
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

February 14, 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)
902 Carnegie Center Blvd., Suite 520
Princeton, New Jersey
(Address of principal executive offices)

001-38530
(Commission File Number)

82-4005693
(IRS Employer Identification No.)

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 2.02 — Results of Operations and Financial Condition.

On February 14, 2024, Essential Properties Realty Trust, Inc. (the “Company”) issued a press release announcing the Company’s financial results for the three months and year ended December 31, 2023. The press release is furnished hereto as Exhibit 99.1 and incorporated herein by reference.

Item 7.01— Regulation FD Disclosure.

On February 14, 2024, the Company issued its Supplemental Operating & Financial Data—Fourth Quarter Ended December 31, 2023. 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.

Exhibit No.	Description
99.1	Earnings Press Release dated February 14, 2024 for the three months and year ended December 31, 2023
99.2	Supplemental Operating & Financial Data—Fourth Quarter Ended December 31, 2023
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: February 14, 2024

ESSENTIAL PROPERTIES REALTY TRUST, INC.

By:

/s/ Mark E. Patten

Mark E. Patten

Executive Vice President, Chief Financial Officer, Treasurer and Secretary



Essential Properties Announces Fourth Quarter 2023 Results

- Fourth Quarter Net Income per Share of \$0.31 and AFFO per Share of \$0.42 -
 - Closed Investments of \$314.9 million at a 7.9% Weighted Average Cash Cap Rate -
 - Reiterates 2024 AFFO Guidance of \$1.71 to \$1.75 per Share -

February 14, 2024

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 and year ended December 31, 2023.

Fourth Quarter 2023 Financial and Operating Highlights:

Operating Results (compared to Fourth Quarter 2022):

• Investments (93 properties)	\$ Invested	\$314.9 million
	Weighted Avg Cash Cap Rate	7.9%
• Dispositions (9 properties)	Net Proceeds	\$30.6 million
	Weighted Avg Cash Cap Rate	6.6%
• Net Income per Share	Increased by 24%	\$0.31
• Funds from Operations ("FFO") per Share	Increased by 18%	\$0.46
• Core Funds from Operations ("Core FFO") per Share	Increased by 18%	\$0.46
• Adjusted Funds from Operations ("AFFO") per Share	Increased by 8%	\$0.42
Debt, Equity & Leverage Update:		
• Drew Remaining Principal on \$450mm 2029 Term Loan	Additional Draws	\$75.0 million
• Equity Raised (Gross) - ATM Program ⁽¹⁾	\$24.72/share	\$47.9 million
• Pro Form Net Debt to Annualized Adjusted EBITDA _{re} ⁽²⁾	As of Quarter End	4.0x

1. All shares were sold on a forward basis and are currently unsettled.
2. See page 12 for detailed calculation.

Full Year 2023 Financial and Operating Highlights:

Operating Results (compared to 2022):

• Investments (293 properties)	\$ Invested	\$1.0 billion
	Weighted Avg Cash Cap Rate	7.6%
• Dispositions (52 properties)	Net Proceeds	\$138.0 million
	Weighted Avg Cash Cap Rate	6.3%
• Net Income per share	Increased by 25%	\$1.24
• FFO per share	Increased by 13%	\$1.77
• Core FFO per share	Increased by 12%	\$1.77
• AFFO per share	Increased by 8%	\$1.65
Debt & Equity Activity:		
• Equity Raised (Gross) - Follow-On Offerings	\$23.68/share	\$493.9 million
• Equity Raised (Gross) - ATM Program	\$24.48/share	\$145.2 million

Activity Subsequent to Fourth Quarter 2023:

• Investments (17 properties)	\$ Invested	\$40.9 million
• Dispositions (4 properties)	\$ Gross Proceeds	\$9.1 million

CEO Comments

Commenting on the fourth quarter and full year 2023 results, the Company's President and Chief Executive Officer, Pete Mavoides, said, "We were pleased to close out the year with a great fourth quarter, highlighted by strong AFFO per share growth of 8%, reflecting a strong and consistent year of investment activity. With substantial liquidity of nearly \$800 million, we remain well-positioned to capitalize on an increasingly attractive investment landscape as we continue to deploy sale-leaseback capital supporting the growth of our middle-market tenant relationships."

Portfolio Highlights

The Company's investment portfolio as of December 31, 2023 is summarized as follows:

Number of properties	1,873
Weighted average lease term (WALT)	14.0 years
Weighted average rent coverage ratio	3.8x
Number of tenants	374
Number of concepts (i.e., brands)	588
Number of industries	16
Number of states	48
Weighted average occupancy	99.8%
Total square feet of rentable space	18,661,836
Cash ABR - service-oriented or experience-based	92.9%
Cash ABR - properties subject to master lease	65.7%

Portfolio Update

Investments

The Company's investment activity during the three months and year ended December 31, 2023 is summarized as follows:

	Quarter Ended December 31, 2023	Year Ended December 31, 2023
Investments:		
Investment volume	\$314.9 million	\$1.0 billion
Number of transactions	43	126
Property count	93	293
Weighted average cash / GAAP cap rate	7.9%/9.1%	7.6%/8.9%
Weighted average lease escalation	1.9%	1.9%
% Subject to master lease	72%	68%
% Sale-leaseback transactions	97%	99%
% Existing relationship	96%	85%
% Required financial reporting (tenant/guarantor)	100%	100%
WALT	17.6 years	18.3 years

Dispositions

The Company's disposition activity during the three months and year ended December 31, 2023 is summarized as follows:

	Quarter Ended December 31, 2023	Year Ended December 31, 2023
Dispositions:		
Net proceeds	\$30.6 million	\$138.0 million
Number of properties sold	9	52
Net gain / (loss)	\$4.8 million	\$24.2 million
Weighted average cash cap rate (excluding vacant properties and sales subject to a tenant purchase option)	6.6%	6.3%

Loan Repayments

Loan repayments to the Company during the three months and year ended December 31, 2023 are summarized as follows:

	Quarter Ended December 31, 2023	Year Ended December 31, 2023
Loan Repayments:		
Proceeds—Principal	\$4.6 million	\$26.9 million
Proceeds—Prepayment penalties	\$0.1 million 530,000	\$0.4 million
Number of properties	3	19
Weighted average cash cap rate	7.8%	7.4%

Leverage and Balance Sheet and Liquidity

The Company's leverage, balance sheet and liquidity are summarized in the following table.

