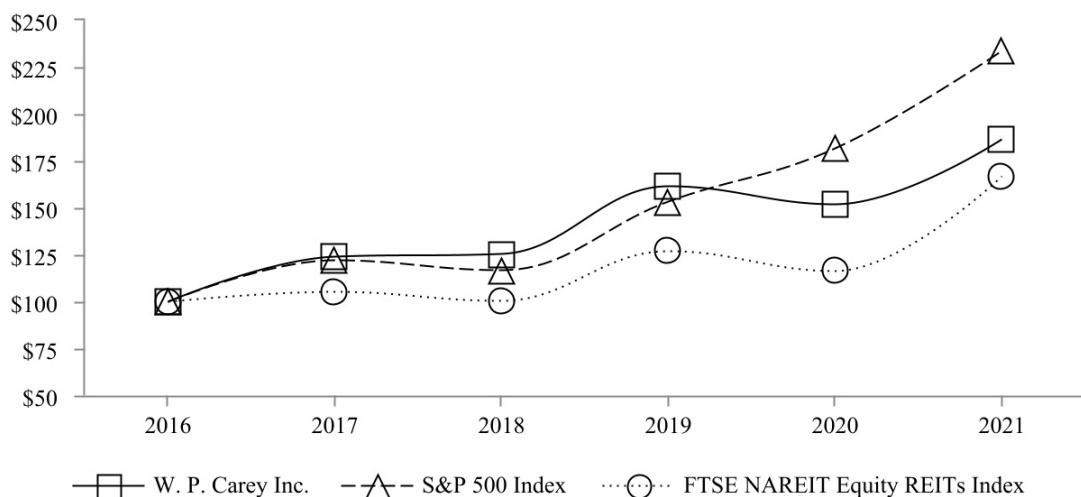
Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Market Information

Our common stock is listed on the NYSE under the ticker symbol "WPC." At February 4, 2022 there were 8,319 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, 2016 to December 31, 2021, as compared with the S&P 500 Index and the FTSE NAREIT Equity REITs Index. The graph assumes a \$100 investment on December 31, 2016, together with the reinvestment of all dividends.



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 2022 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. Reserved

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, 2020 for discussion of our financial condition and results of operations for the year ended December 31, 2019. Refer to [Item 1. Business](#) for a description of our business.

Significant Developments

COVID-19

We continue to actively engage in discussions with our tenants regarding the impact of the COVID-19 pandemic on their business operations, liquidity, and financial position. Through the date of this Report, we have received from tenants over 99.8% of contractual base rent due during the fourth quarter of 2021 (based on contractual minimum annualized base rent ("ABR") as of September 30, 2021). Given the ongoing uncertainty surrounding the impact of the COVID-19 pandemic, we are unable to predict its effect on our tenants' continued ability to pay rent. Therefore, information provided in this Report regarding rent collections should not serve as an indication of expected future rent collections.

Financial Highlights

During the year ended December 31, 2021, we completed the following (as further described in the consolidated financial statements):

Real Estate

Investments

- We acquired 28 investments totaling \$1.5 billion ([Note 4](#), [Note 5](#)).
- We completed four construction projects at a cost totaling \$88.2 million ([Note 4](#)).
- We entered into an agreement to fund a construction loan of approximately \$224.9 million for a retail complex in Las Vegas, Nevada. Through December 31, 2021, we have funded \$103.7 million ([Note 7](#)).
- We committed to fund six build-to-suit or expansion projects totaling \$63.5 million (based on the exchange rate of the euro at December 31, 2021, as applicable). We currently expect to complete the projects in 2022 and 2023 ([Note 4](#)).

Dispositions

- As part of our active capital recycling program, we disposed of 24 properties for total proceeds, net of selling costs, of \$163.6 million ([Note 15](#)).

Financing and Capital Markets Transactions

- On February 25, 2021, we completed an underwritten public offering of \$425.0 million of 2.250% Senior Notes due 2033, at a price of 98.722% of par value. These 2.250% Senior Notes due 2033 have a 12.1-year term and are scheduled to mature on April 1, 2033 ([Note 10](#)).
- On March 8, 2021, we completed an underwritten public offering of €525.0 million of 0.950% Senior Notes due 2030, at a price of 99.335% of par value, issued by our wholly owned finance subsidiary, WPC Eurobond B.V., and fully and unconditionally guaranteed by us. These 0.950% Senior Notes due 2030 have a 9.2-year term and are scheduled to mature on June 1, 2030. We used the net proceeds from this offering to redeem the €500.0 million of 2.0% Senior Notes due 2023, for which we paid a “make-whole” amount of \$26.2 million (based on the exchange rate of the euro as of the date of redemption) ([Note 10](#)).
- On October 15, 2021, we completed an underwritten public offering of \$350.0 million of 2.450% Senior Notes due 2032, at a price of 99.048% of par value, in our inaugural green bond offering. These 2.450% Senior Notes due 2032 have a 10.3-year term and are scheduled to mature on February 1, 2032. We intend to fully allocate an amount equal to the net proceeds from this offering to the financing and refinancing, in whole or in part, of one or more recently completed or future eligible green projects (as defined in the prospectus supplement for the offering) ([Note 10](#)).
- On June 7, 2021, we offered 6,037,500 shares of common stock through our June 2021 Equity Forwards, for gross proceeds of approximately \$454.6 million. In addition, on August 9, 2021, we offered 5,175,000 shares of common stock through our August 2021 Equity Forwards, for gross proceeds of approximately \$403.7 million. During the year ended December 31, 2021, we settled portions of our Equity Forwards by delivering 9,798,209 shares of common stock to certain forward purchasers for net proceeds of \$697.0 million. As of December 31, 2021, 3,925,000 shares remained outstanding under our Equity Forwards ([Note 12](#)).
- We issued 4,690,073 shares of our common stock under our ATM Program at a weighted-average price of \$73.42 per share, for net proceeds of \$340.0 million ([Note 12](#)).
- We reduced our mortgage debt outstanding by prepaying or repaying at or close to maturity a total of \$777.8 million of non-recourse mortgage loans (including prepayment penalties totaling \$45.2 million) with a weighted-average interest rate of 4.8% ([Note 10](#)).

Investment Management

Assets Under Management

- As of December 31, 2021, we managed total assets of approximately \$2.7 billion on behalf of CPA:18 – Global and CESH. We expect that the vast majority of our Investment Management earnings going forward will be generated from asset management fees and our ownership interests in CPA:18 – Global and CESH.

Dividends to Stockholders

We declared cash dividends totaling \$4.205 per share, comprised of four quarterly dividends per share of \$1.048, \$1.050, \$1.052, and \$1.055.

Consolidated Results

(in thousands, except shares)

	Years Ended December 31,	
	2021	2020
Revenues from Real Estate	\$ 1,312,126	\$ 1,177,997
Revenues from Investment Management	19,398	31,322
Total revenues	1,331,524	1,209,319
Net income from Real Estate attributable to W. P. Carey	384,766	459,512
Net income (loss) from Investment Management attributable to W. P. Carey	25,222	(4,153)
Net income attributable to W. P. Carey	409,988	455,359
Dividends declared	781,626	732,020
Net cash provided by operating activities	926,479	801,538
Net cash used in investing activities	(1,566,727)	(539,932)
Net cash provided by (used in) financing activities	557,048	(210,713)
Supplemental financial measures ^(a) :		
Adjusted funds from operations attributable to W. P. Carey (AFFO) — Real Estate	896,139	804,175
Adjusted funds from operations attributable to W. P. Carey (AFFO) — Investment Management	25,352	24,911
Adjusted funds from operations attributable to W. P. Carey (AFFO)	921,491	829,086
Diluted weighted-average shares outstanding	183,127,098	174,839,428

- (a) We consider Adjusted funds from operations (“AFFO”), a supplemental measure that is not defined by U.S. generally accepted accounting principles (“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.

Revenues

Real Estate revenue increased in 2021 as compared to 2020, primarily due to higher lease revenues (substantially as a result of property acquisition activity, the strengthening euro and British pound sterling, and the positive impact on rent collections as businesses recovered from the effects of the COVID-19 pandemic, partially offset by property dispositions) and higher lease termination and other income ([Note 4](#)). Investment Management revenue decreased in 2021 as compared to 2020, primarily due to lower asset management revenue and reimbursable costs earned from the Managed Programs following the termination of our advisory agreements in connection with the closing of the CWI 1 and CWI 2 Merger on April 13, 2020 ([Note 3](#)).

Net Income Attributable to W. P. Carey

Net income from Real Estate attributable to W. P. Carey decreased in 2021 as compared to 2020, primarily due to a higher loss on extinguishment of debt ([Note 10](#)), a lower aggregate gain on sale of real estate ([Note 15](#)), and a deferred tax benefit as a result of the release of a deferred tax liability relating to our investment in shares of Lineage Logistics during the prior year ([Note 14](#)), partially offset by the impact of real estate acquisitions, the positive impact on rent collections as businesses recovered from the effects of the COVID-19 pandemic, and lower interest expense. In addition, we recognized non-cash unrealized gains on our investment in shares of Lineage Logistics during both the current and prior year ([Note 8](#)). Net income from Investment Management attributable to W. P. Carey increased in 2021 as compared to 2020, primarily due to other-than temporary impairment charges on our equity method investments in CWI 1 and CWI 2 during the prior year period ([Note 8](#)), partially offset by a non-cash net gain recognized on the redemption of our special general partner interests in CWI 1 and CWI 2 in connection with the WLT management internalization in April 2020 ([Note 3](#)), as well as the cessation of revenues previously earned from CWI 1 and CWI 2.

AFFO

AFFO increased in 2021 as compared to 2020, primarily due to higher lease revenues from net investment activity, lower interest expense, and the positive impact on rent collections as businesses recovered from the effects of the COVID-19 pandemic, partially offset by lower Investment Management revenues due to the WLT management internalization in April 2020 ([Note 3](#)).

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,	
	2021	2020
ABR (in thousands)	\$ 1,247,764	\$ 1,183,217
Number of net-leased properties	1,304	1,243
Number of operating properties ^(a)	20	20
Number of tenants (net-leased properties)	352	350
Total square footage (net-leased properties, in thousands)	155,674	144,259
Occupancy (net-leased properties)	98.5 %	98.5 %
Weighted-average lease term (net-leased properties, in years)	10.8	10.6
Number of countries ^(b)	24	25
Total assets (in thousands)	\$ 15,480,630	\$ 14,707,636
Net investments in real estate (in thousands)	13,037,369	12,386,572
	Years Ended December 31,	
	2021	2020
Acquisition volume (in millions) ^(c)	\$ 1,627.9	\$ 661.4
Construction projects completed (in millions)	88.2	171.2
Average U.S. dollar/euro exchange rate	1.1830	1.1410
Average U.S. dollar/British pound sterling exchange rate	1.3755	1.2834

- (a) At both December 31, 2021 and 2020, operating properties consisted of 19 self-storage properties (of which we consolidated ten, with an average occupancy of 95.3% at December 31, 2021), and one hotel property, with an average occupancy of 45.2% for the year ended December 31, 2021 (due to the adverse effect of the COVID-19 pandemic).
- (b) We sold our only remaining investment in Belgium during 2021.
- (c) Amount for the year ended December 31, 2021 includes \$217.0 million of sale-leasebacks classified as loans receivable ([Note 5](#)). Amount for the year ended December 31, 2021 includes \$103.7 million of funding for a construction loan ([Note 7](#)).

Net-Leased Portfolio

The tables below represent information about our net-leased portfolio at December 31, 2021 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	3.1 %	2.3
State of Andalucía ^(a)	Government office properties in Spain	70	29,490	2.4 %	13.0
Hellweg Die Profi-Baumärkte GmbH & Co. KG ^(a)	Do-it-yourself retail properties in Germany	35	28,388	2.3 %	15.2
^(a) Metro Cash & Carry Italia S.p.A.	Business-to-business wholesale stores in Italy and Germany	20	28,087	2.2 %	6.8
Pendragon PLC ^(a)	Automotive dealerships in the United Kingdom	69	23,852	1.9 %	8.4
OBI Group ^(a)	Do-it-yourself retail properties in Poland	26	22,635	1.8 %	8.4
Marriott Corporation	Net lease hotel properties in the U.S.	18	21,100	1.7 %	2.0
Extra Space Storage, Inc.	Net lease self-storage properties in the U.S.	27	20,688	1.6 %	22.3
Advance Auto Parts, Inc.	Distribution facilities in the U.S.	29	19,851	1.6 %	11.1
Nord Anglia Education, Inc.	K-12 private schools in the U.S.	3	19,473	1.6 %	21.7
Total		375	\$ 252,315	20.2 %	10.4

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

Portfolio Diversification by Geography
(in thousands, except percentages)

Region		ABR	ABR Percent	Square Footage ^(a)	Square Footage Percent
United States					
South					
Texas	\$ 103,805	8.3 %	11,869	7.6 %	
Florida	51,231	4.1 %	4,460	2.9 %	
Georgia	23,875	1.9 %	3,512	2.3 %	
Tennessee	22,057	1.8 %	3,291	2.1 %	
Alabama	18,456	1.5 %	3,085	2.0 %	
Other ^(b)	15,675	1.2 %	2,356	1.5 %	
Total South	235,099	18.8 %	28,573	18.4 %	
Midwest					
Illinois	59,840	4.8 %	8,328	5.3 %	
Minnesota	32,138	2.6 %	3,225	2.1 %	
Indiana	26,940	2.1 %	4,734	3.0 %	
Ohio	18,306	1.5 %	3,921	2.5 %	
Wisconsin	16,086	1.3 %	3,245	2.1 %	
Michigan	15,076	1.2 %	2,599	1.7 %	
Other ^(b)	32,401	2.6 %	5,073	3.3 %	
Total Midwest	200,787	16.1 %	31,125	20.0 %	
East					
North Carolina	35,813	2.9 %	8,098	5.2 %	
Pennsylvania	30,790	2.4 %	3,673	2.4 %	
New Jersey	22,809	1.8 %	1,235	0.8 %	
Massachusetts	22,187	1.8 %	1,407	0.9 %	
New York	17,630	1.4 %	2,221	1.4 %	
South Carolina	14,840	1.2 %	4,087	2.6 %	
Other ^(b)	47,109	3.8 %	8,009	5.1 %	
Total East	191,178	15.3 %	28,730	18.4 %	
West					
California	70,052	5.6 %	6,537	4.2 %	
Arizona	29,784	2.4 %	3,365	2.1 %	
Other ^(b)	60,892	4.9 %	6,333	4.1 %	
Total West	160,728	12.9 %	16,235	10.4 %	
United States Total	787,792	63.1 %	104,663	67.2 %	
International					
United Kingdom	61,843	5.0 %	5,099	3.3 %	
Germany	61,465	4.9 %	6,440	4.1 %	
Poland	58,799	4.7 %	7,959	5.1 %	
Spain	56,099	4.5 %	4,708	3.0 %	
The Netherlands	56,044	4.5 %	6,948	4.5 %	
Italy	26,364	2.1 %	2,386	1.5 %	
France	20,328	1.6 %	1,685	1.1 %	
Denmark	17,724	1.4 %	2,559	1.7 %	
Croatia	16,901	1.4 %	1,726	1.1 %	
Canada	14,084	1.1 %	2,213	1.4 %	
Other ^(c)	70,321	5.7 %	9,288	6.0 %	
International Total	459,972	36.9 %	51,011	32.8 %	
Total	\$ 1,247,764	100.0 %	155,674	100.0 %	

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

Property Type	ABR	ABR Percent	Square Footage ^(a)	Square Footage Percent
Industrial	\$ 322,284	25.8 %	54,221	34.8 %
Warehouse	297,942	23.9 %	54,793	35.2 %
Office	243,741	19.5 %	16,151	10.4 %
Retail ^(d)	220,016	17.6 %	19,139	12.3 %
Self Storage (net lease)	59,438	4.8 %	5,810	3.7 %
Other ^(e)	104,343	8.4 %	5,560	3.6 %
Total	\$ 1,247,764	100.0 %	155,674	100.0 %

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

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

Industry Type	ABR	ABR Percent	Square Footage	Square Footage Percent
Retail Stores ^(a)	\$ 272,627	21.9 %	34,040	21.9 %
Consumer Services	102,202	8.2 %	7,850	5.0 %
Automotive	81,158	6.5 %	12,310	7.9 %
Beverage and Food	78,613	6.3 %	10,182	6.5 %
Grocery	72,546	5.8 %	7,714	5.0 %
Cargo Transportation	63,845	5.1 %	9,491	6.1 %
Healthcare and Pharmaceuticals	60,465	4.8 %	5,372	3.5 %
Construction and Building	50,279	4.0 %	9,005	5.8 %
Business Services	47,045	3.8 %	4,018	2.6 %
Capital Equipment	44,766	3.6 %	7,387	4.7 %
Durable Consumer Goods	44,001	3.5 %	9,951	6.4 %
Hotel and Leisure	41,141	3.3 %	2,214	1.4 %
Sovereign and Public Finance	39,327	3.2 %	3,241	2.1 %
Containers, Packaging, and Glass	38,627	3.1 %	6,538	4.2 %
High Tech Industries	31,197	2.5 %	3,315	2.1 %
Insurance	25,764	2.1 %	1,749	1.1 %
Banking	19,935	1.6 %	1,247	0.8 %
Metals	16,203	1.3 %	3,119	2.0 %
Non-Durable Consumer Goods	15,696	1.3 %	5,250	3.4 %
Aerospace and Defense	15,459	1.2 %	1,357	0.9 %
Telecommunications	15,274	1.2 %	1,479	0.9 %
Chemicals, Plastics, and Rubber	14,282	1.1 %	1,853	1.2 %
Media: Broadcasting and Subscription	13,120	1.1 %	784	0.5 %
Wholesale	12,758	1.0 %	2,005	1.3 %
Other ^(b)	31,434	2.5 %	4,203	2.7 %
Total	\$ 1,247,764	100.0 %	155,674	100.0 %

(a) Includes automotive dealerships.

(b) Includes ABR from tenants in the following industries: media: advertising, printing, and publishing, oil and gas, environmental industries, consumer transportation, forest products and paper, real estate, and electricity. Also includes square footage for vacant properties.

Lease Expirations
(dollars and square footage in thousands)

Year of Lease Expiration ^(a)	Number of Leases Expiring	Number of Tenants with Leases Expiring	ABR	ABR Percent	Square Footage	Square Footage Percent
2022	25	25	\$ 29,669	2.4 %	1,982	1.3 %
2023	31	28	46,810	3.8 %	5,405	3.5 %
2024 ^(b)	45	39	96,501	7.7 %	12,403	8.0 %
2025	60	29	63,961	5.1 %	7,417	4.8 %
2026	40	29	57,615	4.6 %	8,219	5.3 %
2027	56	32	83,964	6.7 %	8,847	5.7 %
2028	40	22	60,495	4.8 %	4,568	2.9 %
2029	50	23	55,310	4.4 %	6,702	4.3 %
2030	27	23	65,876	5.3 %	5,642	3.6 %
2031	66	16	73,930	5.9 %	8,642	5.5 %
2032	38	18	53,114	4.3 %	7,098	4.6 %
2033	28	22	77,386	6.2 %	10,159	6.5 %
2034	47	15	74,503	6.0 %	7,765	5.0 %
2035	14	14	26,944	2.2 %	4,906	3.1 %
Thereafter (>2035)	223	97	381,686	30.6 %	53,632	34.4 %
Vacant	—	—	—	— %	2,287	1.5 %
Total	790		\$ 1,247,764	100.0 %	155,674	100.0 %

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

(b) Includes ABR of \$38.8 million from a tenant (U-Haul Moving Partners, Inc. and Mercury Partners, LP) that holds an option to repurchase the 78 properties it is leasing in April 2024. There can be no assurance that such repurchase will be completed.

Terms and Definitions

Pro Rata Metrics —The portfolio information above contains certain metrics prepared on a pro rata basis. We refer to these metrics as pro rata metrics. We have a number of investments, usually with our affiliates, in which our economic ownership is less than 100%. On a full consolidation basis, we report 100% of the assets, liabilities, revenues, and expenses of 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. On a pro rata basis, 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 and reflects exchange rates as of December 31, 2021. 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. Refer to [Note 16](#) for tables presenting the comparative results of our Real Estate and Investment Management segments.

Real Estate

Revenues

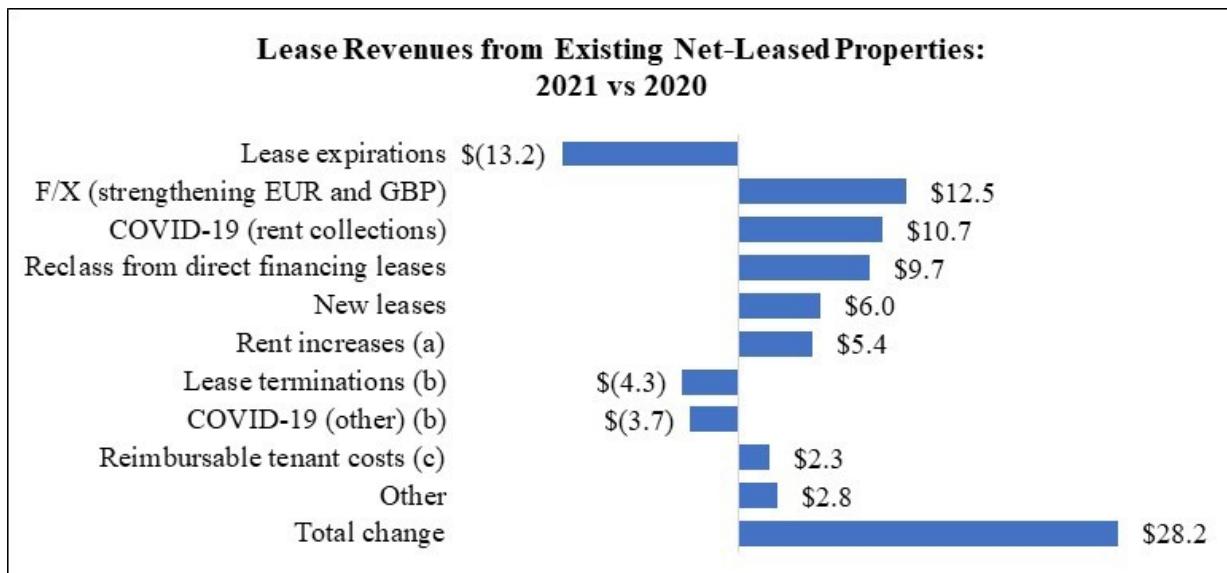
The following table presents revenues within our Real Estate segment (in thousands):

	Years Ended December 31,		
	2021	2020	Change
Real Estate Revenues			
Lease revenues from:			
Existing net-leased properties	\$ 1,062,470	\$ 1,034,306	\$ 28,164
Recently acquired net-leased properties	108,858	22,922	85,936
Net-leased properties sold or held for sale	6,110	23,395	(17,285)
Total lease revenues (including reimbursable tenant costs)	1,177,438	1,080,623	96,815
Income from direct financing leases and loans receivable	67,555	74,893	(7,338)
Lease termination income and other	53,655	11,082	42,573
Operating property revenues	13,478	11,399	2,079
	<u>\$ 1,312,126</u>	<u>\$ 1,177,997</u>	<u>\$ 134,129</u>

Lease Revenues

"Existing net-leased properties" are those that we acquired or placed into service prior to January 1, 2020 and that were not sold or held for sale during the periods presented. For the periods presented, there were 1,071 existing net-leased properties.

For the year ended December 31, 2021 as compared to 2020, lease revenues from existing net-leased properties increased due to the following items (in millions):



- (a) Excludes fixed minimum rent increases, which are reflected as straight-line rent adjustments within lease revenues.
- (b) Primarily related to (i) straight-line rent adjustments and (ii) write-offs of above/below-market rent intangibles.
- (c) Primarily comprised of winter storm-related charges recorded during the first quarter of 2021 from a tenant at a property in Texas.

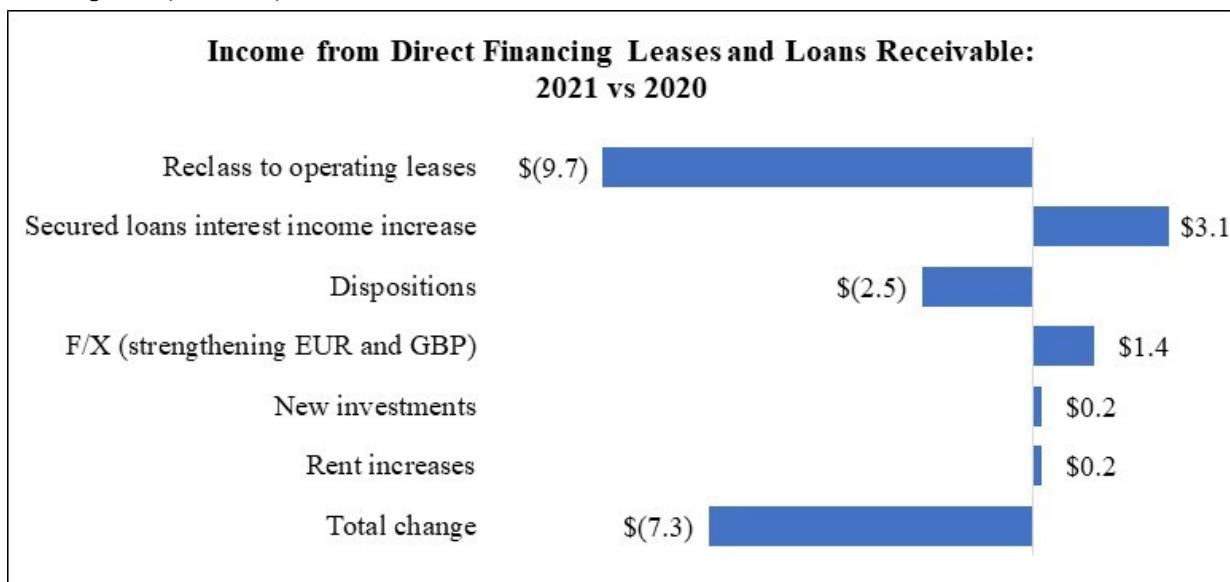
“Recently acquired net-leased properties” are those that we acquired or placed into service subsequent to December 31, 2019 and that were not sold or held for sale during the periods presented. Since January 1, 2020, we acquired 40 investments (comprised of 115 properties and six land parcels under buildings that we already own) and placed two properties into service.

“Net-leased properties sold or held for sale” include (i) 24 net-leased properties disposed of during the year ended December 31, 2021; (ii) two net-leased properties classified as held for sale at December 31, 2021, which were sold in January and February 2022 ([Note 4](#), [Note 17](#)); and (iii) 21 net-leased properties disposed of during the year ended December 31, 2020. Our dispositions are more fully described in [Note 15](#).

Income from Direct Financing Leases and Loans Receivable

We currently present Income from direct financing leases and loans receivable on its own line item in the consolidated statements of income. Previously, income from direct financing leases was included within Lease revenues and income from loans receivable was included within Lease termination income and other in the consolidated statements of income. Prior period amounts have been reclassified to conform to the current period presentation.

For the year ended December 31, 2021 as compared to 2020, income from direct financing leases and loans receivable decreased due to the following items (in millions):



Lease Termination Income and Other

Lease termination income and other is described in [Note 4](#).

Operating Property Revenues and Expenses

For the periods presented, we recorded operating property revenues from 12 operating properties, comprised of ten self-storage operating properties (which excludes nine self-storage properties accounted for under the equity method) and two hotel operating properties (one of which was sold in January 2020, as described in [Note 15](#)). For our remaining hotel operating property, revenues and expenses increased by \$3.2 million and \$1.6 million, respectively, for the year ended December 31, 2021 as compared to 2020, reflecting higher occupancy as the hotel's business recovered from the COVID-19 pandemic. In addition, for the year ended December 31, 2021 as compared to 2020, operating property revenues and expenses decreased by \$1.9 million each, due to the hotel sale in January 2020. Furthermore, for our self-storage operating properties, revenues and expenses increased by \$0.7 million and \$0.2 million, respectively, for the year ended December 31, 2021 as compared to 2020, reflecting higher occupancy and unit rates.

Operating Expenses

Depreciation and Amortization

The following table presents depreciation and amortization expense within our Real Estate segment (in thousands):

	Years Ended December 31,		
	2021	2020	Change
Depreciation and Amortization			
Net-leased properties	\$ 467,803	\$ 433,829	\$ 33,974
Operating properties	2,747	4,017	(1,270)
Corporate	5,439	4,102	1,337
	\$ 475,989	\$ 441,948	\$ 34,041

For the year ended December 31, 2021 as compared to 2020, depreciation and amortization expense for net-leased properties increased primarily due to the impact of acquisition activity and the strengthening of foreign currencies (primarily the euro) in relation to the U.S. dollar between the periods, partially offset by in-place lease intangible assets recorded on certain net-leased self-storage properties becoming fully amortized during 2020.

Beginning with the second quarter of 2020, corporate depreciation and amortization expense is fully recognized within our Real Estate segment, consistent with the segment allocation changes described below under *General and Administrative*.

General and Administrative

Beginning with the second quarter of 2020, general and administrative expenses attributed to our Investment Management segment are comprised of the incremental costs of providing services to the Managed Programs, which are fully reimbursed by those funds (resulting in no net expense for us). All other general and administrative expenses are attributed to our Real Estate segment. Previously, general and administrative expenses were allocated based on time incurred by our personnel for the Real Estate and Investment Management segments. In light of the termination of the advisory agreements with CWI 1 and CWI 2 in connection with the WLT management internalization ([Note 3](#)), we now view essentially all assets, liabilities, and operational expenses as part of our Real Estate segment, other than incremental activities that are expected to wind down as we manage CPA:18 – Global and CESH through the end of their respective life cycles ([Note 2](#)). This change between the segments had no impact on our consolidated financial statements.

For the year ended December 31, 2021 as compared to 2020, general and administrative expenses allocated to our Real Estate segment increased by \$11.8 million, primarily due to (i) higher incentive compensation expense, (ii) lower overhead reimbursements from WLT following the termination of all services provided under the transition services agreement, and (iii) the change in methodology for allocation of expenses between our Real Estate and Investment Management segments discussed above.

Property Expenses, Excluding Reimbursable Tenant Costs

For the year ended December 31, 2021 as compared to 2020, property expenses, excluding reimbursable tenant costs, increased by \$3.8 million, primarily due to tenant vacancies during 2020 and 2021 (which resulted in property expenses no longer being reimbursable) and higher property tax assessments at certain properties.

Stock-based Compensation Expense

For a description of our equity plans and awards, please see [Note 13](#). Beginning with the second quarter of 2020, stock-based compensation expense is fully recognized within our Real Estate segment. In light of the termination of the advisory agreements with CWI 1 and CWI 2 in connection with the WLT management internalization ([Note 3](#)), we believe that this allocation methodology is appropriate, as described above ([Note 2](#)). This change between the segments had no impact on our consolidated financial statements.

For the year ended December 31, 2021 as compared to 2020, stock-based compensation expense allocated to the Real Estate segment increased by \$9.6 million, primarily due to changes in the projected payout for performance share units.

Impairment Charges

Our impairment charges are described in [Note 8](#).

Merger and Other Expenses

For the year ended December 31, 2021, merger and other expenses allocated to our Real Estate segment totaled benefits of \$4.6 million, primarily comprised of reversals of estimated liabilities for German real estate transfer taxes that were previously recorded in connection with business combinations in prior years.

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

Interest Expense

For the year ended December 31, 2021 as compared to 2020, interest expense decreased by \$13.3 million, primarily due to the reduction of our mortgage debt outstanding by prepaying or repaying at or close to maturity a total of \$1.1 billion of non-recourse mortgage loans with a weighted-average interest rate of 4.9% since January 1, 2020, partially offset by four senior unsecured notes issuances totaling \$1.9 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 1.9% completed since January 1, 2020.

