

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

July 24, 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 July 24, 2024, Essential Properties Realty Trust, Inc. (the “Company”) issued a press release announcing the Company’s financial results for the three and six months ended June 30, 2024. The press release is furnished hereto as Exhibit 99.1 and incorporated herein by reference.

Item 7.01— Regulation FD Disclosure.

On July 24, 2024, the Company issued its Supplemental Information—Second Quarter 2024. The Supplemental Information 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 July 24, 2024 for the quarter ended June 30, 2024
99.2	Supplemental Information—Second Quarter 2024
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: July 24, 2024

ESSENTIAL PROPERTIES REALTY TRUST, INC.

By:

/s/ Mark E. Patten

Mark E. Patten

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



Essential Properties Announces Second Quarter 2024 Results
 - Second Quarter Net Income per Share of \$0.29 and AFFO per Share of \$0.43 -
 - Closed Investments of \$333.9 million at an 8.0% Weighted Average Cash Cap Rate -
 - Reiterates 2024 AFFO Guidance range of \$1.72 to \$1.75 per Share -

July 24, 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 and six months ended June 30, 2024.

Second Quarter 2024 Financial and Operating Highlights:

Operating Results (compared to Second Quarter 2023):

• Investments (83 properties)	\$ Invested	\$333.9 million
	Weighted Avg Cash Cap Rate	8.0%
• Dispositions (6 properties)	Net Proceeds	\$4.8 million
	Weighted Avg Cash Cap Rate	7.3%
• Net Income per Share	Decreased by 17%	\$0.29
• Funds from Operations ("FFO") per Share	Increased by 9%	\$0.47
• Core Funds from Operations ("Core FFO") per Share	Increased by 7%	\$0.47
• Adjusted Funds from Operations ("AFFO") per Share	Increased by 5%	\$0.43
Debt, Equity & Leverage Update:		
• Equity Raised (Gross) - ATM Program ⁽¹⁾	\$27.15/share	\$137.0 million
• Pro Forma Net Debt to Annualized Adjusted EBITDA _{re} ⁽²⁾	As of Quarter End	3.8x

Year to Date 2024 Financial and Operating Highlights:

Operating Results (compared to YTD Second Quarter 2023):

• Investments (162 properties)	\$ Invested	\$582.7 million
	Weighted Avg Cash Cap Rate	8.0%
• Dispositions (13 properties)	Net Proceeds	\$16.7 million
	Weighted Avg Cash Cap Rate	6.7%
• Net Income per share	Decreased by 11%	\$0.57
• FFO per share	Increased by 8%	\$0.93
• Core FFO per share	Increased by 8%	\$0.93
• AFFO per share	Increased by 5%	\$0.85
Debt & Equity Activity:		
• Equity Raised (Gross) - Follow-On Offering (March 14, 2024) ⁽¹⁾	\$24.75/share	\$256.2 million
• Equity Raised (Gross) - ATM Program ⁽¹⁾	\$26.24/share	\$190.4 million

- All shares were sold on a forward basis and 12,876,300 shares remain unsettled for estimated net proceeds of \$318.7 million.
- See page 11 for detailed calculation.

Activity Subsequent to Second Quarter 2024:

• Investments	\$ Invested	\$13.3 million
• Dispositions	\$ Gross Proceeds	\$4.9 million
Debt Activity:		
• New 2030 Term Loan (Delayed Draw)	<i>5.5 Year Tenor; Adjusted Term SOFR + 105bps</i>	\$450.0 million
• Initial Draw	<i>Fully Swapped to Fixed Rate - 4.99% All In Rate</i>	\$320.0 million

CEO Comments

Commenting on the second quarter 2024 results, the Company's President and Chief Executive Officer, Pete Mavoides, said, "Our company continued to execute at a high level in the second quarter, raising and deploying capital accretively into attractive investments against the backdrop of a growing opportunity set. With our debt and equity capital needs met for the year, our focus remains on responsibly deploying our dry powder to drive earnings growth into 2025."

