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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**

**November 6, 2019**  
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**

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

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))

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

Emerging growth company

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

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

On November 6, 2019, Essential Properties Realty Trust, Inc. (the “Company”) issued a press release announcing the Company’s financial results for the three and nine months ended September 30, 2019. The press release is furnished hereto as Exhibit 99.1 and incorporated herein by reference.

**Item 7.01— Regulation FD Disclosure.**

On November 6, 2019, the Company issued its Supplemental Operating & Financial Data—Third Quarter Ended September 30, 2019. The Supplemental Operating & Financial Data is furnished hereto as Exhibit 99.2 and incorporated herein by reference.

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

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

(d) Exhibits.

<b>Exhibit No.</b>	<b>Description</b>
99.1	<a href="#">Earnings Press Release dated November 6, 2019 for the quarter ended September 30, 2019</a>
99.2	<a href="#">Supplemental Operating &amp; Financial Data—Third Quarter Ended September 30, 2019</a>

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**SIGNATURES**

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

**ESSENTIAL PROPERTIES REALTY TRUST, INC.**

Date: November 6, 2019

By: \_\_\_\_\_  
/s/ Hillary P. Hai  
**Hillary P. Hai**  
**Chief Financial Officer**



## Essential Properties Announces Third Quarter 2019 Results

- Increased Third Quarter Net Income per Share by 50% and AFFO per Share by 16% -
- Closed Investments of \$173.6 Million at a 7.5% Weighted Average Cash Cap Rate -
- Raises Low End of 2019 AFFO per Share Guidance and Issues 2020 Guidance -
- Investment Grade Rating of BBB- Issued by Fitch Ratings Subsequent to Quarter End -

November 6, 2019

PRINCETON, N.J.--(BUSINESS WIRE)--Essential Properties Realty Trust, Inc. (NYSE: EPRT; “Essential Properties” or the “Company”), today announced operating results for the three and nine months ended September 30, 2019.

### Third Quarter 2019 Financial and Operating Highlights

- Ended the third quarter at 100.0% leased with a weighted average lease term (“WALT”) of 14.4 years and a weighted average rent coverage ratio of 2.9x
- Grew Same-Store Contractual Cash Rents by 1.7%
- Reduced top 10 tenant concentration to 25.5%, a 250 bps sequential decline
- Invested \$173.6 million in 139 properties at a 7.5% weighted average cash cap rate
- Net income per fully diluted share increased 50% to \$0.18 per share
- Increased Funds from Operations (“FFO”) per fully diluted share 8% to \$0.18 per share
- Grew Core Funds from Operations (“Core FFO”) per fully diluted share by 24% to \$0.31
- Grew Adjusted Funds from Operations (“AFFO”) per fully diluted share by 16% to \$0.29
- Raised \$75.0 million in gross proceeds from the sale of 3,344,805 shares of common stock through the Company’s at-the-market equity program (“ATM Program”)
- Net Debt to Annualized Adjusted EBITDA<sub>re</sub> was 4.8x at quarter end

### 2019 and 2020 Guidance

The Company is increasing its expectation at the low end that 2019 AFFO per share on a fully diluted basis will be within a range of \$1.13 to \$1.15, which compares to its prior guidance of \$1.11 to \$1.15. For 2020, the Company currently expects AFFO per share on a fully diluted basis to be within a range of \$1.27 to \$1.30, which implies 13% growth at the midpoint of both guidance ranges.

### CEO Comments

Commenting on the third quarter results, Essential Properties’ President and Chief Executive Officer, Pete Mavoides, said, “With third quarter AFFO per share increasing 16% year-over-year, our quarterly results exemplified the compelling growth potential of our focused and disciplined investment platform. Our portfolio fundamentals continue to be strong with solid same-store rent growth, full occupancy, healthy unit-level coverages, and improved tenant diversity. Looking ahead to 2020, our investment pipeline is full, and our balance sheet remains well capitalized and supportive of our external growth.”

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## **Net Investment Activity**

### *Investments*

During the quarter ended September 30, 2019, Essential Properties invested \$173.6 million in 139 properties in 28 separate transactions at a weighted average cash and GAAP cap rate of 7.5% and 8.2%, respectively. These properties are 100% leased with a WALT of 16.6 years. As a percentage of cash ABR, 87.8% of the Company's investments for the quarter ended September 30, 2019 came from sale-leaseback transactions, 73.0% were subject to a master lease and 100% are required to provide the Company with financial reporting.

