W. P. Carey Inc.
Form 10-K
February 26, 2016

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

FORM 10-K

þ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2015

or

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

Commission File Number: 001-13779

W. P. CAREY INC.
(Exact name of registrant as specified in its charter)

Maryland	45-4549771
(State of incorporation)	(I.R.S. Employer Identification No.)

50 Rockefeller Plaza New York, New York	10020
(Address of principal executive offices)	(Zip Code)

Investor Relations (212) 492-8920
(212) 492-1100
(Registrant’s telephone numbers, including area code)
Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of exchange on which registered
Common Stock, $0.001 Par Value	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 þ No o
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 o No þ
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 þ No o
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files). Yes þ No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. o
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer þ	Accelerated filer o	Non-accelerated filer o	Smaller reporting company o
		(Do not check if a smaller reporting company)	

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes o No þ
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: $6.1 billion.
As of February 18, 2016 there were 104,529,350 shares of Common Stock of registrant outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

The registrant incorporates by reference its definitive Proxy Statement with respect to its 2016 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.

INDEX

		Page No.
PART I		
Item 1.	Business	3
Item 1A.	Risk Factors	8
Item 1B.	Unresolved Staff Comments	28
Item 2.	Properties	28
Item 3.	Legal Proceedings	28
Item 4.	Mine Safety Disclosures	28
PART II		
Item 5.	Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	29
Item 6.	Selected Financial Data	31
Item 7.	Management's Discussion and Analysis of Financial Condition and Results of Operations	33
Item 7A.	Quantitative and Qualitative Disclosures About Market Risk	72
Item 8.	Financial Statements and Supplementary Data	75
Item 9.	Changes in and Disagreements With Accountants on Accounting and Financial Disclosure	164
Item 9A.	Controls and Procedures	164
Item 9B.	Other Information	164
PART III		
Item 10.	Directors, Executive Officers and Corporate Governance	165
Item 11.	Executive Compensation	165
Item 12.	Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	165
Item 13.	Certain Relationships and Related Transactions, and Director Independence	165
Item 14.	Principal Accounting Fees and Services	165
PART IV		
Item 15.	Exhibits and Financial Statement Schedules	166
SIGNATURES		

Forward-Looking Statements

This Annual Report on Form 10-K, or this 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 b “will likely result,” and similar expressions. These forward-looking statements include, but are not limited to, statements regarding our review of strategic alternatives; capital markets; tenant credit quality; general economic overview; our expected range of Adjusted funds from operations, or AFFO; our corporate strategy; our capital structure; our portfolio lease terms; our international exposure and acquisition volume; our expectations about tenant bankruptcies and interest coverage; statements regarding estimated or future economic performance and results, including our underlying assumptions, occupancy rate, credit ratings, and possible new acquisitions by us and our investment management programs; the Managed Programs discussed herein, including their earnings; statements that we make regarding our ability to remain qualified for taxation as a real estate investment trust, or REIT; the amount and timing of any future dividends; our existing or future leverage and debt service obligations; our ability to sell shares under our “at the market” program and the use of any such proceeds from that program; our future prospects for growth; our projected assets under management; our future capital expenditure levels; our historical and anticipated funds from operations; our future financing transactions; our estimates of growth; and our plans to fund our future liquidity needs. These statements are based on the current expectations of our management. It is important to note that our actual results could be materially different from those projected in such forward-looking statements. There are a number of risks and uncertainties that could cause actual results to differ materially from these forward-looking statements. Other unknown or unpredictable factors could also have material adverse effects on our business, financial condition, liquidity, results of operations, AFFO, 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, or the SEC, including but not limited to those described in Item 1A. Risk Factors of this Report. Moreover, because we operate in a very competitive and rapidly changing environment, new risks are likely to emerge from time to time. Given these risks and uncertainties, potential investors are cautioned not to place undue reliance on these forward-looking statements as a prediction of future results, which speak only as of the date of this presentation, unless noted otherwise. Except as required by federal securities laws and the rules and regulations of the SEC, we do not undertake to revise or update any forward-looking statements.

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

PART I

Item 1. Business.

General Development of Business

Overview

W. P. Carey Inc., or W. P. Carey, is, together with our consolidated subsidiaries and predecessors, a self-managed diversified REIT and a leading global owner and manager of commercial real estate, primarily net leased to companies on a long-term basis. The majority of our revenues are lease revenues, which are derived from our owned real estate portfolio. In addition, we earn fee revenue by acting as an advisor to a series of income-oriented, non-traded REITs through our investment management business.

Our owned real estate portfolio, which we believe is diversified by property type, tenant, tenant industry, and geographic location, is comprised primarily of single-tenant office, industrial, warehouse, and retail facilities that are essential to our corporate tenants' operations. We have 222 corporate tenants and own 869 properties in 19 countries. As of December 31, 2015, approximately 64.0% of our contractual minimum annualized base rent, or ABR, was generated by properties located in the United States and approximately 36.0% was generated by properties located outside the United States, primarily in Western and Northern European countries.

The vast majority of our leases specify a base rent with scheduled rent increases, either fixed or tied to an inflation-related index, and require our tenants to pay substantially all of the costs associated with operating and maintaining the property, including the real estate taxes, insurance, and maintenance of the facilities. See Our Portfolio below for more information on the characteristics of our properties. Furthermore, we actively manage our owned real estate portfolio to try to mitigate risk with respect to changes in tenant credit quality and the likelihood of lease renewal.

Originally founded in 1973, we operated primarily as a sponsor of and advisor to a series of income-generating investment programs under the Corporate Property Associates, or CPA®, brand name until we reorganized as a REIT in September 2012 in connection with our merger with Corporate Property Associates 15 Incorporated, or CPA®:15, referred to as the CPA®:15 Merger. On January 31, 2014, Corporate Property Associates 16 – Global Incorporated, or CPA®:16 – Global, merged with and into us, based on a merger agreement dated as of July 25, 2013, referred to as the CPA®:16 Merger (Note 3).

Our shares of common stock are listed on the New York Stock Exchange under the ticker symbol "WPC".

Headquartered in New York, we also have offices in Dallas, London, Amsterdam, and Shanghai. At December 31, 2015, we employed 314 individuals.

Financial Information About Segments

Our business operates in two segments – Real Estate Ownership and Investment Management, as described below.

Narrative Description of Business

Business Objectives and Strategy

Our primary business objective is to increase stockholder value through accretive acquisitions for our owned real estate portfolio and to grow the assets managed by our investment management operations, which in turn will allow us to grow earnings and to maintain or increase our dividend.

Our investment strategy primarily focuses on owning and actively managing a diverse portfolio of commercial real estate that is net leased to credit-worthy companies globally. We believe that many companies prefer to lease rather than own their corporate real estate. We structure long-term financing for our corporate tenants primarily in the form of sale-leaseback transactions, through which we acquire what we believe is a company’s essential real estate and then lease it back to them on a long-term net lease basis, which typically produces a more predictable income stream compared to other types of real estate investments and requires minimal capital expenditures.

We actively manage our real estate portfolio to mitigate risk with respect to any changes in tenant credit quality and probability of lease renewal. We believe that diversification with respect to property type, tenant, tenant industry, and geographic location is an important component of portfolio risk management and that we own a portfolio of real estate that is well-diversified across each of these categories.

In addition to managing our owned real estate portfolio, we currently act as the advisor to a series of publicly-owned, non-traded REITs for which we raise equity capital through public offerings of their shares, invest those funds, and manage their assets in return for fee revenue as specified in our advisory agreements with them. Since 1979, we have sponsored a series of 17 income-generating investment programs under the CPA® brand name that invest primarily in commercial real estate properties net leased to single tenants. At December 31, 2015, we were the advisor to Corporate Property Associates 17 – Global Incorporated, or CPA®:17 – Global, and Corporate Property Associates 18 – Global Incorporated, or CPA®:18 – Global. We were the advisor to CPA®:16 – Global until the CPA®:16 Merger on January 31, 2014. We refer to CPA®:16 – Global, CPA®:17 – Global, and CPA®:18 – Global together as the CPA® REITs.

At December 31, 2015, we were also the advisor to Carey Watermark Investors Incorporated, referred to as CWI 1, and Carey Watermark Investors 2 Incorporated, or CWI 2, two publicly-owned, non-traded REITs that invest in lodging and lodging-related properties. We refer to CWI 1 and CWI 2 together as the CWI REITs, and, together with the CPA® REITs, as the Managed REITs (Note 4). At December 31, 2015, we also served as the advisor to Carey Credit Income Fund, or CCIF, a business development company, or BDC, which is the master fund in a master/feeder fund structure. We refer to CCIF and the two feeder funds of CCIF, or the CCIF Feeder Funds, collectively as the Managed BDCs and, together with the Managed REITs, as the Managed Programs. See Significant Developments in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations for a summary of the funds we have raised on behalf of the Managed Programs.

We believe that our owned real estate investments provide our stockholders with a stable, growing source of income, primarily from lease revenues. We also believe that the fee income we generate from our advisory contracts with the Managed Programs provides our stockholders with attractive sources of additional income, a portion of which is more variable in nature.

We have two primary reportable segments, Real Estate Ownership and Investment Management. These segments are each described below.

Real Estate Ownership

We own and invest in commercial real estate properties primarily located in the United States and Europe and leased on a triple-net lease basis, which requires the tenant to pay substantially all of the costs associated with operating and maintaining the property (Note 17). We earn revenues or equity income from:

- our wholly-owned commercial real estate investments;
- our co-owned commercial real estate investments;
- our investments in the shares of the Managed REITs; and
- our participation in the cash flows of the Managed REITs.

Investment Management

We earn revenue as the advisor to the Managed Programs. Under the advisory agreements with the Managed Programs, we perform various services, including but not limited to the day-to-day management of the Managed Programs and transaction-related services, for which we earn revenues as follows:

- We earn dealer manager fees in connection with the public offerings of the Managed Programs;
- We structure and negotiate investments and debt placement transactions for the Managed REITs, for which we earn structuring revenue;
- We manage the portfolios of the Managed REITs’ real estate investments and the loans made by CCIF, for which we earn asset-based management revenue;
- The Managed Programs reimburse us for certain costs that we incur on their behalf, consisting primarily of broker-dealer commissions and marketing costs while we are raising funds for their public offerings, and certain personnel and overhead costs; and
- We may also earn incentive and disposition revenue and receive other compensation in connection with providing liquidity alternatives to the Managed Programs’ stockholders.

Our business strategy includes exploring alternatives for expanding our investment management operations beyond advising the existing Managed Programs. Any such expansion could involve the purchase of properties or other investments as principal, either for our owned portfolio or with the intention of transferring such investments to a newly-created fund.

Investment Strategies

In analyzing potential investments for our owned real estate portfolio and the CPA® REITs, we review various aspects of a transaction, including tenant and real estate fundamentals, to determine whether a potential investment and lease will satisfy our investment criteria. In evaluating net-lease transactions, we generally consider, among other things, the following aspects of each transaction:

Tenant/Borrower Evaluation — We evaluate each potential tenant or borrower for its creditworthiness, typically considering factors such as management experience, industry position and fundamentals, operating history, and capital structure, as well as other factors that may be relevant to a particular investment. We seek opportunities in which we believe the tenant may have a stable or improving credit profile or credit potential that has not been fully recognized by the market. Whether a prospective tenant or borrower is creditworthy is determined by our investment department and our independent investment committee, as described below. 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. As such, creditworthy does not mean "investment grade," as defined by the credit rating agencies.

We generally seek investments in facilities that we believe are critical to a tenant's current business and that we believe have a low risk of tenant default. We rate each asset based on the asset's market and liquidity and also based on how critical the asset is to the tenant's operations. We also assess the relative risk of the portfolio quarterly. We evaluate the credit quality of our tenants utilizing an internal five-point credit rating scale, with one representing the highest credit quality (investment grade or equivalent) and five representing the lowest (bankruptcy or foreclosure). Investment grade ratings are provided by third-party rating agencies such as Standard & Poor's Ratings Services or Moody's Investors Service, although we may determine that a tenant is equivalent to investment grade even if the credit rating agencies have not made that determination. As of December 31, 2015, we had 38 tenants that were rated investment grade. Ratings for other tenants are generated internally utilizing metrics such as interest coverage and debt-to-earnings before interest, taxes, depreciation, and amortization, or EBITDA. These metrics are computed internally based on financial statements obtained from each tenant on a quarterly basis. Under the terms of our lease agreements, tenants are generally required to provide us with periodic financial statements. As of December 31, 2015, we had 184 non-investment grade tenants, with a weighted-average credit rating of 3.2.

Properties Critical to Tenant/Borrower Operations — We generally focus on properties that we believe are critical to the ongoing operations of the tenant. We believe that these properties provide better protection generally as well as 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 owned and managed portfolios to avoid dependence on any one particular tenant, borrower, collateral type, geographic location, or tenant/borrower industry. By diversifying the portfolios, we seek to reduce the adverse effect of a single under-performing investment or a downturn in any particular industry or geographic region. While we have not endeavored to maintain any particular standard of diversity in our owned portfolio, we believe that it is reasonably well-diversified.

Lease Terms — Generally, the net-leased properties in which we invest will be leased on a full-recourse basis to the tenants or their affiliates. In addition, we seek to include a clause in each lease that provides for increases in rent over the term of the lease. These increases are fixed or tied generally to increases in indices such as the Consumer Price

Index, or CPI, or other similar index in the jurisdiction in which 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 gross revenues of the tenant above a stated level, which we refer to as a percentage rent. Alternatively, a lease may provide for mandated rental increases on specific dates.

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, if needed. When considering an investment outside the United States, we will also consider factors particular to foreign countries, including those mentioned in Item 1A. Risk Factors, in addition to the risks normally associated with real property investments.

Transaction Provisions to Enhance and Protect Value — We attempt to include provisions in the leases that we believe may help protect an investment from changes in the operating and financial characteristics of a tenant that may affect the tenant's ability to satisfy its obligations to us or reduce the value of the investment. Such provisions include requiring our consent to specified tenant activity, requiring the tenant to provide indemnification protections, requiring the tenant to provide security deposits, and requiring the tenant to satisfy specific operating tests. We may also seek to enhance the likelihood of a tenant's lease obligations being satisfied through a guaranty of obligations from the tenant's corporate parent or other entity, security deposits, or through a letter of credit. This credit enhancement, if obtained, provides us with additional financial security. However, in markets where competition for net-lease transactions is strong, some or all of these provisions may be difficult to obtain. In addition, in some circumstances, tenants may retain the right to repurchase the property leased by the tenant. The option purchase price is generally the greater of the contract purchase price or the fair market value of the property at the time the option is exercised.

Other Equity Enhancements — We may attempt to obtain equity enhancements in connection with transactions. These equity enhancements may involve warrants exercisable at a future time to purchase stock of the tenant or borrower or their parent. If warrants are obtained and become exercisable, and if the value of the stock subsequently exceeds the exercise price of the warrant, equity enhancements can help us to achieve our goal of increasing investor returns.

Investment Committee — We have an independent investment committee that provides services to us and to the CPA® REITs. Our investment department, under the oversight of our chief investment officer, is primarily responsible for evaluating, negotiating, and structuring potential investment opportunities. The investment committee is not directly involved in originating or negotiating potential investments, but instead functions as a separate and final step in the investment process. We place special emphasis on having experienced individuals serve on our investment committee. The investment committee retains the authority to identify categories of transactions that may be entered into without its prior approval.

Financing Strategies

We seek to maintain a conservative capital structure that enhances equity returns, maintains financial flexibility, and enables us to effectively match our assets and liabilities. Historically, we entered into secured debt such as mortgage financings collateralized by individual property assets to finance our business. We are actively reducing our reliance on secured debt and increasing the level of unencumbered assets on our balance sheet by paying off individual mortgage loans as they mature. In January 2014, we recast our unsecured line of credit and increased the amounts available to borrow thereunder, as compared to the prior facility, subject to certain covenants (Note 11). In addition to funding our working capital needs, this increased line of credit capacity will assist with our transition to becoming more of an unsecured borrower by enhancing our ability to repay a portion of our mortgage debt. During 2014 and 2015, we also issued corporate bonds (Note 11) and shares of our common stock (Note 13) in separate public offerings. We expect to continue to have access to a wide variety of capital sources, including the public debt and equity markets, although there can be no assurance that such access will be available to us at all times.

Asset Management

We believe that effective management of our assets is essential to maintain and enhance 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, refinancing debt, and selling properties.

We monitor, on an ongoing basis, compliance by tenants with their lease obligations and other factors that could affect the financial performance of any of our real estate investments. Monitoring involves receiving assurances that each tenant has paid real estate taxes, assessments, and other expenses relating to the properties it occupies and confirming

that appropriate insurance coverage is being maintained by the tenant. For international compliance, we often engage third-party asset managers. We review financial statements of tenants and undertake regular physical inspections of the condition and maintenance of properties. 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.

Our Portfolio

At December 31, 2015, our portfolio had the following characteristics:

- Number of properties – full or partial ownership interests in 869 net-leased properties, two hotels, and one self-storage property;
- Total net-leased square footage – 90.1 million; and
- Occupancy rate – approximately 98.8%.

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

Tenant/Lease Information

At December 31, 2015, our tenants/leases had the following characteristics:

- Number of tenants – 222;
- Investment-grade tenants – 23%;
- Weighted-average remaining lease term – 9.0 years;
- 95% of our leases provide rent adjustments as follows:
  CPI and similar – 70%
  fixed –
  25%

Competition

We face active competition in both our Real Estate Ownership segment and our Investment Management segment from many sources for investment opportunities in commercial properties net leased to tenants both domestically and internationally. In general, we believe that our management's experience in real estate, credit underwriting, and transaction structuring should 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 may find unacceptable.

In our Investment Management segment, we face active competition in raising funds for the Managed Programs, from other funds with similar investment objectives such as publicly-registered non-traded funds, publicly-traded funds, and private funds, including hedge funds. In addition, we face broad competition from other forms of investment. Currently, we raise substantially all of the funds for investment by the Managed Programs from investors within the United States.

Environmental Matters

We and the Managed REITs have invested, and expect to continue to invest, in properties currently or historically used as industrial, manufacturing, and commercial properties. Under various federal, state, and local environmental laws and regulations, current and former owners and operators of property may have liability for the cost of investigating, cleaning up, or disposing of hazardous materials released at, on, under, in, or from the property. These laws typically impose responsibility and liability without regard to whether the owner or operator knew of or was responsible for the presence of hazardous materials or contamination, and liability under these laws is often joint and several. Third parties may also make claims against owners or operators of properties for personal injuries and property damage associated with releases of hazardous materials. As part of our efforts to mitigate these risks, we

typically engage third parties to perform assessments of potential environmental risks when evaluating a new acquisition of property, and we frequently require sellers to address them before closing or obtain contractual protection (indemnities, cash reserves, letters of credit, or other instruments) from property sellers, tenants, a tenant's parent company, or another third party to address known or potential environmental issues. With respect to our hotels and self-storage investments, which are not subject to net lease arrangements, there is no tenant of the property to provide indemnification, so we may be liable for costs associated with environmental contamination in the event any such circumstances arise after we acquire the property.

Financial Information About Geographic Areas

See Our Portfolio above and Note 17 for financial information pertaining to our geographic operations.

Available Information

We will supply to any stockholder, upon written request and without charge, a copy of this Report as filed with the SEC. 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, and any amendments to those reports, are available for free on our website, http://www.wpcarey.com, as soon as reasonably practicable after they are filed with or furnished to the SEC. We are providing our website address solely for the information of investors. We do not intend our website to be an active link or to otherwise incorporate the information contained on our website into this Report or other filings with the SEC. Our SEC filings are available to be read or copied at the SEC's Public Reference Room at 100 F Street, NE, Washington, D.C. 20549. Information regarding the operation of the Public Reference Room can be obtained by calling the SEC at 1-800-SEC-0330. Our filings can also be obtained for free on the SEC's website at http://www.sec.gov. Our Code of Business Conduct and Ethics, which applies to all employees, including our Chief Executive Officer and Chief Financial Officer, is available on our website at http://www.wpcarey.com. We intend to make available on our website any future amendments or waivers to our Code of Business Conduct and Ethics within four business days after any such amendments or waivers. Generally, we also post the dates of our upcoming scheduled financial press releases, telephonic investor calls, and investor presentations on the Investor Relations portion of our website at least ten days prior to the event. Our investor calls are open to the public and remain available on our website for at least two weeks thereafter.

Item 1A. Risk Factors.

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

Risks Related to Our Business

Adverse changes in general economic conditions can negatively affect our business.

Our success is dependent upon general economic conditions in the United States and in the international geographic areas where a substantial number of our investments are located. Adverse changes in economic conditions in the United States or these countries or regions would likely have a negative impact on real estate values and, accordingly, our financial performance, the market prices of our securities, and our ability to pay dividends.

Changes in investor preferences or market conditions could limit our ability to raise funds or make new investments on behalf of the Managed Programs.

In order to raise funds on behalf of the Managed Programs, we have relied predominantly on sales of the Managed Programs' publicly-registered, non-traded securities to individual investors through participating selected dealers. Although we have diversified the selected dealers we use for fundraising on behalf of the Managed Programs, the majority of our fundraising efforts remain channeled through three major selected dealers. If this capital raising method were to become less available as a result of changes in market receptivity to non-liquid investments with high selected dealer fees, regulatory scrutiny, or other reasons, our ability to raise funds and make investments on behalf of the Managed Programs could be adversely affected. While we are not limited to raising funds through selected dealers (for example, some of the Managed Programs have obtained credit facilities for investment), our experience with other fundraising methods is limited.

