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

Date of Report: April 15, 2020
(Date of earliest event reported)

Essential Properties Realty Trust, Inc.
(Exact name of registrant as specified in its charter)

Maryland	**001-38530**	**82-4005693**
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

902 Carnegie Center Blvd., Suite 520 **Princeton, New Jersey**	**08540**
(Address of principal executive offices)	(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:

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

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

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

Item 7.01 — Regulation FD Disclosure.

Investor Presentation

On April 15, 2020, Essential Properties Realty Trust, Inc. (the "Company") released a presentation that it intends to use in upcoming meetings with institutional investors. A copy of the presentation is attached hereto as Exhibit 99.1.

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

Item 9.01 — Financial Statements and Exhibits.

(d) Exhibits.

Exhibit No.	Description
99.1	Investor Presentation

SIGNATURES

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

ESSENTIAL PROPERTIES REALTY TRUST, INC.

Date: April 15, 2020

By: /s/ Anthony K. Dobkin

Anthony K. Dobkin

Interim Chief Financial Officer

Exhibit 99.1

ESSENTIAL PROPERTIES

Investor Presentation – April 2020

Disclaimer

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

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

Investment Highlights

New Vintage Net Lease Portfolio with Well Positioned Balance Sheet Creates a Compelling Investment Opportunity

Newly Assembled Portfolio of Single-Tenant Net Lease Properties with Long Duration Leases and Solid Unit-Level Rent Coverage	14.6 Years of Weighted Average Lease Term (WALT)[1]	2.9x Unit-Level Rent Coverage[1]
Experienced Senior Management Team with Track Record of Growing and Managing Public Net Lease Companies to Significant Scale	50+ Years of Collective Net Lease Experience	$2.1B of Undepreciated Gross Assets[1]
Small-Scale, Single-Tenant Properties Leased to Service-Oriented and Experienced-Based Businesses	94.4% Service and Experiential Cash ABR[2]	$2.0mm Average Investment Per Property
Disciplined and Proven Investment Strategy Targeting Growth via Sale-Leaseback Transactions with Middle-Market Companies	81.4% Internally-Originated Sale-Leasebacks[2,3]	$150mm Average Quarterly Investment Activity[4]
Balance Sheet Conservatively Levered with Ample Liquidity and Capital Capacity to Weather Current Environment	Mid-4.0x 1Q'20 Net Debt-to-Adjusted Annualized EBITDAre[5]	<6.0x Targeted Leverage

1. As of December 31, 2019.
2. Based on cash ABR as of December 31, 2019.
3. Exclusive of GE Seed Portfolio.
4. Average quarterly investment activity represents the trailing eight quarter average as of December 31, 2019.
5. Preliminary estimate for March 31, 2020.

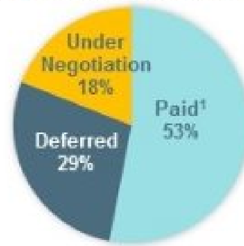
Covid-19 Impact: Status of Portfolio and April Rent

Over 65% of Our Portfolio is Currently Open or Operating in a Limited Capacity

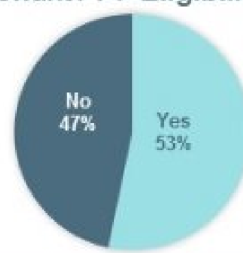
- **Effect from Covid-19 is Not Binary:** The general lack of economic activity, combined with mandatory shutdowns, is impacting nearly all of EPRT's industries. However, the severity varies greatly by industry and in the vast majority of cases, should prove temporary in nature
- **April Rent Collection stands at 53%[1] as of April 14th:** This compares to approximately 90% of rent received as of the same date over the prior two months
- **Deferral Agreements Represent 29% of April Rent, or 61% of the Not Paid Cohort:** In place deferral agreements total $15.2mm of deferred rent, which represents 7% of our cash ABR[2]. The average deferral is 2.8 months and the average payback period is 15.7 months
- **Currently Under Negotiation for the Remaining 18% of April Rent:** Given the severity of the impact on certain industries, coupled with the fact that we are only halfway into the month, we are still in the process of working out mutually agreeable resolutions with 18% of our tenant base by cash ABR[2]
- **Rent Payments Should Improve as Tenants Eligible for the Payment Protection Program (PPP) Receive Loans:** We estimate that 53%[3] of our tenants are eligible to participate in PPP. Anecdotally, several of our tenants have already received PPP loans and have decided to stay current on rent rather than defer
- **Rent Collection Should Improve as the Country Reopens:** Given the percentage of our portfolio that is closed or operating on a limited basis, rent payments should improve as mandatory closure decrees are lifted and shelter in place recommendations are loosened

Property Status[3]

April Rent Status[4]



Tenant PPP Eligibility[3]



1. Paid cohort includes tenants that have paid (51%) April rent and tenants that have agreed to pay (2%) April rent.
2. As of March 31, 2020, on a preliminary basis.
3. Calculated as a % of ABR as of March 31, 2020, on a preliminary basis.
4. Calculated as a % of cash rent for the month of April 2020. .

Covid-19 Impact: Tenant Industry Breakdown

Long-term Conviction in Our Targeted Industries Remains Unchanged Despite Negative Impact from Covid-19

- **Severity:** 62% of our portfolio has been lightly or moderately impacted by Covid-19, and we have collected 53% of our April rents to date. Of the 38% of ABR that has been severely impacted, 66% is closed, and we expect increased rental payments as the economy reopens
- **Projected Recovery:** We expect that 57% of our tenants will experience a fast recovery when social and economic activity begins to normalize while we project 17% of our tenants to recover more slowly
- **Long-Term View:** With pre-crisis rent coverage of 2.9x, we do not expect significant deterioration in our in-place ABR on a long-term basis. Any long-term rent loss will be tenant, rather than industry specific, and we have therefore been methodical in our approach to lease deferrals

Tenant Industry	% of ABR[1]	% Open[2]	% Limited[2]	% Closed[2]	Level of Impact	PPP Eligibility[2]	Projected Recovery
Quick Service	14.2%	4%	92%	4%	Light	100%	Fast
Car Wash	12.5%	61%	0%	39%	Moderate	41%	Fast
Convenience Store	11.2%	93%	3%	4%	Light	46%	Fast
Child Care	11.1%	26%	15%	59%	Severe	59%	Moderate
Medical / Dental	10.6%	55%	22%	23%	Moderate	41%	Fast
Health and Fitness	6.6%	0%	0%	100%	Severe	26%	Moderate
Casual Dining	5.8%	0%	92%	8%	Severe	100%	Slow
Auto Service	4.8%	89%	1%	10%	Light	40%	Fast
Entertainment	4.7%	0%	0%	100%	Severe	43%	Slow
Furniture	3.5%	0%	0%	100%	Severe	7%	Moderate
Family Dining	3.4%	0%	85%	15%	Severe	100%	Slow
Other Service	3.3%	100%	0%	0%	Light	0%	Moderate
Pet Care	3.2%	98%	0%	2%	Light	74%	Fast
Movie Theatres	2.9%	0%	0%	100%	Severe	0%	Slow
Building Materials	1.8%	100%	0%	0%	Light	0%	Moderate
Grocery	0.3%	100%	0%	0%	Light	0%	Moderate

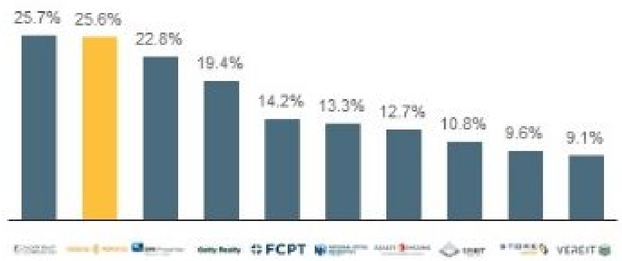
1. As of December 31, 2019.
2. Property operating status as measured by cash ABR as of March 31, 2020, on a preliminary basis, for each tenant industry.