Portfolio Highlights

The Company's investment portfolio as of June 30, 2024 is summarized as follows:

	June 30, 2024
Number of properties	2,009
Weighted average lease term (WALT)	14.1 years
Weighted average rent coverage ratio	3.7x
Number of tenants	395
Number of industries	16
Weighted average occupancy	99.8%
Total square feet of rentable space	20,094,363
Cash ABR - service-oriented or experience-based	93.3%
Cash ABR - properties subject to master lease	70.2%

Portfolio Update**Investments**

The Company's investment activity during the three and six months ended June 30, 2024 is summarized as follows:

	Quarter Ended June 30, 2024	Year to Date June 30, 2024
Investments:		
Investment volume	\$333.9 million	\$582.7 million
Number of transactions	35	71
Property count	83	162
Weighted average cash / GAAP cap rate	8.0%/9.1%	8.0%/9.2%
Weighted average lease escalation	1.9%	1.9%
% Subject to master lease	76%	79%
% Sale-leaseback transactions	100%	100%
% Existing relationship	82%	84%
% Required financial reporting (tenant/guarantor)	100%	100%
WALT	17.8 years	17.5 years

Dispositions

The Company's disposition activity during the three and six months ended June 30, 2024 is summarized as follows:

	Quarter Ended June 30, 2024	Year to Date June 30, 2024
Dispositions:		
Net proceeds	\$4.8 million	\$16.7 million
Number of properties sold	6	13
Net gain / (loss)	\$0.1 million	\$1.6 million
Weighted average cash cap rate (excluding vacant properties and sales subject to a tenant purchase option)	7.3%	6.7%

Loan Repayments

Loan repayments to the Company during the three and six months ended June 30, 2024 are summarized as follows:

	Quarter Ended June 30, 2024	Year to Date June 30, 2024
Loan Repayments:		
Proceeds—Principal	\$2.0 million	\$4.7 million
Number of properties	4	10
Weighted average interest rate	7.3%	7.1%

Leverage and Liquidity

The Company's leverage and liquidity as of June 30, 2024 are summarized in the following table.

	June 30, 2024	Pro Forma ⁽¹⁾ June 30, 2024
Leverage:		
Net debt to Annualized Adjusted EBITDA _{re}	4.6x	3.8x
Liquidity:		
Cash and cash equivalents and restricted cash	\$24.5 million	\$418.2 million
Unused revolving credit facility capacity	\$355.0 million	\$600.0 million
2030 Term Loan - remaining availability	—	\$130.0 million
Forward equity sales - unsettled	\$318.7 million	—
Total available liquidity	\$698.2 million	\$1.1 billion

1. Pro forma adjustments have been made to reflect the 12,876,300 unsettled shares sold on a forward basis through the Company's March 2024 follow-on offering and through its ATM Program as if they had been physically settled for cash on June 30, 2024 and to adjust for the Company's new \$450 million 2030 Term Loan (see below for details). A portion of the \$320.0 million initial draw on the 2030 Term Loan was used to repay the full amount outstanding on the Company's revolving credit facility.

Equity Activity

The Company's equity activity during the three months ended June 30, 2024 is summarized in the following table.

	Primary Offerings		ATM Program		Total		
	Shares	Price (Net) ⁽¹⁾	Shares	Price (Net) ⁽¹⁾	Shares	Price (Net) ⁽¹⁾	Net Proceeds (000s)
Forward Shares Unsettled - March 31, 2024	7,828,852	\$23.51	—	\$—	7,828,852	\$23.51	\$184,017
Shares Sold	—	—	5,047,448	26.68	5,047,448	26.68	134,643
Shares Settled	—	—	—	—	—	—	—
Forward Shares Unsettled - June 30, 2024	7,828,852	—	5,047,448	—	12,876,300	\$24.75	\$318,660

1. All prices are inclusive of forward price adjustments as of June 30, 2024.

In June 2024, the Company established a new \$500 million ATM Program and simultaneously terminated its previous 2022 ATM Program. The following table summarizes the Company's sales under the 2024 ATM Program through June 30, 2024.

	June 30, 2024
ATM Program:	
2024 ATM Program initial availability	\$500.0 million
Aggregate gross sales under the 2024 ATM Program	\$27.6 million
Availability remaining under the 2024 ATM Program	\$472.4 million
Average price per share of gross sales since inception in June 2024	\$27.11

Subsequent Debt Activity

In July 2024, the Company entered into a new term loan permitting up to \$450.0 million of borrowings. The below table provides a summary of this new debt agreement.