The following table presents certain information about our outstanding debt (dollars in thousands):

	Years Ended December 31,	
	2021	2020
Average outstanding debt balance	\$ 6,906,997	\$ 6,411,355
Weighted-average interest rate	2.6 %	3.0 %

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 reporting period. Our dispositions are more fully described in [Note 15](#).

(Losses) Earnings from Equity Method Investments in Real Estate

Our equity method investments in real estate are more fully described in [Note 7](#). The following table presents (losses) earnings from equity method investments in real estate (in thousands):

	Years Ended December 31,		
	2021	2020	Change
(Losses) Earnings from Equity Method Investments in Real Estate			
Losses from WLT ^(a)	\$ (10,790)	\$ (5,028)	\$ (5,762)
Proportionate share of impairment charge or other-than-temporary impairment charge recognized on Bank Pekao (Note 7 , Note 8)	(13,220)	(8,276)	(4,944)
Other-than-temporary impairment charge on State Farm Mutual Automobile Insurance Co. (Note 7 , Note 8)	(6,830)	—	(6,830)
Earnings from Las Vegas Retail Complex	3,017	—	3,017
Earnings from Johnson Self Storage ^(b)	2,460	570	1,890
Earnings from Fortenova Grupa d.d. ^(c)	1,542	371	1,171
Other	4,172	3,346	826
	<u>\$ (19,649)</u>	<u>\$ (9,017)</u>	<u>\$ (10,632)</u>

- (a) Losses for each period are primarily due to the adverse impact of the COVID-19 pandemic on WLT's operations. In addition, losses for 2021 reflect four quarters of activity as compared to two quarters for 2020. We record (losses) earnings from this investment on a one quarter lag.
- (b) Increase is primarily due to higher occupancy rates at these self-storage facilities.
- (c) Increase is primarily due to improved performance at these properties, as well as our proportionate share of a gain recognized on the sale of one of the properties in this portfolio.

Non-Operating Income

Non-operating income primarily consists of realized gains and losses on derivative instruments, dividends from equity securities, and interest income on our loans to affiliates and cash deposits.

The following table presents non-operating income within our Real Estate segment (in thousands):

	Years Ended December 31,		
	2021	2020	Change
Non-Operating Income			
Cash dividend from our investment in Lineage Logistics (Note 8)	\$ 6,438	\$ —	\$ 6,438
Cash dividends from our investment in preferred shares of WLT (Note 8)	4,893	—	4,893
Realized gains on foreign currency forward collars and contracts	2,357	8,162	(5,805)
Interest income related to our loans to affiliates and cash deposits	90	808	(718)
	<u>\$ 13,778</u>	<u>\$ 8,970</u>	<u>\$ 4,808</u>

Other Gains and (Losses)

Other gains and (losses) primarily consists of gains and losses on (i) extinguishment of debt, (ii) the mark-to-market fair value of equity securities, and (iii) foreign currency transactions. The timing and amount of such gains or losses cannot always be estimated and are subject to fluctuation. All of our foreign currency-denominated unsecured debt instruments were designated as net investment hedges during the years ended December 31, 2021 and 2020. Therefore, no gains and losses on foreign currency transactions were recognized on the remeasurement of such instruments during those periods ([Note 9](#)).

The following table presents other gains and (losses) within our Real Estate segment (in thousands):

	Years Ended December 31,		
	2021	2020	Change
Other Gains and (Losses)			
Non-cash unrealized gains related to an increase in the fair value of our investment in shares of Lineage Logistics (Note 8)	\$ 76,312	\$ 48,326	\$ 27,986
Loss on extinguishment of debt ^(a)	(75,339)	(1,487)	(73,852)
Net realized and unrealized (losses) gains on foreign currency transactions ^(b)	(15,608)	11,018	(26,626)
Change in allowance for credit losses on finance receivables (Note 5)	(266)	(22,259)	21,993
Other	1,225	1,506	(281)
	<u>\$ (13,676)</u>	<u>\$ 37,104</u>	<u>\$ (50,780)</u>

- (a) Amount for the year ended December 31, 2021 is related to the prepayment of mortgage loans (primarily comprised of prepayment penalties totaling \$45.2 million) and redemption of the €500.0 million of 2.0% Senior Notes due 2023 in March 2021 (primarily comprised of a “make-whole” amount of \$26.2 million related to the redemption) ([Note 10](#)).
- (b) We 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 amortizing loans, are included in other gains and (losses).

(Provision for) Benefit from Income Taxes

For the year ended December 31, 2021, we recorded a provision for income taxes of \$28.7 million, compared to a benefit from income taxes of \$18.5 million recognized during the year ended December 31, 2020, within our Real Estate segment. During the year ended December 31, 2020, we recognized a deferred tax benefit of \$37.2 million as a result of the release of a deferred tax liability relating to our investment in shares of Lineage Logistics ([Note 13](#)), which converted to a REIT during the prior year period and is therefore no longer subject to federal and state income taxes. In addition, international taxes increased due to acquisitions and various new tax laws and regulations.

Investment Management

We earn revenue as the advisor to the Managed Programs. For the periods presented, we acted as advisor to the following Managed Programs: CPA:18 – Global, CWI 1 (through April 13, 2020), CWI 2 (through April 13, 2020), and CESH. The CWI 1 and CWI 2 Merger closed on April 13, 2020, and as a result, the advisory agreements with each of CWI 1 and CWI 2 terminated and CWI 2 was renamed Watermark Lodging Trust, Inc. (“WLT”). We provided certain services to WLT pursuant to a transition services agreement, which was terminated on October 13, 2021 ([Note 3](#)).

We no longer raise capital for new or existing funds, but we currently expect to continue managing CPA:18 – Global and CESH and earn the various fees described below through the end of their respective life cycles ([Note 1](#), [Note 3](#)). As of December 31, 2021, we managed total assets of approximately \$2.7 billion on behalf of the Managed Programs.

Revenues

The following table presents revenues within our Investment Management segment (in thousands):

	Years Ended December 31,		
	2021	2020	Change
Investment Management Revenues			
Asset management and other revenue			
CPA:18 – Global	\$ 12,528	\$ 12,112	\$ 416
CWI 1	—	3,795	(3,795)
CWI 2	—	3,367	(3,367)
CESH	2,835	3,193	(358)
	<u>15,363</u>	<u>22,467</u>	<u>(7,104)</u>
Reimbursable costs from affiliates			
CPA:18 – Global	2,874	2,854	20
CWI 1	—	1,867	(1,867)
CWI 2	—	1,301	(1,301)
CESH	878	1,170	(292)
WLT	283	1,663	(1,380)
	<u>4,035</u>	<u>8,855</u>	<u>(4,820)</u>
	<u><u>\$ 19,398</u></u>	<u><u>\$ 31,322</u></u>	<u><u>\$ (11,924)</u></u>

Asset Management and Other Revenue

Asset management and other revenue includes asset management revenue, structuring revenue, and other advisory revenue. During the periods presented, we earned asset management revenue from (i) CPA:18 – Global based on the value of its real estate-related assets under management, (ii) the CWI REITs, prior to the CWI 1 and CWI 2 Merger ([Note 3](#)), based on the value of their lodging-related real estate assets under management, and (iii) CESH based on its gross assets under management at fair value. 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 2021, we received asset management fees from (i) CPA:18 – Global in shares of its common stock, and (ii) CESH in cash.

We earn structuring and other advisory revenue when we structure new investments on behalf of the Managed Programs. Since we no longer raise capital for new or existing funds, and we no longer serve as advisor to CWI 1 and CWI 2 ([Note 3](#)), structuring and other advisory revenue has recently been and is expected to be insignificant going forward.

For the year ended December 31, 2020, structuring and other advisory revenue was comprised of \$0.3 million for structuring a mortgage refinancing on behalf of CWI 2 and \$0.2 million related to increases in build-to-suit funding commitments for certain CPA:18 – Global investments.

Operating Expenses

General and Administrative, Stock-based Compensation Expense, and Depreciation and Amortization

Beginning with the second quarter of 2020, general and administrative expenses attributed to our Investment Management segment are comprised of the incremental costs of providing services to the Managed Programs, which are fully reimbursed by those funds (resulting in no net expense for us). All other general and administrative expenses are attributed to our Real Estate segment. Previously, general and administrative expenses were allocated based on time incurred by our personnel for the Real Estate and Investment Management segments. In addition, beginning with the second quarter of 2020, stock-based compensation expense and corporate depreciation and amortization expense are fully recognized within our Real Estate segment. In light of the termination of the advisory agreements with CWI 1 and CWI 2 in connection with the WLT management internalization ([Note 3](#)), we now view essentially all assets, liabilities, and operational expenses as part of our Real Estate segment, other than incremental activities that are expected to wind down as we manage CPA:18 – Global and CESH through the end of their respective life cycles ([Note 2](#)). These changes between the segments had no impact on our consolidated financial statements.

As discussed in [Note 3](#), certain personnel costs and overhead costs are charged to the remaining Managed Programs and reimbursed to us in accordance with their respective advisory agreements. In addition, following the closing of the CWI 1 and CWI 2 Merger on April 13, 2020, we began recording reimbursements from WLT within our Investment Management segment pursuant to a transition services agreement. On October 13, 2021, all services provided under the transition services agreement were terminated.

Subadvisor Fees

Pursuant to the terms of the subadvisory agreements we had with the third-party subadvisors in connection with both CWI 1 and CWI 2, we paid 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. Upon completion of the CWI 1 and CWI 2 Merger on April 13, 2020 ([Note 3](#)), the subadvisory agreements were terminated, and we no longer pay subadvisory fees.

Other Income and Expenses, and Benefit from Income Taxers

Earnings (Losses) from Equity Method Investments in the Managed Programs

Earnings (losses) from equity method investments in the Managed Programs is recognized in accordance with GAAP ([Note 7](#)). In addition, we are entitled to receive distributions of Available Cash ([Note 3](#)) from the operating partnership of CPA:18 – Global. 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 Earnings (losses) from equity method investments in the Managed Programs (in thousands):

	Years Ended December 31,	
	2021	2020
Earnings (losses) from equity method investments in the Managed Programs:		
Distributions of Available Cash from CPA:18 – Global ^(a)	\$ 7,345	\$ 7,225
Earnings (losses) from equity method investments in the Managed Programs ^(b)	1,475	(2,662)
Other-than-temporary impairment charges on our equity method investments in CWI 1 and CWI 2 ^(c)	—	(47,112)
Gain on redemption of special general partner interests in CWI 1 and CWI 2, net ^(d)	—	33,009
Earnings (losses) from equity method investments in the Managed Programs	\$ 8,820	\$ (9,540)

- (a) We are entitled to receive distributions of up to 10% of the Available Cash from the operating partnership of CPA:18 – Global, as defined in its operating partnership agreement ([Note 3](#)). Distributions of Available Cash received and earned from CPA:18 – Global fluctuate based on the timing of certain events, including acquisitions and dispositions.
- (b) The increase for the year ended December 31, 2021 as compared to 2020 was primarily due to an increase of \$1.2 million from our investment in shares of CPA:18 – Global, resulting from an increase in our ownership since we receive asset management revenue from CPA:18 – Global in shares of its common stock. In addition, during the year ended December 31, 2020, we recognized losses of \$1.6 million and \$1.3 million from our investments in shares of CWI 1 and CWI 2 common stock, respectively (prior to the CWI 1 and CWI 2 Merger in April 2020 ([Note 3](#))). Subsequent to the CWI 1 and CWI 2 Merger, our investment in shares of WLT (formerly CWI 2) common stock is included in our Real Estate segment ([Note 3](#)).
- (c) During the year ended December 31, 2020, we recognized other-than-temporary impairment charges of \$27.8 million and \$19.3 million on our equity method investments in CWI 1 and CWI 2, respectively, to reduce the carrying values of our investments to their estimated fair values, due to the adverse effect of the COVID-19 pandemic on the operations of CWI 1 and CWI 2 ([Note 8](#)).
- (d) Immediately following the closing of the CWI 1 and CWI 2 Merger, in connection with the redemption of the special general partner interests that we previously held in CWI 1 and CWI 2, we recognized a non-cash net gain on sale of \$33.0 million during the year ended December 31, 2020 ([Note 3](#), [Note 6](#)).

Benefit from Income Taxes

For the year ended December 31, 2021 as compared to 2020, benefit from income taxes within our Investment Management segment decreased by \$2.0 million. During the year ended December 31, 2020, we recognized (i) a deferred tax benefit of \$6.3 million as a result of the other-than-temporary impairment charges that we recognized on our equity method investments in CWI 1 and CWI 2 during the period, (ii) a current tax benefit of \$4.7 million as a result of carrying back certain net operating losses in accordance with the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”) that was enacted on March 27, 2020, and (iii) deferred tax expense of \$8.3 million due to the establishment of a valuation allowance since we do not expect our Investment Management segment to realize its deferred tax assets.

Net Income Attributable to Noncontrolling Interests

For the year ended December 31, 2020, net income attributable to noncontrolling interests within our Investment Management segment was comprised of a gain of \$9.9 million recognized on the redemption of noncontrolling interests in the special general partner interests previously held by the respective subadvisors for CWI 1 and CWI 2 in connection with the CWI 1 and CWI 2 Merger ([Note 3](#)).

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 timing of settlement of foreign currency transactions; changes in foreign currency exchange rates; the receipt of asset management fees in either shares of the common stock of CPA:18 – Global or cash; the timing of distributions from equity investments in the Managed Programs and real estate; and the receipt of distributions of Available Cash from CPA:18 – Global. 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 Senior Unsecured Credit Facility, proceeds from dispositions of properties, and the issuance of additional debt or equity securities, such as issuances of common stock through our Equity Forwards and ATM Program ([Note 12](#)), 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.

Operating Activities — Net cash provided by operating activities increased by \$124.9 million during 2021 as compared to 2020, primarily due to an increase in cash flow generated from net investment activity and scheduled rent increases at existing properties, higher lease termination and other income, the positive impact on rent collections as businesses recovered from the effects of the COVID-19 pandemic, lower interest expense, and cash dividends received from our investments in shares of Lineage Logistics and WLT during the current year ([Note 8](#)).

Investing Activities — Our investing activities are generally comprised of real estate-related transactions (purchases and sales) and funding for build-to-suit activities and other capital expenditures on real estate. In addition to these types of transactions, during the year ended December 31, 2021, we used \$41.0 million to fund short-term loans to the Managed Programs, while \$62.0 million of such loans were repaid ([Note 3](#)). We also received \$14.0 million in distributions from equity method investments.

Financing Activities — Our financing activities are generally comprised of borrowings and repayments under our Unsecured Revolving Credit Facility, issuances of the Senior Unsecured Notes, payments and prepayments of non-recourse mortgage loans, and payments of dividends to stockholders. In addition to these types of transactions, during the year ended December 31, 2021, we (i) redeemed the €500.0 million of 2.0% Senior Notes due 2023 for a total of \$617.4 million ([Note 10](#)), (ii) received \$697.0 million in net proceeds from the issuance of common stock under our Equity Forwards ([Note 12](#)), and (iii) received \$340.0 million in net proceeds from the issuance of common stock under our ATM Program ([Note 12](#)).

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,	
	2021	2020
Carrying Value		
Fixed rate:		
Senior Unsecured Notes ^(a)	\$ 5,701,913	\$ 5,146,192
Non-recourse mortgages ^(a)	235,898	920,378
	<hr/> 5,937,811	<hr/> 6,066,570
Variable rate:		
Unsecured Revolving Credit Facility	410,596	82,281
Unsecured Term Loans ^(a)	310,583	321,971
Non-recourse mortgages ^{(a):}		
Amount subject to interest rate swaps and caps	79,055	147,094
Floating interest rate mortgage loans	53,571	78,082
	<hr/> 853,805	<hr/> 629,428
	<hr/> <hr/> \$ 6,791,616	<hr/> <hr/> \$ 6,695,998
Percent of Total Debt		
Fixed rate	87 %	91 %
Variable rate	13 %	9 %
	<hr/> 100 %	<hr/> 100 %
Weighted-Average Interest Rate at End of Year		
Fixed rate	2.7 %	3.0 %
Variable rate ^(b)	1.1 %	1.6 %
Total debt	2.5 %	2.9 %

(a) Aggregate debt balance includes unamortized discount, net, totaling \$30.9 million and \$28.3 million as of December 31, 2021 and 2020, respectively, and unamortized deferred financing costs totaling \$28.8 million and \$24.3 million as of December 31, 2021 and 2020, respectively.

(b) The impact of our interest rate swaps and caps is reflected in the weighted-average interest rates.

Cash Resources

At December 31, 2021, our cash resources consisted of the following:

- cash and cash equivalents totaling \$165.4 million. Of this amount, \$74.1 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 \$1.4 billion (net of amounts reserved for standby letters of credit totaling \$1.2 million);
- available proceeds under our Equity Forwards of approximately \$293.7 million (based on 3,925,000 remaining shares outstanding and a net offering price of \$74.84 per share as of December 31, 2021); and
- unleveraged properties that had an aggregate asset carrying value of approximately \$12.4 billion at December 31, 2021, although there can be no assurance that we would be able to obtain financing for these properties.

Historically, we have also accessed the capital markets through additional debt (denominated in both U.S. dollars and euros) and equity offerings. During the year ended December 31, 2021, we issued (i) €525.0 million of 0.950% Senior Notes due 2030, \$425.0 million of 2.250% Senior Notes due 2033, and \$350.0 million of 2.450% Senior Notes due 2032 (our inaugural green bond offering) ([Note 11](#)), (ii) 9,798,209 shares of common stock under our Equity Forwards for aggregate net proceeds of \$697.0 million ([Note 12](#)), and (iii) 4,690,073 shares of common stock under our ATM Program for net proceeds of \$340.0 million ([Note 12](#)). As of December 31, 2021, we had approximately \$293.7 million of available proceeds under our Equity Forwards and \$272.1 million remained available for issuance under our current ATM Program ([Note 12](#)). See [Note 17](#), Subsequent Events for issuances under our current ATM Program subsequent to December 31, 2021 and through the date of this Report.

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

Cash Requirements and Liquidity

As of December 31, 2021, we had \$165.4 million of cash and cash equivalents, approximately \$1.4 billion of available capacity under our Unsecured Revolving Credit Facility (net of amounts reserved for standby letters of credit totaling \$1.2 million), and available proceeds under our Equity Forwards of approximately \$293.7 million (based on 3,925,000 remaining shares outstanding and a net offering price of \$74.84 as of that date). Our Senior Unsecured Credit Facility includes a \$1.8 billion Unsecured Revolving Credit Facility and Unsecured Term Loans outstanding totaling \$310.6 million as of December 31, 2021 ([Note 10](#)), and is scheduled to mature on February 20, 2025. As of December 31, 2021, scheduled debt principal payments total \$45.8 million through December 31, 2022 and \$236.7 million through December 31, 2023, and our Senior Unsecured Notes do not start to mature until April 2024 ([Note 10](#)).

During the next 12 months following December 31, 2021 and thereafter, we expect that our significant cash requirements will include:

- paying dividends to our stockholders;
- making scheduled principal and balloon payments on our debt obligations ([Note 10](#));
- making scheduled interest payments on our debt obligations (future interest payments total \$884.3 million, with \$169.6 million due during the next 12 months; interest on unhedged variable-rate debt obligations was calculated using the applicable annual variable interest rates and balances outstanding at December 31, 2021);
- funding future capital commitments and tenant improvement allowances ([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 (as described above), issuances of common stock through our Equity Forwards and/or ATM Program ([Note 12](#)), and potential issuances of additional debt or equity securities. We may also choose to pursue the acquisitions of new investments and prepayments of certain of our non-recourse mortgage loan obligations, depending on our capital needs and improvements in market conditions at that time.

Our liquidity could be adversely affected by unanticipated costs, greater-than-anticipated operating expenses, and the adverse impact of the COVID-19 pandemic. 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, mortgage loan proceeds, and the issuance of additional debt or equity securities to meet these needs. The extent to which the COVID-19 pandemic impacts our liquidity and debt covenants will depend on future developments, which are highly uncertain and cannot be predicted with confidence. The potential impact of the COVID-19 pandemic on our tenants and properties could also have a material adverse effect on our liquidity and debt covenants.

Certain amounts disclosed above are based on the applicable foreign currency exchange rate at December 31, 2021.

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. 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. See [Item 1A, Risk Factors](#) for further discussion of potential environmental risks.

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 also described under Recently Adopted 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 rent and related reserves, other non-cash rent adjustments, non-cash allowance for credit losses on loans receivable and direct financing leases, stock-based compensation, non-cash environmental accretion expense, amortization of discounts and premiums on debt, and amortization of deferred financing costs. Our assessment of our operations is focused on long-term sustainability and not on such non-cash items, which may cause short-term fluctuations in net income but have no impact on cash flows. Additionally, we exclude non-core income and expenses, such as gains or losses from extinguishment of debt, 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,	
	2021	2020
Net income attributable to W. P. Carey	\$ 409,988	\$ 455,359
Adjustments:		
Depreciation and amortization of real property	470,554	437,885
Gain on sale of real estate, net	(40,425)	(109,370)
Impairment charges	24,246	35,830
Proportionate share of adjustments to earnings from equity method investments ^{(a) (b) (c) (d)}	32,213	46,679
Proportionate share of adjustments for noncontrolling interests ^(e)	(16)	(18)
Total adjustments	486,572	411,006
FFO (as defined by NAREIT) attributable to W. P. Carey	896,560	866,365
Adjustments:		
Straight-line and other leasing and financing adjustments ^(f)	(83,267)	(41,498)
Above- and below-market rent intangible lease amortization, net	53,585	48,712
Stock-based compensation	24,881	15,938
Amortization of deferred financing costs	13,523	12,223
Other (gains) and losses ^(g)	12,885	(37,165)
Tax (benefit) expense — deferred and other ^{(h) (i) (j)}	(5,967)	(48,835)
Merger and other expenses ^(k)	(4,546)	247
Other amortization and non-cash items	1,709	1,864
Proportionate share of adjustments to earnings from equity method investments ^(d)	12,152	10,821
Proportionate share of adjustments for noncontrolling interests ^(e)	(24)	414
Total adjustments	24,931	(37,279)
AFFO attributable to W. P. Carey	\$ 921,491	\$ 829,086
Summary		
FFO (as defined by NAREIT) attributable to W. P. Carey	\$ 896,560	\$ 866,365
AFFO attributable to W. P. Carey	\$ 921,491	\$ 829,086

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

	Years Ended December 31,	
	2021	2020
Net income from Real Estate attributable to W. P. Carey	\$ 384,766	\$ 459,512
Adjustments:		
Depreciation and amortization of real property	470,554	437,885
Gain on sale of real estate, net	(40,425)	(109,370)
Impairment charges	24,246	35,830
Proportionate share of adjustments to earnings from equity method investments ^{(a) (d)}	32,213	22,036
Proportionate share of adjustments for noncontrolling interests ^(e)	(16)	(18)
Total adjustments	486,572	386,363
FFO (as defined by NAREIT) attributable to W. P. Carey — Real Estate	<u>871,338</u>	<u>845,875</u>
Adjustments:		
Straight-line and other leasing and financing adjustments ^(f)	(83,267)	(41,498)
Above- and below-market rent intangible lease amortization, net	53,585	48,712
Stock-based compensation	24,881	15,247
Other (gains) and losses ^(g)	13,676	(37,104)
Amortization of deferred financing costs	13,523	12,223
Tax (benefit) expense — deferred and other ⁽ⁱ⁾	(4,938)	(45,511)
Merger and other expenses ^(k)	(4,597)	(937)
Other amortization and non-cash items	1,709	1,665
Proportionate share of adjustments to earnings from equity method investments ^(d)	10,253	5,089
Proportionate share of adjustments for noncontrolling interests ^(e)	(24)	414
Total adjustments	24,801	(41,700)
AFFO attributable to W. P. Carey — Real Estate	<u>\$ 896,139</u>	<u>\$ 804,175</u>
Summary		
FFO (as defined by NAREIT) attributable to W. P. Carey — Real Estate	\$ 871,338	\$ 845,875
AFFO attributable to W. P. Carey — Real Estate	<u>\$ 896,139</u>	<u>\$ 804,175</u>

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

	Years Ended December 31,	
	2021	2020
Net income (loss) from Investment Management attributable to W. P. Carey	\$ 25,222	\$ (4,153)
Adjustments:		
Proportionate share of adjustments to earnings from equity method investments ^{(b) (c) (d)}	—	24,643
Total adjustments	—	24,643
FFO (as defined by NAREIT) attributable to W. P. Carey — Investment Management	<u>25,222</u>	<u>20,490</u>
Adjustments:		
Tax (benefit) expense — deferred and other ^{(h) (i)}	(1,029)	(3,324)
Other (gains) and losses ^(g)	(791)	(61)
Merger and other expenses	51	1,184
Stock-based compensation	—	691
Other amortization and non-cash items	—	199
Proportionate share of adjustments to earnings from equity method investments ^(d)	1,899	5,732
Total adjustments	<u>130</u>	<u>4,421</u>
AFFO attributable to W. P. Carey — Investment Management	<u>\$ 25,352</u>	<u>\$ 24,911</u>
Summary		
FFO (as defined by NAREIT) attributable to W. P. Carey — Investment Management	<u>\$ 25,222</u>	<u>\$ 20,490</u>
AFFO attributable to W. P. Carey — Investment Management	<u>\$ 25,352</u>	<u>\$ 24,911</u>

- (a) Amounts for the years ended December 31, 2021 and 2020 include non-cash other-than-temporary impairment charges totaling \$6.8 million and \$8.3 million, respectively, recognized on certain equity method investments in real estate ([Note 7](#), [Note 8](#)). Amount for the year ended December 31, 2021 includes our \$13.2 million proportionate share of an impairment charge recognized on an equity method investment in real estate ([Note 7](#)).
- (b) Amount for the year ended December 31, 2020 includes a non-cash net gain of \$33.0 million (inclusive of \$9.9 million attributable to the redemption of a noncontrolling interest that the former subadvisors for CWI 1 and CWI 2 held in the special general partner interests) recognized in connection with consideration received at closing of the CWI 1 and CWI 2 Merger ([Note 3](#), [Note 6](#)).
- (c) Amount for the year ended December 31, 2020 includes non-cash other-than-temporary impairment charges totaling \$47.1 million recognized on our equity investments in CWI 1 and CWI 2 ([Note 8](#)).
- (d) Equity income, including amounts that are not typically recognized for FFO and AFFO, is recognized within Earnings (losses) from equity method investments on the consolidated statements of income. This represents adjustments to equity income to reflect FFO and AFFO on a pro rata basis.
- (e) Adjustments disclosed elsewhere in this reconciliation are on a consolidated basis. This adjustment reflects our FFO or AFFO on a pro rata basis.
- (f) Amount for the year ended December 31, 2021 includes an adjustment to exclude \$37.8 million of lease termination fees received from a tenant, as such amount was determined to be non-core income ([Note 4](#)).
- (g) Primarily comprised of gains and losses on extinguishment of debt, the mark-to-market fair value of equity securities, and foreign currency transactions, as well as non-cash allowance for credit losses on loans receivable and direct financing leases.
- (h) Amount for the year ended December 31, 2020 includes one-time taxes incurred upon the recognition of taxable income associated with the accelerated vesting of shares (previously issued by CWI 1 and CWI 2 to us for asset management services performed) in connection with the CWI 1 and CWI 2 Merger.
- (i) Amount for the year ended December 31, 2020 includes a non-cash deferred tax benefit of \$37.2 million as a result of the release of a deferred tax liability relating to our investment in shares of Lineage Logistics, which converted to a REIT during the prior year and is therefore no longer subject to federal and state income taxes ([Note 14](#)).
- (j) Amount for the year ended December 31, 2020 includes a one-time tax benefit of \$4.7 million as a result of carrying back certain net operating losses in accordance with the CARES Act, which was enacted on March 27, 2020 ([Note 14](#)).

- (k) Amount for the year ended December 31, 2021 is primarily comprised of reversals of estimated liabilities for German real estate transfer taxes that were previously recorded in connection with business combinations in prior years.

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 market risks that we are exposed to are interest rate risk and foreign currency exchange risk; however, we do not use derivative instruments to hedge credit/market risks or for speculative purposes. From time to time, we may enter into foreign currency collars to hedge our foreign currency cash flow exposures.

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 (such as the COVID-19 pandemic) can affect the ability of tenants in a particular industry/region to meet their respective lease obligations. In order to manage this risk, we view our collective tenant roster as a portfolio and we attempt to diversify such portfolio so that we are not overexposed to a particular industry or geographic region.

Interest Rate Risk

The values of our real estate and related fixed-rate debt obligations, as well as the values of our unsecured debt obligations, are subject to fluctuations based on changes in interest rates. The value of our real estate is also subject to fluctuations based on local and regional economic conditions (including the ongoing impact of the COVID-19 pandemic) 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 Programs. 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 9](#) for additional information on our interest rate swaps and caps.

At December 31, 2021, a significant portion (approximately 88.6%) 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 10](#) 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, 2021 (in thousands):

	2022	2023	2024	2025	2026	Thereafter	Total	Fair Value
Fixed-rate debt ^{(a)(b)}	\$ 26,974	\$ 91,643	\$ 1,090,626	\$ 509,741	\$ 948,371	\$ 3,328,988	\$ 5,996,343	\$ 6,222,246
Variable-rate debt ^(a)	\$ 18,813	\$ 99,278	\$ 14,828	\$ 722,075	\$ —	\$ —	\$ 854,994	\$ 853,002

(a) Amounts are based on the exchange rate at December 31, 2021, as applicable.

(b) Amounts after 2023 are primarily comprised of principal payments for our Senior Unsecured Notes ([Note 10](#)).

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, 2021 would increase or decrease by \$3.9 million for our British pound sterling-denominated debt, by \$3.7 million for our euro-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 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 several offerings of euro-denominated senior notes, and have borrowed under our Senior Unsecured Credit Facility in foreign currencies, including the euro, British pound sterling, and Japanese yen ([Note 10](#)). Volatile market conditions arising from the ongoing effects of the COVID-19 global pandemic, as well as other macroeconomic factors, may result in significant fluctuations in foreign currency exchange rates. To the extent that currency fluctuations increase or decrease rental revenues, as translated to U.S. dollars, the change in debt service (comprised of principal and interest, excluding balloon payments), as translated to U.S. dollars, will partially offset the effect of fluctuations in revenue and, to some extent, mitigate the risk from changes in foreign currency exchange rates. We estimate that, for a 1% increase or decrease in the exchange rate between the euro, British pound sterling, or Japanese yen and the U.S. dollar, there would be a corresponding change in the projected estimated cash flow (scheduled future rental revenues, net of scheduled future debt service payments for the next 12 months) for our consolidated foreign operations at December 31, 2021 of \$2.5 million, \$0.6 million, and less than \$0.1 million, respectively, excluding the impact of our derivative instruments.

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 collars to hedge certain of our foreign currency cash flow exposures. See [Note 9](#) for additional information on our foreign currency collars.

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, 2021, our consolidated portfolio had the following significant characteristics in excess of 10%, based on the percentage of our consolidated total revenues:

- 65% related to domestic operations; and
- 35% related to international operations.

At December 31, 2021, 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:

- 63% related to domestic properties;
- 37% related to international properties;
- 26% related to industrial facilities, 24% related to warehouse facilities, 20% related to office facilities, and 18% related to retail facilities; and
- 22% related to the retail stores industry (including automotive dealerships).

Item 8. Financial Statements and Supplementary Data.

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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, 2021 and 2020, 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, 2021, 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, 2021, based on criteria established in *Internal Control — Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2021 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2021, based on criteria established in *Internal Control — Integrated Framework* (2013) issued by the COSO.

Basis for Opinions

The Company’s management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management’s 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, 4, and 5 to the consolidated financial statements, the Company completed real estate acquisitions for total consideration of \$1.5 billion during the year ended December 31, 2021. 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) 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 market rental rates, and applying a selected capitalization rate. For any acquisitions that do not qualify as sale-leaseback transactions, 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. For acquired properties with tenants in place, management records in-place lease intangible assets based on the estimated value ascribed to the avoidance of costs of leasing the properties for the remaining primary in-place lease terms.

