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**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**

**May 11, 2020**  
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

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**Item 2.02 — Results of Operations and Financial Condition.**

On May 11, 2020, Essential Properties Realty Trust, Inc. (the “Company”) issued a press release announcing the Company’s financial results for the three months March 31, 2020. The press release is furnished hereto as Exhibit 99.1 and incorporated herein by reference.

**Item 7.01— Regulation FD Disclosure.**

On May 11, 2020, the Company issued its Supplemental Operating & Financial Data—First Quarter Ended March 31, 2020. The Supplemental Operating & Financial Data is furnished hereto as Exhibit 99.2 and incorporated herein by reference.

The foregoing information is furnished pursuant to Item 2.02, “Results of Operations and Financial Condition,” and Item 7.01, “Regulation FD Disclosure.” The information in Items 2.02 and 7.01 of this Current Report on Form 8-K and the exhibits furnished therewith shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liabilities of that Section, and shall not be or be deemed to be incorporated by reference in any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, regardless of any general incorporation language in such filing.

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

(d) Exhibits.

<b>Exhibit No.</b>	<b>Description</b>
99.1	<a href="#">Earnings Press Release dated May 11, 2020 for the quarter ended March 31, 2020</a>
99.2	<a href="#">Supplemental Operating &amp; Financial Data— First Quarter Ended March 31, 2020</a>

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**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.

**ESSENTIAL PROPERTIES REALTY TRUST, INC.**

Date: May 11, 2020

By: \_\_\_\_\_  
/s/ Anthony K. Dobkin  
**Anthony K. Dobkin**  
**Interim Chief Financial Officer**



## Essential Properties Announces First Quarter 2020 Results

- Increased First Quarter Net Income per Share by 15.4% and AFFO per Share by 7.4% -
- Closed Quarterly Investments of \$167.5 Million at a 7.1% Weighted Average Cash Cap Rate -
- Withdraws 2020 AFFO per Share Guidance -
- Collected 61% of April Rent -

May 11, 2020

PRINCETON, N.J.--(BUSINESS WIRE)--Essential Properties Realty Trust, Inc. (NYSE: EPRT; “Essential Properties” or the “Company”), today announced operating results for the three months ended March 31, 2020.

### First Quarter 2020 Financial and Operating Highlights

- Ended the quarter with a 99.5% leased portfolio with a weighted average lease term (“WALT”) of 14.6 years and a weighted average rent coverage ratio of 2.9x
- Reduced top 10 tenant concentration to 23.1%, a 30 bps sequential decline
- Invested \$167.5 million in 63 properties at a 7.1% weighted average cash cap rate
- Net income per fully diluted share increased 15% to \$0.15 per share
- Funds from Operations (“FFO”) per fully diluted share decreased 3% to \$0.28 per share
- Grew Core Funds from Operations (“Core FFO”) per fully diluted share by 3% to \$0.30
- Grew Adjusted Funds from Operations (“AFFO”) per fully diluted share by 7% to \$0.29
- Raised \$206.3 million in gross proceeds from the sale of shares of common stock through a follow-on equity offering and the Company’s at-the-market equity program (“ATM Program”)
- Net Debt to Annualized Adjusted EBITDA was 4.6x at quarter end
- Cash and cash equivalents and restricted cash plus available capacity under revolving credit facility of \$549.1 million at quarter end

### CEO Comments

Commenting on the first quarter 2020 results, Essential Properties’ President and Chief Executive Officer, Pete Mavoides, said, “Our first quarter results were consistent with past quarters as our reliable execution resulted in a high percentage of our first quarter investment activity being relationship-based sale-leaseback transactions with operators of service-oriented and experience-based businesses. However, with the Covid-19 pandemic and wide-spread stay-at-home orders having a significant impact on the vast majority of our tenants, our focus has shifted away from external growth in order to stabilize our portfolio by proactively collaborating with our tenants to manage through the current crisis. While much uncertainty remains, we are confident in our portfolio’s ability to produce an attractive and predictable stream of cash flow over the long-term. Our balance sheet remains in excellent shape with nearly \$550 million in available liquidity at quarter-end. Coupled with our experienced team of professionals, we are well positioned to manage the current situation and position this Company for growth as we emerge.”

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## **Net Investment Activity**

### *Investments*

During the quarter ended March 31, 2020, Essential Properties invested \$167.5 million in 63 properties in 32 separate transactions at a weighted average cash and GAAP cap rate of 7.1% and 8.0%, respectively. These properties are 100% leased with a WALT of 16.1 years. As a percentage of cash ABR, 88.1% of the Company's investments for the quarter ended March 31, 2020 came from sale-leaseback transactions, 54.1% were subject to a master lease and 100% are required to provide the Company with financial reporting.

### *Dispositions*

During the quarter ended March 31, 2020, Essential Properties sold 10 properties for \$19.6 million in net proceeds, recording a net gain on these dispositions of \$1.9 million. The disposition weighted average cash cap rate on the properties sold in the quarter ended March 31, 2020 was 7.1%, excluding one property sold pursuant to an existing tenant purchase option.

## **Portfolio Update**

### *Portfolio Highlights*

As of March 31, 2020, Essential Properties' portfolio consisted of 1,050 freestanding net lease properties, which included 92 properties that secured mortgage notes receivable, with a WALT of 14.6 years and a weighted average rent coverage ratio of 2.9x. As of the same date, the portfolio was 99.5% leased by 212 tenants operating 283 different concepts across 43 states in 16 industries. At quarter end, 94.4% of the Company's cash ABR was generated from tenants that operate service-oriented or experience-based businesses, and 60.1% of its cash ABR was derived from properties subject to a master lease.

### *Leasing Activity*

During the trailing 12 months ended March 31, 2020, the Company signed three new leases without vacancy and renewed three leases that were expiring for a total recovery rate of 80.5% vs. prior cash rents. Total leasing activity for the trailing 12 months ended March 31, 2020 represented 0.1% of total current cash ABR.

## **Leverage and Balance Sheet and Liquidity**

### *Leverage*

As of March 31, 2020, the Company's ratio of net debt to Annualized Adjusted EBITDA<sub>re</sub> was 4.6x.

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### *Balance Sheet and Liquidity*

Essential Properties had \$214.1 million of cash and cash equivalents and restricted cash as of March 31, 2020. Additionally, Essential Properties had \$335 million of unused borrowing capacity under its \$400 million unsecured revolving credit facility as of the same date, with \$65.0 million in outstanding borrowings.

### *Partial Repayment of Series 2017-1 ABS Notes*

In February 2020, Essential Properties repaid (without penalty) \$62 million of its Series 2017-1 ABS Notes.

### *Seven-Year Unsecured Term Loan*

In March 2020, Essential Properties drew the remaining \$180 million on its \$430 million seven-year unsecured term loan facility. In addition, the Company entered into forward swap agreements that lock in one-month LIBOR at 1.362% for the duration of the loan starting on July 9, 2020.

