



W. P. Carey Announces Third Quarter 2026 Financial Results

New York, NY – October 27, 2026 – W. P. Carey Inc. (NYSE: WPC) (W. P. Carey or the Company), a net lease real estate investment trust, today reported its financial results for the third quarter ended September 30, 2026.

Financial Highlights

	<u>2026 Third Quarter</u>
<i>Net income attributable to W. P. Carey (millions)</i>	\$141.0
<i>Diluted earnings per share</i>	\$0.61
 <i>AFFO (millions)</i>	 \$308.2
<i>AFFO per diluted share</i>	<i>\$1.33</i>

- *Raising and narrowing 2026 AFFO guidance range to between \$5.23 and \$5.29 per diluted share, implying 5.8% year-over-year growth at the midpoint*
- *Raising the low end of the range for the full-year investment volume assumption by \$100 million, narrowing it to between \$1.8 billion and \$2.1 billion*
- *Third quarter cash dividend of \$0.950 per share, equivalent to an annualized dividend rate of \$3.80 per share*

Real Estate Portfolio

- *Investment volume of \$1.6 billion completed year to date, including \$181.9 million during the third quarter and \$143.2 million subsequent to quarter end*
- *Active capital investments and commitments of \$95.2 million scheduled to be completed in the 2026 fourth quarter*
- *Gross disposition proceeds of \$273.2 million during the first nine months of 2026, including \$27.0 million during the third quarter*
- *Contractual same-store rent growth of 2.6% year over year*

Balance Sheet and Capitalization

- *Equity –*
 - *Settled a portion of outstanding forward sale agreements during the third quarter for net proceeds totaling approximately \$150 million*
 - *At the end of the third quarter approximately \$538 million of equity subject to forward sale agreements remained available for settlement*
- *Debt –*
 - *Issued \$350 million of 5.200% Senior Unsecured Notes due 2036, with proceeds used to prepay \$350 million of 4.250% Senior Unsecured Notes due October 2026*

MANAGEMENT COMMENTARY

“We’ve executed at a high level over the first nine months, with investment activity near record levels, strong portfolio performance and best-in-class rent growth all supporting our expectation that AFFO per share growth will approach 6% this year,” said Jason Fox, Chief Executive Officer. “Even though sharply higher interest rates have added some uncertainty to the transaction market, we’re confident full-year investment volume will remain well within our guidance range. We’re raising the bottom end of that range and continue to see a path to the top half.

“As we look ahead to next year, we’re encouraged by the repricing we’re starting to see. If that trend continues, we would expect to see increasingly attractive opportunities to put the substantial capital we’ve raised to work. Combined with the strength of our internal growth and current dividend yield, we believe we’re well positioned to continue delivering attractive total returns to our shareholders.”

QUARTERLY FINANCIAL RESULTS

Revenues

- Revenues, including reimbursable costs, for the 2026 third quarter totaled \$468.3 million, up 8.6% from \$431.3 million for the 2025 third quarter.
 - Lease revenues increased due primarily to net investment activity.
 - Operating property revenues decreased due primarily to the sale of the Company’s self-storage operating portfolio, comprising the sale of 63 properties in 2025 and 11 during the 2026 first quarter.

Net Income Attributable to W. P. Carey

- Net income attributable to W. P. Carey for the 2026 third quarter was \$141.0 million, unchanged from the 2025 third quarter. A lower gain on sale of real estate was substantially offset by the accretive impact of net investment activity and lower impairment charges.

Adjusted Funds from Operations (AFFO)

- AFFO for the 2026 third quarter was \$1.33 per diluted share, up 6.4% from \$1.25 per diluted share for the 2025 third quarter, primarily reflecting accretive net investment activity and rent escalations, partly offset by the settlement of forward equity.

Note: Further information concerning AFFO, which is a non-GAAP supplemental performance metric, is presented in the accompanying tables and related notes.

Dividend

- On September 18, 2026, the Company reported that its Board of Directors increased its quarterly cash dividend to \$0.950 per share, equivalent to an annualized dividend rate of \$3.80 per share, representing a 4.4% increase compared to the 2025 third quarter. The dividend was paid on October 15, 2026 to shareholders of record as of September 30, 2026.

