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Bonnie: Good morning everybody. My name is Bonnie Gottlieb (phonetic) and I'm with NAREIT and I'm going to serve as moderator today for the presentation of Global Net Lease. I would like to introduce our speakers. We have Scott Bowman to my left who's president and CEO, and Tim Salvemini who's CFO.

Scott, take it away and then I'll ask a few questions and then open it up to the audience.

Scott: Great. Thanks, Bonnie, and thanks, everybody for joining us this morning. I think we'll start with a few just opening remarks, some background about GNL, and then we'll move on to your questions.

Global Net Lease or GNL listed on the New York Stock Exchange on June 2nd of 2015. Prior to that, it had built roughly 2-and-a-half billion dollar net lease portfolio, single tenant net least portfolio. Through the non-traded REIT sector raised roughly $1.7 billion, deployed, as I said, about 2-and-a-half billion dollars on a portfolio, and unlike many of our peers, looked at both the United States and Europe. As cap rates were tightening in the U.S. as you move from 2011 into 2012 and moving toward 2013, it was really clear that if you add a strategy to own high-quality assets that were strategically important to the tenant's operating business, long-duration leases to largely investment-grade tenants, the spread between cost of debt and your cap rate in the U.S. was getting very tight and we were focused on paying strong, stable distributions to our shareholders, and therefore we looked around the world to see where were markets that provided similar environments to the U.S. but still had a dislocation between financial and real estate markets in place. Those markets we found in northern Europe and we invested in the U.K., Germany, Netherlands, and Finland, all S&P, double-A-plus sovereign debt or above, all low unemployment, similar to the United States, all stable markets, strong liquidity, and strong business support with the governments.

Over the course of time, we completed the investment in late 2014, and in early 2015 we engaged Barclays as a strategic advisor to evaluation for the independent directors of our board and our board is chaired by an independent director and 75% of our directors are independent, and with Barclays' advice, the board or the special committee evaluated numerous types of strategic options sales, mergers, listings listing in the U.S. versus Europe, et cetera, and made the determination that the best opportunity for the GNL shareholder was to list in the U.S. and we listed on the New York Stock Exchange, as I said, in June 2nd of 2015. In November we were added into the RMZ or the MSCI, and we believe, just staying on the subject of inclusion trades, we'll know tomorrow, but we believe it's likely that we will go into the next index on June 24th, which is the Russell 2000, and we believe that will be depending on what banker you talk to. Some were between 7-and-a-half and 9-and-a-half percent of our free float, or somewhere between 13 and 16 million shares will be traded as a result of that inclusion trade.

It's important to think about where GNL is today and what is GNL's point of difference. I'll start with the quality of our portfolio. As I said, when we were looking at how to structure GNL and where GNL would be and the determination to invest both in the U.S. and in Europe, part of that decision was made on where we could effective invest in high-quality assets, high-quality tenants on long-duration leases, and still be able to maintain an effective spread to support a stable income to our investors, and the portfolio we actually have built over the last three-plus years mirrors that. We have 11 years average remaining lease duration today. We don't have a lease that turns before 2020 and 2021 and 2022, less than 5% of our lease turn. We have 100% occupancy, we're 72% investment-grade tenancy, and if you look at our tenants, both in the U.S. and Europe, it's like a who's who in terms of very high-quality companies, both in the U.S. and Europe, including the U.S. government and entities controlled by foreign governments, as well, such as Vian (phonetic) airport facilities at the Helsinki Airport for Finnair, which is over 60% owned by the S&P AAA Finnish government. It includes their primary hanger and vehicle maintenance facilities and pilot training facilities.

We've continued to focus on high-quality, mission-critical assets. We have a portfolio that is 100% single-tenant net lease, no joint ventures, and that is 54-roughly-percent office, 30% industrial and distribution, and 15% retail. As we look going forward, we announced, along with our earnings at year-end that we were going to initiate a capital recycling program. We have gone through the last couple of months evaluating the portfolio, identifying assets, and looking at valuations of those assets. We have now begun to proceed toward executing that program, and as we said, we would complete the program during the third and fourth quarters, and we believe we are very well on track to achieve that.

The goals of that program are a few. One is we're going to take some of the net proceeds because we believe we will realize some nice gains on those sales and pay down some of our net debt to continue to work on our debt metrics, as well as redeploy capital, and we believe we'll be able to arbitrage a nice little spread between assets and where we can sell those, and new assets that might be available to us.