### *Follow-On Offering*

In January 2020, Essential Properties completed a follow-on offering of 7,935,000 shares of its common stock, including 1,035,000 shares issued pursuant to the underwriters' exercise of an option to purchase additional shares, raising gross proceeds of \$200.0 million at \$25.20 per share.

### *ATM Program*

Essential Properties has a \$200.0 million ATM Program through which it may, from time to time, sell shares of its common stock. Essential Properties uses the proceeds generated from its ATM Program for general corporate purposes, including funding its investment activity, the repayment or refinancing of outstanding indebtedness, working capital and other general purposes. During the quarter ended March 31, 2020, Essential Properties sold 253,698 shares of common stock through its ATM Program at an average price of \$24.74 per share, raising gross proceeds of \$6.3 million.

### **Dividend Information**

As previously announced, on March 18, 2020 Essential Properties declared a cash dividend of \$0.23 per share of common stock for the quarter ended March 31, 2020. The dividend was paid on April 15, 2020 to stockholders of record as of the close of business on March 31, 2020.

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## **2020 Guidance**

The Company has withdrawn its previously issued 2020 AFFO guidance due to the significant volatility in the capital markets and the unprecedented economic uncertainty related to the impact of COVID-19.

## **Conference Call Information**

In conjunction with the release of Essential Properties' operating results, the Company will host a conference call on Monday, May 11, 2020 at 10:00 a.m. EDT to discuss the results. To access the conference, dial (844) 369-8770. A live webcast will also be available in listen-only mode by clicking on the webcast link in the Investor Relations section at [www.essentialproperties.com](http://www.essentialproperties.com).

A telephone replay of the conference call can also be accessed by calling (877) 481-4010 and entering the access code: 34443. The telephone replay will be available through May 25, 2020.

A replay of the conference call webcast will be available approximately two hours after the conclusion of the live broadcast. The webcast replay will be available for 90 days. No access code is required for this replay.

## **Supplemental Materials**

The Company's Supplemental Operating & Financial Data—First Quarter Ended March 31, 2020 is available on Essential Properties' website at [investors.essentialproperties.com](http://investors.essentialproperties.com).

## **About Essential Properties Realty Trust, Inc.**

Essential Properties Realty Trust, Inc. is an internally managed REIT that acquires, owns and manages primarily single-tenant properties that are net leased on a long-term basis to companies operating service-oriented or experience-based businesses. As of March 31, 2020, the Company's portfolio consisted of 1,050 freestanding net lease properties with a weighted average lease term of 14.6 years and a weighted average rent coverage ratio of 2.9x. As of the same date, the Company's portfolio was 99.5% leased to 212 tenants operating 283 different concepts in 16 industries across 43 states.

## **Forward-Looking Statements**

This press release contains forward-looking statements within the meaning of the federal securities laws. When used in this press release, the words "estimate," "anticipate," "expect," "believe," "intend," "may," "will," "should," "seek," "approximately" or "plan," or the negative of these words and phrases or similar words or phrases that are predictions of or indicate future events or trends and that do not relate solely to historical matters are intended to identify forward-looking statements. You can also identify forward-looking statements by discussions of strategy, plans or intentions of management. Forward-looking statements involve numerous risks and uncertainties and you should not rely on them as predictions of future events. Forward-looking statements depend on assumptions, data or methods that may be incorrect or imprecise

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and the Company may not be able to realize them. The Company does not guarantee that the transactions and events described will happen as described (or that they will happen at all). You are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date of this press release. While forward-looking statements reflect the Company's good faith beliefs, they are not guarantees of future performance. The Company undertakes no obligation to publicly release the results of any revisions to these forward-looking statements that may be made to reflect events or circumstances after the date of this press release or to reflect the occurrence of unanticipated events, except as required by law. In light of these risks and uncertainties, the forward-looking events discussed in this press release might not occur as described, or at all.

Additional information concerning factors that could cause actual results to differ materially from these forward-looking statements is contained from time to time in the company's Securities and Exchange Commission (the "Commission") filings, including, but not limited to, the Company's Quarterly Reports on Form 10-Q. Copies of each filing may be obtained from the Company or the Commission. Such forward-looking statements should be regarded solely as reflections of the company's current operating plans and estimates. Actual operating results may differ materially from what is expressed or forecast in this press release.

The results reported in this press release are preliminary and not final. There can be no assurance that these results will not vary from the final results reported in the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2020 that it will file with the Commission.

### **Non-GAAP Financial Measures and Certain Definitions**

The Company's reported results are presented in accordance with GAAP. The Company also discloses the following non-GAAP financial measures: FFO, Core FFO, AFFO, earnings before interest, taxes, depreciation and amortization ("EBITDA"), EBITDA further adjusted to exclude gains (or losses) on sales of depreciable property and real estate impairment losses ("EBITDA<sub>re</sub>"), adjusted EBITDA<sub>re</sub>, annualized adjusted EBITDA<sub>re</sub>, net debt, net operating income ("NOI") and cash NOI ("Cash NOI"). The Company believes these non-GAAP financial measures are industry measures used by analysts and investors to compare the operating performance of REITs.

#### *FFO, Core FFO and AFFO*

The Company computes 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 the Company's peers primarily because it excludes the effect of real estate depreciation and amortization and net

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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).

The Company computes 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 certain transaction related gains, losses, income or expense or other non-core amounts as they occur.

To derive AFFO, the Company modifies its computation of Core FFO to include other adjustments to GAAP net income related to certain items that it believes are not indicative of the Company's operating performance, including straight-line rental revenue, non-cash interest expense, non-cash compensation expense, other amortization expense, other non-cash charges (including changes to our provision for loan losses following the adoption of ASC 326), 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. The Company believes that AFFO is an additional useful supplemental measure for investors to consider when assessing the Company's operating performance without the distortions created by non-cash items 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.

#### *EBITDA and EBITDAre*

The Company computes 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. The Company computes 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. The Company presents EBITDA and EBITDAre as they are measures commonly used in its industry and the Company believes that these measures are useful to investors and analysts because they provide supplemental information concerning its operating performance, exclusive

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of certain non-cash items and other costs. The Company uses EBITDA and EBITDAre as measures of its 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, the Company's 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*

The Company calculates its net debt as our gross debt (defined as total debt plus net deferred financing costs on its secured borrowings) less cash and cash equivalents and restricted cash deposits held for the benefit of lenders. The Company believes excluding cash and cash equivalents and restricted cash deposits held for the benefit of lenders from gross debt, all of which could be used to repay debt, provides an estimate of the net contractual amount of borrowed capital to be repaid, which it believes is a beneficial disclosure to investors and analysts.

#### *NOI and Cash NOI*

The Company computes 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. The Company believes NOI and Cash NOI provide useful and relevant information because they reflect only those revenue and expense items that are incurred at the property level and present such items on an unlevered basis.

NOI and Cash NOI are not measures of financial performance under GAAP. You should not consider the Company's NOI and Cash NOI as alternatives to net income or cash flows from operating activities determined in accordance with GAAP. Additionally, the Company's 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.