Subsequent Events and Liquidity Benchmarking

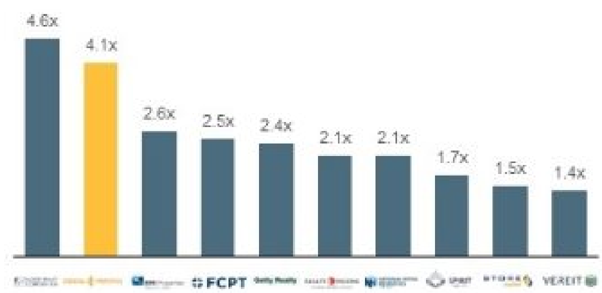
Capital Activity Creates Ample Liquidity to Weather the Current Environment

- **January Equity Raises:** Raised $200mm of gross proceeds via an overnight offering and $6mm of ATM gross proceeds
- **Seven-Year Term Loan Draw:** Drew down the remaining $180mm of our $430mm seven-year unsecured term loan, locking in a fixed rate of 2.86%[1] on the incremental draw. The term loan has a $70mm accordion feature
- **Revolver:** As of March 31st, we had $65mm outstanding on our $400mm revolver, which has a $200mm accordion feature
- **ABS Note Repayment:** Repaid $62mm of the 2017-1 Class A notes without penalty
- **Net Investment Activity Totaled $144mm in 1Q'20:** Comprised of $166mm in investments and $22mm in dispositions
- **1Q'20 Leverage Well Below Long-Term Target of <6.0x:** We expect our Net Debt / Annualized Adjusted EBITDAre to end 1Q'20 in mid-4.0x range. Furthermore, debt as a percentage of undepreciated gross assets was 36% at the end of 1Q'20
- **Total Liquidity of ~$550mm (Excluding Accordion Features):** At March 31, 2020, we had $214mm in cash and $335mm of availability on our $400mm unsecured revolving credit facility for $549mm in total liquidity, which positions us well relative to our net lease peers

Liquidity[2] / Undepreciated Net Investments[3]



Liquidity[2] / Projected 2020 Fixed Costs[4]



1. This is the all-in interest rate once our forward LIBOR swap becomes effective on July 9, 2020. Before that date, LIBOR is floating.
2. Liquidity is defined as the sum of (i) cash and cash equivalents; (ii) availability on a revolving credit facility; (iii) undrawn commitments on term loans; and (iv) unsettled forward equity issuances.
3. Undepreciated Net Investments represents the sum of: (i) net real estate investments; (ii) accumulated depreciation; (iii) loans and direct financing lease receivables; and (iv) assets held for sale as of 4Q'19.
4. Projected 2020 Fixed Costs includes: (i) general and administrative expense for the three months ended December 31, 2019, annualized; (ii) estimated annual interest expense based on the current capitalization; (iii) preferred stock dividend and (iii) common stock dividends.

Well Capitalized Balance Sheet

Lowered Levered Balance Sheet with Strong Liquidity

(dollars in thousands, except share and per share amounts)		December 31, 2019		March 31, 2020[1]	Rate	Maturity[2]
Total secured debt		239,103		176,124	4.19%	4.2 years
Unsecured debt:						
$200mm five-year term loan		200,000		200,000	3.31%	4.0 years
$430mm seven-year term loan		250,000		430,000	3.00%[3]	6.7 years
Revolving credit facility[4]		46,000		65,000	LIBOR + 1.25% to 1.85%	3.0 years
Total unsecured debt	$	496,000	$	695,000	3.02%	5.6 years
Gross debt		735,103		871,124	3.26%	5.3 years
Less: cash & cash equivalents		(8,304)		(192,617)		
Less: restricted cash deposits held for the benefit of lenders		(13,015)		(21,456)		
Net debt	$	713,784	$	657,051		
Undepreciated Gross Assets:		2,065,518		2,402,454		
Undepreciated Gross Investments:		2,002,314		2,146,496		
Availiable Liquidity		555,319		549,073		
Equity:						
Preferred stock		-		-		
Common stock & OP units		2,091,855		1,097,094[5]		
Total equity		2,091,855		1,097,094		
Total enterprise value ("TEV")	$	2,805,639	$	1,754,145		
Net Debt / Annualized Adjusted EBITDAre		5.0x		Mid-4.0x		
Debt / Undepreciated Gross Assets		35.6%		36.3%		
Liquidity / Undepreciated Gross Investment		27.7%		25.6%		

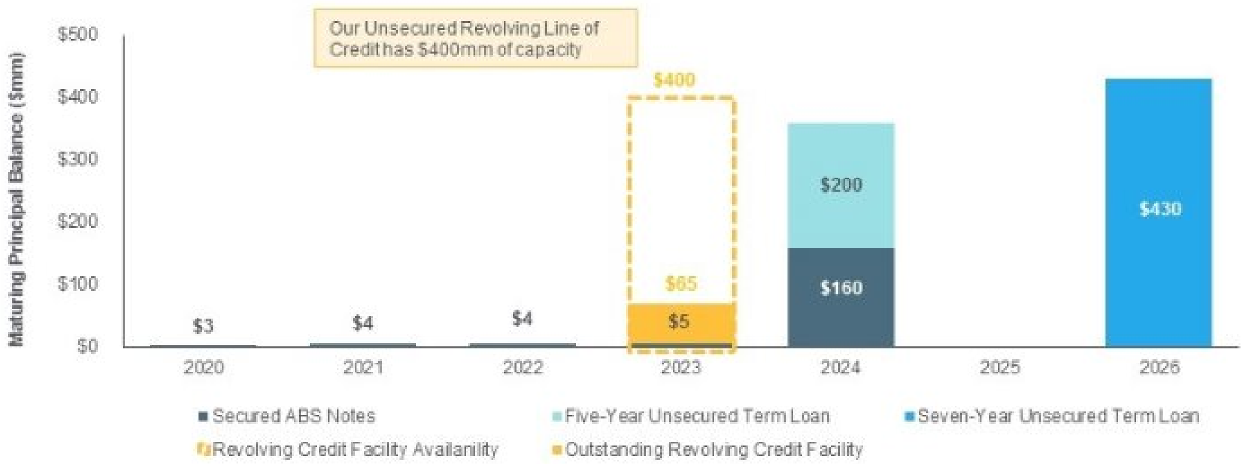
1. Balances and ratios are preliminary and subject to further adjustment.
2. Maturity figures for our secured debt are based off of our anticipated repayment schedule. The Series 2017-1 notes mature in June 2047 but have an anticipated repayment date of June 2024.
3. Using the leverage based grid, this represents our all-in interest rate once our forward LIBOR swap becomes effective on July 9, 2020.
4. Our revolving credit facility provides a maximum aggregate amount of up to $400 million and includes an accordion feature to increase the maximum availability of the facility by up to $200 million.
5. Common stock and OP unit balance is based on EPRT's closing price as of April 14, 2020.