During the nine months ended September 30, 2019, Essential Properties invested \$482.1 million in 281 properties in 95 separate transactions at a weighted average cash and GAAP cap rate of 7.4% and 8.2%, respectively. These properties are 100% leased with a WALT of 15.7 years. As a percentage of cash ABR, 78.8% of the Company's investments for the nine months ended September 30, 2019 came from sale-leaseback transactions, 64.3% were subject to a master lease and 100% are required to provide the Company with financial reporting.

### *Dispositions*

During the quarter ended September 30, 2019, Essential Properties sold 10 properties, including one vacant property, for \$19.5 million, recording a net gain on these dispositions of \$4.1 million. The disposition weighted average cash cap rate on the nine leased properties sold in the quarter ended September 30, 2019 was 6.7%.

During the nine months ended September 30, 2019, Essential Properties sold 28 properties, including two vacant properties, for \$56.8 million, recording a net gain on these dispositions of \$8.2 million. The disposition weighted average cash cap rate on the 26 leased properties sold in the nine months ended September 30, 2019 was 6.8%.

## **Portfolio Update**

### *Portfolio Highlights*

As of September 30, 2019, Essential Properties' portfolio consisted of 917 freestanding net lease properties, which included 75 properties that secured mortgage notes receivable, with a WALT of 14.4 years and a weighted average rent coverage ratio of 2.9x. As of the same date, the portfolio was 100.0% leased by 199 tenants operating 233 different concepts across 45 states in 16 distinct industries. At quarter end, 93.5% of the Company's cash ABR was generated from tenants that operate service-oriented or experience-based businesses, and 61.7% of its cash ABR was derived from properties subject to a master lease.

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### *Leasing Activity*

During the nine months ended September 30, 2019, the Company signed three new leases without vacancy and completed one lease assignment subject to a lease incentive at a total recovery rate of 103.6% vs. prior cash rents. Total leasing activity for the nine months ended September 30, 2019 represented 1.2% of total cash ABR.

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

#### *Leverage*

As of September 30, 2019, the Company's ratio of net debt to Annualized Adjusted EBITDA<sup>re</sup> was 4.8x.

#### *Balance Sheet and Liquidity*

Essential Properties had \$155.0 million in outstanding borrowings under its \$400 million unsecured revolving credit facility as of September 30, 2019, and had \$245.0 million of unused borrowing capacity as of the same date. In addition, the Company had \$26.2 million of cash and cash equivalents and restricted cash as of September 30, 2019.

#### *ATM Program*

In August 2019, the Company entered into a \$200.0 million ATM Program through which the Company may, from time to time, sell shares of its common stock. The Company uses the proceeds generated from its ATM Program for general corporate purposes, including funding its investment activity, the repayment or refinancing of outstanding indebtedness, working capital and other general purposes. During the quarter ended September 30, 2019, the Company sold 3,344,805 shares of common stock through its ATM Program at an average price of \$22.42 per share, raising gross proceeds of \$75.0 million.

Subsequent to quarter end, the Company sold an additional 1,359,739 shares under its ATM program at an average price of \$24.05, raising gross proceeds of \$32.7 million.

### **Dividend Information**

As previously announced, on September 6, 2019 Essential Properties declared a cash dividend of \$0.22 per share of common stock for the quarter ended September 30, 2019. The dividend was paid on October 15, 2019 to stockholders of record as of the close of business on September 30, 2019.

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## **2019 Guidance**

The Company is increasing its expectation at the low end that 2019 AFFO per share on a fully diluted basis will be within a range of \$1.13 to \$1.15, which compares to its prior guidance of \$1.11 to \$1.15.

## **2020 Guidance**

The Company currently expects 2020 AFFO per share on a fully diluted basis to be within a range of \$1.27 to \$1.30.

*Note: The Company does not provide a reconciliation for its guidance range of AFFO per diluted share to net income available to common stockholders per diluted share, the most directly comparable forward looking GAAP financial measure, due to the inherent variability in timing and/or amount of various items that could impact net income available to common stockholders per diluted share, including, for example, gains or losses on debt extinguishment, impairments and other items that are outside the control of the Company.*

## **Conference Call Information**

In conjunction with the release of Essential Properties' operating results, the Company will host a conference call on November 7, 2019 at 10:00 a.m. EST to discuss the results. To access the conference, dial (844) 369-8770. A live webcast will also be available in listen-only mode by clicking on the webcast link in the Investor Relations section at [www.essentialproperties.com](http://www.essentialproperties.com).