Part of our strategy that's also really been very interesting is when you look at GNL and the out-sized spreads that we're able to secure and what that means to us in terms of many things and not just where out income is, but while we have 45% loan-to-value today and are in the 6.9, 7.0 net debt-to-EBITDA, our interest coverage ratio at 5.2-times is amongst the highest of the industry and that's because even though we have such a high-quality portfolio, we're able to get out-sized spreads, and that income is able to provide us with higher debt coverage ratios, and that's very important to us, and it's a key part of our strategy to insure that we have a very strong and stable balance sheet.

The last thing, I think in terms of prepared remarks that I'll talk about is our steps forward in terms of the natural evolution of GNL since the listing, basically a year ago last week. We had engaged PWC prior to our listing and actually, as of the end of 2014, financial 10K work to be out external auditor. We also, at that time, as we were getting prepared for this, engaged Deloitte to be out internal auditor. After our listing, our internal finance team work with Deloitte to develop all the policies and procedure to become SOX compliant by year-end, and all those processes and procedures were tested by both Deloitte and PWC at year-end, and we were deemed SOX compliant, along with our year-end filings. That was a big step for us, doing that process in really under six months.

The second thing that we look at is we're looking at the natural evolution of our company and looking at our debt structure as we evolve from what was a non-traded to a publicly listed multi-billion-dollar enterprise value company, and we'll continue to keep the markets apprised on the strategic shifts that we will be making to latter out our debt, change some of the maturities, add unsecured debt into the debt structure, et cetera, over the course of the next 12 months, as we think that that's an important step as well as engaging with rating agencies and starting over the next six-to-twelve months evaluating the opportunities to have investment-grade rating. With our balance sheet and with the coverage ratios we have and the interest coverage ratios, the quality of our portfolio, the security and investment-grade level of our tenancy and the duration of our leases, we look forward to those conversations and think they will be very productive.

I think, Bonnie, maybe we'll turn it over to questions.

Bonnie: Okay.

Audience: [inaudible 00:10:29]

Scott: Sorry?

Audience: [inaudible 00:10:33]

Scott: Net debt-to-EBITDA, right now we're targeting to be in the six-eight, six-seven naturally this year by year-end and continuing to work on that as we work into next year.

Bonnie: Okay. Thank you, Scott. Given that your investors are predominantly from the U.S., how do you project them against exchange rates?

Tim: How you doing? Obviously, as part of our strategy is to have portfolio in Europe when then opens up the need for hedging strategies for FX rates. As the properties are purchased in the foreign currencies as well, we actually have the benefit of number one: placing mortgages on in foreign currencies as well. Currently our current credit agreement allows for us to actually draw in either euros, pound sterling, or U.S., which we've utilized for euros and pound sterlings. Today, as of Q1, 78% of our debt is actually denominated in foreign currencies, either euros or british pounds, which acts as a natural hedge against, we should say those asset values. We have the asset values and we have the debt in the foreign currencies as well, the two of them, they move in unison as FX rates fluctuate, which serves as a natural hedge on our portfolios.

Well, the earnings of our portfolio are then, we put on hedges to bring in the form of ethics forwards to bring those earnings back from the foreign currency into U.S. dollars as our distributions are paid in U.S. dollars.

Scott: I just add to that utilize Chatham as an advisor. Chatham is, I think, the gold standard in terms of hedging advisory. They are involved in the placement of every hedge that we put on, whether it's a forward or any other form of hedge. Also, it's important to note that because we have a largely unencumbered U.S. portfolio, today our credit facility is effectively based against those unencumbered U.S. assets, but as Tim mentioned, we draw largely in euro or pound sterling so that we have the asset liability matching hedge Tim talked about. What that also does for us is it puts a significant amount of our debt service actually being paid by European properties, and therefore the amount of swaps that we have to take for net cash flow is lower, which also gives us a cost advantage while yet having our U.S. portfolio largely unencumbered and without debt service, so the fall through rate on revenues from our U.S. portfolio is very high, and that allows us to provide the U.S. distributions to out largely U.S. shareholders in U.S. dollars and feel very comfortable with that.

Bonnie: Thank you. You have a portfolio of about 40% of your assets in western European properties, so can you talk to us a little bit about the European markets, what are you seeing there, how do you see things changing?

Scott: Sure. It's interesting because people are focusing, I think, more and more today on the European markets. I'm hearing a lot of people in the real estate industry talking more and more about wanting to explore opportunities in Europe, to enter the European market and to understand the European market. Not long ago, when you talked about the European market, the issues in whether it was Greece or Spain or Italy or other places that might have had, Ireland, that had some distress in their markets. That was the perception of the EU, that was the perception of Europe, when in fact, many of the markets, whether it's U.K. or Germany are some of the most, or the Nordics, and most of norther Europe are some of the most stable economies in the world, and continue to be so.

