



VEREIT® Announces Second Quarter 2018 Operating Results

*Strengthened Liquidity With New \$2.9 Billion Credit Facility and 74% Unencumbered Assets
Continued Portfolio Diversification*

Phoenix, AZ, August 3, 2018 -- VEREIT, Inc. (NYSE:VER) ("VEREIT" or the "Company") announced today its operating results for the three months ending June 30, 2018.

The financial results below reflect continuing operations only.

Second Quarter 2018 Highlights

- Net loss of \$(74.7) million and net loss per diluted share of \$(0.09)
- Achieved \$0.18 AFFO per diluted share
- Completed \$41.0 million of acquisitions and \$56.4 million of dispositions
- Entered into new \$2.9 billion credit facility enhancing liquidity and financial flexibility
- Settled pending litigation with Vanguard for \$90.0 million
- Reaffirming 2018 AFFO per diluted share guidance range of \$0.70 and \$0.72 (see reconciliation to earnings per share at the end of this release)

Second Quarter 2018 Financial Results

Revenue

Revenue for the quarter ended June 30, 2018 increased \$7.4 million to \$315.7 million as compared to revenue of \$308.2 million for the same quarter in 2017, primarily due to net acquisitions since April 1, 2017.

Net Income (Loss) and Net Income (Loss) Attributable to Common Stockholders per Diluted Share

Net income for the quarter ended June 30, 2018 decreased \$104.3 million to a net loss of \$(74.7) million as compared to net income of \$29.6 million for the same quarter in 2017, and net income per diluted share decreased \$0.10 to a net loss per diluted share of \$(0.09) for the quarter ended June 30, 2018, as compared to net income per diluted share of \$0.01 for the same quarter in 2017. The differences were primarily due to the Vanguard settlement along with a smaller gain on the disposition of real estate partially offset by higher revenue and lower depreciation and amortization and impairment expenses.

Normalized EBITDA

Normalized EBITDA for the quarter ended June 30, 2018 increased \$1.6 million to \$259.4 million as compared to Normalized EBITDA of \$257.8 million for the same quarter in 2017, primarily due to higher revenue, partially offset by higher property operating and G&A expenses along with lower other income and lower contribution from equity in income and unconsolidated entities.

Funds From Operations Attributable to Common Stockholders and Limited Partners ("FFO") and FFO per Diluted Share

FFO for the quarter ended June 30, 2018 decreased \$89.8 million to \$77.0 million, as compared to \$166.8 million for the same quarter in 2017, and FFO per diluted share decreased \$0.09 to \$0.08 for the quarter ended June 30, 2018, as compared to FFO per diluted share of \$0.17 for the same quarter in 2017.

Adjusted FFO Attributable to Common Stockholders and Limited Partners (“AFFO”) and AFFO per Diluted Share

AFFO for the quarter ended June 30, 2018 increased \$4.1 million to \$178.8 million, as compared to \$174.7 million for the same quarter in 2017, and AFFO per diluted share remained at \$0.18 for the quarter ended June 30, 2018, as compared to the same quarter in 2017.

Management Commentary

Glenn J. Rufrano, Chief Executive Officer, stated, “During the second quarter, VEREIT executed a new \$2.9 billion credit facility providing long-term balance sheet flexibility. Our portfolio remains well-diversified with occupancy of 98.8% and a focus to increase unencumbered assets which now approximate 74%. Debt metrics are well within our investment grade rating and we continue to have a great deal of liquidity.”

Common Stock Dividend Information

On August 2, 2018, the Company’s Board of Directors declared a quarterly dividend of \$0.1375 per share for the third quarter of 2018, representing an annual distribution rate of \$0.55 per share. The dividend will be paid on October 15, 2018 to common stockholders of record as of September 28, 2018.

Balance Sheet and Liquidity

On May 23, 2018, the Company closed on a new \$2.9 billion unsecured credit facility to replace its previous \$2.3 billion revolving credit facility. The new credit facility is comprised of a \$2.0 billion unsecured revolving credit facility and a \$900.0 million unsecured delayed-draw term loan facility.

During the second quarter, the Company had net draws on its revolving line of credit of \$75.0 million, resulting in a balance of \$195.0 million and leaving \$1.8 billion of capacity available as of June 30, 2018 on the Company’s \$2.0 billion revolving line of credit. In addition, secured debt was reduced by \$45.9 million.

