

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

**FORM 8-K**

CURRENT REPORT

Pursuant to Section 13 or 15(d)  
of the Securities Exchange Act of 1934

September 9, 2024  
Date of Report (Date of earliest event reported)

**Essential Properties Realty Trust, Inc.**

(Exact name of registrant as specified in its charter)

**Maryland**  
(State or other jurisdiction of incorporation)

**001-38530**  
(Commission File Number)

**82-4005693**  
(IRS Employer Identification No.)

**902 Carnegie Center Blvd., Suite 520**  
**Princeton, New Jersey**  
(Address of principal executive offices)

**08540**  
(Zip Code)

Registrant's telephone number, including area code: **(609) 436-0619**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligations of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of Each Class</u>	<u>Trading Symbol(s)</u>	<u>Name of Each Exchange on Which Registered</u>
Common stock, \$0.01 par value	EPRT	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act

**Item 7.01 — Regulation FD Disclosure.**

*Investor Presentation*

On September 9, 2024, Essential Properties Realty Trust, Inc. released a presentation that it intends to use from time to time in meetings with investors. A copy of the presentation is attached hereto as Exhibit 99.1.

The information set forth in this item 7.01 and in the attached Exhibit 99.1 is being "furnished" and shall not be deemed "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of Section 18, nor shall it be deemed incorporated by reference into any filing of the company under the Securities Act of 1933, as amended, or the Exchange Act, whether made before or after the date hereof, regardless of any general incorporation language in any such filing.

**Item 9.01 — Financial Statements and Exhibits.**

(d) Exhibits. The following exhibit is being filed herewith:

<b>Exhibit No.</b>	<b>Description</b>
<a href="#">99.1</a>	September 2024 Investor Presentation
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: September 9, 2024

**ESSENTIAL PROPERTIES REALTY TRUST, INC.**

By:

*/s/ Mark E. Patten*

**Mark E. Patten**

**Executive Vice President, Chief Financial Officer, Treasurer and Corporate Secretary**

ESSENTIAL  PROPERTIES

**Investor Presentation**



*September 2024*

## Disclaimer

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and other federal securities laws. These forward-looking statements can be identified by the use of words such as “expect,” “plan,” “will,” “estimate,” “project,” “intend,” “believe,” “guidance,” and other similar expressions that do not relate to historical matters. These forward-looking statements are subject to known and unknown risks and uncertainties that can cause actual results to differ materially from those currently anticipated due to a number of factors, which include, but are not limited to, our continued ability to source new investments, risks associated with using debt and equity financing to fund our business activities (including refinancing and interest rate risks, changes in interest rates and/or credit spreads, changes in the price of our common shares, and conditions of the equity and debt capital markets, generally), unknown liabilities acquired in connection with acquired properties or interests in real-estate related entities, general risks affecting the real estate industry and local real estate markets (including, without limitation, the market value of our properties, the inability to enter into or renew leases at favorable rates, portfolio occupancy varying from our expectations, dependence on tenants’ financial condition and operating performance, and competition from other developers, owners and operators of real estate), the financial performance of our retail tenants and the demand for retail space, particularly with respect to challenges being experienced by general merchandise retailers, potential fluctuations in the consumer price index, risks associated with our failure to maintain our status as a REIT under the Internal Revenue Code of 1986, as amended, and other additional risks discussed in our filings with the Securities and Exchange Commission. We expressly disclaim any responsibility to update or revise forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

## Business Update

Continuing to Execute Our Business Plan

<b>Healthy Net Lease Portfolio<sup>1</sup></b>	<ul style="list-style-type: none"><li>• <b>Stable Portfolio:</b> 99.8% leased; same-store rent growth has averaged 1.4% over the last four quarters</li><li>• <b>Strong Coverage:</b> Unit-level coverage of 3.7x with ~99% of ABR required to report unit-level P&amp;Ls</li><li>• <b>De-Minimis Lease Expiration Risk:</b> Only 4.1% of ABR (3.1x coverage) expiring through 2028</li><li>• <b>Fungible &amp; Diversified:</b> Average asset size is \$2.7mm; Top 10 tenants represent just 18.7% of ABR</li></ul>
<b>Well Positioned Balance Sheet And Liquidity</b>	<ul style="list-style-type: none"><li>• <b>Balance Sheet Strength:</b> Raised ~\$158mm of common equity at \$29.88 average price QTD in 3Q'24, all on forward basis. Fully drawn \$450mm 5.5-year term loan facility ("2030 Term Loan") fully swapped at all-in effective fixed rate of 4.9%. With the execution of the 2030 Term Loan, our capital needs have now been met for the year.</li><li>• <b>Investment Grade Balance Sheet:</b> Asset base is 100% unencumbered with no secured debt</li><li>• <b>Low Leverage<sup>2</sup>:</b> Proforma Net Debt / Annualized Adjusted EBITDAre of 3.8x at 2Q'24-end</li><li>• <b>Excellent Liquidity<sup>2</sup>:</b> ~\$1.1bn of pro forma liquidity</li><li>• <b>Well-Laddered Low-Cost Debt<sup>2</sup>:</b> Weighted average debt maturity is 4.7 years, and weighted average interest rate is 4.1%</li></ul>
<b>Consistent &amp; Disciplined External Growth</b>	<ul style="list-style-type: none"><li>• <b>Investment Activity Remains Healthy at Attractive Cap Rates:</b> Closed investments of ~\$128mm in 3Q'24 to date<sup>3</sup> and ~\$187mm of investments under PSA or LOI<sup>4</sup>, with 3Q'24 expected cash yield of ~8.0%</li><li>• <b>Accretive Capital Recycling:</b> With ~\$11mm of dispositions closed in 3Q'24 to date<sup>3</sup> at 7.4% cash yield and ~\$28mm under PSA<sup>4</sup> at 8.0% yield, we continue to selectively recycle capital at attractive prices</li></ul>

1. As of June 30, 2024.

2. Pro forma adjustments made to reflect the unsettled portion of shares sold on a forward basis as if they had been physically settled on June 30, 2024 and to reflect closing and draws of full amount available under 2030 Term Loan..

3. Completed investments and dispositions from July 1, 2024 through September 5, 2024. Includes transaction costs. Amounts are preliminary and are subject to change.

4. As of September 5, 2024, we were party to purchase and sale agreements, letters of intent or similar agreements relating to potential investments and purchase and sale agreements relating to potential dispositions. There can be no assurance that these investments and dispositions will be completed.

# Chicken N Pickle

## Investment Highlights



# Investment Highlights

New Vintage Portfolio + External Growth Capacity = Compelling Investment Opportunity

<ul style="list-style-type: none"> <li>• Newly Assembled Portfolio of Net Lease Properties</li> <li>• Long Duration Leases with Strong Unit-Level Rent Coverage</li> </ul>	▶	<b>14.1 Years</b> Weighted Average Lease Term (WALT) <sup>1</sup>	<b>3.7x</b> Average Unit-Level Rent Coverage <sup>1</sup>
<ul style="list-style-type: none"> <li>• Focused on Service-Oriented and Experience-Based Tenants</li> <li>• Fungible and Smaller-Scale Single-Tenant Properties</li> </ul>	▶	<b>93%</b> % of Total Cash ABR from Service & Experiential Tenants <sup>1</sup>	<b>\$2.7mm</b> Average Investment per Property <sup>1</sup>
<ul style="list-style-type: none"> <li>• Differentiated, Disciplined and Proven Investment Strategy</li> <li>• Focused on Sale-Leasebacks with Middle-Market Companies</li> </ul>	▶	<b>~\$265mm</b> Average Quarterly Investment Level <sup>2</sup>	<b>100%</b> % of 2Q'24 Investments Originated Sale-Leaseback Structure <sup>3</sup>
<ul style="list-style-type: none"> <li>• Balance Sheet Positioned to Fund External Growth Opportunities</li> <li>• Long-Term History of Maintaining Conservative Leverage Profile</li> </ul>	▶	<b>3.8x</b> Net Debt to Annualized Adjusted EBITDA <sup>4</sup>	<b>32%</b> Gross Debt to Undepreciated Assets <sup>4</sup>
<ul style="list-style-type: none"> <li>• Senior Management Team with Extensive Net Lease Experience</li> <li>• Demonstrated Record of Growing Public REITs to Significant Scale</li> </ul>	▶	<b>100+ Years</b> Management's Collective Net Lease Experience	<b>\$5.7B</b> Undepreciated Gross Assets <sup>1</sup>

1. As of June 30, 2024.

2. Average quarterly investment activity represents the trailing eight quarter average as of June 30, 2024.

3. Based on Cash ABR as of June 30, 2024.

4. Pro forma adjustments made to reflect the unsettled portion of shares sold on a forward basis as if they had been physically settled on June 30, 2024 and to reflect closing and draws of full amount available under 2030 Term Loan.