The principal considerations for our determination that performing procedures relating to the purchase price allocation for acquisitions is a critical audit matter are (i) the significant judgment by management to determine the fair value measurements of tangible and intangible assets and liabilities to allocate the purchase price, which resulted in a high degree of auditor judgment and subjectivity in performing procedures relating to these fair value measurements; (ii) significant auditor judgment, subjectivity and effort in evaluating audit evidence related to the significant assumptions used in the fair value measurement of the tangible and intangible assets and liabilities, specifically the capitalization rates, market rental rates and discount rates; and (iii) the audit effort involved the use of professionals with specialized skill and knowledge.

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 intangible assets and liabilities and controls over the review of the capitalization rates, market rental rates and discount rates assumptions. These procedures also included, among others, for a sample of acquisitions (i) reading the executed purchase agreements and leasing documents; (ii) using professionals with specialized skill and knowledge to assist in 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 the reasonableness of the significant assumptions relating to the capitalization rates, market rental rates and discount rates, which involved considering comparable market data and other industry factors; (iii) evaluating the accuracy of the purchase price allocation; and (iv) testing the completeness and accuracy of data provided by management.

/s/ PricewaterhouseCoopers LLP
New York, New York
February 11, 2022

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,	
	2021	2020
Assets		
Investments in real estate:		
Land, buildings and improvements	\$ 11,875,407	\$ 10,939,619
Net investments in direct financing leases and loans receivable	813,577	736,117
In-place lease intangible assets and other	2,386,000	2,301,174
Above-market rent intangible assets	843,410	881,159
Investments in real estate	<u>15,918,394</u>	<u>14,858,069</u>
Accumulated depreciation and amortization	(2,889,294)	(2,490,087)
Assets held for sale, net	8,269	18,590
Net investments in real estate	<u>13,037,369</u>	<u>12,386,572</u>
Equity method investments	356,637	283,446
Cash and cash equivalents	165,427	248,662
Due from affiliates	1,826	26,257
Other assets, net	1,017,842	851,881
Goodwill	901,529	910,818
Total assets ^(a)	\$ 15,480,630	\$ 14,707,636
Liabilities and Equity		
Debt:		
Senior unsecured notes, net	\$ 5,701,913	\$ 5,146,192
Unsecured revolving credit facility	410,596	82,281
Unsecured term loans, net	310,583	321,971
Non-recourse mortgages, net	368,524	1,145,554
Debt, net	<u>6,791,616</u>	<u>6,695,998</u>
Accounts payable, accrued expenses and other liabilities	572,846	603,663
Below-market rent and other intangible liabilities, net	183,286	197,248
Deferred income taxes	145,572	145,844
Dividends payable	203,859	186,514
Total liabilities ^(a)	7,897,179	7,829,267
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; 190,013,751 and 175,401,757 shares, respectively, issued and outstanding	190	175
Additional paid-in capital	9,977,686	8,925,365
Distributions in excess of accumulated earnings	(2,224,231)	(1,850,935)
Deferred compensation obligation	49,810	42,014
Accumulated other comprehensive loss	(221,670)	(239,906)
Total stockholders' equity	7,581,785	6,876,713
Noncontrolling interests	1,666	1,656
Total equity	7,583,451	6,878,369
Total liabilities and equity	\$ 15,480,630	\$ 14,707,636

(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,		
	2021	2020	2019
Revenues			
Real Estate:			
Lease revenues	\$ 1,177,438	\$ 1,080,623	\$ 987,984
Income from direct financing leases and loans receivable	67,555	74,893	105,112
Lease termination income and other	53,655	11,082	29,547
Operating property revenues	13,478	11,399	50,220
	<u>1,312,126</u>	<u>1,177,997</u>	<u>1,172,863</u>
Investment Management:			
Asset management and other revenue	15,363	22,467	43,356
Reimbursable costs from affiliates	4,035	8,855	16,547
	<u>19,398</u>	<u>31,322</u>	<u>59,903</u>
	<u>1,331,524</u>	<u>1,209,319</u>	<u>1,232,766</u>
Operating Expenses			
Depreciation and amortization	475,989	442,935	447,135
General and administrative	81,888	75,950	75,293
Reimbursable tenant costs	62,417	56,409	55,576
Property expenses, excluding reimbursable tenant costs	47,898	44,067	39,545
Stock-based compensation expense	24,881	15,938	18,787
Impairment charges	24,246	35,830	32,539
Operating property expenses	9,848	9,901	38,015
Merger and other expenses	(4,546)	247	101
Reimbursable costs from affiliates	4,035	8,855	16,547
Subadvisor fees	—	1,469	7,579
	<u>726,656</u>	<u>691,601</u>	<u>731,117</u>
Other Income and Expenses			
Interest expense	(196,831)	(210,087)	(233,325)
Gain on sale of real estate, net	40,425	109,370	18,143
Non-operating income	13,860	9,587	22,551
Other gains and (losses)	(12,885)	37,165	8,924
(Losses) earnings from equity method investments	(10,829)	(18,557)	23,229
Loss on change in control of interests	—	—	(8,416)
	<u>(166,260)</u>	<u>(72,522)</u>	<u>(168,894)</u>
Income before income taxes	438,608	445,196	332,755
(Provision for) benefit from income taxes	(28,486)	20,759	(26,211)
	<u>410,122</u>	<u>465,955</u>	<u>306,544</u>
Net Income			
Net income attributable to noncontrolling interests	(134)	(10,596)	(1,301)
Net Income Attributable to W. P. Carey	<u>\$ 409,988</u>	<u>\$ 455,359</u>	<u>\$ 305,243</u>
Basic Earnings Per Share			
	\$ 2.25	\$ 2.61	\$ 1.78
Diluted Earnings Per Share			
	\$ 2.24	\$ 2.60	\$ 1.78
Weighted-Average Shares Outstanding			
Basic	182,486,476	174,504,406	171,001,430
Diluted	<u>183,127,098</u>	<u>174,839,428</u>	<u>171,299,414</u>

See Notes to Consolidated Financial Statements.

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

	Years Ended December 31,		
	2021	2020	2019
Net Income	\$ 410,122	\$ 465,955	\$ 306,544
Other Comprehensive Income (Loss)			
Foreign currency translation adjustments	(35,736)	47,746	376
Unrealized gain (loss) on derivative instruments	35,305	(31,978)	(1,054)
Unrealized gain on investments	18,688	—	7
	<u>18,257</u>	<u>15,768</u>	<u>(671)</u>
Comprehensive Income	<u>428,379</u>	<u>481,723</u>	<u>305,873</u>
Amounts Attributable to Noncontrolling Interests			
Net income	(134)	(10,596)	(1,301)
Unrealized gain on derivative instruments	(21)	(7)	—
Comprehensive income attributable to noncontrolling interests	<u>(155)</u>	<u>(10,603)</u>	<u>(1,301)</u>
Comprehensive Income Attributable to W. P. Carey	<u>\$ 428,224</u>	<u>\$ 471,120</u>	<u>\$ 304,572</u>

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		Additional Paid-in Capital	Distributions in Excess of Accumulated Earnings	Deferred Compensation Obligation	Other Comprehensive Loss	Total W. P. Carey Stockholders	Noncontrolling Interests	Total
	Shares	Amount		\$(1,850,935)	\$ 42,014	\$(239,906)	\$ 6,876,713	\$ 1,656	
Balance at January 1, 2021	175,401,757	\$ 175	\$ 8,925,365	\$(1,850,935)	\$ 42,014	\$(239,906)	\$ 6,876,713	\$ 1,656	\$ 6,878,369
Shares issued under forward sale agreements, net	9,798,209	10	697,034				697,044		697,044
Shares issued under "at-the-market" offering, net	4,690,073	5	340,061				340,066		340,066
Shares issued upon delivery of vested restricted share awards	119,268	—	(3,822)				(3,822)		(3,822)
Shares issued upon purchases under employee share purchase plan	4,444	—	305				305		305
Amortization of stock-based compensation expense			24,881				24,881		24,881
Deferral of vested shares, net			(7,044)		7,044		—		—
Distributions to noncontrolling interests							—	(145)	(145)
Dividends declared (\$4.205 per share)		906	(783,284)	752		(781,626)		(781,626)	
Net income			409,988			409,988	134	410,122	
Other comprehensive income:									
Foreign currency translation adjustments					(35,736)	(35,736)		(35,736)	
Unrealized gain on derivative instruments					35,284	35,284	21	35,305	
Unrealized gain on investments					18,688	18,688		18,688	
Balance at December 31, 2021	190,013,751	\$ 190	\$ 9,977,686	\$(2,224,231)	\$ 49,810	\$ (221,670)	\$ 7,581,785	\$ 1,666	\$ 7,583,451

(Continued)

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

	W. P. Carey Stockholders								
	Common Stock		Additional Paid-in Capital	Distributions in Excess of Accumulated Earnings	Deferred Compensation Obligation	Other Comprehensive Loss	Total W. P. Carey Stockholders	Noncontrolling Interests	Total
	Shares	Amount		\$(1,557,374)	\$ 37,263	\$(255,667)	\$ 6,941,929	\$ 6,244	
Balance at January 1, 2020	172,278,242	\$ 172	\$ 8,717,535	\$(1,557,374)	\$ 37,263	\$(255,667)	\$ 6,941,929	\$ 6,244	\$ 6,948,173
Cumulative-effect adjustment for the adoption of ASU 2016-13,				(14,812)			(14,812)		(14,812)
Financial Instruments — Credit Losses									
Shares issued under forward sale agreements, net	2,951,791	3	199,478				199,481		199,481
Shares issued upon delivery of vested restricted share awards	162,331	—	(5,372)				(5,372)		(5,372)
Shares issued upon purchases under employee share purchase plan	6,893	—	389				389		389
Shares issued under “at-the-market” offering, net	2,500	—	60				60		60
Amortization of stock-based compensation expense			15,938				15,938		15,938
Deferral of vested shares, net			(3,854)		3,854		—		—
Distributions to noncontrolling interests							—	(5,326)	(5,326)
Dividends declared (\$4.172 per share)			1,191	(734,108)	897		(732,020)		(732,020)
Redemption of noncontrolling interest (Note 3)							—	(9,865)	(9,865)
Net income				455,359			455,359	10,596	465,955
Other comprehensive income:									
Foreign currency translation adjustments						47,746	47,746		47,746
Unrealized loss on derivative instruments						(31,985)	(31,985)	7	(31,978)
Balance at December 31, 2020	175,401,757	\$ 175	\$ 8,925,365	\$(1,850,935)	\$ 42,014	\$ (239,906)	\$ 6,876,713	\$ 1,656	\$ 6,878,369

(Continued)

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

	W. P. Carey Stockholders							
	Common Stock		Additional Paid-in Capital	Distributions in Excess of Accumulated Earnings		Deferred Compensation Obligation	Other Comprehensive Loss	Accumulated
	Shares	\$0.001 Par Value Amount		(\$1,143,992)	\$ 35,766			Total W. P. Carey Stockholders
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 (\$4.140 per share)		4,985	(718,625)	52		(713,588)		(713,588)
Net income			305,243			305,243	1,301	306,544
Other comprehensive income:								
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

See Notes to Consolidated Financial Statements.

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

	Years Ended December 31,		
	2021	2020	2019
Cash Flows — Operating Activities			
Net income	\$ 410,122	\$ 465,955	\$ 306,544
Adjustments to net income:			
Depreciation and amortization, including intangible assets and deferred financing costs	490,722	456,210	460,030
Amortization of rent-related intangibles and deferred rental revenue	56,910	52,736	84,878
Straight-line rent adjustments	(50,565)	(50,299)	(46,260)
Gain on sale of real estate, net	(40,425)	(109,370)	(18,143)
Stock-based compensation expense	24,881	15,938	18,787
Impairment charges	24,246	35,830	32,539
Net realized and unrealized losses (gains) on extinguishment of debt, equity securities, foreign currency transactions, and other	15,505	(55,810)	(466)
Distributions of earnings from equity method investments	15,471	9,419	26,772
Asset management revenue received in shares of Managed REITs	(12,528)	(16,642)	(30,555)
Losses (earnings) from equity method investments	10,829	18,557	(23,229)
Deferred income tax (benefit) expense	(4,703)	(49,076)	9,255
Change in allowance for credit losses	266	22,259	—
Loss on change in control of interests	—	—	8,416
Net changes in other operating assets and liabilities	(14,252)	5,831	(16,491)
Net Cash Provided by Operating Activities	926,479	801,538	812,077
Cash Flows — Investing Activities			
Purchases of real estate	(1,306,858)	(656,313)	(717,666)
Investments in direct financing leases and loans receivable	(217,711)	—	—
Proceeds from sales of real estate	163,638	366,532	307,959
Funding for real estate construction, redevelopments, and other capital expenditures on real estate	(113,616)	(207,256)	(165,490)
Capital contributions to equity method investments	(107,552)	(4,253)	(2,595)
Proceeds from repayment of short-term loans to affiliates	62,048	51,702	46,637
Funding of short-term loans to affiliates	(41,000)	(26,481)	(36,808)
Other investing activities, net	(19,631)	1,165	(8,882)
Return of capital from equity method investments	13,955	19,483	34,365
Purchases of securities	—	(95,511)	—
Proceeds from repayment of loans receivable	—	11,000	19,707
Net Cash Used in Investing Activities	(1,566,727)	(539,932)	(522,773)
Cash Flows — Financing Activities			
Proceeds from Unsecured Revolving Credit Facility	2,000,639	1,019,158	1,336,824
Repayments of Unsecured Revolving Credit Facility	(1,663,869)	(1,137,026)	(1,227,153)
Proceeds from issuance of Senior Unsecured Notes	1,385,059	495,495	870,635
Dividends paid	(764,281)	(726,955)	(704,396)
Prepayments of mortgage principal	(745,124)	(68,501)	(1,028,795)
Proceeds from shares issued under forward sale agreements, net of selling costs	697,044	199,716	—
Redemption of Senior Unsecured Notes	(617,442)	—	—
Proceeds from shares issued under ATM Program, net of selling costs	339,968	158	523,287
Scheduled payments of mortgage principal	(64,290)	(275,746)	(210,414)
Payment of financing costs	(11,295)	(14,205)	(6,716)
Other financing activities, net	4,606	8,917	5,550
Payments for withholding taxes upon delivery of equity-based awards	(3,822)	(5,372)	(15,766)
Distributions paid to noncontrolling interests	(145)	(5,326)	(1,683)
Proceeds from Unsecured Term Loans	—	298,974	—
Contributions from noncontrolling interests	—	—	849
Net Cash Provided by (Used in) Financing Activities	557,048	(210,713)	(457,778)
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	(10,629)	9,368	(4,071)
Net (decrease) increase in cash and cash equivalents and restricted cash	(93,829)	60,261	(172,545)
Cash and cash equivalents and restricted cash, beginning of year	311,779	251,518	424,063
Cash and cash equivalents and restricted cash, end of year	\$ 217,950	\$ 311,779	\$ 251,518

See Notes to Consolidated Financial Statements.

W. P. CAREY INC.
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 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 April 13, 2020, two of the non-traded REITs that we advised, Carey Watermark Investors Incorporated (“CWI 1”) and Carey Watermark Investors 2 Incorporated (“CWI 2”) (together, the “CWI REITs”), merged in an all-stock transaction, with CWI 2 as the surviving entity (the “CWI 1 and CWI 2 Merger”). Following the close of the CWI 1 and CWI 2 Merger, our advisory agreements with CWI 1 and CWI 2 were terminated, CWI 2 was renamed Watermark Lodging Trust, Inc. (“WLT”), and we began to provide certain services to WLT pursuant to a transition services agreement (which was terminated on October 13, 2021). At December 31, 2021, we were the advisor to the following entities ([Note 3](#)):

- 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:18 – Global together with the CWI REITs as the “Managed REITs” (as used throughout this Report, the term “Managed REITs” does not include CWI 1 and CWI 2 after April 13, 2020); 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 3](#)); we refer to the Managed REITs and CESH collectively as the “Managed Programs.”

We no longer raise capital for new or existing funds, but currently expect to continue managing CPA:18 – Global and CESH through the end of their respective life cycles ([Note 3](#)).

On August 31, 2021, CPA:18 – Global reported that its independent directors intended to begin the process of evaluating possible liquidity alternatives for its shareholders, including a transaction involving us or one of our subsidiaries. There can be no assurance that any such liquidity transaction will occur in the near future or at all.

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, 2021, our owned portfolio was comprised of our full or partial ownership interests in 1,304 properties, totaling approximately 156 million square feet (unaudited), substantially all of which were net leased to 352 tenants, with a weighted-average lease term of 10.8 years and an occupancy rate of 98.5%. In addition, at December 31, 2021, our portfolio was comprised of full or partial ownership interests in 20 operating properties, including 19 self-storage properties and one hotel, totaling approximately 1.4 million square feet (unaudited).

Investment Management — Through our TRSs, we manage the real estate investment portfolios for the Managed Programs, for which we earn asset management revenue. We may earn incentive revenue and receive other compensation through our advisory agreements with certain of the Managed Programs, including in connection with providing a liquidity event for CPA:18 – Global’s stockholders. In addition, we include equity income generated through our (i) ownership of shares and limited partnership units of the Managed Programs ([Note 7](#)) and (ii) special general partner interest in the operating partnership of CPA:18 – Global (through which we participate in its cash flows ([Note 3](#))), in our Investment Management segment.

At December 31, 2021, the Managed Programs owned all or a portion of 56 net-leased properties (including certain properties in which we also have an ownership interest), totaling approximately 10.8 million square feet (unaudited), substantially all of which were leased to 50 tenants, with an occupancy rate of approximately 98.3%. The Managed Programs also had interests in 66 operating properties (totaling approximately 5.1 million square feet (unaudited) in the aggregate) and four active build-to-suit projects at the same date.

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. 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 reporting period were capitalized since our acquisitions were 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) 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 market rental rates, and applying a selected capitalization rate.

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

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 and industry standards. 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. 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 valuations 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 valuations. 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 was attributed to the Real Estate segment which comprises one reporting unit. In the event we dispose of a property or an investment 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.

Financing Arrangements — In accordance with Accounting Standards Codification (“ASC”) 310, *Receivables* and ASC 842, *Leases*, real estate assets acquired through a sale-leaseback transaction are accounted for as a financing arrangement if the investment does not meet the criteria for sale-leaseback accounting. We record such investments within Net investments in direct financing leases and loans receivable on the consolidated balance sheets. Rent payments from these investments are included within Income from direct financing leases and loans receivable on the consolidated statements of income.

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 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 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 — This policy was superseded by Accounting Standards Update (“ASU”) 2016-13, *Financial Instruments — Credit Losses*, which we adopted on January 1, 2020 and which is described below under *Credit Losses*. Prior to this adoption, we periodically assessed whether there were any indicators that the value of our net investments in direct financing leases may have been impaired. When determining a possible impairment, we considered the collectibility of direct financing lease receivables for which a reserve would have been required if any losses were both probable and reasonably estimable. In addition, we determined whether there had been a permanent decline in the estimate of the residual value of the property. If this review indicated a permanent decline in the fair value of the asset below its carrying value, we recognized an impairment charge.

Equity Method Investments — We evaluate our equity method investments 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 our investment in CPA:18 – Global, we calculate the estimated fair value of our investment using its most recently published net asset value per share (“NAV”) 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 3](#)). 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.

Credit Losses

We adopted ASU 2016-13, *Financial Instruments — Credit Losses* on January 1, 2020, which 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 net investments in direct financing leases and loans receivable. This standard does not apply to receivables arising from operating leases, which are within the scope of *Topic 842*. We adopted ASU 2016-13 using the modified retrospective method, under which we recorded a cumulative-effect adjustment as a charge to retained earnings of \$14.8 million on January 1, 2020, which is reflected within our consolidated statements of equity.

The allowance for credit losses, which is recorded as a reduction to Net investments in direct financing leases and loans receivable on our consolidated balance sheets, is measured on a pool basis by credit ratings ([Note 5](#)), using a probability of default method based on the lessees' respective credit ratings, the expected value of the underlying collateral upon its repossession, and our historical loss experience related to other direct financing leases. Included in our model are factors that incorporate forward-looking information. Allowance for credit losses is included in our consolidated statements of income within Other gains and (losses).

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.

At December 31, 2021 and 2020, we considered 14 and 12 entities to be VIEs, respectively, of which we consolidated six and five, 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,	
	2021	2020
Land, buildings and improvements	\$ 426,831	\$ 423,333
Net investments in direct financing leases and loans receivable	144,103	15,242
In-place lease intangible assets and other	42,884	41,997
Above-market rent intangible assets	26,720	26,720
Accumulated depreciation and amortization	(154,413)	(137,827)
Total assets	500,884	381,953
Non-recourse mortgages, net	\$ 1,485	\$ 3,508
Below-market rent and other intangible liabilities, net	20,568	22,283
Total liabilities	46,302	48,971

At December 31, 2021 and 2020, our eight and seven unconsolidated VIEs included our interests in (i) six and five unconsolidated real estate investments, respectively, which we account for under the equity method of accounting (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), and (ii) two unconsolidated investments in equity securities, which we accounted for as investments in shares of the entities at fair value. As of December 31, 2021 and 2020, the net carrying amount of our investments in these entities was \$581.3 million and \$425.3 million, respectively, and our maximum exposure to loss in these entities was limited to our investments.

Leases

As a Lessee: Right-of-use ("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 Consumer Price Index ("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. Below-market ground lease intangible assets and above-market ground lease intangible liabilities are included as a component of ROU assets. See [Note 4](#) for additional disclosures on the presentation of these amounts in our consolidated balance sheets.

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: We combine non-lease components (lease arrangements that include common area maintenance services) with related lease components (lease revenues), since 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. 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, if the reimbursements are deemed collectible.

Reclassifications — Certain prior period amounts have been reclassified to conform to the current period presentation.

Asset management revenue and structuring and other advisory revenue are now included within Asset management and other revenue in the consolidated statements of income.

We currently present Non-operating income on its own line item in the consolidated statements of income, which was previously included within Other gains and (losses). Non-operating income primarily consists of realized gains and losses on derivative instruments, dividends from equity securities, and interest income on our cash deposits and loans to affiliates.

We currently present Income from direct financing leases and loans receivable on its own line item in the consolidated statements of income. Previously, income from direct financing leases was included within Lease revenues and income from loans receivable was included within Lease termination income and other in the consolidated statements of income.

Loans receivable are now included within the retitled line item Net investments in direct financing leases and loans receivable in the consolidated balance sheets. Previously, loans receivable were included within Other assets, net in the consolidated balance sheets.

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,		
	2021	2020	2019
Cash and cash equivalents	\$ 165,427	\$ 248,662	\$ 196,028
Restricted cash	52,523	63,117	55,490
Total cash and cash equivalents and restricted cash	\$ 217,950	\$ 311,779	\$ 251,518

Land, Buildings and Improvements — We carry land, buildings, and improvements at cost less accumulated depreciation. We capitalize costs that extend the useful life of properties or increase their value, 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 and Cloud Computing Arrangements — 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. 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. Cloud computing arrangement costs follow the internal-use software accounting guidance to determine which implementation costs to capitalize as assets or expense as incurred. Capitalized internal-use software development costs are amortized on a straight-line basis over the software's estimated useful life, which is three to seven years. Capitalized implementation costs related to a service contract will be amortized over the term of the hosting arrangement beginning when the component of the hosting arrangement is ready for its intended use. 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 Lineage Logistics (a cold storage REIT) ([Note 8](#)), our investment in shares of Guggenheim Credit Income Fund (“GCIF”) ([Note 8](#)), and office lease ROU assets in Other assets, net. We include derivative liabilities, amounts held on behalf of tenants, operating lease liabilities, 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 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 4](#)). We record leases accounted for under the direct financing method as a net investment in direct financing leases ([Note 5](#)). 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 ASC 606, *Revenue from Contracts with Customers* 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 hotel operating property revenues of \$7.2 million, \$5.9 million, and \$29.4 million for the years ended December 31, 2021, 2020, and 2019, 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 3](#).

Lease revenue (including straight-line lease revenue) is only recognized when deemed probable of collection. Collectibility is assessed for each tenant receivable using various criteria including credit ratings ([Note 5](#)), guarantees, past collection issues, and the current economic and business environment affecting the tenant. If collectibility of the contractual rent stream is not deemed probable, revenue will only be recognized upon receipt of cash from the tenant.

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.

The Managed Programs 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 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. 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 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 the average exchange rate during the month in which the transaction occurs. 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.

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 intercompany debt that is short-term or has scheduled principal payments, are included in the determination of net income (within Other gains and (losses) in the statements of income).

The translation impact of 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 income (loss) 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 income (loss) as part of the cumulative foreign currency translation adjustment. Amounts are reclassified out of Other comprehensive income (loss) 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.

Segment Allocation Changes — Beginning with the second quarter of 2020, general and administrative expenses attributed to our Investment Management segment are comprised of the incremental costs of providing services to the Managed Programs, which are fully reimbursed by those funds (resulting in no net expense for us). All other general and administrative expenses are attributed to our Real Estate segment. Previously, general and administrative expenses were allocated based on time incurred by our personnel for the Real Estate and Investment Management segments. In addition, beginning with the second quarter of 2020, stock-based compensation expense and corporate depreciation and amortization expense are fully recognized within our Real Estate segment. In light of the termination of the advisory agreements with CWI 1 and CWI 2 in connection with the WLT management internalization ([Note 3](#)), we now view essentially all assets, liabilities, and operational expenses as part of our Real Estate segment, other than incremental activities that are expected to wind down as we manage CPA:18 –Global and CESH through the end of their respective life cycles. These changes between the segments had no impact on our consolidated financial statements.

In addition, our investments in WLT, and income recognized from our investments in WLT, are included within our Real Estate segment, since we are not the advisor to that company. Previously, our investments in CWI 1 and CWI 2, and income recognized from our investments in CWI 1 and CWI 2, were included within our Investment Management segment ([Note 3](#)).

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 14](#)). 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 shares available for issuance under our Equity Forwards) 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.

Recently Adopted Accounting Pronouncements

In March 2020, the Financial Accounting Standards Board (“FASB”) issued ASU 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. ASU 2020-04 contains practical expedients for reference rate reform-related activities that impact debt, leases, derivatives, and other contracts. On January 7, 2021, the FASB issued ASU 2021-01, *Reference Rate Reform (Topic 848): Scope*, which clarifies that certain optional expedients and exceptions in Topic 848 for contract modifications and hedge accounting apply to derivatives that are affected by the transition. We have evaluated contracts that reference London Interbank Offered Rate (“LIBOR”) or other discontinued reference rates and accounted for the necessary modifications with a replacement reference rate using the expedients and exceptions provided for in ASU 2020-04 and ASU 2021-01. As of December 31, 2021, this reference rate transition impacted only our Senior Unsecured Credit Facility, as described in [Note 10](#). In December 2021, the Senior Unsecured Credit Facility was amended to transition to certain replacement reference rates. The adoption of these standards did not have a material impact on our consolidated financial statements.

Note 3. Agreements and Transactions with Related Parties

Advisory Agreements and Partnership Agreements with the Managed Programs

We currently have advisory agreements with CPA:18 – Global and CESH, pursuant to which we earn fees and are entitled to receive reimbursement for certain fund management expenses. Upon completion of the CWI 1 and CWI 2 Merger on April 13, 2020, as described below, our advisory agreements with CWI 1 and CWI 2 were terminated, and we no longer receive fees, reimbursements, or distributions of Available Cash from CWI 1 and CWI 2. We no longer raise capital for new or existing funds, but we currently expect to continue to manage CPA:18 – Global and CESH and earn various fees (as described below) through the end of their respective life cycles. We have partnership agreements with CPA:18 – Global and CESH, and under the partnership agreement with CPA:18 – Global, we are entitled to receive certain cash distributions from its operating partnership.

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

	Years Ended December 31,		
	2021	2020	2019
Asset management revenue ^(a)	\$ 15,363	\$ 21,973	\$ 39,132
Distributions of Available Cash ^(b)	7,345	7,225	21,489
Reimbursable costs from affiliates ^(a)	4,035	8,855	16,547
Interest income on deferred acquisition fees and loans to affiliates ^(c)	120	369	2,237
Structuring and other advisory revenue ^(a)	—	494	4,224
	<u>\$ 26,863</u>	<u>\$ 38,916</u>	<u>\$ 83,629</u>
Years Ended December 31,			
	2021	2020	2019
CPA:18 – Global	\$ 22,867	\$ 22,200	\$ 26,039
CWI 1	—	5,662	30,770
CWI 2	—	4,668	21,584
CESH	3,713	4,723	5,236
WLT (reimbursed transition services)	283	1,663	—
	<u>\$ 26,863</u>	<u>\$ 38,916</u>	<u>\$ 83,629</u>

(a) Amounts represent revenues from contracts under ASC 606.

(b) Included within (Losses) earnings from equity method investments in the consolidated statements of income.

(c) Included within Non-operating income in the consolidated statements of income.

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

	December 31,	
	2021	2020
Reimbursable costs	\$ 974	\$ 1,760
Asset management fees receivable	494	1,054
Accounts receivable	336	305
Current acquisition fees receivable	19	136
Deferred acquisition fees receivable, including accrued interest	3	1,858
Short-term loans to affiliates, including accrued interest	—	21,144
	<u>\$ 1,826</u>	<u>\$ 26,257</u>

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 remaining 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 and for January 1, 2020 to March 31, 2020; payable in shares of its Class A common stock effective as of April 1, 2020	Rate depends on the type of investment and is based on the average market or average equity value, as applicable
CESH	1.0%	In cash	Based on gross assets at fair value

For CWI 1 and CWI 2 (prior to the closing of the CWI 1 and CWI 2 Merger on April 13, 2020), we earned asset management fees of 0.5% and 0.55%, respectively, of the average market values of their respective investment portfolios, paid in shares of their common stock and Class A common stock, respectively. We were required to pay 20% and 25% of such fees to the subadvisors of CWI 1 and CWI 2, respectively.

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 ASC 606, *Revenue from Contracts with Customers*. 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 may earn revenue for structuring and negotiating investments. For CPA:18 – Global and CESH, we may earn fees of 4.5% and 2.0%, respectively, of the total aggregate cost of the investments or commitments made. For CWI 1 and CWI 2 (prior to the closing of the CWI 1 and CWI 2 Merger on April 13, 2020), we were entitled to fees for structuring investments and loan refinancings. We were required to pay 20% and 25% of such fees to the subadvisors of CWI 1 and CWI 2, respectively. 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 5](#)). We do not believe the deferral of the fees represents a significant financing component.

Reimbursable Costs from Affiliates

The existing Managed Programs reimburse us in cash for certain personnel and overhead costs that we incur on their behalf. For CPA:18 – Global, such 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% of CPA:18 – Global’s pro rata lease revenues for 2021, 2020, and 2019; for the legal transactions group, costs are charged according to a fee schedule. For the CWI REITs, the reimbursements were based on actual expenses incurred, excluding those related to our senior management, and allocated between the CWI REITs based on the percentage of their total pro rata hotel revenues for the most recently completed quarter. Reimbursements from the CWI REITs ceased following the closing of the CWI 1 and CWI 2 Merger on April 13, 2020; after that date, we began recording reimbursements from WLT pursuant to a transition services agreement (described below) based on actual expenses incurred. On October 13, 2021, all services provided under the transition services agreement were terminated. For CESH, reimbursements are based on actual expenses incurred.

Distributions of Available Cash

We are entitled to receive distributions of up to 10% of the Available Cash (as defined in CPA:18 – Global’s partnership agreement) from the operating partnerships of CPA:18 – Global, payable quarterly in arrears. After completion of the CWI 1 and CWI 2 Merger on April 13, 2020, we no longer receive distributions of Available Cash from CWI 1 and CWI 2. Prior to the closing of the CWI 1 and CWI 2 Merger, we were 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. Such back-end fees or interests include or may include disposition fees, interests in disposition proceeds, and distributions related to ownership of shares or limited partnership units in the Managed Programs. On August 31, 2021, CPA:18 – Global reported that its independent directors intended to begin the process of evaluating possible liquidity alternatives for its shareholders, including a transaction involving us or one of our subsidiaries. The timing and form of any liquidity event is at the discretion of the special committee composed of CPA:18 – Global’s independent directors. Therefore, there can be no assurance as to whether or when any back-end fees or interests will be realized. Back-end fees and interests related to the CWI 1 and CWI 2 Merger are described below.