Share Repurchase Activity

During the second quarter of 2018, the Company repurchased approximately 0.8 million shares of its common stock at an average price of \$6.95 per share. Year-to-date the Company has repurchased 7.2 million shares at an average price of \$6.94 per share.

Consolidated Financial Statistics

Financial Statistics as of the quarter ended June 30, 2018 are as follows: Net Debt to Normalized EBITDA of 5.8x, Fixed Charge Coverage Ratio of 3.0x, Unencumbered Asset Ratio of 73.5%, Net Debt to Gross Real Estate Investments of 39.1% and Weighted Average Debt Term of 4.0 years.

Vanguard Settlement

On June 11, 2018, the Company announced it entered into a settlement agreement and release to settle its pending litigation with Vanguard for \$90.0 million. Vanguard’s holdings accounted for approximately 13.0% of VEREIT’s outstanding shares of common stock held at the end of the period covered by the various pending shareholder actions. The Company retains the right to pursue any and all claims against the other defendants in the litigation and/or third parties, including claims for contribution for amounts paid in the settlement.

Real Estate Portfolio

As of June 30, 2018, the Company’s portfolio consisted of 4,033 properties with total portfolio occupancy of 98.8%, investment grade tenancy of 42.7% and a weighted-average remaining lease term of 9.1 years. During the quarter ended June 30, 2018, same-store rents (3,942 properties) increased 0.5% as compared to the same quarter in 2017. Excluding the effects of an early lease renewal, the increase in same store rents would have been 1.1%.

Property Acquisitions

During the second quarter of 2018, the Company acquired 7 properties for approximately \$41.0 million at an average cash cap rate of 7.2%.

Property Dispositions

During the quarter ended June 30, 2018, the Company disposed of 37 properties for an aggregate sales price of \$56.4 million. Of this amount, \$28.4 million was used in the total weighted average cash cap rate calculation of 7.4%, including \$25.9 million in net sales of Red Lobster restaurants. The gain on second quarter sales was approximately \$6.0 million.

Subsequent Events

Property Acquisitions

From July 1, 2018 through July 26, 2018, the Company acquired 14 properties for \$74.2 million at a cash cap rate of 7.1%.

Property Dispositions

From July 1, 2018 through July 26, 2018, the Company disposed of 10 properties for an aggregate sales price of \$39.3 million at an average cash cap rate of 6.8%.

Capital Market Activity

On August 1, 2018, the Company repaid \$597.5 million of principal outstanding related to the 2018 convertible notes, which was temporarily funded using borrowings under the revolving credit facility. The Company is evaluating options for permanent financing, including borrowings on the delayed-draw term loan or the issuance of a senior note offering.

Audio Webcast Details

The live audio webcast, beginning at 1:00 p.m. ET on Friday, August 3, 2018, is available by accessing this link: <http://ir.vereit.com/>. Participants should log in 10-15 minutes early.

Following the call, a replay of the webcast will be available at the link above and archived for up to 12 months following the call.

About the Company

VEREIT is a full-service real estate operating company which owns and manages one of the largest portfolios of single-tenant commercial properties in the U.S. The Company has a total asset book value of \$14.3 billion including approximately 4,000 properties and 94.6 million square feet. VEREIT's business model provides equity capital to creditworthy corporations in return for long-term leases on their properties. VEREIT is a publicly traded Maryland corporation listed on the New York Stock Exchange. Additional information about VEREIT can be found on its website at www.VEREIT.com and through social media platforms such as Twitter and LinkedIn.

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Definitions

Descriptions of FFO and AFFO, EBITDA and Normalized EBITDA, Debt Outstanding and Adjusted Debt Outstanding, Net Debt, Interest Expense, Excluding Non-Cash Amortization, Fixed Charge Coverage Ratio, Net Debt to Normalized EBITDA Annualized Ratio, Net Debt Leverage Ratio, and Unencumbered Asset Ratio are provided below. Refer to pages 7 through 13 for reconciliations of these non-GAAP financial measures to the most directly comparable GAAP financial measure and the calculations of these financial ratios.