Debt Structure Allows for Capital Flexibility

No Significant Debt Maturities Until 2024

- **The Series 2017-1 Secured ABS notes:** Anticipated repayment date is June 2024, but the notes can be prepaid without penalty starting on **November 26, 2021**. The weighted average interest rate on the notes is 4.16%. On February 10, the Company paid down $62mm of the Class A portion of the these notes without penalty

Debt Maturity Schedule[1,2,3]



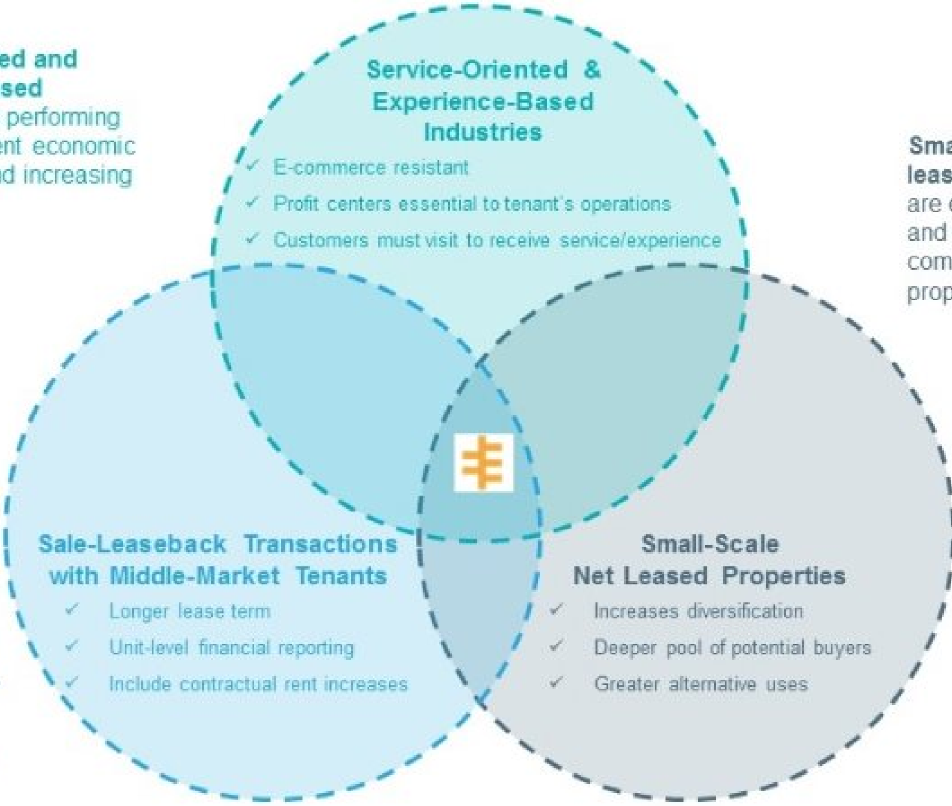
1. Debt balances are as of March 31, 2020.
2. Maturity figures for our secured debt are based off of our anticipated repayment schedule.
3. The Series 2017-1 notes mature in June 2047 but have an anticipated repayment date of June 2024. The Series 2017-1 notes can be prepaid without penalty starting on November 26, 2021.

Targeted Investment Strategy Based on Decades of Experience

Management's Investment Discipline Has Been Refined Over Multiple Decades of Managing Assets Through Various Credit Cycles

Service-oriented and experience-based businesses are performing well in the current economic environment and increasing store counts

Small-scale net leased properties are easier to divest and re-let in comparison to larger properties



Access to growth capital for **middle-market businesses** is limited and results in attractive risk-adjusted returns

Seek to be the Capital Provider of Choice

Maintain Direct Relationships with Our Tenants and Actively Seek to Leverage Our Relationships to Identify New Investment Opportunities

Relationship-Based Sourcing

86.4%

Repeat Business Through Existing Senior Management Relationships[1]

81.4%

Internally Originated Sale-Leaseback Transactions[2]

43.4%

Tenant Relationships

Underwriting Methodology

Unit-Level Profitability

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

Real Estate Valuation

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

Industry View

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

Credit of the Tenant

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

1. Percentage of portfolio cash ABR as of December 31, 2019 that was acquired from parties who previously engaged in one or more transaction with a senior management team member. Exclusive of GE Seed Portfolio.
2. Percentage of portfolio cash ABR as of December 31, 2019 that was attributable to internally originated sale-leaseback transactions. Exclusive of GE Seed Portfolio.

New Vintage Portfolio is Focused on Targeted Industries

Our Portfolio is the Result of a Disciplined Adherence to Investing in Properties Leased to Service-Oriented and Experience-Based Businesses with Unit-Level Reporting

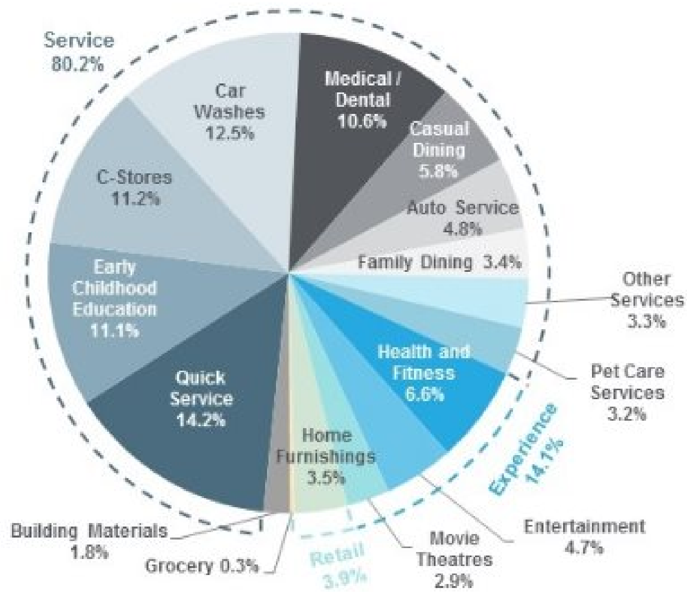
- **E-Commerce Resistant:** 94.4% of cash ABR comes from service-oriented and experience-based tenants
- **Focus on 16 Industries:** Results in greater sector expertise and more efficient asset management
- **14.6 Year WALT Limits Near-Term Cash Flow Erosion:** Only 2.7% of our cash ABR expires through 2023
- **Highly Transparent with No Legacy Issues:** 98.2% unit-level reporting; investment program started in June 2016

Portfolio Highlights

	December 31, 2019
Investment Properties (#)[1]	1,000
Square Footage (mm)	7.9
Tenants (#)	205
Industries (#)	16
States (#)	44
Weighted Average Remaining Lease Term (Years)	14.6
Master Leases (% of Cash ABR)	60.3%
Sale-Leaseback (% of Cash ABR)[2,3]	81.4%
Unit-Level Rent Coverage	2.9x
Unit-Level Financial Reporting (% of Cash ABR)	98.2%
Leased (%)	100.0%
Top 10 Tenants (% of Cash ABR)	23.4%
Average Investment Per Property ($mm)	$2.0
Average Transaction Size ($mm)[2]	$6.1

1. Includes one undeveloped land parcel and 91 properties that secure mortgage loans receivable.
2. Exclusive of GE Seed Portfolio.
3. Includes investments in mortgage loans receivable made in support of sale-leaseback transactions.

Tenant Industry Diversification



Top 10 Tenant Concentration

EPRT Has 205 Tenants Across 1,000 Properties with the Top 10 Representing 189 Properties and 23.4% of Cash ABR

Top 10 Tenant Exposure

Top 10 Tenant[1]	Properties	% of Cash ABR
	74	3.4%
Mister	13	2.8%
Art Van	4	2.5%
amc	5	2.5%
	34	2.4%
ZIPS	12	2.1%
	13	2.1%
GPM	26	2.0%
VASA	5	1.9%
TOWN SPORTS INTERNATIONAL	3	1.8%
Top 10 Tenants	189	23.4%
Total	1,000	100.0%

Notes: Statistics as of December 31, 2019. Property count includes one undeveloped land parcel and 91 properties that secure mortgage loans receivable.
1. Represents tenant, guarantor or parent company.