AFFO GUIDANCE

- The Company's AFFO per diluted share guidance and key underlying assumptions have been updated as follows:

	Updated 2026 Guidance	Prior 2026 Guidance
AFFO per diluted share	\$5.23 – \$5.29	\$5.19 – \$5.27
Investment volume	\$1.8 – \$2.1 billion	\$1.7 – \$2.1 billion
Disposition volume	\$350 – \$450 million	\$350 – \$550 million
General and administrative expenses	\$104 – \$106 million	\$103 – \$106 million
Property expenses, excluding reimbursable tenant costs	\$54 – \$57 million	\$54 – \$58 million
Tax expense (on an AFFO basis)	\$40 – \$43 million	\$43 – \$47 million

- The Company has raised and narrowed its AFFO per diluted share guidance range for the 2026 full year, primarily reflecting a more favorable outlook for potential rent loss, together with lower projected tax expense, partly offset by one-time rent abatements expected mainly in the fourth quarter associated with releasing activity.

Note: The Company does not provide guidance on net income. The Company only provides guidance on AFFO and does not provide a reconciliation of this forward-looking non-GAAP guidance to net income due to the inherent difficulty in quantifying certain items necessary to provide such reconciliation as a result of their unknown effect, timing and potential significance. Examples of such items include impairments of assets, gains and losses from sales of assets, and depreciation and amortization from new acquisitions.

REAL ESTATE

Investments

- Year to date, the Company completed investments totaling \$1.6 billion, including \$181.9 million during the 2026 third quarter and \$143.2 million subsequent to quarter end.
- The Company currently has three capital investments and commitments totaling \$95.2 million scheduled to be completed during the 2026 fourth quarter. In addition, the Company has seven capital investments and commitments totaling \$204.8 million scheduled to be completed over the course of 2027 and one capital investment and commitment of \$25.2 million scheduled to be completed in 2028.

Dispositions

- During the first nine months of 2026, the Company disposed of 33 properties for gross proceeds totaling \$273.2 million, including five properties during the 2026 third quarter for gross proceeds totaling \$27.0 million.

Contractual Same-Store Rent Growth

- As of September 30, 2026, contractual same-store rent growth was 2.6% year over year on a constant currency basis.

Composition

- As of September 30, 2026, the Company's net lease portfolio consisted of 1,755 properties, comprising 189 million square feet leased to 383 tenants, with a weighted-average lease term of 12.0 years and an occupancy rate of 98.6%.

BALANCE SHEET AND CAPITALIZATION

Liquidity

- As of September 30, 2026, the Company had total liquidity of \$2.6 billion, primarily comprising \$1.9 billion of available capacity under its Senior Unsecured Credit Facility (net of amounts reserved for standby letters of credit), in addition to cash and cash equivalents and available net proceeds under unsettled forward equity sale agreements.

Forward Equity

- During the 2026 third quarter, the Company settled a portion of its outstanding forward sale agreements, issuing 2,301,613 shares of common stock for net proceeds totaling approximately \$150 million.
- As of September 30, 2026, the Company had a total of 7,612,418 shares available for settlement under forward sale agreements, representing anticipated net proceeds totaling approximately \$538 million.

Senior Unsecured Notes

- As previously announced, on July 2, 2026, the Company completed an underwritten public offering of \$350 million aggregate principal amount of 5.200% Senior Notes due September 15, 2036.
- The Company used the offering proceeds on July 29, 2026 to prepay the \$350 million of 4.250% Senior Unsecured Notes due October 2026, with no associated prepayment costs.

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Supplemental Information

The Company has provided supplemental unaudited financial and operating information regarding the 2026 third quarter and certain prior quarters, including a description of non-GAAP financial measures and reconciliations to GAAP measures, in a Current Report on Form 8-K filed with the Securities and Exchange Commission (SEC) on October 27, 2026, and made available on the Company's website at ir.wpcarey.com/investor-relations.

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Live Conference Call and Audio Webcast Scheduled for Wednesday, October 28, 2026 at 11:00 a.m. Eastern Time
Please dial in at least 10 minutes prior to the start time.

Date/Time: Wednesday, October 28, 2026 at 11:00 a.m. Eastern Time
Call-in Number: 1 (877) 465-1289 (U.S.) or +1 (201) 689-8762 (international)

Live Audio Webcast and Replay: www.wpcarey.com/earnings

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W. P. Carey Inc.