	2030 Term Loan
Maturity Date ⁽¹⁾	January 2030
Initial Principal Drawn	\$320.0 million
Maximum Available Principal	\$450.0 million
Delayed Draw Period	180 Days
Interest Rate	Adjusted Term SOFR + 105 bps ⁽²⁾
Floating Rate Swapped to Fixed Rate for Initial Draw	4.99% All-In Rate

1. After giving effect to extension options exercisable at the Company's election.
 2. Includes 10 bps SOFR premium adjustment.

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 \$1.72 to \$1.75. The guidance range includes an estimate for the dilutive effect of unsettled shares under the Company's outstanding forward sale agreements as calculated under the treasury stock method.

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 May 31, 2024, Essential Properties' board of directors declared a cash dividend of \$0.29 per share of common stock for the quarter ended June 30, 2024. The second quarter 2024 dividend represents an annualized dividend of \$1.16 per share of common stock. The dividend was paid on July 12, 2024 to stockholders of record as of the close of business on June 28, 2024.

Conference Call Information

In conjunction with the release of Essential Properties' operating results, the Company will host a conference call on Thursday, July 25, 2024 at 10:00 a.m. EDT 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: 13747626. The telephone replay will be available through August 8, 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—Second Quarter Ended June 30, 2024 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 June 30, 2024, the Company's portfolio consisted of 2,009 freestanding net lease properties with a weighted average lease term of 14.1 years and a weighted average rent coverage ratio of 3.7x. In addition, as of June 30, 2024, the Company's portfolio was 99.8% leased to 395 tenants operating 568 different concepts in 16 industries across 49 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 Quarterly Report on Form 10-Q for the year ended June 30, 2024 that it will file with the Commission.

Essential Properties Realty Trust, Inc.
Consolidated Statements of Operations

(in thousands, except share and per share data)	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenues:				
Rental revenue ^{1,2}	\$ 104,369	\$ 81,819	\$ 202,880	\$ 159,991
Interest on loans and direct financing lease receivables	4,858	4,534	9,598	8,981
Other revenue	41	163	292	1,232
Total revenues	109,268	86,516	212,770	170,204
Expenses:				
General and administrative	8,710	7,585	18,068	16,169
Property expenses ²	1,155	1,144	2,148	1,987
Depreciation and amortization	29,927	24,742	58,453	48,567
Provision for impairment of real estate	2,812	802	6,564	1,479
Change in provision for credit losses	1	8	3	(22)
Total expenses	42,605	34,281	85,236	68,180
Other operating income:				
Gain on dispositions of real estate, net	134	12,547	1,645	17,461
Income from operations	66,797	64,782	129,179	119,485
Other (expense)/income:				
Interest expense	(17,361)	(12,071)	(32,958)	(24,204)
Interest income	847	448	1,340	1,086
Other income	1,548	—	1,548	—
Income before income tax expense	51,831	53,159	99,109	96,367
Income tax expense	155	159	311	311
Net income	51,676	53,000	98,798	96,056
Net income attributable to non-controlling interests	(159)	(198)	(307)	(358)
Net income attributable to stockholders	\$ 51,517	\$ 52,802	\$ 98,491	\$ 95,698
Basic weighted-average shares outstanding	175,319,270	150,492,454	171,304,986	147,466,087
Basic net income per share	\$ 0.29	\$ 0.35	\$ 0.57	\$ 0.65
Diluted weighted-average shares outstanding	177,583,989	151,522,350	173,219,295	148,776,458
Diluted net income per share	\$ 0.29	\$ 0.35	\$ 0.57	\$ 0.64

1. Includes contingent rent (based on a percentage of the tenant's gross sales at the leased property) of \$96, \$144, \$334 and \$320 for the three and six months ended June 30, 2024 and 2023, respectively.
2. Includes reimbursable income or reimbursable expenses from the Company's tenants of \$613, \$750, \$1,161 and \$1,341 for the three and six months ended June 30, 2024 and 2023, respectively.