	December 31, 2023	Pro Forma ⁽¹⁾ December 31, 2023
Leverage:		
Net debt to Annualized Adjusted EBITDA _{re}	4.4x	4.0x
Balance Sheet and Liquidity:		
Cash and cash equivalents and restricted cash	\$49.0 million	\$179.6 million
Unused revolving credit facility capacity	\$600.0 million	\$600.0 million
Forward equity sales - unsettled	\$130.6 million	—
Total available liquidity	\$779.6 million	\$779.6 million
ATM Program:		
2022 ATM Program initial availability	\$500.0 million	
Aggregate gross sales under the 2022 ATM Program	\$220.6 million	
Availability remaining under the 2022 ATM Program	\$279.4 million	
Average price per share of gross sales since inception in May 2022	\$23.62	

1. Pro forma adjustments have been made to reflect 5,778,363 shares sold on a forward basis in the Company's September 2023 follow-on offering or ATM Program as if they had been physically settled for cash on December 31, 2023.

Guidance

2024 Guidance

The Company reiterates its previously issued expectation that 2024 AFFO per share on a fully diluted basis will be within a range of \$1.71 to \$1.75.

Note: The Company does not provide guidance for the most comparable GAAP financial measure, net income, or a reconciliation of the forward-looking non-GAAP financial measure of AFFO to net income computed in accordance with GAAP because it is unable to reasonably predict, without unreasonable efforts, certain items that would be contained in the GAAP measure, including items that are not indicative of the Company's ongoing operations, such as, without limitation, potential impairments of real estate assets, net gain/loss on dispositions of real estate assets, changes in allowance for credit losses and stock-based compensation expense. These items are uncertain, depend on various factors, and could have a material impact on the Company's GAAP results for the guidance period.

Dividend Information

As previously announced, on December 1, 2023, Essential Properties' board of directors declared a cash dividend of \$0.285 per share of common stock for the quarter ended December 31, 2023. The dividend was paid on January 12, 2024 to stockholders of record as of the close of business on December 29, 2023.

Conference Call Information

In conjunction with the release of Essential Properties' operating results, the Company will host a conference call on Thursday, February 15, 2024 at 10:00 a.m. EST to discuss the results. To access the conference, dial 877-407-9208 (International: 201-493-6784). 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.

A telephone replay of the conference call can also be accessed by calling 844-512-2921 (International: 412-317-6671) and entering the access code: 13743572. The telephone replay will be available through February 29, 2024.

A replay of the conference call webcast will be available on our website 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—Fourth Quarter Ended December 31, 2023 is available on Essential Properties' website at 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 December 31, 2023, the Company's portfolio consisted of 1,873 freestanding net lease properties with a weighted average lease term of 14.0 years and a weighted average rent coverage ratio of 3.8x. In addition, as of December 31, 2023, the Company's portfolio was 99.8% leased to 374 tenants operating 588 different concepts in 16 industries across 48 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 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 in the company's Securities and Exchange Commission (the "Commission") filings, including, but not limited to, the Company's most recent Annual Report on Form 10-K. 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 Annual Report on Form 10-K for the year ended December 31, 2023 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_{re}"), adjusted EBITDA_{re}, annualized adjusted EBITDA_{re}, 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 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 it believes are infrequent and unusual in nature and/or not related to its 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 expenses 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 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 its gross debt (defined as total debt plus net deferred financing costs on its secured borrowings) less cash and cash equivalents and restricted cash available for future investment. The Company believes excluding cash and cash equivalents and restricted cash available for future investment 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 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 or loan prepayment fees and contingent rental revenue from its tenants which is subject to sales 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.

Essential Properties Realty Trust, Inc.
Consolidated Statements of Operations

(in thousands, except share and per share data)	Three months ended December 31,		Year ended December 31,	
	2023	2022	2023	2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Revenues:				
Rental revenue ^{1,2}	\$ 92,937	\$ 70,101	\$ 339,897	\$ 269,827
Interest on loans and direct financing lease receivables	4,580	4,009	18,128	15,499
Other revenue	217	166	1,570	1,180
Total revenues	97,734	74,276	359,595	286,506
Expenses:				
General and administrative	7,335	6,508	30,678	29,464
Property expenses ³	1,317	784	4,663	3,452
Depreciation and amortization	27,440	24,121	102,219	88,562
Provision for impairment of real estate	1,903	9,623	3,548	20,164
Change in provision for credit losses	(14)	(48)	(99)	88
Total expenses	37,981	40,988	141,009	141,730
Other operating income:				
Gain on dispositions of real estate, net	4,847	12,565	24,167	30,647
Income from operations	64,600	45,853	242,753	175,423
Other (expense)/income:				
Loss on debt extinguishment ⁴	—	—	(116)	(2,138)
Interest expense	(15,760)	(12,128)	(52,597)	(40,370)
Interest income	595	2,025	2,011	2,825
Income before income tax expense	49,435	35,750	192,051	135,740
Income tax expense	164	229	636	998
Net income	49,271	35,521	191,415	134,742
Net income attributable to non-controlling interests	(176)	(171)	(708)	(612)
Net income attributable to stockholders	\$ 49,095	\$ 35,350	\$ 190,707	\$ 134,130
Basic weighted-average shares outstanding	157,561,157	142,378,451	152,140,735	134,941,188
Basic net income per share	\$ 0.31	\$ 0.25	\$ 1.25	\$ 0.99
Diluted weighted-average shares outstanding	159,196,777	143,375,819	153,521,854	135,855,916
Diluted net income per share	\$ 0.31	\$ 0.25	\$ 1.24	\$ 0.99

1. Includes contingent rent (based on a percentage of the tenant's gross sales at the leased property) of \$225, \$156, \$743 and \$682 for the three months and year ended December 31, 2023 and 2022, respectively.
2. Includes reimbursable income from the Company's tenants of \$674, \$497, \$2,867 and \$2,081 for the three months and year ended December 31, 2023 and 2022, respectively.
3. Includes reimbursable expenses from the Company's tenants \$674, \$497, \$2,867 and \$2,081 for the three months and year ended December 31, 2023 and 2022, respectively.
4. During the year ended December 31, 2023, includes debt extinguishment costs associated with the full repayment of the Company's 2024 Term Loan and during the year ended December 31, 2022, includes debt extinguishment costs associated with the Company's restructuring of its credit and term loan facilities.