# Focused Investment Strategy Based on Decades of Experience

Investment Discipline Refined Over Multiple Decades Across Various Credit Cycles

## Service-oriented and experience-based businesses

- Strong performance in current economic environment
- Improving operating efficiencies
- Increasing store counts

## Service-Oriented & Experience-Based Industries

- ✓ E-commerce resistant
- ✓ Profit centers essential to tenant's operations
- ✓ Customers must visit to receive service/experience

## Small-scale, fungible net leased properties

- Greater re-let opportunities
- More liquid for asset recycling

## Middle-market businesses

- Greater opportunity to be valued capital partner
- Limited alternative capital sources
- Attractive risk-adjusted returns

## Sale-Leaseback Transactions - Middle-Market Tenants

- ✓ Longer lease term
- ✓ Unit-level financial reporting
- ✓ Contractual rent increases

## Small-Scale Fungible Net Leased Properties

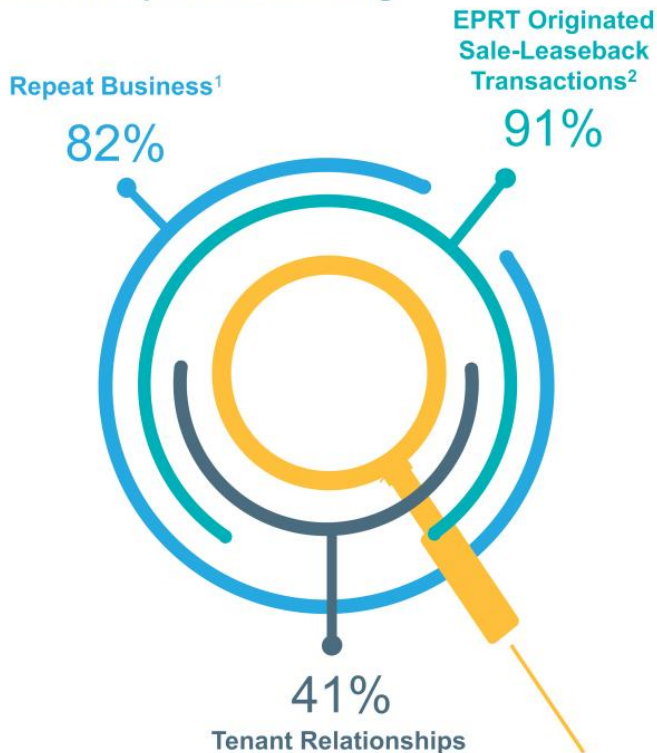
- ✓ Increases diversification
- ✓ Deeper pool of potential buyers
- ✓ Greater alternative uses



# Relationship Based Strategy – Capital Provider of Choice

Actively Leveraging Our Relationships to Directly Originate New Investment Opportunities

## Relationship-Based Sourcing



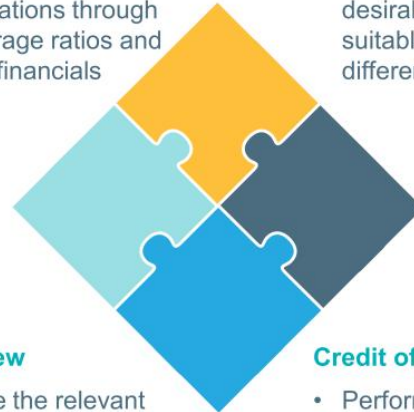
## Underwriting Methodology

### Unit-Level Profitability

- Evaluate the profitability of the business operated at our real estate locations through rent coverage ratios and historical financials

### Real Estate Valuation

- Identify whether the underlying real estate is commercially desirable and suitable for use by different tenants



### Industry View

- Determine the relevant competitive factors and long-term viability of the industry, avoiding industries subject to long-term functional obsolescence

### Credit of the Tenant

- Perform detailed credit reviews of the financial condition of all proposed tenants to determine their financial strength and flexibility

*Our tenant roster stands at 395 today, up 195% since IPO; Average annual growth in new tenants of 20%*

1. Percentage of portfolio cash ABR as of June 30, 2024 that was acquired from parties who previously engaged in one or more transactions with a senior management team member. Exclusive of Initial Portfolio.

2. Percentage of portfolio cash ABR as of June 30, 2024 that was attributable to internally originated sale-leaseback transactions. Exclusive of Initial Portfolio.

3. Tenant count as of June 30, 2024, compared with June 30, 2018, 134 tenants at IPO.



Portfolio Review

# New Vintage Portfolio Focused on Targeted Industries

Disciplined Investing Focused on Service-Oriented and Experience-Based Businesses with Unit-Level Reporting

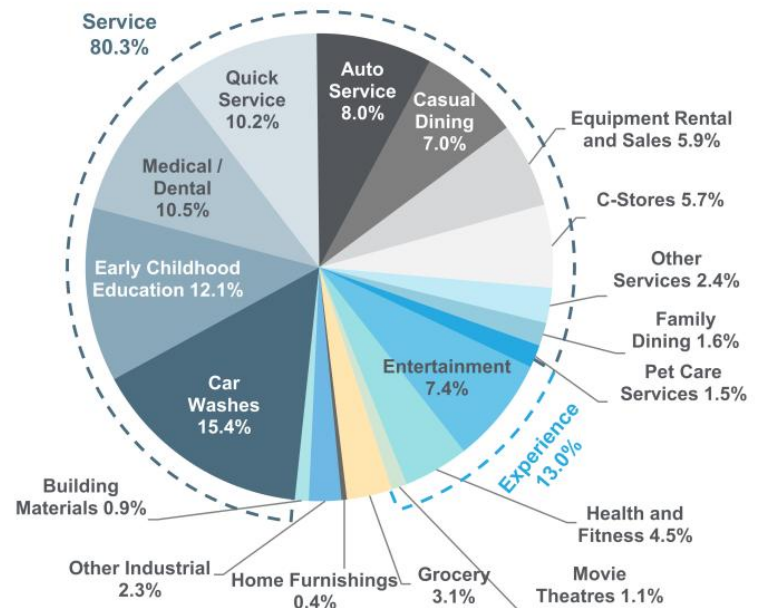
- **E-Commerce Resistant<sup>1</sup>:** 93% of cash ABR comes from service-oriented and experience-based tenants
- **Focus on 16 Industries:** Results in greater sector expertise and more efficient asset management
- **Long WALT Limits Near-Term Cash Flow Erosion<sup>1</sup>:** 4.1% of our ABR expires through 2028
- **Highly Transparent with No Legacy Issues<sup>1</sup>:** 98.9% unit-level reporting; investment program started in June 2016

## Portfolio Highlights

	June 30, 2024
Investment Properties (#) <sup>2</sup>	2,009
Square Footage (mm)	20.1
Tenants (#)	395
Industries (#)	16
States (#)	49
Weighted Average Remaining Lease Term (Years)	14.1
Master Leases (% of Cash ABR)	70.2%
Sale-Leaseback (% of Cash ABR) <sup>3,4</sup>	91.2%
Unit-Level Rent Coverage	3.7x
Unit-Level Financial Reporting (% of Cash ABR)	98.9%
Leased (%)	99.8%
Top 10 Tenants (% of Cash ABR)	18.6%
Average Investment Per Property (\$mm)	\$2.7

1. As of June 30, 2024  
 2. Includes 147 properties that secure mortgage loans receivable.  
 3. Exclusive of Initial Portfolio.  
 4. Includes investments in mortgage loans receivable made in support of sale-leaseback transactions.

