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

**FORM 8-K**

CURRENT REPORT

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

June 6, 2022  
Date of Report (Date of earliest event reported)

**Essential Properties Realty Trust, Inc.**

(Exact name of registrant as specified in its charter)

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

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

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

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

**08540**  
(Zip Code)

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

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

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

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

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

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

Emerging growth company ☐

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

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**Item 7.01 — Regulation FD Disclosure.**

*Investor Presentation*

On June 6, 2022, Essential Properties Realty Trust, Inc. released a presentation that it intends to use from time to time in meetings with investors. A copy of the presentation is attached hereto as Exhibit 99.1.

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

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

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

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

**SIGNATURES**

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

Date: June 6, 2022

**ESSENTIAL PROPERTIES REALTY TRUST, INC.**

By:

\_\_\_\_\_  
/s/ Mark E. Patten

**Mark E. Patten**

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



# ESSENTIAL PROPERTIES



June 2022 Presentation

## 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 Strong External Growth Potential Creates a Compelling Investment Opportunity

- Newly Assembled Portfolio of Net Lease Properties
- Long Duration Leases with Solid Unit-Level Rent Coverage

**13.9 Years**  
of Weighted Average  
Lease Term (WALT)<sup>1</sup>

**3.8x**  
Unit-Level  
Rent Coverage<sup>1</sup>

- Concentrated on Service-Oriented and Experience-Based Tenants
- Fungible and Smaller-Scale Single-Tenant Properties

**93%**  
Service and  
Experiential  
Cash ABR<sup>2</sup>

**\$2.3mm**  
Average Investment  
Per Property<sup>1</sup>

- Disciplined and Proven Investment Strategy
- Focus on Sale-Leasebacks with Middle-Market Companies

**~\$206mm**  
Average Quarterly  
Investment Activity<sup>3</sup>

**85%**  
Internally-Originated  
Sale-Leasebacks<sup>2,4</sup>

- Balance Sheet Positioned to Fund External Growth Opportunities
- Long-Term History of Maintaining Conservative Leverage Profile

**4.6x**  
Net Debt-to-  
Annualized Adjusted  
EBITDA<sup>re1</sup>

**32%**  
Gross Debt-to-  
Undepreciated  
Gross Assets<sup>1</sup>

- Senior Management Team with Considerable Net Lease Experience
- Demonstrated Record of Growing Public REITs to Significant Scale

**60+ Years**  
of Collective  
Net Lease Experience

**\$3.7B**  
of Undepreciated  
Gross Assets<sup>1</sup>

1. As of March 31, 2022.

2. Based on Cash ABR as of March 31, 2022.

3. Average quarterly investment activity represents the trailing eight quarter average as of March 31, 2022.

4. Exclusive of Initial Portfolio.



# Executive Summary

With a Stabilized Portfolio and Well Positioned Balance Sheet, We Continue to Execute Our External Growth Strategy

Stable Net Lease Portfolio <sup>1</sup>	<ul style="list-style-type: none"><li>• <b>Stable Portfolio:</b> 100% occupied with no tenants on non-accrual / cash accounting</li><li>• <b>Solid Coverage:</b> Unit-level rent coverage of 3.8x with 99% of ABR required to report unit-level P&amp;Ls</li><li>• <b>De-Minimis Near-Term Expirations:</b> &lt;5.0% of ABR expiring over next five years</li><li>• <b>Fungible &amp; Diversified:</b> Average asset size is \$2.3mm; Top 10 tenants represent 19.2% of ABR</li></ul>
Well Positioned Balance Sheet	<ul style="list-style-type: none"><li>• <b>Low Leverage:</b> Net Debt / Annualized Adjusted EBITDA<sup>2</sup> of 4.6x<sup>1</sup></li><li>• <b>\$500mm ATM Program:</b> Company's remains active on its ATM program</li><li>• <b>100% Unsecured:</b> No secured debt with 100% unencumbered asset base</li><li>• <b>Well-Laddered Low-Cost Debt<sup>1</sup>:</b> Weighted average debt maturity is 5.8 years, and weighted average interest rate is 2.77%</li></ul>
Consistent & Disciplined External Growth	<ul style="list-style-type: none"><li>• <b>Investment Activity Remains Healthy with Upward Momentum in Cap Rates:</b> Closed ~\$33mm of investments quarter-to-date<sup>2</sup> at a 7.3% cash yield with ~\$147mm under PSA at 6.9% cash yield and ~\$182mm under LOI<sup>3</sup> at 7.25% cash yield</li><li>• <b>Active Capital Recycling:</b> Closed ~\$19mm of dispositions at a 6.0% cash yield with 1.4x coverage quarter-to-date<sup>2</sup> and received ~\$17mm of loan payoffs</li></ul>

