AR Global

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In last year's letter to our shareholders, I commented on the highly volatile equity markets that we witnessed in 2016 due to several headlines, most notably the United Kingdom's decision to leave the European Union, instability in China's stock market prompting a global selloff, and the beginning of a presidential administration change here in our country. Despite the volatility and uncertainty in the broader global markets that we witnessed, the S&P 500 finished 2016 up an impressive 12%. At the conclusion of 2017, it is hard to argue that the results of the U.S stock markets have been anything but astonishing, as it surpassed the gains of last year, finishing up 22%. Another continued trend we saw in 2017 was the disconnect between private sector and public sector real estate valuations, evidenced by the underperformance of the MSCI REIT Index, which returned only 5% in 2017. On the flip side, in the private sector, valuations were healthy across most real estate classes with strong supply/demand fundamentals that we expect will be supported in 2018 by continued GDP growth, employment and wage increases, and interest from both domestic and foreign capital in search of better yields.

After another year of historical stock market highs, retail investors may be asking many questions about their current portfolios. What is the optimal balance of equities in my portfolio? Should I wait for a stock market correction before investing additional capital? Is it better to sell now while markets are high and sit on cash? Most investors have reaped the benefits of our bull equity markets in recent years but now are faced with challenging questions such as these about their portfolio allocations. Adding fuel to this feeling of investing uncertainty are the sweeping changes made to the United States tax code at the end of 2017. These reforms are expected to boost personal savings and lower corporate taxes in the near term, but as the market digests the implications of new tax changes for the first time in decades, including the long term effect on our nation's job creation and budget deficit, investors may be hesitant about any significant investment decisions in 2018.

We at AR Global continue to be proponents of non-traded REITs and believe that our suite of programs offers our current investors the benefits that they need in good and bad markets. Since our firm's inception, the hallmarks of our strategy have been to offer the retail investor a way to invest in commercial real estate to preserve and protect their capital, offer stable income, and non-correlation to the traded markets. While certain things such as stock market performance, volatility in the publicly traded REIT sector, and tax reform are out of our control, we continue to focus our efforts on things that are in our control including new acquisitions and financing opportunities, leasing up vacancy, optimizing our capital structures, and preparing for full cycle liquidity for our remaining non-traded programs. As you will see from the following brief, but comprehensive 2017 update across the platform, our management teams and boards of directors remain committed to driving value for our shareholders.

The AR Global platform at the end of the year stood at close to $10 billion of real estate across 3 non-traded REITs and 1 publicly traded REIT. Our publicly traded REIT, Global Net Lease ("GNL"), finished the year with strong portfolio fundamentals with respect to credit rating, geographic and industry diversification, occupancy, and lease term. GNL was especially busy in 2017 strengthening its capital structure with a newly refinanced credit facility, two preferred equity issuances for over $135 million, the execution of $187 million of CMBS debt, and a successful at-the market-offering. We believe these actions point to continued commitment of our lenders as well as a vote of confidence by large financial institutions in GNL.

2017 was an active year for our domestic net-lease strategy as well, with American Finance Trust ("AFIN") completing its acquisition of American Realty Capital – Retail Centers of America in February and with it adding 35 high quality multi-tenant retail centers to its portfolio. This acquisition not only diversifies AFIN's tenant base but also creates significant size and scale for a future liquidity event. On this last note, AFIN's application to list on the NASDAQ under the symbol "AFIN" was approved by NASDAQ in the third quarter. Although no listing date has been announced yet by AFIN's board of directors, we believe this is an important milestone for the program as it continues to grow its portfolio and evaluate all possible strategic opportunities.

Our New York specific program, American Realty Capital New York City REIT, made significant progress this year in its leasing campaign with over 70,000 square feet of leasing activity through the third quarter of 2017. Our investment thesis is unchanged as we continue to selectively pursue additional acquisitions while implementing our value-add strategy at several of our assets such as 9 Times Square, a 21-story institutional-quality office building located in the heart of Manhattan's main tourism district. We continue to witness strong leasing activity across the portfolio and look forward to reporting more results in coming quarters as we add high quality tenants to our roster.

In December, Healthcare Trust, Inc. ("HTI") announced the close of its acquisition of the 19 properties owned by American Realty Capital Healthcare Trust III for an aggregate purchase price of $120 million, thereby bolstering HTI's portfolio with a strong asset pool consisting primarily of medical office buildings. HTI has been active not only on the acquisitions front, but also on the financing front, announcing in October the expansion of its existing credit facilities by approximately $153 million. With aging demographics in America pointing to continued demand for healthcare services and employment within the sector for the foreseeable future, we continue to be bullish on healthcare real estate fundamentals and the direction of HTI.

In closing, I'd like to thank you for entrusting your capital with AR Global and also reaffirm our conviction in the benefits of your investment in our programs. As you can see from the sample of announcements in 2017, this past year has been one of great progress for our funds as our management teams look to grow and enhance our real estate portfolios, while delivering on the funds' goals of income, preservation of capital, and shielding investors from market volatility. As we look ahead to the new year, we remain committed to our retail investors and devoted to our core principle that AR Global was founded on, which is to put our investors first. Thank you for your support and we look forward to continuing our positive momentum in 2018.

Sincerely,

Michael Weil
Chief Executive Officer
AR Global Investments, LLC