The U.S. Department of Labor's proposed regulation expanding the definition of fiduciary investment advice under ERISA could adversely affect our financial condition and results of operations.

On April 14, 2015, the U.S. Department of Labor, or the DOL, issued its re-proposed regulation addressing when a person providing investment advice with respect to an employee benefit plan or individual retirement account is considered to be a fiduciary under the Employee Retirement Income Security Act of 1974, or ERISA, and the Internal Revenue Code. The new proposal offers a broader definition of fiduciary investment advice covering specific recommendations on investments, investment management, the selection of persons to provide investment advice or management, and appraisals in connection with investment decisions, thereby expanding the group that would be considered investment advice fiduciaries under ERISA. The public comment period for the proposed regulation has ended and on January 28, 2016, the DOL submitted its final rule proposal to the Office of Management and Budget's Office of Information and Regulatory Affairs. We cannot predict when or whether the regulation may be finalized, or how any final regulation may differ from the proposed regulation. If the final

regulation is finalized as proposed, it could (i) have negative implications on our ability to raise capital from potential investors, including those investing through individual retirement accounts and (ii) impact our ability to raise funds on behalf of the Managed Programs through their public offerings and their operations, as well as the fees we earn by serving as their advisor, which could adversely affect our financial condition and results of operations.

The implementation of changes to investor account statements for the Managed Programs described in Financial Industry Regulatory Authority, or FINRA, Regulatory Notice 15-02 may impact our ability to raise funds on behalf of the Managed Programs.

As described in FINRA Regulatory Notice 15-02, recent amendments to FINRA Rule 2310 and National Association of Securities Dealers Rule 2340 will, among other things, require investor account statements for unlisted REITs, including the Managed Programs, to reflect an estimated value per share (as determined based on either the net investment method or appraised value method) beginning on April 11, 2016. The rule changes will also require that account statements include additional disclosure regarding the sources of distributions to shareholders of unlisted entities. The implementation of these rules could adversely affect market demand for shares of unlisted REITs and unlisted BDCs and impact our ability to raise funds on behalf of the Managed Programs through their public offerings, which could in turn affect their operations and the fees we earn by serving as their advisor, impacting our financial condition and results of operations.

We face active competition for investments.

We face active competition for our investments from many sources, including insurance companies, credit companies, pension funds, private individuals, financial institutions, finance companies, and investment companies. These institutions may accept greater risk or lower returns, allowing them to offer more attractive terms to prospective tenants. In addition, when evaluating acceptable rates of return on behalf of the CPA® REITs, we consider a variety of factors, such as the cost of raising capital, the amount of revenue we can earn, and the performance hurdle rates of the relevant REIT. These factors may limit the number of investments that we make on behalf of the CPA® REITs, which will in turn restrict revenue growth from our investment management operations. We believe that the investment community remains risk averse and that the net lease financing market is perceived as a relatively conservative investment vehicle. Accordingly, we expect increased competition for investments, both domestically and internationally. Further capital inflows into our marketplace will place additional pressure on the returns that we can generate from our investments, as well as our willingness and ability to execute transactions. In addition, the majority of our and the CPA® REITs' current investments are in single-tenant commercial properties that are subject to triple-net leases. Many factors, including changes in tax laws or accounting rules, may make these types of sale-leaseback transactions less attractive to potential sellers and lessees, which could negatively affect our ability to increase the amount of assets of this type under management.

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

Within the next five years, approximately 25% of our leases, based on our ABR as of December 31, 2015, are due to expire. If these leases are not renewed, or if the properties cannot be re-leased on terms that yield comparable payments, then our lease revenues could be substantially adversely affected. In addition, if the current tenants choose to vacate, we may incur substantial costs in attempting to re-lease such properties. The terms of any new or renewed leases will depend on market conditions prevailing at the time of lease expiration. We may also seek to sell these properties, in which event we may incur losses, depending upon market conditions prevailing at the time of sale. Some of our net leases involve properties that are designed for the particular needs of a tenant. With these properties, we may be required to renovate or make rent concessions in order to lease the property to another tenant. In addition, if we are forced to sell these properties, we may have difficulty selling it to a party other than the tenant due to the

property’s unique design. Real estate investments are generally less liquid than many other financial assets, which may limit our ability to quickly adjust our portfolio in response to changes in economic or other conditions. These and other limitations may affect our ability to re-lease or sell properties without adversely affecting returns to stockholders.

There may be competition among us and the Managed REITs for business opportunities.

We currently manage, and may in the future manage, REITs and other entities that have investment and/or rate of return objectives similar to our own. Those entities may be in competition with us with respect to properties, potential purchasers, sellers and lessees of properties, and mortgage financing opportunities. We have agreed to implement certain procedures to help manage any perceived or actual conflicts among us and the Managed REITs, including the following:

- allocating funds based on numerous factors, including available cash, diversification/concentration, transaction size, tax, leverage, and fund life;
- all transactions where we co-invest with a Managed REIT are subject to the approval of the independent directors of the applicable Managed REIT;
- investment allocations are reviewed as part of the annual advisory contract renewal process of each CPA® REIT; and
- quarterly review of all of our investment activities and the investment activities of the CPA® REITs by the independent directors of the CPA® REITs.

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, there are no limitations on the number or value of particular types of investments that we may make. We are not required to meet any diversification standards, including geographic diversification standards. Therefore, our investments may become concentrated in type or geographic location, which could subject us to significant concentration risks with potentially adverse effects on our investment objectives.

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

We have invested, and may continue to invest, in properties located outside the United States. At December 31, 2015, our directly-owned real estate properties located outside of the United States represented 36% of current ABR. These investments may be affected by factors particular to the local jurisdiction where the property is located and may expose us to additional risks, including:

- enactment of laws relating to the foreign ownership of property (including expropriation of investments) or laws and regulations relating to our ability to repatriate invested capital, profits, or cash and cash equivalents back to the United States;
- legal systems where the ability to enforce contractual rights and remedies may be more limited than under U.S. law;
- difficulty in complying with conflicting obligations in various jurisdictions and the burden of complying with a wide variety of foreign laws, which may be more stringent than U.S. laws, including land use, zoning, and environmental laws;
- tax requirements vary by country and existing foreign tax laws and interpretations may change, which may result in additional taxes on our international investments;
- changes in operating expenses, including real estate and other tax rates, in particular countries;
- adverse market conditions caused by changes in national or local economic or political conditions;
- changing laws or governmental rules and policies; and
- changes in relative interest rates and the availability, cost, and terms of mortgage funds resulting from varying national economic policies.

In addition, the lack of publicly available information in certain jurisdictions in accordance with U.S. generally accepted accounting principles, or GAAP, could impair our ability to analyze transactions and may cause us to forego

an investment opportunity for ourselves or the CPA® REITs. 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 or regulatory agencies. Certain of these risks may be greater in emerging markets and less developed countries. Further, our expertise to date is primarily in the United States and certain countries in Europe and Asia. We have less experience in other international markets and may not be as familiar with the potential risks to our and the CPA® REITs' investments in these areas, which could cause us to incur losses as a result.

We may engage third-party asset managers in international jurisdictions to monitor compliance with legal requirements and lending agreements with respect to properties we own or manage on behalf of the CPA® REITs. Failure to comply with applicable requirements may expose us or our operating subsidiaries to additional liabilities.

We are also subject to potential fluctuations in exchange rates between foreign currencies and the U.S. dollar (our principal foreign currency exposure is to the euro). Since we have historically placed both our debt obligations and tenants' rental obligations to us in the same currency, 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).

Our participation in joint ventures creates additional risk.

From time to time, we participate in joint ventures to purchase assets together with the Managed REITs and may do so as well with third parties. There are additional risks involved in joint venture transactions. As a co-investor in a joint venture, we may not be in a position to exercise sole decision-making authority relating to the property, joint venture, or our investment partner. In addition, there is the potential that our investment partner may become bankrupt or that we may have diverging or inconsistent economic or business interests. These diverging interests could, among other things, expose us to liabilities in the joint venture in excess of our proportionate share of those liabilities. The partition rights of each owner in a jointly-owned property could reduce the value of each portion of the divided property. In addition, the fiduciary obligation that members of our board may owe to our partner in an affiliated transaction may make it more difficult for us to enforce our rights.

If we recognize substantial impairment charges on our properties or investments, our net income may be reduced.

We recognized impairment charges totaling $29.9 million for the year ended December 31, 2015. In the future, we may incur substantial impairment charges, which we are required to recognize: (i) whenever we sell a property for less than its carrying value or we determine that the carrying amount of the property is not recoverable and exceeds its fair value; (ii) for direct financing leases, whenever the unguaranteed residual value of the underlying property has declined on an other-than-temporary basis; and (iii) for equity investments, whenever the estimated fair value of the investment's underlying net assets in comparison with the carrying value of our interest in the investment has declined on an other-than-temporary basis. By their nature, the timing or extent of impairment charges are not predictable. We may incur non-cash impairment charges in the future, which may reduce our net income.

Because we use debt to finance investments, our cash flow could be adversely affected.

Historically, most of our investments have been made by borrowing a portion of the total investment and securing the loan with a mortgage on the property. We generally borrowed on a non-recourse basis to limit our exposure on any property to the amount of equity invested in the property. If we are unable to make our debt payments as required, a lender could foreclose on the property or properties securing its debt. Additionally, lenders for our international mortgage loan transactions typically incorporate various covenants and other provisions that can cause a technical loan default, including loan to value ratio, debt service coverage ratio, and material adverse changes in the borrower's or tenant's business. 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 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, invest additional equity, 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.

Our level of indebtedness and the limitations imposed on us by our debt agreements could have significant adverse consequences.

Our consolidated indebtedness as of December 31, 2015 was approximately $4.5 billion, representing a leverage ratio (total debt less cash to EBITDA) of approximately 6.3. This consolidated indebtedness was comprised of (i) $1.5 billion in Senior Unsecured Notes (which includes $500.0 million of our 4.6% Senior Notes, which were issued in March 2014, and €500.0 million of our 2.0% Senior Euro Notes and $450.0 million of our 4.0% Senior Notes, each of which were issued in January 2015), (ii) $2.3 billion in non-recourse mortgages, and (iii) $735.0 million outstanding under our Senior Unsecured Credit Facility. Our level of indebtedness and the limitations imposed by our debt agreements could have significant adverse consequences, including the following:

- it may increase our vulnerability to general adverse economic conditions and limiting our flexibility in planning for, or reacting to, changes in our business and industry;
- we may be required to use a substantial portion of our cash flow from operations for the payment of principal and interest on indebtedness, thereby reducing our ability to use our cash flow to fund working capital, acquisitions, capital expenditures, and general corporate requirements;
- we may be at a disadvantage compared to our competitors with comparatively less indebtedness;
- it could cause us to violate restrictive covenants in our debt agreements, which would entitle lenders and other debtholders to accelerate the maturity of such debt;
- debt service requirements and financial covenants relating to our indebtedness may limit our ability to maintain our REIT qualification;
- we may be unable to hedge our debt, counterparties may fail to honor their obligations under any of our hedge agreements, our hedge agreements may not effectively protect us from interest rate or currency fluctuation risk, and we will be exposed to existing, and potentially volatile, interest or currency exchange rates upon the expiration of any of our hedge agreements;
- because a portion of our debt bears interest at variable rates, increases in interest rates could materially increase our interest expense;
- we may be forced to dispose of one or more of our properties, possibly on disadvantageous terms, in order to service our debt or if we fail to meet our debt service obligations, in whole or in part;
- upon any default on our secured indebtedness, lenders may foreclose on the properties or our interests in the entities that own the properties securing such indebtedness and receive an assignment of rents and leases; and
- we may be unable to raise additional funds as needed or on favorable terms, which could, among other things, adversely affect our ability to capitalize upon acquisition opportunities or meet operational needs.

If any one of these events were to occur, our business, financial condition, liquidity, results of operations, earnings, and prospects, as well as our ability to satisfy all of our debt obligations (including those under our Senior Unsecured Credit Facility, our Senior Unsecured Notes, or other similar debt securities that we may issue in the future), could be materially and adversely affected. Furthermore, foreclosures could create taxable income without accompanying cash proceeds, a circumstance that could hinder our ability to meet the REIT distribution requirements imposed by the Internal Revenue Code.

We may not be able to generate sufficient cash flow to meet all of our existing or potential future debt service obligations.

Our ability to meet all of our existing or potential future debt service obligations (including those under our Senior Unsecured Credit Facility and our Senior Unsecured Notes, or other similar debt securities that we may issue in the future), to refinance our existing or potential future indebtedness, and to fund our operations, working capital, acquisitions, capital expenditures, and other important business uses, depends on our ability to generate sufficient cash

flow in the future. Our future cash flow is subject to, among other factors, general economic, industry, financial, competitive, operating, legislative, and regulatory conditions, many of which are beyond our control.

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, or at all, in amounts sufficient to enable us to meet all of our existing or potential future debt service obligations, or to fund our other important business uses or liquidity needs. Furthermore, if we incur additional indebtedness in connection with future acquisitions or development projects or for any other purpose, our existing or potential future debt service obligations could increase significantly and our ability to meet those obligations could depend, in large part, on the returns from such acquisitions or projects, as to which no assurance can be given.

We may need to refinance all or a portion of our indebtedness at or prior to maturity. Our ability to refinance our indebtedness or obtain additional financing will depend on, among other things, (i) our business, financial condition, liquidity, results of operations, AFFO, prospects, and then-current market conditions; and (ii) restrictions in the agreements governing our indebtedness. As a result, we may not be able to refinance any of our indebtedness or obtain additional financing on favorable terms, or at all.

If we do not generate sufficient cash flow from operations and additional borrowings or refinancings are not available to us, we may be unable to meet all of our existing or potential future debt service obligations. As a result, we would be forced to take other actions to meet those obligations, such as selling properties, raising equity, or delaying capital expenditures, any of which could have a material adverse effect on us. Furthermore, we cannot assure you that we will be able to effect any of these actions on favorable terms, or at all.

The effective subordination of our Senior Unsecured Notes, or other similar debt securities that we may issue in the future, may limit our ability to meet all of our debt service obligations.

Our Senior Unsecured Notes are unsecured and unsubordinated obligations and rank equally in right of payment with each other and with all of our unsecured and unsubordinated indebtedness. However, our Senior Unsecured Notes are effectively subordinated in right of payment to all of our secured indebtedness to the extent of the value of the collateral securing such indebtedness. As of December 31, 2015, we had $2.3 billion of secured consolidated indebtedness outstanding. While the indenture governing our Senior Unsecured Notes limits our ability to incur secured indebtedness in the future, it does not prohibit us from incurring such indebtedness if we and our subsidiaries are in compliance with certain financial ratios and other requirements at the time of incurrence. In the event of a bankruptcy, liquidation, dissolution, reorganization, or similar proceeding with respect to us, the holders of any secured indebtedness will be entitled to proceed directly against the collateral that secures such indebtedness. Therefore, the collateral will not be available for satisfaction of any amounts owed under our unsecured indebtedness, including our Senior Unsecured Notes or similar debt securities that we may issue in the future, until such secured indebtedness is satisfied in full.

Our Senior Unsecured Notes are also effectively subordinated to all liabilities, whether secured or unsecured, and any preferred equity of our subsidiaries, which is particularly important because we have no significant operations or assets other than our equity interests in our subsidiaries. In the event of a bankruptcy, liquidation, dissolution, reorganization, or similar proceeding with respect to any of our subsidiaries, we (as a common equity owner of such subsidiary), and therefore holders of our debt (including our Senior Unsecured Notes or similar debt securities that we may issue in the future), will be subject to the prior claims of such subsidiary's creditors, including trade creditors and preferred equity holders. As of December 31, 2015, our subsidiaries had approximately $3.3 billion of indebtedness and other liabilities outstanding and no preferred equity.

Despite our substantial outstanding indebtedness, we may still incur significantly more indebtedness in the future, which would exacerbate any or all of the risks described herein.

We may incur substantial additional indebtedness in the future. Although the agreements governing our indebtedness do limit our ability to incur additional indebtedness, these restrictions are subject to a number of qualifications and exceptions and, under certain circumstances, debt incurred in compliance with these restrictions could be substantial. To the extent that we incur substantial additional indebtedness in the future, the risks associated with our substantial leverage described herein, including our inability to meet all of our debt service obligations, would be exacerbated.

The indenture governing our Senior Unsecured Notes contains restrictive covenants that may limit our ability to expand or fully pursue our business strategies.

The indenture governing our Senior Unsecured Notes contains financial and operating covenants that, among other things, 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).

In addition, our current debt agreements require us to meet specified financial ratios and the indenture governing our Senior Unsecured Notes requires us to (i) limit the amount of our total debt and the amount of our secured debt before incurring new debt, (ii) maintain at all times a specified ratio of unencumbered assets to unsecured debt, and (iii) meet a debt service coverage ratio before incurring new debt. 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.

The market price of our Senior Unsecured Notes may be volatile.

The market price of our Senior Unsecured Notes may be highly volatile and subject to wide fluctuations. The market price of our Senior Unsecured Notes may fluctuate as a result of factors, such as changes in interest rates, that are beyond our control or unrelated to our historical and projected business, financial condition, liquidity, results of operations, earnings, or prospects. It is impossible to assure investors that the market price of our Senior Unsecured Notes will not fall in the future and it may be difficult for investors to resell our Senior Unsecured Notes at prices they find attractive, or at all. Furthermore, while the 2.0% Senior Euro Notes have been listed on the New York Stock Exchange, no assurance can be given that such listing can be maintained or that it will ensure an active trading market for the 2.0% Senior Euro Notes. In addition, there is currently no public market for the other Senior Unsecured Notes. Therefore, if an active trading market does not exist for our Senior Unsecured Notes, investors may not be able to resell them on favorable terms when desired, or at all. The liquidity of the trading market, if any, and the future market price of our Senior Unsecured Notes will depend on many factors, including, among other things, prevailing interest rates; our business, financial condition, liquidity, results of operations, AFFO, and prospects; the market for similar securities; and the state of the overall securities market. It is possible that the market for the Senior Unsecured Notes will be subject to disruptions, which may have a negative effect on the holders of our Senior Unsecured Notes, regardless of our business, financial condition, liquidity, results of operations, AFFO, or prospects.

Volatility and disruption in capital markets could materially and adversely impact us.

The capital markets may experience extreme volatility and disruption, which could make it more difficult to raise capital. If we cannot access the capital markets or if we cannot access capital upon favorable terms, we may be required to liquidate one or more investments in properties at times that may not permit us to realize the maximum return on those investments (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.

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, AFFO, 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 that have rated us 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 may issue in the future) and to pay dividends on our common stock. Furthermore, any such action could negatively impact the market price of our Senior Unsecured Notes.

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

In some circumstances, we may grant tenants a right to repurchase the properties they lease from us. The purchase price may be a fixed price or it may be based on a formula or the market value at the time of exercise. If a tenant exercises its right to purchase the property and the property's market value has increased beyond that price, we would not be able to fully realize the appreciation on that property. Additionally, if the price at which the tenant can purchase the property is less than our carrying value (e.g., where the purchase price is based on an appraised value), we may incur a loss.

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

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

The value of our real estate is subject to fluctuation.

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

- adverse changes in general or local economic conditions;
- changes in the supply of, or demand for, similar or competing properties;
- changes in interest rates and operating expenses;
- competition for tenants;
- changes in market rental rates;
- inability to lease or sell properties upon termination of existing leases;
- 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;
- uninsured property liability, property damage, or casualty losses;
- unexpected expenditures for capital improvements or to bring properties into compliance with applicable federal, state, and local laws;
- exposure to environmental losses;
- changes in foreign exchange rates; and
- force majeure and other factors beyond the control of our management.

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

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

Most of our properties are occupied by a single tenant; therefore, the success of our investments is materially dependent on the financial stability of these tenants. Revenues from several of our tenants/guarantors constitute a significant percentage of our lease revenues. Our top ten tenants accounted for approximately 31.6% of total ABR at December 31, 2015. Lease payment defaults by tenants could negatively impact our net income and reduce the

amounts available for distribution to stockholders. As some of our tenants may not have a recognized credit rating, these tenants may have a higher risk of lease defaults than tenants with a recognized credit rating. In addition, the bankruptcy or default of a tenant could cause the loss of lease payments as well as an increase in the costs incurred to carry the property until it can be re-leased or sold. We have had, and may in the future have, tenants file for bankruptcy protection. In the event of a default, we may experience delays in enforcing our rights as landlord and may incur substantial costs in protecting the investment and re-leasing the property. If a lease is terminated, there is no assurance that we will be able to re-lease the property for the rent previously received or sell the property without incurring a loss.

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

Bankruptcy or insolvency of a tenant or borrower could cause: the loss of lease or interest and principal payments; an increase in the costs incurred to carry the property; litigation; a reduction in the value of our shares; and/or a decrease in amounts available for distribution to our stockholders.

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. The maximum claim will be capped at the amount owed for unpaid rent prior to the bankruptcy (unrelated to the termination), plus the greater of one year's lease payments or 15% of the remaining lease payments payable under the lease (but no more than three years' lease payments). 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. If that were to occur, we would not be treated as the owner of the property, but we might have rights as a secured creditor. Those rights would not include a right to compel the tenant to timely perform its obligations under the lease but may instead entitle us to "adequate protection," a bankruptcy concept that applies to protect against a decrease in the value of the property if the value of the property is less than the balance owed to us.