W. P. Carey ranks among the largest net lease REITs with a well-diversified portfolio of high-quality, operationally critical commercial real estate, which includes 1,755 net lease properties covering approximately 189 million square feet as of September 30, 2026. With offices in New York, Dallas, London, Amsterdam and Krakow, the company remains focused on investing primarily in single-tenant industrial, warehouse and retail properties located in the U.S. and Europe, under long-term net leases with built-in rent escalations.

www.wpcarey.com

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Cautionary Statement Concerning Forward-Looking Statements

Certain of the matters discussed in this communication constitute forward-looking statements within the meaning of the Securities Act of 1933 and the Securities Exchange Act of 1934, both as amended by the Private Securities Litigation Reform Act of 1995. The forward-looking statements include, among other things, statements regarding the intent, belief or expectations of W. P. Carey and can be identified by the use of words such as “may,” “will,” “should,” “would,” “will be,” “goals,” “believe,” “project,” “expect,” “anticipate,” “intend,” “estimate,” “opportunities,” “possibility,” “strategy,” “maintain” or the negative version of these words and other comparable terms. These forward-looking statements include, but are not limited to, statements made by Mr. Jason Fox regarding expectations for 2026 AFFO per share growth, full-year investment volume and future total returns. These statements are based on the current expectations of our management, and 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 the forward-looking statements. Other unknown or unpredictable risks or uncertainties, like the risks related to fluctuating interest rates, the impact of inflation and tariffs on our tenants and us, the effects of pandemics and global outbreaks of contagious diseases, and domestic or geopolitical crises (such as terrorism, military conflict, war or the perception that hostilities may be imminent), political instability or civil unrest, or other conflict, and those additional risk factors discussed in reports that we have filed with the SEC, could also have material adverse effects on our future results, performance or achievements. Discussions of some of these other important factors and assumptions are contained in W. P. Carey’s filings with the SEC and are available at the SEC’s website at <http://www.sec.gov>, including Part I, Item 1A. Risk Factors in W. P. Carey’s Annual Report on Form 10-K for the fiscal year ended December 31, 2025. Investors are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this communication, unless noted otherwise. Except as required under the federal securities laws and the rules and regulations of the SEC, W. P. Carey does not undertake any obligation to release publicly any revisions to the forward-looking statements to reflect events or circumstances after the date of this communication or to reflect the occurrence of unanticipated events.

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W. P. CAREY INC.
Consolidated Balance Sheets (Unaudited)
(in thousands, except share and per share amounts)

	September 30, 2026	December 31, 2025
Assets		
Investments in real estate:		
Land, buildings and improvements — net lease and other	\$ 15,356,587	\$ 14,451,306
Land, buildings and improvements — operating properties	182,180	286,079
Net investments in finance leases and loans receivable	1,176,873	1,171,886
In-place lease intangible assets and other	2,607,076	2,466,199
Above-market rent intangible assets	652,631	668,707
Investments in real estate	19,975,347	19,044,177
Accumulated depreciation and amortization ^(a)	(3,772,799)	(3,578,330)
Assets held for sale, net	8,173	3,327
Net investments in real estate	16,210,721	15,469,174
Equity method investments	279,024	310,178
Cash and cash equivalents	143,390	155,329
Other assets, net	1,048,175	1,068,480
Goodwill	982,118	987,071
Total assets	\$ 18,663,428	\$ 17,990,232
Liabilities and Equity		
Debt:		
Senior unsecured notes, net	\$ 7,357,845	\$ 6,950,261
Unsecured term loans, net	1,165,910	1,196,366
Unsecured revolving credit facility	67,388	435,417
Non-recourse mortgages, net	192,374	140,646
Debt, net	8,783,517	8,722,690
Accounts payable, accrued expenses and other liabilities	622,084	670,038
Below-market rent and other intangible liabilities, net	94,182	104,055
Deferred income taxes	158,816	151,820
Dividends payable	223,889	207,487
Total liabilities	9,882,488	9,856,090
Preferred stock, \$0.001 par value, 50,000,000 shares authorized; none issued	—	—
Common stock, \$0.001 par value, 450,000,000 shares authorized; 230,118,492 and 219,145,876 shares, respectively, issued and outstanding	230	219
Additional paid-in capital	12,578,438	11,830,737
Distributions in excess of accumulated earnings	(3,684,960)	(3,539,592)
Deferred compensation obligation	100,948	80,239
Accumulated other comprehensive loss	(230,077)	(253,346)
Total stockholders' equity	8,764,579	8,118,257
Noncontrolling interests	16,361	15,885
Total equity	8,780,940	8,134,142
Total liabilities and equity	\$ 18,663,428	\$ 17,990,232

(a) Includes \$2.2 billion and \$2.1 billion of accumulated depreciation on buildings and improvements as of September 30, 2026 and December 31, 2025, respectively, and \$1.5 billion of accumulated amortization on lease intangibles as of both September 30, 2026 and December 31, 2025.