It's surprising. We used to go out and talk to investors and talk about the German economy and the fact that they are the largest exporter in the world. People were stunned. Everybody thinks it's China. Look at the size of exports and look at the factory base in Germany. It's quite something. Look at the real estate market in the U.K. London is probably the most expensive market in the world, but even when you look beyond that, it's a very stable market. I'm not an economist and I'm not going to get into predictions about Brexit, but I look everyday at what the latest opinions and polls are and try to sypher away what I can for myself. Clearly, for the last maybe 60 days, the U.K. property market in general has been on a wait-and-see. Waiting to have validated what everybody assumes is going to happen, which is they're going to stay in. It'll be interesting to see what that vote is on the 23rd of June. That's going to be an important week to us. 23rd is the Brexit vote and 24th is our inclusion into the Russell 2000. One of them globally is probably a little bit more important.

These markets are very strong. They've continued to be stable. The cap rate compression that's going on in Europe. When we started investing in net lease in Europe about three years ago, the market was really very, we found it to be very interesting. First off, in the U.S., we could name 20 of our peers, many of them much larger than us in the net lease space in the U.S. that are all publicly traded and publicly listed. Do you know there's not a single publicly-listed pannier of PM single-tenant net lease REITs. There are U.K.-only diversified REITs, there are industry sector REITs, there is distressed sector REITs, but there is not a REIT that really is Pan-European on a similar format to what we are, many of our U.S. peers are.

When we started investing in Europe, the market was really made up largely of three investor types. The first investor type were sovereigns and pension funds. They buy generally single-tenant, multi-asset or iconic asset large properties, typically 500 million Euro or above, generally always in the hundreds of millions or above because of their structure and the process they they have in place and the advisory work that they do to invest.

The second group, and back in 2012, 2013, they were all the noise, and that was all of the distressed investors. Whether it was these "black box funds" or black stone going into Spain with big bets or other folks, Kennedy Wilson going into Ireland and other places. That was a lot of the noise of what was happening back in 2012, 2013. That was a big focus of what was happening in Europe. We found, we started out investing in smaller-sized assets, 10, 20, 30-million-dollar assets, and found really quickly that the third type of investor in Europe were really regional or asset-type specific local funds. A fund had maybe 200 million euros if it was a rather large size. Their sweet spot was in the ten-million-five, ten, maybe 15-million-euro size. When you really got above that size, the concentrations became too high, the available capital generally wasn't there for them to be really active in the marketplace.

We really found over time that that 30 to $100 million, $150 million, even, asset size, gave us the opportunity to have very little competition. That asset, same asset size, asset quality investment-grade tenant in the United States would be a highly competitive asset. We very often were able to take those assets off market and do very creative deals with them.

We actually became a buyer of choice. We had S&P rated-A companies calling us and asking us saying, "We saw you acquired X, Y, and Z company in my market. Would you be interested in buying this asset?" What I neglected to say early on in the opening remarks that is remiss of me is we partner in Europe with a company called Moore Cap Capital Partners. Moore Cap Capital Partners was founded by three gentlemen in 2006. They came out of Nomura European Real Estate Investment Banking. Gary Wilder is the chairman of Nomura's European Real Estate Investment Banking business, and his two partners were two of the managing directors that work with him. Before that, Gary ran Credit Suisse's European Real Estate Investment Banking business.

When they formed their business in 2016, they built up a team of about 16 and they were elephant hunters. They worked exclusively with pension funds and sovereigns looking for those single-tenant, multi-asset transactions, and did numerous transactions, usually one or two a year, and largely for sovereign funds. They were an approved provider for a number of different sovereign funds. We were introduced to them by a group in the U.S., and after some discussions, it seemed like it made a lot of sense for us to partner. We were raising a lot of capital and we saw a lot of opportunity in Europe. They had great insight and their real core strength was in being able to source and underwrite and structure deals. It was an ideal situation. To today we work very closely together since 2013 when we started to invest.

While they have a right to continue to do business with pension funds and others, every deal they've done since 2013 has been with us. They've built their team to 35. They now have market-facing acquisition teams, they don't all work as one team just looking at every deal, and they have a U.K. team, a French team, a Nordics team, a German team, and a Benelux team: Belgium, Netherlands, Luxembourg. Because of the history and the long duration in the market, Gary's been in the net lease business for 35 years through investment making into Moorpark, the relationships they have with corporates in Europe is very strong. In the U.S. 25 years ago, corporate CFOs and CEOs realize that owning real estate on their balance sheet was not the most productive use of their balance sheet, and selling those through sale lease back transactions and investing that capital either in their operating business or in acquisitions gave them ability to grow earnings far greater than what owning that real estate provided for them. Today, I believe, corporate real estate owned on corporate balance sheets is in the 21 or 22% range. In Germany it's over 70% and in the U.K. it's at about 50. The size of the market in Europe dwarfs that in the U.S. of available corporate real estate that's available for sale lease back transactions.