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

The Company further adjusts EBITDAre, NOI and Cash NOI i) based on an estimate calculated as if all investment and disposition activity that took place during the quarter had occurred on the first day of the quarter, ii) to exclude certain GAAP income and expense amounts that the Company believes are infrequent and unusual in nature and iii) to eliminate the impact of lease termination fees and contingent rental revenue from its tenants which is subject to sales

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thresholds specified in the lease. The Company then annualizes these estimates for the current quarter by multiplying them by four, which it believes provides a meaningful estimate of the Company's 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. The Company's actual reported EBITDA, 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 the Company's leases (including those accounted for as direct financing leases) commenced as of that date and annualized cash interest on its mortgage loans receivable as of that date.

#### *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.

#### *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.

#### *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.

#### *Disclaimer*

Essential Properties Realty Trust, Inc. and the Essential Properties Realty Trust REIT are not affiliated with or sponsored by Griffin Capital Essential Asset Operating Partnership, L.P. or the Griffin Capital Essential Asset REIT, information about which can be obtained at (<https://www.gcear.com>).

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**Essential Properties Realty Trust, Inc.**  
**Consolidated Statements of Operations**

(in thousands, except share and per share data)	Three Months Ended March 31,	
	2020	2019
	(unaudited)	(unaudited)
<b>Revenues:</b>		
Rental revenue <sup>1,2</sup>	\$ 39,542	\$ 30,774
Interest on loans and direct financing leases	1,938	326
Other revenue	7	7
<b>Total revenues</b>	<b>41,487</b>	<b>31,107</b>
<b>Expenses:</b>		
Interest	6,833	7,089
General and administrative <sup>3</sup>	7,536	4,188
Property expenses <sup>4</sup>	373	1,247
Depreciation and amortization	13,012	9,120
Provision for impairment of real estate	373	1,440
Provision for loan losses	468	-
<b>Total expenses</b>	<b>28,595</b>	<b>23,084</b>
<b>Other operating income:</b>		
Gain on dispositions of real estate, net	1,875	676
<b>Income from operations</b>	<b>14,767</b>	<b>8,699</b>
<b>Other (loss)/income:</b>		
Loss on repayment of secured borrowings <sup>5</sup>	(924)	—
Interest	231	91
<b>Income before income tax expense</b>	<b>14,074</b>	<b>8,790</b>
Income tax expense	31	67
<b>Net income</b>	<b>14,043</b>	<b>8,723</b>
Net income attributable to non-controlling interests	(84)	(2,594)
<b>Net income attributable to stockholders and members</b>	<b>\$ 13,959</b>	<b>\$ 6,129</b>
<b>Basic weighted-average shares outstanding</b>	<b>90,322,402</b>	<b>45,240,247</b>
<b>Basic net income per share</b>	<b>\$ 0.15</b>	<b>\$ 0.13</b>
<b>Diluted weighted-average shares outstanding</b>	<b>91,332,297</b>	<b>64,640,054</b>
<b>Diluted net income per share</b>	<b>\$ 0.15</b>	<b>\$ 0.13</b>

1. Includes contingent rent (based on a percentage of the tenant's gross sales at the leased property) of \$192 and \$349 for the three months ended March 31, 2020 and 2019, respectively.
2. Includes reimbursable income from the Company's tenants of \$165 and \$743 for the three months ended March 31, 2020 and 2019, respectively.
3. During the three months ended March 31, 2020, includes non-recurring expenses of \$652 for costs and charges incurred in connection with the termination of one of our executive officers.
4. Includes reimbursable expenses from the Company's tenants of \$165 and \$743 for the three months ended March 31, 2020 and 2019, respectively.
5. Includes the write-off of \$924 of deferred financing costs during the three months ended March 31, 2020.

**Essential Properties Realty Trust, Inc.**  
**Consolidated Balance Sheets**

(in thousands, except share and per share amounts)	March 31, 2020 (Unaudited)	December 31, 2019 (Audited)
<b>ASSETS</b>		
Investments:		
Real estate investments, at cost:		
Land and improvements	\$ 632,628	\$ 588,279
Building and improvements	1,317,406	1,224,682
Lease incentive	5,358	4,908
Construction in progress	11,558	12,128
Intangible lease assets	80,592	78,922
Total real estate investments, at cost	2,047,542	1,908,919
Less: accumulated depreciation and amortization	(100,473)	(90,071)
Total real estate investments, net	1,947,069	1,818,848
Loans and direct financing lease receivables, net	99,487	92,184
Real estate investments held for sale, net	1,528	1,211
Net investments	2,048,084	1,912,243
Cash and cash equivalents	192,616	8,304
Restricted cash	21,456	13,015
Straight-line rent receivable, net	29,117	25,926
Prepaid expenses and other assets, net	14,173	15,959
<b>Total assets</b>	<b>\$ 2,305,446</b>	<b>\$ 1,975,447</b>
<b>LIABILITIES AND EQUITY</b>		
Secured borrowings, net of deferred financing costs	\$ 173,470	\$ 235,336
Unsecured term loans, net of deferred financing costs	625,770	445,586
Revolving credit facility	65,000	46,000
Intangible lease liabilities, net	9,306	9,564
Dividend payable	21,295	19,395
Accrued liabilities and other payables	54,825	17,453
<b>Total liabilities</b>	<b>949,666</b>	<b>773,334</b>
Commitments and contingencies	—	—
Stockholders' equity:		
Preferred stock, \$0.01 par value; 150,000,000 authorized; none issued and outstanding as of March 31, 2020 and December 31, 2019	—	—
Common stock, \$0.01 par value; 500,000,000 authorized; 91,949,849 and 83,761,151 issued and outstanding as of March 31, 2020 and December 31, 2019, respectively	919	838
Additional paid-in capital	1,422,169	1,223,043
Distributions in excess of cumulative earnings	(34,878)	(27,482)
Accumulated other comprehensive loss	(39,820)	(1,949)
<b>Total stockholders' equity</b>	<b>1,348,390</b>	<b>1,194,450</b>
Non-controlling interests	7,390	7,663
<b>Total equity</b>	<b>1,355,780</b>	<b>1,202,113</b>
<b>Total liabilities and equity</b>	<b>\$ 2,305,446</b>	<b>\$ 1,975,447</b>