We determined that adjusted funds from operations ("AFFO"), a non-GAAP measure, and our real estate portfolio and economic metrics should exclude the impact of properties owned by the Company for the month beginning with the date that (i) the related mortgage loan is in default, and (ii) management decides to transfer the properties to the lender in connection with settling the mortgage note obligation ("Excluded Properties") and ending with the disposition date, to better reflect our ongoing operations. Excluded Properties during the three months ended June 30, 2017 were two vacant office properties and five industrial properties, two of which were vacant. Excluded Properties at June 30, 2017 were two vacant office properties and one vacant industrial property, comprising an aggregate 991,000 square feet with aggregate Debt Outstanding of \$83.9 million. During the three months ended June 30, 2018, the Excluded Property was one vacant industrial property, comprising 307,725 square feet with Debt Outstanding of \$16.2 million. At June 30, 2018 there were no Excluded Properties. The Company did not update data presented for prior periods as the impact on prior period non-GAAP measures, including AFFO and Normalized EBITDA, and operating metrics was immaterial.

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, Inc. ("Nareit"), an industry trade group, has promulgated a supplemental performance measure known as funds from operations ("FFO"), which we believe to be an appropriate supplemental performance measure to reflect the operating performance of a REIT. FFO is not equivalent to our net income or loss as determined under U.S. GAAP.

Nareit defines FFO as net income or loss computed in accordance with U.S. GAAP, excluding gains or losses from disposition of property, depreciation and amortization of real estate assets and impairment write-downs on depreciable real estate including the pro rata share of adjustments for unconsolidated partnerships and joint ventures. We calculated FFO in accordance with Nareit's definition described above.

In addition to FFO, we use adjusted funds from operations ("AFFO") as a non-GAAP supplemental financial performance measure to evaluate the operating performance of the Company. AFFO, as defined by the Company, excludes from FFO non-routine items such as acquisition-related expenses, litigation and other non-routine costs, net of insurance recoveries, held for sale loss on discontinued operations, net revenue or expense earned or incurred that is related to the services agreement we entered into with Cole Capital on February 1, 2018, gains or losses on sale of investment securities or mortgage notes receivable and legal settlements and insurance recoveries not in the ordinary course of business. We also exclude certain non-cash items such as impairments of goodwill and intangible assets, straight-line rent, net of bad debt expense related to straight-line rent, net direct financing lease adjustments, gains or losses on derivatives, reserves for loan loss, gains or losses on the extinguishment or forgiveness of debt, non-current portion of the tax benefit or expense, equity-based compensation and amortization of intangible assets, deferred financing costs, premiums and discounts on debt and investments, above-market lease assets and below-market lease liabilities. We omit the impact of the Excluded Properties and related non-recourse mortgage notes from FFO to calculate AFFO. Management believes that excluding these costs from FFO provides investors with supplemental performance information that is consistent with the performance models and analysis used by management, and provides investors a view of the performance of our portfolio over time. AFFO allows for a comparison of the performance of our operations with other publicly-traded REITs, as AFFO, or an equivalent measure, is routinely reported by publicly-traded REITs, and we believe often used by analysts and investors for comparison purposes.

For all of these reasons, we believe FFO and AFFO, in addition to net income (loss), as defined by U.S. GAAP, are helpful supplemental performance measures and useful in understanding the various ways in which our management evaluates the performance of the Company over time. However, not all REITs calculate FFO and AFFO the same way, so comparisons with other REITs may not be meaningful. FFO and AFFO should not be considered as alternatives to net income (loss) and are not intended to be used as a liquidity measure indicative of cash flow available to fund our cash needs. Neither the SEC, Nareit, nor any other regulatory body has evaluated the acceptability of the exclusions used to adjust FFO in order to calculate AFFO and its use as a non-GAAP financial performance measure.