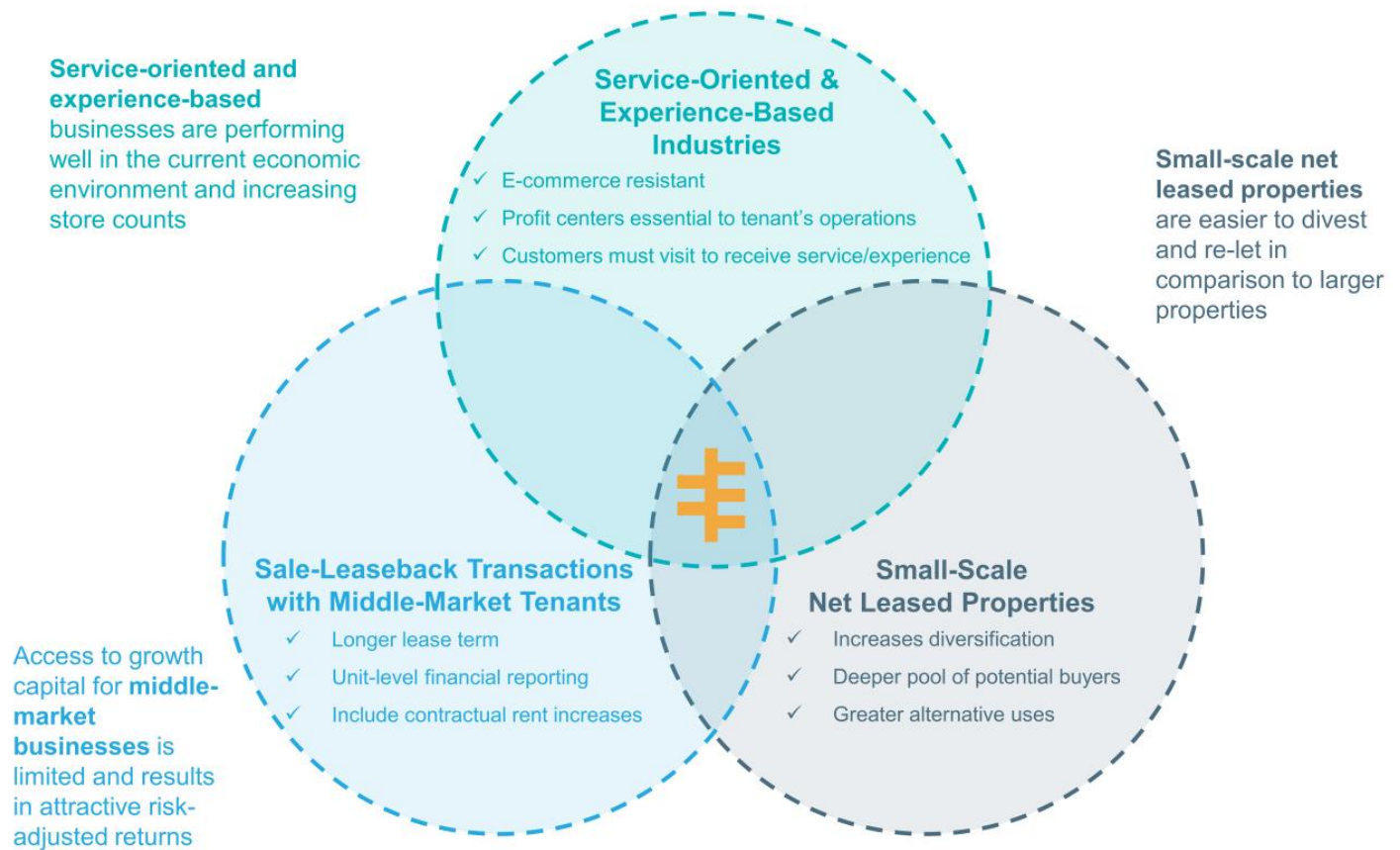
1. As of March 31, 2022.

2. As of May 27, 2022 and excluding transaction costs.

3. Includes signed or pending LOI agreements.

## 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

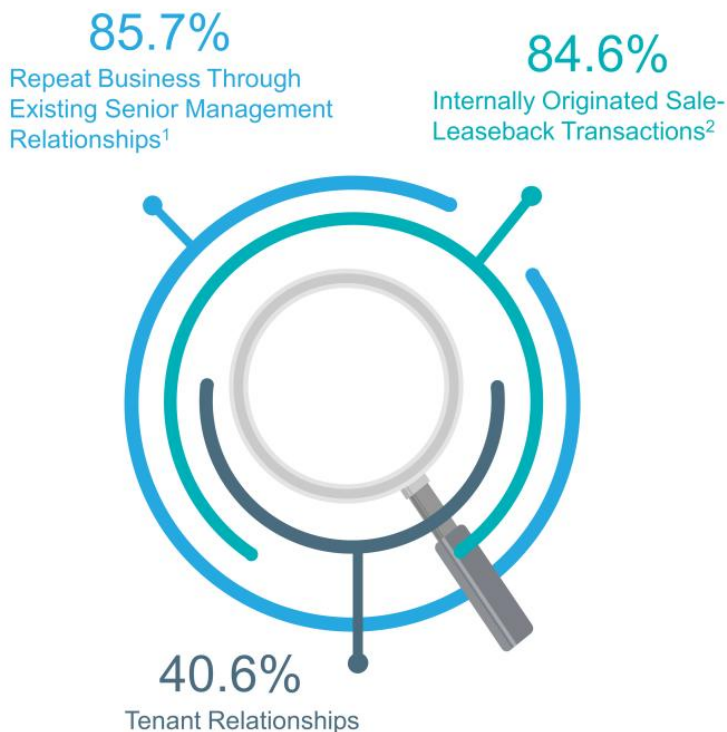




## Seek to be the Capital Provider of Choice

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

### Relationship-Based Sourcing



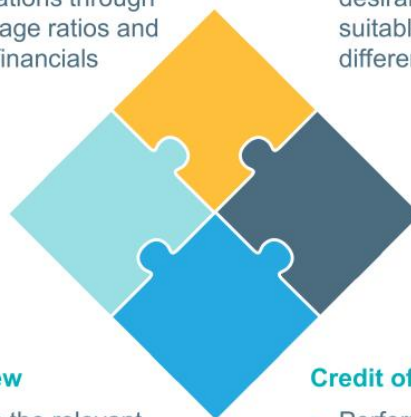
### Underwriting Methodology

#### 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 March 31, 2022 that was acquired from parties who previously engaged in one or more transaction with a senior management team member. Exclusive of Initial Portfolio.  
2. Percentage of portfolio cash ABR as of March 31, 2022 that was attributable to internally originated sale-leaseback transactions. Exclusive of Initial 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:** 93% of cash ABR comes from service-oriented and experience-based tenants
- **Focus on 16 Industries:** Results in greater sector expertise and more efficient asset management
- **Long WALT Limits Near-Term Cash Flow Erosion:** <5.0% of our respective ABR expires through 2026
- **Highly Transparent with No Legacy Issues:** 98.6% unit-level reporting; investment program started in June 2016