Portfolio Built to Mitigate Specific Net Lease Investment Risk Factors

The Company Has Purposefully Developed Business Practices and Constructed a Portfolio Designed to Mitigate Key Identifiable Long-Term Risk Factors

Long-Term Risk Factors	Mitigation by Essential Properties
Challenged Retail Categories	No exposure to big-box apparel, electronics, sporting goods or department stores
At-Risk Retail Categories	No exposure to pharmacy, dollar stores or discount retailers; de minimis exposure to grocers
Asset Concentration	No large office, manufacturing or high-dollar special-purpose properties; primarily target smaller asset size (average investment per property of $2.0 million) in service-based and experience-oriented industries
Tenant Concentration	No single tenant represents more than 3.4% of cash ABR
Industry Concentration	Focus on 16 industries allows balance of deep industry expertise and diversification, while avoiding at-risk categories
Opaque Credit Deterioration	98% of leases[1] obligate tenant to provide unit-level financial reporting
Lack of Organic Revenue Growth	99% of leases[1] provide for increases with 1.5% weighted average annual escalation rate[2] assuming 0.0% change in annual CPI
Low Rent Recapture at Expiration / Default	Focus on smaller-box properties with alternative uses and well-located real estate with at or below market rents

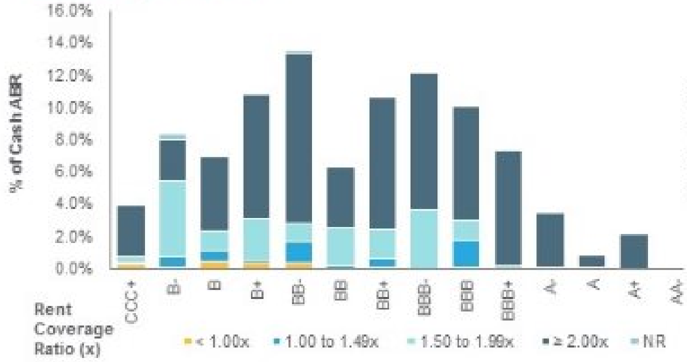
1. Based on cash ABR as of December 31, 2019.
2. Represents the weighted average annual escalation rate of the entire portfolio as if all escalations occur annually. For leases in which rent escalates by the greater of a stated fixed percentage or CPI, we have assumed an escalation equal to the stated 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.

Disciplined Underwriting Leading to Healthy Portfolio Metrics

98.2% of Unit-Level Reporting Provides (Near) Real-Time Tenant Visibility

Healthy Rent Coverage Ratios[1]

Only 1.0% of cash ABR has less than 1.5x coverage and an implied credit rating lower than B



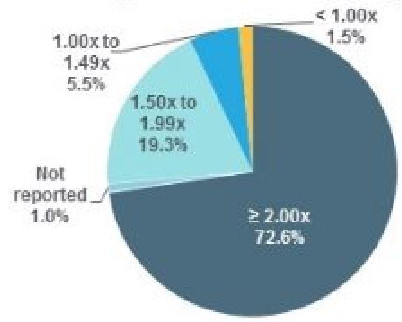
Long Weighted Remaining Lease Term

Only 1.3% of our expiring cash ABR through 2026 has a rent coverage ratio of less than 1.5x

Tenant Financial Reporting

Tenant Financial Reporting Requirements	% of Cash ABR
Unit-Level Financial Information	98.2%
Corporate-Level Financial Reporting	98.6%
Both Unit-Level and Corporate-Level Financial Information	98.0%
No Financial Information	1.1%

% of Cash ABR by Unit-Level Coverage Tranche[2]



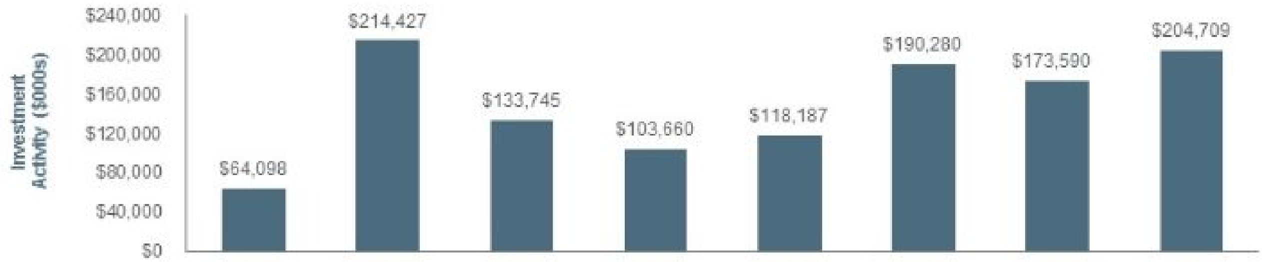
Note: Statistics as of December 31, 2019. 'NR' means not reported.

1. The chart illustrates the portions of annualized base rent as of December 31, 2019 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.
2. 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.

Established and Proven Investment Infrastructure

Scalable Platform Allows for Consistent Sourcing of Investment Activity at Attractive Yields without Sacrificing Underwriting Standards and Investment Focus

Investment activity has **averaged ~$150mm per quarter** over the last eight quarters



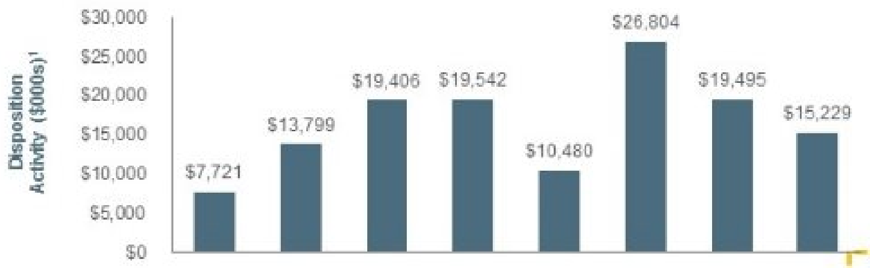
Investments	1Q 2018	2Q 2018	3Q 2018	4Q 2018	1Q 2019	2Q 2019[6]	3Q 2019[7]	4Q 2019[8]
Number of Transactions	16	23	34	24	35	32	28	41
Property Count	28	86	62	39	51	91	139	94
Avg. Investment per Unit (in 000s)	$2,195	$2,438	$2,042	$2,572	$2,303	$2,015	$1,174	$2,049
Cash Cap Rates[1]	7.8%	7.6%	7.6%	7.6%	7.5%	7.3%	7.5%	7.3%
GAAP Cap Rates[2]	8.3%	8.7%	8.5%	8.5%	8.4%	8.1%	8.2%	8.0%
Master Lease %[3,4]	33%	82%	58%	57%	47%	67%	73%	41%
Sale-Leaseback %[3,5]	68%	90%	77%	83%	78%	65%	88%	81%
% of Financial Reporting[3]	100%	96%	100%	90%	100%	100%	100%	99%
Rent Coverage Ratio	2.3x	2.4x	2.7x	2.8x	3.2x	3.2x	3.2x	3.1x
Lease Term Years	14.1	17.2	16.1	16.6	15.1	15.3	16.6	16.3

1. Cash ABR for the first full month after the investment divided by the purchase price for the property.
2. GAAP rent for the first twelve months after the investment divided by the purchase price for the property.
3. As a percentage of cash ABR for that particular quarter.
4. Includes investments in mortgage loan receivables collateralized by more than one property.
5. Includes investments in mortgage loans receivable made in support of sale-leaseback transactions.
6. Includes three properties that secured $16.8 million of mortgage loans receivable.
7. Includes 71 properties that secured $35.3 million of mortgage loans receivable.
8. Includes 18 properties that secured $34.6 million of mortgage loans receivable.