Essential Properties Realty Trust, Inc.
Consolidated Balance Sheets

(in thousands, except share and per share amounts)

	December 31, 2023	December 31, 2022
	(Unaudited)	(Audited)
ASSETS		
Investments:		
Real estate investments, at cost:		
Land and improvements	\$ 1,542,302	\$ 1,228,687
Building and improvements	2,938,012	2,440,630
Lease incentive	17,890	18,362
Construction in progress	96,524	34,537
Intangible lease assets	89,209	88,364
Total real estate investments, at cost	4,683,937	3,810,570
Less: accumulated depreciation and amortization	(367,133)	(276,307)
Total real estate investments, net	4,316,804	3,534,263
Loans and direct financing lease receivables, net	223,854	240,035
Real estate investments held for sale, net	7,455	4,780
Net investments	4,548,113	3,779,078
Cash and cash equivalents	39,807	62,345
Restricted cash	9,156	9,155
Straight-line rent receivable, net	107,545	78,587
Derivative assets	30,980	47,877
Rent receivables, prepaid expenses and other assets, net	32,660	22,991
Total assets	\$ 4,768,261	\$ 4,000,033
LIABILITIES AND EQUITY		
Unsecured term loans, net of deferred financing costs	\$ 1,272,772	\$ 1,025,492
Senior unsecured notes, net	395,846	395,286
Revolving credit facility	—	—
Intangible lease liabilities, net	11,206	11,551
Dividend payable	47,182	39,398
Derivative liabilities	23,005	2,274
Accrued liabilities and other payables	31,248	29,261
Total liabilities	1,781,259	1,503,262
Commitments and contingencies	—	—
Stockholders' equity:		
Preferred stock, \$0.01 par value; 150,000,000 authorized; none issued and outstanding as of December 31, 2023 and 2022	—	—
Common stock, \$0.01 par value; 500,000,000 authorized; 164,635,150 and 142,379,655 issued and outstanding as of December 31, 2023 and 2022, respectively	1,646	1,424
Additional paid-in capital	3,078,459	2,563,305
Distributions in excess of cumulative earnings	(105,545)	(117,187)
Accumulated other comprehensive loss	4,019	40,719
Total stockholders' equity	2,978,579	2,488,261
Non-controlling interests	8,423	8,510
Total equity	2,987,002	2,496,771
Total liabilities and equity	\$ 4,768,261	\$ 4,000,033

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

(unaudited, in thousands except per share amounts)	Three months ended December 31,		Year ended December 31,	
	2023	2022	2023	2022
Net income	\$ 49,271	\$ 35,521	\$ 191,415	\$ 134,742
Depreciation and amortization of real estate	27,402	24,096	102,103	88,459
Provision for impairment of real estate	1,903	9,623	3,548	20,164
Gain on dispositions of real estate, net	(4,847)	(12,565)	(24,167)	(30,647)
Funds from Operations	73,729	56,675	272,899	212,718
Non-core expenses ¹	78	—	(510)	2,388
Core Funds from Operations	73,807	56,675	272,389	215,106
Adjustments:				
Straight-line rental revenue, net	(9,636)	(4,005)	(30,375)	(20,615)
Non-cash interest	992	621	3,187	2,616
Non-cash compensation expense	2,170	2,232	9,192	9,489
Other amortization expense	263	735	1,507	2,912
Other non-cash charges	28	(52)	(73)	74
Capitalized interest expense	(665)	(394)	(2,430)	(757)
Adjusted Funds from Operations	\$ 66,959	\$ 55,812	\$ 253,397	\$ 208,825
Net income per share²:				
Basic	\$ 0.31	\$ 0.25	\$ 1.25	\$ 0.99
Diluted	\$ 0.31	\$ 0.25	\$ 1.24	\$ 0.99
FFO per share²:				
Basic	\$ 0.47	\$ 0.40	\$ 1.78	\$ 1.57
Diluted	\$ 0.46	\$ 0.39	\$ 1.77	\$ 1.56
Core FFO per share²:				
Basic	\$ 0.47	\$ 0.40	\$ 1.78	\$ 1.58
Diluted	\$ 0.46	\$ 0.39	\$ 1.77	\$ 1.58
AFFO per share²:				
Basic	\$ 0.42	\$ 0.39	\$ 1.66	\$ 1.54
Diluted	\$ 0.42	\$ 0.39	\$ 1.65	\$ 1.53

- Includes the following during the: i) three months ended December 31, 2023 — \$0.1 million of accelerated expense related to the departure of a board member; ii) year ended December 31, 2023 — \$0.1 million loss on debt extinguishment, \$0.9 million of insurance recovery income and \$0.3 million of separation costs and non-cash compensation expense in connection with the departure of a junior executive and board member; iii) year ended December 31, 2022 — \$0.2 million of fees incurred in conjunction with a term loan amendment and our \$2.1 million loss on debt extinguishment.
- Calculations exclude \$103, \$94, \$407 and \$374 from the numerator for the three months and year ended December 31, 2023 and 2022, respectively, related to dividends paid on unvested restricted stock awards and restricted stock units.

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

(in thousands)	Three months ended December 31, 2023
Net income	\$ 49,271
Depreciation and amortization	27,440
Interest expense	15,760
Interest income	(595)
Income tax expense	164
EBITDA	92,040
Provision for impairment of real estate	1,903
Gain on dispositions of real estate, net	(4,847)
EBITDAre	89,096
Adjustment for current quarter re-leasing, acquisition and disposition activity ¹	4,506
Adjustment to exclude other non-core or non-recurring activity ²	185
Adjustment to exclude termination/prepayment fees and certain percentage rent ³	(144)
Adjusted EBITDAre - Current Estimated Run Rate	93,643
General and administrative expense	7,015
Adjusted net operating income ("NOI")	100,658
Straight-line rental revenue, net ¹	(10,278)
Other amortization expense	263
Adjusted Cash NOI	\$ 90,643
Annualized EBITDAre	\$ 356,384
Annualized Adjusted EBITDAre	\$ 374,572
Annualized Adjusted NOI	\$ 402,632
Annualized Adjusted Cash NOI	\$ 362,572

1. Adjustment is 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 December 31, 2023 had occurred on October 1, 2023.
2. Adjustment is made to i) exclude non-core expenses added back to compute Core FFO, ii) exclude changes in the Company's 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.