## Tenant Industry Diversification<sup>1</sup>



## Top 10 Tenant Concentration

Highly Diversified Portfolio by Tenant: Top 10 Tenants Represent less than 19% of Total Cash ABR<sup>1</sup>

### Top 10 Tenants<sup>1</sup>

Top 10 Tenants <sup>1</sup>	Properties <sup>2</sup>	% of Cash ABR
 Equipment Share	61	4.7%
 Chicken N Pickle	8	2.0%
 Bright Path <small>Part of the Betty Bees Family</small>	32	1.7%
 TIDAL WAVE AUTO SPA	16	1.6%
 POPS MART	25	1.5%
 festival foods	7	1.5%
 Red Robin	28	1.5%
 CIRCLE K <small>Circle K</small>	40	1.4%
 FIVE STAR <small>PAVILIONS &amp; ATTRACTIONS</small>	10	1.4%
 Caring	76	1.4%
<b>Top 10 Tenants</b>	<b>303</b>	<b>18.7%</b>
<b>Total</b>	<b>2,004</b>	<b>100.0%</b>

### Diversification by Industry<sup>1</sup>

Tenant Industry	Type of Business	Cash ABR (\$'000s)	% of Cash ABR	# of Properties <sup>2</sup>	Building SqFt <sup>3</sup>	Rent Per SqFt <sup>3</sup>
Car Washes	Service	\$ 63,430	15.4%	200	1,000,248	\$ 64.06
Early Childhood Education	Service	49,701	12.1%	213	2,226,911	22.32
Medical / Dental	Service	43,207	10.5%	215	1,664,450	25.96
Quick Service	Service	42,146	10.2%	437	1,159,771	36.71
Automotive Service	Service	33,023	8.0%	246	1,678,172	19.68
Casual Dining	Service	28,765	7.0%	127	874,540	32.89
Equipment Rental and Sales	Service	24,133	5.9%	88	1,678,761	14.38
Convenience Stores	Service	23,636	5.7%	159	608,208	39.86
Other Services	Service	9,994	2.4%	50	651,588	15.34
Family Dining	Service	6,608	1.6%	34	235,835	28.02
Pet Care Services	Service	6,519	1.5%	39	305,034	22.37
<b>Service Subtotal</b>		<b>\$ 331,162</b>	<b>80.3%</b>	<b>1,808</b>	<b>12,083,518</b>	<b>\$ 27.52</b>
Entertainment	Experience	30,378	7.4%	54	1,781,247	17.05
Health and Fitness	Experience	18,623	4.5%	42	1,475,273	13.06
Movie Theatres	Experience	4,404	1.1%	6	293,206	15.02
<b>Experience Subtotal</b>		<b>\$ 53,405</b>	<b>13.0%</b>	<b>102</b>	<b>3,549,726</b>	<b>\$ 15.26</b>
Grocery	Retail	12,907	3.1%	34	1,582,830	8.15
Home Furnishings	Retail	1,530	0.4%	3	176,809	8.65
<b>Retail Subtotal</b>		<b>\$ 14,437</b>	<b>3.5%</b>	<b>37</b>	<b>1,759,639</b>	<b>\$ 8.20</b>
Other Industrial	Industrial	9,238	2.3%	34	1,417,973	6.51
Building Materials	Industrial	3,910	0.9%	23	1,257,017	3.11
<b>Industrial Subtotal</b>		<b>\$ 13,148</b>	<b>3.2%</b>	<b>57</b>	<b>2,674,990</b>	<b>\$ 4.92</b>
<b>Total</b>		<b>\$ 412,152</b>	<b>100.0%</b>	<b>2,004</b>	<b>20,067,873</b>	<b>\$ 20.64</b>

1. Represents tenant, guarantor or parent company.

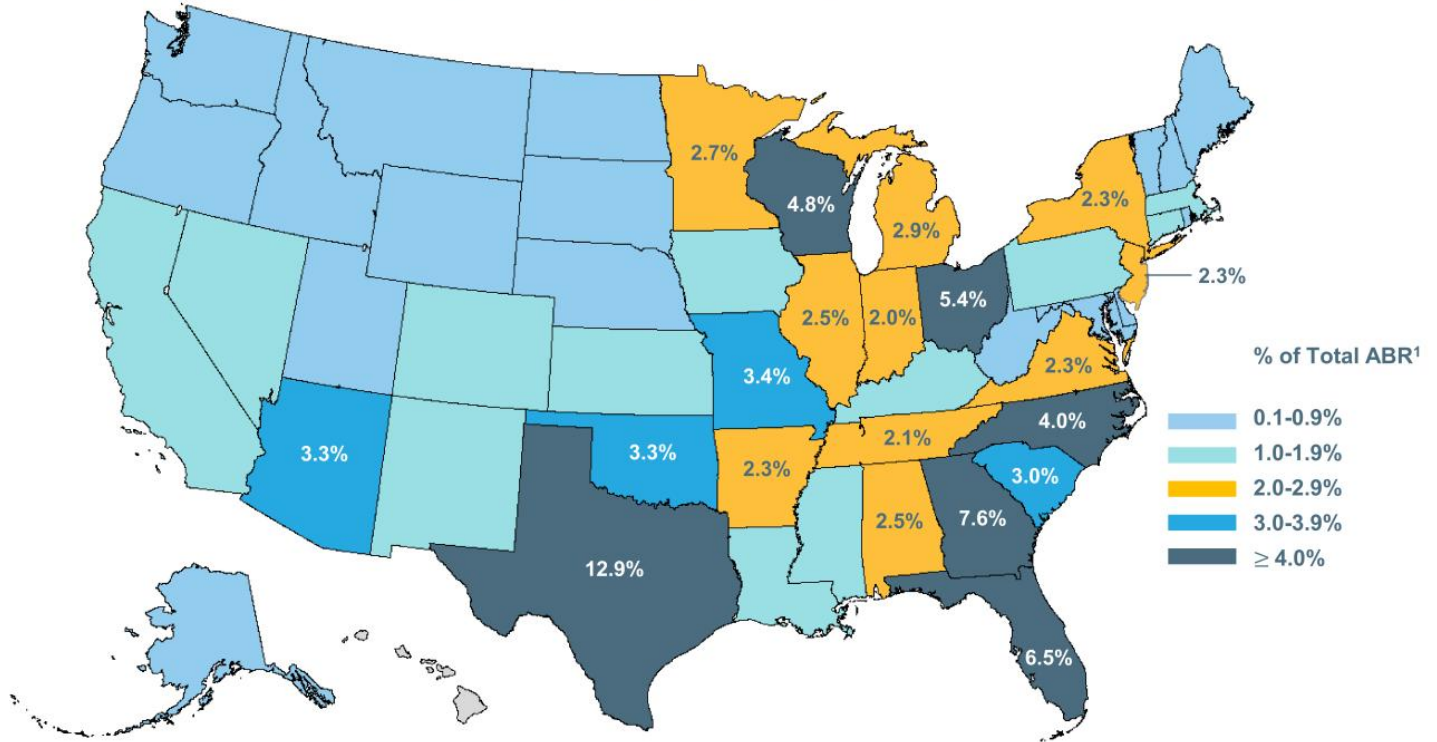
2. Property count includes 147 properties that secure mortgage loans receivable and excludes five vacant properties.

3. Calculation excludes five vacant properties, properties with no annualized base rent and properties under construction.

# Diversified Portfolio – Our Tenants Identify the Location of Opportunities

Geographical Diversity is an Output of our Strategy

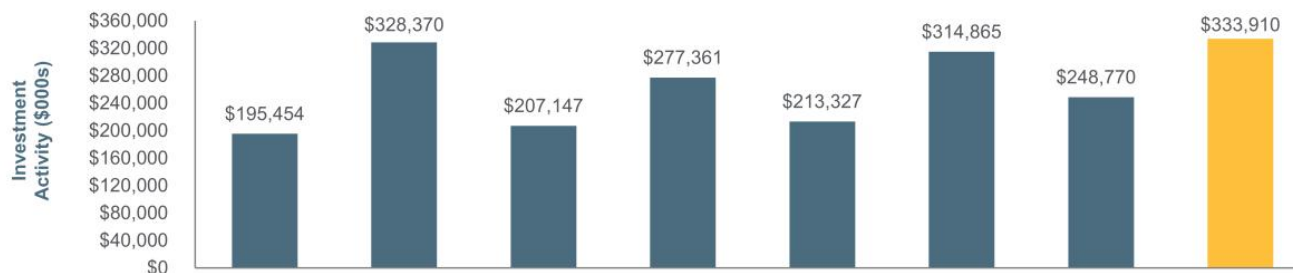
- **Geographic Diversity<sup>1</sup>** ~78% of Total Cash ABR comes from Top 20 States (States with  $\geq 2.0\%$  of our total ABR)  
~51% of Total Cash ABR comes from Sunbelt states, as our tenants increasingly seek to expand their businesses in higher-growth markets



1. As of June 30, 2024.

## Established and Proven Investment Platform

Scalable Infrastructure – Consistent Investment Sourcing at Attractive Yields without Sacrificing Quality