Insolvency laws outside the United States may not be as favorable to reorganization or the protection of a debtor's rights as in the United States. Our right to terminate a lease for default may be more likely to be enforced in foreign jurisdictions where a debtor/tenant or its insolvency representative lacks the right to force the continuation of a lease without our consent. Nonetheless, such laws may permit a tenant or an appointed insolvency representative to terminate a lease if it so chooses.

In addition, 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 (an entity would be eligible to be a debtor under the U.S. bankruptcy laws if it had a domicile (state of incorporation or registration), place of business, or assets in the United States). If a tenant became a debtor under U.S. bankruptcy laws, it would then have the option of assuming or rejecting any unexpired lease. As a general matter, after the commencement of bankruptcy proceedings and prior to assumption or rejection of an expired lease, U.S. bankruptcy laws provide that, until such unexpired lease is assumed or rejected, the tenant or its trustee must perform the tenant's obligations under the lease in a timely manner. However, under certain circumstances, the time period for performance of such obligations may be extended by an order of the bankruptcy court. We and certain of the CPA® REITs have had tenants file for bankruptcy protection and have been involved in bankruptcy-related litigation (including with several international tenants). Historically, four of the seventeen CPA® programs temporarily reduced the rate of distributions to their investors as a result of adverse developments involving tenants.

Similarly, if a borrower under one of our loan transactions declares bankruptcy, there may not be sufficient funds to satisfy its payment obligations to us, which may adversely affect our revenue and distributions to our stockholders. The mortgage loans that we may invest in may also be subject to delinquency, foreclosure, and loss, which could result in losses to us.

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 own commercial properties and are subject to the risk of liabilities under federal, state, and local environmental laws. These responsibilities and liabilities also exist for properties owned by the Managed REITs, and if they become liable for these costs, their ability to pay for our services could be materially affected. 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;
- responsibility for managing asbestos-containing building materials and third-party claims for exposure to those materials; and
- claims being made against us by the Managed REITs for inadequate due diligence.

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

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

Growth in revenue from our investment management operations is dependent in large part on (i) future capital raising in existing or future managed entities and (ii) our ability to make investments that meet the investment criteria of these entities, both of which are subject to uncertainty with respect to capital market and real estate market conditions. This uncertainty creates volatility in our earnings because of the resulting fluctuation in transaction-based revenue. Asset management revenue may be affected by factors that include not only our ability to increase the Managed REITs' portfolio of properties under management, but also changes in valuation of those properties and sales of the Managed REIT properties. In addition, revenue from our investment management operations, as well as the value of our interests in the Managed REITs and dividend income from those interests, may be significantly affected by the results of operations of the Managed REITs. Each of the CPA® REITs has invested the majority of its assets (other than short-term investments) in triple-net leased properties substantially similar to those we hold. Consequently, the results of operations of, and cash available for distribution by, each of the CPA® REITs are likely to be substantially affected by the same market conditions, and are subject to the same risk factors, as the properties we own. Historically, four of the seventeen CPA® programs temporarily reduced the rate of distributions to their investors as a result of adverse developments involving tenants.

Each of the Managed REITs that we currently manage may incur significant debt that, either due to liquidity problems or restrictive covenants contained in their borrowing agreements, could restrict their ability to pay revenue owed to us when due. In addition, the revenue payable under each of our current investment advisory agreements is subject to a variable annual cap based on a formula tied to the assets and income of that Managed REIT. This cap may limit the growth of our investment management revenue. Furthermore, our ability to earn revenue related to the disposition of properties is primarily tied to providing liquidity events for the Managed REIT investors. Our ability to provide such liquidity, and to do so under circumstances that will satisfy the applicable subordination requirements, will depend on market conditions at the relevant time, which may vary considerably over a period of years. In any case, liquidity events typically occur several years apart, and income from our investment management operations is likely to be significantly higher in years when such events occur.

Because the revenue streams from the advisory agreements we have with the Managed REITs are subject to limitation or cancellation, any such termination could have a material adverse effect on our business, results of operations, and financial condition.

The advisory agreements under which we provide services to the Managed REITs are renewable annually and may generally be terminated by each Managed REIT upon 60 days' notice, with or without cause. Unless otherwise renewed, the advisory agreement with each of the CPA® REITs is scheduled to expire on March 31, 2016 and the advisory agreement with each of CWI 1 and CWI 2 is scheduled to expire on December 31, 2016. There can be no assurance that these agreements will not expire or be terminated. CPA®:17 – Global, CPA®:18 – Global, CWI 1, and CWI 2 each have the right, but not the obligation, upon certain terminations to repurchase our interests in their operating partnerships at fair market value. If such right is not exercised, we would remain as a limited partner of the

respective operating partnerships. Nonetheless, any such termination would have a material adverse effect on our business, results of operations, and financial condition.

A potential change in U.S. accounting standards regarding operating leases may make the leasing of facilities less attractive to our potential domestic tenants, which could reduce overall demand for our leasing services.

A lease is classified by a tenant as a capital lease if the significant risks and rewards of ownership are considered to reside with the tenant. This situation is generally considered to be met if, among other things, the non-cancelable lease term is more than 75% of the useful life of the asset or if the present value of the minimum lease payments equals 90% or more of the leased property's fair value at lease inception. Under capital lease accounting for a tenant, both the leased asset and liability are reflected on their balance sheet. If the lease does not meet any of the criteria for a capital lease, the lease is considered an operating lease by the tenant and the obligation does not appear on the tenant's balance sheet; rather, the contractual future minimum payment obligations are only disclosed in the footnotes thereto. Thus, entering into an operating lease can appear to enhance a tenant's balance sheet in comparison to direct ownership. In November 2015, the Financial Accounting Standards Board directed the staff to draft a final Accounting Standards Update, or ASU, on leases for vote by written ballot. In addition, the Financial Accounting Standards Board decided that for (i) public business entities, (ii) a not-for-profit entity that has issued, or is a conduit bond obligor for, securities that are traded, listed, or quoted on an exchange or an-over-the-counter market, and (iii) an employee benefit plan that files or furnishes statements with or to the SEC (collectively referred to as "public business entities"), the final leases standard will be effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years; for all other entities, the final leases standard will be effective for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. Early application will be permitted for all entities upon issuance of the final standard. In the first quarter of 2016, the International Accounting Standards Board and the Financial Accounting Standards Board finalized their standards, which bring most leases on the balance sheet for lessees under a single model. For lessors, however, the accounting remains largely unchanged and the distinction between operating and finance leases is retained. Both standards are effective for annual reporting periods beginning on or after January 1, 2019. Changes to the accounting guidance could affect both our and the CPA® REITs' lease accounting, as well as that of our and the CPA® REITs' tenants. These changes would impact most companies, but are particularly applicable to those that are significant users of real estate. The standards outline a completely new model for accounting by lessees, whereby their rights and obligations under most leases, existing and new, would be capitalized and recorded on the balance sheet. For some companies, the new accounting guidance may influence whether or not, or the extent to which, they may enter into the type of sale-leaseback transactions in which we specialize.

The BDCs are subject to extensive regulation.

We sponsor three closed-end funds in a master/feeder fund structure that have each elected to be treated as a BDC. These BDCs are subject to certain provisions of the Investment Company Act of 1940, as amended, and the rules and regulations thereunder, collectively referred to herein as the Investment Company Act. We also serve as the investment adviser for the master fund, CCIF, and are subject to the Investment Advisers Act of 1940, as amended, and the rules and regulations thereunder. Failure to comply with such rules and regulations could result in liability and/or adversely affect the operation of the BDCs and our ability to successfully raise funds for the BDCs or to generate revenue as the advisor to CCIF.

Our investment advisory agreement with CCIF may be terminated upon short notice.

The management and incentive fees that we are paid for managing CCIF are subject to the right of CCIF's board of trustees under the investment advisory agreement to terminate our management of CCIF on as little as 60 days' prior notice. There can be no assurance that our investment advisory agreement with CCIF will not be terminated. Upon our termination as CCIF's advisor, CCIF may terminate our interest in their revenues, expenses, income, losses, distributions, and capital by paying us an amount equal to the then-present fair market value of our interest (excluding any interest we may have in CCIF's common or preferred stock), as determined between us and CCIF. Any such

termination would diminish our ability to generate revenue from the BDCs, which could have a material adverse effect on our business, results of operations, and financial condition.

The BDCs may be affected by poor investment performance by portfolio companies in which CCIF invests.

Poor investment returns for the portfolio companies in which CCIF invests may reduce the amount of management and incentive fees that we earn. CCIF may experience poor returns due to general market conditions, insufficient fundraising, or underperformance by portfolio companies in which it invests. These factors may also affect CCIF's ability to invest in new portfolio companies or reinvest in existing portfolio companies. If such factors continue to persist, CCIF may be forced to liquidate its position in a portfolio company at an inopportune time.

Our operations could be restricted if we become subject to the Investment Company Act and your investment return, if any, may be reduced if we are required to register as an investment company under the Investment Company Act.

A person will generally be deemed to be an "investment company" for purposes of the Investment Company Act if:

- it is, or holds itself out as being, engaged primarily, or proposes to engage primarily, in the business of investing, reinvesting, or trading in securities; or
- it owns or proposes to acquire investment securities having a value exceeding 40% of the value of its total assets (exclusive of U.S. government securities and cash items) on an unconsolidated basis.

We believe that we and our subsidiaries are engaged primarily in the business of acquiring and owning interests in real estate. We do not hold ourselves out as being engaged primarily in the business of investing, reinvesting, or trading in securities. Accordingly, we do not believe that we are an investment company as defined under the Investment Company Act. If we were required to register as an investment company, we would have to comply with a variety of substantive requirements under the Investment Company Act that impose, among other things, (i) limitations on our capital structure (including our ability to use leverage), (ii) restrictions on specified investments, (iii) prohibitions on proposed transactions with "affiliated persons" (as defined in the Investment Company Act), and (iv) compliance with reporting, record keeping, voting, proxy disclosure, and other rules and regulations that would significantly increase our operating expenses.

Although we intend to monitor our portfolio, there can be no assurance that we will be able to maintain an exclusion or exemption from registration as an investment company under the Investment Company Act. In order to maintain compliance with an Investment Company Act exemption or exclusion, we may be unable to sell assets that we would otherwise want to sell and may need to sell assets we would otherwise wish to retain. In addition, we may have to acquire additional income or loss generating assets that we might not otherwise have acquired, or may have to forego opportunities to acquire interests in companies that we would otherwise want to acquire and that would be important to our investment strategy. If we were required to register as an investment company, we may be prohibited from engaging in our business as currently conducted because, among other things, the Investment Company Act imposes significant limitations on an investment company's leverage. Furthermore, if we fail to comply with the Investment Company Act, criminal and civil actions could be brought against us, our contracts could be unenforceable, and a court could appoint a receiver to take control of us and liquidate our business. Were any of these results to occur, your investment return, if any, may be reduced.

We are not currently registered as an Investment Advisor and our failure to do so could subject us to civil and/or criminal penalties.

If the SEC determines that we are an investment advisor, we will have to register as an investment adviser with the SEC pursuant to the Investment Advisers Act of 1940, or Investment Advisers Act. Registration requirements for investment advisers are significant and burdensome. In addition, if we are deemed to be an investment advisor and are required to register with the SEC as an investment adviser, we will become subject to the requirements of the Investment Advisers Act. The Investment Advisers Act requires: (i) fiduciary duties to clients; (ii) substantive prohibitions and requirements; (iii) contractual requirements; (iv) record-keeping requirements; and (v) administrative oversight by the SEC, primarily by inspection. Requirements and obligations imposed on investment advisers can be burdensome and costly. If it is deemed that we are out of compliance with such rules and regulations, we may be subject to civil and/or criminal penalties.

Expansion into international markets increases our operational, regulatory and other risks.

We have increased our international business activities. As a result of such expansion, we face increased operational, regulatory, compliance and reputational risks. The failure of our compliance and internal control systems to properly mitigate such additional risks, or of our operating infrastructure to support such expansion, could result in operational failures and regulatory fines or sanctions. Our operations in the United Kingdom, the European Economic Area, or the EEA, Australia, and other countries are subject to significant compliance, disclosure, and other obligations. The European Union Alternative Investment Fund Managers Directive, or the Directive, as transposed into national law within the states of the EEA, established a new EEA regulatory regime for alternative investment fund managers, including private equity and hedge fund managers. The Directive generally applies to managers with a registered office in the EEA managing one or more alternative investments funds. Compliance with the requirements of the Directive will impose additional compliance burdens and expense for us and could reduce our operating flexibility and fundraising opportunities. The Directive may also limit our operating flexibility and impact our ability to expand in EEA or other markets. Activity in international markets also exposes us to fluctuations in currency exchange rates, which may adversely affect the U.S. dollar value of revenues, expenses and assets associated with our business

activities outside the United States. Actual and anticipated changes in current exchange rates may also negatively impact our operations.

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

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

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

Our accounting policies and methods are fundamental to how we record and report our financial position and results of operations. We have identified several accounting policies as being critical to the presentation of our financial position and results of operations because they require management to make particularly subjective or complex judgments about matters that are inherently uncertain and because of the likelihood that materially different amounts would be recorded under different conditions or using different assumptions. Because of 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 subsequent significant adjustments to our consolidated financial statements. If our judgments, assumptions, and allocations prove to be incorrect, or if circumstances change, our business, financial condition, revenues, operating expense, results of operations, liquidity, ability to pay dividends, or stock price may be materially adversely affected.

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

Our charter contains 7.9% ownership limits. Our charter, subject to certain exceptions, authorizes our directors to take such actions as are necessary and desirable to limit any person to beneficial or constructive ownership of (i) 7.9%, in either value or number of shares, whichever is more restrictive, of our aggregate outstanding shares of 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) 7.9%, in either value or number of shares, whichever is more restrictive, of our aggregate outstanding shares of common stock (excluding any of our outstanding shares of common stock not treated as outstanding for federal income tax purposes). Our board of directors, 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 of directors 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 of directors 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 of directors 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 of directors 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 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 of directors 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 Maryland General Corporation Law. 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 Maryland General Corporation Law, we have elected to opt out of these provisions of the Maryland General Corporation Law pursuant to a provision in our bylaws.

Additionally, Title 3, Subtitle 8 of the Maryland General Corporation Law permits our board of directors, 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 Maryland General Corporation Law, which permits a board of directors to be divided into classes pursuant to Title 3, Subtitle 8 of the Maryland General Corporation Law. 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 Maryland General Corporation Law may have the effect of inhibiting a third party from making an acquisition proposal for our company or of delaying, deferring, or preventing a change in control of our company under circumstances that otherwise could provide the holders of our common stock with the opportunity to realize a premium over the then-current market price. Our charter, our Bylaws, and Maryland law also contain other provisions that may delay, defer, or prevent a transaction or a change of control that might involve a premium price for our common stock or otherwise be in the best interests of our stockholders.

Future issuances of debt securities (which would rank senior to our common stock upon our liquidation) and equity securities (which would dilute the holdings of our existing common stockholders and may be senior to our common stock for the purposes of making distributions) may negatively affect the market price of our common stock.

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

The issuance or sale (either directly by us or in the secondary market) of substantial amounts of our common stock; the perception that such issuances or sales of common stock could occur; or the availability for future issuance or sale of our common stock, or securities convertible into or exchangeable or exercisable for our common stock; could materially and adversely affect the market price of our common stock and our ability to raise capital through future offerings of equity or equity-related securities. However, our future growth will depend, in part, upon our ability to raise additional capital, including through the issuance of equity securities. In September 2014, we issued 4,600,000 shares of our common stock in a public offering, which we refer to as the Equity Offering (Note 13), which raised total net proceeds of $282.2 million. In addition, on June 3, 2015, we launched an at-the-market, or ATM, offering program, pursuant to which we may periodically offer shares of our common stock up to an aggregate gross sales price of $400.0 million (we have not issued any shares pursuant to this ATM program as of December 31, 2015). We also issued shares of our common stock to the former stockholders of CPA®:16 – Global (excluding us and our subsidiaries) as merger consideration in the CPA®:16 Merger. Additional common stock issuances (directly or through convertible or exchangeable securities, warrants, or options) to raise additional capital or upon the exercise of outstanding options or pursuant to stock incentive plans, will dilute the holdings of our existing common stockholders. We are not required to offer any additional equity securities to existing common stockholders on a preemptive basis and our charter empowers our board of directors to make significant changes to our stock without stockholder approval. See the risk factor above titled “Our board of directors may modify our authorized shares of stock of any class or series and may create and issue a class or series of common stock or preferred stock without stockholder approval.” Our preferred stock, if any are issued, would likely have a preference on distribution payments, periodically or upon liquidation, which could eliminate or otherwise limit our ability to make distributions to common stockholders.

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

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

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. One factor that may influence the price of our common stock will be our dividend yield relative to yields on other financial instruments (e.g., if an increase in market interest rates results in higher yields on other financial instruments, the market price of our common stock could be adversely affected). In addition, our use of taxable REIT subsidiaries, or TRSs, may cause the market to value our common stock differently than the shares of other REITs, which may not use TRSs as extensively as we currently expect to do. In addition, the trading volume and market price of our common stock may fluctuate significantly and be adversely impacted in response to a number of factors, including:

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

- adverse market reaction to the amount of maturing debt in the near and medium term and our ability to refinance such debt and the terms thereof;
- adverse market reaction to any additional indebtedness we incur or equity or equity-related securities we issue in the future;
- changes in our credit ratings;
- actual or perceived conflicts of interest;
- additions or departures of key management personnel;
- our compliance with GAAP and its policies;
- our compliance with the listing requirements of the New York Stock Exchange;
- the financial condition, liquidity, results of operations, and prospects of our tenants;
- failure to maintain our REIT qualification;
- actions by institutional stockholders;
- general market and economic conditions, including the current state of the credit and capital markets; and

- the realization of any of the other risk factors presented in this Report or in subsequent reports that we file with the SEC.

Compliance or failure to comply with the Americans with Disabilities Act and other similar regulations could result in substantial costs.

Under the Americans with Disabilities Act, places of public accommodation must meet certain federal requirements related to access and use by disabled persons. Noncompliance could result in the imposition of fines by the federal government or the award of damages to private litigants. If we are required to make unanticipated expenditures to one or more of our properties in order to comply with the Americans with Disabilities Act, our cash flow and the amounts available for dividends to our stockholders may be adversely affected. We have not conducted a compliance audit or investigation of all of our or the Managed REITs' properties and we cannot predict the ultimate cost of compliance with the Americans with Disabilities Act or similar legislation.

Our properties are also subject to various federal, state, and local regulatory requirements, such as state and local fire and life-safety requirements. We could incur fines or private damage awards if we fail to comply with these requirements. While we believe that our properties are currently in material compliance with these regulatory requirements, the requirements may change or new requirements may be imposed that could require significant unanticipated expenditures by us that will affect our cash flow and results of operations.

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

A cyber incident is considered to be any adverse event that threatens the confidentiality, integrity, or availability of our information resources. More specifically, a cyber incident is an intentional attack that can include gaining unauthorized access to systems to disrupt operations, corrupt data, or steal confidential information, or an unintentional accident or error. As our reliance on technology has increased, so have the risks posed to our systems, both internal and those we have outsourced. We may also store or come into contact with sensitive information and data. If, in handling this information, we or our partners fail to comply with applicable privacy or data security laws, we could face significant legal and financial exposure to claims of governmental agencies and parties whose privacy is compromised. The three 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. We maintain insurance intended to cover some of these risks, but it may not be sufficient to cover the losses from any future breaches of our systems. We have implemented processes, procedures, and controls to help mitigate these 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.

Potential impairment of goodwill may adversely affect our results of operations.

Potential impairment of goodwill could adversely affect our financial condition and results of operations. We assess our goodwill and other intangible assets for impairment at least annually and more frequently when required by GAAP. We are required to record an impairment charge if circumstances indicate that the asset carrying values exceed their fair values. Our assessment of goodwill or other intangible assets could indicate that an impairment of the carrying value of such assets may have occurred, resulting in a material, non-cash write-down of such assets, which could have a material adverse effect on our results of operations and future earnings. We are also required to write off a portion of goodwill whenever we dispose of a property that constitutes a business under 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 for the reporting unit.

There can be no assurance that we will be able to maintain cash dividends, and certain agreements relating to our indebtedness may prohibit or otherwise restrict our ability to pay dividends to holders of our common stock.

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;
- decisions on whether, when, and in which amounts to make any future distributions will remain at all times entirely at the discretion of our board of directors, which reserves the right to change our dividend practices at any time and for any reason, including but not limited to, our earnings, our financial condition, maintaining our REIT status, contractual limitations relating to our indebtedness, Maryland law, and other factors relevant from time to time; 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 board of directors, in its sole discretion, determines our dividend rate on a quarterly basis; therefore, our cash distributions are not guaranteed and may fluctuate.

Our board of directors, in its sole discretion, will determine on a quarterly basis the amount of cash to be distributed to our stockholders based on a number of factors, including, but not limited to, our results of operations, cash flow and capital requirements, economic conditions, tax considerations, borrowing capacity, applicable provisions of the Maryland General Corporation Law, and other factors (including debt covenant restrictions that may impose limitations on cash payments and future acquisitions and divestitures). Consequently, our distribution levels are not guaranteed and may fluctuate.