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

(dollars in thousands, except share and per share amounts)	December 31, 2023	Rate	Wtd. Avg. Maturity
Unsecured debt:			
February 2027 term loan ¹	\$ 430,000	2.4%	3.1 years
January 2028 term loan ¹	400,000	4.6%	4.1 years
February 2029 term loan ^{1,2}	450,000	4.3%	5.2 years
Senior unsecured notes due July 2031	400,000	3.1%	7.5 years
Revolving credit facility ³	—	—%	2.1 years
Total unsecured debt	1,680,000	3.6%	4.9 years
Gross debt	1,680,000		
Less: cash & cash equivalents	(39,807)		
Less: restricted cash available for future investment	(9,156)		
Net debt	1,631,037		
Equity:			
Preferred stock	—		
Common stock & OP units (165,188,997 shares @ \$25.56/share as of 12/31/23) ⁴	4,208,074		
Total equity	4,208,074		
Total enterprise value ("TEV")	\$ 5,839,111		
Pro forma adjustments to Net Debt and TEV:⁵			
Net debt	\$ 1,631,037		
Less: Unsettled forward equity (5,778,363 shares @ \$22.60 /share as of 12/31/23)	(130,591)		
Pro forma net debt	1,500,446		
Total equity	4,208,074		
Common stock — unsettled forward equity (5,778,363 shares @ \$25.56/share as of 12/31/23)	147,695		
Pro forma TEV	\$ 5,856,215		
Gross Debt / Undepreciated Gross Assets		32.7 %	
Net Debt / TEV		27.9 %	
Net Debt / Annualized Adjusted EBITDAre		4.4x	
Pro Forma Gross Debt / Undepreciated Gross Assets		31.9 %	
Pro Forma Net Debt / Pro Forma TEV		25.6 %	
Pro Forma Net Debt / Annualized Adjusted EBITDAre		4.0x	

1. Rates presented for the Company's term loans are fixed at the stated rates after giving effect to its 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 the Company's election.
3. The Company's revolving credit facility provides a maximum aggregate initial original principal amount of up to \$600 million and includes an accordion feature to increase, subject to certain conditions, the maximum availability of the facility by up to \$600 million. Borrowings bear interest at Term SOFR plus applicable margin of 77.5bps and SOFR premium of 10bps.
4. Common stock & OP units as of December 31, 2023, based on 164,635,150 common shares outstanding and 553,847 OP units held by non-controlling interests.
5. Pro forma adjustments have been made to reflect shares sold on a forward basis in the Company's September 2023 follow-on offering or ATM Program as if they had been physically settled on December 31, 2023.

Investor/Media:

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Source: Essential Properties Realty Trust, Inc.

ESSENTIAL  PROPERTIES

Supplemental Information



Fourth Quarter 2023

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Financial Summary

Consolidated Statements of Operations

(in thousands, except share and per share data)	Three Months Ended December 31,		Year Ended December 31,	
	2023	2022	2023	2022
	(unaudited)	(unaudited)	(unaudited)	(audited)
Revenues:				
Rental revenue ^{1,2}	\$ 92,937	\$ 70,101	\$ 339,897	\$ 269,827
Interest on loans and direct financing lease receivables	4,580	4,009	18,128	15,499
Other revenue, net	217	166	1,570	1,180
Total revenues	97,734	74,276	359,595	286,506
Expenses:				
General and administrative	7,335	6,508	30,678	29,464
Property expenses ³	1,317	784	4,663	3,452
Depreciation and amortization	27,440	24,121	102,219	88,562
Provision for impairment of real estate	1,903	9,623	3,548	20,164
Change in provision for loan losses	(14)	(48)	(99)	88
Total expenses	37,981	40,988	141,009	141,730
Other operating income:				
Gain on dispositions of real estate, net	4,847	12,565	24,167	30,647
Income from operations	64,600	45,853	242,753	175,423
Other (expense)/income:				
Loss on debt extinguishment ⁴	—	—	(116)	(2,138)
Interest expense	(15,760)	(12,128)	(52,597)	(40,370)
Interest income	595	2,025	2,011	2,825
Income before income tax expense	49,435	35,750	192,051	135,740
Income tax expense	164	229	636	998
Net income	49,271	35,521	191,415	134,742
Net income attributable to non-controlling interests	(176)	(171)	(708)	(612)
Net income attributable to stockholders	\$ 49,095	\$ 35,350	\$ 190,707	\$ 134,130
Basic weighted-average shares outstanding				
	157,561,157	142,378,451	152,140,735	134,941,188
Basic net income per share	\$ 0.31	\$ 0.25	\$ 1.25	\$ 0.99
Diluted weighted-average shares outstanding				
	159,196,777	143,375,819	153,521,854	135,855,916
Diluted net income per share	\$ 0.31	\$ 0.25	\$ 1.24	\$ 0.99

1. Includes contingent rent (based on a percentage of the tenant's gross sales at the leased property) of \$225, \$156, \$743 and \$682 for the three months and year ended December 31, 2023 and 2022, respectively.

2. Includes reimbursable income from the Company's tenants of \$674, \$497, \$2,867 and \$2,081 for the three months and year ended December 31, 2023 and 2022, respectively.

3. Includes reimbursable expenses from the Company's tenants of \$674, \$497, \$2,867 and \$2,081 for the three months and year ended December 31, 2023 and 2022, respectively.

4. During the year ended December 31, 2023, includes debt extinguishment costs associated with the full repayment of the Company's 2024 Term Loan and during the year ended December 31, 2022, includes debt extinguishment costs associated with the Company's restructuring of its credit and term loan facilities.