### Portfolio Highlights

March 31, 2022

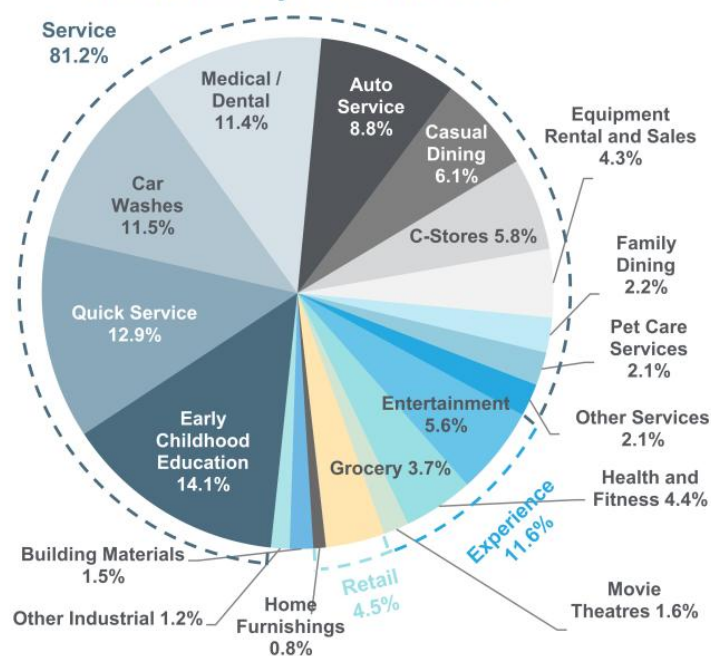
Investment Properties (#) <sup>1</sup>	1,545
Square Footage (mm)	14.3
Tenants (#)	323
Industries (#)	16
States (#)	46
Weighted Average Remaining Lease Term (Years)	13.9
Master Leases (% of Cash ABR)	62.1%
Sale-Leaseback (% of Cash ABR) <sup>2,3</sup>	84.6%
Unit-Level Rent Coverage	3.8x
Unit-Level Financial Reporting (% of Cash ABR)	98.6%
Leased (%)	100.0%
Top 10 Tenants (% of Cash ABR)	19.2%
Average Investment Per Property (\$mm)	\$2.3

1. Includes 179 properties that secure mortgage loans receivable.

2. Exclusive of Initial Portfolio.

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

### Tenant Industry Diversification



# Top 10 Tenant Concentration

Our Top 10 Tenants Operate 209 Properties and Represent 19.2% of Cash ABR

## Top 10 Tenants

Top 10 Tenants <sup>1</sup>	Properties <sup>2</sup>	% of Cash ABR
 Equipment Share	28	3.3%
 Canyon Diner	75	2.0%
 Whitewater Express	16	1.9%
 Cadence	23	1.9%
 Festival Foods	5	1.8%
 Mammoth Holdings	17	1.7%
 Mister Donut	13	1.7%
 Spare Time Entertainment	6	1.7%
 Track	9	1.6%
 The Nest Schools	17	1.5%
<b>Top 10 Tenants</b>	<b>209</b>	<b>19.2%</b>
<b>Total</b>	<b>1,545</b>	<b>100.0%</b>

## Diversification by Industry

Tenant Industry	Type of Business	Cash ABR (\$'000s)	% of Cash ABR	# of Properties <sup>2</sup>	Building SqFt	Rent Per SqFt <sup>3</sup>
Early Childhood Education	Service	\$ 36,232	14.1%	164	1,740,517	\$ 20.69
Quick Service	Service	33,210	12.9%	415	1,142,206	29.38
Car Washes	Service	29,530	11.5%	100	528,299	55.90
Medical / Dental	Service	29,512	11.4%	176	1,212,184	24.38
Automotive Service	Service	22,619	8.8%	173	1,109,172	20.24
Casual Dining	Service	15,792	6.1%	99	574,989	26.81
Convenience Stores	Service	15,045	5.8%	134	524,676	28.82
Equipment Rental and Sales	Service	11,109	4.3%	45	812,666	13.20
Family Dining	Service	5,700	2.2%	37	244,706	23.29
Pet Care Services	Service	5,405	2.1%	48	395,905	14.99
Other Services	Service	5,312	2.1%	24	292,129	18.81
<b>Service Subtotal</b>		<b>\$ 209,466</b>	<b>81.2%</b>	<b>1,415</b>	<b>8,577,448</b>	<b>\$ 24.48</b>
Entertainment	Experience	14,337	5.6%	33	900,786	16.86
Health and Fitness	Experience	11,401	4.4%	28	1,045,772	10.19
Movie Theatres	Experience	4,175	1.6%	6	293,206	14.24
<b>Experience Subtotal</b>		<b>\$ 29,913</b>	<b>11.6%</b>	<b>67</b>	<b>2,239,764</b>	<b>\$ 13.34</b>
Grocery	Retail	9,610	3.7%	28	1,341,200	7.17
Home Furnishings	Retail	2,048	0.8%	4	217,339	9.42
<b>Retail Subtotal</b>		<b>\$ 11,659</b>	<b>4.5%</b>	<b>32</b>	<b>1,558,539</b>	<b>\$ 7.48</b>
Building Materials	Industrial	3,801	1.5%	23	1,257,017	3.02
Other Industrial	Industrial	3,026	1.2%	8	628,019	4.82
<b>Industrial Subtotal</b>		<b>\$ 6,827</b>	<b>2.6%</b>	<b>31</b>	<b>1,885,036</b>	<b>\$ 3.62</b>
<b>Total</b>		<b>\$ 257,863</b>	<b>100.0%</b>	<b>1,545</b>	<b>14,260,787</b>	<b>\$ 18.10</b>

1. Represents tenant, guarantor or parent company.

2. Property count includes 179 properties that secure mortgage loans receivable.

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



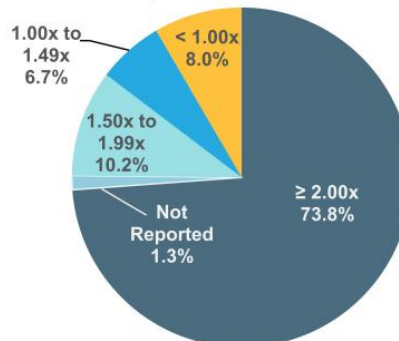
# Disciplined Underwriting Leading to Healthy Portfolio Metrics