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 in part upon our board of directors' good faith analysis of 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, on our taxable income at regular corporate rates; and
- be barred from qualifying as a REIT for the four taxable years following the year when we were disqualified.

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

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

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

We intend to declare regular quarterly distributions, the amount of which will be determined, and is subject to adjustment, by our board of directors. 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 will be required to satisfy numerous requirements imposed upon REITs, we may be required to borrow funds, sell assets, or raise equity on terms that are not favorable to us.

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

qualification and taxation as a REIT. Furthermore, the REIT distribution requirements may increase the financing we need to fund capital expenditures, future growth, and expansion initiatives, which would increase our total leverage.

In addition, if we fail to comply with certain asset ownership tests at the end of any calendar quarter, we must generally correct the failure within 30 days after the end of the calendar quarter or qualify for certain statutory relief provisions to avoid losing our REIT qualification. As a result, we may be required to liquidate otherwise attractive investments. These actions may reduce our income and amounts available for distribution to our stockholders.

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

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

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

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

The REIT provisions of the Internal Revenue Code limit our ability to hedge assets and liabilities that are not incurred to acquire or carry real estate. Generally, income from hedging transactions that have been properly identified for tax purposes (which we enter into to manage interest rate risk with respect to borrowings to acquire or carry real estate assets) and income from certain currency hedging transactions related to our non-U.S. operations, do not constitute "gross income" for purposes of the REIT gross income tests (such a hedging transaction is referred to as a "qualifying hedge"). In addition, for taxable years beginning after December 31, 2015, 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.

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.

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

To qualify as a REIT for federal income tax purposes, we plan to hold our non-qualifying REIT assets and conduct our non-qualifying REIT income activities in or through one or more TRSs. The net income of our TRSs is not required to be distributed

to us and income that is not distributed to us will generally not be subject to the REIT income distribution requirement. However, there may be limitations on our ability to accumulate earnings in our TRSs and the accumulation or reinvestment of significant earnings in our TRSs could result in adverse tax treatment. In particular, if the accumulation of cash in our TRSs causes the fair market value of our TRS interests and certain other non-qualifying assets to exceed 25% of the fair market value of our assets, we would lose tax efficiency and could potentially fail to qualify as a REIT.

Our ownership of TRSs will be subject to limitations that could prevent us from growing our investment management business and our 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.

Overall, (i) for taxable years beginning prior to January 1, 2018, no more than 25% of the value of a REIT's gross assets, and (ii) for taxable years beginning after December 31, 2017, no more than 20% of the value of a REIT's gross assets, may consist of interests in TRSs; compliance with this limitation could limit our ability to grow our investment management business. In addition, the Internal Revenue Code limits the deductibility of interest paid or accrued by a TRS to its parent REIT to assure that the TRS is subject to an appropriate level of corporate taxation. The Internal Revenue Code also imposes a 100% excise tax on certain transactions between a TRS and its parent REIT that are not conducted on an arm's-length basis. We will monitor the value of investments in our TRSs in order to ensure compliance with TRS ownership limitations and will structure our transactions with our TRSs on terms that we believe are arm's-length to avoid incurring the 100% excise tax described above. There can be no assurance, however, that we will be able to comply with the TRS ownership limitation or be able to avoid application of the 100% excise tax.

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

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

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

Even if we qualify for taxation as a REIT, we may be subject to certain (i) federal, state, local, and foreign taxes on our income and assets, including alternative minimum taxes, (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 (35% for year 2016) 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 of directors to revoke our REIT election, without stockholder approval, may cause adverse consequences for our stockholders.

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

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

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

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

Our principal corporate offices are located at 50 Rockefeller Plaza, New York, NY 10020, and our primary international investment offices are located in London and Amsterdam. We have additional office space domestically in New York and Dallas, Texas, and internationally in Shanghai. 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.

Common Stock and Distributions

Our common stock is listed on the New York Stock Exchange under the ticker symbol “WPC.” At February 18, 2016 there were 9,711 holders of record of our common stock. The following table shows the high and low prices per share and quarterly cash distributions declared for the past two fiscal years:

	2015			2014		
Period	High	Low	Cash Distributions Declared	High	Low	Cash Distributions Declared
First quarter	$73.88	$65.46	$0.9525	$64.96	$55.23	$0.8950
Second quarter	69.47	58.15	0.9540	65.85	59.05	0.9000
Third quarter	62.55	56.01	0.9550	70.04	63.33	0.9400
Fourth quarter	65.19	57.25	0.9646	72.88	63.53	0.9500

Our Senior Unsecured Credit Facility (as described in Item 7) contains covenants that restrict the amount of distributions that we can pay.

Stock Price Performance Graph

The graph below provides an indicator of cumulative total stockholder returns for our common stock for the period December 31, 2010 to December 31, 2015 compared with the S&P 500 Index and the FTSE NAREIT Equity REITs Index. The graph assumes a $100 investment on December 31, 2010, together with the reinvestment of all dividends.

	At December 31,					
	2010	2011	2012	2013	2014	2015
W. P. Carey Inc. [(a)]	$100.00	$138.33	$185.29	$229.85	$277.90	$248.99
S&P 500 Index	100.00	102.11	118.45	156.82	178.28	180.75
FTSE NAREIT Equity REITs Index	100.00	108.29	127.85	131.01	170.49	175.94

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(a) Prices in the tables above reflect the price of the Listed Shares of our predecessor through the date of the CPA®:15 Merger and our REIT conversion on September 28, 2012 and the price of our common stock thereafter.

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

Securities Authorized for Issuance Under Equity Compensation Plans

This information will be contained in our definitive proxy statement for the 2016 Annual Meeting of Stockholders, to be filed within 120 days following the end of our fiscal year, and is incorporated by reference.

Item 6. Selected Financial Data.

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

	Years Ended December 31,				
	2015	2014	2013	2012	2011
Operating Data					
Revenues from continuing operations [(a) (b) (c) (d)]	$938,383	$908,446	$489,851	$352,361	$309,711
Income from continuing operations [(a) (b) (c) (e)]	185,227	212,751	93,985	87,514	153,041
Net income [(a) (e)]	185,227	246,069	132,165	62,779	139,138
Net (income) loss attributable to noncontrolling interests	(12,969)	(6,385)	(32,936)	(607)	1,864
Net loss (income) attributable to redeemable noncontrolling interests	—	142	(353)	(40)	(1,923)
Net income attributable to W. P. Carey [(a) (e)]	172,258	239,826	98,876	62,132	139,079
Basic Earnings Per Share:					
Income from continuing operations attributable to W. P. Carey	1.62	2.08	1.22	1.83	3.78
Net income attributable to W. P. Carey	1.62	2.42	1.43	1.30	3.44
Diluted Earnings Per Share:					
Income from continuing operations attributable to W. P. Carey	1.61	2.06	1.21	1.80	3.76
Net income attributable to W. P. Carey	1.61	2.39	1.41	1.28	3.42
Cash distributions declared per share [(f)]	3.8261	3.6850	3.5000	2.4420	2.1850
Balance Sheet Data					
Total assets [(d)]	$8,754,673	$8,648,479	$4,678,950	$4,609,042	$1,462,623
Net investments in real estate	5,826,544	5,656,555	2,803,634	2,675,573	679,182
Non-recourse debt, net	2,271,204	2,532,683	1,492,410	1,715,397	356,209
Senior credit facilities and Senior Unsecured Notes, net [(g)]	2,221,589	1,555,863	575,000	253,000	233,160
Other Information					
Net cash provided by operating activities	$477,277	$399,092	$207,908	$80,643	$80,116
Cash distributions paid	403,555	347,902	220,395	113,867	85,814
Payments of mortgage principal [(h)]	181,888	425,810	391,764	54,964	25,327

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(a) The years ended December 31, 2015 and 2014 include the impact of the CPA®:16 Merger, which was completed on January 31, 2014 (Note 3). The years ended December 31, 2015, 2014, 2013, and 2012 include the impact of the CPA®:15 Merger, which was completed on September 28, 2012.

(b) The year ended December 31, 2011 includes $52.5 million of incentive, termination and subordinated disposition revenue recognized in connection with the merger between CPA®:16 – Global and Corporate Property Associates 14 Incorporated, or CPA®:14, in May 2011.

(c) Amounts for the years ended December 31, 2015 and 2014 include the operating results of properties sold or held for sale. Prior to 2014, operating results of properties sold or held for sale were included in income from discontinued operations (Note 16).

(d) Certain prior period amounts have been reclassified to conform to the current period presentation.

(e) Amount for the year ended December 31, 2014 includes a Gain on change in control of interests of $105.9 million recognized in connection with the CPA®:16 Merger (Note 3).

(f) The year ended December 31, 2013 includes a special distribution of $0.110 per share paid in January 2014 to stockholders of record at December 31, 2013.

The year ended December 31, 2015 includes our €500.0 million 2.0% Senior Euro Notes and our $450.0 million 4.0% Senior Notes. The years ended December 31, 2015 and 2014 include our $500.0 million 4.6% Senior Notes.

(g) The year ended December 31, 2013 includes the $300.0 million unsecured term loan obtained in July 2013, or the Unsecured Term Loan, and the year ended December 31, 2012 includes the $175.0 million term loan facility (Note 11), which was drawn down in full in connection with the CPA®:15 Merger.

(h) Represents scheduled payments of mortgage principal and prepayments of mortgage principal. Prepayments of mortgage principal were $91.6 million and $220.8 million for the years ended December 31, 2015 and 2014, respectively.

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 provide the reader with information that will assist in understanding our financial statements and the reasons for changes in certain key components of our financial statements from period to period. Management's Discussion and Analysis of Financial Condition and Results of Operations also provides the reader with our perspective on our financial position and liquidity, as well as certain other factors that may affect our future results. The discussion also provides information about the financial results of the segments of our business 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 included in Item 8 of this Report and the matters described under Item 1A. Risk Factors.

Business Overview

We provide long-term financing via sale-leaseback and build-to-suit transactions for companies worldwide and, as of December 31, 2015, manage a global investment portfolio of 1,336 properties, including 869 net-leased properties and three operating properties within our owned real estate portfolio. Our business operates in two segments – Real Estate Ownership and Investment Management, as described below.

Real Estate Ownership — We own and invest in commercial properties, primarily in the United States and Europe, that are then leased to companies, primarily on a triple-net lease basis, which requires the tenant to pay substantially all of the costs associated with operating and maintaining the property. We earn lease revenues from our wholly-owned and co-owned real estate investments that we control. In addition, we generate equity earnings through our investments in the shares of the Managed REITs and certain co-owned real estate investments that we do not control. In addition, through our ownership of special member interests in the operating partnerships of the Managed REITs, we participate in the cash flows of those REITs.

Investment Management — We earn revenue as the advisor to the Managed Programs. Under the advisory agreements with the Managed Programs, we perform various services, including but not limited to the day-to-day management of the Managed Programs and transaction-related services. We earn dealer manager fees in connection with the public offerings of the Managed Programs. We structure and negotiate investments and debt placement transactions for the Managed REITs, for which we earn structuring revenue, and we manage their portfolios of real estate investments, for which we earn asset-based management revenue. In addition, we generate equity earnings (losses) through our investment in the shares of CCIF. The Managed Programs reimburse us for certain costs that we incur on their behalf, consisting primarily of broker-dealer commissions and marketing costs while we are raising funds for their public offerings, and certain personnel and overhead costs.

Economic Overview

In the United States, the overall economic environment was marked by very moderate growth during 2015. Gross domestic product expanded 2.4% and inflation, as measured by the CPI, finished the year relatively flat, up 0.7%, in part due to the negative impact from declining energy prices. The labor market continued to gain momentum as the unemployment rate ended the year at 5.0%. Progress in the job market contributed to the decision by the Federal Reserve System to raise interest rates for the first time in nearly a decade. In December 2015, the Federal Reserve System raised its key interest rate 0.25%. While interest rates finished the year slightly up from 2014, they remained at historically low levels. The movement in rates coupled with widening spreads and receding equity valuations led to an increase in the cost of capital for many domestic REITs during the year. However, strong demand for commercial properties from investors kept commercial property yields, or capitalization rates, at compressed levels as competition

for assets, including net-leased properties, remained high. Additionally, development levels in certain sectors increased over prior years as public and private investors sought additional yield. Despite increased development starts, new supply remains at relatively low levels historically.

In Europe, the economic recovery continued to be slow in most northern and western European countries despite stimulus efforts by the European Central Bank. Inflation remained relatively unchanged, with the Harmonized Index of Consumer Prices up 0.2% year-over-year. The United Kingdom and Germany experienced better growth and lower unemployment figures relative to most of their European peers and Spain’s economy continued to gain momentum. However, similar to 2014, many other European countries, including those considered emerging economies, operated at recessionary levels consisting of negative economic growth and high unemployment. In December 2015, the European Central Bank lowered the depository facility rate to -0.3% and announced the extension of its quantitative easing program to help spur economic growth and inflation. The divergent monetary policies between the Federal Reserve System and the European Central Bank have led to

more attractive long-term borrowing rates in Europe and a further weakening of the euro against the U.S. dollar. From December 31, 2014 to December 31, 2015, the euro depreciated by approximately 10% against the U.S. dollar. Consistent with 2014, higher capitalization rates on commercial properties with similar risk profiles to those in the United States in conjunction with lower borrowing rates have created a favorable climate for investing in net-lease assets in Europe. However, the commercial property market gained traction in Europe as investment volumes increased, causing overall capitalization rates to experience some compression during the year.

Significant Developments

Change in Management

On February 10, 2016, we announced that Mark J. DeCesaris, a member of our board of directors, was appointed Chief Executive Officer, effective immediately. Mr. DeCesaris succeeded Trevor P. Bond, who resigned as Chief Executive Officer and as a director to pursue other interests. Mr. DeCesaris has served on our board of directors since 2012 and previously served in various capacities for W. P. Carey from 2005 until 2013, including as our Chief Financial Officer (Note 19).

Strategic Alternatives

On February 10, 2016, we announced that we are continuing to review a range of strategic alternatives and are being advised by J.P. Morgan Securities LLC in this process.

Real Estate Ownership

Investment Transactions

During 2015, we acquired seven foreign investments totaling $605.7 million and two domestic investments totaling $83.0 million, inclusive of acquisition-related costs (Note 5), which included:

- one investment in 73 auto dealership properties in various locations in the United Kingdom;
- a logistics facility in Rotterdam, the Netherlands;
- a retail facility in Bad Fischau, Austria;
- a logistics facility in Oskarshamn, Sweden;
- an office building in Sunderland, United Kingdom;
- one investment in three truck and bus service facilities in Gersthofen and Senden, Germany and Leopoldsdorf, Austria;
- one investment in six hotel properties in various locations in the United States;
- one investment in ten car dealerships in various locations in the Netherlands; and
- an office facility in Irvine, California.

We have an active capital recycling program, with a goal of extending our average lease term and 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. As part of our capital recycling program, we sold 12 domestic properties and two international properties during 2015 for total gross proceeds of $38.5 million (Note 16).

Financing Transactions

Since January 1, 2015, we increased our unsecured borrowings and our borrowing capacity by more than $1.5 billion in the aggregate (Note 11), as follows:

- On January 15, 2015, we exercised the accordion feature on our Senior Unsecured Credit Facility, which increased the maximum borrowing capacity under our Revolver from $1.0 billion to $1.5 billion. We also amended the Senior Unsecured Credit Facility as follows: (i) established a new $500.0 million accordion feature that, if exercised, subject to lender commitments, would increase our maximum borrowing capacity under our Revolver to $2.0 billion and bring the Senior Unsecured Credit Facility to $2.25 billion, and (ii) increased the amount under our Revolver that may be borrowed in certain currencies other than the U.S. dollar from the equivalent of $500.0 million to $750.0 million.
- On January 21, 2015, we issued €500.0 million ($591.7 million) of 2.0% Senior Euro Notes, at a price of 99.22% of par value, in a registered public offering. These 2.0% Senior Euro Notes have an eight-year term and are scheduled to mature on January 20, 2023.

- On January 26, 2015, we issued $450.0 million of 4.0% Senior Notes, at a price of 99.372% of par value, in a registered public offering. These 4.0% Senior Notes have a ten-year term and are scheduled to mature on February 1, 2025.
- On January 29, 2016, we exercised our option to extend the maturity of our Term Loan Facility by an additional year to January 31, 2017.

Foreign Currency Fluctuation

We own investments outside the United States, primarily in Europe, Australia, and Asia, and as a result, are subject to risk from exchange rate fluctuations in various foreign currencies, primarily the euro. The average exchange rate of the U.S. dollar in relation to the euro decreased by approximately 16.5% during 2015 compared to 2014, resulting in a negative impact on the results of operations for our euro-denominated investments during 2015 compared to 2014. We try to manage our exposure related to fluctuations in exchange rates of the U.S. dollar relative to the respective currencies of our foreign operations by entering into hedging arrangements utilizing derivatives instruments such as foreign currency forward contracts and collars. We also try to manage our exposure related to fluctuations in the exchange rate between the U.S. dollar and the euro by incurring debt denominated in the euro, including euro-denominated non-recourse debt, the Senior Euro Notes, and our ability to draw down on our Revolver in euros (as well as other currencies).

At-The-Market Equity Offering Program

On June 3, 2015, we filed a prospectus supplement with the SEC pursuant to which we may offer and sell shares of our common stock, up to an aggregate gross sales price of $400.0 million through our ATM offering program (Note 13). As of the date of this Report, we have not issued any shares pursuant to this ATM program.

Investment Management

During 2015, we managed CPA®:17 – Global, CPA®:18 – Global, CWI 1, CWI 2, and CCIF.

Investment Transactions

During 2015, we earned $92.1 million in structuring revenue related to the following transactions on behalf of the Managed Programs:

- We structured investments in 12 properties, two loans receivable, and one equity investment for an aggregate of $366.9 million, inclusive of acquisition-related costs, on behalf of CPA®:17 – Global. Approximately $205.2 million was invested in Europe and $161.7 million was invested in the United States.
- We structured investments in 66 properties for an aggregate of $1.1 billion, inclusive of acquisition-related costs, on behalf of CPA®:18 – Global. Approximately $571.4 million was invested in the United States and $565.2 million was invested internationally.
- We structured investments in seven domestic hotels for a total of $706.9 million, inclusive of acquisition-related costs, on behalf of CWI 1. One of these investments is jointly-owned with CWI 2.
- We structured investments in three domestic hotels for a total of $323.5 million, inclusive of acquisition-related costs, on behalf of CWI 2. One of these investments is jointly-owned with CWI 1.

Financing Transactions

- During 2015, we arranged mortgage financing totaling $170.2 million for CPA®:17 – Global, $566.7 million for CPA®:18 – Global, $317.9 million for CWI 1, and $142.0 million for CWI 2.

- In August 2015, we arranged a credit agreement for CPA®:17 – Global, which provides for a $200.0 million senior unsecured revolving credit facility and a $50.0 million delayed-draw term loan facility. As a result, our board of directors terminated its previous authorization to provide loans of up to $75.0 million to CPA®:17 – Global for the purpose of facilitating acquisitions (Note 4).
- In December 2015, we arranged a credit agreement for CWI 1, which provides for a $50.0 million senior unsecured revolving credit facility. As a result, our board of directors terminated its previous authorization to provide loans to CWI 1 for the purpose of facilitating acquisitions (Note 4).
- In December 2015, we arranged a credit agreement for CCIF, which provides for a $175.0 million senior unsecured term loan credit facility.

Investor Capital Inflows

During 2015, we earned $4.8 million in Dealer manager fees related to the following offerings on behalf of the Managed Programs:

- CPA®:18 – Global commenced its initial public offering in May 2013 and, through the termination of its offering in April 2015, raised approximately $1.2 billion, of which $100.4 million was raised during 2015.
- CWI 2 commenced its initial public offering in the first quarter of 2015 and began to admit new stockholders on May 15, 2015 (Note 2). Through December 31, 2015, CWI 2 had raised approximately $247.0 million through its offering.
- In July 2015, the registration statements on Form N-2 for the CCIF Feeder Funds were each declared effective by the SEC. The registration statements enable the CCIF Feeder Funds to sell common shares up to $1.0 billion and to invest that equity capital into CCIF, which is the master fund in a master-feeder structure. The CCIF Feeder Funds intend to invest the proceeds that they raise through their respective public offerings into the master fund, CCIF. The advisor to CCIF is wholly owned by us. Through December 31, 2015, the Feeder Funds have invested $2.0 million in CCIF.

Proposed Regulatory Changes

The SEC has approved amendments to the rules of the Financial Industry Regulatory Authority, Inc. applicable to securities of unlisted REITs, such as the Managed REITs, and direct participation programs, such as the Managed BDCs. The amendments are scheduled to become effective on April 11, 2016. The rule changes provide, among other things, that: (i) Financial Industry Regulatory Authority, Inc. members, such as our broker dealer subsidiary, Carey Financial, LLC, include in customer account statements the net asset value per share, of the unlisted entity that have been developed using a methodology reasonably designed to ensure the net asset value per share's reliability; and (ii) net asset value per share disclosed from and after 150 days following the second anniversary of the admission of shareholders of the unlisted entity's public offering be based on an appraised valuation developed by, or with the material assistance of, a third-party expert and updated on at least an annual basis, which is consistent with our current practice regarding our Managed REITs. The rule changes also propose that account statements include additional disclosure regarding the sources of distributions to shareholders of unlisted entities. It is not practicable at this time to determine whether these rules will adversely affect market demand for shares of unlisted REITs and direct participation programs. We will continue to assess the potential impact of the rule changes on our Investment Management business.