Investments <sup>1</sup>	3Q'22	4Q'22	1Q'23	2Q'23	3Q'23	4Q'23	1Q'24	2Q'24
Number of Transactions	27	39	24	29	30	43	36	35
Property Count	40	115	57	78	65	93	79	83
Average Investment per Unit (in 000s)	\$3,750	\$2,782	\$3,401	\$3,350	\$2,812	\$3,008	\$2,767	\$3,393
Cash Cap Rates <sup>2</sup>	7.1%	7.5%	7.6%	7.4%	7.6%	7.9%	8.1%	8.0%
GAAP Cap Rates <sup>3</sup>	8.2%	8.8%	9.0%	8.7%	8.7%	9.1%	9.3%	9.1%
Weighted Average Lease Escalation	1.6%	1.8%	2.0%	1.9%	2.0%	1.9%	1.9%	1.9%
Master Lease % <sup>4,5</sup>	68%	90%	86%	57%	60%	72%	82%	76%
Sale-Leaseback % <sup>4,6</sup>	89%	99%	100%	99%	100%	97%	100%	100%
Existing Relationship % <sup>4</sup>	94%	95%	94%	66%	86%	96%	87%	82%
% of Financial Reporting <sup>4</sup>	100%	100%	100%	100%	100%	100%	100%	100%
Rent Coverage Ratio	4.4x	3.2x	3.3x	3.9x	3.3x	3.3x	2.7x	3.0x
Lease Term Years	16.5	18.7	19.0	19.3	17.6	17.6	17.2	17.8

1. Includes investments in mortgage loans receivable.

2. Cash ABR for the first full month after the investment divided by the gross investment in the property plus transaction costs.

3. GAAP rent and interest income for the first twelve months after the investment divided by the gross investment in the property plus transaction costs.

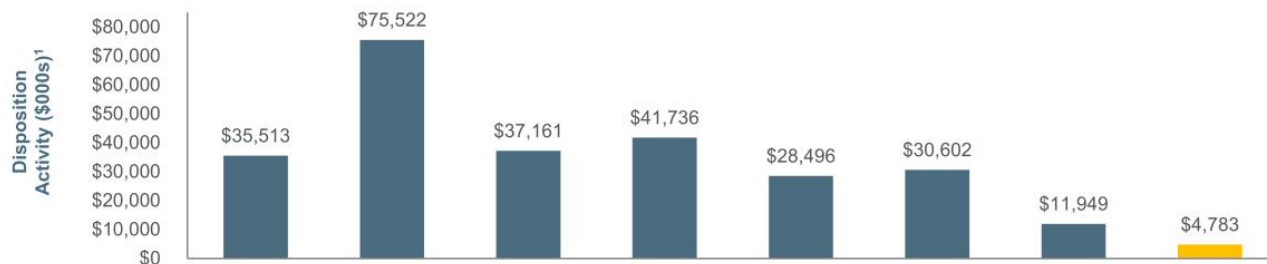
4. As a percentage of cash ABR for the quarter.

5. Includes investments in mortgage loans receivable collateralized by more than one property.

6. Includes investments in mortgage loans receivable made in support of sale-leaseback transactions.

## Active Asset Management

Proactive Asset Management Mitigates Risk, Optimizes Accretive Capital Recycling



Dispositions	3Q'22	4Q'22	1Q'23	2Q'23	3Q'23	4Q'23	1Q'24	2Q'24
Realized Gain/(Loss) <sup>1,2</sup>	11.1%	7.2%	(2.1%)	(0.9%)	(2.3%)	8.2%	(20.1%)	(49.0%)
Cash Cap Rate on Leased Assets <sup>3,4</sup>	6.2%	6.9%	6.1%	6.2%	6.5%	6.6%	6.5%	7.3%
Leased Properties Sold <sup>5</sup>	12	25	17	14	9	9	6	4
Vacant Properties Sold <sup>5</sup>	—	1	—	2	1	—	1	2
Rent Coverage Ratio	1.2x	2.1x	2.3x	2.2x	3.6x	3.5x	2.7x	0.5x

1. Includes the impact of transaction costs.

2. Gains/(losses) based on our initial purchase price.

3. Cash ABR at time of sale divided by gross sale price (excluding transaction costs) for the property.

4. Excludes properties sold pursuant to an existing tenant purchase option or properties purchased by the tenant.

5. Property count excludes dispositions of undeveloped land parcels or dispositions where only a portion of the owned parcel is sold.



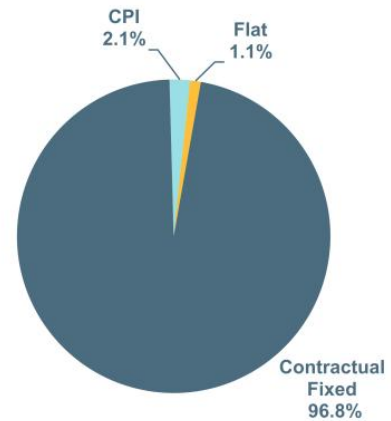
# Leasing Summary

Consistent Contractual Rent Escalations Generate Dependable Internal Growth

## Lease Escalation Frequency

Lease Escalation Frequency	% of Cash ABR	Weighted Average
		Annual Escalation Rate <sup>1,2</sup>
Annually	82.2%	1.7%
Every 2 years	1.0%	1.5%
Every 3 years	0.1%	0.0%
Every 4 years	0.1%	1.0%
Every 5 years	13.3%	1.8%
Other escalation frequencies	2.2%	1.1%
Flat	1.1%	0.0%
<b>Total / Weighted Average</b>	<b>100.0%</b>	<b>1.7%</b>

## Lease Escalation Type



1. Based on cash ABR as of June 30, 2024.

2. Represents the weighted average annual escalation rate of the entire portfolio as if all escalations occur annually. For leases in which rent escalates by the greater of a stated fixed percentage or CPI, we have assumed an escalation equal to the stated fixed percentage in the lease. As any future increase in CPI is unknowable at this time, we have not included an increase in the rent pursuant to these leases in the weighted average annual escalation rate presented.

## Same-Store Rent Growth

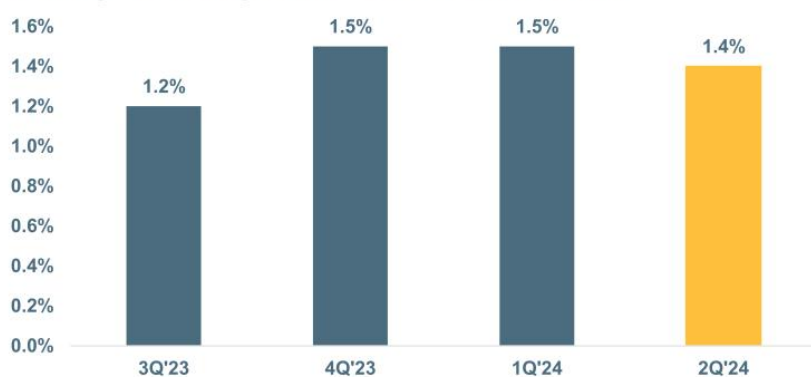
Alignment with Average Contractual Rent Bumps is an Indicator of Limited Credit Loss Experience

### Same-Store Portfolio Performance<sup>1</sup>

Type of Business	Contractual Cash Rent (\$000s) <sup>2</sup>		% Change
	2Q'23	2Q'24	
Service	\$ 59,082	\$ 59,897	1.4%
Experience	9,041	9,149	1.2%
Retail	2,812	2,833	0.8%
Industrial	2,650	2,699	1.9%
<b>Total Same-Store Rent</b>	<b>\$ 73,585</b>	<b>\$ 74,578</b>	<b>1.4%</b>
<i>Same Store % of Total Portfolio</i>			<i>72%</i>



### Trailing 4 Qtr. Avg. Same-Store Rent Growth<sup>1</sup>



1. All properties owned, excluding new sites under construction, for the entire same-store measurement period, which is April 1, 2023 through June 30, 2024. The same-store portfolio for 2Q'24 is comprised of 1,588 properties and represents 72% of our total portfolio as measured by contractual cash rent and interest divided by our cash ABR at June 30, 2024.

2. The amount of cash rent and interest our tenants are contractually obligated to pay per the in-place lease or mortgage as of June 30, 2024; excludes (i) percentage rent that is subject to sales breakpoints per the lease and (ii) redevelopment properties in a free rent period.