A telephone replay of the conference call can also be accessed by calling (877) 481-4010 and entering the access code: 54125. The telephone replay will be available through November 21, 2019.

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

## **Supplemental Materials**

The Company's Supplemental Operating & Financial Data—Third Quarter Ended September 30, 2019 is available on Essential Properties' website at [investors.essentialproperties.com](http://investors.essentialproperties.com).

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

Essential Properties Realty Trust, Inc. is an internally managed REIT that acquires, owns and manages primarily single-tenant properties that are net leased on a long-term basis to companies operating service-oriented or experience-based businesses. As of September 30, 2019, the Company's portfolio consisted of 917 freestanding net lease properties with a weighted average lease term of 14.4 years and a weighted average rent coverage ratio of 2.9x. As of the same date,

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the Company's portfolio was 100.0% leased to 199 tenants operating 233 different concepts in 16 distinct industries across 45 states.

### **Forward-Looking Statements**

This press release contains forward-looking statements within the meaning of the federal securities laws. When used in this press release, the words "estimate," "anticipate," "expect," "believe," "intend," "may," "will," "should," "seek," "approximately" or "plan," or the negative of these words and phrases or similar words or phrases that are predictions of or indicate future events or trends and that do not relate solely to historical matters are intended to identify forward-looking statements. You can also identify forward-looking statements by discussions of strategy, plans or intentions of management. Forward-looking statements involve numerous risks and uncertainties and you should not rely on them as predictions of future events. Forward-looking statements depend on assumptions, data or methods that may be incorrect or imprecise and the Company may not be able to realize them. The Company does not guarantee that the transactions and events described will happen as described (or that they will happen at all). You are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date of this press release. While forward-looking statements reflect the Company's good faith beliefs, they are not guarantees of future performance. The Company undertakes no obligation to publicly release the results of any revisions to these forward-looking statements that may be made to reflect events or circumstances after the date of this press release or to reflect the occurrence of unanticipated events, except as required by law. In light of these risks and uncertainties, the forward-looking events discussed in this press release might not occur as described, or at all.

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

The results reported in this press release are preliminary and not final. There can be no assurance that these results will not vary from the final results reported in the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2019 that it will file with the Commission.

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

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

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measures are industry measures used by analysts and investors to compare the operating performance of REITs.

### *FFO, Core FFO and AFFO*

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

The Company computes Core FFO by excluding from NAREIT defined FFO 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, the Company modifies its computation of Core FFO to include other adjustments to GAAP net income related to certain items that it believes are not indicative of the Company's operating performance, including straight-line rental revenue, non-cash interest expense, non-cash compensation expense, other amortization 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. The Company believes that AFFO is an additional useful supplemental measure for investors to consider to assess the Company's 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, nor do they 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

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financial measures. Additionally, our computation of FFO, Core FFO and AFFO may differ from the methodology for calculating these metrics used by other equity REITs and, therefore, may not be comparable to similarly titled measures reported by other equity REITs.

#### *EBITDA and EBITDAre*

The Company 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. The Company computes EBITDAre in accordance with the definition adopted by NAREIT. NAREIT defines EBITDAre as EBITDA (as defined above) excluding gains (or losses) from the sales of depreciable property and real estate impairment losses. The Company presents EBITDA and EBITDAre as they are measures commonly used in its industry and the Company believes that these measures are useful to investors and analysts because they provide important supplemental information concerning its operating performance, exclusive of certain non-cash items and other costs. The Company uses EBITDA and EBITDAre as measures of its operating performance and not as measures of liquidity.

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

#### *Net Debt*

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

#### *NOI and Cash NOI*

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

NOI and Cash NOI are not measures of financial performance under GAAP. You should not consider the Company's NOI and Cash NOI as alternatives to net income or cash flows from

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operating activities determined in accordance with GAAP. Additionally, the Company's computation of NOI and Cash NOI may differ from the methodology for calculating these metrics used by other equity REITs, and, therefore, may not be comparable to similarly titled measures reported by other equity REITs.