In April 2015, the DOL issued a proposed regulation that would substantially expand the range of activities that would be considered to be fiduciary investment advice under ERISA and the Internal Revenue Code. Since the proposal's issuance, the DOL has received extensive commentary from industry participants and other regulatory authorities. In addition, there have been requests from Congress for greater cooperation with the SEC and the Financial Industry Regulatory Authority, Inc. to eliminate regulatory conflict within the existing proposal. The DOL has made public statements indicating that it intends to make modifications to the recent proposal. It is difficult to assess what the final form of the proposal will be and if it will ultimately be adopted. As a result, we are unable to determine at this time whether this proposed regulation will adversely affect our role as advisors to the Managed Programs or impact the operations of our Managed Programs. We will continue to monitor developments regarding the proposed regulation.

New Tax Legislation

The Protecting Americans from Tax Hikes Act of 2015, or the PATH Act, was enacted on December 18, 2015. The PATH Act makes significant changes to the Internal Revenue Code and contains various provisions that affect us, including several pertaining to REIT qualification and taxation, as summarized below:

- For taxable years beginning after December 31, 2017, the PATH Act reduces the limit for which the value of our assets may consist of stock or securities of one or more TRSs to 20% from 25%;
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- Effective December 18, 2015, the PATH Act increases the maximum ownership permitted under the exemption from the Foreign Investment in Real Property Tax Act of 1980, or FIRPTA, for publicly-traded REITs from 5% to 10%;
- For distributions made in taxable years beginning after December 31, 2014, the preferential dividend rules no longer apply to publicly-offered REITs. A dividend is preferential unless it is distributed pro rata, with no preference to any share of stock compared to other shares of the same class of stock;
- Effective for taxable years beginning after December 31, 2015, the PATH Act conforms tax deductibility with deductibility for computing "earnings and profits." A REIT's current earnings and profits are not reduced by any amount unless the REIT can deduct such amount from its current year's taxable income.

- Effective for taxable years beginning after December 31, 2015, the PATH Act expands the safe harbor that allows a REIT to sell property with an aggregate tax basis or fair market value up to 20% of its aggregate tax basis, as compared to 10% previously. REITs may be subject to a prohibited transaction tax if the REIT engages in frequent property sales. A safe-harbor applies if, among other requirements, the tax basis or fair market value of the property sold by the REIT in any given year does not exceed 10% of the aggregate tax basis, or aggregate fair market values of all of the REIT assets as of the beginning of the year;
- The PATH Act extends the deductibility of "bonus depreciation" until December 31, 2019. The tax deduction for bonus depreciation pertains to all businesses, which are permitted to immediately deduct 50 percent of certain investment costs; and
- Effective for taxable years beginning after December 31, 2015, the PATH Act permanently extends the 15-year straight-line cost recovery period for qualified leasehold improvements, which had previously ended on December 31, 2014. Without the qualification, the tax deductible recovery period for leasehold improvements is up to 39 years.

Financial Highlights

Our results for the year ended December 31, 2015 as compared to 2014 included the following significant items:

- Lease revenues from properties acquired during 2015 were $32.5 million;
- Lease revenues and property level contribution from properties acquired in the CPA®:16 Merger on January 31, 2014 increased by $9.7 million and $3.3 million, respectively, for the full year ended December 31, 2015 as compared to the 11 months ended December 31, 2014;
- We recognized an aggregate of $22.8 million in lease termination income, including $15.0 million related to a property classified as held for sale (Note 16) during 2015;
- Structuring revenue increased by $20.9 million for 2015 as compared to 2014, primarily due to higher investment volume for CPA®:17 – Global and CPA®:18 – Global. We also recognized structuring revenue from CWI 2 in 2015, which completed its first acquisition in May 2015;
- Asset management revenue increased by $11.9 million for 2015 as compared to 2014, primarily as a result of the growth in assets under management due to investment volume for CPA®:17 – Global, CPA®:18 – Global, CWI 1, and CWI 2;
- We reversed $25.0 million of liabilities for German real estate transfer taxes (Note 7) in 2015, which is reflected in Merger, property acquisition, and other expenses in the consolidated financial statements;
- We recognized impairment charges totaling $29.9 million on 12 properties and a parcel of vacant land and an allowance for credit losses of $8.7 million on a direct financing lease during 2015 (Note 6, Note 9); and
- We incurred expenses of $5.7 million related to our review of a range of strategic alternatives during 2015, as described above.

Our results for the year ended December 31, 2014 as compared to 2013 included the following significant items:

- Lease revenues and property level contribution from properties acquired in the CPA®:16 Merger on January 31, 2014 were $250.5 million and $142.6 million, respectively, for the period through December 31, 2014, including the impact of properties subsequently sold during 2014 and 2015;
- We recognized a Gain on change in control of interests of $105.9 million in connection with the CPA®:16 Merger during 2014 (Note 3);
- We received an aggregate of $13.5 million in lease termination income in connection with the early termination of two leases during the second quarter of 2014;
- Asset management revenue from CPA®:16 – Global decreased by $16.3 million for 2014 as compared to 2013 due to the cessation of asset management fees from CPA®:16 – Global upon completion of the CPA®:16 Merger on January 31, 2014;
- We incurred interest expense on our 4.6% Senior Notes issued in March 2014 of $18.5 million during 2014 (Note 11);

- We incurred costs in connection with the CPA®:16 Merger of $30.5 million during 2014;
- We issued 30,729,878 shares on January 31, 2014 to stockholders of CPA®:16 – Global as part of the merger consideration in connection with the CPA®:16 Merger;
- We paid cash distributions on shares issued in connection with the CPA®:16 Merger totaling $84.0 million during 2014; and
- We issued 4,600,000 shares in the Equity Offering in September 2014.

(in thousands, except shares)

	Years Ended December 31,		
	2015	2014	2013
Real estate revenues (excluding reimbursable tenant costs)	$712,616	$620,521	$302,651
Investment management revenues (excluding reimbursable costs from affiliates)	147,098	132,851	100,314
Total revenues (excluding reimbursable costs)	859,714	753,372	402,965
Net income attributable to W. P. Carey [(a)]	172,258	239,826	98,876
Cash distributions paid	403,555	347,902	220,395
Net cash provided by operating activities	477,277	399,092	207,908
Net cash used in investing activities	(645,185)	(640,226)	(6,374)
Net cash provided by (used in) financing activities	152,537	343,140	(210,588)
Supplemental financial measure:			
Adjusted funds from operations attributable to W. P. Carey (AFFO) [(b)]	531,202	480,466	294,151
Diluted weighted-average shares outstanding [(c)] [(d)]	106,507,652	99,827,356	69,708,008

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(a) Amount for the year ended December 31, 2014 includes a Gain on change in control of interests of $105.9 million recognized in connection with the CPA®:16 Merger (Note 3).

(b) We consider the performance metrics listed above, including Adjusted funds from operations, previously referred to as Funds from operations – as adjusted, or AFFO, a supplemental measure that is not defined by GAAP, referred to as a non-GAAP measure, to be important measures in the evaluation of our results of operations and capital resources. We evaluate our results of operations with a primary focus on the ability to generate cash flow necessary to meet our objective of funding distributions to stockholders. See Supplemental Financial Measures below for our definition of this non-GAAP measure and a reconciliation to its most directly comparable GAAP measure.

(c) Amount for the year ended December 31, 2014 includes the dilutive impact of the 4,600,000 shares issued in the Equity Offering on September 30, 2014 and the 30,729,878 shares issued to stockholders of CPA®:16 – Global in connection with the CPA®:16 Merger on January 31, 2014.

(d) Amount for the year ended December 31, 2013 includes the dilutive impact of the 28,170,643 shares issued to stockholders of CPA®:15 in connection with the CPA®:15 Merger on September 28, 2012.

Consolidated Results

Revenues and Net Income Attributable to W. P. Carey

2015 vs. 2014 — Total revenues increased in 2015 as compared to 2014, primarily due to increases within our Real Estate Ownership segment. The growth in revenues within our Real Estate Ownership segment was generated substantially from the nine investments we acquired during 2015 (Note 5) and the properties we acquired in the CPA®:16 Merger on January 31, 2014, which we owned for the full year ended December 31, 2015 (Note 3). Additionally, total revenues within our Investment Management segment improved as a result of increases in structuring revenue and asset management revenue, due to higher investment volume on behalf of the Managed REITs in 2015 as compared to 2014, which increased our assets under management. These increases were partially offset by the impact of the decrease in the average exchange rate of the U.S. dollar in relation to foreign currencies (primarily the euro) during 2015 as compared to 2014. Net income attributable to W. P. Carey decreased in 2015 as compared to 2014, primarily due to a Gain on change in control of interests of $105.9 million recognized in connection with the CPA®:16 Merger during 2014 (Note 3), income from properties in discontinued operations recognized during 2014,

and an increase in interest expense described below in Results of Operations, partially offset by the increase in total revenues during 2015 as compared to 2014 described above, the reversal of liabilities for German real estate transfer taxes recognized in 2015 (Note 7), lease termination income related to a domestic property classified as held for sale (Note 16), and an increase in the distributions of Available Cash we received from the Managed REITs, which was driven by growth in assets under management (Note 4).

2014 vs. 2013 — Total revenues and Net income attributable to W. P. Carey increased significantly in 2014 as compared to 2013, primarily due to increases within our Real Estate Ownership Segment. The growth in revenues and income within our Real Estate Ownership segment was generated substantially from the properties we acquired in the CPA®:16 Merger on January 31, 2014 (Note 3). Additionally, total revenues and Net income within our Investment Management segment increased as a result of a significant increase in structuring revenue due to higher investment volume on behalf of the Managed REITs in 2014 as compared to 2013.

Net Cash Provided by Operating Activities

2015 vs. 2014 — Net cash provided by operating activities increased in 2015 as compared to 2014, primarily due to operating cash flow generated from properties we acquired during 2014 and 2015 and the properties we acquired in the CPA®:16 Merger in January 2014, as well as increases in structuring revenue and asset management revenue received in cash from the Managed REITs.

2014 vs. 2013 — Net cash provided by operating activities increased significantly in 2014 as compared to 2013, primarily due to operating cash flow generated from the properties we acquired in the CPA®:16 Merger, which was partially offset by a decrease in cash received for providing asset-based management services to the Managed REITs because we no longer provided such services to CPA®:16 – Global after the completion of the CPA®:16 Merger.

AFFO

2015 vs. 2014 — AFFO increased in 2015 as compared to 2014, primarily due to income generated from the nine investments we acquired during 2015, the full year effect of the CPA®:16 Merger, the increases in structuring revenue and asset management revenue described above, and the increase in distributions of Available Cash we received from the Managed REITs, partially offset by the impact of the decrease in the average exchange rate of the U.S. dollar in relation to foreign currencies (primarily the euro) during 2015 as compared to 2014.

2014 vs. 2013 — AFFO increased significantly in 2014 as compared to 2013, primarily due to income generated from the properties we acquired in the CPA®:16 Merger and an increase in Structuring revenue due to higher investment volume on behalf of the Managed REITs in 2014, partially offset by the cessation of asset management revenue received from CPA®:16 – Global after the completion of the CPA®:16 Merger.

Portfolio Overview

We intend to continue to acquire a diversified portfolio of income-producing commercial real estate properties and other real estate-related assets. We expect to make these investments both domestically and internationally. 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,		
	2015	2014	2013
Number of net-leased properties [(a)]	869	783	418
Number of operating properties [(b)]	3	4	2
Number of tenants (net-leased properties)	222	219	128
Total square footage (net-leased properties, in thousands)	90,120	87,300	39,500
Occupancy (net-leased properties)	98.8 %	98.6 %	98.9 %
Weighted-average lease term (net-leased properties, in years)	9.0	9.1	8.1

Number of countries	19	18	10
Total assets (consolidated basis, in thousands)	$8,754,673	$8,648,479	$4,678,950
Net investments in real estate (consolidated basis, in thousands)	5,826,544	5,656,555	2,803,634

	Years Ended December 31,		
	2015	2014	2013
Financing obtained (in millions, pro rata amount equals consolidated amount) [(c)]	$1,541.7	$1,750.0	$415.6
Acquisition volume (in millions, pro rata amount equals consolidated amount) [(d)]	688.7	906.9	347.1
New equity investments (in millions)	—	25.0	—
Average U.S. dollar/euro exchange rate [(e)]	1.1099	1.3295	1.3284
Change in the U.S. CPI [(f)]	0.7 %	0.8 %	1.5 %
Change in the German CPI [(f)]	0.3 %	0.2 %	1.4 %
Change in the French CPI [(f)]	0.2 %	0.1 %	0.7 %
Change in the Spanish CPI [(f)]	0.1 %	(1.0)%	0.3 %
Change in the Finnish CPI [(f)]	(0.2)%	0.5 %	1.6 %

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(a) Net-leased properties as of December 31, 2015 and 2014 included 335 properties acquired from CPA®:16 – Global in the CPA®:16 Merger in January 2014 with a total fair value of approximately $3.7 billion (Note 3), eight of which were sold during 2015 and 11 of which were sold during 2014.

(b) At December 31, 2015, operating properties included one self-storage property with an occupancy of 90.8%, as well as two hotel properties acquired from CPA®:16 – Global in the CPA®:16 Merger with an average occupancy of 80.9% for 2015. During 2015, we sold one self-storage property (Note 16). At December 31, 2014, operating properties included two self-storage properties and the two hotel properties acquired from CPA®:16 – Global in the CPA®:16 Merger. At December 31, 2013, operating properties were held within one consolidated investment in 20 self-storage properties, which was jointly-owned with an unrelated third-party and two employees, as well as a hotel and a wholly-owned self-storage property. We sold 19 of the jointly-owned self-storage properties and the hotel in the fourth quarter of 2013.

(c) The amount for 2015 represents the exercise of the accordion feature under our Senior Unsecured Credit Facility in January 2015, which increased our borrowing capacity under our Revolver by $500.0 million, and the issuances of the €500.0 million 2.0% Senior Euro Notes and $450.0 million 4.0% Senior Notes in January 2015. The amount for 2014 includes our $500.0 million 4.6% Senior Notes and our $1.25 billion Senior Unsecured Credit Facility. The amount for 2013 includes a $300.0 million Unsecured Term Loan, which was repaid in full and terminated on January 31, 2014 when we entered into our Senior Unsecured Credit Facility (Note 11).

(d) Amounts for 2015 and 2014 include acquisition-related costs, certain of which were expensed in the consolidated financial statements.

(e) The average exchange rate for the U.S. dollar in relation to the euro decreased during 2015 as compared to 2014 and increased during 2014 as compared to 2013, resulting in a negative impact on earnings in 2015 and a positive impact on earnings in 2014 from our euro-denominated investments.

(f) Many of our lease agreements include contractual increases indexed to changes in the CPI or similar indices in the jurisdictions in which the properties are located.

Net-Leased Portfolio

The tables below represent information about our net-leased portfolio at December 31, 2015 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
(in thousands, except percentages)

Tenant/Lease Guarantor	Property Type	Tenant Industry	Location	Number of Properties	ABR	Percent	
Hellweg Die Profi-Baumärkte GmbH & Co. KG [(a)]	Retail	Retail Stores	Germany	53	$33,016	4.8	%
U-Haul Moving Partners Inc. and Mercury Partners, LP	Self Storage	Cargo Transportation, Consumer Services	Various U.S.	78	31,853	4.6	%
Carrefour France SAS [(a)]	Warehouse	Retail Stores	France	16	26,972	3.9	%
State of Andalucia [(a)]	Office	Sovereign and Public Finance	Spain	70	25,697	3.7	%
Pendragon Plc [(a)]	Retail	Retail Stores, Consumer Services	United Kingdom	73	24,405	3.5	%
Marriott Corporation	Hotel	Hotel, Gaming and Leisure	Various U.S.	18	19,774	2.9	%
True Value Company	Warehouse	Retail Stores	Various U.S.	7	15,071	2.2	%
OBI Group [(a)]	Retail	Retail Stores	Poland	18	14,818	2.1	%
UTI Holdings, Inc.	Learning Center	Consumer Services	Various U.S.	6	14,638	2.1	%
Advanced Micro Devices, Inc.	Office	High Tech Industries	Sunnyvale, CA	1	12,769	1.8	%
Total				340	$219,013	31.6	%

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

Portfolio Diversification by Geography
(in thousands, except percentages)

Region	ABR	Percent		Square Footage	Percent	
United States						
East						
New Jersey	$25,969	3.8	%	1,724	2.0	%
North Carolina	19,486	2.8	%	4,518	5.0	%
Pennsylvania	18,327	2.6	%	2,526	2.8	%
New York	17,742	2.6	%	1,178	1.3	%
Massachusetts	14,786	2.1	%	1,390	1.5	%
Virginia	7,992	1.2	%	1,093	1.2	%
Other [(a)]	22,745	3.3	%	4,703	5.2	%
Total East	127,047	18.4	%	17,132	19.0	%
West						
California	57,426	8.3	%	3,624	4.0	%
Arizona	25,916	3.8	%	2,928	3.3	%
Colorado	10,304	1.5	%	1,268	1.4	%
Utah	7,198	1.0	%	960	1.1	%
Other [(a)]	20,135	2.9	%	2,297	2.5	%
Total West	120,979	17.5	%	11,077	12.3	%
South						
Texas	47,377	6.8	%	6,811	7.6	%
Georgia	24,817	3.6	%	3,065	3.4	%
Florida	17,977	2.6	%	1,855	2.1	%
Tennessee	13,440	1.9	%	1,804	2.0	%
Other [(a)]	8,122	1.2	%	1,848	2.1	%
Total South	111,733	16.1	%	15,383	17.2	%
Midwest						
Illinois	26,092	3.8	%	3,741	4.2	%
Michigan	11,662	1.7	%	1,380	1.5	%
Indiana	9,141	1.3	%	1,418	1.6	%
Ohio	7,234	1.0	%	1,647	1.8	%
Missouri	7,003	1.0	%	1,305	1.4	%
Other [(a)]	21,956	3.2	%	3,584	4.0	%
Total Midwest	83,088	12.0	%	13,075	14.5	%
United States Total	442,847	64.0	%	56,667	63.0	%
International						
Germany	58,425	8.5	%	7,131	7.9	%
France	41,649	6.0	%	7,836	8.7	%
United Kingdom	40,510	5.8	%	2,681	2.9	%
Spain	27,200	3.9	%	2,927	3.2	%
Finland	19,301	2.8	%	1,979	2.2	%
Poland	16,662	2.4	%	2,189	2.4	%
The Netherlands	14,056	2.0	%	2,233	2.5	%

Australia	10,014	1.4	%	3,160	3.5	%
Other [(b)]	21,956	3.2	%	3,317	3.7	%
International Total	249,773	36.0	%	33,453	37.0	%
Total	$692,620	100.0	%	90,120	100.0	%

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

Property Type	ABR	Percent	Square Footage	Percent
Office	$207,956	30.0 %	14,000	15.5 %
Industrial	170,616	24.6 %	34,075	37.8 %
Warehouse	119,847	17.3 %	24,834	27.6 %
Retail	108,327	15.7 %	9,912	11.0 %
Self Storage	31,853	4.6 %	3,536	3.9 %
Other Properties [c]	54,021	7.8 %	3,763	4.2 %
Total	$692,620	100.0 %	90,120	100.0 %

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(a) Other properties in the East include assets in Connecticut, South Carolina, Kentucky, Maryland, New Hampshire, and West Virginia. Other properties in the West include assets in Washington, New Mexico, Nevada, Oregon, Wyoming, and Alaska. Other properties in the South include assets in Louisiana, Alabama, Arkansas, Mississippi, and Oklahoma. Other properties in the Midwest include assets in Minnesota, Kansas, Wisconsin, Nebraska, and Iowa.

(b) Includes assets in Norway, Austria, Hungary, Sweden, Belgium, Canada, Mexico, Thailand, Malaysia, and Japan.

(c) Includes ABR from tenants within the following property types: learning center, hotel, theater, sports facility, and residential.

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

Industry Type	ABR	Percent	Square Footage	Percent
Retail Stores	$139,973	20.2 %	20,943	23.2 %
Consumer Services	58,927	8.5 %	5,008	5.5 %
High Tech Industries	46,070	6.7 %	3,225	3.6 %
Automotive	39,116	5.6 %	6,599	7.3 %
Sovereign and Public Finance	38,522	5.6 %	3,408	3.8 %
Beverage, Food and Tobacco	33,807	4.9 %	7,371	8.2 %
Hotel, Gaming and Leisure	33,759	4.9 %	2,254	2.5 %
Healthcare and Pharmaceuticals	31,434	4.5 %	2,173	2.4 %
Cargo Transportation	30,866	4.5 %	4,229	4.7 %
Media: Advertising, Printing and Publishing	29,825	4.3 %	1,895	2.1 %
Containers, Packaging and Glass	26,644	3.8 %	5,326	5.9 %
Capital Equipment	26,295	3.8 %	4,932	5.4 %
Construction and Building	19,834	2.9 %	4,224	4.7 %
Business Services	17,794	2.6 %	1,849	2.1 %
Telecommunications	16,743	2.4 %	1,188	1.3 %
Wholesale	14,370	2.1 %	2,806	3.1 %
Durable Consumer Goods	10,990	1.6 %	2,485	2.8 %
Aerospace and Defense	10,508	1.5 %	1,183	1.3 %
Grocery	10,347	1.5 %	1,260	1.4 %
Chemicals, Plastics and Rubber	9,840	1.4 %	1,088	1.2 %
Metals and Mining	9,623	1.4 %	1,413	1.6 %
Oil and Gas	7,737	1.1 %	368	0.4 %
Non-Durable Consumer Goods	7,667	1.1 %	1,883	2.1 %
Banking	7,202	1.0 %	596	0.7 %
Other [(a)]	14,727	2.1 %	2,414	2.7 %
Total	$692,620	100.0 %	90,120	100.0 %

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(a) Includes ABR from tenants in the following industries: insurance; electricity; media: broadcasting and subscription; forest products and paper; environmental industries; and consumer transportation. Also includes square footage for vacant properties.

