AR Global

December 31, 2019

Dear Shareholders,

Over the past year, we've observed many economic developments in the U.S. and abroad in Europe and Asia. Central banks were busy responding to global economic slowdowns prompted by international trade disputes, most notably between the U.S. and China. In response, central banks around the world adjusted monetary policy by cutting interest rates to stimulate their economies and promote lending and business investment. While most central banks were already in a low interest rate environment, cutting the Federal fund rate in the U.S. marked a major reversal of monetary policy. The Fed rate in 2019 had risen to a high of 2.45%, a level not seen since before the financial crisis and ended the year at the current range of 1.50% to 1.75% after further reductions by the US Federal Reserve. While the Federal Reserve and U.S. investors braced for a slowdown, the American economy remained strong. Economic bright spots included the University of Michigan Consumer Sentiment Index ("UMCSENT"), a measurement of consumer economic expectations and spending, and U.S. retail sales data. The UMCSENT closed the year at 99.3, nearing record highs and well above the multi-year low of 89.8 that was reported during the third quarter, at the peak of the US-China trade war, while retail sales grew 3.5% year-over-year. We expect the U.S. consumer and retail sector to remain strong into 2020.

Escalating tariffs, lower interest rates, and the strength of the U.S. consumer offered a strong environment for AR Global's REITs to execute on attractive acquisition, financing and capital markets opportunities across all of the REITs we advise. American Finance Trust (NASDAQ: AFIN) completed an $87 million Series A Preferred Stock add-on at a lower effective yield than the initial offering and raised an additional $32 million through its ATM program to help fund over $420 million of acquisitions. AFIN also completed an inaugural $242 million asset backed security (ABS) financing which diversified and provided flexibility to its capital structure. Our other publicly traded REIT, Global Net Lease (NYSE: GNL), completed an $86 million Series B Preferred Stock offering at a lower yield than its initial Series A offering while raising an additional $298 million through its ATM programs to help fund acquisitions and pipeline of $673 million. On the non-traded REIT front, Healthcare Trust, Inc ("HTI") completed a $40 million Series A Preferred Stock offering which provided it with capital to fund its acquisitions pipeline of $113 million. HTI's Series A Preferred Stock trades on the NASDAQ under the ticker symbol HTIA and is the first example of NASDAQ traded Preferred shares ever issued by a non-traded REIT. We were extremely active in both the debt and equity capital markets last year as we accessed these markets at opportunistic times and leveraged our banking relationships to create an industry-first security, funding growth and lowering interest expense.

AFIN's portfolio, as of the end of the third quarter 2019, consisted of 771 properties in 46 states and the District of Columbia. Portfolio occupancy was over 95% at over 18 million square feet of rentable space with annual rent escalators of 1.3% and 8.9 years of remaining lease term. Of the straight-line rent generated by the top ten tenants, 82% comes from actual or implied investment grade rated tenants and 66% comes from service retail businesses. We believe the high quality of AFIN's earnings serves as an important differentiator for the company. We are confident that the structure of AFIN's leases will help insulate the REIT from volatility as it continues to provide shareholders with consistent, dependable income through a portfolio of best of class assets.

GNL is entering 2020 well-positioned for steady and deliberate growth through its portfolio of industrial, distribution and office assets net leased on a long-term basis to primarily investment grade tenants. During the year, GNL closed on 39 acquisitions, well balanced between industrial and office properties located primarily in the United States. The weighted average cap rate for these acquisitions was 7.4% with a weighted average remaining lease term of 12.5 years at closing. In December, the company closed on the first part of a $180 million US and European sale-leaseback transaction with a Fortune 150 company. We expect to close on the second part of this transaction early in the first quarter. GNL's $3.5 billion, 264 property, 28.9 square foot real estate portfolio is of the highest quality, producing steady, predicable cash flow that grows with embedded annual rent escalators. As of the third quarter, the portfolio was 99.6% leased with a weighted average lease term remaining of 8.0 years and more than 70.7% of straight-line rent coming from actual or implied investment grade tenants. Over 92.5% of leases have embedded contractual rent growth, providing further predictable upside going forward.

As 2020 begins, HTI continues its focus on two strong healthcare real estate segments: Medical Office Building ("MOB") and Seniors Housing Operating Properties ("SHOP"). HTI's high-quality portfolio as of September 30, 2019 stood at 193 properties comprised of 48% MOB, 43% SHOP and 9% triple net leased properties. During 2019, the company closed on almost $200 million of real estate while maintaining modest net leverage of 38.7%. HTI continued to grow its net operating income, which increased 13% in the third quarter of 2019 over the same quarter in 2018. Funds from Operations ("FFO") increased 29% in the third quarter of 2019 over the third quarter of 2018, in part due to our active management of HTI's portfolio, accretive acquisitions and a continued focus on its capital structure. During the fourth quarter, the issuance of Series A Preferred Stock served as an introduction for HTI to the public markets and the institutional investor community, demonstrated an innovative approach for a non-traded REIT and provided proceeds to help fund its acquisition pipeline.

Lastly, we made significant progress in the leasing program for New York City REIT ("NYCR"), an AR Global advised REIT which invests in New York City real estate, increasing portfolio occupancy to 92.4% at the end of the third quarter, up from 90.3% a year before. These increases were driven by improved occupancy at 123 William Street (now 97% occupied) and the acquisition of three new-construction retail condominium units located at 196 Orchard Street in Manhattan that are leased to CVS, Equinox and Marshalls. We continue to focus on strategic objectives, emphasizing new and renewal leasing activity, maintaining an efficient capital structure and pursuing selective acquisitions.

After a year of uncertainty and change, the equity markets finished at record highs while offering investors an opportunity to take a closer look at their portfolios and adjust allocations. We believe the current economic environment offers an opportune time for REITs to become even more of a natural fit for portfolios focused on income and capital preservation. As I reflect on 2019, I am proud of the steady accomplishments we've realized for each of the four REITs on the AR Global platform. Today these REITs own more than $12 billion in assets and over 1,200 properties located in the United States and Europe, leased to over 2,000 tenants. Our REITs rely on AR Global's professionals across six offices in New York City, San Diego, London, Newport, RI, Luxembourg, and Jenkintown, PA, to provide steady growth and quality of earnings through value enhancing initiatives.

In closing, I would like to thank you for your support and confidence in AR Global and the REITs we advise. We will continue to build long-term value for you through the hard work of our experienced professionals. As we look ahead to 2020 and beyond, we are committed to executing on our investment objectives across our platform in order to achieve steady results for our stockholders.

Sincerely,

Michael Weil

Michael Weil
Chief Executive Officer
AR Global Investments, LLC