**Essential Properties Realty Trust, Inc.**  
**Reconciliation of Non-GAAP Financial Measures**

(unaudited, in thousands except per share amounts)	Three Months Ended March 31,	
	2020	2019
<b>Net income</b>	\$ 14,043	\$ 8,723
Depreciation and amortization of real estate	12,988	9,097
Provision for impairment of real estate	373	1,440
Gain on dispositions of real estate, net	(1,875)	(676)
<b>Funds from Operations</b>	25,529	18,584
Other non-recurring expenses <sup>1</sup>	1,576	—
<b>Core Funds from Operations</b>	27,105	18,584
Adjustments:		
Straight-line rental revenue, net	(3,191)	(2,903)
Non-cash interest expense	534	816
Non-cash compensation expense	1,291	1,226
Other amortization expense	434	228
Other non-cash charges	468	3
Capitalized interest expense	(95)	(25)
Transaction costs	67	—
<b>Adjusted Funds from Operations</b>	\$ 26,613	\$ 17,929
<b>Net income per share<sup>2</sup>:</b>		
Basic	\$ 0.15	\$ 0.13
Diluted	\$ 0.15	\$ 0.13
<b>FFO per share<sup>2</sup>:</b>		
Basic	\$ 0.28	\$ 0.29
Diluted	\$ 0.28	\$ 0.29
<b>Core FFO per share<sup>2</sup>:</b>		
Basic	\$ 0.30	\$ 0.29
Diluted	\$ 0.30	\$ 0.29
<b>AFFO per share<sup>2</sup>:</b>		
Basic	\$ 0.29	\$ 0.28
Diluted	\$ 0.29	\$ 0.27

1. Includes non-recurring expenses of \$652 for accruals of severance payments and acceleration of non-cash compensation expense in connection with the termination of one of our executive officers and our \$924 loss on repayment of secured borrowings during the three months ended March 31, 2020.
2. Calculations exclude \$130 and \$155 from the numerator for the three months ended March 31, 2020 and 2019, respectively, related to dividends paid on unvested restricted share awards and restricted share units.

**Essential Properties Realty Trust, Inc.**  
**Reconciliation of Non-GAAP Financial Measures**

(in thousands)	Three Months Ended March 31, 2020	
<b>Net income</b>	\$	14,043
Depreciation and amortization		13,012
Interest expense		6,833
Interest income		(231)
Income tax expense		31
<b>EBITDA</b>		33,688
Provision for impairment of real estate		373
Gain on dispositions of real estate, net		(1,875)
<b>EBITDAre</b>		32,186
Adjustment for current quarter investment and disposition activity <sup>1</sup>		1,846
Adjustment to exclude other non-recurring expenses <sup>2</sup>		2,044
Adjustment to exclude lease termination fees and certain percentage rent <sup>3</sup>		(98)
<b>Adjusted EBITDAre - Current Estimated Run Rate</b>		35,978
General and administrative		6,884
<b>Adjusted net operating income ("NOI")</b>		42,862
Straight-line rental revenue, net <sup>1</sup>		(2,966)
Other amortization expense		434
<b>Adjusted Cash NOI</b>	\$	40,330
<b>Annualized EBITDAre</b>	\$	128,744
<b>Annualized Adjusted EBITDAre</b>	\$	143,912
<b>Annualized Adjusted NOI</b>	\$	171,448
<b>Annualized Adjusted Cash NOI</b>	\$	161,320

1. These adjustments are made to reflect EBITDAre, NOI and Cash NOI as if all investments in and dispositions of real estate made during the three months ended March 31, 2020 had occurred on January 1, 2020.
2. Adjustment excludes \$1,576 of non-core expenses added back to compute Core FFO and our \$468 provision for loan loss.
3. Adjustment excludes 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 and lease termination fees.

**Essential Properties Realty Trust, Inc.**  
**Reconciliation of Non-GAAP Financial Measures**

(dollars in thousands, except share and per share amounts)	March 31, 2020
<b>Secured debt:</b>	
Series 2017-1, Class A	\$ 160,455
Series 2017-1, Class B	15,669
<b>Total secured debt</b>	<b>176,124</b>
<b>Unsecured debt:</b>	
\$200mm term loan	200,000
\$430mm term loan	430,000
Revolving credit facility <sup>1</sup>	65,000
<b>Total unsecured debt</b>	<b>695,000</b>
<b>Gross debt</b>	<b>871,124</b>
Less: cash & cash equivalents	(192,616)
Less: restricted cash deposits held for the benefit of lenders	(21,456)
<b>Net debt</b>	<b>657,052</b>
<b>Equity:</b>	
Preferred stock	—
Common stock & OP units (92,503,696 shares @ \$13.06/share as of 3/31/20) <sup>2</sup>	1,208,098
<b>Total equity</b>	<b>1,208,098</b>
<b>Total enterprise value ("TEV")</b>	<b>\$ 1,865,150</b>
<b>Net Debt / TEV</b>	<b>35.2%</b>
<b>Net Debt / Annualized Adjusted EBITDA<sub>re</sub></b>	<b>4.6x</b>

1. The Company's revolving credit facility provides a maximum aggregate initial original principal amount of up to \$400 million and includes an accordion feature to increase, subject to certain conditions, the maximum availability of the facility by up to \$200 million.
2. Common equity & units as of March 31, 2020, based on 91,949,849 common shares outstanding (including unvested restricted share awards) and 553,847 OP units held by non-controlling interests.



**Investor/Media:**

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Source: Essential Properties Realty Trust, Inc.



ESSENTIAL  PROPERTIES



**Supplemental Operating & Financial Data**  
First Quarter Ended March 31, 2020

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# Financial Summary

## Consolidated Statements of Operations

(in thousands, except share and per share data)	Three Months Ended March 31,	
	2020 (unaudited)	2019 (unaudited)
<b>Revenues:</b>		
Rental revenue <sup>1,2</sup>	\$ 39,542	\$ 30,774
Interest on loans and direct financing leases	1,938	326
Other revenue	7	7
<b>Total revenues</b>	<b>41,487</b>	<b>31,107</b>
<b>Expenses:</b>		
Interest	6,833	7,089
General and administrative <sup>3</sup>	7,536	4,188
Property expenses <sup>4</sup>	373	1,247
Depreciation and amortization	13,012	9,120
Provision for impairment of real estate	373	1,440
Provision for loan losses	468	—
<b>Total expenses</b>	<b>28,595</b>	<b>23,084</b>
<b>Other operating income:</b>		
Gain on dispositions of real estate, net	1,875	676
<b>Income from operations</b>	<b>14,767</b>	<b>8,699</b>
<b>Other (loss) income:</b>		
Loss on repayment of secured borrowings <sup>5</sup>	(924)	—
Interest	231	91
<b>Income before income tax expense</b>	<b>14,074</b>	<b>8,790</b>
Income tax expense	31	67
<b>Net income</b>	<b>14,043</b>	<b>8,723</b>
Net income attributable to non-controlling interests	(84)	(2,594)
<b>Net income attributable to stockholders and members</b>	<b>\$ 13,959</b>	<b>\$ 6,129</b>
<b>Basic weighted-average shares outstanding</b>	<b>90,322,402</b>	<b>45,240,247</b>
<b>Basic net income per share</b>	<b>\$ 0.15</b>	<b>\$ 0.13</b>
<b>Diluted weighted-average shares outstanding</b>	<b>91,332,297</b>	<b>64,640,054</b>
<b>Diluted net income per share</b>	<b>\$ 0.15</b>	<b>\$ 0.13</b>

1. Includes contingent rent (based on a percentage of the tenant's gross sales at the leased property) of \$192 and \$349 for the three months ended March 31, 2020 and 2019, respectively.