Essential Properties Realty Trust, Inc.
Consolidated Balance Sheets

(in thousands, expect share and per share amounts)

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

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

(unaudited, in thousands except per share amounts)	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Net income	\$ 51,676	\$ 53,000	\$ 98,798	\$ 96,056
Depreciation and amortization of real estate	29,887	24,717	58,372	48,515
Provision for impairment of real estate	2,812	802	6,564	1,479
Gain on dispositions of real estate, net	(134)	(12,547)	(1,645)	(17,461)
Funds from Operations	84,241	65,972	162,089	128,589
Non-core expense (income) ¹	—	172	—	(704)
Core Funds from Operations	84,241	66,144	162,089	127,885
Adjustments:				
Straight-line rental revenue, net	(10,180)	(6,710)	(20,159)	(13,548)
Non-cash interest	934	615	1,884	1,434
Non-cash compensation expense	2,642	2,157	5,587	4,878
Other amortization expense	257	254	475	535
Other non-cash adjustments	568	2	561	(33)
Capitalized interest expense	(1,345)	(582)	(2,203)	(1,015)
Adjusted Funds from Operations	\$ 77,117	\$ 61,880	\$ 148,234	\$ 120,136
Net income per share²:				
Basic	\$ 0.29	\$ 0.35	\$ 0.57	\$ 0.65
Diluted	\$ 0.29	\$ 0.35	\$ 0.57	\$ 0.64
FFO per share²:				
Basic	\$ 0.48	\$ 0.44	\$ 0.94	\$ 0.87
Diluted	\$ 0.47	\$ 0.43	\$ 0.93	\$ 0.86
Core FFO per share²:				
Basic	\$ 0.48	\$ 0.44	\$ 0.94	\$ 0.86
Diluted	\$ 0.47	\$ 0.44	\$ 0.93	\$ 0.86
AFFO per share²:				
Basic	\$ 0.44	\$ 0.41	\$ 0.86	\$ 0.81
Diluted	\$ 0.43	\$ 0.41	\$ 0.85	\$ 0.81

1. During the three and six months ended June 30, 2023, includes \$0.2 million of severance expense and accelerated non-cash compensation expense; during the six months ended June 30, 2023, includes \$0.9 million of insurance recovery income related to two properties.
2. Calculations exclude \$118, \$102, \$234 and \$203 from the numerator for the three and six months ended June 30, 2024 and 2023, respectively, related to dividends paid on unvested restricted share awards and restricted share units.

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

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

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

1. Rates presented for the Company's term loans are fixed at the stated rates after giving effect to its interest rate swaps plus applicable margin and SOFR premium of 95bps (for 2027 and 2028 Term Loans) or 105bps (for 2029 Term Loan).
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. Borrowings bear interest at Term SOFR plus applicable margin and SOFR premium of 87.5bps.
4. Common stock & OP units as of June 30, 2024, based on 175,330,314 common shares outstanding and 553,847 OP units held by non-controlling interests.
5. Pro forma adjustments have been made to reflect the unsettled portion of shares sold on a forward basis through the Company's March 2024 follow-on offering and through its ATM Program as if they had been physically settled on June 30, 2024.

Investor/Media:

Essential Properties Realty Trust, Inc.
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Source: Essential Properties Realty Trust, Inc.

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 EBITDA_{re}

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 EBITDA_{re}. The Company

computes EBITDA_{re} in accordance with the definition adopted by NAREIT. NAREIT defines EBITDA_{re} 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 EBITDA_{re} 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 EBITDA_{re} as measures of its operating performance and not as measures of liquidity.

EBITDA and EBITDA_{re} 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 EBITDA_{re} 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 EBITDA_{re} / Adjusted NOI / Adjusted Cash NOI

The Company further adjusts EBITDA_{re}, 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_{re}, 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

Supplemental Information



Second Quarter 2024

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Financial Summary

Consolidated Statements of Operations

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

1. Includes contingent rent (based on a percentage of the tenant's gross sales at the leased property) of \$96, \$144, \$334 and \$320 for the three and six months ended June 30, 2024 and 2023, respectively.
2. Includes reimbursable income or reimbursable expenses from the Company's tenants of \$613, \$750, \$1,161 and \$1,341 for the three and six months ended June 30, 2024 and 2023, respectively.

Financial Summary

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

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

1. During the three and six months ended June 30, 2023, includes \$0.2 million of severance expense and accelerated non-cash compensation expense; during the six months ended June 30, 2023, includes \$0.9 million of insurance recovery income related to two properties.
2. Calculations exclude \$118, \$102, \$234 and \$203 from the numerator for the three and six months ended June 30, 2024 and 2023, respectively, related to dividends paid on unvested restricted stock awards and restricted stock units.