98.5% of Unit-Level Reporting Provides (Near) Real-Time Tenant Visibility

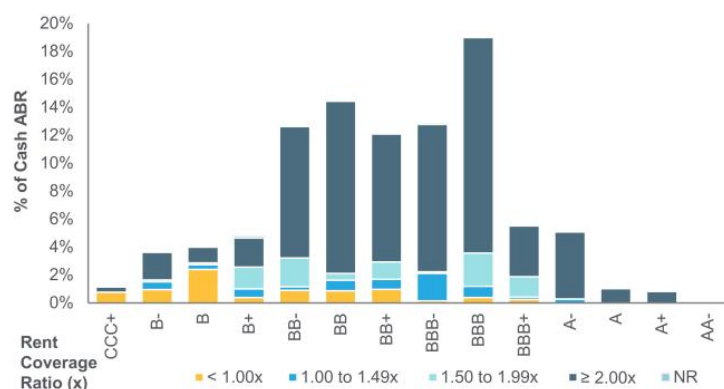
## Tenant Financial Reporting Requirements

Reporting Requirements	% of Cash ABR
Unit-Level Financial Information	98.6%
Corporate-Level Financial Reporting	98.8%
Both Unit-Level and Corporate-Level Financial Information	98.5%
No Financial Information	1.1%

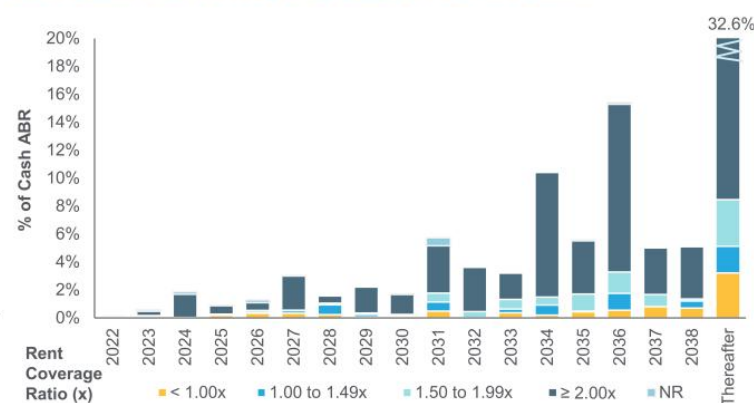
## % of Cash ABR by Unit-Level Coverage Tranche<sup>1</sup>



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



## Unit-Level Coverage by Lease Expiration



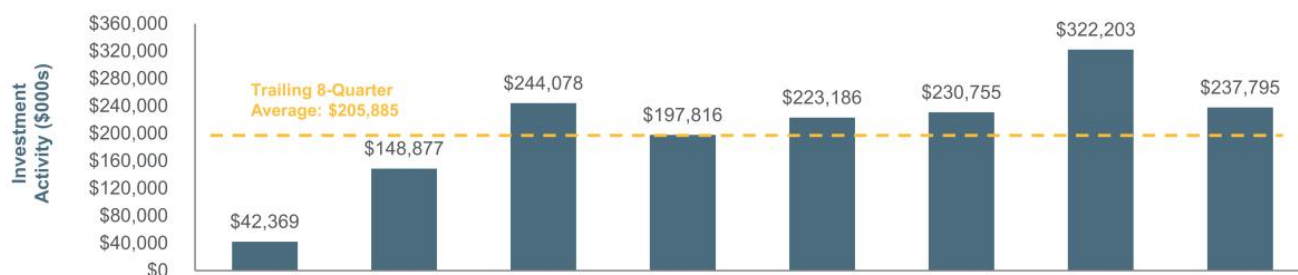
Note: 'NR' means not reported.

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

2. The chart illustrates the portions of annualized base rent as of March 31, 2022 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.

## Established and Proven Investment Infrastructure

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



Investments <sup>1</sup>	2Q'20	3Q'20	4Q'20	1Q'21	2Q'21	3Q'21	4Q'21	1Q'22
Number of Transactions	11	19	33	22	34	31	55	23
Property Count	13	50	108	74	94	85	96	105
Avg. Investment per Unit (in 000s)	\$2,870	\$2,866	\$2,218	\$2,650	\$2,354	\$2,676	\$3,230	\$2,187
Cash Cap Rates <sup>2</sup>	7.4%	7.1%	7.1%	7.0%	7.1%	7.0%	6.9%	7.0%
GAAP Cap Rates <sup>3</sup>	8.1%	7.9%	7.7%	7.9%	7.8%	7.9%	7.8%	7.8%
Master Lease % <sup>4,5</sup>	68%	79%	89%	79%	83%	80%	59%	83%
Sale-Leaseback % <sup>4,6</sup>	100%	92%	88%	85%	88%	84%	96%	100%
Existing Relationship	84%	98%	89%	81%	97%	81%	89%	83%
% of Financial Reporting <sup>4</sup>	100%	100%	100%	100%	100%	100%	98%	100%
Rent Coverage Ratio	4.3x	2.8x	3.6x	3.0x	2.7x	2.8x	3.0x	3.3x
Lease Term Years	16.7	17.6	16.3	16.1	13.5	16.4	16.3	15.0

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.

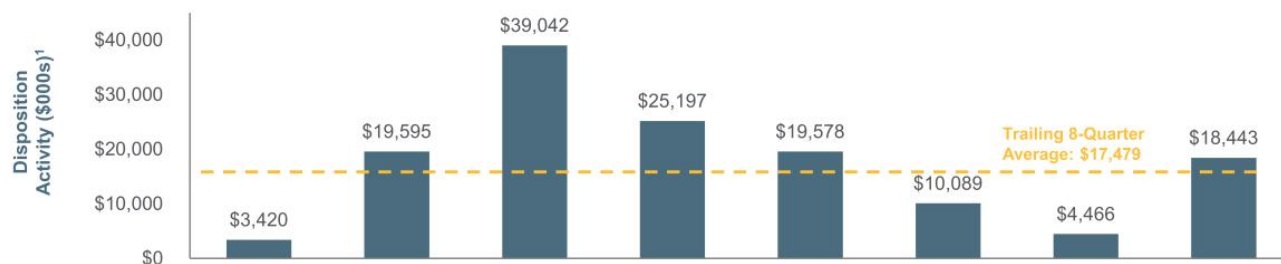
5. Includes investments in mortgage loan receivables collateralized by more than one property.