2. Includes reimbursable income from our tenants of \$185 and \$743 for the three months ended March 31, 2020 and 2019, respectively.

3. During the three months ended March 31, 2020, includes non-recurring expenses of \$652 for costs and charges incurred in connection with the termination of one of our executive officers.

4. Includes reimbursable expenses from our tenants of \$105 and \$743 for the three months ended March 31, 2020 and 2019, respectively.

5. Includes the write-off of \$924 of deferred financing costs during the three months ended March 31, 2020.

# Financial Summary

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

(unaudited, in thousands except per share amounts)	Three Months Ended March 31,	
	2020	2019
<b>Net income</b>	\$ 14,043	\$ 8,723
Depreciation and amortization of real estate	12,988	9,097
Provision for impairment of real estate	373	1,440
Gain on dispositions of real estate, net	(1,875)	(676)
<b>Funds from Operations</b>	<b>25,529</b>	<b>18,584</b>
Other non-recurring expenses <sup>1</sup>	1,576	—
<b>Core Funds from Operations</b>	<b>27,105</b>	<b>18,584</b>
Adjustments:		
Straight-line rental revenue, net	(3,191)	(2,903)
Non-cash interest expense	534	816
Non-cash compensation expense	1,291	1,226
Other amortization expense	434	228
Other non-cash charges	468	3
Capitalized interest expense	(95)	(25)
Transaction costs	67	—
<b>Adjusted Funds from Operations</b>	<b>\$ 26,613</b>	<b>\$ 17,929</b>
<b>Net income per share<sup>2</sup>:</b>		
Basic	\$ 0.15	\$ 0.13
Diluted	\$ 0.15	\$ 0.13
<b>FFO per share<sup>2</sup>:</b>		
Basic	\$ 0.28	\$ 0.29
Diluted	\$ 0.28	\$ 0.29
<b>Core FFO per share<sup>2</sup>:</b>		
Basic	\$ 0.30	\$ 0.29
Diluted	\$ 0.30	\$ 0.29
<b>AFFO per share<sup>2</sup>:</b>		
Basic	\$ 0.29	\$ 0.28
Diluted	\$ 0.29	\$ 0.27

1. Includes non-recurring expenses of \$652 for accruals of severance payments and acceleration of non-cash compensation expense in connection with the termination of one of our executive officers and our \$924 loss on repayment of secured borrowings during the three months ended March 31, 2020.

2. Calculations exclude \$130 and \$155 from the numerator for the three months ended March 31, 2020 and 2019, respectively, related to dividends paid on unvested restricted share awards and restricted share units.

# Financial Summary

## Consolidated Balance Sheets

(in thousands, except share and per share amounts)	March 31, 2020 (unaudited)	December 31, 2019 (audited)
<b>ASSETS</b>		
Investments:		
Real estate investments, at cost:		
Land and improvements	\$ 632,628	\$ 588,279
Building and improvements	1,317,406	1,224,682
Lease incentive	5,358	4,908
Construction in progress	11,558	12,128
Intangible lease assets	80,592	78,922
Total real estate investments, at cost	2,047,542	1,908,919
Less: accumulated depreciation and amortization	(100,473)	(90,071)
Total real estate investments, net	1,947,069	1,818,848
Loans and direct financing lease receivables, net	99,487	92,184
Real estate investments held for sale, net	1,528	1,211
Net investments	2,048,084	1,912,243
Cash and cash equivalents	192,616	8,304
Restricted cash	21,456	13,015
Straight-line rent receivable, net	29,117	25,926
Prepaid expenses and other assets, net	14,173	15,959
<b>Total assets</b>	<b>\$ 2,305,446</b>	<b>\$ 1,975,447</b>
<b>LIABILITIES AND EQUITY</b>		
Secured borrowings, net of deferred financing costs	\$ 173,470	\$ 235,336
Unsecured term loans, net of deferred financing costs	625,770	445,586
Revolving credit facility	65,000	46,000
Intangible lease liabilities, net	9,306	9,564
Dividend payable	21,295	19,395
Accrued liabilities and other payables	54,825	17,453
<b>Total liabilities</b>	<b>949,666</b>	<b>773,334</b>
Commitments and contingencies	—	—
Stockholders' equity:		
Preferred stock, \$0.01 par value; 150,000,000 authorized; none issued and outstanding as of March 31, 2020 and December 31, 2019	—	—
Common stock, \$0.01 par value; 500,000,000 authorized; 91,949,849 and 83,761,151 issued and outstanding as of March 31, 2020 and December 31, 2019, respectively	919	838
Additional paid-in capital	1,422,169	1,223,043
Distributions in excess of cumulative earnings	(34,878)	(27,482)
Accumulated other comprehensive loss	(39,820)	(1,949)
<b>Total stockholders' equity</b>	<b>1,348,390</b>	<b>1,194,450</b>
Non-controlling interests	7,390	7,663
<b>Total equity</b>	<b>1,355,780</b>	<b>1,202,113</b>
<b>Total liabilities and equity</b>	<b>\$ 2,305,446</b>	<b>\$ 1,975,447</b>

# Financial Summary

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

(unaudited, in thousands)	Three Months Ended March 31, 2020
<b>Net income</b>	\$ 14,043
Depreciation and amortization	13,012
Interest expense	6,833
Interest income	(231)
Income tax expense	31
<b>EBITDA</b>	33,688
Provision for impairment of real estate	373
Gain on dispositions of real estate, net	(1,875)
<b>EBITDAre</b>	32,188
Adjustment for current quarter acquisition and disposition activity <sup>1</sup>	1,846
Adjustment to exclude other non-recurring expenses <sup>2</sup>	2,044
Adjustment to exclude lease termination fees and certain percentage rent <sup>3</sup>	(96)
<b>Adjusted EBITDAre - Current Estimated Run Rate</b>	35,978
General and administrative	6,884
<b>Adjusted net operating income ("NOI")</b>	42,862
Straight-line rental revenue, net <sup>1</sup>	(2,966)
Other amortization expense	434
<b>Adjusted Cash NOI</b>	\$ 40,330
<b>Annualized EBITDAre</b>	\$ 128,744
<b>Annualized Adjusted EBITDAre</b>	\$ 143,912
<b>Annualized Adjusted NOI</b>	\$ 171,448
<b>Annualized Adjusted Cash NOI</b>	\$ 161,320

1. These adjustments are made to reflect EBITDAre, NOI and Cash NOI as if all investments in and dispositions of real estate made during the three months ended March 31, 2020 had occurred on January 1, 2020.

2. Adjustment excludes \$1,570 of non-core expenses added back to compute Core FFO and our \$408 provision for loan loss.