Other Transactions with Affiliates

CWI 1 and CWI 2 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 intended to merge in an all-stock transaction, with CWI 2 as the surviving entity. The CWI 1 and CWI 2 Merger was approved by the stockholders of CWI 1 and CWI 2 on April 8, 2020 and closed on April 13, 2020. Subsequently, CWI 2 was renamed WLT, as described in [Note 1](#). In connection with the CWI 1 and CWI 2 Merger, we entered into an internalization agreement and a transition services agreement. Immediately following the closing of the CWI 1 and CWI 2 Merger, (i) the advisory agreements with each of CWI 1 and CWI 2 and each of their respective operating partnerships terminated, (ii) the subadvisory agreements with the subadvisors for CWI 1 and CWI 2 were terminated, (iii) pursuant to the internalization agreement, two of our representatives were appointed to the board of directors of WLT (however both representatives resigned from the board of directors of WLT on April 29, 2020), and (iv) we provided certain transition services at cost to WLT, pursuant to a transition services agreement. On October 13, 2021, all services provided under the transition services agreement were terminated.

In accordance with the merger agreement, at the effective time of the CWI 1 and CWI 2 Merger, each issued and outstanding share of CWI 1’s common stock (or fraction thereof), was converted into the right to receive 0.9106 shares (the “exchange ratio”) of CWI 2 Class A common stock. As a result, we exchanged 6,074,046 shares of CWI 1 common stock for 5,531,025 shares of CWI 2 Class A common stock.

Pursuant to the internalization agreement, the operating partnerships of each of CWI 1 and CWI 2 redeemed the special general partner interests that we previously held, for which we received 1,300,000 shares of CWI 2 preferred stock with a liquidation preference of \$50.00 per share and 2,840,549 shares in CWI 2 Class A common stock (which was a non-cash investing activity). In connection with this redemption, we recognized a non-cash net gain on sale of \$33.0 million, which was included within (Losses) earnings from equity method investments in the consolidated statements of income for the year ended December 31, 2020. This net gain on sale was recorded based on:

- a fair value of \$46.3 million for the 1,300,000 shares of CWI 2 preferred stock that we received ([Note 8](#));
- a fair value of \$11.6 million for the 2,840,549 shares in CWI 2 common stock that we received ([Note 7](#));
- a gain recognized on the redemption of the noncontrolling interest in the special general partner interests previously held by the respective subadvisors for CWI 1 and CWI 2 of \$9.9 million (which is included within Net income attributable to noncontrolling interests in our consolidated statements of income and Redemption of noncontrolling interest in our consolidated statements of equity);
- an allocation of \$34.3 million of goodwill within our Investment Management segment in accordance with ASC 350, *Intangibles—goodwill and other*, since the WLT management internalization resulted in a sale of a portion of our Investment Management business (the allocation of goodwill was based on the relative fair value of the portion of the Investment Management business sold) ([Note 6](#)); and
- the carrying value of our previously held equity investments in the operating partnerships of CWI 1 and CWI 2 ([Note 7](#)), which totaled \$0.5 million on the date of the merger.

We accounted for our investment in shares of WLT (formerly CWI 2) preferred stock as available-for-sale debt securities, which is included in Other assets, net in the consolidated financial statements, at fair value. We classified this investment as Level 3 because we primarily used a discounted cash flow valuation model that incorporates unobservable inputs to determine its fair value. In January 2022, WLT redeemed in full our 1,300,000 shares of its preferred stock for gross proceeds of \$65.0 million (based on the liquidation preference of \$50.00 per share, as described above) ([Note 17](#)). Since this redemption was based on market conditions that existed as of December 31, 2021, during the year ended December 31, 2021, we recognized an unrealized gain on our investment in preferred shares of WLT of \$18.7 million, which was recognized within Other comprehensive income (loss) in the consolidated financial statements. The fair value of our investment in preferred shares of WLT approximated its carrying value, which was \$65.0 million and \$46.3 million as of December 31, 2021 and 2020, respectively ([Note 8](#)).

Prior to the closing of the CWI 1 and CWI 2 Merger, we owned 3,836,669 shares of CWI 2 Class A common stock. Following the closing of the CWI 1 and CWI 2 Merger, execution of the internalization agreement, and CWI 2 being renamed WLT, we own 12,208,243 shares of WLT common stock, which we account for as an equity method investment. We follow the hypothetical liquidation at book value (“HLBV”) model and recognize within equity income our proportionate share of WLT’s earnings based on our ownership of common stock of WLT, after giving effect to preferred dividends owed by WLT. We record our investment in shares of common stock of WLT on a one quarter lag. Our investment in shares of common stock of WLT, which is included in Equity method investments in the consolidated financial statements (as an equity method investment in real estate), had a carrying value of \$33.4 million and \$44.2 million as of December 31, 2021 and 2020, respectively ([Note 7](#)).

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, generally for the purpose of facilitating acquisitions or for working capital purposes.

The principal outstanding balance on our line of credit to CPA:18 – Global was \$21.1 million as of December 31, 2020. CPA:18 – Global repaid the principal outstanding in full during the year ended December 31, 2021. In the fourth quarter of 2021, the maturity date of this line of credit was extended from March 31, 2022 to March 31, 2023. In January 2022, we loaned \$13.0 million to CPA:18 – Global.

CPA:17 Merger

On October 31, 2018, Corporate Property Associates 17 – Global Incorporated (“CPA:17 – Global”), a former affiliate, merged with and into one of our wholly owned subsidiaries (the “CPA:17 Merger”), which we accounted for as a business combination under the acquisition method of accounting. The purchase price was allocated to the assets acquired and liabilities assumed, based upon their preliminary fair values at October 31, 2018. We identified certain measurement period adjustments during the third quarter of 2019 that impacted the provisional accounting (resulting in a \$15.8 million increase in Goodwill ([Note 6](#))). As a result, during 2019, we recorded a loss on change in control of interests of \$8.4 million on the purchase of the remaining interest in a real estate investment from CPA:17 – Global in the CPA:17 Merger ([Note 5](#)).

Other

At December 31, 2021, we owned interests in ten jointly owned investments in real estate (including our investment in shares of common stock of WLT, as described above), with the remaining interests held by affiliates or third parties. We account for nine such investments under the equity method of accounting ([Note 7](#)) and consolidate the remaining investment. In addition, we owned stock of CPA:18 – Global and limited partnership units of CESH at that date. We accounted for our investment in CPA:18 – Global under the equity method of accounting and elected to account for our investment in CESH under the fair value option ([Note 7](#)).

Note 4. 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,	
	2021	2020
Land	\$ 2,151,327	\$ 2,012,688
Buildings and improvements	9,525,858	8,724,064
Real estate under construction	114,549	119,391
Less: Accumulated depreciation	(1,448,020)	(1,206,912)
	<u>\$ 10,343,714</u>	<u>\$ 9,649,231</u>

During 2021, 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 7.7% to \$1.1326 from \$1.2271. 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 \$244.1 million from December 31, 2020 to December 31, 2021.

In connection with changes in lease classifications due to extensions of the underlying leases, we reclassified seven properties with an aggregate carrying value of \$76.9 million from Net investments in direct financing leases and loans receivable to Land, buildings and improvements subject to operating leases during 2021 ([Note 5](#)).

Depreciation expense, including the effect of foreign currency translation, on our buildings and improvements subject to operating leases was \$286.4 million, \$258.9 million, and \$229.0 million for the years ended December 31, 2021, 2020, and 2019, respectively.

During 2021, we determined that the tenant/seller in the January 2020 acquisition of an industrial facility in Aurora, Oregon, would not be able to secure an easement on the property. As a result, the tenant/seller forfeited \$5.0 million of the initial purchase price that we held back at the time of acquisition, the release of which was contingent on securing the easement. Since we previously accounted for this as a contingent liability and included the \$5.0 million holdback within our capitalized real estate, we reduced the carrying value of Land, buildings and improvements subject to operating leases by this amount during 2021 and removed the corresponding liability from Accounts payable, accrued expenses and other liabilities on our consolidated balance sheets.

Acquisitions of Real Estate During 2021

During 2021, we entered into the following investments, which were deemed to be real estate asset acquisitions (dollars in thousands):

Property Location(s)	Number of Properties	Date of Acquisition	Property Type	Total Capitalized Costs ^(a)
Grove City, Ohio, and Anderson, South Carolina	2	2/2/2021	Warehouse	\$ 19,129
Various, New Jersey and Pennsylvania ^(b)	10	2/11/2021	Retail; Office	55,115
Central Valley, California ^(c)	4	2/11/2021	Warehouse; Land	75,008
Various, France ^{(d) (e)}	3	4/1/2021	Retail	119,341
Searcy, Arkansas	1	4/14/2021	Industrial	14,038
Detroit, Michigan	1	4/27/2021	Warehouse	52,810
Solihull, United Kingdom ^{(d) (e)}	1	5/4/2021	Warehouse	194,954
New Rochelle, New York	1	5/5/2021	Student Housing (Net Lease)	26,109
Groveport, Ohio	1	5/5/2021	Industrial	27,133
Dakota, Illinois	1	5/12/2021	Industrial	65,043
San Jose, California	1	5/13/2021	Industrial	51,949
Opelika, Alabama	1	6/7/2021	Warehouse	48,897
Niles and Elk Grove Village, Illinois; and Guelph, Canada	3	6/9/2021	Warehouse	42,829
Rome, New York	1	6/10/2021	Warehouse	44,781
St. Louis, Missouri	1	8/2/2021	Office	7,924
Frankfort, Indiana	1	8/26/2021	Warehouse	113,544
Various, United States ^(f)	6	9/1/2021	Land	17,396
Rogers, Minnesota	1	9/9/2021	Warehouse	26,531
Chattanooga, Tennessee	2	10/19/2021	Industrial	40,728
Mankato, Minnesota	1	11/12/2021	Warehouse	17,665
Various, Denmark ^(e)	11	12/7/2021	Retail	46,129
Lawrence, Kansas	1	12/9/2021	Industrial	25,728
Various, Poland ^{(d) (e)}	7	12/15/2021	Retail	74,345
Cary, Illinois	1	12/28/2021	Industrial	44,399
Various, Netherlands ^(e)	5	12/29/2021	Retail	51,636
Various, New Jersey and Pennsylvania ^(g)	5	Various	Outdoor Advertising	3,989
	<u>73</u>			<u>\$ 1,307,150</u>

- (a) This table excludes the sale-leasebacks classified as loans receivable completed during 2021 ([Note 5](#)).
- (b) This acquisition is comprised of seven retail facilities and three office facilities.
- (c) This acquisition is comprised of two warehouse facilities and two parcels of land.
- (d) We also recorded estimated deferred tax liabilities of (i) \$8.8 million on the investment in France, (ii) \$3.6 million on the investment in the United Kingdom, and (iii) \$0.7 million on the investment in Poland, with corresponding increases to the asset values, due to temporary tax and GAAP differences established in connection with the acquisitions.
- (e) Amount reflects the applicable exchange rate on the date of transaction.
- (f) This acquisition is comprised of the land under buildings we already own.
- (g) We entered into an agreement to fund loans for certain outdoor advertising infrastructure. At the end of the loan term, we will acquire the properties. In accordance with ASC 810, *Consolidation*, we determined that these loans would be consolidated.

The aggregate purchase price allocation for investments disclosed above is as follows (dollars in thousands):

	Total Capitalized Costs
Land	\$ 190,968
Buildings and improvements	946,908
Intangibles:	
In-place lease (weighted-average expected life of 20.7 years)	198,869
Below-market rent (weighted-average expected life of 11.1 years)	(9,995)
Right-of-use assets:	
Land lease right-of-use assets	5,979
Above-market ground lease intangibles, net	(4,155)
Prepaid rent liabilities	(15,445)
Operating lease liabilities	(5,979)
	<u>\$ 1,307,150</u>

Acquisitions of Real Estate During 2020 — We entered into 14 investments, which were deemed to be real estate asset acquisitions, at a total cost of \$661.4 million, including land of \$105.4 million, buildings of \$449.4 million, and net lease intangibles of \$106.6 million.

Acquisitions of Real Estate During 2019 — We entered into 23 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, 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), and net other liabilities assumed of \$0.1 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 2021, we capitalized real estate under construction totaling \$83.3 million. The number of construction projects in progress with balances included in real estate under construction was six and five as of December 31, 2021 and 2020, respectively. Aggregate unfunded commitments totaled approximately \$55.3 million and \$81.8 million as of December 31, 2021 and 2020, respectively.

During 2021, we completed the following construction projects (dollars in thousands):

Property Location(s)	Primary Transaction Type	Number of Properties	Date of Completion	Property Type	Total Capitalized Costs ^(a)
Mason, Ohio	Expansion	1	1/15/2021	Office	\$ 2,428
Langen, Germany ^(a)	Build-to-Suit	1	2/4/2021	Industrial	52,719
San Donato Milanese, Italy ^(a)	Renovation	1	6/30/2021	Retail; Office	7,244
Whitehall, Pennsylvania	Redevelopment	1	8/18/2021	Warehouse	25,769
		<u>4</u>			<u>\$ 88,160</u>

(a) Amount reflects the applicable exchange rate on the date of transaction.

During 2020, we completed five construction projects, at a total cost of \$171.2 million.

During 2019, we completed seven construction projects, at a total cost of \$122.5 million.

During 2021, we committed to fund six build-to-suit or expansion projects totaling \$63.5 million (based on the exchange rate of the euro at December 31, 2021, as applicable). We currently expect to complete the projects in 2022 and 2023.

Capitalized interest incurred during construction was \$2.5 million, \$2.9 million, and \$2.5 million for the years ended December 31, 2021, 2020, and 2019 respectively, which reduces Interest expense in the consolidated statements of income.

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

Dispositions of Properties

During 2021, 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 \$62.6 million from December 31, 2020 to December 31, 2021.

Lease Termination Income and Other

2021 — For the year ended December 31, 2021, lease termination income and other on our consolidated statements of income included: (i) lease termination income of \$41.0 million received from a tenant; (ii) other lease-related settlements totaling \$9.8 million; and (iii) income from a parking garage attached to one of our net-leased properties totaling \$1.9 million.

2020 — For the year ended December 31, 2020, lease termination income and other on our consolidated statements of income included: (i) lease-related settlements totaling \$7.9 million and (ii) income from a parking garage attached to one of our net-leased properties totaling \$2.3 million.

2019 — For the year ended December 31, 2019, lease termination income and other on our consolidated statements of income included: (i) lease-related settlements totaling \$24.1 million and (ii) income from a parking garage attached to one of our net-leased properties totaling \$3.5 million ([Note 5](#)).

Leases

Operating Lease Income

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

	Years Ended December 31,		
	2021	2020	2019
Lease income — fixed	\$ 1,066,250	\$ 981,430	\$ 898,111
Lease income — variable ^(a)	111,188	99,193	89,873
Total operating lease income	\$ 1,177,438	\$ 1,080,623	\$ 987,984

(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.

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, 2021 are as follows (in thousands):

Years Ending December 31,	Total
2022	\$ 1,140,093
2023	1,116,058
2024	1,058,713
2025	997,909
2026	946,077
Thereafter	8,154,484
Total	\$ 13,413,334

See [Note 5](#) for scheduled future lease payments to be received under non-cancelable direct financing leases.

Lease Cost

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

	Years Ended December 31,		
	2021	2020	2019
Fixed lease cost	\$ 16,426	\$ 17,616	\$ 14,503
Variable lease cost	1,149	1,089	1,186
Total lease cost	\$ 17,575	\$ 18,705	\$ 15,689

During the years ended December 31, 2021, 2020, and 2019, we received sublease income totaling approximately \$5.1 million, \$5.5 million, and \$5.4 million, respectively, which is included in Lease revenues in the consolidated statements 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,	
		2021	2020
Operating ROU assets — land leases	In-place lease intangible assets and other	\$ 106,095	\$ 119,590
Operating ROU assets — office leases	Other assets, net	59,902	61,137
Total operating ROU assets		\$ 165,997	\$ 180,727
 Operating lease liabilities	Accounts payable, accrued expenses and other liabilities	\$ 146,437	\$ 151,466
 Weighted-average remaining lease term — operating leases		26.1 years	29.2 years
Weighted-average discount rate — operating leases		6.8 %	7.1 %
Number of land lease arrangements		66	68
Number of office space arrangements ^(a)		4	7
Lease term range (excluding extension options not reasonably certain of being exercised)		<1 – 100 years	<1 – 100 years

(a) The leases for our former office spaces in New York expired on January 31, 2021.

Cash paid for operating lease liabilities included in Net cash provided by operating activities totaled \$13.9 million, \$15.5 million, and \$14.6 million for the years ended December 31, 2021, 2020, and 2019, respectively. 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, 2021 is as follows (in thousands):

Years Ending December 31,	Total
2022	\$ 14,230
2023	14,246
2024	13,137
2025	13,092
2026	13,034
Thereafter	275,259
Total lease payments	342,998
Less: amount of lease payments representing interest	(196,561)
Present value of future lease payments/lease obligations	<u><u>\$ 146,437</u></u>

Land, Buildings and Improvements — Operating Properties

At both December 31, 2021 and 2020, Land, buildings and improvements attributable to operating properties consisted of our investments in ten consolidated self-storage properties and one consolidated hotel. Below is a summary of our Land, buildings and improvements attributable to operating properties (in thousands):

	December 31,	
	2021	2020
Land	\$ 10,452	\$ 10,452
Buildings and improvements	73,221	73,024
Less: Accumulated depreciation	<u>(16,750)</u>	<u>(14,004)</u>
	<u><u>\$ 66,923</u></u>	<u><u>\$ 69,472</u></u>

Depreciation expense on our buildings and improvements attributable to operating properties was \$2.7 million, \$2.8 million, and \$6.9 million for the years ended December 31, 2021, 2020, and 2019, respectively.

For the year ended December 31, 2021, Operating property revenues totaling \$13.5 million were comprised of \$11.2 million in lease revenues and \$2.3 million in other income (such as food and beverage revenue) from ten consolidated self-storage properties and one consolidated hotel. For the year ended December 31, 2020, Operating property revenues totaling \$11.4 million were comprised of \$9.5 million in lease revenues and \$1.9 million in other income from ten consolidated self-storage properties and two consolidated hotels. 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 from 37 consolidated self-storage properties and 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,	
	2021	2020
Land, buildings and improvements	\$ 10,628	\$ 14,051
In-place lease intangible assets and other	—	12,754
Above-market rent intangible assets	—	518
Accumulated depreciation and amortization	(2,359)	(8,733)
Assets held for sale, net	\$ 8,269	\$ 18,590

At December 31, 2021, we had two properties classified as Assets held for sale, net, with an aggregate carrying value of \$8.3 million. These properties were sold in January and February 2022 ([Note 17](#)). At December 31, 2020 we had four properties classified as Assets held for sale, net, with an aggregated carrying value of \$18.6 million. These properties were sold in 2021.

Note 5. Finance Receivables

Assets representing rights to receive money on demand or at fixed or determinable dates are referred to as finance receivables. Our finance receivables portfolio consists of our Net investments in direct financing leases and loans receivable (net of allowance for credit losses), and deferred acquisition fees. Operating leases are not included in finance receivables. See [Note 2](#) and [Note 4](#) for information on ROU operating lease assets recognized in our consolidated balance sheets.

Finance Receivables

Investments in direct financing leases and loans receivable are summarized as follows (in thousands):

	Maturity Date	December 31,	
		2021	2020
Net investments in direct financing leases ^(a)	N/A	\$ 572,205	\$ 711,974
Sale-leaseback transactions accounted for as loans receivable ^(b)	2038 - 2052	217,229	—
Secured loans receivable ^(a)	2022 - 2025	24,143	24,143
		\$ 813,577	\$ 736,117

(a) Amounts are net of allowance for credit losses, as disclosed below.

(b) These investments are accounted for as loans receivable in accordance with ASC 310, *Receivables* and ASC 842, *Leases*. Such investments were completed during the year ended December 31, 2021 and are described in the table below under *Loans Receivable*. Maturity dates reflect the current lease maturity dates.

Net Investments in Direct Financing Leases

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

	December 31,	
	2021	2020
Lease payments receivable	\$ 414,002	\$ 527,691
Unguaranteed residual value	545,896	677,722
	959,898	1,205,413
Less: unearned income	(370,353)	(476,365)
Less: allowance for credit losses ^(a)	(17,340)	(17,074)
	\$ 572,205	\$ 711,974

- (a) During the years ended December 31, 2021 and 2020, we recorded a net allowance for credit losses of \$0.3 million and \$9.7 million, respectively, on our net investments in direct financing leases due to changes in expected economic conditions, which was included within Other gains and (losses) in our consolidated statements of income.

2021 — Income from direct financing leases, which is included in Income from direct financing leases and loans receivable in the consolidated financial statements, was \$63.2 million for the year ended December 31, 2021. During the year ended December 31, 2021, we sold four properties accounted for as direct financing leases that had an aggregate net carrying value of \$35.8 million. During the year ended December 31, 2021, we reclassified seven properties with a carrying value of \$76.9 million from Net investments in direct financing leases and loans receivable to Land, buildings and improvements subject to operating leases in connection with changes in lease classifications due to extensions of the underlying leases ([Note 4](#)). During the year ended December 31, 2021, the U.S. dollar strengthened against the euro, resulting in an \$23.2 million decrease in the carrying value of Net investments in direct financing leases and loans receivable from December 31, 2020 to December 31, 2021.

2020 — Income from direct financing leases, which is included in Income from direct financing leases and loans receivable in the consolidated financial statements, was \$73.9 million for the year ended December 31, 2020.

2019 — Income from direct financing leases, which was included in Income from direct financing leases and loans receivable in the consolidated financial statements, was \$98.4 million for the year ended 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 8](#)).

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, 2021 are as follows (in thousands):

Years Ending December 31,	Total
2022	\$ 57,056
2023	55,840
2024	52,535
2025	45,808
2026	44,347
Thereafter	158,416
Total	\$ 414,002

See [Note 4](#) for scheduled future lease payments to be received under non-cancelable operating leases.

Loans Receivable

During 2021, we entered into the following sale-leasebacks, which were deemed to be loans receivable in accordance with ASC 310, *Receivables* and ASC 842, *Leases* (dollars in thousands):

Property Location(s)	Number of Properties	Date of Acquisition	Property Type	Total Investment
Various, Germany and Czech Republic	4	12/20/2021	Industrial	\$ 29,166
Various, Netherlands	9	12/29/2021	Retail	43,731
Santa Rosa, California; Pocatello, Idaho; and White City, Oregon	3	12/29/2021	Industrial	144,103
	<u>16</u>			<u>\$ 217,000</u>

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

At both December 31, 2021 and 2020, we had two secured loans receivable related to a domestic investment with an aggregate carrying value of \$24.1 million (net of allowance for credit losses of \$12.6 million), which are included in Net investments in direct financing leases and loans receivable in the consolidated financial statements. In the first quarter of 2021, we entered into an agreement with the borrowers, who agreed to pay us at maturity a total of \$3.7 million of unpaid interest due over the previous year. We did not recognize this interest in the consolidated financial statements due to uncertainty of collectibility. Earnings from our loans receivable are included in Income from direct financing leases and loans receivable in the consolidated financial statements, and totaled \$4.3 million, \$1.0 million, and \$6.2 million for the years ended December 31, 2021, 2020, and 2019, respectively. We did not recognize income from our secured loans receivable during the second, third, or fourth quarters of 2020, since such income was deemed uncollectible as a result of the COVID-19 pandemic ([Note 2](#)).

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, 2021 and 2020, other than uncollected income from our secured loans receivable (as noted above), no material 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, 2021.

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 ([Note 3](#)).

A summary of our finance receivables by internal credit quality rating, excluding our deferred acquisition fees receivable ([Note 3](#)) and allowance for credit losses, is as follows (dollars in thousands):

Internal Credit Quality Indicator	Number of Tenants / Obligors at December 31,		Carrying Value at December 31,	
	2021	2020	2021	2020
1 – 3	17	18	\$ 703,280	\$ 587,103
4	9	9	140,230	141,944
5	—	2	—	36,737
			<u>\$ 843,510</u>	<u>\$ 765,784</u>

Note 6. 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 three 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, 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, 2019	<u>\$ 857,337</u>	<u>\$ 63,607</u>	<u>\$ 920,944</u>
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	<u>871,081</u>	<u>63,607</u>	<u>934,688</u>
Foreign currency translation adjustments	10,403	—	10,403
Allocation of goodwill based on portion of Investment Management business sold (Note 3)	—	(34,273)	(34,273)
Balance at December 31, 2020	<u>881,484</u>	<u>29,334</u>	<u>910,818</u>
Foreign currency translation adjustments	(9,289)	—	(9,289)
Balance at December 31, 2021	<u><u>\$ 872,195</u></u>	<u><u>\$ 29,334</u></u>	<u><u>\$ 901,529</u></u>

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 2021 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,					
	2021			2020		
	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	\$ 19,553	\$ (18,682)	\$ 871	\$ 19,204	\$ (15,711)	\$ 3,493
Trade name	3,975	(3,581)	394	3,975	(2,786)	1,189
	<u>23,528</u>	<u>(22,263)</u>	<u>1,265</u>	<u>23,179</u>	<u>(18,497)</u>	<u>4,682</u>
Lease Intangibles:						
In-place lease	2,279,905	(934,663)	1,345,242	2,181,584	(828,219)	1,353,365
Above-market rent	843,410	(489,861)	353,549	881,159	(440,952)	440,207
	<u>3,123,315</u>	<u>(1,424,524)</u>	<u>1,698,791</u>	<u>3,062,743</u>	<u>(1,269,171)</u>	<u>1,793,572</u>
Indefinite-Lived Goodwill						
Goodwill	901,529	—	901,529	910,818	—	910,818
Total intangible assets	<u>\$ 4,048,372</u>	<u>\$ (1,446,787)</u>	<u>\$ 2,601,585</u>	<u>\$ 3,996,740</u>	<u>\$ (1,287,668)</u>	<u>\$ 2,709,072</u>
Finite-Lived Intangible Liabilities						
Below-market rent	\$ (272,483)	\$ 105,908	\$ (166,575)	\$ (270,730)	\$ 90,193	\$ (180,537)
Indefinite-Lived Intangible Liabilities						
Below-market purchase option	(16,711)	—	(16,711)	(16,711)	—	(16,711)
Total intangible liabilities	<u>\$ (289,194)</u>	<u>\$ 105,908</u>	<u>\$ (183,286)</u>	<u>\$ (287,441)</u>	<u>\$ 90,193</u>	<u>\$ (197,248)</u>

During 2021, the U.S. dollar strengthened against the euro, resulting in a decrease of \$43.9 million in the carrying value of our net intangible assets from December 31, 2020 to December 31, 2021. Net amortization of intangibles, including the effect of foreign currency translation, was \$236.6 million, \$226.2 million, and \$272.0 million for the years ended December 31, 2021, 2020, and 2019, respectively. Amortization of below-market rent and above-market rent intangibles is recorded as an adjustment to Lease revenues and amortization of internal-use software development, trade name, and in-place lease intangibles is included in Depreciation and amortization.

Based on the intangible assets and liabilities recorded at December 31, 2021, 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
2022	\$ 41,856	\$ 157,727	\$ 199,583
2023	34,771	146,690	181,461
2024	33,241	132,148	165,389
2025	28,451	122,199	150,650
2026	24,617	110,791	135,408
Thereafter	24,038	676,952	700,990
Total	<u>\$ 186,974</u>	<u>\$ 1,346,507</u>	<u>\$ 1,533,481</u>

Note 7. Equity Method Investments

We own interests in (i) the Managed Programs, (ii) certain unconsolidated real estate investments with CPA:18 – Global and third parties, and (iii) WLT. 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. In general, 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.

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):

Fund	% of Outstanding Shares Owned at		Carrying Amount of Investment at	
	December 31,		December 31,	
	2021	2020	2021	2020
CPA:18 – Global ^(a)	5.578 %	4.569 %	\$ 60,836	\$ 51,949
CPA:18 – Global operating partnership	0.034 %	0.034 %	209	209
CESH ^(b)	2.430 %	2.430 %	3,689	4,399
			\$ 64,734	\$ 56,557

(a) During 2021, we received asset management revenue from CPA:18 – Global in shares of its common stock, which increased our ownership percentage in CPA:18 – Global ([Note 3](#)).

(b) Investment is accounted for at fair value.

CPA:18 – Global — We received distributions from this investment during the years ended December 31, 2021, 2020, and 2019 of \$3.5 million, \$2.6 million, and \$3.3 million, respectively. We received distributions from our investment in the CPA:18 – Global operating partnership during the years ended December 31, 2021, 2020, and 2019 of \$7.3 million, \$7.2 million, and \$8.1 million, respectively ([Note 3](#)).

CWI 1 — We received distributions from this investment during the years ended December 31, 2020 (through April 13, 2020, the date of the CWI 1 and CWI 2 Merger ([Note 3](#))) and 2019 of \$0.8 million and \$2.7 million, respectively. We received distributions from our investment in the CWI 1 operating partnership during the year ended December 31, 2019 of \$7.1 million ([Note 3](#)). We did not receive such a distribution during 2020 (through April 13, 2020), as a result of the adverse effect of the COVID-19 pandemic on the operations of CWI 1.

CWI 2 — We received distributions from this investment during the years ended December 31, 2020 (through April 13, 2020, the date of the CWI 1 and CWI 2 Merger ([Note 3](#))) and 2019 of \$0.5 million and \$1.6 million, respectively. We received distributions from our investment in the CWI 2 operating partnership during the year ended December 31, 2019 of \$6.3 million ([Note 3](#)). We did not receive such a distribution during 2020 (through April 13, 2020), as a result of the adverse effect of the COVID-19 pandemic on the operations of CWI 2.

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, 2021 is based on the estimated fair value of our investment as of September 30, 2021. We received distributions from this investment during the year ended December 31, 2021 of \$1.3 million. We did not receive distributions from this investment during the years ended December 31, 2020 or 2019.

At December 31, 2021 and 2020, the aggregate unamortized basis differences on our equity method investments in the Managed Programs were \$23.3 million and \$18.8 million, respectively.