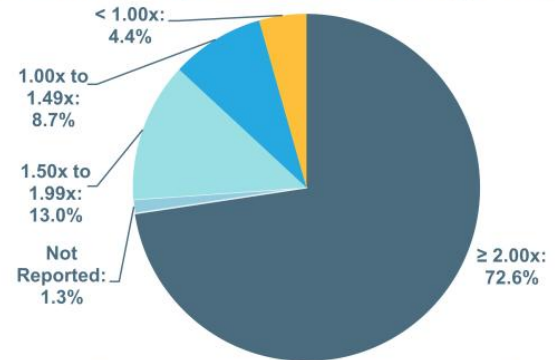
# Disciplined Underwriting Leading to Healthy Portfolio Metrics

Virtually 100% Unit-Level Reporting Provides Timely Visibility into Tenant Health and Expansive Intellectual Capital

## Tenant Financial Reporting Requirements<sup>1</sup>

Reporting Requirements	% of Cash ABR
Unit-Level Financial Information	98.9%
Corporate-Level Financial Reporting	98.9%
Both Unit-Level and Corporate-Level Financial Information	98.4%
No Financial Information	0.6%

## % of Cash ABR by Unit-Level Coverage Tranche<sup>1,2</sup>



## Unit-Level Coverage by Tenant Credit<sup>3</sup>



## Unit-Level Coverage by Lease Expiration<sup>1</sup>



Note: 'NR' means not reported.

1. Certain tenants, whose leases do not require unit-level financial reporting, provide the Company with unit-level financial information. The data shown includes unit-level coverage for these leases.

2. The chart illustrates the portions of annualized base rent as of June 30, 2024 attributable to leases with tenants having specified implied credit ratings based on their Moody's RiskCalc scores. Moody's equates the EDF scores generated using RiskCalc with a corresponding credit rating.



**Leverage & Liquidity**

# Conservative and Flexible Debt Structure

Investment Grade Balance Sheet with Strong Credit Profile

## Credit Highlights

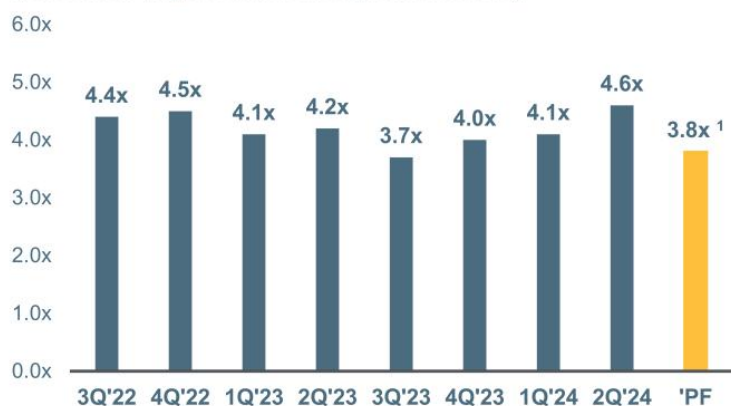
- **Well-Laddered Maturities<sup>1</sup>:** Weighted avg. maturity **4.7 yrs**
- **Low-Cost Debt Structure<sup>1</sup>:** Weighted avg. interest rate **4.1% (100% fixed)**
- **Low Leverage<sup>1</sup>:** PF Net Debt / Adjusted EBITDAre **3.8x**
- **High Cash Flow Coverage<sup>2</sup>:** Fixed Charge Coverage **5.9x**
- **100% Unsecured Balance Sheet:** Asset base **100%** unencumbered

## Unsecured Senior Note Covenants

	Measure	Actual <sup>3</sup>
Aggregate Debt	<=60%	35%
Debt Service	>=1.50x	4.1x
Maintenance of Total Unencumbered Assets	>=150%	289%
Secured Debt	<=40%	0%

## Consistently Conservative Leverage

(Net Debt as %age of Annualized Adjusted EBITDAre)



Consistent Conservative Leverage Position Supporting External Growth

## Minimal Near-Term Debt Maturities<sup>1</sup>



1. Pro forma adjustments made to reflect the unsettled portion of shares sold on a forward basis as if they had been physically settled on June 30, 2024 and to reflect closing and draws of full amount available under 2030 Term Loan.  
 2. Cash Adjusted EBITDAre divided by cash interest expense for the three months ended June 30, 2024.  
 3. As of June 30, 2024.

# Strong Liquidity to Drive Leading AFFO/sh Growth

\$698mm of Liquidity<sup>1</sup> and Balance Sheet Capacity to Support External Growth Aspirations

## Strong Liquidity to Near-Term Investment Opportunities

(\$mm)	2Q'24	Pro Forma 2Q'24 <sup>1</sup>
Cash	\$ 24.5	\$ 548.2
Unused Revolver Capacity	355.0	600.0
Forward Equity - Unsettled	318.7	0.0
<b>Total Available Liquidity</b>	<b>\$ 698.2</b>	<b>\$ 1,148.2</b>



## Consistently Strong Liquidity to Fund Growth (\$mm)



1. Pro forma adjustments made to reflect the unsettled portion of shares sold on a forward basis as if they had been physically settled on June 30, 2024 and to reflect closing and draws of full amount available under 2030 Term Loan..

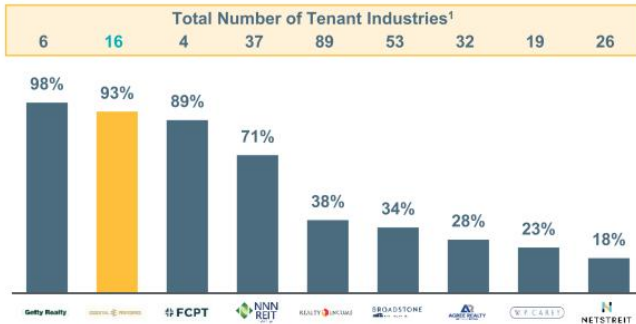


Peer Comparison

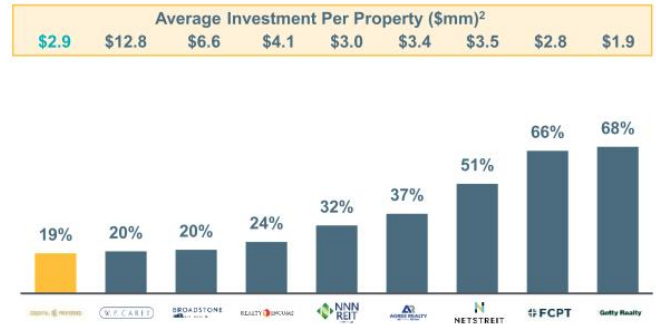
# Differentiated Net Lease Investment Opportunity

Portfolio Mix and Underlying Fundamentals are Favorable Relative to Peers

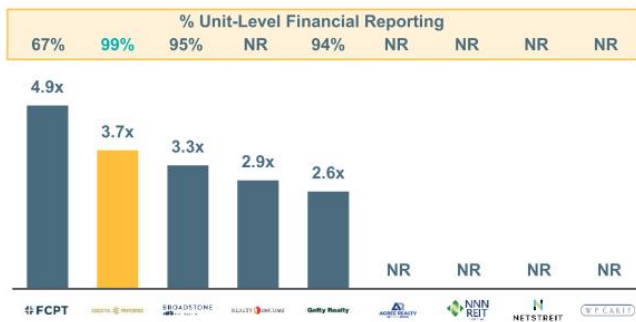
## Service-Oriented & Experience-Based Industries (% of ABR)



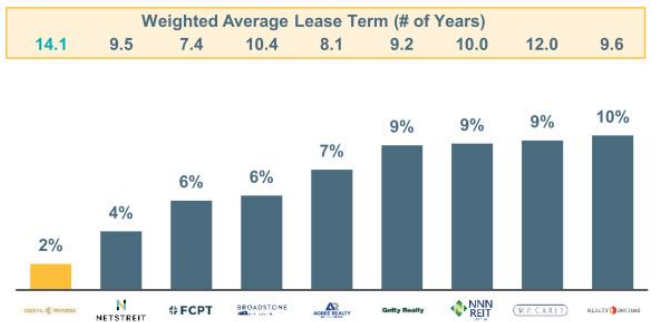
## Less Reliance on Top 10 Tenancy – Fungible Properties (% of ABR)



## Strong Unit-Level Coverage<sup>3</sup> & Transparency



## Limited Intermediate-Term Lease Maturities (% of Rent Expiring through 2026)



Source: Public filings and press releases.

Note: Data based on reported filings for period ending June 30, 2024, not adjusted for post quarter-end subsequent events. 'NR' means not reported. Companies may define service-oriented and experience-based tenants differently, may calculate weighted average remaining lease term differently, may calculate unit-level coverage differently (including peers on a mean or median basis with EPRT representing a weighted average) and may calculate the percentage of their tenants reporting differently than EPRT. Accordingly, such data for these companies and EPRT may not be comparable.