Earnings Before Interest, Taxes, Depreciation and Amortization (“EBITDA”) and Normalized EBITDA

Normalized EBITDA, as disclosed, represents EBITDA, or earnings before interest, taxes, depreciation and amortization, modified to exclude non-routine items such as acquisition-related expenses, litigation and other non-routine costs, net of insurance recoveries, gains or losses on disposition of real estate, held for sale loss on discontinued operations, net revenue or expense earned or incurred that is related to the services agreement we entered into with Cole Capital on February 1, 2018, gains or losses on sale of investment securities or mortgage notes receivable and legal settlements and insurance recoveries not in the ordinary course of business. We also exclude certain non-cash items such as impairments of goodwill and real estate and intangible assets, straight-line rental revenue, gains or losses on derivatives, gains or losses on the extinguishment or forgiveness of debt, write-off of program development costs, and amortization of intangibles, above-market lease assets and below-market lease liabilities. Normalized EBITDA omits the Normalized EBITDA impact of Excluded Properties. Management believes that excluding these costs from EBITDA provides investors with supplemental performance information that is consistent with the performance models and analysis used by management, and provides investors a view of the performance of our portfolio over time. Therefore, EBITDA and Normalized EBITDA should not be considered as an alternative to net income, as computed in accordance with GAAP, or as an indicator of the Company's financial performance. The Company uses Normalized EBITDA as one measure of its operating performance when formulating corporate goals and evaluating the effectiveness of the Company's strategies. Normalized EBITDA may not be comparable to similarly titled measures of other companies.

Debt Outstanding and Adjusted Debt Outstanding

Debt Outstanding and Adjusted Debt Outstanding are non-GAAP measures that represent the Company's outstanding principal debt balance, excluding certain GAAP adjustments, such as premiums and discounts, financing and issuance costs, and related accumulated amortization. Adjusted Debt Outstanding omits the outstanding principal balance of mortgage notes secured by Excluded Properties. We believe that the presentation of Debt Outstanding and Adjusted Debt Outstanding, which show our contractual debt obligations, provides useful information to investors to assess our overall liquidity, financial flexibility, capital structure and leverage. Debt Outstanding and Adjusted Debt Outstanding should not be considered as alternatives to the Company's consolidated debt balance as determined in accordance with GAAP or any other GAAP financial measures and should only be considered together with, and as a supplement to, the Company's financial information prepared in accordance with GAAP.

Net Debt

Net Debt is a non-GAAP measure used to show the Company's Adjusted Debt Outstanding, less all cash and cash equivalents, including those related to discontinued operations. We believe that the presentation of Net Debt provides useful information to investors because our management reviews Net Debt as part of its management of our overall liquidity, financial flexibility, capital structure and leverage.

Interest Expense, Excluding Non-Cash Amortization

Interest Expense, excluding non-cash amortization is a non-GAAP measure that represents interest expense incurred on the outstanding principal balance of our debt. This measure excludes (i) the amortization of deferred financing costs, premiums and discounts, which is included in interest expense in accordance with GAAP, and (ii) the impact of Excluded Properties and related non-recourse mortgage notes. We believe that the presentation of Interest Expense, excluding non-cash amortization, which shows the interest expense on our contractual debt obligations, provides useful information to investors to assess our overall solvency and financial flexibility. Interest Expense, excluding non-cash amortization should not be considered as an alternative to the Company's interest expense as determined in accordance with GAAP or any other GAAP financial measures and should only be considered together with and as a supplement to the Company's financial information prepared in accordance with GAAP.

Fixed Charge Coverage Ratio

Fixed Charge Coverage Ratio is the sum of (i) Interest Expense, excluding non-cash amortization, (ii) secured debt principal amortization on Adjusted Debt Outstanding and (iii) dividends attributable to preferred shares divided by Normalized EBITDA. Management believes that Fixed Charge Coverage Ratio is a useful supplemental measure of our ability to satisfy fixed financing obligations.

Net Debt to Normalized EBITDA Annualized Ratio

Net Debt to Normalized EBITDA Annualized equals Net Debt divided by the current quarter Normalized EBITDA multiplied by four. We believe that the presentation of Net Debt to Normalized EBITDA Annualized provides useful information to investors because our management reviews Net Debt to Normalized EBITDA Annualized as part of its management of our overall liquidity, financial flexibility, capital structure and leverage.

Net Debt Leverage Ratio

Net Debt Leverage Ratio equals Net Debt divided by Gross Real Estate Investments. We believe that the presentation of Net Debt Leverage Ratio provides useful information to investors because our management reviews Net Debt Leverage Ratio as part of its management of our overall liquidity, financial flexibility, capital structure and leverage.

Gross Real Estate Investments

Gross Real Estate Investments represent total gross real estate and related assets of Operating Properties, including net investments in unconsolidated entities, investment in direct financing leases, investment securities backed by real estate and loans held for investment, net of gross intangible lease liabilities.