3. Adjustment excludes 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 and lease termination fees.

# Financial Summary

## Market Capitalization, Debt Summary and Leverage Metrics

(dollars in thousands, except share and per share amounts)	March 31, 2020	Rate	Maturity <sup>1</sup>
<b>Secured debt:</b>			
Series 2017-1, Class A	\$ 160,455	4.10%	4.2 years
Series 2017-1, Class B	15,669	5.11%	4.2 years
<b>Total secured debt</b>	<b>176,124</b>	<b>4.19%</b>	<b>4.2 years</b>
<b>Unsecured debt:</b>			
\$200mm term loan	200,000	3.26%	4.0 years
\$430mm term loan	430,000	2.82%	6.7 years
Revolving credit facility <sup>2</sup>	65,000	LIBOR plus 1.25% to 1.85%	3.0 years
<b>Total unsecured debt</b>	<b>695,000</b>	<b>2.91%</b>	<b>5.6 years</b>
<b>Gross debt</b>	<b>871,124</b>	<b>3.17%</b>	<b>5.3 years</b>
Less: cash & cash equivalents	(192,616)		
Less: restricted cash deposits held for the benefit of lenders	(21,456)		
<b>Net debt</b>	<b>657,052</b>		
<b>Equity:</b>			
Preferred stock	—		
Common stock & OP units (92,503,696 shares @ \$13.06/share as of 3/31/20) <sup>3</sup>	1,208,098		
<b>Total equity</b>	<b>1,208,098</b>		
<b>Total enterprise value ("TEV")</b>	<b>\$ 1,865,150</b>		
<b>Net Debt / TEV</b>	<b>35.2%</b>		
<b>Net Debt / Annualized Adjusted EBITDA</b>	<b>4.6x</b>		

1. Maturity figures for our secured debt are based off of our anticipated repayment schedule. The Series 2017-1 notes mature in June 2047 but have an anticipated repayment date of June 2024.

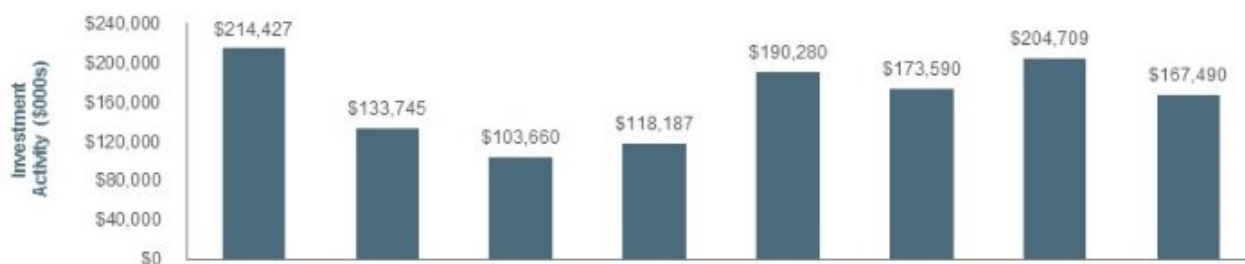
2. Our revolving credit facility provides a maximum aggregate initial original principal amount of up to \$400 million and includes an accordion feature to increase, subject to certain conditions, the maximum availability of the facility by up to \$200 million.

3. Common equity & units as of March 31, 2020, based on 91,949,849 common shares outstanding (including unvested restricted share awards) and 553,847 OP units held by non-controlling interests.



## Net Investment Activity

### Investment Summary



Investments	2Q 2018	3Q 2018	4Q 2018	1Q 2019	2Q 2019 <sup>6</sup>	3Q 2019 <sup>7</sup>	4Q 2019 <sup>8</sup>	1Q 2020 <sup>9</sup>
Number of Transactions	23	34	24	35	32	28	41	32
Property Count	86	62	39	51	91	139	94	63
Avg. Investment per Unit (in 000s)	\$2,438	\$2,042	\$2,572	\$2,303	\$2,015	\$1,174	\$2,049	\$2,551
Cash Cap Rates <sup>1</sup>	7.6%	7.6%	7.6%	7.5%	7.3%	7.5%	7.3%	7.1%
GAAP Cap Rates <sup>2</sup>	8.7%	8.5%	8.5%	8.4%	8.1%	8.2%	8.0%	8.0%
Master Lease % <sup>3,4</sup>	82%	58%	57%	47%	67%	73%	41%	54%
Sale-Leaseback % <sup>3,5</sup>	90%	77%	83%	78%	65%	88%	81%	88%
% of Financial Reporting <sup>2</sup>	96%	100%	90%	100%	100%	100%	99%	100%
Rent Coverage Ratio	2.4x	2.7x	2.8x	3.2x	3.2x	3.2x	3.1x	2.7x
Lease Term Years	17.2	16.1	16.6	15.1	15.3	16.6	16.3	16.1

1. Cash ABR for the first full month after the investment divided by the gross purchase price for the property plus transaction costs.

2. GAAP rent for the first twelve months after the investment divided by the gross purchase price for the property plus transaction costs.

3. As a percentage of cash ABR for that particular quarter.

4. Includes investments in mortgage loan receivables collateralized by more than one property.

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

6. Includes three properties that secured \$18.8 million of mortgage loans receivable.

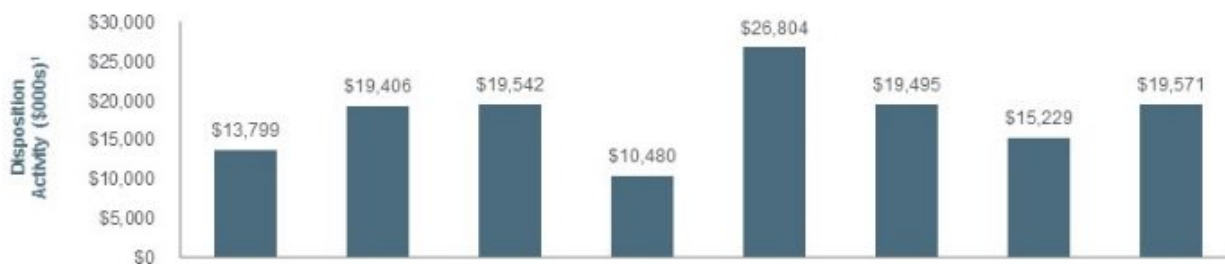
7. Includes 71 properties that secured \$35.3 million of mortgage loans receivable.