Financial Summary

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

(unaudited, in thousands except per share amounts)	Three Months Ended December 31,		Year Ended December 31,	
	2023	2022	2023	2022
Net income	\$ 49,271	\$ 35,521	\$ 191,415	\$ 134,742
Depreciation and amortization of real estate	27,402	24,096	102,103	88,459
Provision for impairment of real estate	1,903	9,623	3,548	20,164
Gain on dispositions of real estate, net	(4,847)	(12,565)	(24,167)	(30,647)
Funds from Operations	73,729	56,675	272,899	212,718
Non-core expense (income) ¹	78	—	(510)	2,388
Core Funds from Operations	73,807	56,675	272,389	215,106
Adjustments:				
Straight-line rental revenue, net	(9,636)	(4,005)	(30,375)	(20,615)
Non-cash interest	992	621	3,187	2,616
Non-cash compensation expense	2,170	2,232	9,192	9,489
Other amortization expense	263	735	1,507	2,912
Other non-cash charges	28	(52)	(73)	74
Capitalized interest expense	(665)	(394)	(2,430)	(757)
Adjusted Funds from Operations	\$ 66,959	\$ 55,812	\$ 253,397	\$ 208,825
Net income per share ² :				
Basic	\$ 0.31	\$ 0.25	\$ 1.25	\$ 0.99
Diluted	\$ 0.31	\$ 0.25	\$ 1.24	\$ 0.99
FFO per share ² :				
Basic	\$ 0.47	\$ 0.40	\$ 1.78	\$ 1.57
Diluted	\$ 0.46	\$ 0.39	\$ 1.77	\$ 1.56
Core FFO per share ² :				
Basic	\$ 0.47	\$ 0.40	\$ 1.78	\$ 1.58
Diluted	\$ 0.46	\$ 0.39	\$ 1.77	\$ 1.58
AFFO per share ² :				
Basic	\$ 0.42	\$ 0.39	\$ 1.66	\$ 1.54
Diluted	\$ 0.42	\$ 0.39	\$ 1.65	\$ 1.53

1. Includes the following during the: i) three months ended December 31, 2023 — \$0.1 million of accelerated expense related to the departure of a board member; ii) year ended December 31, 2023 — \$0.1 million loss on debt extinguishment, \$0.9 million of insurance recovery income and \$0.3 million of separation costs and non-cash compensation expense in connection with the departure of a junior executive and board member; iii) year ended December 31, 2022 — \$0.2 million of fees incurred in conjunction with a term loan amendment and our \$2.1 million loss on debt extinguishment.

2. Calculations exclude \$103, \$94, \$407 and \$374 from the numerator for the three months and year ended December 31, 2023 and 2022, respectively, related to dividends paid on unvested restricted stock awards and restricted stock units.

Financial Summary

Consolidated Balance Sheets

(in thousands, except share and per share amounts)

	December 31, 2023	December 31, 2022
ASSETS	(unaudited)	(audited)
Investments:		
Real estate investments, at cost:		
Land and improvements	\$ 1,542,302	\$ 1,228,687
Building and improvements	2,938,012	2,440,630
Lease incentive	17,890	18,352
Construction in progress	96,524	34,537
Intangible lease assets	89,209	88,364
Total real estate investments, at cost	4,683,937	3,810,570
Less: accumulated depreciation and amortization	(367,133)	(276,307)
Total real estate investments, net	4,316,804	3,534,263
Loans and direct financing lease receivables, net	223,854	240,035
Real estate investments held for sale, net	7,455	4,780
Net investments	4,548,113	3,779,078
Cash and cash equivalents	39,807	62,345
Restricted cash	9,156	9,155
Straight-line rent receivable, net	107,545	78,587
Derivative assets	30,980	47,877
Rent receivables, prepaid expenses and other assets, net	32,660	22,991
Total assets	\$ 4,768,261	\$ 4,000,033
LIABILITIES AND EQUITY		
Unsecured term loans, net of deferred financing costs	\$ 1,272,772	\$ 1,025,492
Senior unsecured notes, net	395,846	395,286
Revolving credit facility	—	—
Intangible lease liabilities, net	11,206	11,551
Dividend payable	47,182	39,398
Derivative liabilities	23,005	2,274
Accrued liabilities and other payables	31,248	29,261
Total liabilities	1,781,259	1,503,262
Commitments and contingencies	—	—
Stockholders' equity:		
Preferred stock, \$0.01 par value; 150,000,000 authorized; none issued and outstanding as of 12/31/23 and 12/31/22	—	—
Common stock, \$0.01 par value; 500,000,000 authorized; 164,635,150 and 142,379,655 issued and outstanding as of 12/31/23 and 12/31/22, respectively	1,646	1,424
Additional paid-in capital	3,078,459	2,563,305
Distributions in excess of cumulative earnings	(105,545)	(117,187)
Accumulated other comprehensive loss	4,019	40,719
Total stockholders' equity	2,978,579	2,488,261
Non-controlling interests	8,423	8,510
Total equity	2,987,002	2,496,771
Total liabilities and equity	\$ 4,768,261	\$ 4,000,033

Financial Summary

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

(unaudited, in thousands)	Three Months Ended December 31, 2023
Net income	\$ 49,271
Depreciation and amortization	27,440
Interest expense	15,760
Interest income	(595)
Income tax expense	164
EBITDA	92,040
Provision for impairment of real estate	1,903
Gain on dispositions of real estate, net	(4,847)
EBITDAre	89,096
Adjustment for current quarter re-leasing, acquisition and disposition activity ¹	4,506
Adjustment to exclude other non-core and non-recurring activity ²	185
Adjustment to exclude termination/prepayment fees and certain percentage rent ³	(144)
Adjusted EBITDAre - Current Estimated Run Rate	93,643
General and administrative	7,015
Adjusted net operating income ("NOI")	100,658
Straight-line rental revenue, net ¹	(10,278)
Other amortization expense	263
Adjusted Cash NOI	\$ 90,643
Annualized EBITDAre	\$ 356,384
Annualized Adjusted EBITDAre	\$ 374,572
Annualized Adjusted NOI	\$ 402,632
Annualized Adjusted Cash NOI	\$ 362,572

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 December 31, 2023 had occurred on October 1, 2023.
2. Adjustment is made to i) exclude non-core income and expense 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