W. P. CAREY INC.
Quarterly Consolidated Statements of Income (Unaudited)
(in thousands, except share and per share amounts)

	Three Months Ended		
	September 30, 2026	June 30, 2026	September 30, 2025
Revenues			
Real Estate:			
Lease revenues	\$ 422,499	\$ 409,661	\$ 372,087
Income from finance leases and loans receivable	26,954	27,162	26,498
Operating property revenues	12,247	11,638	26,771
Other lease-related income	5,726	11,209	3,660
	467,426	459,670	429,016
Investment Management:			
Other advisory income and reimbursements	500	1,000	1,069
Asset management revenue	375	394	1,218
	875	1,394	2,287
	468,301	461,064	431,303
Operating Expenses			
Depreciation and amortization	129,137	134,378	125,586
General and administrative	25,317	25,934	23,656
Reimbursable tenant costs	17,665	19,472	14,562
Property expenses, excluding reimbursable tenant costs	12,002	15,206	14,637
Stock-based compensation expense	9,968	13,909	11,153
Operating property expenses	9,216	8,603	15,049
Impairment charges — real estate	6,127	79,421	19,474
Merger and other expenses	540	613	1,021
	209,972	297,536	225,138
Other Income and Expenses			
Interest expense	(80,388)	(78,979)	(75,226)
Other gains and (losses) ^(a)	(41,566)	48,558	(31,011)
Gain on sale of real estate, net	6,960	5,819	44,401
Non-operating income ^(b)	4,724	4,245	3,030
Earnings from equity method investments	3,587	55,579	2,361
	(106,683)	35,222	(56,445)
Income before income taxes	151,646	198,750	149,720
Provision for income taxes	(10,516)	(13,091)	(8,495)
Net Income	141,130	185,659	141,225
Net income attributable to noncontrolling interests	(180)	(270)	(229)
Net Income Attributable to W. P. Carey	\$ 140,950	\$ 185,389	\$ 140,996
Basic Earnings Per Share			
	\$ 0.61	\$ 0.82	\$ 0.64
Diluted Earnings Per Share			
	\$ 0.61	\$ 0.82	\$ 0.64
Weighted-Average Shares Outstanding			
Basic	230,835,841	225,971,719	220,562,909
Diluted	231,701,927	227,215,203	221,087,833
Dividends Declared Per Share			
	\$ 0.950	\$ 0.940	\$ 0.910

(a) Amount for the three months ended September 30, 2026 primarily comprises a mark-to-market unrealized loss for our investment in shares of Lineage of \$35.8 million, a non-cash allowance for credit losses of \$7.5 million and net gains on foreign currency exchange rate movements of \$2.4 million.

(b) Amount for the three months ended September 30, 2026 comprises a dividend of \$2.8 million from our investment in shares of Lineage, interest income on deposits of \$1.2 million and realized gains on foreign currency exchange derivatives of \$0.7 million.

W. P. CAREY INC.
Year-to-Date Consolidated Statements of Income (Unaudited)
(in thousands, except share and per share amounts)

	Nine Months Ended September 30,	
	2026	2025
Revenues		
Real Estate:		
Lease revenues	\$ 1,234,991	\$ 1,090,050
Income from finance leases and loans receivable	81,802	64,232
Operating property revenues	35,935	94,152
Other lease-related income	27,387	16,424
	1,380,115	1,264,858
Investment Management:		
Other advisory income and reimbursements	2,500	3,208
Asset management and other revenue	1,259	3,872
	3,759	7,080
	1,383,874	1,271,938
Operating Expenses		
Depreciation and amortization	399,698	375,788
Impairment charges — real estate	125,556	30,677
General and administrative	78,599	74,773
Reimbursable tenant costs	56,829	49,372
Property expenses, excluding reimbursable tenant costs	41,760	39,966
Stock-based compensation expense	31,318	31,244
Operating property expenses	26,513	48,314
Merger and other expenses	2,333	1,769
	762,606	651,903
Other Income and Expenses		
Interest expense	(237,827)	(215,825)
Gain on sale of real estate, net	66,920	141,002
Earnings from equity method investments	63,709	13,900
Other gains and (losses)	13,783	(221,976)
Non-operating income	13,673	14,435
	(79,742)	(268,464)
Income before income taxes	541,526	351,571
Provision for income taxes	(38,241)	(33,218)
Net Income	503,285	318,353
Net income attributable to noncontrolling interests	(644)	(313)
Net Income Attributable to W. P. Carey	\$ 502,641	\$ 318,040
Basic Earnings Per Share	\$ 2.23	\$ 1.44
Diluted Earnings Per Share	\$ 2.21	\$ 1.44
Weighted-Average Shares Outstanding		
Basic	225,846,771	220,511,825
Diluted	227,059,734	221,033,628
Dividends Declared Per Share	\$ 2.820	\$ 2.700