8. Includes 18 properties that secured \$34.6 million of mortgage loans receivable.

9. Includes 1 property that secured \$5.3 million of mortgage loans receivable.

## Net Investment Activity

### Disposition Summary



Dispositions	2Q 2018	3Q 2018	4Q 2018	1Q 2019	2Q 2019 <sup>7</sup>	3Q 2019	4Q 2019	1Q 2020
Realized Gain/(Loss) <sup>1,2</sup>	9.7% <sup>5</sup>	(6.6%) <sup>5</sup>	0.4%	2.9%	1.3%	17.8%	8.5%	3.2% <sup>5</sup>
Cash Cap Rate on Leased Assets <sup>3</sup>	7.1% <sup>5</sup>	6.8% <sup>5</sup>	6.9%	6.6%	7.0%	6.7%	6.9%	7.1% <sup>5</sup>
Leased Properties Sold <sup>4</sup>	8	17	7	7	10	9	7	10
Vacant Properties Sold <sup>4</sup>	2	4	1	—	1	1	1	—
Rent Coverage Ratio	2.1x <sup>5</sup>	1.8x <sup>6</sup>	1.8x	1.8x	1.5x	1.1x	1.7x	0.7x <sup>5</sup>

1. Includes the impact of transaction costs.
2. Gains/(losses) based on our aggregate allocated purchase price.
3. Cash ABR at time of sale divided by gross sale price (excluding transaction costs) for the property.
4. Property count excludes dispositions in which only a portion of the owned parcel is sold.
5. Excludes one property sold pursuant to an existing tenant purchase option.
6. Excludes the sale of one leasehold property.
7. Excludes the prepayment of two mortgage loans receivable for \$4.6 million.

# Portfolio Summary

## Portfolio Highlights

	As of March 31, 2020
Investment Properties (#) <sup>1</sup>	1,050
Square Footage (mm)	8.3
Tenants (#)	212
Concepts (#)	283
Industries (#)	16
States (#)	43
Weighted Average Remaining Lease Term (Years)	14.6
Triple-Net Leases (% of Cash ABR)	93.8%
Master Leases (% of Cash ABR)	60.1%
Sale-Leaseback (% of Cash ABR) <sup>2,3</sup>	81.6%
Unit-Level Rent Coverage	2.9x
Unit-Level Financial Reporting (% of Cash ABR)	98.3%
Leased (%)	99.5%
Top 10 Tenants (% of Cash ABR)	23.1%
Average Investment Per Property (\$mm)	\$2.0
Total Cash ABR (\$mm)	\$161.1

1. Includes one undeveloped land parcel and 92 properties that secure mortgage loans receivable.
2. Exclusive of GE Seed Portfolio.
3. Includes investments in mortgage loans receivable made in support of sale-leaseback transactions.



# Portfolio Summary

## Tenant and Industry Diversification

### Top 10 Tenant Exposure

Top 10 Tenants <sup>1</sup>	Properties	% of Cash ABR
	74	3.2%
	23	2.9%
	13	2.7%
	4	2.4%
	5	2.3%
	34	2.3%
	13	2.0%
	26	1.8%
	5	1.8%
	7	1.7%
<b>Top 10 Tenants</b>	<b>204</b>	<b>23.1%</b>
<b>Total</b>	<b>1,050</b>	<b>100.0%</b>

### Diversification by Industry

Tenant Industry	Type of Business	Cash ABR (\$'000s)	% of Cash ABR	# of Properties <sup>2</sup>	Building SqFt	Rent Per SqFt <sup>3</sup>
Quick Service	Service	\$ 23,080	14.3%	317	844,782	\$ 27.54
Early Childhood Education	Service	21,342	13.3%	94	974,143	21.35
Car Washes	Service	19,008	11.8%	82	384,242	48.83
Medical / Dental	Service	17,520	10.9%	100	647,463	26.27
Convenience Stores	Service	17,002	10.6%	149	598,940	28.39
Casual Dining	Service	8,779	5.5%	61	371,825	23.61
Automotive Service	Service	8,386	5.2%	76	424,761	19.74
Other Services	Service	5,150	3.2%	25	282,470	18.23
Pet Care Services	Service	5,059	3.1%	32	201,541	20.42
Family Dining	Service	5,127	3.2%	29	194,085	26.42
<b>Service Subtotal</b>		<b>\$ 130,454</b>	<b>81.0%</b>	<b>965</b>	<b>4,924,251</b>	<b>\$ 26.07</b>
Health and Fitness	Experience	10,651	6.6%	25	953,487	10.46
Entertainment	Experience	6,532	4.1%	18	647,483	10.71
Movie Theatres	Experience	4,342	2.7%	6	293,206	14.81
<b>Experience Subtotal</b>		<b>\$ 21,526</b>	<b>13.4%</b>	<b>49</b>	<b>1,894,176</b>	<b>\$ 11.23</b>
Home Furnishings	Retail	5,443	3.4%	7	383,415	14.20
Grocery	Retail	955	0.6%	4	161,296	5.92
<b>Retail Subtotal</b>		<b>\$ 6,398</b>	<b>4.0%</b>	<b>11</b>	<b>544,711</b>	<b>\$ 11.75</b>
Building Materials	Industrial	2,696	1.7%	19	896,956	3.01
<b>Total</b>		<b>\$ 161,074</b>	<b>100.0%</b>	<b>1,044</b>	<b>8,260,094</b>	<b>\$ 19.25</b>

1. Represents tenant, guarantor or parent company.

2. Property count includes 92 properties that secure mortgage loans receivable, but excludes one undeveloped land parcel and five vacant properties.

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

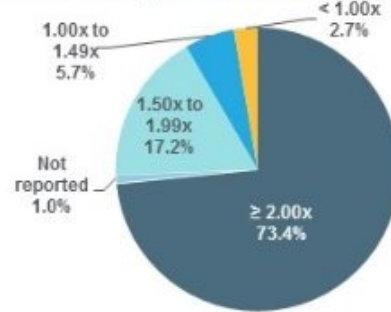
# Portfolio Summary

## Portfolio Health

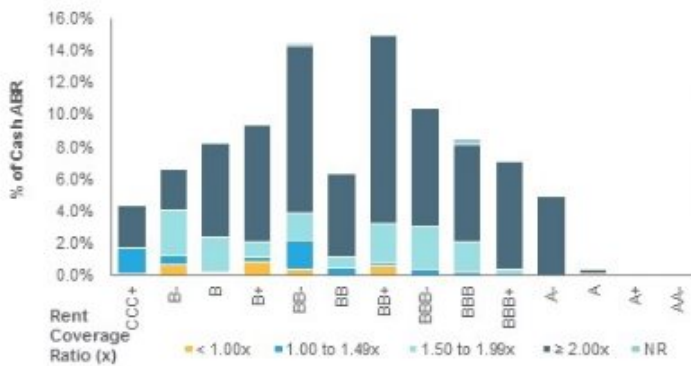
### Tenant Financial Reporting

Tenant Financial Reporting Requirements	% of Cash ABR
Unit-Level Financial Information	98.3%
Corporate-Level Financial Reporting	98.7%
Both Unit-Level and Corporate-Level Financial Information	98.1%
No Financial Information	1.0%

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



### Unit-Level Coverage by Tenant Credit<sup>2</sup>



### Unit-Level Coverage by Lease Expiration



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 March 31, 2020 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.