Unencumbered Asset Ratio

Unencumbered Asset Ratio equals unencumbered Gross Real Estate Investments divided by Gross Real Estate Investments. Management believes that Unencumbered Asset Ratio is a useful supplemental measure of our overall liquidity and leverage.

Forward-Looking Statements

Information set forth herein contains "forward-looking statements" (within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended), which reflect VEREIT's expectations regarding future events and plans, VEREIT's future financial condition, results of operations and business including the strength and liquidity of its balance sheet, permanent financing for the repayment of its 2018 convertible notes, and VEREIT's focus to increase unencumbered assets in its portfolio. The forward-looking statements involve a number of assumptions, risks, uncertainties and other factors that could cause actual results to differ materially from those contained in the forward-looking statements. Generally, the words "expects," "anticipates," "assumes," "targets," "goals," "projects," "intends," "plans," "believes," "seeks," "estimates," "may," "will," "should," "could," "continues," variations of such words and similar expressions identify forward-looking statements. These forward-looking statements are subject to a number of known and unknown risks, uncertainties and assumptions, most of which are difficult to predict and many of which are beyond VEREIT's control. If a change occurs, VEREIT's business, financial condition, liquidity and results of operations may vary materially from those expressed in or implied by the forward-looking statements.

The following factors, among others, could cause actual results to differ from those set forth in the forward-looking statements: VEREIT's plans, market and other expectations, objectives, intentions and other statements that are not historical facts; the developments disclosed herein; VEREIT's ability to execute on and realize success from its business plan; VEREIT's ability to meet its 2018 guidance; the unpredictability of the business plans and financial condition of VEREIT's tenants; risks associated with tenant, geographic and industry concentrations with respect to VEREIT's properties; the impact of impairment charges in respect of certain of VEREIT's properties or other assets; competition in the acquisition and disposition of properties and in the leasing of its properties; the inability to acquire, dispose of, or lease properties on advantageous terms; risks associated with bankruptcies or insolvencies of tenants or from tenant defaults generally; risks associated with pending government investigations and litigations related to VEREIT's previously disclosed audit committee investigation; the ability to retain or hire key personnel; and continuation or deterioration of current market conditions. Additional factors that may affect future results are contained in VEREIT's filings with the U.S. Securities and Exchange Commission (the SEC), which are available at the SEC's website at www.sec.gov. VEREIT disclaims any obligation to publicly update or revise any forward-looking statements, whether as a result of changes in underlying assumptions or factors, new information, future events or otherwise, except as required by law.

VEREIT, INC.
CONSOLIDATED BALANCE SHEETS
(In thousands, except for share and per share data) (Unaudited)

	June 30, 2018	December 31, 2017
ASSETS		
Real estate investments, at cost:		
Land	\$ 2,859,265	\$ 2,865,855
Buildings, fixtures and improvements	10,714,456	10,711,845
Intangible lease assets	2,024,014	2,037,675
Total real estate investments, at cost	15,597,735	15,615,375
Less: accumulated depreciation and amortization	3,206,336	2,908,028
Total real estate investments, net	12,391,399	12,707,347
Investment in unconsolidated entities	33,972	39,520
Investment in direct financing leases, net	16,560	19,539
Investment securities, at fair value	35,489	40,974
Mortgage notes receivable, net	19,855	20,294
Cash and cash equivalents	18,434	34,176
Restricted cash	27,078	27,662
Rent and tenant receivables and other assets, net	351,163	308,253
Goodwill	1,337,773	1,337,773
Due from affiliates, net	—	6,041
Assets related to real estate assets held for sale and discontinued operations, net	29,884	163,999
Total assets	\$ 14,261,607	\$ 14,705,578
LIABILITIES AND EQUITY		
Mortgage notes payable, net	\$ 2,031,171	\$ 2,082,692
Corporate bonds, net	2,824,176	2,821,494
Convertible debt, net	989,901	984,258
Credit facility	195,000	185,000
Below-market lease liabilities, net	187,352	198,551
Accounts payable and accrued expenses	141,746	136,474
Deferred rent, derivative and other liabilities	66,123	62,985
Distributions payable	180,734	175,301
Due to affiliates	—	66
Liabilities related to discontinued operations	—	15,881
Total liabilities	6,616,203	6,662,702
Commitments and contingencies		
Preferred stock, \$0.01 par value, 100,000,000 shares authorized and 42,834,138 issued and outstanding as of each of June 30, 2018 and December 31, 2017	428	428
Common stock, \$0.01 par value, 1,500,000,000 shares authorized and 967,493,795 and 974,208,583 issued and outstanding as of June 30, 2018 and December 31, 2017, respectively	9,674	9,742
Additional paid-in-capital	12,609,145	12,654,258
Accumulated other comprehensive loss	(4,290)	(3,569)
Accumulated deficit	(5,120,240)	(4,776,581)
Total stockholders' equity	7,494,717	7,884,278
Non-controlling interests	150,687	158,598
Total equity	7,645,404	8,042,876
Total liabilities and equity	\$ 14,261,607	\$ 14,705,578