Interests in Other Unconsolidated Real Estate Investments and WLT

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. In addition, we own shares of WLT common stock, as described in [Note 3](#). 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 method investments in real estate, excluding the Managed Programs, and their respective carrying values (dollars in thousands):

Lessee	Co-owner	Ownership Interest at December 31, 2021	Carrying Value at December 31,	
			2021	2020
Las Vegas Retail Complex ^(a)	Third Party	N/A	\$ 104,114	\$ —
Johnson Self Storage	Third Party	90%	67,573	68,979
Kesko Senukai ^(b)	Third Party	70%	41,955	46,443
WLT ^(c)	WLT	5%	33,392	44,182
Harmon Retail Corner ^(d)	Third Party	15%	24,435	23,815
State Farm Mutual Automobile Insurance Co. ^(e)	CPA:18 – Global	50%	7,129	15,475
Apply Sørco AS ^(f)	CPA:18 – Global	49%	5,909	7,156
Bank Pekao ^{(b) (g)}	CPA:18 – Global	50%	4,460	17,850
Fortenova Grupa d.d. ^{(b) (h)}	CPA:18 – Global	20%	2,936	2,989
			\$ 291,903	\$ 226,889

- (a) See "Las Vegas Retail Complex" below for discussion of this equity method investment in real estate.
- (b) The carrying value of this investment is affected by fluctuations in the exchange rate of the euro.
- (c) Following the closing of the CWI 1 and CWI 2 Merger, we own 12,208,243 shares of common stock of WLT, which we account for as an equity method investment in real estate. We follow the HLBV model for this investment. We record any earnings from our investment in shares of common stock of WLT on a one quarter lag ([Note 3](#)). For the years ended December 31, 2021 and 2020, we recognized losses of \$10.8 million and \$5.0 million, respectively, from our equity method investment in WLT (due to the adverse impact of the COVID-19 pandemic on its operations), which was recognized within Earnings (losses) from equity method investments in our consolidated statements of income. At December 31, 2021 and 2020, we also owned an investment in preferred shares of WLT ([Note 3](#)), which is included in Other assets, net in the consolidated financial statements ([Note 8](#)) and was fully redeemed in January 2022 ([Note 17](#)).
- (d) This investment is reported using the HLBV model, which may be different than pro rata ownership percentages, primarily due to the capital structure of the partnership agreement.
- (e) We recognized an other-than-temporary impairment charge of \$6.8 million on this investment during 2021, as described in [Note 8](#).
- (f) The carrying value of this investment is affected by fluctuations in the exchange rate of the Norwegian krone.
- (g) We recognized our \$13.2 million proportionate share of an impairment charge recorded on this investment during 2021, which was reflected within (Losses) earnings from equity method investments in our consolidated statements of income. The estimated fair value of the investment declined due to notice of non-renewal of the lease by the current tenant at the international office facility owned by the investment (lease expiration is in May 2023). The fair value measurement was determined by estimating discounted cash flows using two significant unobservable inputs, which were the residual capitalization rate (range of 6.75% to 7.75%) and estimated market rents (range of \$17 to \$18 per square foot).
- (h) In October 2021, one of the properties in this investment was sold for \$14.1 million, net of selling costs (our proportionate share was \$2.8 million), and a net gain on sale of \$2.0 million was recognized (our proportionate share was \$0.4 million).

We received aggregate distributions of \$18.6 million, \$17.8 million, and \$17.0 million from our other unconsolidated real estate investments for the years ended December 31, 2021, 2020, and 2019, respectively. At December 31, 2021 and 2020, the aggregate unamortized basis differences on our unconsolidated real estate investments were \$7.9 million and \$16.1 million, respectively. This decrease was primarily due to an other-than-temporary impairment charge that we recognized on an equity method investment in real estate during the year ended December 31, 2021, as described above and in [Note 8](#).

Las Vegas Retail Complex

On June 10, 2021, we entered into an agreement to fund a construction loan of approximately \$224.9 million for a retail complex in Las Vegas, Nevada, at an interest rate of 6.0% and term of 36 months. Through December 31, 2021, we funded \$103.7 million, with the remaining amount expected to be funded over the 15 to 22 months following closing. We hold a purchase option for two net-leased units at the complex upon its completion, as well as an equity purchase option to acquire a 47.5% equity interest in the partnership that owns the borrower. As of the agreement date, we did not deem the exercise of the purchase options to be reasonably certain.

In accordance with ASC 810, *Consolidation*, we determined that this loan will not be consolidated, but due to the characteristics of the arrangement (including our participation in expected residual profits), the risks and rewards of the agreement are similar to those associated with an investment in real estate rather than a loan. Therefore, the loan will be treated as an implied investment in real estate (i.e., an equity method investment in real estate) for accounting purposes in accordance with the acquisition, development and construction arrangement sub-section of ASC 310, *Receivables*. Interest income from this investment was \$3.0 million for the year ended December 31, 2021, which was recognized within (Losses) earnings from equity method investments in our consolidated statements of income.

Note 8. Fair Value Measurements

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

Items Measured at Fair Value on a Recurring Basis

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

Derivative Assets 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 collars, interest rate swaps, interest rate caps, and stock warrants ([Note 9](#)).

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 Method Investment in CESH — We have elected to account for our investment in CESH, which is included in Equity method investments in the consolidated financial statements, at fair value by selecting the equity method fair value option available under GAAP ([Note 7](#)). We classified this investment as Level 3 because we primarily used valuation models that incorporate unobservable inputs to determine its fair value.

Investment in Shares of Lineage Logistics — 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 Lineage Logistics (a cold storage REIT), 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 years ended December 31, 2021, 2020, and 2019, we recognized non-cash unrealized gains on our investment in shares of Lineage Logistics totaling \$76.3 million, \$48.3 million, and \$32.9 million, respectively, due to secondary market transactions at a higher price per share, which was recorded within Other gains and (losses) in the consolidated financial statements. In addition, during the year ended December 31, 2021, we received a cash dividend of \$6.4 million from our investment in shares of Lineage Logistics, which was recorded within Non-operating income in the consolidated financial statements. See [Note 14](#) for further discussion of the impact of Lineage Logistics's conversion to a REIT during the first quarter of 2020. In addition, in October 2020, we purchased additional shares of Lineage Logistics for \$95.5 million. The fair value of this investment was \$366.3 million and \$290.0 million at December 31, 2021 and 2020, respectively.

Investment in Shares of GCIF — We account for our investment in shares of GCIF, which is included in Other assets, net in the consolidated financial statements, 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, 2021, we received liquidating distributions from our investment in shares of GCIF totaling \$1.5 million, which reduced the cost basis of our investment (in March 2021, GCIF announced its intention to liquidate and to distribute substantially all of its assets). During the year ended December 31, 2021, we redeemed a portion of our investment in shares of GCIF for approximately \$0.8 million and recognized a net loss of \$0.1 million, which was included within Other gains and (losses) in the consolidated statements of income. In addition, during the years ended December 31, 2021, 2020, and 2019, we received distributions from our investment in shares of GCIF totaling less than \$0.1 million, \$0.6 million, and \$2.0 million, respectively, which were recorded within Non-operating income in the consolidated financial statements. During the year ended December 31, 2021, we recognized unrealized gains on our investment in shares of GCIF totaling \$0.6 million, which was recognized within Other gains and (losses) in the consolidated financial statements. The fair value of our investment in shares of GCIF was \$4.3 million and \$6.1 million at December 31, 2021 and 2020, respectively.

Investment in Preferred Shares of WLT — We account for our investment in preferred shares of WLT ([Note 3](#)), which is included in Other assets, net in the consolidated financial statements, as available-for-sale debt securities at fair value. The fair value was primarily determined by a discounted cash flow approach based on a weighted-average probability analysis of certain redemption options. We classified this investment as Level 3 because the discounted cash flow valuation model incorporates unobservable inputs to determine its fair value, including a cash flow discount rate of 15% as of December 31, 2020. In January 2022, WLT redeemed in full our 1,300,000 shares of its preferred stock for gross proceeds of \$65.0 million (based on the liquidation preference of \$50.00 per share), as described in [Note 3](#) and [Note 17](#). Since this redemption was based on market conditions that existed as of December 31, 2021, during the year ended December 31, 2021, we recognized an unrealized gain on our investment in preferred shares of WLT of \$18.7 million, which was recognized within Other comprehensive income (loss) in the consolidated financial statements. During the year ended December 31, 2021, we received cash dividends of \$4.9 million from our investment in preferred shares of WLT, which was recorded within Non-operating income in the consolidated financial statements. The fair value of our investment in preferred shares of WLT was \$65.0 million and \$46.3 million as of December 31, 2021 and 2020, 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, 2021 or 2020. 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):

	Level	December 31, 2021		December 31, 2020	
		Carrying Value	Fair Value	Carrying Value	Fair Value
Senior Unsecured Notes, net ^{(a)(b)(c)}	2	\$ 5,701,913	\$ 5,984,228	\$ 5,146,192	\$ 5,639,586
Non-recourse mortgages, net ^{(a)(b)(d)}	3	368,524	369,841	1,145,554	1,148,551

- (a) The carrying value of Senior Unsecured Notes, net ([Note 10](#)) includes unamortized deferred financing costs of \$28.7 million and \$23.9 million at December 31, 2021 and 2020, respectively. The carrying value of Non-recourse mortgages, net includes unamortized deferred financing costs of \$0.1 million and \$0.4 million at December 31, 2021 and 2020, respectively.
- (b) The carrying value of Senior Unsecured Notes, net includes unamortized discount of \$29.2 million and \$22.6 million at December 31, 2021 and 2020, respectively. The carrying value of Non-recourse mortgages, net includes unamortized discount of \$0.8 million and \$4.5 million at December 31, 2021 and 2020, respectively.
- (c) We determined the estimated fair value of the Senior Unsecured Notes using observed market prices in an open market, which may experience 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 10](#)), but excluding finance receivables ([Note 5](#)), had fair values that approximated their carrying values at both December 31, 2021 and 2020.

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):

	Years Ended December 31,					
	2021		2020		2019	
	Fair Value Measurements	Impairment Charges	Fair Value Measurements	Impairment Charges	Fair Value Measurements	Impairment Charges
Impairment Charges						
Land, buildings and improvements and intangibles	\$ 29,494	\$ 24,246	\$ 31,350	\$ 35,830	\$ 1,012	\$ 1,345
Equity method investments	8,175	6,830	55,245	55,387	—	—
Net investments in direct financing leases	—	—	—	—	33,115	31,194
	<u><u>\$ 31,076</u></u>		<u><u>\$ 91,217</u></u>		<u><u>\$ 32,539</u></u>	

Impairment charges, and their related triggering events and fair value measurements, recognized during 2021, 2020, and 2019 were as follows:

Land, Buildings and Improvements and Intangibles

2021 — During the year ended December 31, 2021, we recognized impairment charges totaling \$24.2 million on two properties in order to reduce the carrying values of the properties to their estimated fair values, as follows:

- \$16.3 million on a property due to the existing tenant's non-renewal of its lease expiring in 2022; the fair value measurement was determined by estimating discounted cash flows using four significant unobservable inputs, which were the cash flow discount rate (range of 7.00% to 9.00%), terminal capitalization rate (range of 6.00% to 7.00%), estimated market rents (range of \$10 to \$11 per square foot), and estimated capital expenditures (\$100 per square foot); and
- \$7.9 million on a property due to a lease termination and resulting vacancy; the fair value measurement for the property was based on the sales prices for comparable properties.

2020 — During the year ended December 31, 2020, we recognized impairment charges totaling \$35.8 million on six properties in order to reduce the carrying values of the properties to their estimated fair values, as follows:

- \$16.0 million on two properties leased to the same tenant, due to potential property vacancies; the fair value measurements for the properties were determined using a direct capitalization rate analysis based on the probability of vacancy versus the tenant continuing in the lease; the capitalization rate for the various scenarios ranged from 6% to 11%;
- \$12.6 million on an international property due to a tenant bankruptcy; the fair value measurement for the property was determined by using a probability-weighted approach of lease restructure and vacancy scenarios;
- \$3.4 million on an international property based on its estimated selling price; the property was sold in September 2020;
- \$2.8 million on an international property due to a lease expiration and resulting vacancy; the fair value measurement for the property approximated its estimated selling price; and
- \$1.0 million on a property based on its estimated selling price; the property was sold in September 2021.

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.

Equity Method Investments

The other-than-temporary impairment charges described below are reflected within (Losses) earnings from equity method investments in our consolidated statements of income.

2021 — During the year ended December 31, 2021, we recognized an other-than-temporary impairment charge of \$6.8 million on a jointly owned real estate investment to reduce the carrying value of our investment to its estimated fair value, which declined due to changes in expected cash flows related to the existing tenant's lease expiration in 2028. The fair value measurement was determined by estimating discounted cash flows using three significant unobservable inputs, which were the cash flow discount rate (5.75%), residual discount rate (7.50%), and residual capitalization rate (6.75%).

2020 — During the year ended December 31, 2020, we recognized other-than-temporary impairment charges of \$27.8 million and \$19.3 million on our equity method investments in CWI 1 and CWI 2, respectively, to reduce the carrying values of our investments to their estimated fair values, due to the COVID-19 pandemic, which had an adverse effect on the operations of CWI 1 and CWI 2. The fair value measurements were estimated based on implied asset value changes and changes in market capitalizations for publicly traded lodging REITs, all of which was obtained from third-party market data.

During the year ended December 31, 2020, we recognized an other-than-temporary impairment charge of \$8.3 million on a jointly owned real estate investment to reduce the carrying value of our investment to its estimated fair value, which declined due to an uncertain probability of lease renewal with the tenant at the international office facility owned by the investment (lease expiration is in May 2023). The fair value measurement was determined by relying on an estimate of the fair market value of the property and the related mortgage loan, both provided by a third party.

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*.

Note 9. 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 ([Note 10](#)) and unhedged variable-rate non-recourse mortgage loans. 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, Senior Unsecured Notes, 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 income (loss) 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 income (loss) as part of the cumulative foreign currency translation adjustment. Amounts are reclassified out of Other comprehensive income (loss) 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, 2021 and 2020, 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):

Derivatives Designated as Hedging Instruments	Balance Sheet Location	Asset Derivatives Fair Value at		Liability Derivatives Fair Value at	
		December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Foreign currency collars	Other assets, net	\$ 19,484	\$ 3,489	\$ —	\$ —
Interest rate caps	Other assets, net	1	—	—	—
	Accounts payable, accrued expenses and other liabilities	—	—	(1,311)	(15,122)
Foreign currency collars	Accounts payable, accrued expenses and other liabilities	—	—	(1,311)	(15,122)
Interest rate swaps	Other assets, net	—	—	(908)	(5,859)
	Accounts payable, accrued expenses and other liabilities	—	—	(2,219)	(20,981)
		19,485	3,489	(2,219)	(20,981)
Derivatives Not Designated as Hedging Instruments					
Stock warrants	Other assets, net	4,600	5,800	—	—
		4,600	5,800	—	—
Total derivatives		\$ 24,085	\$ 9,289	\$ (2,219)	\$ (20,981)

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

Derivatives in Cash Flow Hedging Relationships	Amount of Gain (Loss) Recognized on Derivatives in Other Comprehensive (Loss) Income ^(a)		
	Years Ended December 31,		
	2021	2020	2019
Foreign currency collars	\$ 29,805	\$ (24,818)	\$ 5,997
Interest rate swaps	4,198	(1,553)	(1,666)
Interest rate caps	6	6	219
Foreign currency forward contracts	—	(5,272)	(4,253)
Derivatives in Net Investment Hedging Relationships ^(b)			
Foreign currency collars	—	9	10
Foreign currency forward contracts	—	—	7
Total	\$ 34,009	\$ (31,628)	\$ 314
Amount of Gain (Loss) on Derivatives Reclassified from Other Comprehensive (Loss) Income			
Derivatives in Cash Flow Hedging Relationships	Years Ended December 31,		
	2021	2020	2019
	\$ (932)	\$ (1,818)	\$ (2,256)
Interest rate swaps and caps ^(c)	Interest expense	854	4,956
Foreign currency collars	Non-operating income	—	5,716
Foreign currency forward contracts	Non-operating income	—	9,582
Total	\$ (78)	\$ 8,854	\$ 13,085

- (a) Excludes net gains of \$1.3 million, net losses of \$0.3 million, and net losses of \$1.4 million recognized on unconsolidated jointly owned investments for the years ended December 31, 2021, 2020, and 2019, respectively.
- (b) The changes in fair value of these contracts are reported in the foreign currency translation adjustment section of Other comprehensive income (loss).
- (c) Amount for the year ended December 31, 2021 excludes other comprehensive income totaling \$3.1 million that was released from the consolidated financial statements (along with the related liability balances) upon the termination of interest rate swaps in connection with certain prepayments of non-recourse mortgage loans during the period ([Note 10](#)).

Amounts reported in Other comprehensive income (loss) related to interest rate derivative contracts will be reclassified to Interest expense as interest is incurred on our variable-rate debt. Amounts reported in Other comprehensive income (loss) related to foreign currency derivative contracts will be reclassified to Non-operating income when the hedged foreign currency contracts are settled. As of December 31, 2021, we estimate that an additional \$0.5 million and \$7.6 million will be reclassified as Interest expense and Non-operating income, 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		
		2021	2020	2019
Foreign currency collars	Non-operating income	\$ 1,503	\$ (2,477)	\$ 184
Stock warrants	Other gains and (losses)	(1,200)	800	(500)
Interest rate swaps	Other gains and (losses)	—	106	(118)
Foreign currency forward contracts	Non-operating income	—	(43)	575
Interest rate swaps	Interest expense	—	—	265
Derivatives in Cash Flow Hedging Relationships				
Interest rate swaps	Interest expense	1,592	2,132	(941)
Interest rate caps	Interest expense	—	—	(220)
Foreign currency forward contracts	Other gains and (losses)	—	—	(132)
Foreign currency collars	Other gains and (losses)	—	—	7
Total		\$ 1,895	\$ 518	\$ (880)

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, 2021 are summarized as follows (currency in thousands):

Interest Rate Derivatives	Number of Instruments	Notional Amount	Fair Value at December 31, 2021 ^(a)
Designated as Cash Flow Hedging Instruments			
Interest rate swaps	2	47,199 EUR	\$ (761)
Interest rate swap	1	16,343 USD	(147)
Interest rate cap	1	10,764 EUR	1
			\$ (907)

(a) Fair value amounts are based on the exchange rate of the euro or British pound sterling at December 31, 2021, as applicable.

Foreign Currency Collars

We are exposed to foreign currency exchange rate movements, primarily in the euro and, to a lesser extent, the British pound sterling, the Norwegian krone, and certain other currencies. In order to hedge certain of our foreign currency cash flow exposures, we enter into foreign currency collars. 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. 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 collars have maturities of 62 months or less.

The following table presents the foreign currency derivative contracts we had outstanding at December 31, 2021 (currency in thousands):

Foreign Currency Derivatives	Number of Instruments	Notional Amount	Fair Value at December 31, 2021
Designated as Cash Flow Hedging Instruments			
Foreign currency collars	88	323,300 EUR	\$ 17,762
Foreign currency collars	91	56,180 GBP	411
			\$ 18,173

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, 2021. At December 31, 2021, our total credit exposure and the maximum exposure to any single counterparty was \$18.4 million and \$4.9 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, 2021, 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 \$2.2 million and \$25.1 million at December 31, 2021 and 2020, respectively, which included accrued interest and any nonperformance risk adjustments. If we had breached any of these provisions at December 31, 2021 or 2020, we could have been required to settle our obligations under these agreements at their aggregate termination value of \$2.3 million and \$25.6 million, respectively.

Net Investment Hedges

Borrowings under our Senior Unsecured Notes, Unsecured Revolving Credit Facility, and Unsecured Term Loans (all as defined in [Note 10](#)) denominated in euro, British pounds sterling, or Japanese yen 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 income (loss) 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, Japanese yen, and British pound sterling borrowings under our Senior Unsecured 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 income (loss) as part of the cumulative foreign currency translation adjustment. Such gains (losses) related to non-derivative net investment hedges were \$255.9 million, \$(280.4) million, and \$33.4 million for the years ended December 31, 2021, 2020, and 2019, respectively.

Note 10. Debt**Senior Unsecured Credit Facility**

On February 20, 2020, we entered into the Fourth Amended and Restated Credit Facility, which has capacity of approximately \$2.1 billion, comprised of (i) a \$1.8 billion unsecured revolving credit facility for our working capital needs, acquisitions, and other general corporate purposes (our “Unsecured Revolving Credit Facility”), (ii) a £150.0 million term loan (our “Term Loan”), and (iii) a €96.5 million delayed draw term loan (our “Delayed Draw Term Loan”). We refer to our Term Loan and Delayed Draw Term Loan collectively as the “Unsecured Term Loans” and the entire facility collectively as our “Senior Unsecured Credit Facility.” In December 2021, the Senior Unsecured Credit Facility was amended to transition certain LIBOR-based rates that were discontinued after December 31, 2021 to successor alternative reference rates. The updated reference rates are included in the Senior Unsecured Credit Facility table below. As of December 31, 2021, this reference rate transition impacted only our Senior Unsecured Credit Facility.

The Senior Unsecured Credit Facility includes the ability to borrow in certain currencies other than U.S. dollars and has a maturity date of February 20, 2025. The aggregate principal amount (of revolving and term loans) available under the Senior Unsecured 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 set forth in our credit agreement.

As of both December 31, 2021 and 2020, we have drawn down our Unsecured Term Loans in full.

At December 31, 2021, our Unsecured Revolving Credit Facility had available capacity of approximately \$1.4 billion (net of amounts reserved for standby letters of credit totaling \$1.2 million). We incur an annual facility fee of 0.20% of the total commitment on our Unsecured Revolving Credit Facility, which is included within Interest expense in our consolidated statements of income.

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

Senior Unsecured Credit Facility	Interest Rate at December 31, 2021 ^(a)	Maturity Date at December 31, 2021	Principal Outstanding Balance at December 31,	
			2021	2020
Unsecured Term Loans:				
Term Loan — borrowing in British pounds sterling ^{(b)(c)(d)}	SONIA + 0.9826%	2/20/2025	\$ 202,183	\$ 204,737
Delayed Draw Term Loan — borrowing in euros ^(e)	EURIBOR + 0.95%	2/20/2025	109,296	118,415
			<u>311,479</u>	<u>323,152</u>
Unsecured Revolving Credit Facility:				
Borrowing in euros ^(e)	EURIBOR + 0.85%	2/20/2025	205,001	58,901
Borrowing in British pounds sterling ^{(c)(d)}	SONIA + 0.8826%	2/20/2025	184,660	—
Borrowing in Japanese yen ^(f)	TIBOR + 0.85%	2/20/2025	20,935	23,380
			<u>410,596</u>	<u>82,281</u>
			<u>\$ 722,075</u>	<u>\$ 405,433</u>

(a) The applicable interest rate at December 31, 2021 was based on the credit rating for our Senior Unsecured Notes of BBB/Baa2.

(b) Balance excludes unamortized discount of \$0.9 million and \$1.2 million at December 31, 2021 and 2020, respectively.

(c) SONIA means Sterling Overnight Index Average.

(d) Interest rate includes both a spread adjustment to the base rate (in connection with the reference rate transition discussed in [Note 2](#)) and a credit spread.

(e) EURIBOR means Euro Interbank Offered Rate.

(f) TIBOR means Tokyo 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 \$5.8 billion at December 31, 2021 (the "Senior Unsecured Notes").

On February 25, 2021, we completed an underwritten public offering of \$425.0 million of 2.250% Senior Notes due 2033, at a price of 98.722% of par value. These 2.250% Senior Notes due 2033 have a 12.1-year term and are scheduled to mature on April 1, 2033. Proceeds from this offering were used to prepay non-recourse mortgage loans totaling \$427.5 million (including prepayment penalties), as described below.

On March 8, 2021, we completed an underwritten public offering of €525.0 million of 0.950% Senior Notes due 2030, at a price of 99.335% of par value, issued by our wholly owned finance subsidiary, WPC Eurobond B.V., and fully and unconditionally guaranteed by us. These 0.950% Senior Notes due 2030 have a 9.2-year term and are scheduled to mature on June 1, 2030. Proceeds from this offering were used to redeem the €500.0 million of 2.0% Senior Notes due 2023 in March 2021. In connection with this redemption, we paid a "make-whole" amount of \$26.2 million (based on the exchange rate of the euro as of the date of redemption) and recognized a loss on extinguishment of \$28.2 million, which is included within Other gains and (losses) on our consolidated statements of income.

On October 15, 2021, we completed an underwritten public offering of \$350.0 million of 2.450% Senior Notes due 2032, at a price of 99.048% of par value, in our inaugural green bond offering. These 2.450% Senior Notes due 2032 have a 10.3-year term and are scheduled to mature on February 1, 2032.

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 20 to 35 basis points. The following table presents a summary of our Senior Unsecured Notes outstanding at December 31, 2021 (currency in thousands):

Senior Unsecured Notes, net ^(a)	Issue Date	Principal Amount	Coupon Rate	Maturity Date	Principal Outstanding Balance at December 31,	
					2021	2020
2.0% Senior Notes due 2023	1/21/2015	€ 500,000	2.0 %	Redeemed	\$ —	\$ 613,550
4.6% Senior Notes due 2024	3/14/2014	\$ 500,000	4.6 %	4/1/2024	500,000	500,000
2.25% Senior Notes due 2024	1/19/2017	€ 500,000	2.25 %	7/19/2024	566,300	613,550
4.0% Senior Notes due 2025	1/26/2015	\$ 450,000	4.0 %	2/1/2025	450,000	450,000
2.250% Senior Notes due 2026	10/9/2018	€ 500,000	2.250 %	4/9/2026	566,300	613,550
4.25% Senior Notes due 2026	9/12/2016	\$ 350,000	4.25 %	10/1/2026	350,000	350,000
2.125% Senior Notes due 2027	3/6/2018	€ 500,000	2.125 %	4/15/2027	566,300	613,550
1.350% Senior Notes due 2028	9/19/2019	€ 500,000	1.350 %	4/15/2028	566,300	613,550
3.850% Senior Notes due 2029	6/14/2019	\$ 325,000	3.850 %	7/15/2029	325,000	325,000
0.950% Senior Notes due 2030	3/8/2021	€ 525,000	0.950 %	6/1/2030	594,615	—
2.400% Senior Notes due 2031	10/14/2020	\$ 500,000	2.400 %	2/1/2031	500,000	500,000
2.450% Senior Notes due 2032	10/15/2021	\$ 350,000	2.450 %	2/1/2032	350,000	—
2.250% Senior Notes due 2033	2/25/2021	\$ 425,000	2.250 %	4/1/2033	425,000	—
					\$ 5,759,815	\$ 5,192,750

(a) Aggregate balance excludes unamortized deferred financing costs totaling \$28.7 million and \$23.8 million, and unamortized discount totaling \$29.2 million and \$22.5 million at December 31, 2021 and 2020, respectively.

In connection with the offering of the 2.250% Senior Notes due 2033 in February 2021, the 0.950% Senior Notes due 2030 in March 2021, and the 2.450% Senior Notes due 2032 in October 2021, we incurred financing costs totaling \$11.3 million during the year ended December 31, 2021, which are included in the Senior Unsecured Notes, net in the consolidated financial statements and are being amortized to Interest expense over the term of their respective Senior Notes.

Covenants

The Credit Agreement, each of the Senior Unsecured Notes, and certain of our non-recourse mortgage loan agreements 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, 2021.

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, 2021, the weighted-average interest rates for our fixed-rate and variable-rate non-recourse mortgage notes payable were 4.8% and 2.0%, respectively, with maturity dates ranging from June 2022 to September 2031.

Repayments During 2021

During the year ended December 31, 2021, we (i) prepaid non-recourse mortgage loans totaling \$745.1 million, and (ii) repaid non-recourse mortgage loans at or close to maturity with an aggregate principal balance of approximately \$32.7 million. We recognized an aggregate net loss on extinguishment of debt of \$47.2 million on these repayments, primarily comprised of prepayment penalties totaling \$45.2 million, which is included within Other gains and (losses) on our consolidated statements of income. The weighted-average interest rate for these non-recourse mortgage loans on their respective dates of repayment was 4.8%.

Repayments During 2020

During the year ended December 31, 2020, we (i) repaid non-recourse mortgage loans at or close to maturity with an aggregate principal balance of approximately \$225.9 million and (ii) prepaid non-recourse mortgage loans totaling \$68.5 million. The weighted-average interest rate for these non-recourse mortgage loans on their respective dates of repayment was 5.1%. 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, 2021, 2020, and 2019, interest paid was \$190.8 million, \$190.6 million, and \$208.4 million, respectively.

Foreign Currency Exchange Rate Impact

During the year ended December 31, 2021, the U.S. dollar strengthened against the euro, resulting in an aggregate decrease of \$274.8 million in the aggregate carrying values of our Non-recourse mortgages, net, Senior Unsecured Credit Facility, and Senior Unsecured Notes, net from December 31, 2020 to December 31, 2021.

Scheduled Debt Principal Payments

Scheduled debt principal payments as of December 31, 2021 are as follows (in thousands):

Years Ending December 31,	Total ^(a)
2022	\$ 45,787
2023	190,921
2024	1,105,454
2025	1,231,816
2026	948,371
Thereafter through 2033	3,328,988
Total principal payments	6,851,337
Unamortized discount, net ^(b)	(30,911)
Unamortized deferred financing costs	(28,810)
Total	\$ 6,791,616

(a) Certain amounts are based on the applicable foreign currency exchange rate at December 31, 2021.

(b) Represents the unamortized discount on the Senior Unsecured Notes of \$29.2 million in aggregate, unamortized discount, net, of \$0.8 million in aggregate primarily resulting from the assumption of property-level debt in connection with business combinations, and unamortized discount of \$0.9 million on the Term Loan.

Note 11. Commitments and Contingencies

At December 31, 2021, 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 12. 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,		
	2021	2020	2019
Ordinary income	\$ 3.3300	\$ 3.3112	\$ 3.1939
Return of capital	0.5407	—	0.9194
Capital gains	0.3253	0.8528	0.0187
Total dividends paid ^(a)	\$ 4.1960	\$ 4.1640	\$ 4.1320

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

During the fourth quarter of 2021, our Board declared a quarterly dividend of \$1.055 per share, which was paid on January 14, 2022 to stockholders of record as of December 31, 2021.

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. We apply the two-class method of computing earnings per share because during prior years, certain of our nonvested RSUs contained rights to receive non-forfeitable dividend equivalents or dividends. 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 (dollars in thousands):

	Years Ended December 31,		
	2021	2020	2019
Net income attributable to W. P. Carey	\$ 409,988	\$ 455,359	\$ 305,243
Net income attributable to nonvested participating RSUs	—	—	(77)
Net income – basic and diluted	\$ 409,988	\$ 455,359	\$ 305,166
Weighted-average shares outstanding – basic	182,486,476	174,504,406	171,001,430
Effect of dilutive securities	640,622	335,022	297,984
Weighted-average shares outstanding – diluted	183,127,098	174,839,428	171,299,414

For the years ended December 31, 2021, 2020, and 2019, 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, 2021, we issued 4,690,073 shares of our common stock under our current ATM Program at a weighted-average price of \$73.42 per share for net proceeds of \$340.0 million. During the year ended December 31, 2020, we issued 2,500 shares of our common stock under our current ATM Program at a weighted-average price of \$72.05 per share for net proceeds of \$0.2 million. 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. As of December 31, 2021, \$272.1 million remained available for issuance under our current ATM Program. See [Note 17](#), Subsequent Events for issuances under our current ATM Program subsequent to December 31, 2021 and through the date of this Report.

Forward Equity Offering

From time to time, we have entered into underwriting agreements and forward sale agreements with syndicates of banks acting as underwriters, forward sellers, and/or forward purchasers in connection with public offerings of our common stock. At the closing of these transactions, the offered shares were borrowed from third parties by the banks acting as forward purchasers and sold to the underwriters for distribution at the respective gross offering prices. As a result of this forward construct, we did not receive any proceeds from the sale of shares at the closing of each offering, but rather at later settlement dates. We have determined that the forward sale agreements meet the criteria for equity classification and are therefore exempt from derivative accounting. We recorded the forward sale agreements at fair value at inception, which we determined to be zero. Subsequent changes to fair value are not required under equity classification.

We refer to our three forward equity offerings presented below as the June 2020 Equity Forwards, June 2021 Equity Forwards, and August 2021 Equity Forwards (collectively, the “Equity Forwards”) (gross offering proceeds at closing in thousands):

	Agreement Date ^(a)	Shares Offered ^(b)	Gross Offering Price	Gross Offering Proceeds at Closing	Outstanding Shares as of December 31, 2021
June 2020 Equity Forwards ^(c)	6/17/2020	5,462,500	\$ 70.00	\$ 382,375	—
June 2021 Equity Forwards ^(c)	6/7/2021	6,037,500	75.30	454,624	—
August 2021 Equity Forwards	8/9/2021	5,175,000	78.00	403,650	3,925,000
					<u>3,925,000</u>

- (a) We expect to settle the Equity Forwards in full within 18 months of the respective agreement dates via physical delivery of the outstanding shares of common stock in exchange for cash proceeds, although we may elect cash settlement or net share settlement for all or a portion of our obligations under the Equity Forwards, subject to certain conditions.
- (b) Includes 712,500, 787,500, and 675,000 shares of common stock purchased by certain underwriters in connection with the June 2020 Equity Forwards, June 2021 Equity Forwards, and August 2021 Equity Forwards, respectively, upon the exercise of 30-day options to purchase additional shares.
- (c) All remaining outstanding shares were settled during the year ended December 31, 2021.