Active Asset Management

Proactive Asset Management Mitigates Risk and Maximizes Risk-Adjusted Returns

- **Dispositions Have Traded at Attractive Cap Rates:** Since inception in 2016 through 2019, we have sold 145 properties for $203mm and achieved a weighted average cash cap rate of 6.7% on the sale of 104 leased properties[8]
- **Trailing 12-Month (TTM) Sales Came from a Diverse Mix of Industries:** No single industry was overrepresented among our dispositions in the trailing 12 month period, which we believe provides visibility into the value of our diverse portfolio



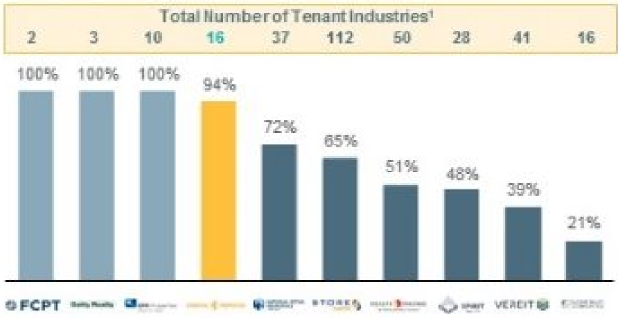
Dispositions	1Q 2018	2Q 2018	3Q 2018	4Q 2018	1Q 2019	2Q 2019[7]	3Q 2019	4Q 2019	Since Inception
Realized Gain/(Loss)[1,2]	(1.7%)	9.7%[5]	(6.6%)[6]	0.4%	2.9%	1.3%	17.8%	8.5%	4.8%[8]
Cash Cap Rate on Leased Assets[3]	6.7%	7.1%[5]	6.8%[6]	6.9%	6.6%	7.0%	6.7%	6.9%	6.7%[8]
Leased Properties Sold[4]	5	8	17	7	7	10	9	7	107
Vacant Properties Sold[4]	1	2	4	1	--	1	1	1	38
Rent Coverage Ratio	0.8x	2.1x[5]	1.8x[6]	1.8x	1.8x	1.5x	1.1x	1.7x	1.7x[8]

1. Net of transaction costs.
2. Gains/(losses) based on our aggregate allocated purchase price.
3. Cash ABR at time of sale divided by gross sale price (excluding transaction costs) for the property.
4. Property count excludes dispositions in which only a portion of the owned parcel is sold.
5. Excludes one property sold pursuant to an existing tenant purchase option.
6. Excludes the sale of one leasehold property.
7. Excludes the prepayment of two mortgage loans receivable for $4.6 million.
8. Excludes two leasehold properties and one property sold pursuant to an existing tenant purchase option.
9. Percentages are based on cash ABR; trailing 12 months (TTM) period ended December 31, 2019.

Differentiated Net Lease Investment Opportunity

Portfolio Mix and Underlying Fundamentals are Favorable Relative to Peers

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



Less Reliance on Top 10 Tenancy with Smaller Scale Properties (% of ABR)

Strong Unit-Level Coverage[2] & Transparency

Limited Immediate-Term Lease Maturities

(% of Rent Expiring through 2023)

Source: Public filings and press releases.

Note: Essential Properties data as of December 31, 2019. Public net lease REIT data as of most recent reported quarter. 'NR' means not reported. Companies may define service-oriented and experienced-based tenants differently, may calculate weighted average remaining lease term differently, may calculate unit-level coverage differently (including peers on a mean or median basis with EPRT representing a weighted average) and may calculate the percentage of their tenants reporting differently than EPRT. Accordingly, such data for these companies and EPRT may not be comparable.

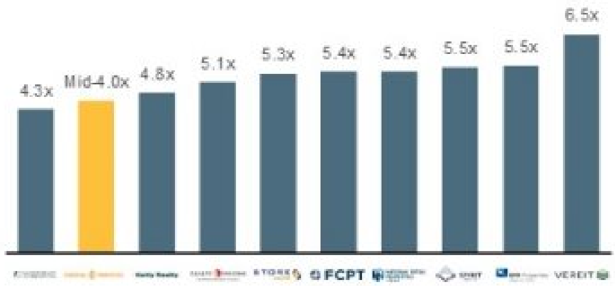
1. Designations entitled "other" are counted as one industry, even though the "other" segment could represent multiple industries.
2. EPRT, GTY, NNN, O, SRC and STOR coverage based on four-wall; EPR and FCPT coverage based on EBITDAR.
3. VER property level sales data was collected for 79.5% of retail and restaurant properties required to provide unit level sales reports, representing 49.6% of retail and restaurant properties owned.

Public Net Lease REIT Benchmarking – Leverage and Dividend Sustainability

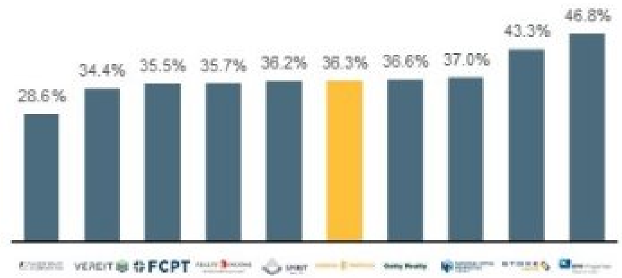
Low Leverage and Healthy Payout Ratio Underscore Sustainability of Current Income

Net Debt + Preferred / EBITDAre

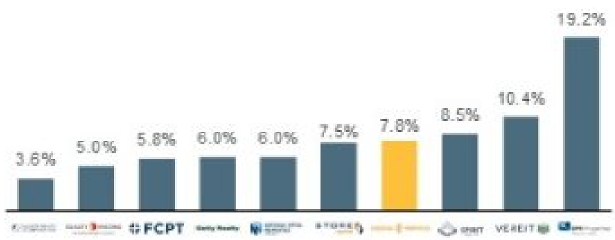
(Net Debt plus Preferred-to-Adjusted Annualized EBITDAre[1])



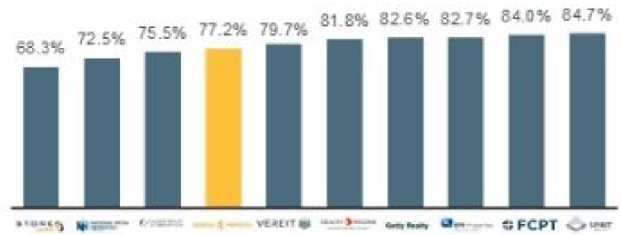
Debt / Undepreciated Gross Assets[2]



Dividend Yield[3]



2019 AFFO Payout Ratio[4]



Source: Public filings and FactSet.

Note: Financial data as of December 31, 2019 as adjusted for subsequent publicly-disclosed events.

1. Companies may calculate Adjusted Annualized EBITDAre differently; accordingly such data for EPRT and these companies may not be comparable. ADC, EPR, EPRT, SRC and STOR include adjustments for intra-quarter acquisition and disposition activity.
2. Undepreciated Gross Assets represents the sum of total assets and accumulated depreciation.
3. Dividend yield represents the quotient of (i) most recent declared dividend per share, annualized, and (ii) closing price per share at April 14, 2020.
4. 2019 AFFO Payout Ratio represents the quotient of (i) dividends per share declared over the twelve months ended December 31, 2019 and (ii) AFFO per share for the twelve months ended December 31, 2019.