Market Capitalization, Debt Summary and Leverage Metrics

(dollars in thousands, except share and per share amounts)	December 31, 2023	Rate	Wtd. Avg. Maturity
Unsecured debt:			
February 2027 term loan ¹	\$ 430,000	2.4%	3.1 years
January 2028 term loan ¹	400,000	4.6%	4.1 years
February 2029 term loan ^{1,2}	450,000	4.3%	5.2 years
Senior unsecured notes due July 2031	400,000	3.1%	7.5 years
Revolving credit facility ³	—	—%	2.1 years
Total unsecured debt	1,680,000	3.6%	4.9 years
Gross debt	1,680,000		
Less: cash & cash equivalents	(39,807)		
Less: restricted cash available for future investment	(9,156)		
Net debt	1,631,037		
Equity:			
Preferred stock	—		
Common stock and OP units (165,188,997 shares @ \$25.56/share as of 12/31/23) ⁴	4,208,074		
Total equity	4,208,074		
Total enterprise value ("TEV")	\$ 5,839,111		
Pro forma adjustments to Net Debt and TEV:⁵			
Net debt	\$ 1,631,037		
Less: Unsettled forward equity (5,778,363 shares @ \$22.60/share as of 12/31/23)	(130,591)		
Pro forma net debt	1,500,446		
Total equity	4,208,074		
Common stock — unsettled forward equity (5,778,363 shares @ \$25.56/share as of 12/31/23)	147,695		
Pro forma TEV	\$ 5,856,215		
Gross Debt / Undepreciated Gross Assets	32.7%		
Net Debt / TEV	27.9%		
Net Debt / Annualized Adjusted EBITDAre	4.4x		
Pro Forma Gross Debt / Undepreciated Gross Assets	31.9%		
Pro Forma Net Debt / Pro Forma TEV	25.6%		
Pro Forma Net Debt / Annualized Adjusted EBITDAre	4.0x		

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.

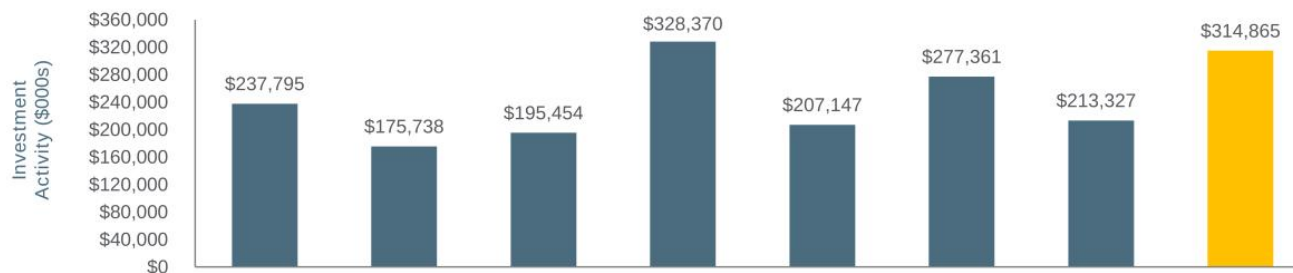
2. Weighted average maturity calculation is made after giving effect to extension options exercisable at our election.

3. Our revolving credit facility provides a maximum aggregate initial original principal amount of up to \$600 million and includes an accordion feature to increase, subject to certain conditions, the maximum availability of the facility by 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 December 31, 2023, based on 164,635,150 common shares outstanding and 553,847 OP units held by non-controlling interests.

5. Pro forma adjustments have been made to reflect shares sold on a forward basis through the Company's September 2023 follow-on offering and ATM Program as if they had been physically settled on December 31, 2023.

Net Investment Activity Investment Summary



Investments ¹	1Q'22	2Q'22	3Q'22	4Q'22	1Q'23	2Q'23	3Q'23	4Q'23
Number of Transactions	23	23	27	39	24	29	30	43
Property Count	105	39	40	115	57	78	65	93
Average Investment per Unit (in 000s)	\$2,187	\$3,870	\$3,750	\$2,782	\$3,401	\$3,350	\$2,812	\$3,008
Cash Cap Rates ²	7.0%	7.0%	7.1%	7.5%	7.6%	7.4%	7.6%	7.9%
GAAP Cap Rates ³	7.8%	8.0%	8.2%	8.8%	9.0%	8.7%	8.7%	9.1%
Weighted Average Lease Escalation	1.4%	1.5%	1.6%	1.8%	2.0%	1.9%	2.0%	1.9%
Master Lease % ^{4,5}	83%	86%	68%	90%	86%	57%	60%	72%
Sale-Leaseback % ^{4,6}	100%	100%	89%	99%	100%	99%	100%	97%
Existing Relationship % ⁴	83%	79%	94%	95%	94%	66%	86%	96%
% of Financial Reporting ⁴	100%	100%	100%	100%	100%	100%	100%	100%
Rent Coverage Ratio	3.3x	2.7x	4.4x	3.2x	3.3x	3.9x	3.3x	3.3x
Lease Term Years	15.0	17.2	16.5	18.7	19.0	19.3	17.6	17.6

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.

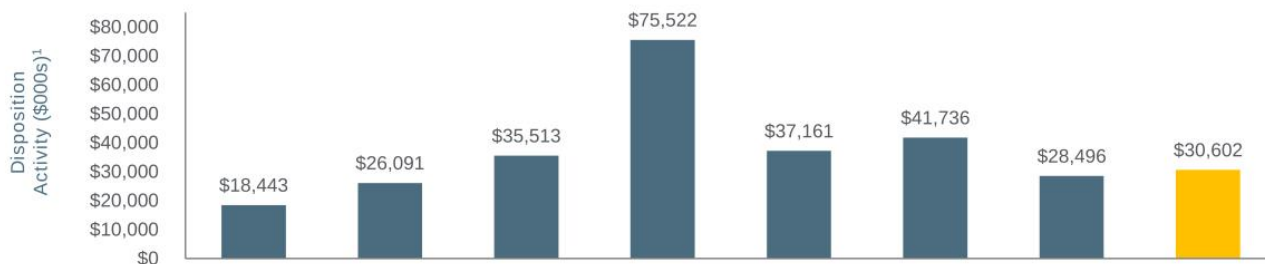
3. GAAP rent and interest income for the first twelve months after the investment divided by the gross investment in the property plus transaction costs.

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.