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



# Active Asset Management

Proactive Asset Management Mitigates Risk and Maximizes Risk-Adjusted Returns



Dispositions	2Q'20	3Q'20	4Q'20	1Q'21	2Q'21	3Q'21	4Q'21	1Q'22
Realized Gain/(Loss) <sup>1,2</sup>	29.5%	(4.5%)	(10.2%)	4.5%	(7.3%)	29.8% <sup>5</sup>	7.5%	0.4%
Cash Cap Rate on Leased Assets <sup>3</sup>	6.8%	7.0%	7.4%	7.1%	7.1%	6.5% <sup>5</sup>	6.0%	7.1% <sup>5</sup>
Leased Properties Sold <sup>4</sup>	3	11	21	15	6	11	2	6
Vacant Properties Sold <sup>4</sup>	--	3	2	1	1	--	--	--
Rent Coverage Ratio	1.3x	2.2x	2.3x	1.8x	1.8x	1.2x	0.0x	2.5x <sup>5</sup>

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

5. Excludes properties sold pursuant to an existing tenant purchase option.

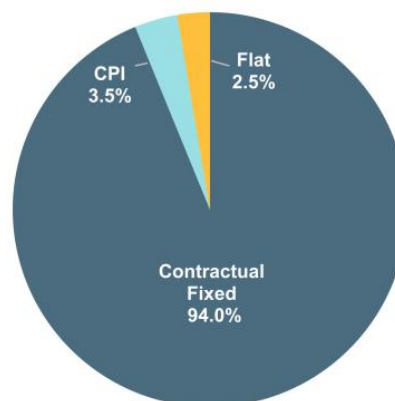
## Leasing Summary

Annual Rent Escalations Provide Dependable Internal Rent Growth ease Escalations

### Lease Escalation Frequency

Lease Escalation Frequency	% of Cash ABR	Weighted Average
		Annual Escalation Rate <sup>1,2</sup>
Annually	79.5%	1.6%
Every 2 years	1.5	1.5
Every 3 years	0.5	0.2
Every 4 years	0.3	1.0
Every 5 years	11.5	1.9
Other escalation frequencies	4.2	1.2
Flat	2.5	0.0
<b>Total / Weighted Average</b>	<b>100.0%</b>	<b>1.5%</b>

### Lease Escalation Type



1. Based on cash ABR as of March 31, 2022.

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.

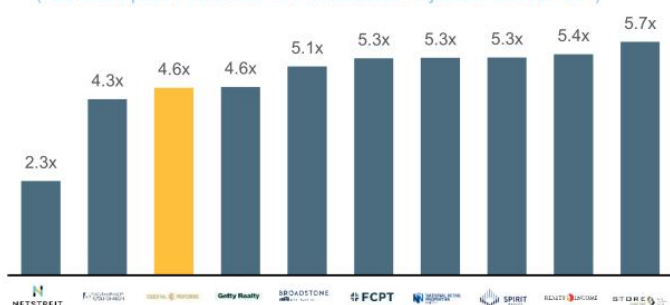
# Low Leverage and Ample Liquidity to Drive Robust AFFO/sh Growth

## Ample Liquidity and Balance Sheet Capacity to Support External Growth

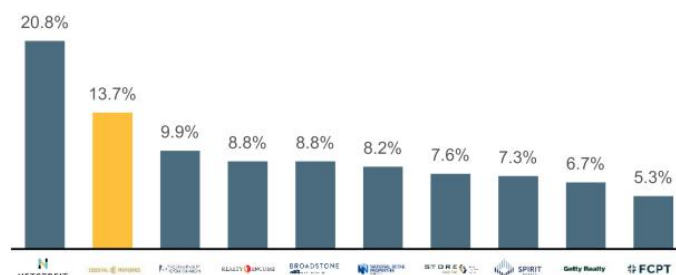
- **100% Unsecured Balance Sheet:** Asset base is 100% unencumbered with no secured debt
- **Flexible Debt Structure:** We have no debt maturities until 2024
- **Low Leverage:** Net Debt / Annualized Adjusted EBITDAre was 4.6x at 1Q'22-end
- **Strong Liquidity:** We had \$467mm of immediate liquidity at 1Q'22-end, which consisted of \$14mm in cash and \$453mm of availability on our \$600mm unsecured revolving credit facility

### Net Debt + Preferred / EBITDAre

(Net Debt plus Preferred-to-Annualized Adjusted EBITDAre<sup>1</sup>)



### 2022E AFFO per Share Growth<sup>2</sup>



Source: Public filings, Factset, and SNL.

Note: Market data as of June 3, 2022. Financial data as of March 31, 2022.

1. Companies may define annualized adjusted EBITDAre differently; accordingly, such data for these companies and EPRT may not be comparable.

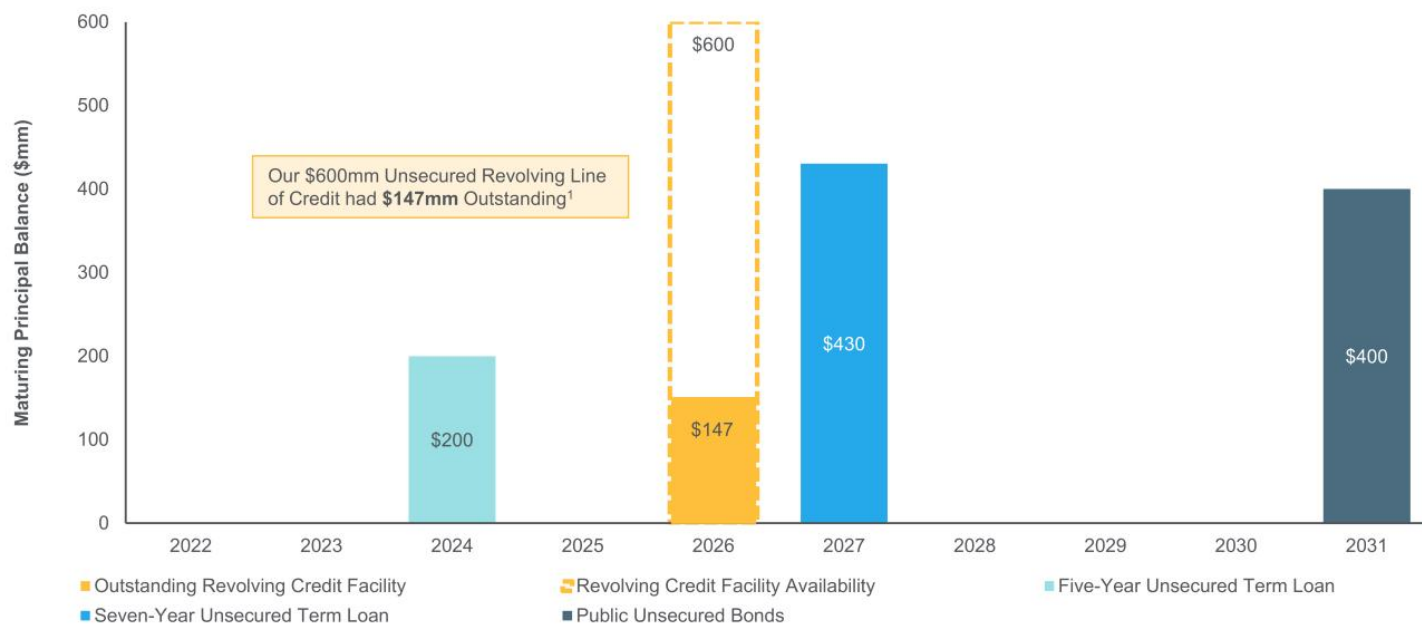
2. 2022E AFFO per share growth is calculated using FactSet mean 2022E AFFO per share estimates and 2021A AFFO per share.