Financial Summary

Consolidated Balance Sheets

(in thousands, except share and per share amounts)

	June 30, 2024	December 31, 2023
ASSETS	(unaudited)	(audited)
Investments:		
Real estate investments, at cost:		
Land and improvements	\$ 1,730,117	\$ 1,542,302
Building and improvements	3,162,052	2,938,012
Lease incentive	17,918	17,890
Construction in progress	169,844	96,524
Intangible lease assets	87,734	89,209
Total real estate investments, at cost	5,167,665	4,683,937
Less: accumulated depreciation and amortization	(421,486)	(367,133)
Total real estate investments, net	4,746,179	4,316,804
Loans and direct financing lease receivables, net	294,982	223,954
Real estate investments held for sale, net	8,677	7,455
Net investments	5,049,838	4,548,113
Cash and cash equivalents	23,557	39,807
Restricted cash	935	9,156
Straight-line rent receivable, net	127,210	107,545
Derivative assets	36,049	30,980
Rent receivables, prepaid expenses and other assets, net	29,608	32,660
Total assets	\$ 5,267,197	\$ 4,768,261
LIABILITIES AND EQUITY		
Unsecured term loans, net of deferred financing costs	\$ 1,273,958	\$ 1,272,772
Senior unsecured notes, net	396,125	395,846
Revolving credit facility	245,000	—
Intangible lease liabilities, net	10,762	11,206
Dividend payable	51,124	47,182
Derivative liabilities	7,018	23,005
Accrued liabilities and other payables	30,939	31,248
Total liabilities	2,014,926	1,781,259
Commitments and contingencies	—	—
Stockholders' equity:		
Preferred stock, \$0.01 par value; 150,000,000 authorized; none issued and outstanding as of 6/30/24 and 12/31/23	—	—
Common stock, \$0.01 par value; 500,000,000 authorized; 175,330,314 and 164,635,150 issued and outstanding as of 6/30/24 and 12/31/23, respectively	1,753	1,646
Additional paid-in capital	3,328,082	3,078,459
Distributions in excess of cumulative earnings	(111,373)	(105,545)
Accumulated other comprehensive income	25,336	4,019
Total stockholders' equity	3,243,798	2,978,579
Non-controlling interests	8,473	8,423
Total equity	3,252,271	2,987,002
Total liabilities and equity	\$ 5,267,197	\$ 4,768,261

Financial Summary

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

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

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

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

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

Financial Summary

Market Capitalization, Debt Summary and Leverage Metrics

(dollars in thousands, except share and per share amounts)	June 30, 2024	Rate	Wtd. Avg. Maturity
Unsecured debt:			
February 2027 term loan ¹	\$ 430,000	2.4%	2.6 years
January 2028 term loan ¹	400,000	4.6%	3.6 years
February 2029 term loan ^{1,2}	450,000	5.4%	4.7 years
Senior unsecured notes due July 2031	400,000	3.1%	7.0 years
Revolving credit facility ³	245,000	6.2%	1.6 years
Total unsecured debt	1,925,000	4.2%	4.1 years
Gross debt	1,925,000		
Less: cash & cash equivalents	(23,557)		
Less: restricted cash available for future investment	(935)		
Net debt	1,900,508		
Equity:			
Preferred stock	—		
Common stock and OP units (175,884,161 shares @ \$27.71/share as of 6/30/24) ⁴	4,873,750		
Total equity	4,873,750		
Total enterprise value ("TEV")	\$ 6,774,258		
Pro forma adjustments to Net Debt and TEV:⁵			
Net debt	\$ 1,900,508		
Less: Unsettled forward equity (12,846,300 shares @ \$24.75/share as of 6/30/24)	(318,660)		
Pro forma net debt	1,581,848		
Total equity	4,873,750		
Common stock — unsettled forward equity (12,876,300 shares @ \$27.71/share as of 6/30/24)	356,802		
Pro forma TEV	\$ 6,812,400		
Gross Debt / Undepreciated Gross Assets	33.8%		
Net Debt / TEV	28.1%		
Net Debt / Annualized Adjusted EBITDAre	4.6x		
Pro Forma Gross Debt / Undepreciated Gross Assets	32.0%		
Pro Forma Net Debt / Pro Forma TEV	23.2%		
Pro Forma Net Debt / Annualized Adjusted EBITDAre	3.8x		