VEREIT, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except for per share data) (Unaudited)

	Three Months Ended June 30,	
	2018	2017
Revenues:		
Rental income	\$ 290,641	\$ 286,694
Operating expense reimbursements	25,023	21,551
Total revenues	315,664	308,245
Operating expenses:		
Acquisition-related	909	756
Litigation and other non-routine costs, net of insurance recoveries	107,087	14,411
Property operating	31,436	31,627
General and administrative	16,287	14,429
Depreciation and amortization	164,235	180,148
Impairments	11,664	17,769
Total operating expenses	331,618	259,140
Operating (loss) income	(15,954)	49,105
Other (expense) income:		
Interest expense	(70,320)	(73,621)
Gain on extinguishment and forgiveness of debt, net	5,249	9,005
Other income, net	1,215	2,463
Equity in income and gain on disposition of unconsolidated entities	327	513
Gain on derivative instruments, net	105	592
Total other expenses, net	(63,424)	(61,048)
Loss before taxes and real estate dispositions	(79,378)	(11,943)
Gain on disposition of real estate and held for sale assets, net	5,821	42,639
(Loss) income from continuing operations before income taxes	(73,557)	30,696
Provision for income taxes	(1,134)	(1,146)
(Loss) income from continuing operations	(74,691)	29,550
Income from discontinued operations, net of tax	224	4,636
Net (loss) income	(74,467)	34,186
Net loss (income) attributable to non-controlling interests	1,797	(778)
Net (loss) income attributable to the General Partner	\$ (72,670)	\$ 33,408
Basic and diluted net (loss) income per share from continuing operations attributable to common stockholders	\$ (0.09)	\$ 0.01
Basic and diluted net income per share from discontinued operations attributable to common stockholders	0.00	0.01
Basic and diluted net (loss) income per share attributable to common stockholders	\$ (0.09)	\$ 0.02
Distributions declared per common share	\$ 0.1375	\$ 0.1375

VEREIT, INC.
CONSOLIDATED EBITDA AND NORMALIZED EBITDA
(In thousands) (Unaudited)

	Three Months Ended June 30,	
	2018	2017
Net (loss) income	\$ (74,467)	\$ 34,186
Adjustments:		
Interest expense	70,320	73,621
Depreciation and amortization of real estate assets	164,235	184,288
Provision for income taxes	1,134	2,571
Proportionate share of adjustments for unconsolidated entities	289	1,023
EBITDA	\$ 161,511	\$ 295,689
Gain on disposition of real estate assets, net	(5,821)	(42,639)
Impairments	11,664	17,769
Loss on disposition and held for sale loss on discontinued operations	(224)	—
Acquisition-related expenses	909	756
Litigation and other non-routine costs, net of insurance recoveries	107,087	14,411
Gain on investment securities	—	(65)
Gain on derivative instruments, net	(105)	(592)
Amortization of above-market lease assets and deferred lease incentives, net of amortization of below-market lease liabilities	688	1,703
Gain on extinguishment and forgiveness of debt, net	(5,249)	(9,005)
Net direct financing lease adjustments	503	464
Straight-line rent, net of bad debt expense related to straight-line rent	(11,402)	(10,870)
Other adjustments, net	(142)	(57)
Proportionate share of adjustments for unconsolidated entities	(27)	(11)
Adjustment for Excluded Properties	(5)	472
Normalized EBITDA	\$ 259,387	\$ 268,025
Normalized EBITDA from continuing operations	\$ 259,387	\$ 257,824
Normalized EBITDA from discontinued operations	\$ —	\$ 10,201