## Flexible Debt Structure

No Debt Maturities Until 2024

- **Well-Laddered Debt Maturities<sup>1</sup>:** Weighted average debt maturity is 5.8 years
- **Low-Cost Debt<sup>1</sup>:** Weighted average interest rate is 2.77%

### Debt Maturity Schedule<sup>1</sup>

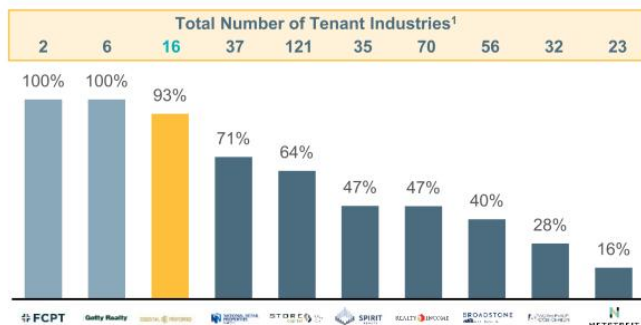


1. As of March 31, 2022.

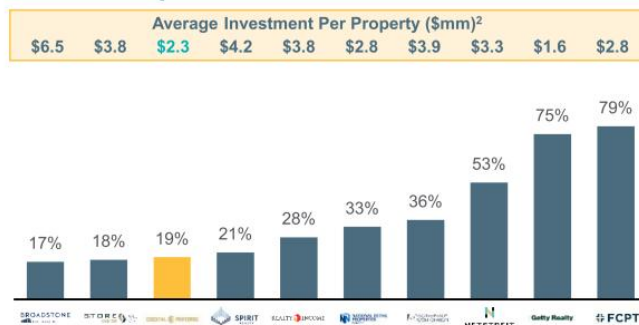
# Differentiated Net Lease Investment Opportunity

## Portfolio Mix and Underlying Fundamentals are Favorable Relative to Peers

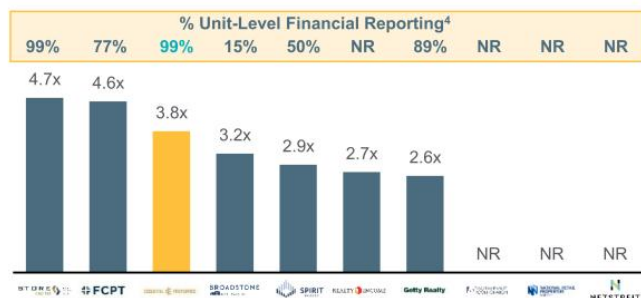
### ✓ Service-Oriented & Experience-Based Industries (% of ABR)



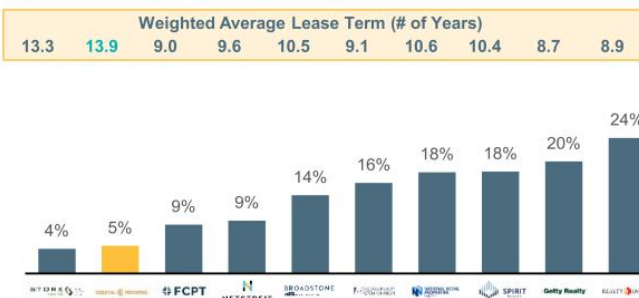
### ✓ Less Reliance on Top 10 Tenancy with Smaller Scale Properties (% of ABR)



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



### ✓ Limited Intermediate-Term Lease Maturities (% of Rent Expiring through 2025)



Source: Public filings and press releases.

Note: Data based on most recent reported filings for period ending March 31, 2022, not adjusted for post year-end subsequent events. '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. Investment value includes land and improvements, building and improvements, lease incentives, CIP, intangible lease assets, loans and direct financing lease receivables and real estate investments held for sale, all at cost.

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



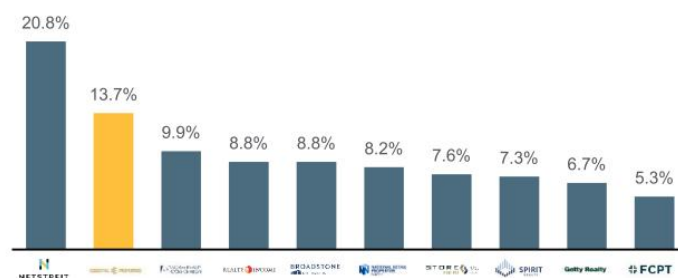
# Relative Valuation and Growth

EPRT's Projected AFFO/sh Growth is Compelling Relative to Net Lease Peers

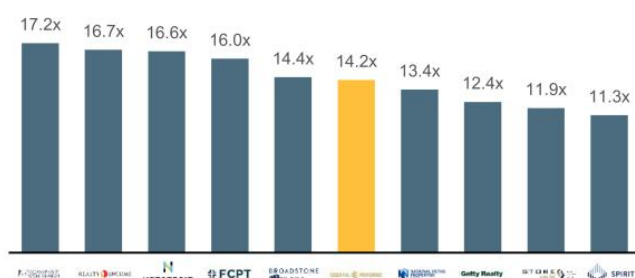
## 2022E AFFO per Share Multiple<sup>1</sup>