W. P. CAREY INC.

Quarterly Reconciliation of Net Income to Adjusted Funds from Operations (AFFO) (Unaudited)

(in thousands, except share and per share amounts)

	Three Months Ended		
	September 30, 2026	June 30, 2026	September 30, 2025
Net income attributable to W. P. Carey	\$ 140,950	\$ 185,389	\$ 140,996
Adjustments:			
Depreciation and amortization of real property	128,394	133,663	124,906
Gain on sale of real estate, net	(6,960)	(5,819)	(44,401)
Impairment charges — real estate	6,127	79,421	19,474
Proportionate share of adjustments to earnings from equity method investments ^(a)	644	(50,133)	2,271
Proportionate share of adjustments for noncontrolling interests ^(b)	(23)	(26)	(82)
Total adjustments	128,182	157,106	102,168
FFO (as defined by NAREIT) Attributable to W. P. Carey ^(c)	269,132	342,495	243,164
Adjustments:			
Other (gains) and losses ^(d)	41,566	(48,558)	31,011
Straight-line and other leasing and financing adjustments	(23,239)	(15,459)	(20,424)
Stock-based compensation	9,968	13,909	11,153
Amortization of deferred financing costs	5,317	5,292	4,874
Above- and below-market rent intangible lease amortization, net	3,738	3,706	4,363
Tax expense (benefit) — deferred and other	606	2,617	(1,215)
Other amortization and non-cash items	573	548	587
Merger and other expenses	540	613	1,021
Proportionate share of adjustments to earnings from equity method investments ^(a)	39	303	2,194
Proportionate share of adjustments for noncontrolling interests ^(b)	(5)	(22)	(99)
Total adjustments	39,103	(37,051)	33,465
AFFO Attributable to W. P. Carey ^(c)	\$ 308,235	\$ 305,444	\$ 276,629
Summary			
FFO (as defined by NAREIT) attributable to W. P. Carey ^(c)	\$ 269,132	\$ 342,495	\$ 243,164
FFO (as defined by NAREIT) attributable to W. P. Carey per diluted share ^(c)	\$ 1.16	\$ 1.51	\$ 1.10
AFFO attributable to W. P. Carey ^(c)	\$ 308,235	\$ 305,444	\$ 276,629
AFFO attributable to W. P. Carey per diluted share ^(c)	\$ 1.33	\$ 1.34	\$ 1.25
Diluted weighted-average shares outstanding	231,701,927	227,215,203	221,087,833

W. P. CAREY INC.

Year-to-Date Reconciliation of Net Income to Adjusted Funds from Operations (AFFO) (Unaudited)

(in thousands, except share and per share amounts)

	Nine Months Ended September 30,	
	2026	2025
Net income attributable to W. P. Carey	\$ 502,641	\$ 318,040
Adjustments:		
Depreciation and amortization of real property	397,537	373,773
Impairment charges — real estate	125,556	30,677
Gain on sale of real estate, net	(66,920)	(141,002)
Proportionate share of adjustments to earnings from equity method investments ^(a)	(47,226)	6,145
Proportionate share of adjustments for noncontrolling interests ^(b)	(74)	(242)
Total adjustments	408,873	269,351
FFO (as defined by NAREIT) Attributable to W. P. Carey ^(c)	911,514	587,391
Adjustments:		
Straight-line and other leasing and financing adjustments	(62,876)	(54,831)
Stock-based compensation	31,318	31,244
Amortization of deferred financing costs	15,748	14,284
Other (gains) and losses	(13,783)	221,976
Above- and below-market rent intangible lease amortization, net	9,942	10,547
Tax expense — deferred and other	5,950	823
Merger and other expenses	2,333	1,769
Other amortization and non-cash items	1,714	1,726
Proportionate share of adjustments to earnings from equity method investments ^(a)	555	2,417
Proportionate share of adjustments for noncontrolling interests ^(b)	(79)	(227)
Total adjustments	(9,178)	229,728
AFFO Attributable to W. P. Carey ^(c)	\$ 902,336	\$ 817,119
Summary		
FFO (as defined by NAREIT) attributable to W. P. Carey ^(c)	\$ 911,514	\$ 587,391
FFO (as defined by NAREIT) attributable to W. P. Carey per diluted share ^(c)	\$ 4.01	\$ 2.66
AFFO attributable to W. P. Carey ^(c)	\$ 902,336	\$ 817,119
AFFO attributable to W. P. Carey per diluted share ^(c)	\$ 3.97	\$ 3.70
Diluted weighted-average shares outstanding	227,059,734	221,033,628

(a) Equity income, including amounts that are not typically recognized for FFO and AFFO, is recognized within Earnings from equity method investments on the consolidated statements of income. This represents adjustments to equity income to reflect FFO and AFFO on a pro rata basis.