VEREIT, INC.
CONSOLIDATED FUNDS FROM OPERATIONS
(In thousands, except for share and per share data) (Unaudited)

	Three Months Ended June 30,	
	2018	2017
Net (loss) income	\$ (74,467)	\$ 34,186
Dividends on non-convertible preferred stock	(17,973)	(17,973)
Gain on disposition of real estate assets, net	(5,821)	(42,639)
Depreciation and amortization of real estate assets	163,551	179,433
Impairment of real estate	11,664	17,769
Proportionate share of adjustments for unconsolidated entities	289	667
FFO attributable to common stockholders and limited partners	\$ 77,243	\$ 171,443
FFO attributable to common stockholders and limited partners from continuing operations	77,019	166,807
FFO attributable to common stockholders and limited partners from discontinued operations	224	4,636
Weighted-average shares outstanding - basic	968,192,162	974,160,295
Limited Partner OP Units and effect of dilutive securities	23,907,976	23,969,333
Weighted-average shares outstanding - diluted	<u>992,100,138</u>	<u>998,129,628</u>
FFO attributable to common stockholders and limited partners per diluted share	\$ 0.078	\$ 0.172
FFO attributable to common stockholders and limited partners from continuing operations per diluted share	\$ 0.078	\$ 0.167
FFO attributable to common stockholders and limited partners from discontinued operations per diluted share	\$ 0.000	\$ 0.005

VEREIT, INC.
CONSOLIDATED ADJUSTED FUNDS FROM OPERATIONS
(In thousands, except for share and per share data) (Unaudited)

	Three Months Ended June 30,	
	2018	2017
FFO attributable to common stockholders and limited partners	\$ 77,243	\$ 171,443
Acquisition-related expenses	909	756
Litigation and other non-routine costs, net of insurance recoveries	107,087	14,411
Loss on disposition and held for sale loss on discontinued operations	(224)	—
Gain on investments	—	(65)
Gain on derivative instruments, net	(105)	(592)
Amortization of premiums and discounts on debt and investments, net	(603)	(1,700)
Amortization of above-market lease assets and deferred lease incentives, net of amortization of below-market lease liabilities	688	1,703
Net direct financing lease adjustments	503	464
Amortization and write-off of deferred financing costs	5,650	6,327
Amortization of management contracts	—	4,146
Deferred other tax benefit	—	(4,318)
Gain on extinguishment and forgiveness of debt, net	(5,249)	(9,005)
Straight-line rent, net of bad debt expense related to straight-line rent	(11,402)	(10,870)
Equity-based compensation expense	3,716	4,448
Other adjustments, net	566	627
Proportionate share of adjustments for unconsolidated entities	(27)	48
Adjustment for Excluded Properties	42	3,045
AFFO attributable to common stockholders and limited partners	\$ 178,794	\$ 180,868
AFFO attributable to common stockholders and limited partners from continuing operations	178,794	174,745
AFFO attributable to common stockholders and limited partners from discontinued operations	—	6,123
Weighted-average shares outstanding - basic	968,192,162	974,160,295
Limited Partner OP Units and effect of dilutive securities	23,907,976	23,969,333
Weighted-average shares outstanding - diluted	992,100,138	998,129,628
AFFO attributable to common stockholders and limited partners per diluted share	\$ 0.180	\$ 0.181
AFFO attributable to common stockholder and limited partners from continuing operations per diluted share	\$ 0.180	\$ 0.175
AFFO attributable to common stockholders and limited partners from discontinued operations per diluted share	\$ —	\$ 0.006

VEREIT, INC.
FINANCIAL AND OPERATIONS STATISTICS AND RATIOS
(Dollars in thousands) (Unaudited)