Net Investment Activity Disposition Summary



Dispositions	1Q'22	2Q'22	3Q'22	4Q'22	1Q'23	2Q'23	3Q'23	4Q'23
Realized Gain/(Loss) ^{1,2}	0.4%	38.6%	11.1%	7.2%	(2.1%)	(0.9%)	(2.3%)	8.2%
Cash Cap Rate on Leased Assets ^{3,4}	7.1%	6.2%	6.2%	6.9%	6.1%	6.2%	6.5%	6.6%
Leased Properties Sold ⁵	6	8	12	25	17	14	9	9
Vacant Properties Sold ⁵	—	—	—	1	—	2	1	—
Rent Coverage Ratio	2.5x ⁴	1.1x	1.2x	2.1x	2.3x	2.2x	3.6x	3.5x

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.

Portfolio Summary

Portfolio Highlights

As of December 31, 2023

Investment Properties (#) ¹	1,873
Square Footage (mm)	18.7
Tenants (#)	374
Concepts (#)	588
Industries (#)	16
States (#)	48
Weighted Average Remaining Lease Term (Years)	14.0
Triple-Net Leases (% of Cash ABR)	95.9%
Master Leases (% of Cash ABR)	65.7%
Sale-Leaseback (% of Cash ABR) ^{2,3}	90.1%
Unit-Level Rent Coverage	3.8x
Unit-Level Financial Reporting (% of Cash ABR)	98.8%
Leased (%)	99.8%
Top 10 Tenants (% of Cash ABR)	18.1%
Average Investment Per Property (\$mm)	\$2.7
Total Cash ABR (\$mm)	\$364.8



1. Includes 136 properties that secure mortgage loans receivable.

2. Exclusive of our Initial Portfolio.

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

Portfolio Summary

Tenant and Industry Diversification

Top 10 Tenants

Top 10 Tenants ¹	Properties ²	% of Cash ABR
 Equipment Share	48	3.8%
 Chicken N Pickle	8	2.3%
 Bright Path <small>Part of the King Bees Family</small>	31	1.9%
 TIDAL WAVE AUTO SPA	16	1.6%
 festival foods	6	1.6%
 FIVE STAR FAMILY & CONSTRUCTION	10	1.6%
 CSTANDS	77	1.5%
 AB	12	1.3%
 PREMIER EARLY CHILDHOOD EDUCATION PARTNERS	26	1.3%
 Mister	13	1.2%
Top 10 Tenants	247	18.1%
Total	1,870	100.0%

Diversification by Industry

Tenant Industry	Type of Business	Cash ABR (\$'000s)	% of Cash ABR	# of Properties ²	Building SqFt ³	Rent Per SqFt ³
Car Washes	Service	\$ 55,177	15.1%	179	887,863	\$ 62.53
Early Childhood Education	Service	42,288	11.6%	191	1,990,269	21.25
Quick Service	Service	39,101	10.7%	427	1,145,403	34.48
Medical / Dental	Service	38,581	10.6%	206	1,557,129	24.78
Automotive Service	Service	30,003	8.2%	224	1,526,876	19.65
Casual Dining	Service	25,506	7.0%	115	817,546	31.20
Equipment Rental and Sales	Service	18,572	5.1%	72	1,252,458	14.83
Convenience Stores	Service	18,415	5.0%	145	578,272	33.09
Other Services	Service	8,634	2.4%	46	600,191	14.39
Family Dining	Service	6,835	1.9%	38	249,173	27.43
Pet Care Services	Service	5,904	1.6%	38	260,429	23.92
Service Subtotal		\$ 289,016	79.2%	1,681	10,865,609	\$ 26.73
Entertainment	Experience	29,970	8.2%	54	1,727,559	17.35
Health and Fitness	Experience	15,633	4.3%	38	1,427,431	11.34
Movie Theatres	Experience	4,398	1.2%	6	293,206	15.00
Experience Subtotal		\$ 50,001	13.7%	98	3,448,196	\$ 14.71
Grocery	Retail	11,604	3.2%	32	1,477,780	7.85
Home Furnishings	Retail	1,491	0.4%	3	176,809	8.44
Retail Subtotal		\$ 13,095	3.6%	35	1,654,589	\$ 7.91
Other Industrial	Industrial	8,754	2.4%	33	1,367,097	6.40
Building Materials	Industrial	3,910	1.1%	23	1,257,017	3.11
Industrial Subtotal		\$ 12,664	3.5%	56	2,624,114	\$ 4.83
Total		\$ 364,776	100.0%	1,870	18,592,508	\$ 19.73

1. Represents tenant, guarantor or parent company.

2. Property count includes 136 properties that secure mortgage loans receivable and excludes three vacant properties.

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

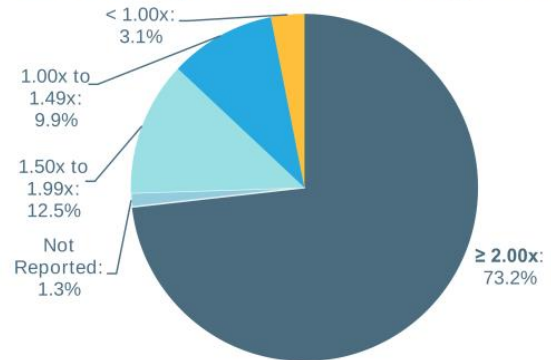
Portfolio Summary

Portfolio Health

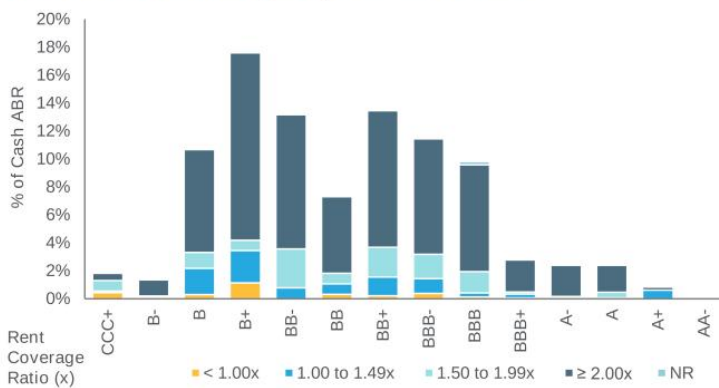
Tenant Financial Reporting Requirements

Reporting Requirements	% of Cash ABR
Unit-Level Financial Information	98.8%
Corporate-Level Financial Reporting	98.8%
Both Unit-Level and Corporate-Level Financial Information	98.2%
No Financial Information	0.7%