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

Year of Lease Expiration [a]	Number of Leases Expiring	ABR	Percent		Square Footage	Percent	
December 31, 2015 [b]	4	$6,350	0.9	%	269	0.3	%
2016 [c]	14	18,052	2.6	%	1,870	2.1	%
2017	15	12,749	1.9	%	2,420	2.7	%
2018	29	56,393	8.2	%	8,106	9.0	%
2019	26	42,470	6.1	%	3,990	4.4	%
2020	24	35,998	5.2	%	3,548	3.9	%
2021	79	41,524	6.0	%	6,682	7.4	%
2022	36	61,812	8.9	%	8,443	9.4	%
2023	14	37,034	5.3	%	4,882	5.4	%
2024	43	92,278	13.3	%	11,689	13.0	%
2025	44	34,169	4.9	%	3,645	4.0	%
2026	22	21,128	3.1	%	3,118	3.5	%
2027	25	41,968	6.1	%	6,277	7.0	%
2028	10	23,140	3.3	%	2,987	3.3	%
2029	13	23,387	3.4	%	3,534	3.9	%
Thereafter	85	144,168	20.8	%	17,590	19.5	%
Vacant	—	—	—	%	1,070	1.2	%
Total	483	$692,620	100.0	%	90,120	100.0	%

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(a) Assumes tenant does not exercise any renewal option.
(b) Reflects ABR for leases that expired on December 31, 2015
(c) A month-to-month lease with ABR of $0.1 million is included in 2016 ABR.

Terms and Definitions

Pro Rata Metrics —The portfolio information above contains certain metrics prepared under the pro rata consolidation method. We refer to these metrics as pro rata metrics. We have a number of investments, usually with our affiliates, in which our economic ownership is less than 100%. Under the full consolidation method, we report 100% of the assets, liabilities, revenues, and expenses of those investments that are deemed to be under our control or for which we are deemed to be the primary beneficiary, even if our ownership is less than 100%. Also, for all other jointly-owned investments, we report our net investment and our net income or loss from that investment. Under the pro rata consolidation method, we generally present our proportionate share, based on our economic ownership of these jointly-owned investments, of the assets, liabilities, revenues, and expenses of those investments.

ABR — ABR represents contractual minimum annualized base rent for our net-leased properties. ABR is not applicable to operating properties.

Results of Operations

We have two reportable segments: Real Estate Ownership 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 Ownership segment as well as assets owned by the Managed Programs, which are managed by our Investment Management segment. We focus our efforts on improving underperforming assets through re-leasing efforts, including negotiation of lease renewals, or selectively selling assets in order to increase value in our real estate portfolio. The ability to increase assets under management by structuring investments on behalf of the Managed Programs is affected, among other things, by our ability to raise capital on behalf of the Managed Programs and our ability to identify and enter into appropriate investments and related financing on their behalf.

Real Estate Ownership

The following table presents the comparative results of our Real Estate Ownership segment (in thousands):

	Years Ended December 31,					
	2015	2014	Change	2014	2013	Change
Revenues						
Lease revenues	$656,956	$573,829	$83,127	$573,829	$299,624	$274,205
Operating property revenues	30,515	28,925	1,590	28,925	956	27,969
Lease termination income and other	25,145	17,767	7,378	17,767	2,071	15,696
Reimbursable tenant costs	22,832	24,862	(2,030)	24,862	13,314	11,548
	735,448	645,383	90,065	645,383	315,965	329,418
Operating Expenses						
Depreciation and amortization:						
Net-leased properties	271,985	229,210	42,775	229,210	117,271	111,939
Operating properties	4,251	3,889	362	3,889	178	3,711
	276,236	233,099	43,137	233,099	117,449	115,650
Property expenses:						
Net-leased properties	23,039	13,244	9,795	13,244	5,213	8,031
Reimbursable tenant costs	22,832	24,862	(2,030)	24,862	13,314	11,548
Operating property expenses	22,119	20,847	1,272	20,847	577	20,270
Property management fees	7,041	3,634	3,407	3,634	2,292	1,342
	75,031	62,587	12,444	62,587	21,396	41,191
General and administrative	47,676	38,797	8,879	38,797	18,993	19,804
Impairment charges	29,906	23,067	6,839	23,067	4,741	18,326
Merger, property acquisition, and other expenses	(9,908)	34,465	(44,373)	34,465	9,230	25,235
Stock-based compensation expense	7,873	12,659	(4,786)	12,659	7,153	5,506
	426,814	404,674	22,140	404,674	178,962	225,712
Segment Net Operating Income	308,634	240,709	67,925	240,709	137,003	103,706
Other Income and Expenses						
Interest expense	(194,326)	(178,122)	(16,204)	(178,122)	(103,728)	(74,394)
Equity in earnings of equity method investments in the Managed REITs and real estate	52,972	44,116	8,856	44,116	52,731	(8,615)
Other income and (expenses)	1,952	(14,505)	16,457	(14,505)	8,420	(22,925)
Gain on change in control of interests	—	105,947	(105,947)	105,947	—	105,947
	(139,402)	(42,564)	(96,838)	(42,564)	(42,577)	13
Income from continuing operations before income taxes	169,232	198,145	(28,913)	198,145	94,426	103,719
(Provision for) benefit from income taxes	(17,948)	916	(18,864)	916	(4,703)	5,619
Income from continuing operations before gain on sale of real estate	151,284	199,061	(47,777)	199,061	89,723	109,338
Income from discontinued operations, net of tax	—	33,318	(33,318)	33,318	38,180	(4,862)
Gain (loss) on sale of real estate, net of tax	6,487	1,581	4,906	1,581	(332)	1,913
Net Income from Real Estate Ownership	157,771	233,960	(76,189)	233,960	127,571	106,389

Net income attributable to noncontrolling interests	(10,961)	(5,573)	(5,388)	(5,573)	(33,056)	27,483
Net Income from Real Estate Ownership Attributable to W. P. Carey	$146,810	$228,387	$(81,577)	$228,387	$94,515	$133,872

Lease Composition and Leasing Activities

As of December 31, 2015, 94.9% of our net leases, based on ABR, have rent increases, of which 70.2% have adjustments based on CPI or similar indices and 24.7% have fixed rent increases. CPI and similar rent adjustments are based on formulas indexed to changes in the CPI, or other similar indices for the jurisdiction in which the property is located, some of which have caps and/or floors. Over the next 12 months, fixed rent escalations are scheduled to increase ABR by an average of 2.6%. We own international investments and, therefore, lease revenues from these investments are subject to exchange rate fluctuations in various foreign currencies, primarily the euro.

The following discussion presents a summary of rents on existing properties arising from leases with new tenants, or second generation leases, and renewed leases with existing tenants for the periods presented and, therefore, does not include new acquisitions for our portfolio during that period. For a discussion about our leasing activities for the prior periods presented in this Report, please see our Annual Report on Form 10-K for the year ended December 31, 2014, as filed with the SEC on March 2, 2015, as amended by a Form 10-K/A filed with the SEC on March 17, 2015.

During 2015, we entered into 14 new leases for a total of approximately 1.6 million square feet of leased space. The average rent for the leased space is $6.74 per square foot. We provided a tenant improvement allowance on seven of these leases totaling $7.1 million. In addition, during 2015, we extended 16 leases with existing tenants for a total of approximately 3.6 million square feet of leased space. The estimated average new rent for the leased space is $5.25 per square foot, and the average in place former rent was $5.54 per square foot, reflecting current market conditions. We provided a tenant improvement allowance on three of these leases totaling $5.8 million.

Property Level Contribution

Property level contribution includes lease and operating property revenues, less property expenses, and depreciation and amortization. When a property is leased on a net-lease basis, reimbursable tenant costs are recorded as both income and property expense and, therefore, have no impact on the property level contribution. The following table presents the property level contribution for our consolidated net-leased and operating properties as well as a reconciliation to Segment net operating income (in thousands):

	Years Ended December 31,					
	2015	2014	Change	2014	2013	Change
Existing Net-Leased Properties						
Lease revenues	$266,442	$281,132	$(14,690)	$281,132	$279,765	$1,367
Property expenses	(3,228)	(1,050)	(2,178)	(1,050)	(2,038)	988
Depreciation and amortization	(100,327)	(105,895)	5,568	(105,895)	(106,276)	381
Property level contribution	162,887	174,187	(11,300)	174,187	171,451	2,736
Net-Leased Properties Acquired in the CPA®:16 Merger						
Lease revenues	258,219	248,470	9,749	248,470	—	248,470
Property expenses	(12,618)	(5,802)	(6,816)	(5,802)	—	(5,802)
Depreciation and amortization	(99,913)	(100,298)	385	(100,298)	—	(100,298)
Property level contribution	145,688	142,370	3,318	142,370	—	142,370
Recently Acquired Net-Leased Properties						
Lease revenues	117,073	30,263	86,810	30,263	6,455	23,808
Property expenses	(6,738)	(2,615)	(4,123)	(2,615)	(260)	(2,355)
Depreciation and amortization	(56,700)	(14,584)	(42,116)	(14,584)	(3,169)	(11,415)
Property level contribution	53,635	13,064	40,571	13,064	3,026	10,038
Properties Sold or Held for Sale						
Lease revenues	15,222	13,964	1,258	13,964	13,404	560
Operating revenues	327	491	(164)	491	443	48
Property expenses	(636)	(4,015)	3,379	(4,015)	(3,154)	(861)
Depreciation and amortization	(15,102)	(8,515)	(6,587)	(8,515)	(7,906)	(609)
Property level contribution	(189)	1,925	(2,114)	1,925	2,787	(862)
Operating Properties						
Revenues	30,188	28,434	1,754	28,434	513	27,921
Property expenses	(21,938)	(20,609)	(1,329)	(20,609)	(338)	(20,271)
Depreciation and amortization	(4,194)	(3,807)	(387)	(3,807)	(98)	(3,709)
Property level contribution	4,056	4,018	38	4,018	77	3,941
Property Level Contribution	366,077	335,564	30,513	335,564	177,341	158,223
Add: Lease termination income and other	25,145	17,767	7,378	17,767	2,071	15,696
Less other expenses:						
General and administrative	(47,676)	(38,797)	(8,879)	(38,797)	(18,993)	(19,804)
Impairment charges	(29,906)	(23,067)	(6,839)	(23,067)	(4,741)	(18,326)
Merger, property acquisition, and other expenses	9,908	(34,465)	44,373	(34,465)	(9,230)	(25,235)
Stock-based compensation expense	(7,873)	(12,659)	4,786	(12,659)	(7,153)	(5,506)
Property management fees	(7,041)	(3,634)	(3,407)	(3,634)	(2,292)	(1,342)
Segment Net Operating Income	$308,634	$240,709	$67,925	$240,709	$137,003	$103,706

Existing Net-Leased Properties

Existing net-leased properties are those that we acquired or placed into service prior to January 1, 2013 and that were not sold during the periods presented. For the periods presented, there were 320 existing net-leased properties.

2015 vs. 2014 — For the year ended December 31, 2015 as compared to 2014, property level contribution from existing net-leased properties decreased by $11.3 million, primarily due to a decrease of $7.6 million as a result of the decrease in the average exchange rate of the U.S. dollar in relation to foreign currencies (primarily the euro) between the years. In addition, property level contribution from existing net-leased properties decreased by $3.8 million as a result of lease restructurings, which reduced lease revenues earned from these properties.

2014 vs. 2013 — For the year ended December 31, 2014 as compared to 2013, property level contribution from existing net-leased properties increased by $2.7 million, primarily due to an increase of $2.7 million as a result of scheduled rent increases at several properties. This increase was partially offset by a decrease of $1.4 million as a result of the restructuring of leases at several properties.

Net-Leased Properties Acquired in the CPA®:16 Merger

For the periods presented, there were 314 net-leased properties acquired in the CPA®:16 Merger in January 2014 (Note 3).

2015 vs. 2014 — For the year ended December 31, 2015 as compared to 2014, property level contribution from net-leased properties acquired in the CPA®:16 Merger increased by $3.3 million, primarily due to an increase of $23.7 million representing activity for the 12 months ended December 31, 2015 as compared to activity for the 11 months ended December 31, 2014. This increase was partially offset by a decrease of $11.7 million as a result of the decrease in the average exchange rate of the U.S. dollar in relation to foreign currencies (primarily the euro) between the periods. In addition, during the year ended December 31, 2015, we recorded an allowance for credit losses of $8.7 million on a direct financing lease due to a decline in the estimated amount of future payments we will receive from the tenant, including the possible early termination of the direct financing lease (Note 6), which reduced the property level contribution recognized from this investment.

Recently Acquired Net-Leased Properties

Recently acquired net-leased properties are those that we acquired or placed into service subsequent to December 31, 2012, excluding those acquired in the CPA®:16 Merger. During 2015, we acquired nine investments with total ABR of approximately $47.2 million. During 2014, we acquired ten investments with total ABR of approximately $55.4 million. During 2013, we acquired seven investments with total ABR of approximately $22.4 million.

2015 vs. 2014 — For the year ended December 31, 2015 as compared to 2014, property level contribution from recently acquired net-leased properties increased by $40.6 million, primarily due to an increase of $45.1 million as a result of new investments we acquired during 2015 and 2014, partially offset by a decrease of $4.5 million a result of the decrease in the average exchange rate of the U.S. dollar in relation to foreign currencies (primarily the euro) between the years.

2014 vs. 2013 — For the year ended December 31, 2014 as compared to 2013, property level contribution from recently acquired net-leased properties increased by $10.0 million as a result of new investments we acquired during 2014 and 2013.

Properties Sold or Held for Sale

Properties sold or held for sale discussed in this section represent only those properties that did not qualify for classification as discontinued operations. In addition to the impact on property level contribution related to properties we sold or classified as held for sale during the periods presented, we recognized gains and losses on sale of real estate, lease termination income, impairment charges, and a loss on extinguishment of debt. The impact of these transactions is described in further detail below. We discuss properties sold or held-for sale that did qualify for classification as discontinued operations under Other Revenues and Expenses, and Income from Discontinued Operations, Net of Tax, below and in Note 16.

In the fourth quarter of 2015, we executed a lease amendment with a tenant in a domestic office building. The amendment extended the lease term an additional 15 years to January 31, 2037 and provided a one-time rent payment of $25.0 million, which was paid to us on December 18, 2015. The lease amendment also provided an option to terminate the lease effective February 29, 2016, with additional lease termination fees of $22.2 million to be paid to us on or five days before February 29, 2016 upon exercise of the option. The tenant exercised the option on January 1, 2016. The aggregate of the additional rent

payment of $25.0 million and the lease termination fees of $22.2 million are being amortized to lease termination income from the lease amendment date on December 4, 2015 through the end of the lease term on February 29, 2016, resulting in $15.0 million recognized during the year ended December 31, 2015 within Lease termination income and other in the consolidated financial statements. In connection with the lease amendment, we defeased the mortgage loan encumbering the property with a principal balance of $36.5 million, and recognized a loss on extinguishment of debt of $5.3 million, which was included in Other income and (expenses) in the consolidated financial statements. In addition, during the fourth quarter of 2015 we entered into an agreement to sell the property to a third party, and the buyer placed a deposit of $12.7 million for the purchase of the property that is being held in escrow. At December 31, 2015, this property was classified as held for sale (Note 16).

During the year ended December 31, 2015, we sold 14 properties. At December 31, 2015, we had two properties classified as held for sale, including the property described above. Property level contribution from properties sold or held for sale for the year ended December 31, 2015 was $0.2 million. As a result of the lease termination for the domestic property described above, lease revenues increased by $6.8 million for the year ended December 31, 2015 as compared to 2014, due to accelerated amortization of below-market rent intangibles, which is recorded as an adjustment to lease revenues. In addition, for the same property, depreciation and amortization increased by $9.1 million for the year ended December 31, 2015 as compared to 2014, due to accelerated amortization of in-place lease intangibles, which is included in depreciation and amortization.

During the year ended December 31, 2014, we sold 13 properties, including a property subject to a direct financing lease that we acquired in the CPA®:16 Merger and a parcel of land that was conveyed to the local government. At December 31, 2014, we also had four properties classified as held for sale. Property level contribution from properties sold or held for sale for the year ended December 31, 2014 was $1.9 million.

During the year ended December 31, 2013, we sold one investment in a property subject to a direct financing lease. Property level contribution from properties sold or held for sale for the year ended December 31, 2013 was $2.8 million.

Operating Properties

Operating properties consist of our investments in two hotels acquired in the CPA®:16 Merger for 2015 and 2014, and one self-storage property for all periods presented.

2015 vs. 2014 — For the year ended December 31, 2015 as compared to 2014, property level contribution from operating properties was substantially the same.

2014 vs. 2013 — For the year ended December 31, 2014 as compared to 2013, property level contribution from operating properties increased by $3.9 million, primarily as a result of the two hotels we acquired in the CPA®:16 Merger.

Other Revenues and Expenses

Lease Termination Income and Other

2015 — For the year ended December 31, 2015, lease termination income and other was $25.1 million, primarily consisting of:

- $15.0 million of lease termination income related to a domestic property classified as held for sale (Note 16);
-

- $2.7 million in lease termination income related to a tenant paying us at the end of the lease term for costs associated with repairs the tenant was required to make under the terms of the lease;
- $2.4 million of other income in connection with the termination by the buyer of a purchase and sale agreement on one of our properties; and
- $2.7 million of lease termination income due to the early termination of two leases during the first quarter of 2015.

2014 — For the year ended December 31, 2014, lease termination income and other was $17.8 million, primarily consisting of lease termination income from the early termination of three leases.

2013 — For the year ended December 31, 2013, lease termination income and other was $2.1 million, primarily consisting of miscellaneous tenant income.

General and Administrative

As discussed in Note 4, certain personnel costs (i.e., those not related to our senior management, our legal transactions team, or our investments team) and overhead costs are charged to the CPA® REITs and our Real Estate Ownership Segment based on the trailing 12-month reported revenues of the Managed REITs and us. Personnel costs related to our senior management, our legal transactions team, and our investments team are allocated to our Real Estate Ownership Segment based on the trailing 12-month investment volume. We began to allocate personnel and overhead costs to the CWI REITs on January 1, 2014 and to the Managed BDCs on October 8, 2015 based on the time incurred by our personnel.

2015 vs. 2014 — For the year ended December 31, 2015 as compared to 2014, general and administrative expenses in the Real Estate Ownership segment increased by $8.9 million, primarily due to an increase of $5.5 million in general and
administrative expenses related to a shift in expenses allocable to our Real Estate Ownership segment as a result of the CPA®:16 Merger, in accordance with the allocation formula outlined above. In addition, commissions to investment officers
related to our real estate acquisitions increased by $3.4 million due to higher acquisition volume in our owned portfolio during 2015.

2014 vs. 2013 — For the year ended December 31, 2014 as compared to 2013, general and administrative expenses in the Real Estate Ownership segment increased by $19.8 million, primarily due to higher compensation costs and professional fees. Compensation costs increased by $15.0 million primarily due to the increased allocation of personnel costs to the Real Estate Ownership segment resulting from the increased revenues in that segment after the CPA®:16 Merger. Additionally, total compensation costs were higher due to an increase in both headcount and acquisition-related commissions. Professional fees increased by $3.8 million primarily due to consulting fees associated with the planned implementation of our new accounting software system, which occurred in the first quarter of 2015.

Impairment Charges

Where the undiscounted cash flows for an asset are less than the asset's carrying value when considering and evaluating the various alternative courses of action that may occur, we recognize an impairment charge to reduce the carrying value of the asset to its estimated fair value. Further, when we classify an asset as held for sale, we carry the asset at the lower of its current carrying value or its fair value, less estimated cost to sell. Our impairment charges are more fully described in Note 9.

2015 — For the year ended December 31, 2015, we recognized impairment charges totaling $29.9 million to reduce the carrying values of certain assets to their estimated fair values, consisting of the following:

- $8.7 million recognized on a property due to the expected expiration of its related lease;
- $6.9 million recognized on a property that will be demolished in accordance with a plan to redevelop the property;
- $6.9 million recognized on two properties and a parcel of vacant land that are expected to be sold;
- $4.1 million recognized on three properties that were sold or classified as held for sale (Note 16); and
- $3.3 million recognized on five properties as a result of other-than-temporary declines in the estimated fair values of the buildings' residual values.

2014 — For the year ended December 31, 2014, we recognized impairment charges totaling $23.1 million to reduce the carrying values of certain assets to their estimated fair values, consisting of the following:

- $14.0 million recognized on a property as a result of the tenant not renewing its lease;
- $8.5 million recognized on 13 properties that were sold; and
- $0.6 million recognized on two properties as a result of other-than-temporary declines in the estimated fair values of the buildings' residual values.