1. Designations entitled "other" are counted as one industry, even though the "other" segment could represent multiple industries.

2. Investment value includes land and improvements, building and improvements, lease incentives, CIP, intangible lease assets, loans and direct financing lease receivables and real estate investments held for sale, all at cost.

3. EPRT, GTY, and O coverage based on four-wall.



# Relative Valuation, Growth and Leverage

Compelling Valuation, Projected AFFO/sh Growth Relative to Net Lease Peers, and Conservative Leverage

## 2024E AFFO per Share Multiple<sup>1</sup>

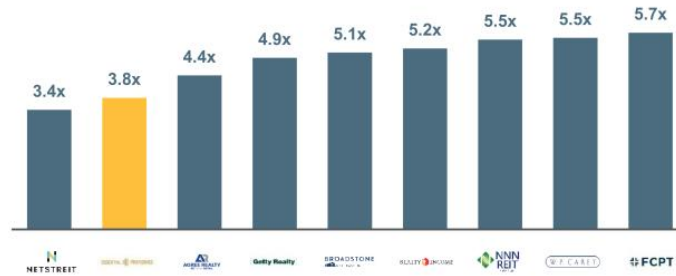


## 2024E AFFO per Share Growth<sup>2</sup>



## Net Debt + Preferred / EBITDAre

(Net Debt plus Preferred-to-Annualized Adjusted EBITDAre<sup>4</sup>)



Source: Public filings, FactSet and S&P Capital IQ.

Note: Market data as of September 5, 2024. Data based on reported filings for period ending June 30, 2024, not adjusted for post quarter-end subsequent events.

1. 2024E AFFO per share multiple calculated using current price per share and FactSet mean 2024E AFFO per share estimates.  
 2. 2024E AFFO per share growth is calculated using FactSet mean 2024E AFFO per share estimates and 2023A AFFO per share.

3. During 2023, WPC spun-off NLOP. Year-over-year growth not comparable. Consensus WPC RemainCo2023E AFFO estimate not available.  
 4. Companies may define annualized adjusted EBITDAre differently, accordingly, data for these companies and EPRT may not be comparable.



Commitment to ESG

# Environmental, Social and Governance

Strong Governance, Innovative Approach to Sustainability, Commitment to Diversity, Equity & Inclusion

## Governance

- Leading governance practices, Board accountability, strong board diversity, required minimum stock ownership, published compensation clawback policy, and no hedging or pledging
- Industry recognized investor engagement and disclosure practices

**Nareit**

2023 Silver Winner of Investor CARE Award

**The Forum of Executive Women**



2020-2023 Champion of Board Diversity



2023 Corporate Board Gender Diversity Award

## Environmental

Implementing sustainability upgrades at our properties to positively impact our tenants' profitability and prospects for success

**ESSENTIAL  SUSTAINABILITY**

### The EPRT Green Lease

Is now our standard lease form and it provides us with contractual rights to install sustainability improvements at our properties and receive annual utility billing/usage data.

## Social

- Providing dynamic work environment, rewarding work experience and career development for our team
- Providing positive work environment, valuing equal opportunity and fair employment practices
- Strive to offer our employees attractive and equitable compensation and healthy work/life balance
- Providing our employees with outlets to pursue professional development and civic engagement

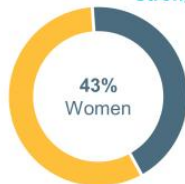
86% Independent



Low Tenure



Strong Diversity

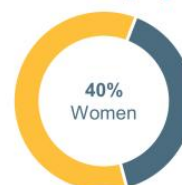


Green Leases in 2023

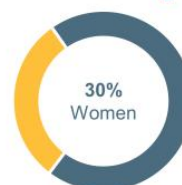


1. Measured by number of properties acquired

Total Company



Non-Executive Management





Financials

# Financial Summary – 2Q'24

## Consolidated Statements of Operations

(in thousands, except share and per share data)	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
<b>Revenues:</b>				
Rental revenue <sup>1,2</sup>	\$ 104,369	\$ 81,819	\$ 202,880	\$ 159,991
Interest on loans and direct financing lease receivables	4,858	4,534	9,598	8,981
Other revenue, net	41	163	292	1,232
<b>Total revenues</b>	<b>109,268</b>	<b>86,516</b>	<b>212,770</b>	<b>170,204</b>
<b>Expenses:</b>				
General and administrative	8,710	7,585	18,068	16,169
Property expenses <sup>2</sup>	1,155	1,144	2,148	1,987
Depreciation and amortization	29,927	24,742	58,453	48,567
Provision for impairment of real estate	2,812	802	6,564	1,479
Change in provision for loan losses	1	8	3	(22)
<b>Total expenses</b>	<b>42,605</b>	<b>34,281</b>	<b>85,236</b>	<b>68,180</b>
<b>Other operating income:</b>				
Gain on dispositions of real estate, net	134	12,547	1,645	17,461
<b>Income from operations</b>	<b>66,797</b>	<b>64,782</b>	<b>129,179</b>	<b>119,485</b>
<b>Other (expense)/income:</b>				
Interest expense	(17,361)	(12,071)	(32,958)	(24,204)
Interest income	847	448	1,340	1,086
Other income	1,548	—	1,548	—
<b>Income before income tax expense</b>	<b>51,831</b>	<b>53,159</b>	<b>99,109</b>	<b>96,367</b>
Income tax expense	155	159	311	311
<b>Net income</b>	<b>51,676</b>	<b>53,000</b>	<b>98,798</b>	<b>96,056</b>
Net income attributable to non-controlling interests	(159)	(198)	(307)	(358)
<b>Net income attributable to stockholders</b>	<b>\$ 51,517</b>	<b>\$ 52,802</b>	<b>\$ 98,491</b>	<b>\$ 95,698</b>
<b>Basic weighted-average shares outstanding</b>				
	175,391,270	150,492,454	171,304,986	147,466,087
<b>Basic net income per share</b>	<b>\$ 0.29</b>	<b>\$ 0.35</b>	<b>\$ 0.57</b>	<b>\$ 0.65</b>
<b>Diluted weighted-average shares outstanding</b>				
	177,583,989	151,522,350	173,219,295	148,776,458
<b>Diluted net income per share</b>	<b>\$ 0.29</b>	<b>\$ 0.35</b>	<b>\$ 0.57</b>	<b>\$ 0.64</b>

1. Includes contingent rent (based on a percentage of the tenant's gross sales at the leased property) of \$96, \$144, \$334 and \$320 for the three and six months ended June 30, 2024 and 2023, respectively.

2. Includes reimbursable income or reimbursable expenses from the Company's tenants of \$613, \$750, \$1,161 and \$1,341 for the three and six months ended June 30, 2024 and 2023, respectively.

## Financial Summary – 2Q'24

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

(unaudited, in thousands except per share amounts)	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
<b>Net income</b>	\$ 51,676	\$ 53,000	\$ 98,798	\$ 96,056
Depreciation and amortization of real estate	29,887	24,717	58,372	48,515
Provision for impairment of real estate	2,812	802	6,564	1,479
Gain on dispositions of real estate, net	(134)	(12,547)	(1,645)	(17,461)
<b>Funds from Operations</b>	<b>84,241</b>	<b>65,972</b>	<b>162,089</b>	<b>128,589</b>
Non-core expense (income) <sup>1</sup>	—	172	—	(704)
<b>Core Funds from Operations</b>	<b>84,241</b>	<b>66,144</b>	<b>162,089</b>	<b>127,885</b>
Adjustments:				
Straight-line rental revenue, net	(10,180)	(6,710)	(20,159)	(13,548)
Non-cash interest	934	615	1,884	1,434
Non-cash compensation expense	2,642	2,157	5,587	4,878
Other amortization expense	257	254	475	535
Other non-cash charges	568	2	561	(33)
Capitalized interest expense	(1,345)	(582)	(2,203)	(1,015)
<b>Adjusted Funds from Operations</b>	<b>\$ 77,117</b>	<b>\$ 61,880</b>	<b>\$ 148,234</b>	<b>\$ 120,136</b>
<b>Net income per share<sup>2</sup>:</b>				
Basic	\$ 0.29	\$ 0.35	\$ 0.57	\$ 0.65
Diluted	\$ 0.29	\$ 0.35	\$ 0.57	\$ 0.64
<b>FFO per share<sup>2</sup>:</b>				
Basic	\$ 0.48	\$ 0.44	\$ 0.94	\$ 0.87
Diluted	\$ 0.47	\$ 0.43	\$ 0.93	\$ 0.86
<b>Core FFO per share<sup>2</sup>:</b>				
Basic	\$ 0.48	\$ 0.44	\$ 0.94	\$ 0.86
Diluted	\$ 0.47	\$ 0.44	\$ 0.93	\$ 0.86
<b>AFFO per share<sup>2</sup>:</b>				
Basic	\$ 0.44	\$ 0.41	\$ 0.86	\$ 0.81
Diluted	\$ 0.43	\$ 0.41	\$ 0.85	\$ 0.81

1. During the three and six months ended June 30, 2023, includes \$0.2 million of severance expense and accelerated non-cash compensation expense; during the six months ended June 30, 2023, includes \$0.9 million of insurance recovery income related to two properties.