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

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

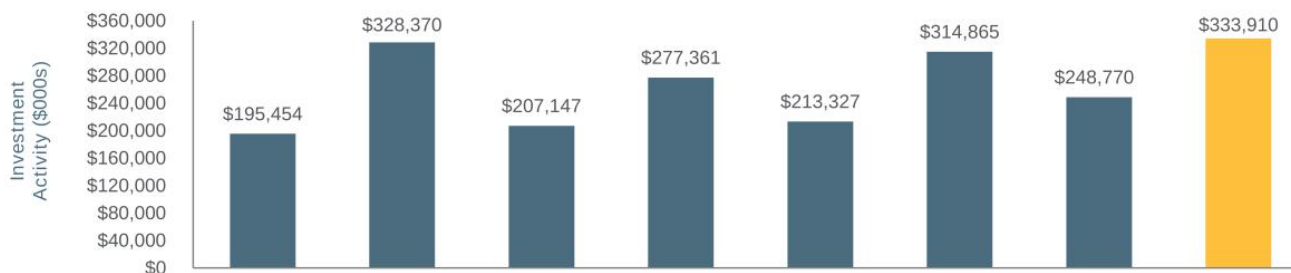
3. Our revolving credit facility provides a maximum aggregate initial original principal amount of up to \$600 million. Borrowings bear interest at Term SOFR plus applicable margin of 77.5bps and SOFR premium of 10bps.

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

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

Net Investment Activity

Investment Summary



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

1. Includes investments in mortgage loans receivable.

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

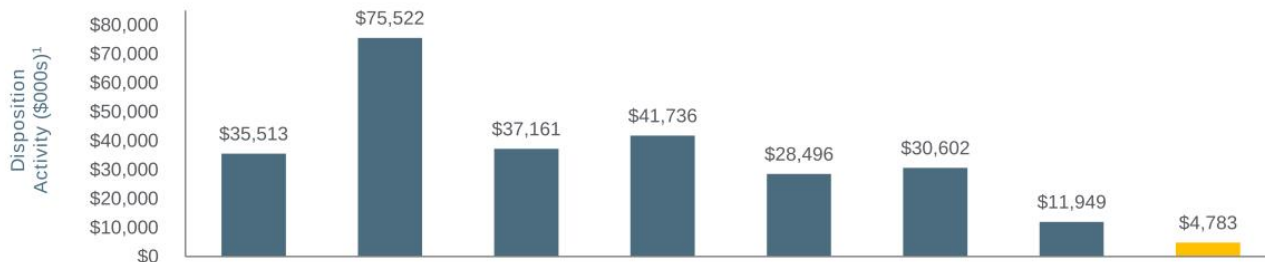
3. GAAP rent and interest income for the first twelve months after the investment divided by the gross investment in the property plus transaction costs.

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

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

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

Net Investment Activity Disposition Summary



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

1. Includes the impact of transaction costs.

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

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

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

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

Portfolio Summary

Portfolio Highlights

As of June 30, 2024

Investment Properties (#) ¹	2,009
Square Footage (mm)	20.1
Tenants (#)	395
Concepts (#)	568
Industries (#)	16
States (#)	49
Weighted Average Remaining Lease Term (Years)	14.1
Triple-Net Leases (% of Cash ABR)	96.4%
Master Leases (% of Cash ABR)	70.2%
Sale-Leaseback (% of Cash ABR) ^{2,3}	91.2%
Unit-Level Rent Coverage	3.7x
Unit-Level Financial Reporting (% of Cash ABR)	98.9%
Leased (%)	99.8%
Top 10 Tenants (% of Cash ABR)	18.6%
Average Investment Per Property (\$mm)	\$2.7
Total Cash ABR (\$mm)	\$412.2