Implied Cap Rate and NAV Analysis

Strong Upside Potential Given Relative Valuation

Implied Nominal Cap Rate – Sensitivity Analysis

(unaudited, in thousands)	Three Months Ended, December 31, 2019[4]				
Adjusted net operating income ("NOI")[1]	$41,112				
Straight-line rental revenue, net[1]	(3,544)				
Other amortization and non-cash charges	79				
Adjusted Cash NOI	37,647				
Annualized Adjusted Cash NOI	**150,588**				
Applied Cap Rate	9.50%	8.75%	8.00%	7.25%	6.50%
Implied Real Estate Value	**$2,618,922**				
Net Debt	(521,820)				
Prepaid expenses and other assets, net of deferred financing costs[2]	12,459				
Dividend payable	(19,395)				
Accrued liabilities and other payables	(17,453)				
Total Net Equity	**$2,072,713**				
Fully Diluted Shares Outstanding	92,250				
Price Per Share	**$11.26**	**$12.73**	**$14.48**	**$16.59**	**$19.19**

Peer Benchmarking

	Implied Cap Rate[3]
Agree Realty Corporation	5.2%
Realty Income	5.6%
FCPT	6.3%
National Retail Properties	7.3%
Getty Realty	7.6%
Spirit	8.6%
VEREIT	8.7%
STORE Capital	9.1%
Essential Properties	9.2%
EPR Properties	12.4%
Simple Average	**8.0%**

Source: Public filings, FactSet and SNL.

Note: Market data as of April 9, 2020. Companies may define adjusted cash NOI differently. Accordingly, such data for these companies and EPRT may not be comparable.

1. This adjustment is made as to reflect NOI as if all acquisitions and dispositions of real estate investments made during the three months ended December 31, 2019 had occurred on October 1, 2019.
2. Adjusted to exclude $3.8mm of deferred financing costs related to our revolving credit facility.
3. Implied nominal cap rate calculated based on adjusted cash NOI for the most recently reported three months, as adjusted for subsequent events, annualized.
4. Pro forma adjustments have been made to reflect the impact of our January 2020 follow-on offering of common stock. On January 14, 2020, we issued 7,935,000 shares of common stock for proceeds of $192.0 million, net of underwriters' discounts.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Appendix

Unsecured Credit Covenants

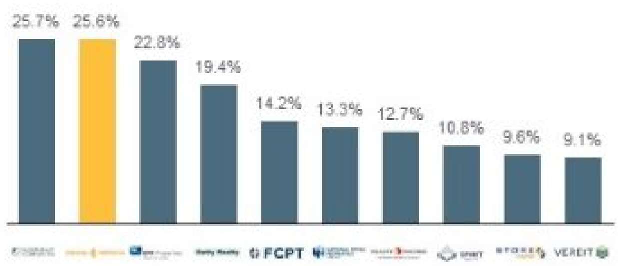
Covenant Summary and Compliance

Unsecured Covenants	Calculation	12/31/19	Limit
Consolidated Leverage Ratio	Total debt / total asset value (TAV)	33.5%	60.0%
Unencumbered Leverage Ratio	Unsecured debt / unencumbered TAV	35.9%	60.0%
Consolidated Secured Debt Leverage Ratio	Consolidated secured debt / TAV	10.9%	50.0%
Consolidated Fixed Charge Coverage Ratio	Consolidated adjusted EBITDA / Consolidated fixed charges	4.2x	1.5x
Unencumbered Interest Coverage Ratio	Unencumbered NOI / consolidated unsecured interest expense	7.49x	1.75x
Tangible Net Worth ($ in 000s)	Tangible net worth > Minimum tangible net worth	$1,283,585	$995,812

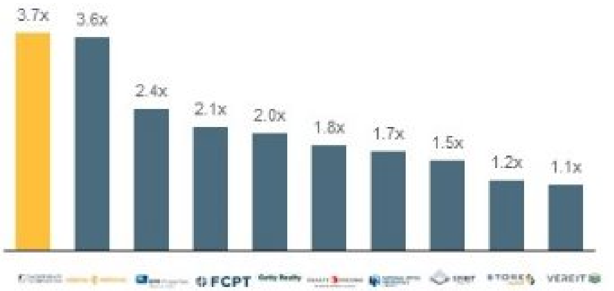
Public Net Lease REIT Benchmarking – Liquidity Analysis

EPRT is in a Superior Liquidity Position

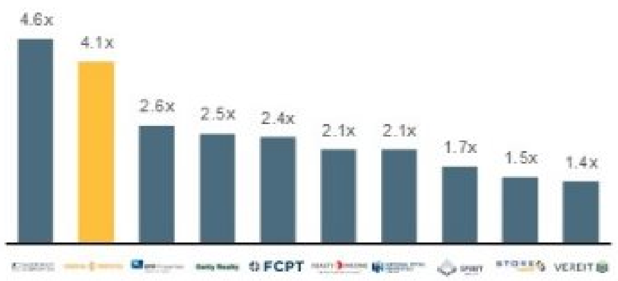
Liquidity[1] / Undepreciated Net Investments[2]



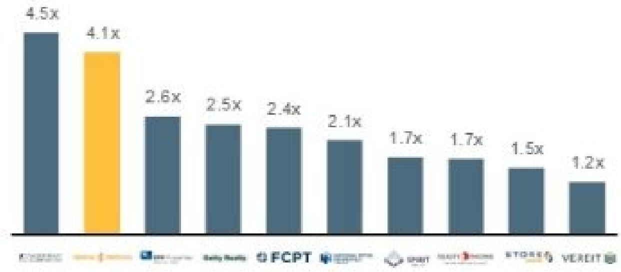
Liquidity[1] / Cash ABR at 4Q'19



Liquidity[1] / Projected 2020 Fixed Costs[3]



Liquidity[1] / 2020 Debt Maturities and Projected 2020 Fixed Costs[4]



Source: Public filings and SNL.

Note: Financial data as of December 31, 2019 as adjusted for subsequent publicly-disclosed events.

1. Liquidity is defined as the sum of (i) cash and cash equivalents; (ii) availability on a revolving credit facility; (iii) undrawn commitments on term loans; and (iv) unsettled forward equity issuances.
2. Undepreciated Net Investments represents the sum of: (i) net real estate investments; (ii) accumulated depreciation; (iii) loans and direct financing lease receivables; and (iv) assets held for sale.
3. Forecasted 2020 Fixed Costs includes: (i) general and administrative expense for the three months ended December 31, 2019, annualized; (ii) estimated annual interest expense based on the current capitalization; (iii) preferred stock dividend and (iiii) common stock dividends.
4. 2020 Debt Maturities excludes $322 million of notes convertible to common stock for VER.