*Adjusted EBITDAre / Adjusted NOI / Adjusted Cash NOI*

The Company further adjusts EBITDAre, NOI and Cash NOI i) based on an estimate calculated as if all investment and disposition activity that took place during the quarter had occurred on the first day of the quarter, ii) to exclude certain GAAP income and expense amounts that the Company believes are infrequent and unusual in nature and iii) to eliminate the impact of lease termination fees and contingent rental revenue from its tenants which is subject to sales thresholds specified in the lease. The Company then annualizes these estimates for the current quarter by multiplying them by four, which it believes provides a meaningful estimate of the Company's current run rate for all investments as of the end of the current quarter. You should not unduly rely on these measures as they are based on assumptions and estimates that may prove to be inaccurate. The Company's actual reported 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 the Company's leases (including those accounted for as direct financing leases) commenced as of that date and annualized cash interest on its mortgage loans receivable as of that date.

*Cash Cap Rate*

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

*GAAP Cap Rate*

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

*Rent Coverage Ratio*

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

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

(in thousands, except share and per share data)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
<b>Revenues:</b>				
Rental revenue <sup>1,2</sup>	\$ 34,958	\$ 25,496	\$ 97,842	\$ 67,119
Interest on loans and direct financing leases	940	220	1,669	379
Other revenue	393	26	641	75
<b>Total revenues</b>	<b>36,291</b>	<b>25,742</b>	<b>100,152</b>	<b>67,573</b>
<b>Expenses:</b>				
Interest	7,207	6,563	20,074	23,474
General and administrative <sup>3</sup>	7,530	3,529	16,455	9,872
Property expenses <sup>4</sup>	442	494	2,334	1,221
Depreciation and amortization	11,141	8,763	30,367	22,842
Provision for impairment of real estate	—	770	1,921	3,526
<b>Total expenses</b>	<b>26,320</b>	<b>20,119</b>	<b>71,151</b>	<b>60,935</b>
<b>Other operating income:</b>				
Gain on dispositions of real estate, net	4,087	1,455	8,237	5,100
<b>Income from operations</b>	<b>14,058</b>	<b>7,078</b>	<b>37,238</b>	<b>11,738</b>
<b>Other (loss)/income:</b>				
Loss on repurchase of secured borrowings	—	—	(4,353)	—
Interest	114	655	723	719
<b>Income before income tax expense</b>	<b>14,172</b>	<b>7,733</b>	<b>33,608</b>	<b>12,457</b>
Income tax expense	66	26	209	143
<b>Net income</b>	<b>14,106</b>	<b>7,707</b>	<b>33,399</b>	<b>12,314</b>
Net income attributable to non-controlling interests	(861)	(2,383)	(6,076)	(2,482)
<b>Net income attributable to stockholders and members</b>	<b>\$ 13,245</b>	<b>\$ 5,324</b>	<b>\$ 27,323</b>	<b>\$ 9,832</b>

	Three Months Ended September 30,		Nine Months	Period from June
	2019	2018	Ended September	25, 2018 to
	(unaudited)	(unaudited)	30, 2019	September
<b>Basic weighted-average shares outstanding</b>	<b>72,483,932</b>	<b>42,364,754</b>	<b>58,375,745</b>	<b>42,237,460</b>
<b>Basic net income per share</b>	<b>\$ 0.18</b>	<b>\$ 0.12</b>	<b>\$ 0.46</b>	<b>\$ 0.13</b>
<b>Diluted weighted-average shares outstanding</b>	<b>77,612,949</b>	<b>61,472,675</b>	<b>73,021,273</b>	<b>61,342,278</b>
<b>Diluted net income per share</b>	<b>\$ 0.18</b>	<b>\$ 0.12</b>	<b>\$ 0.45</b>	<b>\$ 0.13</b>

1. Includes contingent rent (based on a percentage of the tenant's gross sales at the leased property) of \$142, \$194, \$717 and \$877 for the three and nine months ended September 30, 2019 and 2018, respectively.
2. Includes reimbursable income from our tenants of \$238, \$7, \$1,179 and \$32 for the three and nine months ended September 30, 2019 and 2018, respectively.
3. Includes non-recurring expenses of \$2,473 for costs and charges incurred in connection with the Eldridge secondary offering and \$275 for a provision for potential settlement of litigation for the three and nine months ended September 30, 2019.
4. Includes reimbursable expenses from our tenants of \$238, \$7, \$1,179 and \$32 for the three and nine months ended September 30, 2019 and 2018, respectively.