1. Includes 147 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	61	4.7%
 Chicken N Pickle	8	2.0%
 Bright Path <small>Part of the Big Bear Family</small>	32	1.7%
 TIDAL WAVE AUTO SPA	16	1.6%
 POPS MART	25	1.5%
 festival local	7	1.5%
 Red Robin	28	1.5%
 CIRCLE K <small>Circle K</small>	40	1.4%
 FIVE STAR PARKS & ATTRACTIONS	10	1.4%
 CAPTAIN D'S	76	1.4%
Top 10 Tenants	303	18.7%
Total	2,004	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	\$ 63,430	15.4%	200	1,000,248	\$ 64.06
Early Childhood Education	Service	49,701	12.1%	213	2,226,911	22.32
Medical / Dental	Service	43,207	10.5%	215	1,664,450	25.96
Quick Service	Service	42,146	10.2%	437	1,159,771	36.71
Automotive Service	Service	33,023	8.0%	246	1,678,172	19.68
Casual Dining	Service	28,765	7.0%	127	874,540	32.89
Equipment Rental and Sales	Service	24,133	5.9%	88	1,678,761	14.38
Convenience Stores	Service	23,636	5.7%	159	608,208	39.86
Other Services	Service	9,994	2.4%	50	651,588	15.34
Family Dining	Service	6,608	1.6%	34	235,835	28.02
Pet Care Services	Service	6,519	1.5%	39	305,034	22.37
Service Subtotal		\$ 331,162	80.3%	1,808	12,083,518	\$ 27.52
Entertainment	Experience	30,378	7.4%	54	1,781,247	17.05
Health and Fitness	Experience	18,623	4.5%	42	1,475,273	13.06
Movie Theatres	Experience	4,404	1.1%	6	293,206	15.02
Experience Subtotal		\$ 53,405	13.0%	102	3,549,726	\$ 15.26
Grocery	Retail	12,907	3.1%	34	1,582,830	8.15
Home Furnishings	Retail	1,530	0.4%	3	176,809	8.65
Retail Subtotal		\$ 14,437	3.5%	37	1,759,639	\$ 8.20
Other Industrial	Industrial	9,238	2.3%	34	1,417,973	6.51
Building Materials	Industrial	3,910	0.9%	23	1,257,017	3.11
Industrial Subtotal		\$ 13,148	3.2%	57	2,674,990	\$ 4.92
Total		\$ 412,152	100.0%	2,004	20,067,873	\$ 20.64

1. Represents tenant, guarantor or parent company.

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

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

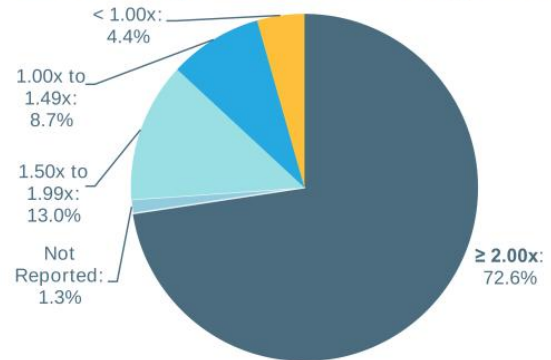
Portfolio Summary

Portfolio Health

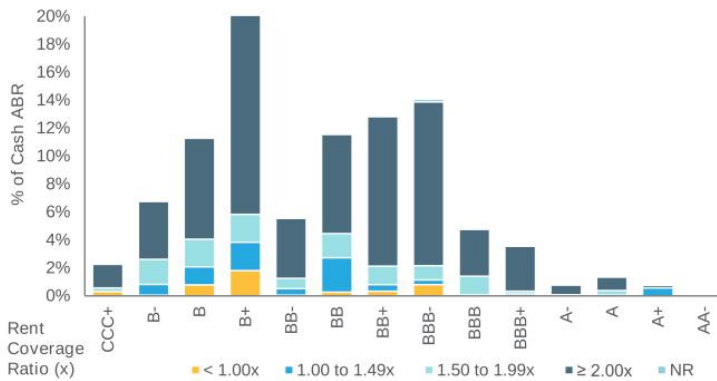
Tenant Financial Reporting Requirements

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

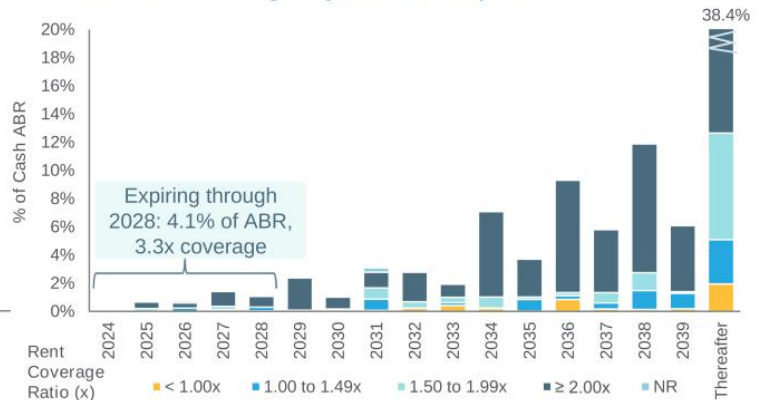
% of Cash ABR by Unit-Level Coverage Tranche¹



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 June 30, 2024 attributable to leases with tenants having specified implied credit ratings based on their Moody's RiskCalc scores. Moody's equates the EDF scores generated using RiskCalc with a corresponding credit rating.