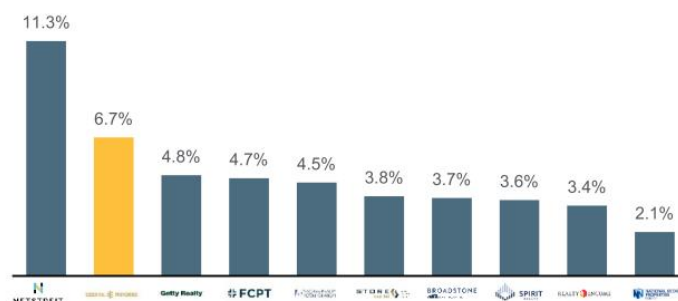
## 2022E AFFO per Share Growth<sup>2</sup>



## 2023E AFFO per Share Multiple<sup>3</sup>



## 2023E AFFO per Share Growth<sup>4</sup>



Source: Public filings, FactSet and SNL.

Note: Market data as of June 3, 2022.

1. 2022E AFFO per share multiple calculated using current price per share and FactSet mean 2022E AFFO per share estimates.

2. 2022E AFFO per share growth is calculated using FactSet mean 2022E AFFO per share estimates and 2021A AFFO per share.

3. 2023E AFFO per share multiple calculated using current price per share and FactSet mean 2023E AFFO per share estimates.

4. 2023E AFFO per share growth is calculated using FactSet mean 2023E AFFO per share estimates and FactSet mean 2022E AFFO per share estimates.



# Financial Summary – 1Q'22

## Consolidated Statements of Operations

(in thousands, except share and per share data)	Three Months Ended March 31,	
	2022	2021
	(unaudited)	(unaudited)
<b>Revenues:</b>		
Rental revenue <sup>1,2</sup>	\$ 66,112	\$ 45,432
Interest on loans and direct financing lease receivables	3,822	3,105
Other revenue, net	187	15
<b>Total revenues</b>	<b>70,121</b>	<b>48,552</b>
<b>Expenses:</b>		
General and administrative	8,063	6,431
Property expenses <sup>3</sup>	1,009	1,414
Depreciation and amortization	20,313	15,646
Provision for impairment of real estate	3,935	5,722
Change in provision for loan losses	60	38
<b>Total expenses</b>	<b>33,380</b>	<b>29,251</b>
<b>Other operating income:</b>		
Gain on dispositions of real estate, net	1,658	3,788
<b>Income from operations</b>	<b>38,399</b>	<b>23,089</b>
<b>Other (expense)/income:</b>		
Loss on debt extinguishment <sup>4</sup>	(2,138)	—
Interest expense	(9,160)	(7,678)
Interest income	18	20
<b>Income before income tax expense</b>	<b>27,119</b>	<b>15,431</b>
Income tax expense	301	56
<b>Net income</b>	<b>26,818</b>	<b>15,375</b>
Net income attributable to non-controlling interests	(119)	(80)
<b>Net income attributable to stockholders and members</b>	<b>\$ 26,699</b>	<b>\$ 15,295</b>
<b>Basic weighted-average shares outstanding</b>	<b>126,839,258</b>	<b>106,986,308</b>
<b>Basic net income per share</b>	<b>\$ 0.21</b>	<b>\$ 0.14</b>
<b>Diluted weighted-average shares outstanding</b>	<b>127,923,499</b>	<b>108,055,741</b>
<b>Diluted net income per share</b>	<b>\$ 0.21</b>	<b>\$ 0.14</b>

1. Includes contingent rent (based on a percentage of the tenant's gross sales at the leased property) of \$156 and \$169 for the three months ended March 31, 2022 and 2021, respectively.

2. Includes reimbursable income from the Company's tenants of \$553 and \$453 for the three months ended March 31, 2022 and 2021, respectively.

3. Includes reimbursable expenses from the Company's tenants of \$554 and \$452 for the three months ended March 31, 2022 and 2021, respectively.

4. Represents fees and the write-off of deferred financing costs during the three months ended March 31, 2022 associated with the Company's amendment to the credit and term loan facilities.

# Financial Summary – 1Q'22

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

(unaudited, in thousands except per share amounts)	Three months ended March 31,	
	2022	2021
<b>Net income</b>	\$ 26,818	\$ 15,375
Depreciation and amortization of real estate	20,287	15,621
Provision for impairment of real estate	3,935	5,722
Gain on dispositions of real estate, net	(1,658)	(3,788)
<b>Funds from Operations</b>	<b>49,382</b>	<b>32,930</b>
Other non-recurring expenses <sup>1</sup>	2,138	—
<b>Core Funds from Operations</b>	<b>51,520</b>	<b>32,930</b>
Adjustments:		
Straight-line rental revenue, net	(6,265)	(3,644)
Non-cash interest expense	661	479
Non-cash compensation expense	2,836	1,595
Other amortization expense	194	1,105
Other non-cash charges	56	36
Capitalized interest expense	(66)	(20)
<b>Adjusted Funds from Operations</b>	<b>\$ 48,936</b>	<b>\$ 32,481</b>
<b>Net income per share<sup>2</sup>:</b>		
Basic	\$ 0.21	\$ 0.14
Diluted	\$ 0.21	\$ 0.14
<b>FFO per share<sup>2</sup>:</b>		
Basic	\$ 0.39	\$ 0.31
Diluted	\$ 0.39	\$ 0.30
<b>Core FFO per share<sup>2</sup>:</b>		
Basic	\$ 0.40	\$ 0.31
Diluted	\$ 0.40	\$ 0.30
<b>AFFO per share<sup>2</sup>:</b>		
Basic	\$ 0.38	\$ 0.30
Diluted	\$ 0.38	\$ 0.30

1. During the three months ended March 31, 2022, includes fees and the write-off of deferred financing costs associated with the Company's amendment to the credit and term loan facilities.

2. Calculations exclude \$90 and \$119 from the numerator for the three months ended March 31, 2022 and 2021, respectively, related to dividends paid on unvested restricted share awards and restricted share units.