## Leasing Summary

### Leasing Expiration Schedule, Leasing Activity and Statistics

#### Annual Lease Expiration by Cash ABR

Year <sup>1</sup>	Cash ABR	% of Cash ABR	# of Properties <sup>2</sup>	Wgt. Avg. Coverage <sup>3</sup>
2020	\$ 90	0.1%	1	1.9x
2021	243	0.2%	3	2.7x
2022	773	0.5%	5	3.7x
2023	2,131	1.3%	12	2.7x
2024	5,790	3.6%	49	3.7x
2025	1,020	0.6%	11	4.0x
2026	2,395	1.5%	14	2.5x
2027	4,736	2.9%	30	3.2x
2028	2,890	1.8%	17	2.8x
2029	4,273	2.7%	68	4.2x
2030	5,206	3.2%	53	3.7x
2031	7,328	4.5%	44	3.5x
2032	11,562	7.2%	63	3.4x
2033	9,280	5.8%	41	2.8x
2034	24,483	15.2%	193	2.9x
2035	8,362	5.2%	54	2.9x
2036	2,697	1.7%	22	1.7x
2037	18,252	11.3%	77	3.1x
2038	17,473	10.8%	92	2.2x
2039	25,044	15.5%	154	2.5x
Thereafter	7,046	4.4%	41	3.0x
<b>Total</b>	<b>\$161,074</b>	<b>100.0%</b>	<b>1,044</b>	<b>2.9x</b>

#### Leasing Activity – Trailing 12 Months

\$(000)s	Renewed Per Terms of Lease	Re-Leased to New Tenant Without Vacancy	After Vacancy	Total Leasing
Prior Cash ABR	\$ 88	\$ 143	-	\$ 231
New Cash ABR	96	90	-	186
Recovery Rate	109.1%	62.9%	-	80.5%
Number of Leases	3	3	-	6
Average Months Vacant	-	-	-	-
Lease Incentives Paid	-	-	-	-
% of Total Cash ABR <sup>4</sup>	0.1%	0.1%	-	0.1%

#### Leasing Statistics

<b>Vacant Properties at December 31, 2019</b>	<b>0</b>
Expiration Activity	0
Leasing Activity	0
Vacant Property Sales	0
Lease Termination	+ 5
<b>Vacant Properties at March 31, 2020</b>	<b>5</b>

1. Expiration year of contracts in place as of March 31, 2020 and excludes any tenant option renewal periods that have not been exercised.

2. Property count includes 92 properties that secure mortgage loans receivable, but excludes one undeveloped land parcel and five vacant properties.

3. Weighted by cash ABR as of March 31, 2020.

4. New cash ABR divided by total cash ABR as of March 31, 2020.

# Leasing Summary

## Same-Store Analysis

### Defined Terms

#### Same-Store Portfolio:

All properties owned, excluding new sites under construction, for the entire same-store measurement period, which is January 1, 2019 through March 31, 2020. The same-store portfolio for 1Q 2020 is comprised of 604 properties and represented ~58% of our total portfolio as measured by contractual cash rent divided by our cash ABR at March 31, 2020.

#### Contractual Cash Rent:

The amount of cash rent our tenants are contractually obligated to pay per the in-place lease as of March 31, 2020; excludes 1.) percentage rent that is subject to sales breakpoints per the lease and 2.) redevelopment properties in a free rent period

### Same-Store Portfolio Performance

Type of Business	Contractual Cash Rent (\$000s)		%
	1Q 2020	1Q 2019	
Service	\$ 18,547	\$ 18,342	1.1%
Experience	3,562	3,598	-1.0%
Retail	759	1,382	-45.1%
Industrial	674	661	2.0%
<b>Total Same-Store Rent</b>	<b>\$ 23,542</b>	<b>\$ 23,983</b>	<b>-1.8%</b>
- Property Operating Expense <sup>1</sup>	50	162	-69.0%
<b>Total Same-Store NOI</b>	<b>\$ 23,492</b>	<b>\$ 23,821</b>	<b>-1.4%</b>



<sup>1</sup> Excludes reimbursable property operating expenses.

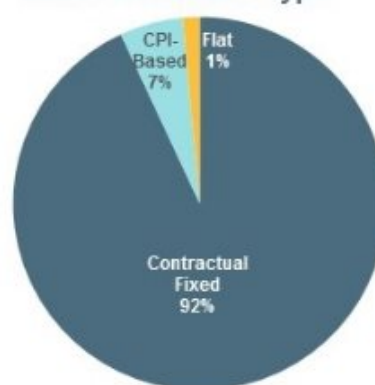
## Leasing Summary

### Lease Escalations

#### Lease Escalation Frequency

Lease Escalation Frequency	% of Cash ABR	Weighted Average Annual Escalation Rate <sup>1,2</sup>
Annually	79.6%	1.5%
Every 2 years	2.4	1.4
Every 3 years	1.0	1.4
Every 4 years	0.5	0.8
Every 5 years	13.8	1.3
Every 6 years	0.3	0.7
Other escalation frequencies	1.3	1.3
Flat	1.2	NA
<b>Total / Weighted Average</b>	<b>100.0%</b>	<b>1.5%</b>

#### Lease Escalation Type



- Leases contributing 99% of cash ABR provided for base rent escalation, generally ranging from 1.0% to 3.0% annually, with a weighted average annual escalation rate of 1.5%, which assumes 0.0% change in annual CPI
- 7% of contractual rent escalations by cash ABR are CPI-based, while 92% are based on fixed percentage or scheduled increases
- 68% of cash ABR derived from flat leases is attributable to leases that provide for contingent rent based on a percentage of the tenant's gross sales at the leased property

1. Based on cash ABR as of March 31, 2020.

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.



## Covid-19 Impact: Portfolio and April Rent Status

Over 71% of Our Portfolio is Currently Open or Operating in a Limited Capacity

- **Portfolio Operating Status:** As of early May, 48% of our ABR was open, 23% was open on a limited operating basis and 29% was closed
- **April Rent Collection Totaled 61%:** Cash rent received for the month of April totaled \$8.2 million, which compares to our monthly contractual cash rent of \$13.4 million
- **Deferred Rent Totaled 33% in April:** We agreed to defer April rent for 88 different tenants across 320 properties in our portfolio. The average deferral period is 3.1 months with an average payback period of 12.7 months. In aggregate, we have agreed to defer \$16.1 million of cash rent, or 10.0% of annual cash rent
- **Unresolved Rent Collection Totaled 6% in April:** 73% of April rent that is unresolved is attributable to Art Van Furniture and AMC. The remaining balance, which equates to \$2.8 million in ABR, is comprised of nine different restaurant tenants (26 units) in the casual dining (13 units), family dining (11 units), and quick-service (2 units) industries. The average rent per site for these 26 properties is \$106K

Current Property Status<sup>1</sup>



April Rent Status



1. Calculated as a % of ABR as of March 31, 2020.

## 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 deposits held for the benefit of lenders.

We believe excluding cash and cash equivalents and restricted cash deposits held for the benefit of lenders from gross debt, 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 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 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.

#### GE Seed Portfolio

GE seed 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.

#### Disclaimer

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