Focused on Highly Fungible and Liquid Real Estate

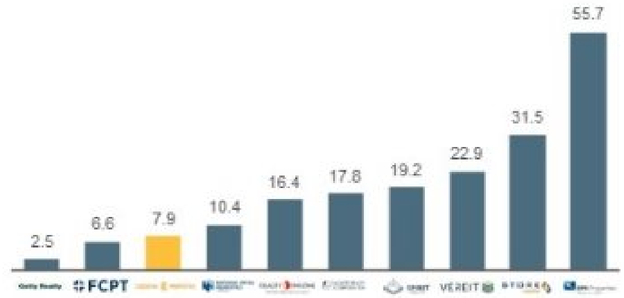
Smaller-Scale Real Estate is Inherently More Liquid and Fungible

Smaller-Scale Net Leased Investments

(Average Investment per Property ($mm))

Smaller Average Property Size

(Average square feet, in thousands)

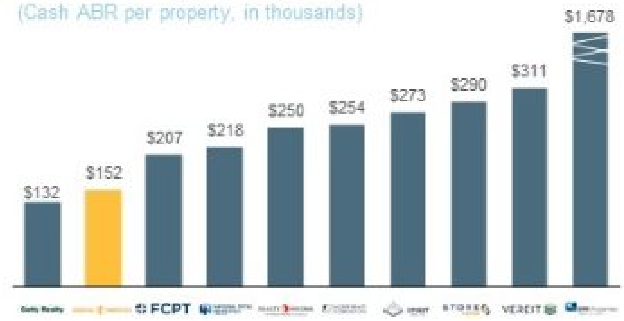


Appropriate Rent per Square Foot[1,2]

(Cash ABR per square foot)

Lower ABR per Property[2,3]

(Cash ABR per property, in thousands)



Source: Public filings and press releases.
Note: Essential Properties data as of December 31, 2019. Public net lease REIT data as of most recent reported quarter.
1. EPR, SRC and VER statistics calculated based on (i) total cash ABR for the three months ended December 31, 2019 and (ii) the average square footage during such time.
2. GTY is calculated using GAAP ABR.
3. EPR, SRC and VER statistics calculated based on (i) total cash ABR for the three months ended December 31, 2019 and (ii) the average property count during such time.

Leasing Summary

Same-Store Analysis

Defined Terms

Same-Store Portfolio:
All properties owned, excluding new sites under construction, for the entire same-store measurement period, which is October 1, 2018 through December 31, 2019. The same-store portfolio for 4Q 2019 is comprised of **590 properties** and represented **62%** of our current portfolio as measured by contractual cash rent divided by our cash ABR at December 31, 2019.

Contractual Cash Rent:
The amount of cash rent our tenants are contractually obligated to pay per the in-place lease as of December 31, 2019; excludes percentage rent that is subject to sales breakpoints per the lease.

Same-Store Portfolio Performance

Type of Business		Contractual Cash Rent ($000s) 4Q 2019		4Q 2018	% Change
Service	$	18,170	$	17,796	2.1%
Experience		3,521		3,529	-0.2%
Retail		1,300		1,282	1.4%
Industrial		674		661	2.0%
Total Same-Store Rent	**$**	**23,664**	**$**	**23,268**	**1.7%**
- Property Operating Expense[1]		258		230	12.1%
Total Same-Store NOI	**$**	**23,407**	**$**	**23,038**	**1.6%**

1. Excludes reimbursable property operating expenses.

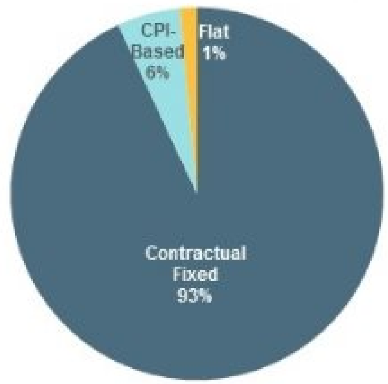
Leasing Summary

Lease Escalations

Lease Escalation Frequency

Lease Escalation Frequency	% of Cash ABR	Weighted Average Annual Escalation Rate[1,2]
Annually	79.4%	1.6%
Every 2 years	2.5	1.4
Every 3 years	0.4	1.2
Every 4 years	0.5	0.8
Every 5 years	13.6	1.3
Other escalation frequencies	2.2	1.4
Flat	1.4	NA
Total / Weighted Average	**100.0%**	**1.5%**

Lease Escalation Type



- Leases contributing 99% of cash ABR provided for base rent escalation, generally ranging from 1.0% to 3.0% annually, with a weighted average annual escalation rate of 1.5%, which assumes 0.0% change in annual CPI
- 6% of contractual rent escalations by cash ABR are CPI-based, while 93% are based on fixed percentage or scheduled increases
- 72% of cash ABR derived from flat leases is attributable to leases that provide for contingent rent based on a percentage of the tenant's gross sales at the leased property

1. Based on cash ABR as of December 31, 2019.
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.

Financial Summary – 4Q 2019

Consolidated Statements of Operations

(in thousands, except share and per share data)	Three Months Ended December 31, 2019 (unaudited)	Three Months Ended December 31, 2018 (unaudited)	Year Ended December 31, 2019 (unaudited)	Year Ended December 31, 2018 (unaudited)
Revenues:				
Rental revenue[1,2]	$ 37,828	$ 27,825	$ 135,670	$ 94,944
Interest on loans and direct financing leases	1,355	277	3,024	656
Other revenue	22	548	663	623
Total revenues	39,205	28,650	139,357	96,223
Expenses:				
Interest	6,963	6,718	27,037	30,192
General and administrative[3]	5,290	3,891	21,745	13,762
Property expenses[4]	736	759	3,070	1,980
Depreciation and amortization	12,378	8,510	42,745	31,352
Provision for impairment of real estate	997	977	2,918	4,503
Total expenses	26,364	20,855	97,515	81,789
Other operating income:				
Gain on dispositions of real estate, net	2,695	345	10,932	5,445
Income from operations	15,536	8,140	52,774	19,879
Other (loss)/income:				
Loss on repurchase and retirement of secured borrowings[5]	(887)	—	(5,240)	—
Interest	71	211	794	930
Income before income tax expense	14,720	8,351	48,328	20,809
Income tax expense	94	52	303	195
Net income	14,626	8,299	48,025	20,614
Net income attributable to non-controlling interests	(105)	(2,519)	(6,181)	(5,001)
Net income attributable to stockholders and members	$ 14,521	$ 5,780	$ 41,844	$ 15,613

	Three Months Ended December 31, 2019	Three Months Ended December 31, 2018	Year Ended December 31, 2019	Period from June 25, 2018 to December 31, 2018
Basic weighted-average shares outstanding	81,232,922	43,057,802	64,104,058	42,634,678
Basic net income per share	$ 0.18	$ 0.13	$ 0.65	$ 0.26
Diluted weighted-average shares outstanding	82,231,030	62,217,218	75,309,896	61,765,957
Diluted net income per share	$ 0.18	$ 0.13	$ 0.63	$ 0.26

1. Includes contingent rent (based on a percentage of the tenant's gross sales at the leased property) of $137 and $205 for the three months ended December 31, 2019 and 2018 and $855 and $1,082 for the years ended December 31, 2019 and 2018, respectively.
2. Includes reimbursable income from our tenants of $247 and $502 for the three months ended December 31, 2019 and 2018 and $1,427 and $589 for the years ended December 31, 2019 and 2018, respectively.
3. During the year ended December 31, 2019, includes non-recurring expenses of $2,473 for costs and charges incurred in connection with the secondary offering by our funding capital partner and $275 for a provision for settlement of litigation.
4. Includes reimbursable expenses from our tenants of $247 and $502 for the three months ended December 31, 2019 and 2018 and $1,427 and $534 for the years ended December 31, 2019 and 2018, respectively
5. Includes the write-off of $887 of deferred financing costs during the three months ended December 31, 2019 and includes premium paid on repurchase of notes issued under our Master Trust Funding Program of $1,400, the write-off of $3,740 of deferred financing costs and $100 of legal costs during the year ended December 31, 2019.