Although the work of these partners, especially over their long duration in this market and the teams that they have built, gives us great access. One of the reasons why we're able to do so many of these terrific deals off market is because the European market is largely driven by relationship and the relationships they have are strong and deep

Bonnie: Very good. Why don't I open it up to questions from the audience?

Audience: [inaudible 00:23:22]

Bonnie: [inaudible 00:23:29] question [inaudible 00:23:29]

Scott: The question was we believe you're externally managed and is there any thoughts about internalization, correct?

Audience: Correct.

Scott: Okay. Yes, we are externally advised. Global Net Lease Advisor is the external advisor and all the employees that manage this company work for that advisor and that advisor is majority owned by AR Global. Before we went onto the New York Stock Exchange on June 2nd, our board hired, our independent directors of our board hired financial and legal advisors to look at external structures versus internal structures, benefits, detriments, et cetera. After getting that advice negotiated with the advisor and external agreement, that provided not only the expense and cost-savings of what typically external agreements provide in GNA, but unlike, I'll say any other external agreement that I know of, at least, in the industry, I'll couch it by that because there may be something, but I don't believe so, they put many controls in place that would allow our external agreement and the role of the board of our company, the independent directors of our board, to function much like an internalized company.

I'll give you some examples of elements of our agreement that I believe only exist in GNL's agreement. The first is the independent directors have the right to request the removal of any member of management they believe is not operating in an effective way. Number two is they set annual operating objectives for the REIT, and failure to achieve those operating objectives is right to terminate the agreement. Third is there's a Change of Control Clause and the Change of Control Clause is set at fees that would be similar to if we were an internalized company and management had Change of Control contracts and what that would likely pay out.

Two of the predecessor AR Global managed companies had listed and been bought on the public markets. One was American Realty Capital Trust which was bought by Realty Income, and another was Healthcare Trust which was bought by Ventas. Both of those occurred in the first year, so the board wanted to make sure that there was no obstacle to a trade, and therefore in the first year that was set at one-time or base-management fee as the Change of Control fee. Over the entire course of our management agreement, it never goes above two-and-a-half times. Just so you all know, all of the specifics to our management agreement have been filed. They're in a recent filing that we put through in terms of an investor presentation, but the full agreement also was filed at the time of the listing. Just so you know, our base fee is $18 million today. In year one if we had done a transaction, the Change of Control fee would have been $18 million.

With that, we believe that those structures are different than anyone else. In addition to that, it was important to our board to not only make sure that the efficiencies on GNA were realized when we were smaller and young, but also as we developed and grow. In regard to BIPS, if you look at it, we started the initial base-management fee was set at about somewhere between 73, 75 BIPS, that's where $18 million on the 2.4, $2.5 billion portfolio came out. As we continue to grow, that goes down to a cap of 40 BIPS. Those continued savings would be available to our shareholders all the way through the evolution of GNL.

Bonnie: Okay. Question?

Audience: Yeah. [inaudible 00:27:43]

Scott: Sure. The question, I think, and please make sure I'm correct, is what do we think about opportunities to grow our dividend and how do we structure our leases to take advantage of escalation in the leases?

Audience: Correct.

Scott: Okay. I'm going to start with the second question first. Which is how do we structure our leases? Roughly 87% of all of our leases have embedded rent growth in them. It really depends on the lease specifics as to whether that is a set rent escalator or whether it's index-driven CPI or RPI. Excuse me. Most of our European leases are CPI or RPI-driven. Many of our U.S. leases are fixed escalators, but as an example, our WE is the largest asset in our portfolio and it's a fixed annual escalator, so it really does depend on the individual lease. Then some of them are annual escalators, some of them are on three-year cycles or five-year cycles based upon specific set structures.

When you look at our financials, you will note that if you look at straight-line rent, the only escalation we include in straight-line rent is fixed escalation because any indexed escalation is not guaranteed until the date of the calculation, and therefore, there is zero entered into our estimates and financials for straight-line rent increases.

In terms of our dividend, all I'm going to say about that is that our board constantly looks at that. We pay out-sized dividends today compared to our peer set and we do fully cover those dividends but we pay out-sized dividends. Our board would be looking for growth that we would then share with our investors, but today we pay a very healthy dividend based upon earnings.

Bonnie: Okay. I think that's a very good place to stop. We've run out of time. Thank you very much for coming.

Scott: Thank you all very much.

Tim: Thank you.