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	913	0.2%	12	2.1x
2025	2,806	0.7%	16	3.2x
2026	2,987	0.7%	18	3.4x
2027	5,901	1.4%	47	3.7x
2028	4,371	1.1%	16	2.9x
2029	9,988	2.4%	116	4.8x
2030	4,155	1.0%	45	4.3x
2031	12,680	3.1%	70	3.0x
2032	11,875	2.9%	44	4.1x
2033	8,293	2.0%	31	2.6x
2034	29,655	7.2%	210	6.9x
2035	15,322	3.7%	99	4.0x
2036	38,775	9.4%	161	4.7x
2037	24,174	5.9%	129	4.3x
2038	49,124	11.9%	194	3.6x
2039	25,083	6.1%	112	2.9x
2040	26,046	6.3%	118	2.6x
2041	21,749	5.3%	102	2.5x
2042	31,762	7.7%	150	3.1x
2043	49,118	11.9%	185	2.9x
Thereafter	37,375	9.1%	129	3.2x
Total	\$ 412,152	100.0%	2,004	3.7x

Leasing Activity – Trailing 12 Months

\$(000)s	Lease Renewals	Terminated Leases Re-Leased		Total Leasing
		Without Vacancy	After Vacancy	
Prior Cash ABR	\$ 4,348	\$ 1,876	\$ 847	\$ 7,071
New Cash ABR ⁴	4,492	1,743	564	6,799
Recovery Rate	103.3%	92.9%	66.6%	96.1%
Number of Leases	41	18	6	65
Average Months Vacant	—	—	7.9	—
% of Total Cash ABR ⁵	1.2%	0.5%	0.2%	1.9%

Leasing Statistics

Vacant Properties at March 31, 2024	1
Expiration Activity	—
Properties Subject to Lease Termination	6
Vacant Property Sales	(2)
Properties Leased	—
Vacant Properties at June 30, 2024	5

1. Expiration year of contracts in place as of June 30, 2024, excluding any tenant option renewal periods that have not been exercised.

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

3. Weighted by cash ABR as of June 30, 2024.

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 June 30, 2024.

Leasing Summary

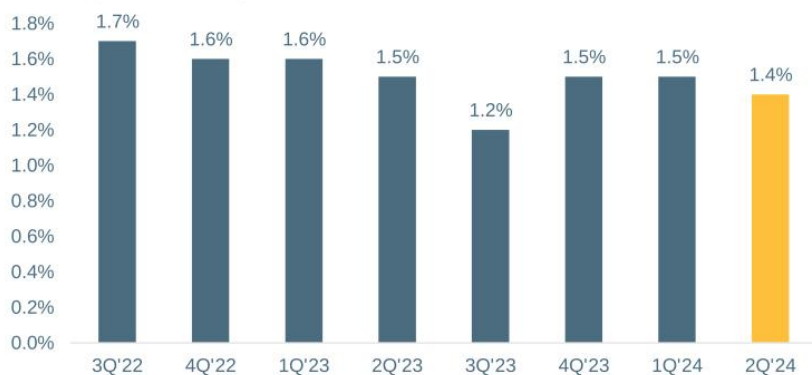
Same-Store Analysis

Same-Store Portfolio Performance¹

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



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 April 1, 2023 through June 30, 2024. The same-store portfolio for 2Q'24 is comprised of 1,588 properties and represents 72% of our total portfolio as measured by contractual cash rent and interest divided by our cash ABR at June 30, 2024.

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

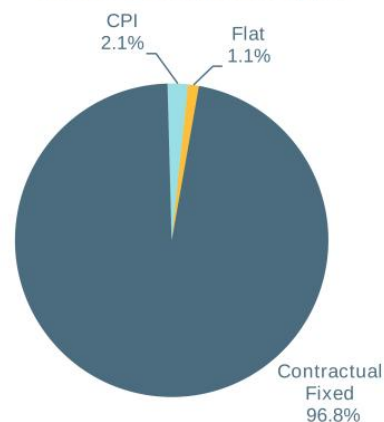
Leasing Summary

Lease Escalations

Lease Escalation Frequency

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

Lease Escalation Type



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

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

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.