The following table sets forth certain information regarding the settlement of our Equity Forwards during the periods presented (dollars in thousands):

	Years Ended December 31,	
	2021	2020
Shares of common stock delivered	9,798,209	2,951,791
Net proceeds	\$ 697,044	\$ 199,716

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, 2019	\$ 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:				
Non-operating income	(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)
Other comprehensive income before reclassifications	(23,124)	47,746	—	24,622
Amounts reclassified from accumulated other comprehensive loss to:				
Non-operating income	(10,672)	—	—	(10,672)
Interest expense	1,818	—	—	1,818
Total	(8,854)	—	—	(8,854)
Net current period other comprehensive income	(31,978)	47,746	—	15,768
Net current period other comprehensive income attributable to noncontrolling interests	(7)	—	—	(7)
Balance at December 31, 2020	(18,937)	(220,969)	—	(239,906)
Other comprehensive income before reclassifications	35,227	(35,736)	18,688	18,179
Amounts reclassified from accumulated other comprehensive loss to:				
Interest expense	932	—	—	932
Non-operating income	(854)	—	—	(854)
Total	78	—	—	78
Net current period other comprehensive income	35,305	(35,736)	18,688	18,257
Net current period other comprehensive income attributable to noncontrolling interests	(21)	—	—	(21)
Balance at December 31, 2021	\$ 16,347	\$ (256,705)	\$ 18,688	\$ (221,670)

See [Note 9](#) for additional information on our derivatives activity recognized within Other comprehensive income (loss) for the periods presented.

Note 13. Stock-Based and Other Compensation***Stock-Based Compensation***

At December 31, 2021, we maintained several stock-based compensation plans as described below. The total compensation expense (net of forfeitures) for awards issued under these plans was \$24.9 million, \$15.9 million, and \$18.8 million for the years ended December 31, 2021, 2020, and 2019, respectively, which was included in Stock-based compensation expense in the consolidated financial statements. The tax benefit recognized by us related to these awards totaled \$0.8 million, \$4.7 million, and \$5.1 million for the years ended December 31, 2021, 2020, and 2019, respectively. The tax benefits for the years ended December 31, 2021, 2020, and 2019 were reflected as a deferred tax benefit within (Provision for) benefit from income taxes in the consolidated financial statements.

2017 Share Incentive Plan

We maintain the 2017 Share Incentive Plan, which authorizes the issuance of up to 4,000,000 shares of our common stock. 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, 2021, 2,638,367 shares remained available for issuance under the 2017 Share Incentive Plan, which is more fully described in the 2019 Annual Report.

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, 2021, 2020, and 2019 was less than \$0.1 million. Cash received from purchases under the ESPP during the years ended December 31, 2021, 2020, and 2019 was \$0.3 million, \$0.4 million, and \$0.3 million, respectively.

Restricted and Conditional Awards

Nonvested RSAs, RSUs, and PSUs at December 31, 2021 and changes during the years ended December 31, 2021, 2020, and 2019 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, 2019	277,002	\$ 62.41	331,216	\$ 78.82
Granted	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	283,977	68.51	331,242	80.90
Granted	146,162	81.02	90,518	104.65
Vested ^(a)	(163,607)	69.62	(156,838)	80.42
Forfeited	(5,555)	71.69	(6,715)	88.94
Adjustment ^(b)	—	—	3,806	62.07
Nonvested at December 31, 2020	260,977	74.75	262,013	88.99
Granted ^(c)	194,940	66.40	134,290	86.19
Vested ^(a)	(137,267)	71.99	(151,678)	76.04
Forfeited	(11,656)	60.98	(16,463)	93.91
Adjustment ^(b)	—	—	170,093	71.17
Nonvested at December 31, 2021 ^(d)	306,994	\$ 71.21	398,255	\$ 86.86

- (a) The grant date fair value of shares vested during the years ended December 31, 2021, 2020, and 2019 was \$21.4 million, \$24.0 million, and \$39.4 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, 2021 and 2020, we had an obligation to issue 1,104,020 and 986,859 shares, respectively, of our common stock underlying such deferred awards, which is recorded within Total stockholders' equity as a Deferred compensation obligation of \$49.8 million and \$42.0 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, 2021, we used a risk-free interest rate of 0.2%, an expected volatility rate of 36.7%, and assumed a dividend yield of zero.
- (d) At December 31, 2021, total unrecognized compensation expense related to these awards was approximately \$25.5 million, with an aggregate weighted-average remaining term of 1.7 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 revise the associated expense 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.

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 2021, 2020, and 2019, our Board determined that the contribution to the plan for each of those respective years would be 10% of an eligible participant's cash compensation, up to the legal maximum allowable in each of those years of \$29,000 for 2021, \$28,500 for 2020, and \$28,000 for 2019. For the years ended December 31, 2021, 2020, and 2019, amounts expensed for contributions to the trust were \$2.2 million, \$1.9 million, and \$2.1 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.

Note 14. Income Taxes

Income Tax Provision

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

	Years Ended December 31,		
	2021	2020	2019
Federal			
Current	\$ (405)	\$ (1,118)	\$ 407
Deferred ^(a)	17	(33,040)	9,579
	<hr/>	<hr/>	<hr/>
	(388)	(34,158)	9,986
State and Local			
Current	3,008	3,284	(3,814)
Deferred ^(a)	(30)	(7,756)	(376)
	<hr/>	<hr/>	<hr/>
	2,978	(4,472)	(4,190)
Foreign			
Current	30,599	26,137	20,363
Deferred	(4,703)	(8,266)	52
	<hr/>	<hr/>	<hr/>
	25,896	17,871	20,415
Total Provision for (Benefit from) Income Taxes	\$ 28,486	\$ (20,759)	\$ 26,211

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

	Years Ended December 31,		
	2021	2020	2019
Pre-tax income (loss) attributable to taxable subsidiaries ^{(b)(c)}	<u>\$ 37,861</u>	<u>\$ (56,789)</u>	<u>\$ 74,754</u>
Federal provision at statutory tax rate (21%)	\$ 7,951	\$ (11,926)	\$ 15,698
Change in valuation allowance	13,178	13,946	11,041
Non-deductible expense	3,148	6,303	5,313
State and local taxes, net of federal benefit	2,713	2,336	4,062
Windfall tax benefit	(1,375)	(2,132)	(5,183)
Rate differential ^(d)	(232)	(632)	(6,820)
Non-taxable income	—	(2)	103
Revocation of TRS Status ^(a)	—	(37,249)	—
Tax expense related to allocation of goodwill based on portion of Investment Management business sold (Note 3)	—	7,203	—
Other	3,103	1,394	1,997
Total provision for (benefit from) income taxes	<u>\$ 28,486</u>	<u>\$ (20,759)</u>	<u>\$ 26,211</u>

- (a) Amount for the year ended December 31, 2020 includes an aggregate deferred tax benefit of \$37.2 million as a result of the release of a deferred tax liability relating to our investment in shares of Lineage Logistics ([Note 8](#)), which converted to a REIT during the year and is therefore no longer subject to federal and state income taxes
- (b) Pre-tax loss attributable to taxable subsidiaries for 2020 was primarily driven by: (i) a portion of the other-than-temporary impairment charges totaling \$47.1 million recognized on our equity method investments in CWI 1 and CWI 2 ([Note 8](#)), (ii) the allocation of \$34.3 million of goodwill within our Investment Management segment as a result of the WLT management internalization ([Note 3](#)), and (iii) an impairment charge of \$12.6 million recognized on an international property ([Note 8](#)).
- (c) Pre-tax income attributable to taxable subsidiaries for 2019 includes unrealized gains on our investment in shares of Lineage Logistics totaling \$32.9 million (prior to its REIT conversion in 2020, as described below) ([Note 8](#)).
- (d) 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.

Benefit from income taxes for the year ended December 31, 2020 includes a deferred tax benefit of \$6.3 million as a result of the other-than-temporary impairment charges that we recognized on our equity method investments in CWI 1 and CWI 2 during the year ([Note 8](#)).

In light of the COVID-19 outbreak during the first quarter of 2020, we continue to monitor domestic and international tax considerations and the potential impact on our consolidated financial statements. The Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”) (U.S. federal legislation enacted on March 27, 2020 in response to the COVID-19 pandemic) provides that net operating losses incurred in 2018, 2019, or 2020 may be carried back to offset taxable income earned during the five-year period prior to the year in which the net operating loss was incurred. As a result, we recognized a \$4.7 million current tax benefit during the year ended December 31, 2020 by carrying back certain net operating losses, which is included in Benefit from income taxes disclosed in the tables above.

Deferred Income Taxes

Deferred income taxes at December 31, 2021 and 2020 consist of the following (in thousands):

	December 31,	
	2021	2020
Deferred Tax Assets		
Net operating loss and other tax credit carryforwards	\$ 55,147	\$ 49,869
Basis differences — foreign investments	52,705	43,089
Unearned and deferred compensation	15,895	9,753
Lease liabilities ^(a)	14,752	14,144
Other	374	—
Total deferred tax assets	<u>138,873</u>	<u>116,855</u>
Valuation allowance	(108,812)	(86,069)
Net deferred tax assets	<u>30,061</u>	<u>30,786</u>
Deferred Tax Liabilities		
Basis differences — foreign investments	(145,524)	(145,838)
ROU assets ^(a)	(12,637)	(12,618)
Basis differences — equity investees	(1,195)	(2,364)
Deferred revenue	—	(97)
Other	—	(632)
Total deferred tax liabilities	<u>(159,356)</u>	<u>(161,549)</u>
Net Deferred Tax Liability	<u><u>\$ (129,295)</u></u>	<u><u>\$ (130,763)</u></u>

(a) Balances represent our basis differences for our office leases on domestic taxable subsidiaries. Basis differences on our foreign ground leases are included within the line item Basis differences — foreign investments.

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, 2021, U.S. federal and state net operating loss carryforwards were \$21.0 million and \$12.7 million, respectively, which will begin to expire in 2033. As of December 31, 2021, net operating loss carryforwards in foreign jurisdictions were \$84.2 million, which will begin to expire in 2022.

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 \$16.3 million and \$15.1 million at December 31, 2021 and 2020, respectively, which are included in Other assets, net in the consolidated balance sheets, and other deferred tax liability balances of \$145.6 million and \$145.8 million at December 31, 2021 and 2020, 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,	
	2021	2020
Beginning balance	\$ 6,312	\$ 5,756
Decrease due to lapse in statute of limitations	(508)	(783)
Foreign currency translation adjustments	(451)	515
Addition based on tax positions related to the current year	326	591
Addition based on tax positions related to the prior year	315	233
Ending balance	<u>\$ 5,994</u>	<u>\$ 6,312</u>

At December 31, 2021 and 2020, 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. These unrecognized tax benefits are recorded as liabilities within Accounts payable, accrued expenses and other liabilities on our consolidated balance sheets. We recognize interest and penalties related to uncertain tax positions in income tax expense. At December 31, 2021 and 2020, we had approximately \$2.1 million and \$1.7 million, respectively, of accrued interest related to uncertain tax positions.

Income Taxes Paid

Income taxes paid were \$44.3 million, \$43.5 million, and \$35.3 million for the years ended December 31, 2021, 2020, and 2019, 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 2016 through 2020 or any ongoing audits remain open to adjustment in the major tax jurisdictions.

Note 15. 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 decide 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 and are also discussed in [Note 4](#) and [Note 5](#).

2021 — During the year ended December 31, 2021, we sold 24 properties for total proceeds, net of selling costs, of \$163.6 million, and recognized a net gain on these sales totaling \$40.4 million (inclusive of income taxes totaling \$4.7 million recognized upon sale).

2020 — During the year ended December 31, 2020, we sold 22 properties for total proceeds, net of selling costs, of \$366.5 million (inclusive of \$4.7 million attributable to a noncontrolling interest), and recognized a net gain on these sales totaling \$109.4 million (inclusive of income taxes totaling \$3.0 million recognized upon sale and \$0.6 million attributable to a noncontrolling interest). Disposition activity included the sale of one of our two hotel operating properties in January 2020 for total proceeds, net of selling costs, of \$103.5 million (inclusive of \$4.7 million attributable to a noncontrolling interest).

2019 — During the year ended December 31, 2019, we sold 14 properties for total proceeds, net of selling costs, of \$308.0 million 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.

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).

Note 16. 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,		
	2021	2020	2019
Revenues			
Lease revenues	\$ 1,177,438	\$ 1,080,623	\$ 987,984
Income from direct financing leases and loans receivable	67,555	74,893	105,112
Lease termination income and other	53,655	11,082	29,547
Operating property revenues ^(a)	13,478	11,399	50,220
	1,312,126	1,177,997	1,172,863
Operating Expenses			
Depreciation and amortization ^(b)	475,989	441,948	443,300
General and administrative ^(b)	81,888	70,127	56,796
Reimbursable tenant costs	62,417	56,409	55,576
Property expenses, excluding reimbursable tenant costs	47,898	44,067	39,545
Stock-based compensation expense ^(b)	24,881	15,247	13,248
Impairment charges	24,246	35,830	32,539
Operating property expenses	9,848	9,901	38,015
Merger and other expenses	(4,597)	(937)	101
	722,570	672,592	679,120
Other Income and Expenses			
Interest expense	(196,831)	(210,087)	(233,325)
Gain on sale of real estate, net	40,425	109,370	18,143
(Losses) earnings from equity method investments in real estate	(19,649)	(9,017)	2,361
Non-operating income	13,778	8,970	20,478
Other gains and (losses)	(13,676)	37,104	9,773
Loss on change in control of interests	—	—	(8,416)
	(175,953)	(63,660)	(190,986)
Income before income taxes	413,603	441,745	302,757
(Provision for) benefit from income taxes	(28,703)	18,498	(30,802)
Net Income from Real Estate	384,900	460,243	271,955
Net (income) loss attributable to noncontrolling interests	(134)	(731)	110
Net Income from Real Estate Attributable to W. P. Carey	\$ 384,766	\$ 459,512	\$ 272,065

Investment Management

	Years Ended December 31,		
	2021	2020	2019
Revenues			
Asset management revenue	\$ 15,363	\$ 22,467	\$ 43,356
Reimbursable costs from affiliates	<u>4,035</u>	<u>8,855</u>	<u>16,547</u>
	<u>19,398</u>	<u>31,322</u>	<u>59,903</u>
Operating Expenses			
Reimbursable costs from affiliates	4,035	8,855	16,547
Merger and other expenses	51	1,184	—
General and administrative ^(b)	—	5,823	18,497
Subadvisor fees	—	1,469	7,579
Depreciation and amortization ^(b)	—	987	3,835
Stock-based compensation expense ^(b)	<u>—</u>	<u>691</u>	<u>5,539</u>
	<u>4,086</u>	<u>19,009</u>	<u>51,997</u>
Other Income and Expenses			
Earnings (losses) from equity method investments in the Managed Programs	8,820	(9,540)	20,868
Other gains and (losses)	791	61	(849)
Non-operating income	82	617	2,073
	<u>9,693</u>	<u>(8,862)</u>	<u>22,092</u>
Income before income taxes	25,005	3,451	29,998
Benefit from income taxes	217	2,261	4,591
Net Income from Investment Management	<u>25,222</u>	<u>5,712</u>	<u>34,589</u>
Net income attributable to noncontrolling interests	—	(9,865)	(1,411)
Net Income (Loss) from Investment Management Attributable to W. P. Carey	<u>\$ 25,222</u>	<u>\$ (4,153)</u>	<u>\$ 33,178</u>

Total Company

	Years Ended December 31,		
	2021	2020	2019
Revenues	\$ 1,331,524	\$ 1,209,319	\$ 1,232,766
Operating expenses	726,656	691,601	731,117
Other income and expenses	(166,260)	(72,522)	(168,894)
(Provision for) benefit from income taxes	(28,486)	20,759	(26,211)
Net income attributable to noncontrolling interests	(134)	(10,596)	(1,301)
Net income attributable to W. P. Carey	<u>\$ 409,988</u>	<u>\$ 455,359</u>	<u>\$ 305,243</u>
	Total Assets at December 31,		
	2021	2020	
Real Estate	\$ 15,344,703	\$ 14,582,015	
Investment Management	135,927	125,621	
Total Company	<u>\$ 15,480,630</u>	<u>\$ 14,707,636</u>	

- (a) Operating property revenues from our hotels include (i) \$7.2 million, \$4.0 million, and \$15.0 million for the years ended December 31, 2021, 2020, and 2019, respectively, generated from a hotel in Bloomington, Minnesota (revenues reflect the impact of the COVID-19 pandemic on the hotel's operations), and (ii) \$1.9 million and \$14.4 million for the years ended December 31, 2020 and 2019, respectively, generated from a hotel in Miami, Florida, which was sold in January 2020 ([Note 15](#)).

- (b) Beginning with the second quarter of 2020, general and administrative expenses attributed to our Investment Management segment are comprised of the incremental costs of providing services to the Managed Programs, which are fully reimbursed by those funds (resulting in no net expense for us). All other general and administrative expenses are attributed to our Real Estate segment. Previously, general and administrative expenses were allocated based on time incurred by our personnel for the Real Estate and Investment Management segments. In addition, beginning with the second quarter of 2020, stock-based compensation expense and corporate depreciation and amortization expense are fully recognized within our Real Estate segment. In light of the termination of the advisory agreements with CWI 1 and CWI 2 in connection with the WLT management internalization ([Note 3](#)), we now view essentially all assets, liabilities, and operational expenses as part of our Real Estate segment, other than incremental activities that are expected to wind down as we manage CPA:18 – Global and CESH through the end of their respective life cycles ([Note 2](#)). These changes between the segments had no impact on our consolidated financial statements.

Our portfolio is comprised of domestic and international investments. At December 31, 2021, our international investments within our Real Estate segment were comprised of investments in Germany, Spain, the Netherlands, Poland, the United Kingdom, Italy, France, Croatia, Denmark, Canada, Finland, Mexico, Norway, Hungary, Portugal, Lithuania, the Czech Republic, Sweden, Slovakia, Austria, Japan, Latvia, and Estonia. We sold our only remaining investment in Belgium during 2021. No tenant or international country individually comprised at least 10% of our total lease revenues for the years ended December 31, 2021, 2020, or 2019, or at least 10% of our total long-lived assets at December 31, 2021 or 2020. 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,		
	2021	2020	2019
Revenues			
Domestic	\$ 860,961	\$ 756,763	\$ 783,828
International	451,165	421,234	389,035
Total	\$ 1,312,126	\$ 1,177,997	\$ 1,172,863
December 31,			
2021 2020			
Long-lived Assets ^(a)			
Domestic	\$ 8,170,448	\$ 7,589,805	
International	4,866,921	4,796,767	
Total	\$ 13,037,369	\$ 12,386,572	
Equity Investments in Real Estate			
Domestic	\$ 236,643	\$ 152,451	
International	55,260	74,438	
Total	\$ 291,903	\$ 226,889	

- (a) Consists of Net investments in real estate. In 2021, we reclassified loans receivable to be included within Net investments in real estate ([Note 2](#)). As a result, Net investments in real estate as of December 31, 2020 has been revised to conform to the current period presentation.

Note 17. Subsequent Events***Acquisitions***

In January and February 2022, we completed two acquisitions totaling approximately \$166.3 million (based on the exchange rate of the euro on the date of acquisition, as applicable).

Dispositions

In January and February 2022, we sold two domestic properties for gross proceeds totaling \$19.3 million. These properties were classified as held for sale as of December 31, 2021 ([Note 4](#)).

Dividend from and Redemption of our Investment in Preferred Shares of WLT

In January 2022, we received a \$0.9 million cash dividend from our investment in preferred shares of WLT ([Note 8](#)). In addition, in January 2022, our investment in 1,300,000 preferred shares of WLT was redeemed in full, for gross proceeds of \$65.0 million (based on a liquidation preference of \$50.00 per share, as described in [Note 3](#)).

Issuances Under our ATM Program

In January 2022, we issued 593,060 shares of our common stock under our current ATM Program at a weighted-average price of \$81.29 per share for net proceeds of approximately \$47 million. As of the date of this Report, approximately \$223.9 million remained available for issuance under our current ATM Program ([Note 12](#)).

Dividend from our Investment in Shares of Lineage Logistics

In February 2022, we received a cash dividend of \$4.3 million from our investment in shares of Lineage Logistics ([Note 8](#)).

CESH Distribution

In January 2022, we received a distribution from our investment in CESH of \$1.2 million ([Note 7](#)).

W. P. CAREY INC.
SCHEDULE II — VALUATION AND QUALIFYING ACCOUNTS
Years Ended December 31, 2021, 2020, and 2019
(in thousands)

Description	Balance at Beginning of Year	Other Additions	Deductions	Balance at End of Year
Year Ended December 31, 2021				
Valuation reserve for deferred tax assets	\$ 86,069	\$ 40,895	\$ (18,152)	\$ 108,812
Year Ended December 31, 2020				
Valuation reserve for deferred tax assets	\$ 73,643	\$ 31,470	\$ (19,044)	\$ 86,069
Year Ended December 31, 2019				
Valuation reserve for deferred tax assets	\$ 54,499	\$ 22,384	\$ (3,240)	\$ 73,643

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W. P. CAREY INC.
SCHEDULE III — REAL ESTATE AND ACCUMULATED DEPRECIATION
December 31, 2021
(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				
Land, Buildings and Improvements Subject to Operating Leases												
Industrial facilities in Erlanger, KY	\$ —	\$ 1,526	\$ 21,427	\$ 2,966	\$ (84)	\$ 1,526	\$ 24,309	\$ 25,835	\$ 14,823	1979; 1987	Jan. 1998	40 yrs.
Industrial facilities in Thurmont, MD and Farmington, NY	—	729	5,903	—	—	729	5,903	6,632	3,026	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	6,994	1948; 1975	Jan. 1998	40 yrs.
Industrial facility in Toledo, OH	—	224	2,408	—	—	224	2,408	2,632	1,906	1966	Jan. 1998	40 yrs.
Industrial facility in Goshen, IN	—	239	940	—	—	239	940	1,179	557	1973	Jan. 1998	40 yrs.
Office facility in Raleigh, NC	—	1,638	2,844	187	(2,554)	828	1,287	2,115	1,027	1983	Jan. 1998	20 yrs.
Office facility in King of Prussia, PA	—	1,219	6,283	1,295	—	1,219	7,578	8,797	4,430	1968	Jan. 1998	40 yrs.
Industrial facility in Pinconning, MI	—	32	1,692	—	—	32	1,692	1,724	1,015	1948	Jan. 1998	40 yrs.
Industrial facilities in Sylmar, CA	—	2,052	5,322	—	(1,889)	1,494	3,991	5,485	2,406	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	8,644	Various	Jan. 1998	15 yrs.
Industrial facility in Glendora, CA	—	1,135	—	—	1,942	1,152	1,925	3,077	577	1950	Jan. 1998	10 yrs.
Warehouse facility in Doraville, GA	—	3,288	9,864	17,079	(11,410)	3,288	15,533	18,821	2,285	2016	Jan. 1998	40 yrs.
Office facility in Collierville, TN and warehouse facility in Corpus Christi, TX	—	3,490	72,497	3,513	(15,608)	288	63,604	63,892	22,296	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	8,373	516	5,035	27,846	32,881	15,946	1989	Jan. 1998	40 yrs.
Office facility in Bridgeton, MO	—	842	4,762	2,523	(196)	842	7,089	7,931	4,039	1972	Jan. 1998	40 yrs.
Retail facility in Waterford Township, MI	—	1,039	4,788	236	(2,297)	494	3,272	3,766	1,428	1972	Jan. 1998	35 yrs.
Warehouse facility in Memphis, TN	—	1,882	3,973	294	(3,892)	328	1,929	2,257	1,483	1969	Jan. 1998	15 yrs.
Industrial facility in Romulus, MI	—	454	6,411	525	—	454	6,936	7,390	2,071	1970	Jan. 1998	10 yrs.
Retail facility in Bellevue, WA	—	4,125	11,812	393	(123)	4,371	11,836	16,207	6,874	1994	Apr. 1998	40 yrs.
Office facility in Rio Rancho, NM	—	1,190	9,353	5,866	(238)	2,287	13,884	16,171	7,136	1999	Jul. 1998	40 yrs.
Office facility in Moorestown, NJ	—	351	5,981	1,667	1	351	7,649	8,000	4,682	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	7,746	1968; 1980	Sep. 2002	40 yrs.
Office facilities in Playa Vista and Venice, CA	20,058	2,032	10,152	52,817	1	5,889	59,113	65,002	18,865	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	2,144	1995	Sep. 2004	40 yrs.
Retail facility in Hot Springs, AR	—	850	2,939	2	(2,614)	—	1,177	1,177	510	1985	Sep. 2004	40 yrs.
Warehouse facilities in Apopka, FL	—	362	10,855	1,195	(155)	337	11,920	12,257	4,628	1969	Sep. 2004	40 yrs.
Land in San Leandro, CA	—	1,532	—	—	—	1,532	—	1,532	—	N/A	Dec. 2006	N/A

SCHEDULE III — REAL ESTATE AND ACCUMULATED DEPRECIATION (Continued)

December 31, 2021

(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				
Fitness facility in Austin, TX	—	1,725	5,168	—	—	1,725	5,168	6,893	2,735	1995	Dec. 2006	29 yrs.
Retail facility in Wroclaw, Poland	—	3,600	10,306	—	(3,664)	2,832	7,410	10,242	2,576	2007	Dec. 2007	40 yrs.
Office facility in Fort Worth, TX	—	4,600	37,580	186	—	4,600	37,766	42,366	11,240	2003	Feb. 2010	40 yrs.
Warehouse facility in Mallorca, Spain	—	11,109	12,636	—	(1,230)	10,514	12,001	22,515	3,472	2008	Jun. 2010	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	—	32,680	198,999	—	—	32,680	198,999	231,679	50,737	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	5,276	1968; 1975; 1995	Sep. 2012; Jan. 2014	30 yrs.
Office facility in Irvine, CA	—	4,173	—	—	13,766	4,173	13,766	17,939	224	1981	Sep. 2012	31 yrs.
Industrial facility in Alpharetta, GA	—	2,198	6,349	1,247	—	2,198	7,596	9,794	2,383	1997	Sep. 2012	30 yrs.
Office facility in Clinton, NJ	13,360	2,866	34,834	—	(16,301)	2,866	18,533	21,399	10,570	1987	Sep. 2012	30 yrs.
Office facilities in St. Petersburg, FL	—	3,280	24,627	3,288	—	3,280	27,915	31,195	8,089	1996; 1999	Sep. 2012	30 yrs.
Movie theater in Baton Rouge, LA	—	4,168	5,724	3,200	—	4,168	8,924	13,092	2,700	2003	Sep. 2012	30 yrs.
Industrial and office facility in San Diego, CA	—	7,804	16,729	5,415	(832)	7,804	21,312	29,116	6,778	2002	Sep. 2012	30 yrs.
Industrial facility in Richmond, CA	—	895	1,953	—	—	895	1,953	2,848	604	1999	Sep. 2012	30 yrs.
Warehouse facilities in Kingman, AZ; Woodland, CA; Jonesboro, GA; Kansas City, MO; Springfield, OR; Fogelsville, PA; and Corsicana, TX	—	16,386	84,668	8,737	—	16,386	93,405	109,791	26,470	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	3,341	1948; 1989	Sep. 2012	30 yrs.
Industrial facilities in Chattanooga, TN	—	558	5,923	—	—	558	5,923	6,481	1,810	1974; 1989	Sep. 2012	30 yrs.
Industrial facility in Mooresville, NC	—	756	9,775	—	—	756	9,775	10,531	2,979	1997	Sep. 2012	30 yrs.
Industrial facility in McCalla, AL	—	960	14,472	42,662	(254)	2,076	55,764	57,840	10,959	2004	Sep. 2012	31 yrs.
Office facility in Lower Makefield Township, PA	—	1,726	12,781	4,378	—	1,726	17,159	18,885	4,847	2002	Sep. 2012	30 yrs.
Industrial facility in Fort Smith, AZ	—	1,063	6,159	—	—	1,063	6,159	7,222	1,857	1982	Sep. 2012	30 yrs.
Retail facilities in Greenwood, IN and Buffalo, NY	3,035	—	19,990	—	—	—	19,990	19,990	5,963	2000; 2003	Sep. 2012	30 - 31 yrs.
Industrial facilities in Bowling Green, KY and Jackson, TN	—	1,492	8,182	600	—	1,492	8,782	10,274	2,481	1989; 1995	Sep. 2012	31 yrs.
Education facilities in Rancho Cucamonga, CA and Exton, PA	—	14,006	33,683	9,428	(20,142)	6,638	30,337	36,975	6,893	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	—	6,559	19,078	3,285	—	6,559	22,363	28,922	5,859	Various	Sep. 2012	31 yrs.
Industrial and warehouse facility in Mesquite, TX	—	2,702	13,029	—	—	2,702	13,029	15,731	85	1972	Sep. 2012	31 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				
Industrial facilities in Tolleson, AZ; Alsip, IL; and Solvay, NY	—	6,080	23,424	—	—	6,080	23,424	29,504	6,931	1990; 1994; 2000	Sep. 2012	31 yrs.
Fitness facilities in Memphis TN and Bedford, TX	—	4,877	4,258	5,215	1,156	3,023	12,483	15,506	4,557	1990; 1995	Sep. 2012	31 yrs.
Warehouse facilities in Oceanside, CA and Concordville, PA	1,487	3,333	8,270	—	—	3,333	8,270	11,603	2,454	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	93,694	Various	Sep. 2012	31 yrs.
Warehouse facility in La Vista, NE	17,740	4,196	23,148	—	—	4,196	23,148	27,344	6,403	2005	Sep. 2012	33 yrs.
Office facility in Pleasanton, CA	—	3,675	7,468	—	—	3,675	7,468	11,143	2,186	2000	Sep. 2012	31 yrs.
Office facility in San Marcos, TX	—	440	688	—	—	440	688	1,128	201	2000	Sep. 2012	31 yrs.
Office facility in Chicago, IL	—	2,169	19,010	83	(72)	2,169	19,021	21,190	5,522	1910	Sep. 2012	31 yrs.
Industrial facilities in Hollywood and Orlando, FL	—	3,639	1,269	—	—	3,639	1,269	4,908	369	1996	Sep. 2012	31 yrs.
Warehouse facility in Golden, CO	—	808	4,304	77	—	808	4,381	5,189	1,399	1998	Sep. 2012	30 yrs.
Industrial facility in Texarkana, TX	—	1,755	4,493	—	(2,783)	216	3,249	3,465	944	1997	Sep. 2012	31 yrs.
Industrial facility in South Jordan, UT	—	2,183	11,340	1,642	—	2,183	12,982	15,165	3,656	1995	Sep. 2012	31 yrs.
Warehouse facility in Ennis, TX	—	478	4,087	145	(145)	478	4,087	4,565	1,187	1989	Sep. 2012	31 yrs.
Office facility in Paris, France	—	23,387	43,450	703	(7,980)	20,597	38,963	59,560	10,876	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	—	(11,902)	23,354	64,174	87,528	24,959	Various	Sep. 2012	23 - 34 yrs.
Industrial facilities in Danbury, CT and Bedford, MA	—	3,519	16,329	—	—	3,519	16,329	19,848	5,061	1965; 1980	Sep. 2012	29 yrs.
Industrial facility in Brownwood, TX	—	722	6,268	—	—	722	6,268	6,990	1,254	1964	Sep. 2012	15 yrs.
Industrial facility in Rochester, MN	—	809	14,236	—	—	809	14,236	15,045	208	1997	Sep. 2012	31 yrs.
Industrial and office facility in Tampere, Finland	—	2,309	37,153	—	(5,177)	1,981	32,304	34,285	8,857	2012	Jun. 2013	40 yrs.
Office facility in Quincy, MA	—	2,316	21,537	127	—	2,316	21,664	23,980	5,031	1989	Jun. 2013	40 yrs.
Office facility in Salford, United Kingdom	—	—	30,012	—	(4,152)	—	25,860	25,860	5,505	1997	Sep. 2013	40 yrs.
Office facility in Lone Tree, CO	—	4,761	28,864	3,381	—	4,761	32,245	37,006	7,769	2001	Nov. 2013	40 yrs.
Office facility in Monchengladbach, Germany	30,302	2,154	6,917	50,626	(1,254)	2,175	56,268	58,443	8,627	2015	Dec. 2013	40 yrs.
Fitness facility in Houston, TX	—	2,430	2,270	—	—	2,430	2,270	4,700	802	1995	Jan. 2014	23 yrs.
Fitness facility in St. Charles, MO	—	1,966	1,368	1,352	—	1,966	2,720	4,686	962	1987	Jan. 2014	27 yrs.
Office facility in Scottsdale, AZ	—	22,300	42,329	—	—	22,300	42,329	64,629	1,788	1977	Jan. 2014	34 yrs.
Industrial facility in Aurora, CO	—	737	2,609	—	—	737	2,609	3,346	654	1985	Jan. 2014	32 yrs.
Warehouse facility in Burlington, NJ	—	3,989	6,213	377	—	3,989	6,590	10,579	2,058	1999	Jan. 2014	26 yrs.