2013 — For the year ended December 31, 2013, we recognized an impairment charge of $4.7 million on a property in France that was sold. This impairment was the result of writing down the property's carrying value to its estimated fair value in connection with the tenant vacating the property.

See Equity in earnings of equity method investments in the Managed Programs and real estate and Income from Discontinued Operations below for additional impairment charges incurred.

Merger, Property Acquisition, and Other Expenses

Property acquisition expenses consist primarily of acquisition-related costs incurred on investments that were accounted for as business combinations, which were required to be expensed under current accounting guidance.

2015 — For the year ended December 31, 2015, Merger, property acquisition, and other expenses included a reversal of $25.0 million of liabilities for German real estate transfer taxes that were previously recorded in connection with both the CPA®:15 Merger in September 2012 and the restructuring of a German investment, Hellweg Die Profi-Baumärkte GmbH & Co. KG, or Hellweg 2, in October 2013 (Note 7). Based on the German tax authority's revocation of its previous position on the application of a ruling in Federal German tax court, the obligation to pay the transfer taxes in connection with these transactions was no longer deemed probable of occurring. This benefit was partially offset by property acquisition expenses of $11.5 million and expenses of $3.6 million incurred related to our continuing review of a range of strategic alternatives, as discussed in Significant Developments above.

2014 — For the year ended December 31, 2014, Merger, property acquisition, and other expenses were $34.5 million, which consisted of merger-related expenses of $30.5 million and property acquisition expenses of $4.0 million. Merger-related expenses during 2014 represent costs incurred in connection with the CPA®:16 Merger, which was completed on January 31, 2014.

2013 — For the year ended December 31, 2013, Merger, property acquisition, and other expenses were $9.2 million, which consisted of merger-related expenses of $5.0 million and property acquisition expenses of $4.2 million. Merger-related expenses during 2013 represent costs incurred in connection with the CPA®:16 Merger, the agreement for which was announced in July 2013.

Stock-based Compensation Expense

For a description of our equity plans and awards, please see Note 14.

2015 vs. 2014 — For the year ended December 31, 2015 as compared to 2014, stock-based compensation expense allocated to the Real Estate Ownership segment decreased by $4.8 million, primarily due to the higher value of restricted share unit, or RSU, and performance share unit, or PSU, awards that vested in 2014 as compared to the RSU and PSU awards granted in 2015.

2014 vs. 2013 — For the year ended December 31, 2014 as compared to 2013, stock-based compensation expense allocated to the Real Estate Ownership segment increased by $5.5 million, primarily due to an increase in owned real estate as a result of the CPA®:16 Merger.

Interest Expense

2015 vs. 2014 — For the year ended December 31, 2015 as compared to 2014, interest expense increased by $16.2 million as a result of an increase in average outstanding borrowings, partially offset by a lower weighted-average interest rate and the impact of the weakening of foreign currencies (primarily the euro) in relation to the U.S. dollar. Average outstanding indebtedness increased to $4.6 billion during 2015 as compared to $3.7 billion during 2014. Our weighted-average interest rate decreased to 4.2% during 2015 as compared to 4.6% during 2014. The decrease in the average exchange rate of the U.S. dollar in relation to foreign currencies between the years resulted in an $8.2 million decrease in interest expense in 2015 as compared to 2014. During 2014, interest expense included $8.0 million related to the amortization of a mortgage loan premium related to an international mortgage loan that matured in December 2014.

2014 vs. 2013 — For the year ended December 31, 2014 as compared to 2013, interest expense increased by $74.4 million, primarily due to an increase of $71.0 million as a result of mortgage loans assumed in connection with our acquisition of properties from CPA®:16 – Global in the CPA®:16 Merger. In addition, interest expense increased by $18.5 million as a result of the issuance of the 4.6% Senior Notes in March 2014 (Note 11). These increases were partially offset by decreases in interest expense of $12.2 million as a result of repayments of several non-recourse mortgage loans, as part of our plan to become a primarily unsecured borrower, during the years ended December 31, 2014 and 2013 (Note 11), and $2.4 million as a result of refinancing several mortgage loans at lower interest rates during 2013.

Equity in Earnings of Equity Method Investments in the Managed REITs and Real Estate

Equity in earnings of equity method investments in the Managed REITs and real estate is recognized in accordance with the investment agreement for each of our equity method investments. In addition, we are entitled to receive distributions of Available Cash (Note 3) from the operating partnerships of each of the Managed REITs. The net income of our unconsolidated investments fluctuates based on the timing of transactions, such as new leases and property sales, as well as the level of impairment charges. The following table presents the details of our Equity in earnings of equity method investments in the Managed REITs and real estate (in thousands):

	Years Ended December 31,		
	2015	2014	2013
Equity in earnings of equity method investments in the Managed REITs:			
Equity in earnings of equity method investments in the Managed REITs [a]	$692	$1,694	$2,886
Other-than-temporary impairment charges on the Special Member Interest in CPA®:16 – Global's operating partnership, net of related deferred revenue earned [a] [b]	—	(28)	(6,891)
Distributions of Available Cash: [b]			
CPA®:16 – Global	—	4,751	15,182
CPA®:17 – Global	24,668	20,427	16,899
CPA®:18 – Global	6,317	1,778	92
CWI 1	7,120	4,096	1,948
CWI 2	301	—	—
Equity in earnings of equity method investments from the Managed REITs	39,098	32,718	30,116
Equity in earnings of other equity method investments in real estate:			
Equity investments acquired in the CPA®:16 Merger [a] [c]	9,509	8,306	4,048
Existing equity investments [d]	3,090	1,300	1,428
Recently acquired equity investment [e]	1,275	1,018	—
Equity investments sold [f]	—	82	17,486
Equity investments consolidated after the CPA®:16 Merger [g]	—	692	(347)
Total equity in earnings of other equity method investments in real estate	13,874	11,398	22,615
Total equity in earnings of equity method investments in the Managed REITs and real estate	$52,972	$44,116	$52,731

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(a) In May 2011, we acquired a special member interest, or the Special Member Interest, in CPA®:16 – Global's operating partnership, which we recorded as an equity investment at fair value with an equal amount recorded as deferred revenue (Note 3). On January 31, 2014, we acquired all the remaining interests in CPA®:16 – Global through the CPA®:16 Merger, and as a result, we now consolidate the operating partnership. See Gain on Change in Control of Interests below for discussion on the gain recognized.

(b) We are entitled to receive distributions of our share of earnings up to 10% of the Available Cash from the operating partnerships of each of the Managed REITs, as defined in their respective operating partnership agreements. Distributions of Available Cash received and earned from the Managed REITs increased primarily as a result of new investments that they entered into during 2015 and 2014.

(c) We acquired our interests or additional interests in these investments in the CPA®:16 Merger in January 2014 (Note 3). Amount for 2013 includes our $8.4 million share of the German real estate transfer tax recorded by the Hellweg 2 investment (Note 7).

(d) Represents equity investments we held prior to January 1, 2013. Equity income on a jointly-owned German investment increased by $2.1 million during the year ended December 31, 2015, representing our share of the bankruptcy proceeds received (Note 7).

(e) During the year ended December 31, 2014, we received a preferred equity position in Beach House JV, LLC, as part of a sale of a property. The preferred equity, redeemable on March 13, 2019, provides us with a preferred rate

of return of 8.5% (Note 7).

(f) We sold one equity investment in the second quarter of 2013 and recognized a gain on the sale of $19.5 million (Note 7). We also sold another equity investment in the fourth quarter of 2013.

(g) We acquired additional interests in these investments from CPA®:16 – Global in the CPA®:16 Merger. Subsequent to the CPA®:16 Merger, we consolidate these majority-owned or wholly-owned investments.

Other Income and (Expenses)

Other income and (expenses) primarily consists of gains and losses on foreign currency transactions, derivative instruments, and extinguishment of debt. We and certain of our foreign consolidated subsidiaries have intercompany debt and/or advances that are not denominated in the functional currency of those subsidiaries. When the short-term intercompany debt or accrued interest thereon is remeasured against the functional currency of the respective subsidiaries, an unrealized gain or loss on foreign currency translation may result. We also recognize gains or losses on foreign currency transactions when we repatriate cash from our foreign investments. In addition, we have certain derivative instruments, including common stock warrants and foreign currency contracts, that are not designated as hedges for accounting purposes, for which realized and unrealized gains and losses are included in earnings. The timing and amount of such gains or losses cannot always be estimated and are subject to fluctuation.

2015 — For the year ended December 31, 2015, net other income was $2.0 million, primarily due to realized gains of $8.0 million related to foreign currency forward contracts, unrealized gains of $4.0 million recognized on interest swaps that did not qualify for hedge accounting, and interest income of $1.7 million recognized on our deposits. These gains were partially offset by net realized and unrealized losses of $6.3 million recognized on foreign currency transactions as a result of changes in foreign currency exchange rates and a net loss on extinguishment of debt of $5.6 million primarily related to the disposition of a property and defeasance of a loan encumbering a property classified as held for sale (Note 16).

2014 — For the year ended December 31, 2014, net other expenses were $14.5 million, primarily due to net realized and unrealized losses of $9.0 million related to changes in foreign currency rates applied to remeasure certain advances to foreign subsidiaries. In addition, we recognized a net loss on extinguishment of debt of $6.9 million in connection with the prepayment of several non-recourse mortgage loans (Note 10). These losses were partially offset by unrealized gains of $3.7 million on the interest rate swaps we acquired from CPA®:15 in the CPA®:15 Merger that did not qualify for hedge accounting.

2013 — For the year ended December 31, 2013, net other income was $8.4 million, primarily due to unrealized gains of $5.1 million recognized on the interest rate swaps acquired from CPA®:15 in the CPA®:15 Merger that did not qualify for hedge accounting, as well as net realized gains of $1.5 million on foreign currency transactions as a result of changes in foreign currency exchange rates on notes receivable from international subsidiaries. We also recognized a $1.2 million net gain on extinguishment of debt in connection with the settlement of several mortgage loans on properties disposed of during the year.

Gain on Change in Control of Interests

2014 — In connection with the CPA®:16 Merger, we recognized a gain on change in control of interests of $75.7 million related to the difference between the carrying value and the preliminary estimated fair value of our previously-held equity interest in shares of CPA®:16 – Global's common stock (Note 3) during 2014.

The CPA®:16 Merger also resulted in our acquisition of the remaining interests in nine investments in which we already had a joint interest and accounted for under the equity method. Due to the change in control of the nine jointly-owned investments that occurred, we recorded a gain on change in control of interests of $30.2 million related to the difference between our carrying values and the preliminary estimated fair values of our previously-held equity interests on January 31, 2014. Subsequent to the CPA®:16 Merger, we consolidate these wholly-owned investments (Note 3). During the year ended December 31, 2014, one of these investments was sold.

(Provision for) Benefit from Income Taxes

2015 vs. 2014 — For the year ended December 31, 2015, we recorded a provision for income taxes of $17.9 million, compared to a benefit from income taxes of $0.9 million recognized during 2014. Current income taxes increased by $10.3 million primarily due to increases in taxable income on foreign properties resulting from the reversal of prior deductions for German real estate transfer taxes and taxable income generated by foreign investments acquired during the fourth quarter of 2014. In addition, during 2014, we reversed a reserve of $3.3 million for unrecognized tax benefits due to expirations of the statutes of limitations. Deferred income taxes increased by $5.3 million due to changes in basis differences on certain foreign properties.

2014 vs. 2013 — For the year ended December 31, 2014, we recognized a benefit from income taxes of $0.9 million, compared to a provision for income taxes of $4.7 million recognized during 2013, primarily due to an increase in benefit from income

taxes of $3.3 million as a result of the expirations of the statutes of limitations on unrecognized tax benefits. In addition, we recognized an increase of $1.7 million of deferred tax benefit associated with basis differences on certain foreign properties, and a decrease of $0.7 million in current federal, foreign, and state franchise taxes recognized on our domestic TRSs and foreign properties.

Income from Discontinued Operations, Net of Tax

The results of operations for properties that have been classified as held for sale or that have been sold prior to January 1, 2014 and the properties that were acquired as held for sale in the CPA®:16 Merger, and with which we have no continuing involvement, are reflected in the consolidated financial statements as discontinued operations. During 2014, we sold nine properties that were classified as held for sale prior to January 1, 2014. In connection with the CPA®:16 Merger, we acquired ten properties that were classified as held for sale from CPA®:16 – Global, all of which were sold during the year ended December 31, 2014. During 2013, we sold 27 properties and reclassified nine properties to Assets held for sale. Results of operations for these properties are included within discontinued operations in the consolidated financial statements for all periods presented.

2014 — For the year ended December 31, 2014, income from discontinued operations, net of tax was $33.3 million, primarily due to a net gain on the sale of 19 properties of $27.7 million and income generated from the operations of these properties of $6.9 million in the aggregate. The income was partially offset by a net loss on extinguishment of debt of $1.2 million recognized in connection with the repayment of several mortgage loans on six of the disposed properties.

2013 — For the year ended December 31, 2013, income from discontinued operations, net of tax was $38.2 million, primarily due to a net gain on the sale of properties of $40.0 million, including a net gain of $39.6 million on the sale of 19 self-storage properties (Note 16), and income generated from the operations of discontinued properties of $9.0 million in the aggregate. The income was partially offset by impairment charges of $8.4 million recorded on several properties to reduce their carrying values to their expected selling prices (Note 9) and a net loss on extinguishment of debt of $2.4 million in connection with the repayment of several mortgage loans on the aforementioned disposed properties.

Gain (Loss) on Sale of Real Estate, Net of Tax

Gain (loss) on sale of real estate, net of tax consists of gain (loss) on the sale of properties that were sold or classified as held for sale and that did not qualify for classification as discontinued operations (Note 16). Properties that were sold in 2014 that were not classified as held for sale at December 31, 2013 or upon acquisition in the CPA®:16 Merger did not qualify for classification as discontinued operations. In addition, properties sold in 2013 that were subject to direct financing leases did not qualify for classification as discontinued operations under current accounting guidance.

2015 — For the year ended December 31, 2015, gain on sale of real estate, net of tax was $6.5 million. During the year ended December 31, 2015, we sold 13 properties and recognized a net gain on these sales, net of tax of $5.9 million. In addition, during July 2015, a domestic vacant property was foreclosed upon and sold, and we recognized a gain of $0.6 million in connection with that disposition.

2014 — For the year ended December 31, 2014, gain on sale of real estate, net of tax was $1.6 million, primarily due to a $6.7 million gain recognized on a property in France that was foreclosed upon and sold, partially offset by a total of $5.1 million of net losses recognized on 13 properties that were sold. During the year ended December 31, 2014, we sold 16 properties, three of which were foreclosed upon, that did not qualify for classification as discontinued operations.

2013 — For the year ended December 31, 2013, loss on sale of real estate, net of tax was $0.3 million reflecting the sale of one property that did not qualify for classification as discontinued operations.

Net Income Attributable to Noncontrolling Interests

2015 vs. 2014 — For the year ended December 31, 2015 as compared to 2014, net income attributable to noncontrolling interests increased by $5.4 million, primarily due to the noncontrolling interest holder's portion of the reversal of reserves for German real estate transfer tax liabilities discussed above.

2014 vs. 2013 — For the year ended December 31, 2014 as compared to 2013, net income attributable to noncontrolling interests decreased by $27.5 million, primarily due to $23.2 million of net income attributable to noncontrolling interests as a result of a net gain recognized in connection with selling 19 self-storage properties during 2013 (Note 16). Net income

attributable to noncontrolling interests also decreased by $3.4 million as a result of acquiring from CPA®:16 – Global in the CPA®:16 Merger the remaining interests in 12 less-than-wholly-owned investments that we had already consolidated.

Net Income from Real Estate Ownership Attributable to W. P. Carey

2015 vs. 2014 — For the year ended December 31, 2015 as compared to 2014, the resulting net income from Real Estate Ownership attributable to W. P. Carey decreased by $81.6 million.

2014 vs. 2013 — For the year ended December 31, 2014 as compared to 2013, the resulting net income from Real Estate Ownership attributable to W. P. Carey increased by $133.9 million.

Investment Management

We earn revenue as the advisor to the Managed Programs. For the periods presented (except as noted), we acted as advisor to the following affiliated, publicly-owned, non-listed Managed Programs: CPA®:16 – Global (through January 31, 2014), CPA®:17 – Global, CPA®:18 – Global (since May 7, 2013), CWI 1, CWI 2 (since February 9, 2015), and CCIF (since February 27, 2015).

The following tables present other operating data that management finds useful in evaluating results of operations (dollars in millions):

	As of December 31,		
	2015	2014	2013
Total properties — Managed REITs [a]	602	519	789
Assets under management — Managed Programs [b]	$11,045.3	$9,231.8	$9,728.4
Cumulative funds raised — CPA®:17 – Global offerings [c] [d]	2,884.5	2,884.5	2,884.5
Cumulative funds raised — CPA®:18 – Global offering [d] [e]	1,243.5	1,143.1	237.3
Cumulative funds raised — CWI 1 offerings [d] [f]	1,153.2	1,153.2	575.8
Cumulative funds raised — CWI 2 offering [d] [g]	247.0	—	—
Cumulative funds raised — CCIF [h]	2.0	—	—

	For the Years Ended December 31,		
	2015	2014	2013
Financings structured — Managed REITs	$1,196.9	$968.0	$1,012.0
Investments structured — Managed REITs	2,533.9	1,880.1	1,425.0
Funds raised — CPA®:17 – Global offerings [c] [d]	—	—	1.3
Funds raised — CPA®:18 – Global offering [d] [e]	100.4	905.8	237.3
Funds raised — CWI 1 offerings [d] [f]	—	577.4	418.3
Funds raised — CWI 2 offering [d] [g]	247.0	—	—
Funds raised — CCIF [h]	2.0	—	—

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(a) Includes properties owned by CPA®:16 – Global, CPA®:17 – Global, and CPA®:18 – Global at December 31, 2013. Includes properties owned by CPA®:17 – Global and CPA®:18 – Global at December 31, 2015 and 2014. Includes hotels owned by CWI 1 for all periods. Includes hotels owned by CWI 2 at December 31, 2015.

(b) Represents the estimated fair value of the real estate assets owned by the Managed REITs, which was calculated by us as the advisor to the Managed REITs based in part upon third-party appraisals, plus cash and cash equivalents, less distributions payable. Amount as of December 31, 2015 also included the fair value of the investment assets, plus cash and cash equivalents, owned by CCIF.

(c) The follow-on offering of CPA®:17 – Global closed in January 2013.

(d) Excludes reinvested distributions through each entity's distribution reinvestment plan.

(e) Reflects funds raised from CPA®:18 – Global's initial public offering, which commenced in May 2013 and closed on April 2, 2015.

(f) Reflects funds raised in CWI 1's initial public offering, which closed on September 15, 2013, and CWI 1's follow-on offering, which commenced on December 20, 2013 and closed on December 31, 2014.

(g) Reflects funds raised since the commencement of CWI 2's initial public offering, which began to admit new stockholders on May 15, 2015.

(h) We began to raise funds on behalf of the CCIF Feeder Funds in the fourth quarter of 2015. Amount represents funding from the Feeder Funds to CCIF.

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

	Years Ended December 31,					
	2015	2014	Change	2014	2013	Change
Revenues						
Structuring revenue	$92,117	$71,256	$20,861	$71,256	$46,589	$24,667
Reimbursable costs	55,837	130,212	(74,375)	130,212	73,572	56,640
Asset management revenue	49,984	38,063	11,921	38,063	42,670	(4,607)
Dealer manager fees	4,794	23,532	(18,738)	23,532	10,856	12,676
Incentive, termination and subordinated disposition revenue	203	—	203	—	199	(199)
	202,935	263,063	(60,128)	263,063	173,886	89,177
Operating Expenses						
Reimbursable costs from affiliates	55,837	130,212	(74,375)	130,212	73,572	56,640
General and administrative	55,496	52,791	2,705	52,791	48,070	4,721
Stock-based compensation expense	13,753	18,416	(4,663)	18,416	30,042	(11,626)
Dealer manager fees and expenses	11,403	21,760	(10,357)	21,760	13,028	8,732
Subadvisor fees	11,303	5,501	5,802	5,501	4,106	1,395
Depreciation and amortization	4,079	4,024	55	4,024	4,373	(349)
Strategic alternative expenses	2,144	—	2,144	—	—	—
Impairment charge	—	—	—	—	553	(553)
	154,015	232,704	(78,689)	232,704	173,744	58,960
Other Income and Expenses						
Equity in loss of equity method investment in Carey Credit Income Fund	(1,952)	—	(1,952)	—	—	—
Other income and (expenses)	161	275	(114)	275	1,001	(726)
	(1,791)	275	(2,066)	275	1,001	(726)
Income from continuing operations before income taxes	47,129	30,634	16,495	30,634	1,143	29,491
(Provision for) benefit from income taxes	(19,673)	(18,525)	(1,148)	(18,525)	3,451	(21,976)
Net Income from Investment Management	27,456	12,109	15,347	12,109	4,594	7,515
Net (income) loss attributable to noncontrolling interests	(2,008)	(812)	(1,196)	(812)	120	(932)
Net loss (income) attributable to redeemable noncontrolling interest	—	142	(142)	142	(353)	495
Net Income from Investment Management attributable to W. P. Carey	$25,448	$11,439	$14,009	$11,439	$4,361	$7,078

Structuring Revenue

We earn structuring revenue when we structure investments and debt placement transactions for the Managed REITs. Structuring revenue is dependent on investment activity, which is subject to significant period-to-period variation.