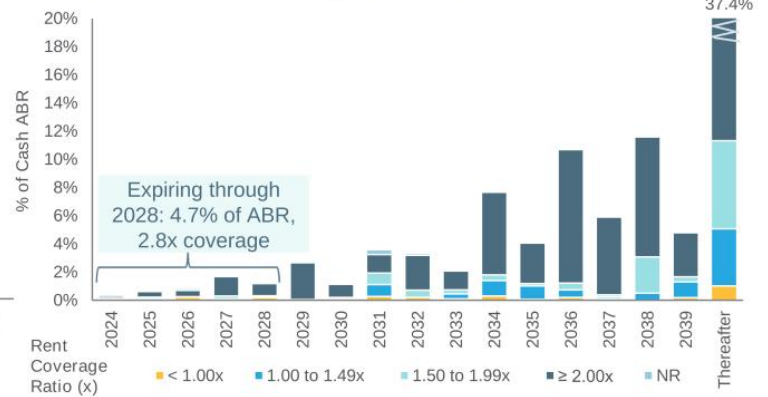
% of Cash ABR by Unit-Level Coverage Tranche¹



Unit-Level Coverage by Tenant Credit²



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 December 31, 2023, 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 ¹	Cash ABR (\$'000)s	% of Cash ABR	# of Properties ²	Wgt. Avg. Coverage ³
2024	1,506	0.4%	20	2.3x
2025	2,226	0.6%	15	3.2x
2026	3,046	0.8%	19	3.0x
2027	6,140	1.7%	55	2.9x
2028	4,323	1.2%	16	2.7x
2029	9,701	2.7%	113	5.2x
2030	4,116	1.1%	45	4.7x
2031	13,059	3.6%	78	2.8x
2032	12,209	3.3%	47	4.2x
2033	7,842	2.1%	24	3.4x
2034	28,169	7.7%	200	6.6x
2035	14,795	4.1%	98	3.7x
2036	39,372	10.8%	159	4.4x
2037	21,714	6.0%	127	6.0x
2038	42,516	11.7%	178	3.6x
2039	17,471	4.8%	80	2.5x
2040	28,548	7.8%	126	2.5x
2041	23,060	6.3%	111	2.6x
2042	40,198	11.0%	177	3.3x
2043	37,333	10.2%	158	2.9x
Thereafter	7,432	2.0%	24	4.1x
Total	\$ 364,776	100.0%	1,870	3.8x

Leasing Activity – Trailing 12 Months

\$(000)s	Lease Renewals	Terminated Leases Re-Leased		Total Leasing
		Without Vacancy	After Vacancy	
Prior Cash ABR	\$ 432	\$ 1,377	\$ 673	\$ 2,482
New Cash ABR ⁴	457	1,041	456	1,954
Recovery Rate	105.6%	75.6%	67.7%	78.7%
Number of Leases	6	12	4	22
Average Months Vacant	—	—	8.6	—
% of Total Cash ABR ⁵	0.1%	0.3%	0.1%	0.5%

Leasing Statistics

Vacant Properties at September 30, 2023	3
Expiration Activity	—
Properties Subject to Lease Termination	2
Vacant Property Sales	—
Properties Leased	(2)
Vacant Properties at December 31, 2023	3

1. Expiration year of contracts in place as of December 31, 2023, excluding any tenant option renewal periods that have not been exercised.

2. Property count includes 136 properties that secure mortgage loans receivable but excludes three vacant properties.

3. Weighted by cash ABR as of December 31, 2023.

4. New cash ABR reflects full lease rental rate without giving effect to free rent or discounted rent periods.

5. New cash ABR divided by total cash ABR as of December 31, 2023.

Leasing Summary

Same-Store Analysis

Same-Store Portfolio Performance¹

Type of Business	Contractual Cash Rent (\$000s) ²		% Change
	4Q'22	4Q'23	
Service	\$ 52,191	\$ 52,958	1.5%
Experience	8,112	8,247	1.7%
Retail	2,810	2,821	0.4%
Industrial	1,663	1,691	1.7%
Total Same-Store Rent	\$ 64,777	\$ 65,717	1.5%



Trailing 8 Qtr. Avg. Same-Store Rent Growth¹



1. All properties owned, excluding new sites under construction, for the entire same-store measurement period, which is October 1, 2022 through December 31, 2023. The same-store portfolio for 4Q'23 is comprised of 1,451 properties and represents 72% of our total portfolio as measured by contractual cash rent and interest divided by our cash ABR at December 31, 2023.

2. The amount of cash rent and interest our tenants are contractually obligated to pay per the in-place lease or mortgage as of December 31, 2023; excludes (i) percentage rent that is subject to sales breakpoints per the lease and (ii) redevelopment properties in a free rent period.

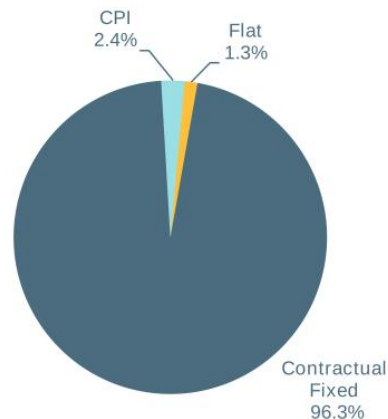
Leasing Summary

Lease Escalations

Lease Escalation Frequency

Lease Escalation Frequency	% of Cash ABR	Weighted Average
		Annual Escalation Rate ^{1,2}
Annually	81.9%	1.7%
Every 2 years	1.1%	1.5%
Every 3 years	0.2%	0.0%
Every 4 years	0.2%	1.0%
Every 5 years	12.9%	1.8%
Other escalation frequencies	2.4%	1.1%
Flat	1.3%	0.0%
Total / Weighted Average	100.0%	1.7%

Lease Escalation Type



1. Based on cash ABR as of December 31, 2023.

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.

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 expenses 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 expense, other non-cash charges and capitalized interest expense. 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.