2. Calculations exclude \$118, \$102, \$234 and \$203 from the numerator for the three and six months ended June 30, 2024 and 2023, respectively, related to dividends paid on unvested restricted stock awards and restricted stock units.

# Financial Summary – 2Q'24

## Consolidated Balance Sheets

(in thousands, except share and per share amounts)	ASSETS	June 30, 2024 (unaudited)	December 31, 2023 (audited)
Investments:			
Real estate investments, at cost:			
Land and improvements		\$ 1,730,117	\$ 1,542,302
Building and improvements		3,162,052	2,938,012
Lease incentive		17,918	17,890
Construction in progress		169,844	96,524
Intangible lease assets		87,734	89,209
<b>Total real estate investments, at cost</b>		<b>5,167,665</b>	<b>4,683,937</b>
Less: accumulated depreciation and amortization		(421,486)	(367,133)
<b>Total real estate investments, net</b>		<b>4,746,179</b>	<b>4,316,804</b>
Loans and direct financing lease receivables, net		294,982	223,854
Real estate investments held for sale, net		8,677	7,455
<b>Net investments</b>		<b>5,049,838</b>	<b>4,548,113</b>
Cash and cash equivalents		23,557	39,807
Restricted cash		935	9,156
Straight-line rent receivable, net		127,210	107,545
Derivative assets		36,049	30,980
Rent receivables, prepaid expenses and other assets, net		29,608	32,660
<b>Total assets</b>		<b>\$ 5,267,197</b>	<b>\$ 4,768,261</b>
	<b>LIABILITIES AND EQUITY</b>		
Unsecured term loans, net of deferred financing costs		\$ 1,273,958	\$ 1,272,772
Senior unsecured notes, net		396,125	395,846
Revolving credit facility		245,000	—
Intangible lease liabilities, net		10,762	11,206
Dividend payable		51,124	47,182
Derivative liabilities		7,018	23,005
Accrued liabilities and other payables		30,939	31,248
<b>Total liabilities</b>		<b>2,014,926</b>	<b>1,781,259</b>
Commitments and contingencies		—	—
Stockholders' equity:			
Preferred stock, \$0.01 par value; 150,000,000 authorized; none issued and outstanding as of 6/30/24 and 12/31/23		—	—
Common stock, \$0.01 par value; 500,000,000 authorized; 175,330,314 and 164,635,150 issued and outstanding as of 6/30/24 and 12/31/23, respectively		1,753	1,646
Additional paid-in capital		3,328,082	3,078,459
Distributions in excess of cumulative earnings		(111,373)	(105,545)
Accumulated other comprehensive income		25,336	4,019
<b>Total stockholders' equity</b>		<b>3,243,798</b>	<b>2,978,579</b>
Non-controlling interests		8,473	8,423
<b>Total equity</b>		<b>3,252,271</b>	<b>2,987,002</b>
<b>Total liabilities and equity</b>		<b>\$ 5,267,197</b>	<b>\$ 4,768,261</b>

## Financial Summary – 2Q'24

GAAP Reconciliations to EBITDAre, GAAP NOI, Cash NOI and Estimated Run Rate Metrics

(unaudited, in thousands)	Three Months Ended June 30, 2024
<b>Net income</b>	\$ 51,676
Depreciation and amortization	29,927
Interest expense	17,361
Interest income	(847)
Income tax expense	155
<b>EBITDA</b>	98,272
Provision for impairment of real estate	2,812
Gain on dispositions of real estate, net	(134)
<b>EBITDAre</b>	100,950
Adjustment for current quarter re-leasing, acquisition and disposition activity <sup>1</sup>	5,446
Adjustment to exclude other non-core and non-recurring activity <sup>2</sup>	(2,196)
Adjustment to exclude termination/prepayment fees and certain percentage rent <sup>3</sup>	(19)
<b>Adjusted EBITDAre - Current Estimated Run Rate</b>	104,181
General and administrative	8,822
<b>Adjusted net operating income ("NOI")</b>	113,003
Straight-line rental revenue, net <sup>1</sup>	(10,697)
Other amortization expense	257
<b>Adjusted Cash NOI</b>	\$ 102,563
<b>Annualized EBITDAre</b>	\$ 403,800
<b>Annualized Adjusted EBITDAre</b>	\$ 416,724
<b>Annualized Adjusted NOI</b>	\$ 452,012
<b>Annualized Adjusted Cash NOI</b>	\$ 410,252

1. Adjustment made to reflect EBITDAre, NOI and Cash NOI as if all re-leasing activity, investments in and dispositions of real estate and loan repayments completed during the three months ended June 30, 2024 had occurred on April 1, 2024.

2. Adjustment is made to i) exclude non-core adjustments made in computing Core FFO, ii) exclude changes in our provision for credit losses and iii) eliminate the impact of seasonal fluctuation in certain non-cash compensation expense recorded in the period.

3. Adjustment excludes lease termination or loan prepayment fees and contingent rent (based on a percentage of the tenant's gross sales at the leased property) where payment is subject to exceeding a sales threshold specified in the lease, if any.



## Financial Summary – 2Q'24

### Market Capitalization, Debt Summary and Leverage Metrics

(dollars in thousands, except share and per share amounts)	June 30, 2024	Rate	Wtd. Avg. Maturity
<b>Unsecured debt:</b>			
February 2027 term loan <sup>1</sup>	\$ 430,000	2.4%	2.6 years
January 2028 term loan <sup>1</sup>	400,000	4.6%	3.6 years
February 2029 term loan <sup>1,2</sup>	450,000	5.4%	4.7 years
Senior unsecured notes due July 2031	400,000	3.1%	7.0 years
Revolving credit facility <sup>3</sup>	245,000	6.2%	1.6 years
<b>Total unsecured debt</b>	<b>1,925,000</b>	<b>4.2%</b>	<b>4.1 years</b>
<b>Gross debt</b>	<b>1,925,000</b>		
Less: cash & cash equivalents	(23,557)		
Less: restricted cash available for future investment	(935)		
<b>Net debt</b>	<b>1,900,508</b>		
<b>Equity:</b>			
Preferred stock	—		
Common stock and OP units (175,884,161 shares @ \$27.71/share as of 6/30/24) <sup>4</sup>	4,873,750		
<b>Total equity</b>	<b>4,873,750</b>		
<b>Total enterprise value ("TEV")</b>	<b>\$ 6,774,258</b>		
<b>Pro forma adjustments to Net Debt and TEV:<sup>5</sup></b>			
<b>Net debt</b>	<b>\$ 1,900,508</b>		
Less: Unsettled forward equity (12,876,300 shares @ \$24.75/share as of 6/30/24)	(318,660)		
<b>Pro forma net debt</b>	<b>1,581,848</b>		
<b>Total equity</b>	<b>4,873,750</b>		
Common stock — unsettled forward equity (12,876,300 shares @ \$27.71/share as of 6/30/24)	356,802		
<b>Pro forma TEV</b>	<b>\$ 6,812,400</b>		
<b>Gross Debt / Undepreciated Gross Assets</b>	<b>33.8%</b>		
<b>Net Debt / TEV</b>	<b>28.1%</b>		
<b>Net Debt / Annualized Adjusted EBITDAre</b>	<b>4.6x</b>		
<b>Pro Forma Gross Debt / Undepreciated Gross Assets</b>	<b>32.0%</b>		
<b>Pro Forma Net Debt / Pro Forma TEV</b>	<b>23.2%</b>		
<b>Pro Forma Net Debt / Annualized Adjusted EBITDAre</b>	<b>3.8x</b>		

1. Rates presented for our term loans are fixed at the stated rates after giving effect to our interest rate swaps, applicable margin of 85bps (for 2027 and 2028 Term Loans) or 95bps (for 2029 Term Loan) and SOFR premium of 10bps.