(b) Adjustments disclosed elsewhere in this reconciliation are on a consolidated basis. This adjustment reflects our FFO or AFFO on a pro rata basis.

(c) FFO and AFFO are non-GAAP measures. See below for a description of FFO and AFFO.

(d) Amount for the three months ended September 30, 2026 primarily comprises a mark-to-market unrealized loss for our investment in shares of Lineage of \$35.8 million, a non-cash allowance for credit losses of \$7.5 million and net gains on foreign currency exchange rate movements of \$2.4 million.

Non-GAAP Financial Disclosure

Funds from Operations (FFO) and Adjusted Funds from Operations (AFFO)

Due to certain unique operating characteristics of real estate companies, as discussed below, the National Association of Real Estate Investment Trusts (NAREIT), an industry trade group, has promulgated a non-GAAP measure known as FFO, which we believe to be an appropriate supplemental measure, when used in addition to and in conjunction with results presented in accordance with GAAP, to reflect the operating performance of a REIT. The use of FFO is recommended by the REIT industry as a supplemental non-GAAP measure. FFO is not equivalent to, nor a substitute for, net income or loss as determined under GAAP.

We define FFO, a non-GAAP measure, consistent with the standards established by the White Paper on FFO approved by the Board of Governors of NAREIT, as restated in December 2018. The White Paper defines FFO as net income or loss computed in accordance with GAAP, excluding gains or losses from the sale of certain real estate, impairment charges on real estate or other assets incidental to the company's main business, gains or losses on changes in control of interests in real estate and depreciation and amortization from real estate assets; and after adjustments for unconsolidated partnerships and jointly owned investments. Adjustments for unconsolidated partnerships and jointly owned investments are calculated to reflect FFO on the same basis.

We also modify the NAREIT computation of FFO to adjust GAAP net income for certain non-cash charges, such as amortization of real estate-related intangibles, deferred income tax benefits and expenses, straight-line rent and related reserves, other non-cash rent adjustments, non-cash allowance for credit losses on loans receivable and finance leases, stock-based compensation, non-cash environmental accretion expense, amortization of discounts and premiums on debt and amortization of deferred financing costs. Our assessment of our operations is focused on long-term sustainability and not on such non-cash items, which may cause short-term fluctuations in net income but have no impact on cash flows. Additionally, we exclude non-core income and expenses, such as gains or losses from extinguishment of debt, gains or losses on the mark-to-market fair value of equity securities, merger and acquisition expenses, spin-off expenses, and income and expenses associated with our captive insurance company. We also exclude realized and unrealized gains/losses on foreign currency exchange rate movements (other than those realized on the settlement of foreign currency derivatives), which are not considered fundamental attributes of our business plan and do not affect our overall long-term operating performance. We refer to our modified definition of FFO as AFFO. We exclude these items from GAAP net income to arrive at AFFO because they are not the primary drivers in our decision-making process and excluding these items provides investors with a view of our portfolio performance over time and makes it more comparable to other REITs. AFFO also reflects adjustments for unconsolidated partnerships and jointly owned investments. We use AFFO as one measure of our operating performance when we formulate corporate goals, evaluate the effectiveness of our strategies and determine executive compensation.

We believe that AFFO is a useful supplemental measure for investors to consider because we believe it will help them better assess the sustainability of our operating performance without the potentially distorting impact of these short-term fluctuations. However, there are limits on the usefulness of AFFO to investors. For example, impairment charges and unrealized foreign currency exchange rate losses that we exclude may become actual realized losses upon the ultimate disposition of the properties in the form of lower cash proceeds or other considerations. We use our FFO and AFFO measures as supplemental financial measures of operating performance. We do not use our FFO and AFFO measures as, nor should they be considered to be, alternatives to net income computed under GAAP, alternatives to net cash provided by operating activities computed under GAAP, or indicators of our ability to fund our cash needs.