Financial Summary – 4Q 2019

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

(unaudited, in thousands except per share amounts)	Three Months Ended December 31, 2019	Three Months Ended December 31, 2018	Year Ended December 31, 2019	Year Ended December 31, 2018
Net income	$ 14,626	$ 8,299	$ 48,025	$ 20,614
Depreciation and amortization of real estate	12,354	8,496	42,649	31,335
Provision for impairment of real estate	997	977	2,918	4,503
Gain on dispositions of real estate, net	(2,695)	(345)	(10,932)	(5,445)
Funds from Operations	25,282	17,427	82,660	51,007
Other non-recurring expenses[1]	887	—	7,988	—
Core Funds from Operations	26,169	17,427	90,648	51,007
Adjustments:				
Straight-line rental revenue, net	(3,336)	(2,499)	(12,215)	(8,214)
Non-cash interest expense	603	816	2,738	2,798
Non-cash compensation expense	1,022	1,042	4,546	2,440
Other amortization and non-cash charges	81	179	824	579
Capitalized interest expense	(125)	(11)	(290)	(225)
Transaction costs	—	(1)	—	57
Adjusted Funds from Operations	$ 24,414	$ 16,953	$ 86,251	$ 48,442
Net income per share[2]:				
Basic	$ 0.18	$ 0.13	$ 0.65	
Diluted	$ 0.18	$ 0.13	$ 0.63	
FFO per share[2]:				
Basic	$ 0.31	$ 0.28	$ 1.11	
Diluted	$ 0.31	$ 0.28	$ 1.09	
Core FFO per share[2]:				
Basic	$ 0.32	$ 0.28	$ 1.21	
Diluted	$ 0.32	$ 0.28	$ 1.20	
AFFO per share[2]:				
Basic	$ 0.30	$ 0.27	$ 1.15	
Diluted	$ 0.30	$ 0.27	$ 1.14	

1. Includes non-recurring expenses of $887 related to our retirement of secured borrowings during the three months ended December 31, 2019 and $2,473 for costs and charges incurred in connection with the secondary offering by our funding capital partner, our $5,240 loss on repurchase and retirement of secured borrowings and $275 for a provision for settlement of litigation during the year ended December 31, 2019.
2. Calculations exclude $116, $145 and $494 from the numerator for the three months ended December 31, 2019 and 2018 and the year ended December 31, 2019, respectively, related to dividends paid on unvested restricted share awards and restricted share units.

Financial Summary – 4Q 2019

Consolidated Balance Sheets

(in thousands, except share and per share amounts)		December 31, 2019 (unaudited)		December 31, 2018 (audited)
ASSETS				
Investments:				
Real estate investments, at cost:				
Land and improvements	$	588,279	$	420,848
Building and improvements		1,224,682		885,656
Lease incentive		4,908		2,794
Construction in progress		12,128		1,325
Intangible lease assets		78,922		66,421
Total real estate investments, at cost		1,908,919		1,377,044
Less: accumulated depreciation and amortization		(90,071)		(51,855)
Total real estate investments, net		1,818,848		1,325,189
Loans and direct financing lease receivables, net		92,184		17,505
Real estate investments held for sale, net		1,211		—
Net investments		1,912,243		1,342,694
Cash and cash equivalents		8,304		4,236
Restricted cash		13,015		12,003
Straight-line rent receivable, net		25,926		14,255
Prepaid expenses and other assets, net		15,959		7,712
Total assets	$	1,975,447	$	1,380,900
LIABILITIES AND EQUITY				
Secured borrowings, net of deferred financing costs	$	235,336	$	506,116
Unsecured term loans, net of deferred financing costs		445,586		—
Revolving credit facility		46,000		34,000
Intangible lease liabilities, net		9,564		11,616
Dividend payable		19,395		13,189
Accrued liabilities and other payables		17,453		4,938
Total liabilities		773,334		569,859
Commitments and contingencies		—		—
Stockholders' equity:				
Preferred stock, $0.01 par value; 150,000,000 authorized; none issued and outstanding as of December 31, 2019 and 2018		—		—
Common stock, $0.01 par value; 500,000,000 authorized; 83,761,151 and 43,749,092 issued and outstanding as of December 31, 2019 and 2018, respectively		838		431
Additional paid-in capital		1,223,043		569,407
Distributions in excess of cumulative earnings		(27,482)		(7,659)
Accumulated other comprehensive income		(2,885)		—
Total stockholders' equity		1,193,514		562,179
Non-controlling interests		8,599		248,862
Total equity		1,202,113		811,041
Total liabilities and equity	$	1,975,447	$	1,380,900

Financial Summary – 4Q 2019

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

(unaudited, in thousands)		Three Months Ended December 31, 2019
Net income	$	14,626
Depreciation and amortization		12,378
Interest expense		6,963
Interest income		(71)
Income tax expense		94
EBITDA		33,990
Provision for impairment of real estate		997
Gain on dispositions of real estate, net		(2,695)
EBITDAre		32,292
Adjustment for current quarter acquisition and disposition activity[1]		2,121
Adjustment to exclude other non-recurring expenses[2]		1,428
Adjustment to exclude lease termination fees and certain percentage rent[3]		(19)
Adjusted EBITDAre - Current Estimated Run Rate		35,822
General and administrative		5,290
Adjusted net operating income ("NOI")		41,112
Straight-line rental revenue, net[1]		(3,544)
Other amortization and non-cash charges		79
Adjusted Cash NOI	$	37,647
Annualized EBITDAre	$	129,168
Annualized Adjusted EBITDAre	$	143,288
Annualized Adjusted NOI	$	164,448
Annualized Adjusted Cash NOI	$	150,588

1. These adjustments are made to reflect EBITDAre, NOI and Cash NOI as if all investments in and dispositions of real estate made during the three months ended December 31, 2019 had occurred on October 1, 2019.
2. Adjustment excludes $887 of non-core expenses added back to compute Core FFO and a $541 write-off of receivables.
3. Adjustment excludes contingent rent (based on a percentage of the tenant's gross sales at the leased property) where payment is subject to exceeding a sales threshold specified in the lease and lease termination fees.

Glossary

Supplemental Reporting Measures and Other Terms

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 measures. We believe these non-GAAP financial measures are industry measures used by analysts and investors to compare the operating performance of REITs.

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

We compute Core FFO by adjusting FFO, as defined by NAREIT, to exclude certain GAAP income and expense amounts that we believe are infrequent and unusual in nature and/or not related to our core real estate operations. Exclusion of these items from similar FFO-type metrics is common within the equity REIT industry, and management believes that presentation of Core FFO provides investors with a metric to assist in their evaluation of our operating performance across multiple periods and in comparison to the operating performance of our peers, because it removes the effect of unusual items that are not expected to impact our operating performance on an ongoing basis. Core FFO is used by management in evaluating the performance of our core business operations. Items included in calculating FFO that may be excluded in calculating Core FFO include items like certain transaction related gains, losses, income or expense or other non-core amounts as they occur.

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

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

Glossary

Supplemental Reporting Measures and Other Terms

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, the should not be considered alternatives to net income as a performance measure or cash flows from operations as a liquidity measure and should be considered in addition to, and not in lieu of, GAAP financial measures. Additionally, our computation of EBITDA and EBITDAre may differ from the methodology for calculating these metrics used by other equity REITs and, therefore, may not be comparable to similarly titled measures reported by other equity REITs.

Net Debt

We calculate our net debt as our gross debt (defined as total debt plus net deferred financing costs on our secured borrowings) less cash and cash equivalents and restricted cash deposits held for the benefit of lenders.

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

NOI and Cash NOI

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

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

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Supplemental Reporting Measures and Other Terms

Adjusted EBITDAre / Adjusted NOI / Adjusted Cash NOI

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

Cash ABR

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

Rent Coverage Ratio

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

GE Seed Portfolio

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

GAAP Cap Rate

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

Cash Cap Rate

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

Disclaimer

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