2015 vs. 2014 — For the year ended December 31, 2015 as compared to 2014, structuring revenue increased by $20.9 million, primarily due to increases of $7.6 million and $5.3 million in structuring revenue earned from CPA®:18 – Global and CPA®:17 – Global, respectively, as a result of higher investment volume in 2015 as compared to 2014. We also recognized $8.1 million of structuring revenue during 2015 from CWI 2, which completed its first acquisition on April 1, 2015.

2014 vs. 2013 — For the year ended December 31, 2014 as compared to 2013, structuring revenue increased by $24.7 million, primarily due to an increase of $37.0 million in structuring revenue earned from CPA®:18 – Global as a result of higher investment volume in 2014 as compared to 2013. This increase was partially offset by decreases of $9.9 million and $2.2

million in structuring revenue earned from CPA®:17 – Global and CWI 1, respectively, as a result of lower investment volumes for each in 2014 as compared to 2013.

Reimbursable Costs

Reimbursable costs represent costs incurred by us on behalf of the Managed Programs, consisting primarily of broker-dealer commissions and marketing and personnel costs, which are reimbursed by the Managed Programs and are reflected as a component of both revenues and expenses.

2015 vs. 2014 — For the year ended December 31, 2015 as compared to 2014, reimbursable costs decreased by $74.4 million, primarily due to decreases of $53.2 million in commissions paid to broker-dealers related to the CPA®:18 – Global initial public offering, which closed on April 2, 2015. In addition, commissions paid to broker-dealers related to CWI 1's follow-on offering, which closed on December 31, 2014, were $46.4 million during 2014. These decreases were partially offset by $16.3 million of commissions paid to broker-dealers during 2015 related to CWI 2's initial public offering, which commenced on May 15, 2015, and increases in personnel costs reimbursed by the Managed REITs of $4.4 million during 2015 as compared to 2014, primarily due to additional headcount.

2014 vs. 2013 — For the year ended December 31, 2014 as compared to 2013, reimbursable costs increased by $56.6 million, primarily due to an increase of $48.6 million in commissions paid to broker-dealers related to the CPA®:18 – Global initial public offering, which commenced in May 2013, and an increase of $13.1 million in commissions paid to broker-dealers related to the CWI 1 public offerings due to the corresponding increase in funds raised in 2014 compared to 2013. These increases were partially offset by a decrease of $4.3 million in personnel costs reimbursed to us by the Managed REITs as a result of the cessation of reimbursements from CPA®:16 – Global after the CPA®:16 Merger.

Asset Management Revenue

We earn asset management revenue from the Managed REITs based on the value of their real estate-related and lodging-related assets under management. We also earn asset management revenue from CCIF based on the average of its gross assets at fair value. This asset management revenue may increase or decrease depending upon (i) increases in the Managed Programs' asset bases as a result of new investments; (ii) decreases in the Managed Programs' asset bases as a result of sales of investments; (iii) increases or decreases in the appraised value of the real estate-related and lodging-related assets in the Managed REIT investment portfolios; and (iv) increases or decreases in the fair value of CCIF's investment portfolio.

2015 vs. 2014 — For the year ended December 31, 2015 as compared to 2014, asset management revenue increased by $11.9 million. Asset management revenue from CPA®:18 – Global increased by $5.0 million, asset management revenue from CWI 1 increased by $4.5 million, and asset management revenue from CPA®:17 – Global increased by $2.6 million, all as a result of the growth in assets under management due to investment volume during 2015. Additionally, asset management revenue from CWI 2 was $1.0 million during 2015 as a result of new investments that it entered into since the commencement of its offering in February 2015. Asset management revenue from CCIF was $0.4 million during 2015. These increases were partially offset by a decrease of $1.4 million as a result of the cessation of asset management revenue earned from CPA®:16 – Global after the CPA®:16 Merger on January 31, 2014.

2014 vs. 2013 — For the year ended December 31, 2014 as compared to 2013, asset management revenue decreased by $4.6 million. Asset management revenue decreased by $16.3 million as a result of the cessation of asset management revenue earned from CPA®:16 – Global after the CPA®:16 Merger on January 31, 2014. This decrease was partially offset by increases of $4.7 million and $4.5 million in 2014 as compared to 2013 from CPA®:17 – Global and CWI 1, respectively, as a result of new investments that these entities entered into during 2013 and 2014. Asset management

revenue from CPA®:18 – Global also increased by $2.5 million as a result of new investments that it entered into since the commencement of its offering in May 2013.

Dealer Manager Fees

As discussed in Note 4, we earned a dealer manager fee of $0.35 per share sold in connection with CPA®:17 – Global's follow-on offering, which closed on January 31, 2013. We also earn a dealer manager fee, depending on the class of common stock sold, of $0.30 or $0.26 per share sold, for the class A common stock and class T common stock, respectively, in connection with CWI 2's initial public offering, which began to admit new stockholders on May 15, 2015. We also earned a $0.30 dealer manager fee per share sold in connection with CWI 1's follow-on offering, which began in December 2013 and terminated in December 2014. In addition, we received dealer manager fees, depending on the class of common stock sold, of $0.30 or $0.21

per share sold, for the class A common stock and class C common stock, respectively, in connection with CPA®:18 – Global's initial public offering, which commenced in May 2013 and closed in April 2015. We also received dealer manager fees of 2.75% - 3.0% based on the selling price of each share sold in connection with the offerings of the CCIF Feeder Funds, which began in the fourth quarter of 2015. We may re-allow a portion of the dealer manager fees to selected dealers in the offerings. Dealer manager fees that were not re-allowed were classified as Dealer manager fees from affiliates in the consolidated financial statements. Dealer manager fees earned are generally offset by costs incurred in connection with the offerings, which are included in Dealer manager fees and expenses in the consolidated financial statements.

2015 vs. 2014 — For the year ended December 31, 2015 as compared to 2014, dealer manager fees decreased by $18.7 million, substantially due to a decrease of $12.8 million in fees earned in connection with the sale of CPA®:18 – Global shares in its initial public offering, primarily resulting from the cessation of sales of its class A shares in June 2014 as well as the closing of the offering on April 2, 2015. In addition, dealer manager fees earned in connection with CWI 1's follow-on offering, which was closed in December 2014, were $9.4 million during the year ended December 31, 2014. These decreases were partially offset by $3.4 million of commissions paid to broker-dealers related to CWI 2's initial public offering during the year ended December 31, 2015.

2014 vs. 2013 — For the year ended December 31, 2014 as compared to 2013, dealer manager fees increased by $12.7 million, primarily due to an increase of $10.3 million in fees earned from CPA®:18 – Global in connection with the sale of its shares in its initial public offering, which commenced in May 2013. Dealer manager fees also increased by $2.4 million as a result of an increase in the fees earned from CWI 1 in connection with its follow-on offering, which commenced on December 20, 2013, due to the higher level of shares sold in 2014 as compared to the shares sold in its initial public offering through its termination on September 15, 2013.

General and Administrative

As discussed in Note 4, during the periods presented certain personnel and overhead costs were charged to the CPA® REITs and our Real Estate Ownership Segment based on the trailing 12-month reported revenues of the Managed REITs and us. Personnel costs related to our senior management, our legal transactions team, and our investments team are allocated to our Real Estate Ownership Segment based on the trailing 12-month investment volume. For our legal transactions team, overhead costs are charged to the Managed REITs according to a fee schedule. We began to allocate personnel and overhead costs to the CWI REITs on January 1, 2014 and to the Managed BDCs on October 8, 2015 based on the time incurred by our personnel.

2015 vs. 2014 — For the year ended December 31, 2015 as compared to 2014, general and administrative expenses increased by $2.7 million, primarily due to an increase in compensation expense for the Investment Management segment of $6.0 million resulting from additional headcount attributable to increased activities of the Managed Programs. This increase was partially offset by a decrease of $2.8 million in other general and administrative expenses allocable to the Investment Management segment resulting from the CPA®:16 Merger.

2014 vs. 2013 — For the year ended December 31, 2014 as compared to 2013, general and administrative expenses increased by $4.7 million, primarily due to (i) an increase of $5.6 million in commissions paid to investment officers as a result of higher investment volume on behalf of the CPA® REITs in 2014 as compared to 2013; (ii) an increase of $4.9 million in professional fees primarily related to consulting fees incurred in connection with the implementation of the software system used in our accounting, tax, and financial reporting functions, which occurred in the first quarter of 2015; (iii) an increase of $3.3 million in bonus expense as a result of increased headcount in 2014 as compared to 2013; and (iv) an increase of $1.4 million in office expense as a result of additional office space obtained during 2013. These increases were partially offset by an increase of $10.1 million in personnel and overhead costs allocated to the Real Estate Ownership segment due to its increased revenues after the CPA®:16 Merger on January 31, 2014.

Stock-based Compensation Expense

For a description of our equity plans and awards, please see Note 14.

2015 vs. 2014 — For the year ended December 31, 2015 as compared to 2014, stock-based compensation expense decreased by $4.7 million, primarily due to the higher value of RSU and PSU awards that vested in 2014 as compared to the RSU and PSU awards granted in February 2015.

2014 vs. 2013 — For the year ended December 31, 2014 as compared to 2013, stock-based compensation expense decreased by $11.6 million, partially due to lower expense on stock awards granted in 2014, as compared to the expense on stock awards granted in 2011, which were substantially vested as of December 31, 2013. In addition, stock-based compensation expense allocated to the Investment Management segment decreased by $4.7 million in 2014 due to the CPA®:16 Merger, which reduced our managed real estate portfolio and increased our owned real estate portfolio.

Dealer Manager Fees and Expenses

Dealer manager fees earned in the public offerings that we manage for the Managed Programs are generally offset by costs incurred in connection with the offerings, which are included in Dealer manager fees and expenses in the consolidated financial statements.

2015 vs. 2014 — For the year ended December 31, 2015 as compared to 2014, dealer manager fees and expenses decreased by $10.4 million, primarily due to a decrease of $11.7 million in expenses paid in connection with the sale of CPA®:18 – Global shares in its initial public offering as a result of a corresponding decrease in funds raised, substantially due to the cessation of sales of its class A shares in June 2014, as well as the closing of its offering on April 2, 2015. In addition, expenses paid in connection with the sale of CWI 1 shares in its follow-on offering, which was closed in December 31, 2014, totaled $7.1 million during 2014. These decreases were partially offset by $8.3 million in expenses paid in connection with the CWI 2 initial public offering, which began to admit new stockholders on May 15, 2015.

2014 vs. 2013 — For the year ended December 31, 2014 as compared to 2013, dealer manager fees and expenses increased by $8.7 million, primarily due to an increase of $7.3 million in expenses paid in connection with the sale of CPA®:18 – Global shares in its initial public offering, which commenced in May 2013. Dealer manager fees and expenses also increased by $1.5 million as a result of an increase in expenses paid in connection with the sale of CWI 1 shares in its follow-on offering, which commenced in December 2013, and its initial public offering, which closed in September 2013, as a result of a corresponding increase in funds raised.

Subadvisor Fees

As discussed in Note 4, we earn investment management revenue from CWI 1, CWI 2, and CPA®:18 – Global. Pursuant to the terms of the subadvisory agreements we have with the third-party subadvisors in connection with both CWI 1 and CWI 2, we pay a subadvisory fee equal to 20% of the amount of fees paid to us by CWI 1 and 25% of the amount of fees paid to us by CWI 2, including but not limited to: acquisition fees, asset management fees, loan refinancing fees, property management fees, and subordinated disposition fees, each as defined in the advisory agreements we have with each of CWI 1 and CWI 2. We also pay to the subadvisor 20% and 25% of the net proceeds resulting from any sale, financing, or recapitalization or sale of securities of CWI 1 and CWI 2, respectively, by us, the advisor. In addition, in connection with the multi-family properties acquired on behalf of CPA®:18 – Global, we entered into agreements with third-party advisors for the acquisition and day-to-day management of the properties, for which we pay 0.75% of the acquisition fees and 0.5% of asset management fees paid to us by CPA®:18 – Global.

2015 vs. 2014 — For the year ended December 31, 2015 as compared to 2014, subadvisor fees increased by $5.8 million, primarily as a result of $2.7 million of fees incurred related to CPA®:18 – Global's acquisitions of several multi-family properties during 2015 and $2.5 million of fees incurred related to CWI 2's acquisitions and operations, which commenced in April 2015.

2014 vs. 2013 — For the year ended December 31, 2014 as compared to 2013, subadvisor fees increased by $1.4 million. Subadvisor fees increased by $0.8 million as a result of an increase in fees earned from CWI 1 as a result of investments CWI 1 entered into during 2014 and 2013, which increased the asset management fees we earned from CWI 1 and the resulting asset management-related fees we paid to the subadvisor. Additionally, subadvisor fees increased by $0.6 million as a result of fees

paid to the third-party advisors in connection with the acquisitions of multi-family and multi-tenant properties that we structured on behalf of CPA®:18 – Global during 2014.

Strategic Alternative Expenses

2015 — For the year ended December 31, 2015, we recorded strategic alternative expenses of $2.1 million, representing advisory expenses incurred in connection with our review of a range of strategic alternatives, as discussed in Significant Developments above.

Impairment Charge

During the year ended December 31, 2013, we recognized an other-than-temporary impairment charge of $0.6 million on an investment in an equity fund. During the fourth quarter of 2013, we received information indicating that the fair value of the equity fund was less than its carrying value. Since the fund is being wound down and the remaining investments have fair values less than their cost, this impairment was deemed other-than-temporary and the carrying value was written down to the estimated fair value (Note 9).

Equity in Loss of Equity Method Investment in Carey Credit Income Fund

In December 2014, we acquired a $25.0 million noncontrolling interest in CCIF (Note 7). The $2.0 million equity in loss of equity method investment in Carey Credit Income Fund recognized during the year ended December 31, 2015 represents our portion of the net loss incurred by CCIF.

(Provision for) Benefit from Income Taxes

2015 vs. 2014 — For the year ended December 31, 2015 as compared to 2014, provision for income taxes increased by $1.1 million. Higher pre-tax income recognized by the TRSs in our Investment Management segment resulted in a $5.9 million increase in provision for income taxes. This increase was partially offset by $4.8 million of income taxes recognized during the year ended December 31, 2014 as a result of the recognition of taxable income associated with accelerated vesting of shares previously issued by CPA®:16 – Global for asset management and performance fees in connection with the CPA®:16 Merger.

2014 vs. 2013 — For the year ended December 31, 2014, we recorded a provision for income taxes of $18.5 million, compared to a benefit from income taxes of $3.5 million recognized during 2013, primarily due to $21.1 million in pre-tax income recognized by our TRSs in the Investment Management segment. In addition, provision for income taxes increased by $4.8 million due to the recognition of taxable income in connection with the CPA®:16 Merger described above. The benefit from income taxes for the year ended December 31, 2013 was primarily due to losses recognized by our TRSs in the Investment Management segment in 2013.

Net Income from Investment Management Attributable to W. P. Carey

2015 vs. 2014 — For the year ended December 31, 2015 as compared to 2014, the resulting net income from Investment Management attributable to W. P. Carey increased by $14.0 million.

2014 vs. 2013 — For the year ended December 31, 2014 as compared to 2013, the resulting net income from Investment Management attributable to W. P. Carey increased by $7.1 million.

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 distributions 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 receipt of proceeds from, and the repayment of, mortgage loans and receipt of lease revenues; the receipt of the annual installment of deferred acquisition revenue and interest thereon from the CPA® REITs; the receipt of the asset management fees in either shares of the Managed Programs' common stock or cash, the timing and characterization of distributions from equity investments in real estate and the Managed Programs, the receipt of distributions of Available Cash from the Managed REITs, and changes in foreign currency exchange rates. Despite these fluctuations, we believe that we will generate sufficient cash

from operations and from equity distributions in excess of equity income in real estate to meet our normal recurring short-term and long-term liquidity needs. We may also use existing cash resources, the proceeds of mortgage loans, unused capacity under our Revolver, net contributions from noncontrolling interests, and the issuance of additional debt or equity securities to meet these needs. We assess our ability to access capital on an ongoing basis. Our sources and uses of cash during the year are described below.

2015

Operating Activities — Net cash provided by operating activities increased by $78.2 million during 2015 as compared to 2014, primarily due to operating cash flow generated from properties we acquired during 2014 and 2015, including the properties we acquired in the CPA®:16 Merger in January 2014, as well as increases in structuring revenue and asset management revenue received in cash from the Managed REITs.

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

During 2015, we used $674.8 million to acquire nine investments and $28.0 million primarily to fund a build-to-suit transaction. We sold 13 properties for net proceeds of $35.6 million. Net funds that were invested in and released from lender-held investment accounts totaled $26.6 million. We used $185.4 million to fund loans to the Managed Programs (Note 4), all of which were repaid during 2015. We received $10.4 million from the repayment of a note receivable from a third party. We also received $8.2 million in distributions from equity investments in the Managed Programs and real estate in excess of cumulative equity income and made $16.2 million in contributions to jointly-owned investments to repay the related non-recourse mortgage loans.

Financing Activities — During 2015, gross borrowings under our Senior Unsecured Credit Facility were $1.0 billion and repayments were $1.3 billion. We received $1.0 billion in net proceeds from the issuances of the 2.0% Senior Euro Notes and 4.0% Senior Notes in January 2015, which we used primarily to pay off the outstanding balance on our Revolver at that time (Note 11). In connection with the issuances of the aforementioned notes, and the exercise of the existing accordion feature under the Senior Unsecured Credit Facility at that time (Note 11), we incurred financing costs totaling $10.9 million. During 2015, we also made scheduled and prepaid mortgage loan principal payments of $90.3 million and $91.6 million, respectively, and drew down $22.7 million on a construction loan in relation to a build-to-suit transaction. We paid distributions to stockholders of $403.6 million, related to the fourth quarter of 2014 and the first, second, and third quarters of 2015, and also paid distributions of $14.7 million to affiliates who hold noncontrolling interests in various entities with us. We recognized windfall tax benefits of $12.5 million in connection with the exercise of employee stock options and the vesting of PSUs and RSUs, which reduced our tax liability to various taxing authorities.

2014

Operating Activities — Net cash provided by operating activities increased by $191.2 million during 2014 as compared to 2013, primarily due to operating cash flow generated from the properties we acquired in the CPA®:16 Merger in January 2014.

Investing Activities — Our investing activities are generally comprised of real estate-related transactions (purchases and sales) and capitalized property-related costs. In connection with the CPA®:16 Merger, we paid $1.3 million, representing the cash portion of the merger consideration paid to CPA®:16 – Global stockholders, and acquired $65.4 million of cash.

During 2014, we sold 32 properties for net proceeds of $285.7 million. We used $898.2 million to acquire 109 properties. Net funds that were invested in escrow accounts totaled $23.7 million. We funded $20.6 million related to a build-to-suit transaction and $5.8 million to make capital improvements to various properties. We also used $18.3 million for corporate capital expenditures, including $14.6 million related to the implementation of the new software system used in our accounting, tax, and financial reporting functions commencing in 2015. We used $7.7 million to purchase marketable securities for defeasance of a mortgage loan. We also funded $25.0 million to acquire our interest in CCIF. We also received $13.1 million in distributions from equity investments in the Managed Programs and real estate in excess of cumulative equity income.

Financing Activities — During 2014, gross borrowings under our Senior Unsecured Credit Facility were $1.8 billion and repayments were $1.4 billion, inclusive of the repayment of a $170.0 million line of credit facility assumed in the CPA®:16 Merger. We received $498.2 million in net proceeds from the issuance of the 4.6% Senior Notes, which we used to pay off the outstanding balance on the Revolver at that time (Note 11). In connection with the Second Amended and Restated Credit Agreement and the issuance of the 4.6% Senior Notes, we paid financing costs totaling $12.3 million. During the year ended

December 31, 2014, in connection with our long-term plan to become a primarily unsecured borrower, we used $220.8 million to prepay 20 non-recourse mortgage loans. We also made scheduled mortgage loan principal payments of $205.0 million and drew down $20.4 million on a construction loan in relation to a build-to-suit transaction. We received $282.2 million in net proceeds from the issuance of shares in the Equity Offering, which we used in part to pay down a portion of the outstanding balance on the Revolver at that time. We paid distributions to stockholders of $347.9 million related to the fourth quarter of 2013 and the first, second, and third quarters of 2014, and in 2014 we also paid distributions of $20.6 million to affiliates who hold noncontrolling interests in various entities with us. We recognized windfall tax benefits of $5.6 million in 2014 in connection with the exercise of employee stock options and the vesting of PSUs and RSUs, which reduced our tax liability to various taxing authorities.

Summary of Financing

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

	December 31,			
	2015		2014	
Carrying Value				
Fixed rate:				
Non-recourse mortgages	$1,904,469		$2,174,604	
Senior Unsecured Notes [a]	1,486,568		498,345	
	3,391,037		2,672,949	
Variable rate:				
Revolver	485,021		807,518	
Term Loan Facility	250,000		250,000	
Non-recourse debt:				
Amount subject to interest rate swaps and cap	283,810		320,220	
Non-recourse mortgages	43,491		24,299	
Amount of fixed-rate debt subject to interest rate reset features	39,434		13,560	
	1,101,756		1,415,597	
	$4,492,793		$4,088,546	
Percent of Total Debt				
Fixed rate	75	%	65	%
Variable rate	25	%	35	%
	100	%	100	%
Weighted-Average Interest Rate at End of Year				
Fixed rate	4.8	%		