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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				
Industrial facility in Albuquerque, NM	—	2,467	3,476	606	—	2,467	4,082	6,549	1,223	1993	Jan. 2014	27 yrs.
Industrial facility in North Salt Lake, UT	—	10,601	17,626	—	(16,936)	4,388	6,903	11,291	2,088	1981	Jan. 2014	26 yrs.
Industrial facility in Lexington, NC	—	2,185	12,058	—	(2,519)	494	11,230	11,724	3,203	2003	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	14,677	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	7,099	1978; 1979; 1986	Jan. 2014	17 - 34 yrs.
Retail facility in Torrance, CA	—	8,412	12,241	1,839	(76)	8,335	14,081	22,416	4,584	1973	Jan. 2014	25 yrs.
Office facility in Houston, TX	—	6,578	424	560	—	6,578	984	7,562	547	1978	Jan. 2014	27 yrs.
Land in Doncaster, United Kingdom	—	4,257	4,248	—	(8,103)	402	—	402	—	N/A	Jan. 2014	N/A
Warehouse facility in Norwich, CT	—	3,885	21,342	—	2	3,885	21,344	25,229	5,981	1960	Jan. 2014	28 yrs.
Warehouse facility in Whitehall, PA	—	1,437	9,669	—	—	1,437	9,669	11,106	2,710	2005	Jan. 2014	28 yrs.
Retail facility in York, PA	—	7,435	9,093	26,529	(9,545)	6,983	26,529	33,512	240	2021	Jan. 2014	40 yrs.
Industrial facility in Pittsburgh, PA	—	3,776	10,092	—	(6,413)	527	6,928	7,455	1,625	2005	Jan. 2014	34 yrs.
Warehouse facilities in Atlanta, GA and Elkwood, VA	—	1,151	10,938	—	—	1,151	10,938	12,089	3,498	1991	Jan. 2014	25 yrs.
Warehouse facility in Englewood, CO and land in Englewood, CO	—	5,356	4,121	—	(2,104)	4,284	3,089	7,373	878	1975	Jan. 2014	28 yrs.
Industrial facility in Harrisburg, NC	—	1,753	5,840	781	(111)	1,642	6,621	8,263	1,796	2000	Jan. 2014	26 yrs.
Industrial facility in Chandler, AZ; industrial, office, and warehouse facility in Englewood, CO; and land in Englewood, CO	2,209	4,306	7,235	—	3	4,306	7,238	11,544	1,894	1978; 1987	Jan. 2014	30 yrs.
Industrial facility in Cynthiana, KY	1,130	1,274	3,505	525	(107)	1,274	3,923	5,197	1,107	1967	Jan. 2014	31 yrs.
Industrial facilities in Albemarle and Old Fort, NC and Holmesville, OH	—	5,507	18,653	—	—	5,507	18,653	24,160	145	1955; 1966; 1970	Jan. 2014	32 yrs.
Industrial facility in Columbia, SC	—	2,843	11,886	—	—	2,843	11,886	14,729	4,166	1962	Jan. 2014	23 yrs.
Movie theater in Midlothian, VA	—	2,824	16,618	—	—	2,824	16,618	19,442	1,742	2000	Jan. 2014	40 yrs.
Net-lease student housing facility in Laramie, WY	—	1,966	18,896	—	—	1,966	18,896	20,862	5,383	2007	Jan. 2014	33 yrs.
Warehouse facilities in Mendota, IL; Toppenish, WA; and Plover, WI	—	1,444	21,208	—	(623)	1,382	20,647	22,029	7,291	1996	Jan. 2014	23 yrs.
Office facility in Sunnyvale, CA	—	9,297	24,086	—	(14,792)	7,306	11,285	18,591	11,285	1981	Jan. 2014	31 yrs.
Industrial facilities in Hampton, NH	—	8,990	7,362	—	—	8,990	7,362	16,352	1,921	1976	Jan. 2014	30 yrs.
Industrial facilities located throughout France	—	36,306	5,212	337	6,367	26,219	22,003	48,222	2,444	Various	Jan. 2014	23 yrs.
Retail facility in Fairfax, VA	—	3,402	16,353	—	—	3,402	16,353	19,755	4,916	1998	Jan. 2014	26 yrs.
Retail facility in Lombard, IL	—	5,087	8,578	—	—	5,087	8,578	13,665	2,578	1999	Jan. 2014	26 yrs.
Warehouse facility in Plainfield, IN	—	1,578	29,415	706	—	1,578	30,121	31,699	7,710	1997	Jan. 2014	30 yrs.

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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 ^(e)	Date of Construction	Date Acquired	Life on which Depreciation in Latest Statement of Income is Computed
		Land	Buildings			Land	Buildings	Total				
Retail facility in Kennesaw, GA	—	2,849	6,180	5,530	(76)	2,773	11,710	14,483	3,369	1999	Jan. 2014	26 yrs.
Retail facility in Leawood, KS	—	1,487	13,417	—	—	1,487	13,417	14,904	4,033	1997	Jan. 2014	26 yrs.
Office facility in Tolland, CT	—	1,817	5,709	—	11	1,817	5,720	7,537	1,651	1968	Jan. 2014	28 yrs.
Warehouse facilities in Lincolnton, NC and Mauldin, SC	—	1,962	9,247	—	—	1,962	9,247	11,209	2,607	1988; 1996	Jan. 2014	28 yrs.
Retail facilities located throughout Germany	—	81,109	153,927	10,510	(135,774)	27,939	81,833	109,772	21,202	Various	Jan. 2014	Various
Office facility in Southfield, MI	—	1,726	4,856	89	—	1,726	4,945	6,671	1,264	1985	Jan. 2014	31 yrs.
Office facility in The Woodlands, TX	—	3,204	24,997	—	—	3,204	24,997	28,201	6,282	1997	Jan. 2014	32 yrs.
Warehouse facilities in Valdosta, GA and Johnson City, TN	—	1,080	14,998	1,841	—	1,080	16,839	17,919	4,726	1978; 1998	Jan. 2014	27 yrs.
Industrial facility in Amherst, NY	6,273	674	7,971	—	—	674	7,971	8,645	2,815	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	5,051	1954; 1997	Jan. 2014	28 yrs.
Warehouse facility in Kotka, Finland	—	—	8,546	—	(6,971)	—	1,575	1,575	1,295	2001	Jan. 2014	23 yrs.
Office facility in Bloomington, MN	—	2,942	7,155	—	—	2,942	7,155	10,097	1,999	1988	Jan. 2014	28 yrs.
Warehouse facility in Gorinchem, Netherlands	2,750	1,143	5,648	—	(1,141)	951	4,699	5,650	1,313	1995	Jan. 2014	28 yrs.
Retail facility in Cresskill, NJ	—	2,366	5,482	—	19	2,366	5,501	7,867	1,398	1975	Jan. 2014	31 yrs.
Retail facility in Livingston, NJ	—	2,932	2,001	—	14	2,932	2,015	4,947	587	1966	Jan. 2014	27 yrs.
Retail facility in Montclair, NJ	—	1,905	1,403	—	6	1,905	1,409	3,314	410	1950	Jan. 2014	27 yrs.
Retail facility in Morristown, NJ	—	3,258	8,352	—	26	3,258	8,378	11,636	2,441	1973	Jan. 2014	27 yrs.
Retail facility in Summit, NJ	—	1,228	1,465	—	8	1,228	1,473	2,701	429	1950	Jan. 2014	27 yrs.
Industrial facilities in Georgetown, TX and Woodland, WA	—	965	4,113	—	—	965	4,113	5,078	965	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	2,233	Various	Jan. 2014	28 yrs.
Industrial facility in Salisbury, NC	—	1,499	8,185	—	—	1,499	8,185	9,684	2,335	2000	Jan. 2014	28 yrs.
Industrial facility in Twinsburg, OH and office facility in Plymouth, MI	—	2,831	10,565	386	(2,244)	2,501	9,037	11,538	2,553	1991; 1995	Jan. 2014	27 yrs.
Industrial facility in Cambridge, Canada	—	1,849	7,371	—	(1,110)	1,626	6,484	8,110	1,643	2001	Jan. 2014	31 yrs.
Industrial facilities in Peru, IL; Huber Heights, Lima, and Sheffield, OH; and Lebanon, TN	—	2,962	17,832	—	—	2,962	17,832	20,794	4,517	Various	Jan. 2014	31 yrs.
Industrial facility in Ramos Arizpe, Mexico	—	1,059	2,886	—	—	1,059	2,886	3,945	729	2000	Jan. 2014	31 yrs.

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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)			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 Salt Lake City, UT	—	2,783	3,773	—	—	2,783	3,773	6,556	955	1983; 2002	Jan. 2014	31 - 33 yrs.
Net-lease student housing facility in Blairstown, PA	—	1,631	23,163	—	—	1,631	23,163	24,794	6,385	2005	Jan. 2014	33 yrs.
Education facility in Mooresville, NC	966	1,795	15,955	—	—	1,795	15,955	17,750	501	2002	Jan. 2014	33 yrs.
Warehouse facilities in Atlanta, Doraville, and Rockmart, GA	—	6,488	77,192	—	—	6,488	77,192	83,680	21,418	1959; 1962; 1991	Jan. 2014	23 - 33 yrs.
Warehouse facility in Muskogee, OK	—	554	4,353	—	(3,437)	158	1,312	1,470	317	1992	Jan. 2014	33 yrs.
Industrial facility in Richmond, MO	—	2,211	8,505	747	—	2,211	9,252	11,463	2,584	1996	Jan. 2014	28 yrs.
Industrial facility in Tuusula, Finland	—	6,173	10,321	—	(2,769)	5,137	8,588	13,725	2,666	1975	Jan. 2014	26 yrs.
Office facility in Turku, Finland	—	5,343	34,106	1,320	(6,662)	4,445	29,662	34,107	8,091	1981	Jan. 2014	28 yrs.
Industrial facility in Turku, Finland	—	1,105	10,243	—	(1,890)	920	8,538	9,458	2,437	1981	Jan. 2014	28 yrs.
Industrial facility in Baraboo, WI	—	917	10,663	1,403	—	917	12,066	12,983	6,509	1988	Jan. 2014	13 yrs.
Warehouse facility in Phoenix, AZ	—	6,747	21,352	380	—	6,747	21,732	28,479	6,211	1996	Jan. 2014	28 yrs.
Land in Calgary, Canada	—	3,721	—	—	(448)	3,273	—	3,273	—	N/A	Jan. 2014	N/A
Industrial facilities in Sandersville, GA; Erwin, TN; and Gainesville, TX	1,024	955	4,779	—	—	955	4,779	5,734	1,220	1950; 1986; 1996	Jan. 2014	31 yrs.
Industrial facility in Buffalo Grove, IL	3,523	1,492	12,233	—	—	1,492	12,233	13,725	3,132	1996	Jan. 2014	31 yrs.
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	1,534	Various	Jan. 2014	28 yrs.
Office facility in Carlsbad, CA	—	3,230	5,492	—	—	3,230	5,492	8,722	1,843	1999	Jan. 2014	24 yrs.
Movie theater in Pensacola, FL	—	1,746	—	—	5,181	1,746	5,181	6,927	206	2001	Jan. 2014	33 yrs.
Movie theater in Port St. Lucie, FL	—	4,654	2,576	—	—	4,654	2,576	7,230	746	2000	Jan. 2014	27 yrs.
Industrial facility in Nurieux-Volognat, France	—	121	5,328	—	(814)	100	4,535	4,635	1,110	2000	Jan. 2014	32 yrs.
Industrial facility in Monheim, Germany	—	2,500	5,727	—	(196)	2,445	5,586	8,031	49	1992	Jan. 2014	32 yrs.
Warehouse facility in Suwanee, GA	—	2,330	8,406	—	—	2,330	8,406	10,736	1,967	1995	Jan. 2014	34 yrs.
Retail facilities in Wichita, KS and Oklahoma City, OK and warehouse facility in Wichita, KS	—	1,878	8,579	3,128	(89)	1,878	11,618	13,496	2,992	1954; 1975; 1984	Jan. 2014	24 yrs.
Industrial facilities in Fort Dodge, IA and Menomonie and Oconomowoc, WI	—	1,403	11,098	—	—	1,403	11,098	12,501	5,407	1996	Jan. 2014	16 yrs.
Industrial facility in Mesa, AZ	—	2,888	4,282	—	—	2,888	4,282	7,170	1,244	1991	Jan. 2014	27 yrs.
Industrial facility in North Amityville, NY	—	3,486	11,413	—	—	3,486	11,413	14,899	3,474	1981	Jan. 2014	26 yrs.
Industrial facility in Fort Collins, CO	—	821	7,236	—	—	821	7,236	8,057	1,745	1993	Jan. 2014	33 yrs.
Warehouse facility in Elk Grove Village, IL	—	4,037	7,865	—	—	4,037	7,865	11,902	784	1980	Jan. 2014	22 yrs.
Office facility in Washington, MI	—	4,085	7,496	—	—	4,085	7,496	11,581	1,812	1990	Jan. 2014	33 yrs.

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(in thousands)

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		Land	Buildings			Land	Buildings	Total				
Office facility in Houston, TX	—	522	7,448	227	—	522	7,675	8,197	2,315	1999	Jan. 2014	27 yrs.
Industrial facilities in Conroe, Odessa, and Weimar, TX and industrial and office facility in Houston, TX	—	4,049	13,021	—	133	4,049	13,154	17,203	5,578	Various	Jan. 2014	12 - 22 yrs.
Education facility in Sacramento, CA	24,452	—	13,715	—	—	—	13,715	13,715	3,249	2005	Jan. 2014	34 yrs.
Industrial facility in Sankt Ingbert, Germany	—	2,226	17,460	—	814	2,318	18,182	20,500	904	1960	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	2,408	1969; 1974; 1984	Jan. 2014	27 yrs.
Office facility in Tinton Falls, NJ	—	1,958	7,993	725	—	1,958	8,718	10,676	2,171	2001	Jan. 2014	31 yrs.
Industrial facility in Woodland, WA	—	707	1,562	—	—	707	1,562	2,269	351	2009	Jan. 2014	35 yrs.
Warehouse facilities in Gyál and Herceghalom, Hungary	—	14,601	21,915	—	(6,133)	12,148	18,235	30,383	7,070	2002; 2004	Jan. 2014	21 yrs.
Industrial facility in Windsor, CT	—	453	637	3,422	(83)	453	3,976	4,429	569	1999	Jan. 2014	33 yrs.
Industrial facility in Aurora, CO	—	574	3,999	—	—	574	3,999	4,573	807	2012	Jan. 2014	40 yrs.
Office facility in Chandler, AZ	—	5,318	27,551	105	—	5,318	27,656	32,974	6,221	2000	Mar. 2014	40 yrs.
Warehouse facility in University Park, IL	—	7,962	32,756	221	—	7,962	32,977	40,939	7,187	2008	May 2014	40 yrs.
Office facility in Stavanger, Norway	—	10,296	91,744	—	(30,175)	7,321	64,544	71,865	12,102	1975	Aug. 2014	40 yrs.
Laboratory facility in Westborough, MA	—	3,409	37,914	53,065	—	3,409	90,979	94,388	10,458	1992	Aug. 2014	40 yrs.
Office facility in Andover, MA	—	3,980	45,120	323	—	3,980	45,443	49,423	8,723	2013	Oct. 2014	40 yrs.
Office facility in Newport, United Kingdom	—	—	22,587	—	(3,654)	—	18,933	18,933	3,460	2014	Oct. 2014	40 yrs.
Industrial facility in Lewisburg, OH	—	1,627	13,721	—	—	1,627	13,721	15,348	2,757	2014	Nov. 2014	40 yrs.
Industrial facility in Opole, Poland	—	2,151	21,438	—	(2,102)	1,960	19,527	21,487	4,035	2014	Dec. 2014	38 yrs.
Office facilities located throughout Spain	—	51,778	257,624	10	(22,516)	50,911	235,985	286,896	43,111	Various	Dec. 2014	Various
Retail facilities located throughout the United Kingdom	—	66,319	230,113	277	(43,800)	56,372	196,537	252,909	45,277	Various	Jan. 2015	20 - 40 yrs.
Warehouse facility in Rotterdam, Netherlands	—	—	33,935	20,767	232	—	54,934	54,934	7,608	2014	Feb. 2015	40 yrs.
Retail facility in Bad Fischau, Austria	—	2,855	18,829	—	1,108	3,001	19,791	22,792	3,888	1998	Apr. 2015	40 yrs.
Industrial facility in Oskarshamn, Sweden	—	3,090	18,262	—	(1,860)	2,821	16,671	19,492	2,997	2015	Jun. 2015	40 yrs.
Office facility in Sunderland, United Kingdom	—	2,912	30,140	—	(4,464)	2,518	26,070	28,588	4,843	2007	Aug. 2015	40 yrs.
Industrial facilities in Gersthofen and Senden, Germany and Leopoldsdorf, Austria	—	9,449	15,838	—	440	9,613	16,114	25,727	3,176	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	17,396	—	17,396	49,190	66,586	9,001	1988; 1989; 1990	Oct. 2015	38 - 40 yrs.

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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 facilities in Almere, Amsterdam, Eindhoven, Houten, Nieuwegein, Utrecht, Veghel, and Zwaag, Netherlands	—	5,698	38,130	79	2,391	6,008	40,290	46,298	7,668	Various	Nov. 2015	30 - 40 yrs.
Office facility in Irvine, CA	—	7,626	16,137	—	—	7,626	16,137	23,763	2,552	1977	Dec. 2015	40 yrs.
Education facility in Windermere, FL	—	5,090	34,721	15,333	—	5,090	50,054	55,144	10,183	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	24,613	Various	Apr. 2016	Various
Industrial facilities in North Dumfries and Ottawa, Canada	—	17,155	10,665	—	(17,990)	6,097	3,733	9,830	1,637	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	22,173	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	2,517	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	2,433	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	1,785	Various	Dec. 2016	28 - 40 yrs.
Industrial facility in Chicago, IL	—	2,222	2,655	3,511	—	2,222	6,166	8,388	1,393	1985	Jun. 2017	30 yrs.
Industrial facility in Zawiercie, Poland	—	395	102	10,378	(316)	383	10,176	10,559	939	2018	Aug. 2017	40 yrs.
Office facility in Roseville, MN	—	2,560	16,025	141	—	2,560	16,166	18,726	1,872	2001	Nov. 2017	40 yrs.
Industrial facility in Radomsko, Poland	—	1,718	59	14,454	(501)	1,670	14,060	15,730	1,172	2018	Nov. 2017	40 yrs.
Warehouse facility in Sellersburg, IN	—	1,016	3,838	—	—	1,016	3,838	4,854	514	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	7,161	1995; 2004	Mar. 2018	36 - 40 yrs.
Office and warehouse facilities located throughout Denmark	—	20,304	185,481	—	(4,177)	19,892	181,716	201,608	20,077	Various	Jun. 2018	25 - 41 yrs.
Retail facilities located throughout the Netherlands	—	38,475	117,127	—	(4,236)	37,428	113,938	151,366	14,011	Various	Jul. 2018	26 - 30 yrs.
Industrial facility in Oostburg, WI	—	786	6,589	—	—	786	6,589	7,375	1,023	2002	Jul. 2018	35 yrs.
Warehouse facility in Kampen, Netherlands	—	3,251	12,858	126	(363)	3,177	12,695	15,872	1,765	1976	Jul. 2018	26 yrs.
Warehouse facility in Azambuja, Portugal	—	13,527	35,631	28,067	(2,159)	13,235	61,831	75,066	5,284	1994	Sep. 2018	28 yrs.
Retail facilities in Amsterdam, Moordrecht, and Rotterdam, Netherlands	—	2,582	18,731	11,338	(142)	2,569	29,940	32,509	2,689	Various	Oct. 2018	27 - 37 yrs.
Office and warehouse facilities in Bad Wünnenberg and Soest, Germany	—	2,916	39,687	—	(251)	2,898	39,454	42,352	3,351	1982; 1986	Oct. 2018	40 yrs.
Industrial facility in Norfolk, NE	—	802	3,686	—	—	802	3,686	4,488	396	1975	Oct. 2018	40 yrs.
Education facility in Chicago, IL	—	7,720	17,266	—	(7,945)	5,113	11,928	17,041	1,459	1912	Oct. 2018	40 yrs.
Fitness facilities in Phoenix, AZ and Columbia, MD	—	18,286	33,030	—	—	18,286	33,030	51,316	2,778	2006	Oct. 2018	40 yrs.

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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 Gorzow, Poland	—	1,736	8,298	—	(59)	1,726	8,249	9,975	752	2008	Oct. 2018	40 yrs.
Industrial facilities in Sergeant Bluff, IA; Bossier City, LA; and Alvarado, TX	9,349	6,460	49,462	—	—	6,460	49,462	55,922	4,504	Various	Oct. 2018	40 yrs.
Industrial facility in Glendale Heights, IL	—	4,237	45,484	—	—	4,237	45,484	49,721	1,822	1991	Oct. 2018	38 yrs.
Industrial facilities in Mayodan, Sanford, and Stoneville, NC	—	3,505	20,913	—	—	3,505	20,913	24,418	1,438	1992; 1997; 1998	Oct. 2018	29 yrs.
Warehouse facility in Dillon, SC	—	3,424	43,114	—	—	3,424	43,114	46,538	3,926	2001	Oct. 2018	40 yrs.
Office facility in Birmingham, United Kingdom	—	7,383	7,687	—	650	7,702	8,018	15,720	667	2009	Oct. 2018	40 yrs.
Retail facilities located throughout Spain	—	17,626	44,501	—	(365)	17,523	44,239	61,762	3,795	Various	Oct. 2018	40 yrs.
Warehouse facility in Gadki, Poland	—	1,376	6,137	—	(44)	1,368	6,101	7,469	529	2011	Oct. 2018	40 yrs.
Office facility in The Woodlands, TX	—	1,697	52,289	—	—	1,697	52,289	53,986	4,243	2009	Oct. 2018	40 yrs.
Office facility in Hoffman Estates, IL	—	5,550	14,214	—	—	5,550	14,214	19,764	1,196	2009	Oct. 2018	40 yrs.
Warehouse facility in Zagreb, Croatia	—	15,789	33,287	—	(288)	15,696	33,092	48,788	4,167	2001	Oct. 2018	26 yrs.
Industrial facilities in Middlebury Heights and Union Township, OH	4,333	1,295	13,384	—	—	1,295	13,384	14,679	1,115	1990; 1997	Oct. 2018	40 yrs.
Retail facility in Las Vegas, NV	—	—	79,720	—	—	—	79,720	79,720	6,325	2012	Oct. 2018	40 yrs.
Industrial facilities located in Phoenix, AZ; Colton, Fresno, Los Angeles, Orange, Pomona, and San Diego, CA; Holly Hill and Safety Harbor, FL; Rockmart, GA; Durham, NC; Columbia, SC; Ooltewah, TN; and Dallas, TX	—	20,517	14,135	—	30,060	22,585	42,127	64,712	2,353	Various	Oct. 2018	40 yrs.
Warehouse facility in Bowling Green, KY	—	2,652	51,915	—	—	2,652	51,915	54,567	4,849	2011	Oct. 2018	40 yrs.
Warehouse facilities in Cannock, Liverpool, Luton, Plymouth, Southampton, and Taunton United Kingdom	—	6,791	2,315	—	393	7,084	2,415	9,499	225	Various	Oct. 2018	40 yrs.
Industrial facility in Evansville, IN	—	180	22,095	—	—	180	22,095	22,275	1,795	2009	Oct. 2018	40 yrs.
Office facilities in Tampa, FL	—	3,889	49,843	759	—	3,889	50,602	54,491	4,178	1985; 2000	Oct. 2018	40 yrs.
Warehouse facility in Elorrio, Spain	—	7,858	12,728	—	(120)	7,812	12,654	20,466	1,213	1996	Oct. 2018	40 yrs.
Industrial and office facilities in Elberton, GA	—	879	2,014	—	—	879	2,014	2,893	230	1997; 2002	Oct. 2018	40 yrs.
Office facility in Tres Cantos, Spain	53,571	24,344	39,646	—	(377)	24,200	39,413	63,613	3,397	2002	Oct. 2018	40 yrs.
Office facility in Hartland, WI	2,430	1,454	6,406	—	—	1,454	6,406	7,860	572	2001	Oct. 2018	40 yrs.
Retail facilities in Dugo Selo, Kutina, Samobor, Spansko, and Zagreb, Croatia	—	5,549	12,408	1,625	6,572	6,767	19,387	26,154	2,229	2000; 2002; 2003	Oct. 2018	26 yrs.
Office and warehouse facilities located throughout the United States	—	42,793	193,666	—	—	42,793	193,666	236,459	17,037	Various	Oct. 2018	40 yrs.

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		Land	Buildings			Land	Buildings	Total				
Warehouse facilities in Breda, Elst, Gieten, Raalte, and Woerden, Netherlands	—	37,755	91,666	—	(761)	37,533	91,127	128,660	7,605	Various	Oct. 2018	40 yrs.
Warehouse facilities in Oxnard and Watsonville, CA	—	22,453	78,814	—	—	22,453	78,814	101,267	6,608	1975; 1994; 2002	Oct. 2018	40 yrs.
Retail facilities located throughout Italy	—	75,492	138,280	7,242	(2,107)	75,048	143,859	218,907	12,495	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	229	1982	Oct. 2018	40 yrs.
Office facility in Martinsville, VA	—	1,082	8,108	—	—	1,082	8,108	9,190	722	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	824	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	9,785	Various	Oct. 2018	40 yrs.
Warehouse facility in Middleburg Heights, OH	—	542	2,507	—	—	542	2,507	3,049	209	2002	Oct. 2018	40 yrs.
Net-lease self-storage facility in Fort Worth, TX	—	691	6,295	—	—	691	6,295	6,986	578	2004	Oct. 2018	40 yrs.
Retail facilities in Delnice, Pozega, and Sestevete, Croatia	—	5,519	9,930	1,291	(251)	5,486	11,003	16,489	1,360	2011	Oct. 2018	27 yrs.
Office facilities in Eagan and Virginia, MN	—	16,302	91,239	—	(722)	15,954	90,865	106,819	7,988	Various	Oct. 2018	40 yrs.
Retail facility in Orlando, FL	—	6,262	25,134	430	—	6,371	25,455	31,826	2,046	2011	Oct. 2018	40 yrs.
Industrial facility in Avon, OH	—	1,447	5,564	—	—	1,447	5,564	7,011	503	2001	Oct. 2018	40 yrs.
Industrial facility in Chimelow, Poland	—	6,158	28,032	—	(201)	6,122	27,867	33,989	2,420	2012	Oct. 2018	40 yrs.
Net-lease self-storage facility in Fayetteville, NC	—	1,839	4,654	—	—	1,839	4,654	6,493	545	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	3,718	Various	Oct. 2018	40 yrs.
Education facilities in Montgomery, AL and Savannah, GA	13,061	5,508	12,032	—	—	5,508	12,032	17,540	1,045	1969; 2002	Oct. 2018	40 yrs.
Office facilities in St. Louis, MO	—	1,297	5,362	7,951	—	1,836	12,774	14,610	1,041	1995; 1999	Oct. 2018; Aug. 2021	40 yrs.
Office and warehouse facility in Zary, PL	—	2,062	10,034	—	(71)	2,050	9,975	12,025	888	2013	Oct. 2018	40 yrs.
Industrial facilities in San Antonio, TX and Sterling, VA	—	3,198	23,981	78,727	—	7,228	98,678	105,906	4,792	1980; 2020	Oct. 2018; Dec. 2018	40 yrs.
Industrial facility in Elk Grove Village, IL	—	5,511	10,766	2	—	5,511	10,768	16,279	914	1961	Oct. 2018	40 yrs.
Industrial facility in Portage, WI	4,052	3,450	7,797	—	—	3,450	7,797	11,247	746	1970	Oct. 2018	40 yrs.
Office facility in Warrenville, IL	—	3,662	23,711	—	—	3,662	23,711	27,373	1,987	2002	Oct. 2018	40 yrs.
Warehouse facility in Saitama Prefecture, Japan	—	13,507	25,301	5,778	(6,369)	12,641	25,576	38,217	1,995	2007	Oct. 2018	40 yrs.

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		Land	Buildings			Land	Buildings	Total				
Retail facility in Dallas, TX	—	2,977	16,168	—	—	2,977	16,168	19,145	1,316	1913	Oct. 2018	40 yrs.
Office facility in Houston, TX	—	23,161	104,266	919	—	23,161	105,185	128,346	8,465	1973	Oct. 2018	40 yrs.
Retail facilities located throughout Croatia	—	9,000	13,002	1,415	(4,722)	7,757	10,938	18,695	1,214	Various	Oct. 2018	29 - 37 yrs.
Office facility in Northbrook, IL	—	—	493	—	—	—	493	493	156	2007	Oct. 2018	40 yrs.
Education facilities in Chicago, IL	—	18,510	163	—	(11,855)	6,744	74	6,818	33	2014; 2015	Oct. 2018	40 yrs.
Warehouse facility in Dillon, SC	—	3,516	44,933	—	—	3,516	44,933	48,449	4,061	2013	Oct. 2018	40 yrs.
Net-lease self-storage facilities in New York City, NY	—	29,223	77,202	414	—	29,223	77,616	106,839	6,203	Various	Oct. 2018	40 yrs.
Net-lease self-storage facility in Hilo, HI	—	769	12,869	—	—	769	12,869	13,638	1,034	2007	Oct. 2018	40 yrs.
Net-lease self-storage facility in Clearwater, FL	—	1,247	5,733	—	—	1,247	5,733	6,980	525	2001	Oct. 2018	40 yrs.
Warehouse facilities in Gdak, Poland	—	10,422	47,727	57	(341)	10,361	47,504	57,865	4,183	2007; 2010	Oct. 2018	40 yrs.
Net-lease self-storage facility in Orlando, FL	—	1,070	8,686	—	—	1,070	8,686	9,756	749	2000	Oct. 2018	40 yrs.
Retail facility in Lewisville, TX	—	3,485	11,263	—	—	3,485	11,263	14,748	955	2004	Oct. 2018	40 yrs.
Industrial facility in Wageningen, Netherlands	—	5,227	18,793	—	142	5,197	18,965	24,162	1,645	2013	Oct. 2018	40 yrs.
Office facility in Haibach, Germany	7,920	1,767	12,229	—	(6,885)	850	6,261	7,111	893	1993	Oct. 2018	40 yrs.
Net-lease self-storage facility in Palm Coast, FL	—	1,994	4,982	—	—	1,994	4,982	6,976	536	2001	Oct. 2018	40 yrs.
Office facility in Auburn Hills, MI	—	1,910	6,773	—	—	1,910	6,773	8,683	586	2012	Oct. 2018	40 yrs.
Net-lease self-storage facility in Holiday, FL	—	1,730	4,213	—	—	1,730	4,213	5,943	441	1975	Oct. 2018	40 yrs.
Office facility in Tempe, AZ	13,661	—	19,533	—	—	—	19,533	19,533	1,635	2000	Oct. 2018	40 yrs.
Office facility in Tucson, AZ	—	2,448	17,353	—	—	2,448	17,353	19,801	1,472	2002	Oct. 2018	40 yrs.
Industrial facility in Drunen, Netherlands	—	2,316	9,370	—	(68)	2,303	9,315	11,618	787	2014	Oct. 2018	40 yrs.
Industrial facility New Concord, OH	1,306	958	2,309	—	—	958	2,309	3,267	238	1999	Oct. 2018	40 yrs.
Office facility in Krakow, Poland	—	2,381	6,212	—	(50)	2,367	6,176	8,543	526	2003	Oct. 2018	40 yrs.
Retail facility in Gelsenkirchen, Germany	12,215	2,178	17,097	—	(113)	2,165	16,997	19,162	1,432	2000	Oct. 2018	40 yrs.
Warehouse facilities in Mszczonow and Tomaszow Mazowiecki, Poland	—	8,782	53,575	—	(367)	8,730	53,260	61,990	4,862	1995; 2000	Oct. 2018	40 yrs.
Office facility in Plymouth, MN	—	2,871	26,353	456	—	2,871	26,809	29,680	2,245	1999	Oct. 2018	40 yrs.
Office facility in San Antonio, TX	—	3,094	16,624	—	—	3,094	16,624	19,718	1,419	2002	Oct. 2018	40 yrs.
Warehouse facility in Sered, Slovakia	—	3,428	28,005	—	(185)	3,408	27,840	31,248	2,369	2004	Oct. 2018	40 yrs.
Industrial facility in Tuchomerice, Czech Republic	—	7,864	27,006	—	(205)	7,818	26,847	34,665	2,255	1998	Oct. 2018	40 yrs.
Office facility in Warsaw, Poland	34,427	—	44,990	—	(265)	—	44,725	44,725	3,664	2015	Oct. 2018	40 yrs.