	Three Months Ended
	June 30,
	2018
Interest expense - as reported	\$ (70,320)
<i>Less Adjustments:</i>	
Amortization of deferred financing costs and other non-cash charges	(5,705)
Amortization of net premiums	634
Interest Expense, Excluding Non-Cash Amortization - Excluded Properties	(47)
Interest Expense, Excluding Non-Cash Amortization	\$ (65,202)
	Three Months Ended
	June 30,
	2018
Interest Expense, Excluding Non-Cash Amortization	\$ 65,202
Secured debt principal amortization	2,457
Dividends attributable to preferred shares	17,973
Total fixed charges	85,632
Normalized EBITDA	259,387
Fixed Charge Coverage Ratio	3.03x
	June 30,
	2018
Adjusted Debt Outstanding	\$ 6,067,593
Less: cash and cash equivalents	18,434
Net Debt	6,049,159
Normalized EBITDA annualized	1,037,548
Net Debt to Normalized EBITDA Annualized Ratio	5.83x
Net Debt	\$ 6,049,159
Gross Real Estate Investments	15,477,098
Net Debt Leverage Ratio	39.1%
Unencumbered Gross Real Estate Investments	\$ 11,376,971
Gross Real Estate Investments	15,477,098
Unencumbered asset ratio	73.5%
	June 30,
	2018
Mortgage notes payable, net	\$ 2,031,171
Corporate bonds, net	2,824,176
Convertible debt, net	989,901
Credit facility	195,000
Total debt - as reported	6,040,248
<i>Adjustments:</i>	
Deferred financing costs, net	41,672
Net premiums	(14,327)
Debt Outstanding	6,067,593
Debt Outstanding - Excluded Properties	—
Adjusted Debt Outstanding	\$ 6,067,593

VEREIT, INC.
CONSOLIDATED ADJUSTED FUNDS FROM OPERATIONS PER DILUTED SHARE - 2018 GUIDANCE
(Unaudited)

The Company expects its 2018 AFFO per diluted share to be in a range between \$0.70 and \$0.72. This guidance assumes dispositions totaling \$300 million to \$500 million at an average cash cap rate of 6.5% to 7.5% and acquisitions of \$200 million to \$300 million in excess of dispositions within the same cash cap rate range. Acquisitions will be funded through a combination of internal equity, debt capacity within our Net Debt to Normalized EBITDA target, and proceeds from the sale of Cole Capital. Guidance also assumes real estate operations with average occupancy above 98.0% and same-store rental growth in a range of 0.3% to 1.0%. The Company also expects to target balance sheet Net Debt to Normalized EBITDA at approximately 6.0x. The estimated net income per diluted share is not a projection and is provided solely to satisfy the disclosure requirements of the U.S. Securities and Exchange Commission.

	<u>Low</u>	<u>High</u>
Diluted net loss per share attributable to common stockholders and limited partners ^{(1) (2)}	\$ (0.09)	\$ (0.07)
Gain on disposition of real estate assets, net ⁽²⁾	(0.02)	(0.02)
Depreciation and amortization of real estate assets ⁽²⁾	0.64	0.64
Impairment of real estate ⁽²⁾	0.02	0.02
FFO attributable to common stockholders and limited partners per diluted share	<u>0.55</u>	<u>0.57</u>
Adjustments ⁽³⁾	<u>0.15</u>	<u>0.15</u>
AFFO attributable to common stockholders and limited partners per diluted share	<u>\$ 0.70</u>	<u>\$ 0.72</u>

(1) Includes impact of dividends to be paid to preferred shareholders and excludes the effect of non-controlling interests and gains or losses on the extinguishment of debt.

Includes the impacts of discontinued operations, impairments and gains or losses on the sale of real estate assets and interests in unconsolidated joint ventures for the six months ended June 30, 2018.

(2) Includes actual amounts for the six months ended June 30, 2018.

(3) Includes (i) non-routine items such as acquisition-related expenses, litigation and other non-routine costs, net of insurance recoveries, gains or losses on sale of investment securities or mortgage note receivables, legal settlements and insurance recoveries not in the ordinary course of business, (ii) certain non-cash items such as impairments of goodwill, straight-line rent, net of bad debt expense related to straight-line rent, net direct financing lease adjustments, gains or losses on derivatives, gains or losses on the extinguishment or forgiveness of debt, reserves for loan loss, equity-based compensation and amortization of intangible assets, deferred financing costs, premiums and discounts on debt and investments, above-market lease assets and below-market lease liabilities and (iii) the AFFO impact of Excluded Properties and related non-recourse mortgage notes.