2. Weighted average maturity calculation is made after giving effect to extension options exercisable at our election.

3. Our revolving credit facility provides a maximum aggregate initial original principal amount of up to \$600 million. Borrowings bear interest at Term SOFR plus applicable margin of 77.5bps and SOFR premium of 10bps.

4. Common stock and OP units as of June 30, 2024, based on 175,330,314 common shares outstanding and 553,847 OP units held by non-controlling interests.

5. Pro forma adjustments have been made to reflect the unsettled portion of shares sold on a forward basis through our March 2024 follow-on offering and through our ATM Program as if they had been physically settled on June 30, 2024.

# Glossary



## Glossary

### Supplemental Reporting Measures

#### FFO, Core FFO and AFFO

Our reported results are presented in accordance with U.S. generally accepted accounting principles ("GAAP"). We also disclose funds from operations ("FFO"), core funds from operations ("Core FFO") and adjusted funds from operations ("AFFO"), each of which is a non-GAAP financial measure. We believe these non-GAAP financial measures are industry measures used by analysts and investors to compare the operating performance of REITs.

We compute FFO in accordance with the definition adopted by the Board of Governors of the National Association of Real Estate Investment Trusts ("NAREIT"). NAREIT defines FFO as GAAP net income or loss adjusted to exclude extraordinary items (as defined by GAAP), net gain or loss from sales of depreciable real estate assets, impairment write-downs associated with depreciable real estate assets and real estate-related depreciation and amortization (excluding amortization of deferred financing costs and depreciation of non-real estate assets), including the pro rata share of such adjustments of unconsolidated subsidiaries. FFO is used by management, and may be useful to investors and analysts, to facilitate meaningful comparisons of operating performance between periods and among our peers primarily because it excludes the effect of real estate depreciation and amortization and net gains and losses on sales (which are dependent on historical costs and implicitly assume that the value of real estate diminishes predictably over time, rather than fluctuating based on existing market conditions).

We compute Core FFO by adjusting FFO, as defined by NAREIT, to exclude certain GAAP income and expense amounts that we believe are infrequent and unusual in nature and/or not related to our core real estate operations. Exclusion of these items from similar FFO-type metrics is common within the equity REIT industry, and management believes that presentation of Core FFO provides investors with a metric to assist in their

evaluation of our operating performance across multiple periods and in comparison to the operating performance of our peers, because it removes the effect of unusual items that are not expected to impact our operating performance on an ongoing basis. Core FFO is used by management in evaluating the performance of our core business operations. Items included in calculating FFO that may be excluded in calculating Core FFO include items like certain transaction related gains, losses, income or expense or other non-core amounts as they occur.

To derive AFFO, we modify the NAREIT computation of FFO to include other adjustments to GAAP net income related to certain items that we believe are not indicative of our operating performance, including straight-line rental revenue, non-cash interest expense, non-cash compensation expense, other amortization and non-cash charges, capitalized interest expense and transaction costs. Such items may cause short-term fluctuations in net income but have no impact on operating cash flows or long-term operating performance. We believe that AFFO is an additional useful supplemental measure for investors to consider to assess our operating performance without the distortions created by non-cash and certain other revenues and expenses.

FFO, Core FFO and AFFO do not include all items of revenue and expense included in net income, they do not represent cash generated from operating activities, and they are not necessarily indicative of cash available to fund cash requirements; accordingly, they should not be considered alternatives to net income as a performance measure or cash flows from operations as a liquidity measure and should be considered in addition to, and not in lieu of, GAAP financial measures. Additionally, our computation of FFO, Core FFO and AFFO may differ from the methodology for calculating these metrics used by other equity REITs and, therefore, may not be comparable to similarly titled measures reported by other equity REITs.

## Glossary

### Supplemental Reporting Measures

We also present our earnings before interest, taxes and depreciation and amortization for real estate ("EBITDA"), EBITDA further adjusted to exclude gains (or losses) on sales of depreciable property and real estate impairment losses ("EBITDAre"), net debt, net operating income ("NOI") and cash NOI ("Cash NOI"), all of which are non-GAAP financial measures. We believe these non-GAAP financial measures are accepted industry measures used by analysts and investors to compare the operating performance of REITs.

#### **EBITDA and EBITDAre**

We compute EBITDA as earnings before interest, income taxes and depreciation and amortization. In 2017, NAREIT issued a white paper recommending that companies that report EBITDA also report EBITDAre. We compute EBITDAre in accordance with the definition adopted by NAREIT. NAREIT defines EBITDAre as EBITDA (as defined above) excluding gains (or losses) from the sales of depreciable property and real estate impairment losses. We present EBITDA and EBITDAre as they are measures commonly used in our industry and we believe that these measures are useful to investors and analysts because they provide important supplemental information concerning our operating performance, exclusive of certain non-cash and other costs. We use EBITDA and EBITDAre as measures of our operating performance and not as measures of liquidity.

EBITDA and EBITDAre do not include all items of revenue and expense included in net income, they do not represent cash generated from operating activities and they are not necessarily indicative of cash available to fund cash requirements; accordingly, they should not be considered alternatives to net income as a performance measure or cash flows from operations as a liquidity measure and should be considered in addition to, and not in lieu of, GAAP financial measures. Additionally, our computation of EBITDA and EBITDAre may differ from the methodology for calculating these metrics used by other equity REITs and, therefore,

may not be comparable to similarly titled measures reported by other equity REITs.

#### **Net Debt**

We calculate our net debt as our gross debt (defined as total debt plus net deferred financing costs on our secured borrowings) less cash and cash equivalents and restricted cash available for future investment.

We believe excluding cash and cash equivalents and restricted cash available for future investment, all of which could be used to repay debt, provides an estimate of the net contractual amount of borrowed capital to be repaid, which we believe is a beneficial disclosure to investors and analysts.

#### **NOI and Cash NOI**

We compute NOI as total revenues less property expenses. NOI excludes all other items of expense and income included in the financial statements in calculating net income or loss. Cash NOI further excludes non-cash items included in total revenues and property expenses, such as straight-line rental revenue and other amortization and non-cash charges. We believe NOI and Cash NOI provide useful and relevant information because they reflect only those income and expense items that are incurred at the property level and present such items on an unlevered basis.

NOI and Cash NOI are not measurements of financial performance under GAAP. You should not consider our NOI and Cash NOI as alternatives to net income or cash flows from operating activities determined in accordance with GAAP. Additionally, our computation of NOI and Cash NOI may differ from the methodology for calculating these metrics used by other equity REITs and, therefore, may not be comparable to similarly titled measures reported by other equity REITs.

## Glossary

### Supplemental Reporting Measures

#### Adjusted EBITDAre / Adjusted NOI / Adjusted Cash NOI

We further adjust EBITDAre, NOI and Cash NOI i) based on an estimate calculated as if all re-leasing, investment and disposition activity that took place during the quarter had been made on the first day of the quarter, ii) to exclude certain GAAP income and expense amounts that we believe are infrequent and unusual in nature and iii) to eliminate the impact of lease termination or loan prepayment fees and contingent rental revenue from our tenants which is subject to sales thresholds specified in the lease. We then annualize these estimates for the current quarter by multiplying them by four, which we believe provides a meaningful estimate of our current run rate for all investments as of the end of the current quarter. You should not unduly rely on these measures, as they are based on assumptions and estimates that may prove to be inaccurate. Our actual reported EBITDAre, NOI and Cash NOI for future periods may be significantly less than these estimates of current run rates.

#### Cash ABR

Cash ABR means annualized contractually specified cash base rent in effect as of the end of the current quarter for all of our leases (including those accounted for as direct financing leases) commenced as of that date and annualized cash interest on our mortgage loans receivable as of that date.

#### Rent Coverage Ratio

Rent coverage ratio means the ratio of tenant-reported or, when unavailable, management's estimate based on tenant-reported financial information, annual EBITDA and cash rent attributable to the leased property (or properties, in the case of a master lease) to the annualized base rental obligation as of a specified date.

#### Initial Portfolio

Initial Portfolio means our acquisition of a portfolio of 262 net leased properties on June 16, 2016, consisting primarily of restaurants, that were being sold as part of the liquidation of General Electric Capital Corporation for an aggregate purchase price of \$279.8 million (including transaction costs).

#### GAAP Cap Rate

GAAP Cap Rate means annualized rental income computed in accordance with GAAP for the first full month after investment divided by the purchase price, as applicable, for the property.

#### Cash Cap Rate

Cash Cap Rate means annualized contractually specified cash base rent for the first full month after investment or disposition divided by the purchase or sale price, as applicable, for the property.