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		Land	Buildings		Land	Buildings	Total					
Warehouse facility in Kaunas, Lithuania	37,507	10,199	47,391	—	(339)	10,139	47,112	57,251	4,053	2008	Oct. 2018	40 yrs.
Net-lease student housing facility in Jacksonville, FL	11,686	906	17,020	—	—	906	17,020	17,926	1,394	2015	Oct. 2018	40 yrs.
Warehouse facilities in Houston, TX	—	791	1,990	—	—	791	1,990	2,781	178	1972	Oct. 2018	40 yrs.
Office facility in Oak Creek, WI	—	2,858	11,055	—	—	2,858	11,055	13,913	995	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	3,440	Various	Oct. 2018	40 yrs.
Warehouse facility in Perrysburg, OH	—	806	11,922	—	—	806	11,922	12,728	1,127	1974	Oct. 2018	40 yrs.
Warehouse facility in Dillon, SC	—	620	46,319	434	—	620	46,753	47,373	3,253	2019	Oct. 2018	40 yrs.
Warehouse facility in Zabia Wola, Poland	15,973	4,742	23,270	5,636	(166)	4,715	28,767	33,482	2,388	1999	Oct. 2018	40 yrs.
Office facility in Buffalo Grove, IL	—	2,224	6,583	—	—	2,224	6,583	8,807	569	1992	Oct. 2018	40 yrs.
Warehouse facilities in McHenry, IL	—	5,794	21,141	—	—	5,794	21,141	26,935	2,665	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	1,091	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	4,023	2007	Dec. 2018	37 yrs.
Industrial facility in San Luis Potosi, Mexico	—	2,787	12,945	—	—	2,787	12,945	15,732	1,149	2009	Dec. 2018	39 yrs.
Industrial facility in Legnica, Poland	—	995	9,787	6,007	(116)	988	15,685	16,673	1,510	2002	Dec. 2018	29 yrs.
Industrial facility in Meru, France	—	4,231	14,731	8	(85)	4,212	14,673	18,885	1,669	1997	Dec. 2018	29 yrs.
Education facility in Portland, OR	—	2,396	23,258	4,218	—	2,396	27,476	29,872	2,401	2006	Feb. 2019	40 yrs.
Office facility in Morrisville, NC	—	2,374	30,140	2,172	—	2,374	32,312	34,686	2,476	1998	Mar. 2019	40 yrs.
Warehouse facility in Inwood, WV	—	3,265	36,692	—	—	3,265	36,692	39,957	2,804	2000	Mar. 2019	40 yrs.
Industrial facility in Hurricane, UT	—	1,914	37,279	—	—	1,914	37,279	39,193	2,694	2011	Mar. 2019	40 yrs.
Industrial facility in Bensenville, IL	—	8,640	4,948	—	300	8,940	4,948	13,888	574	1981	Mar. 2019	40 yrs.
Industrial facility in Katowice, Poland	—	—	764	15,163	471	—	16,398	16,398	859	2019	Apr. 2019	40 yrs.
Industrial facilities in Westerville, OH and North Wales, PA	—	1,545	6,508	—	—	1,545	6,508	8,053	564	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	590	Various	May 2019	40 yrs.
Industrial facilities in Chihuahua and Juarez, Mexico	—	3,426	7,286	—	—	3,426	7,286	10,712	696	1983; 1986; 1991	May 2019	40 yrs.
Warehouse facility in Statesville, NC	—	1,683	13,827	—	—	1,683	13,827	15,510	1,072	1979	Jun. 2019	40 yrs.
Industrial facilities in Searcy, AR and Conestoga, PA	—	4,290	51,410	11,027	—	4,678	62,049	66,727	4,273	1950; 1951	Jun. 2019; Apr. 2021	40 yrs.
Industrial facilities in Hartford and Milwaukee, WI	—	1,471	21,293	—	—	1,471	21,293	22,764	1,565	1964; 1992; 1993	Jul. 2019	40 yrs.
Industrial facilities in Brockville and Prescott, Canada	—	2,025	9,519	—	—	2,025	9,519	11,544	702	1955; 1995	Jul. 2019	40 yrs.

SCHEDULE III — REAL ESTATE AND ACCUMULATED DEPRECIATION (Continued)

December 31, 2021

(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 facility in Dordrecht, Netherlands	—	3,233	10,954	—	428	3,335	11,280	14,615	655	1986	Sep. 2019	40 yrs.
Industrial facilities in York, PA and Lexington, SC	—	4,155	22,930	—	—	4,155	22,930	27,085	1,799	1968; 1971	Oct. 2019	40 yrs.
Industrial facility in Queretaro, Mexico	—	2,851	12,748	—	(3)	2,851	12,745	15,596	903	1999	Oct. 2019	40 yrs.
Office facility in Dearborn, MI	—	1,431	5,402	—	—	1,431	5,402	6,833	393	2002	Oct. 2019	40 yrs.
Industrial facilities in Houston, TX and Metairie, LA and office facilities in Houston, TX and Mason, OH	—	6,130	24,981	2,145	—	6,130	27,126	33,256	1,649	Various	Nov. 2019	40 yrs.
Industrial facility in Pardubice, Czech Republic	—	1,694	8,793	436	276	1,741	9,458	11,199	534	1970	Nov. 2019	40 yrs.
Warehouse facilities in Brabrand, Denmark and Arlandastad, Sweden	—	6,499	27,899	42	1,503	6,803	29,140	35,943	1,691	2012; 2017	Nov. 2019	40 yrs.
Retail facility in Hamburg, PA	—	4,520	34,167	—	—	4,520	34,167	38,687	1,996	2003	Dec. 2019	40 yrs.
Warehouse facility in Charlotte, NC	—	6,481	82,936	—	—	6,481	82,936	89,417	4,782	1995	Dec. 2019	40 yrs.
Warehouse facility in Buffalo Grove, IL	—	3,287	10,167	—	—	3,287	10,167	13,454	802	1987	Dec. 2019	40 yrs.
Industrial facility in Hvidovre, Denmark	—	1,931	4,243	—	100	1,971	4,303	6,274	311	2007	Dec. 2019	40 yrs.
Warehouse facility in Huddersfield, United Kingdom	—	8,659	29,752	—	799	8,839	30,371	39,210	1,612	2005	Dec. 2019	40 yrs.
Warehouse facility in Newark, United Kingdom	—	21,869	74,777	—	2,521	22,439	76,728	99,167	3,810	2006	Jan. 2020	40 yrs.
Industrial facility in Langen, Germany	—	14,160	7,694	32,169	(3,028)	13,232	37,763	50,995	856	2021	Jan. 2020	40 yrs.
Industrial facility in Aurora, OR	—	2,914	21,459	—	(5,000)	2,914	16,459	19,373	797	1976	Jan. 2020	40 yrs.
Warehouse facility in Vojens, Denmark	—	1,031	8,784	—	293	1,062	9,046	10,108	434	2020	Jan. 2020	40 yrs.
Office facility in Kitzingen, Germany	—	4,812	41,125	—	(526)	4,758	40,653	45,411	1,844	1967	Mar. 2020	40 yrs.
Warehouse facility in Knoxville, TN	—	2,455	47,446	—	—	2,455	47,446	49,901	1,802	2020	Jun. 2020	40 yrs.
Industrial facilities in Bluffton and Plymouth, IN; and Lawrence, KS	—	674	33,519	20,542	—	1,064	53,671	54,735	1,099	1981; 2014; 2021	Sep 2020; Dec. 2021	40 yrs.
Industrial facility in Huntley, IL	—	5,260	26,617	—	—	5,260	26,617	31,877	835	1996	Sep. 2020	40 yrs.
Industrial facilities in Winter Haven, FL; Belvedere, IL; and Fayetteville, NC	—	8,232	31,745	—	—	8,232	31,745	39,977	969	1954; 1984; 1997	Oct. 2020	40 yrs.
Retail facilities located throughout Spain	—	34,216	57,151	—	(2,906)	33,128	55,333	88,461	1,621	Various	Oct. 2020	40 yrs.
Warehouse facility in Little Canada, MN	—	3,384	23,422	—	—	3,384	23,422	26,806	686	1987	Oct. 2020	40 yrs.
Warehouse facility in Hurricane, UT	—	5,154	22,893	—	—	5,154	22,893	28,047	610	2005	Dec. 2020	40 yrs.
Industrial facilities in Bethlehem, PA and Waco, TX	—	4,673	19,111	—	—	4,673	19,111	23,784	507	Various	Dec. 2020	40 yrs.

SCHEDULE III — REAL ESTATE AND ACCUMULATED DEPRECIATION (Continued)

December 31, 2021

(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 ^(e)	Date of Construction	Date Acquired	Life on which Depreciation in Latest Statement of Income is Computed
		Land	Buildings			Land	Buildings	Total				
Industrial facilities in St. Charles, MO and Green Bay, WI	—	2,966	20,055	—	—	2,966	20,055	23,021	521	1981; 2009	Dec. 2020	40 yrs.
Industrial facilities in Pleasanton, KS; Savage, MN; Grove City, OH; and Mahanoy City, PA	—	7,717	21,569	—	—	7,717	21,569	29,286	539	Various	Dec. 2020	40 yrs.
Outdoor advertising in Fort Washington, Huntington Valley, and West Chester, PA	—	—	492	—	—	—	492	492	11	2011; 2014; 2016	Jan. 2021	40 yrs.
Warehouse facilities in Grove City, OH and Anderson, SC	—	1,415	15,151	—	—	1,415	15,151	16,566	346	1995; 2001	Feb. 2021	40 yrs.
Office and retail facilities in NJ and PA	—	17,537	25,987	—	—	17,537	25,987	43,524	577	Various	Feb. 2021	40 yrs.
Land and warehouse facilities in CA	—	8,513	45,669	6	—	8,516	45,672	54,188	1,017	Various	Feb. 2021	40 yrs.
Retail facilities in France	—	15,954	104,578	—	(4,310)	15,384	100,838	116,222	1,899	1968; 1981; 1983	Apr. 2021	40 yrs.
Warehouse facility in Detroit, MI	—	3,625	47,743	—	—	3,625	47,743	51,368	814	1991	Apr. 2021	40 yrs.
Warehouse facility in Solihull, United Kingdom	—	42,137	123,315	—	(4,479)	40,996	119,977	160,973	1,989	2021	May 2021	40 yrs.
Net-lease student housing facility in New Rochelle, NY	—	3,617	21,590	—	—	3,617	21,590	25,207	356	2018	May 2021	40 yrs.
Industrial facility in Groveport, OH	—	—	26,639	—	—	—	26,639	26,639	440	1982	May 2021	40 yrs.
Industrial facility in Dakota, IL	—	1,970	50,369	—	—	1,970	50,369	52,339	807	1978	May 2021	40 yrs.
Industrial facility in San Jose, CA	—	12,808	31,714	—	—	12,808	31,714	44,522	506	1984	May 2021	40 yrs.
Warehouse facility in Opelika, AL	—	2,115	39,980	—	—	2,115	39,980	42,095	570	2005	Jun. 2021	40 yrs.
Warehouse facilities in Elk Grove Village and Niles, IL; and Guelph, Canada	—	12,932	25,096	—	—	12,932	25,096	38,028	354	1962; 1976; 1983	Jun. 2021	40 yrs.
Warehouse facility in Rome, NY	—	1,480	47,781	—	—	1,480	47,781	49,261	671	2021	Jun. 2021	40 yrs.
Warehouse facility in Frankfort, IN	—	5,423	95,915	—	—	5,423	95,915	101,338	841	2015	Aug. 2021	40 yrs.
Warehouse facility in Rogers, MN	—	1,871	20,959	—	—	1,871	20,959	22,830	164	2005	Sep. 2021	40 yrs.
Industrial facilities in Chattanooga, TN	—	4,859	29,302	—	—	4,859	29,302	34,161	149	2006; 2017	Oct. 2021	40 yrs.
Warehouse facility in Mankato, MN	—	2,979	11,619	—	—	2,979	11,619	14,598	40	1976	Nov. 2021	40 yrs.
Retail facilities in Denmark	—	2,695	38,428	—	255	2,711	38,667	41,378	66	Various	Dec. 2021	40 yrs.
Retail facilities in Poland	—	15,110	47,511	—	356	15,196	47,781	62,977	56	Various	Dec. 2021	40 yrs.
Industrial facility in Cary, IL	—	4,568	31,977	—	—	4,568	31,977	36,545	9	1975	Dec. 2021	40 yrs.
Retail facilities in the Netherlands	—	9,342	32,770	—	86	9,361	32,837	42,198	—	Various	Dec. 2021	40 yrs.
Outdoor advertising in Pennsauken, NJ	—	1,025	397	—	—	1,025	397	1,422	—	Various	Dec. 2021	40 yrs.
	\$	349,800	\$2,303,743	\$9,077,373	\$ 844,244	\$ (548,175)	\$2,151,327	\$9,525,858	\$11,677,185	\$ 1,448,020		

SCHEDULE III — REAL ESTATE AND ACCUMULATED DEPRECIATION (Continued)

December 31, 2021

(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 Total	Date of Construction	Date Acquired
		Land	Buildings					
Direct Financing Method								
Industrial facilities in Irving and Houston, TX	\$ —	\$ —	\$ 27,599	\$ —	\$ (4,168)	\$ 23,431	1978	Jan. 1998
Retail facility in Freehold, NJ	2,986	—	17,067	—	(379)	16,688	2004	Sep. 2012
Office facilities in Corpus Christi, Odessa, San Marcos, and Waco, TX	1,326	2,089	14,211	—	(1,338)	14,962	1969; 1996; 2000	Sep. 2012
Retail facilities located throughout Germany	—	28,734	145,854	5,582	(57,048)	123,122	Various	Sep. 2012
Warehouse facility in Brierley Hill, United Kingdom	—	2,147	12,357	—	(1,175)	13,329	1996	Sep. 2012
Retail facilities in El Paso and Fabens, TX	—	4,777	17,823	—	(85)	22,515	Various	Jan. 2014
Industrial facility in Dallas, TX	—	3,190	10,010	—	40	13,240	1968	Jan. 2014
Industrial facility in Eagan, MN	—	—	11,548	—	(532)	11,016	1975	Jan. 2014
Retail facility in Gronau, Germany	—	281	4,401	—	(786)	3,896	1989	Jan. 2014
Industrial and warehouse facility in Newbridge, United Kingdom	9,515	6,851	22,868	—	(7,560)	22,159	1998	Jan. 2014
Industrial facility in Mount Carmel, IL	—	135	3,265	—	(247)	3,153	1896	Jan. 2014
Retail facility in Vantaa, Finland	—	5,291	15,522	—	(3,496)	17,317	2004	Jan. 2014
Retail facility in Linköping, Sweden	—	1,484	9,402	—	(3,073)	7,813	2004	Jan. 2014
Industrial facility in Calgary, Canada	—	—	7,076	—	(850)	6,226	1965	Jan. 2014
Industrial facilities in Kearney, MO; Fair Bluff, NC; York, NE; Walbridge, OH; Middlesex Township, PA; Rocky Mount, VA; and Martinsburg, WV	—	5,780	40,860	—	(561)	46,079	Various	Jan. 2014
Industrial facility in Göppingen, Germany	—	10,717	60,120	—	(16,093)	54,744	1930	Jan. 2014
Industrial and office facility in Nagold, Germany	—	4,553	17,675	—	(131)	22,097	1994	Oct. 2018
Warehouse facilities in Bristol, Leeds, Liverpool, Luton, Newport, Plymouth, and Southampton, United Kingdom	—	1,062	23,087	—	951	25,100	Various	Oct. 2018
Warehouse facility in Gieten, Netherlands	—	—	15,258	—	(138)	15,120	1985	Oct. 2018
Warehouse facility in Oxnard, CA	—	—	10,960	—	(995)	9,965	1975	Oct. 2018
Industrial facilities in Bartow, FL; Momence, IL; Smithfield, NC; Hudson, NY; and Ardmore, OK	—	4,454	87,030	—	2,496	93,980	Various	Oct. 2018
Industrial facility in Countryside, IL	—	563	1,457	—	34	2,054	1981	Oct. 2018
Industrial facility in Clarksville, TN	3,225	1,680	10,180	—	(82)	11,778	1998	Oct. 2018
Industrial facility in Bluffton, IN	1,672	503	3,407	—	(32)	3,878	1975	Oct. 2018
Warehouse facility in Houston, TX	—	—	5,977	—	(94)	5,883	1972	Oct. 2018
Less: allowance for credit losses					(17,340)	(17,340)		
	<u>\$ 18,724</u>	<u>\$ 84,291</u>	<u>\$ 595,014</u>	<u>\$ 5,582</u>	<u>\$ (112,682)</u>	<u>\$ 572,205</u>		

SCHEDULE III — REAL ESTATE AND ACCUMULATED DEPRECIATION (Continued)

December 31, 2021

(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 ^(e)	Date of Construction	Date Acquired	Life on which Depreciation in Latest Statement of Income is Computed
		Land	Buildings	Personal Property			Land	Buildings	Personal Property	Total				
Land, Buildings and Improvements Attributable to Operating Properties – Hotels														
Bloomington, MN	\$ —	\$ 3,810	\$ 29,126	\$ 3,622	\$ 6,182	\$ (247)	\$ 3,874	\$ 31,199	\$ 7,420	\$ 42,493	\$ 12,899	2008	Jan. 2014	34 yrs.
Land, Buildings and Improvements Attributable to Operating Properties – Self-Storage Facilities														
Loves Park, IL	—	1,412	4,853	—	35	—	1,412	4,862	26	6,300	588	1997	Oct. 2018	40 yrs.
Cherry Valley, IL	—	1,339	4,160	—	3	—	1,339	4,160	3	5,502	486	1988	Oct. 2018	40 yrs.
Rockford, IL	—	695	3,873	—	26	—	695	3,890	9	4,594	413	1979	Oct. 2018	40 yrs.
Rockford, IL	—	87	785	—	—	—	87	785	—	872	75	1979	Oct. 2018	40 yrs.
Rockford, IL	—	454	4,724	—	12	—	454	4,733	3	5,190	414	1957	Oct. 2018	40 yrs.
Peoria, IL	—	444	4,944	—	238	—	443	5,164	19	5,626	625	1990	Oct. 2018	40 yrs.
East Peoria, IL	—	268	3,290	—	92	—	268	3,374	8	3,650	397	1986	Oct. 2018	40 yrs.
Loves Park, IL	—	721	2,973	—	17	—	721	2,990	—	3,711	325	1978	Oct. 2018	40 yrs.
Winder, GA	—	338	1,310	—	65	—	338	1,353	22	1,713	161	2006	Oct. 2018	40 yrs.
Winder, GA	—	821	3,180	—	21	—	821	3,190	11	4,022	367	2001	Oct. 2018	40 yrs.
	\$ —	\$ 10,389	\$ 63,218	\$ 3,622	\$ 6,691	\$ (247)	\$ 10,452	\$ 65,700	\$ 7,521	\$ 83,673	\$ 16,750			

- (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 ([Note 5](#)), (v) reclassifications from net investments in direct financing leases to real estate subject to operating leases, and (vi) 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 \$3.1 billion and the related accumulated amortization of \$1.4 billion, (ii) gross lease intangible liabilities of \$289.2 million and the related accumulated amortization of \$105.9 million, (iii) sale-leasebacks classified as loans receivable of \$217.2 million, (iv) secured loans receivable of \$24.1 million (as disclosed in [Schedule IV – Mortgage Loans on Real Estate](#)), (v) assets held for sale, net of \$8.3 million, and (vi) real estate under construction of \$114.5 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,		
	2021	2020	2019
Beginning balance	\$ 10,736,752	\$ 9,703,504	\$ 8,717,612
Acquisitions	1,144,757	555,032	610,381
Foreign currency translation adjustment	(267,018)	290,559	(37,032)
Reclassification from real estate under construction	86,179	176,211	122,519
Dispositions	(80,129)	(167,671)	(90,488)
Reclassification from direct financing leases	76,929	183,789	76,934
Impairment charges	(24,246)	(26,343)	(1,345)
Capital improvements	14,589	35,722	18,860
Reclassification to assets held for sale	(10,628)	(14,051)	—
Reclassification from operating properties	—	—	291,750
CPA:17 Merger measurement period adjustments	—	—	(5,687)
Ending balance	<u>\$ 11,677,185</u>	<u>\$ 10,736,752</u>	<u>\$ 9,703,504</u>

Reconciliation of Accumulated Depreciation for Land, Buildings and Improvements Subject to Operating Leases			
	Years Ended December 31,		
	2021	2020	2019
Beginning balance	\$ 1,206,912	\$ 950,452	\$ 724,550
Depreciation expense	286,347	259,337	232,927
Foreign currency translation adjustment	(25,298)	24,764	(916)
Dispositions	(17,582)	(24,786)	(6,109)
Reclassification to assets held for sale	(2,359)	(2,855)	—
Ending balance	<u>\$ 1,448,020</u>	<u>\$ 1,206,912</u>	<u>\$ 950,452</u>

Reconciliation of Land, Buildings and Improvements Attributable to Operating Properties			
	Years Ended December 31,		
	2021	2020	2019
Beginning balance	\$ 83,476	\$ 83,083	\$ 466,050
Capital improvements	197	393	1,853
Reclassification to operating leases	—	—	(291,750)
Reclassification to assets held for sale	—	—	(94,078)
Reclassification from real estate under construction	—	—	1,008
Ending balance	<u>\$ 83,673</u>	<u>\$ 83,476</u>	<u>\$ 83,083</u>

Reconciliation of Accumulated Depreciation for Land, Buildings and Improvements Attributable to Operating Properties			
	Years Ended December 31,		
	2021	2020	2019
Beginning balance	\$ 14,004	\$ 11,241	\$ 10,234
Depreciation expense	2,746	2,763	2,553
Reclassification to assets held for sale	—	—	(1,546)
Ending balance	<u>\$ 16,750</u>	<u>\$ 14,004</u>	<u>\$ 11,241</u>

At December 31, 2021, the aggregate cost of real estate that we and our consolidated subsidiaries own for federal income tax purposes was approximately \$13.9 billion.

W. P. CAREY INC.
SCHEDULE IV — MORTGAGE LOANS ON REAL ESTATE
December 31, 2021
(*dollars in thousands*)

Description	Interest Rate	Final Maturity Date	Carrying Amount
Financing agreement — retail facility	7.5 %	Mar. 2025	\$ 12,893
Financing agreement — observation wheel	7.5 %	Mar. 2022	11,250
			<u>\$ 24,143</u>

	Reconciliation of Mortgage Loans on Real Estate		
	Years Ended December 31,		
	2021	2020	2019
Beginning balance	\$ 24,143	\$ 47,737	\$ 57,737
Allowance for credit losses (Note 5)	—	(12,594)	—
Repayments	—	(11,000)	(10,000)
Ending balance	<u>\$ 24,143</u>	<u>\$ 24,143</u>	<u>\$ 47,737</u>

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, 2021, 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, 2021 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, 2021. 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, 2021, 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, 2021 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, 2021, 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.

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

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

This information will be contained in our definitive proxy statement for the 2022 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 2022 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 2022 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 2022 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 2022 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	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
4.6	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
4.7	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
4.8	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
4.9	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
4.10	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

**Exhibit
No.****Description****Method of Filing**

4.11	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
4.12	Second Supplemental Indenture dated as of March 6, 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 March 6, 2018
4.13	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
4.14	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
4.15	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
4.16	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
4.17	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
4.18	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
4.19	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
4.20	Description of Securities Registered under Section 12 of the Exchange Act	Incorporated by reference to Exhibit 4.22 to Annual Report on Form 10-K for the year ended December 31, 2019 filed February 21, 2020
4.21	Sixth Supplemental Indenture, dated October 14, 2020, 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 October 14, 2020
4.22	Form of Note representing \$500 Million Aggregate Principal Amount of 2.400% Senior Notes due 2031	Incorporated by reference to Exhibit 4.3 to Current Report on Form 8-K filed October 14, 2020
4.23	Seventh Supplemental Indenture, dated February 25, 2021, 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 February 25, 2021
4.24	Form of Note representing \$425 Million Aggregate Principal Amount of 2.250% Senior Notes Due 2033	Incorporated by reference to Exhibit 4.3 to Current Report on Form 8-K filed February 25, 2021
4.25	Fifth Supplemental Indenture dated as of March 8, 2021, 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 March 8, 2021

**Exhibit
No.****Description****Method of Filing**

4.26	Form of Note representing €525 Million Aggregate Principal Amount of 0.950% Senior Notes Due 2030	Incorporated by reference to Exhibit 4.1 to Current Report on Form 8-K filed March 8, 2021
4.27	Eighth Supplemental Indenture, dated October 15, 2021, by and between W. P. Carey Inc., as issuer, and U.S. Bank National Association, as trustee	Incorporated by reference Exhibit 4.2 to Current Report on Form 8-K filed October 15, 2021
4.28	Form of Note representing \$350 Million Aggregate Principal Amount of 2.450% Senior Notes due 2032	Incorporated by reference Exhibit 4.3 to Current Report on Form 8-K filed October 15, 2021
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
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	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

**Exhibit
No.****Description****Method of Filing**

10.14	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
10.15	Second Amendment to Amended and Restated Advisory Agreement, dated as of May 11, 2020, among Corporate Property Associates 18 – Global Incorporated, CPA: 18 Limited Partnership and Carey Asset Management Corp.	Incorporated by reference to Exhibit 10.1 to Quarterly Report on Form 10-Q for the quarter ended March 31, 2020 filed May 13, 2020
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	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
10.18	First Amendment (LIBOR Transition), dated as of December 1, 2021, to the Fourth Amended and Restated Credit Agreement, among W. P. Carey Inc. and Bank of America, N.A., as administrative agent	Filed herewith
10.19	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
10.20	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
10.21	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
10.22	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
10.23	Agency Agreement dated as of March 8, 2021, 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 March 8, 2021
10.24	Forward Confirmation, dated August 9, 2021, by and among W. P. Carey Inc. and J.P. Morgan Chase Bank, National Association	Incorporated by reference to Exhibit 1.2 to Current Report on Form 8-K filed August 12, 2021
10.25	Forward Confirmation, dated August 9, 2021, by and among W. P. Carey Inc. and Barclays Bank PLC	Incorporated by reference to Exhibit 1.3 to Current Report on Form 8-K filed August 12, 2021
10.26	Forward Confirmation, dated August 11, 2021, by and among W. P. Carey Inc. and J.P. Morgan Chase Bank, National Association	Incorporated by reference to Exhibit 1.4 to Current Report on Form 8-K filed August 12, 2021
10.27	Forward Confirmation, dated August 11, 2021, by and among W. P. Carey Inc. and Barclays Bank PLC	Incorporated by reference to Exhibit 1.5 to Current Report on Form 8-K filed August 12, 2021
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.

Date: February 11, 2022 By: W. P. Carey Inc.
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
<u>/s/ Jason E. Fox</u> Jason E. Fox	Director and Chief Executive Officer (Principal Executive Officer)	February 11, 2022
<u>/s/ ToniAnn Sanzone</u> ToniAnn Sanzone	Chief Financial Officer (Principal Financial Officer)	February 11, 2022
<u>/s/ Arjun Mahalingam</u> Arjun Mahalingam	Chief Accounting Officer (Principal Accounting Officer)	February 11, 2022
<u>/s/ Christopher J. Niehaus</u> Christopher J. Niehaus	Chairman of the Board and Director	February 11, 2022
<u>/s/ Mark A. Alexander</u> Mark A. Alexander	Director	February 11, 2022
<u>/s/ Tonit M. Calaway</u> Tonit M. Calaway	Director	February 11, 2022
<u>/s/ Peter J. Farrell</u> Peter J. Farrell	Director	February 11, 2022
<u>/s/ Robert J. Flanagan</u> Robert J. Flanagan	Director	February 11, 2022
<u>/s/ Axel K. A. Hansing</u> Axel K. A. Hansing	Director	February 11, 2022
<u>/s/ Jean Hoysradt</u> Jean Hoysradt	Director	February 11, 2022
<u>/s/ Margaret G. Lewis</u> Margaret G. Lewis	Director	February 11, 2022
<u>/s/ Nicolaas J. M. van Ommen</u> Nicolaas J. M. van Ommen	Director	February 11, 2022

EXHIBIT INDEX

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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	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

Exhibit No.	Description	Method of Filing
10.14	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
10.15	Second Amendment to Amended and Restated Advisory Agreement, dated as of May 11, 2020, among Corporate Property Associates 18 – Global Incorporated, CPA: 18 Limited Partnership and Carey Asset Management Corp.	Incorporated by reference to Exhibit 10.1 to Quarterly Report on Form 10-Q for the quarter ended March 31, 2020 filed May 13, 2020
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	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
10.18	First Amendment (LIBOR Transition), dated as of December 1, 2021, to the Fourth Amended and Restated Credit Agreement, among W. P. Carey Inc. and Bank of America, N.A., as administrative agent	Filed herewith
10.19	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
10.20	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
10.21	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
10.22	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
10.23	Agency Agreement dated as of March 8, 2021, 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 March 8, 2021
10.24	Forward Confirmation, dated August 9, 2021, by and among W. P. Carey Inc. and J.P. Morgan Chase Bank, National Association	Incorporated by reference to Exhibit 1.2 to Current Report on Form 8-K filed August 12, 2021
10.25	Forward Confirmation, dated August 9, 2021, by and among W. P. Carey Inc. and Barclays Bank PLC	Incorporated by reference to Exhibit 1.3 to Current Report on Form 8-K filed August 12, 2021
10.26	Forward Confirmation, dated August 11, 2021, by and among W. P. Carey Inc. and J.P. Morgan Chase Bank, National Association	Incorporated by reference to Exhibit 1.4 to Current Report on Form 8-K filed August 12, 2021
10.27	Forward Confirmation, dated August 11, 2021, by and among W. P. Carey Inc. and Barclays Bank PLC	Incorporated by reference to Exhibit 1.5 to Current Report on Form 8-K filed August 12, 2021
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

Exhibit No.	Description	Method of Filing
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.