# Financial Summary – 1Q'22

## Consolidated Balance Sheets

(in thousands, except share and per share amounts)		March 31, 2022	December 31, 2021
	ASSETS	(unaudited)	(audited)
Investments:			
Real estate investments, at cost:			
Land and improvements	\$	1,083,007	\$ 1,004,154
Building and improvements		2,130,595	2,035,919
Lease incentive		14,049	13,950
Construction in progress		9,318	8,858
Intangible lease assets		88,137	87,959
Total real estate investments, at cost		3,325,106	3,150,840
Less: accumulated depreciation and amortization		(220,711)	(200,152)
Total real estate investments, net		3,104,395	2,950,688
Loans and direct financing lease receivables, net		223,168	189,287
Real estate investments held for sale, net		14,488	15,434
Net investments		3,342,051	3,155,409
Cash and cash equivalents		14,255	59,758
Straight-line rent receivable, net		64,720	57,990
Derivative assets		17,582	—
Rent receivables, prepaid expenses and other assets, net		27,271	25,638
<b>Total assets</b>		<b>\$ 3,465,879</b>	<b>\$ 3,298,795</b>
	LIABILITIES AND EQUITY		
Unsecured term loans, net of deferred financing costs	\$	628,055	\$ 626,983
Senior unsecured notes, net		394,864	394,723
Revolving credit facility		147,000	144,000
Intangible lease liabilities, net		12,507	12,693
Dividend payable		34,333	32,610
Derivative liabilities		495	11,838
Accrued liabilities and other payables		24,715	32,145
<b>Total liabilities</b>		<b>1,241,969</b>	<b>1,254,992</b>
Commitments and contingencies		—	—
Stockholders' equity:			
Preferred stock, \$0.01 par value; 150,000,000 authorized; none issued and outstanding as of 3/31/22 and 12/31/21		—	—
Common stock, \$0.01 par value; 500,000,000 authorized; 131,151,693 and 124,649,053 issued and outstanding as of 3/31/22 and 12/31/21, respectively		1,312	1,246
Additional paid-in capital		2,311,918	2,151,088
Distributions in excess of cumulative earnings		(110,706)	(100,982)
Accumulated other comprehensive loss		13,994	(14,786)
<b>Total stockholders' equity</b>		<b>2,216,518</b>	<b>2,036,566</b>
Non-controlling interests		7,392	7,237
<b>Total equity</b>		<b>2,223,910</b>	<b>2,043,803</b>
<b>Total liabilities and equity</b>		<b>\$ 3,465,879</b>	<b>\$ 3,298,795</b>



## Financial Summary – 1Q'22

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

(unaudited, in thousands)	Three Months Ended March 31, 2022
<b>Net income</b>	\$ 26,818
Depreciation and amortization	20,313
Interest expense	9,160
Interest income	(18)
Income tax expense	301
<b>EBITDA</b>	56,574
Provision for impairment of real estate	3,935
Gain on dispositions of real estate, net	(1,658)
<b>EBITDAre</b>	58,851
Adjustment for current quarter re-leasing, acquisition and disposition activity <sup>1</sup>	1,781
Adjustment to exclude other non-core or non-recurring activity <sup>2</sup>	3,003
Adjustment to exclude termination/prepayment fees and certain percentage rent <sup>3</sup>	—
<b>Adjusted EBITDAre - Current Estimated Run Rate</b>	63,635
General and administrative	8,063
<b>Adjusted net operating income ("NOI")</b>	71,698
Straight-line rental revenue, net <sup>1</sup>	(5,882)
Other amortization expense	316
<b>Adjusted Cash NOI</b>	\$ 66,132
<b>Annualized EBITDAre</b>	\$ 235,404
<b>Annualized Adjusted EBITDAre</b>	\$ 254,540
<b>Annualized Adjusted NOI</b>	\$ 286,792
<b>Annualized Adjusted Cash NOI</b>	\$ 264,528

1. These adjustments are made to reflect EBITDAre, NOI and Cash NOI as if all investments, dispositions and re-leasing activity of real estate made during the three months ended March 31, 2022 had occurred on January 1, 2022.

2. Adjustment is made to exclude non-core expenses added back to compute Core FFO, our provision for loan losses and to eliminate the impact of seasonal fluctuation in certain non-cash compensation expense recorded in the period.

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

# Financial Summary – 1Q'22

## Market Capitalization, Debt Summary and Leverage Metrics

(dollars in thousands, except share and per share amounts)	March 31, 2022	Rate	Maturity
<b>Unsecured debt:</b>			
2024 term loan	\$ 200,000	3.26%	2.0 years
2027 term loan	430,000	2.68%	4.9 years
Senior Unsecured Notes	400,000	3.12%	9.3 years
Revolving credit facility <sup>1</sup>	147,000	1.41%	3.9 years
<b>Total unsecured debt</b>	<b>1,177,000</b>	<b>2.77%</b>	<b>5.8 years</b>
<b>Gross debt</b>	<b>1,177,000</b>	<b>2.77%</b>	<b>5.8 years</b>
Less: cash & cash equivalents	(14,255)		
Less: restricted cash available for future investment	—		
<b>Net debt</b>	<b>1,162,745</b>		
<b>Equity:</b>			
Preferred stock	—		
Common stock & OP units (131,705,540 shares @ \$25.30/share as of 3/31/22) <sup>2</sup>	3,332,150		
<b>Total equity</b>	<b>3,332,150</b>		
<b>Total enterprise value ("TEV")</b>	<b>\$ 4,494,895</b>		
<b>Net Debt / TEV</b>	<b>25.9%</b>		
<b>Net Debt / Annualized Adjusted EBITDA<sub>re</sub></b>	<b>4.6x</b>		

1. The Company's revolving credit facility provides a maximum aggregate initial original principal amount of up to \$600 million and includes an accordion feature to increase, subject to certain conditions, the maximum availability of the facility by up to an additional \$600 million.

2. Common equity & units as of March 31, 2022, based on 131,151,693 common shares outstanding (including unvested restricted share awards) and 553,847 OP units held by non-controlling interests.

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

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

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

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

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

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



# Glossary

## Supplemental Reporting Measures 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, 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.

### Disclaimer

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