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

(in thousands, except share and per share amounts)	September 30, 2019 (Unaudited)	December 31, 2018 (Audited)
<b>ASSETS</b>		
Investments:		
Real estate investments, at cost:		
Land and improvements	\$ 547,549	\$ 420,848
Building and improvements	1,117,702	885,656
Lease incentive	4,831	2,794
Construction in progress	10,229	1,325
Intangible lease assets	74,973	66,421
Total real estate investments, at cost	1,755,284	1,377,044
Less: accumulated depreciation and amortization	(79,482)	(51,855)
Total real estate investments, net	1,675,802	1,325,189
Loans and direct financing lease receivables, net	62,505	17,505
Net investments	1,738,307	1,342,694
Cash and cash equivalents	23,446	4,236
Restricted cash	2,776	12,003
Straight-line rent receivable, net	22,592	14,255
Prepaid expenses and other assets, net	18,357	7,712
<b>Total assets</b>	<b>\$ 1,805,478</b>	<b>\$ 1,380,900</b>
<b>LIABILITIES AND EQUITY</b>		
Secured borrowings, net of deferred financing costs	\$ 305,702	\$ 506,116
Unsecured term loan, net of deferred financing costs	199,144	—
Revolving credit facility	155,000	34,000
Intangible lease liabilities, net	9,635	11,616
Dividend payable	17,652	13,189
Accrued liabilities and other payables	17,316	4,938
<b>Total liabilities</b>	<b>704,449</b>	<b>569,859</b>
Commitments and contingencies	—	—
Stockholders' equity:		
Preferred stock, \$0.01 par value; 150,000,000 authorized; none issued and outstanding as of September 30, 2019 and December 31, 2018	—	—
Common stock, \$0.01 par value; 500,000,000 authorized; 79,672,970 and 43,749,092 issued and outstanding as of September 30, 2019 and December 31, 2018, respectively	796	431
Additional paid-in capital	1,120,300	569,407
Distributions in excess of cumulative earnings	(22,733)	(7,659)
Accumulated other comprehensive income	(5,001)	—
<b>Total stockholders' equity</b>	<b>1,093,362</b>	<b>562,179</b>
Non-controlling interests	7,667	248,862
<b>Total equity</b>	<b>1,101,029</b>	<b>811,041</b>
<b>Total liabilities and equity</b>	<b>\$ 1,805,478</b>	<b>\$ 1,380,900</b>

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

(unaudited, in thousands except per share amounts)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
<b>Net income</b>	\$ 14,106	\$ 7,707	\$ 33,399	\$ 12,314
Depreciation and amortization of real estate	11,117	8,762	30,295	22,839
Provision for impairment of real estate	—	770	1,921	3,526
Gain on dispositions of real estate, net	(4,087)	(1,455)	(8,237)	(5,100)
<b>Funds from Operations</b>	21,136	15,784	57,378	33,579
Other non-recurring expenses <sup>1</sup>	2,748	—	7,101	—
<b>Core Funds from Operations</b>	23,884	15,784	64,479	33,579
Adjustments:				
Straight-line rental revenue, net	(2,982)	(2,198)	(8,879)	(5,715)
Non-cash interest expense	610	817	2,135	1,982
Non-cash compensation expense	1,051	1,051	3,524	1,398
Other amortization and non-cash charges	296	193	743	400
Capitalized interest expense	(95)	(78)	(165)	(214)
Transaction costs	—	32	—	58
<b>Adjusted Funds from Operations</b>	\$ 22,764	\$ 15,601	\$ 61,837	\$ 31,488
<b>Net income per share<sup>2</sup>:</b>				
Basic	\$ 0.18	\$ 0.12	\$ 0.46	
Diluted	\$ 0.18	\$ 0.12	\$ 0.45	
<b>FFO per share<sup>2</sup>:</b>				
Basic	\$ 0.27	\$ 0.25	\$ 0.79	
Diluted	\$ 0.27	\$ 0.25	\$ 0.78	
<b>Core FFO per share<sup>2</sup>:</b>				
Basic	\$ 0.31	\$ 0.25	\$ 0.89	
Diluted	\$ 0.31	\$ 0.25	\$ 0.88	
<b>AFFO per share<sup>2</sup>:</b>				
Basic	\$ 0.29	\$ 0.25	\$ 0.85	
Diluted	\$ 0.29	\$ 0.25	\$ 0.84	

1. Includes non-recurring expenses of \$2,473 for costs and charges incurred in connection with the Eldridge secondary offering and \$275 for a provision for potential settlement of litigation during the three and nine months ended September 30, 2019 and our \$4,353 loss on repurchase of secured borrowings during the nine months ended September 30, 2019.
2. Calculations exclude \$111, \$155 and \$378 from the numerator for the three months ended September 30, 2019 and 2018 and the nine months ended September 30, 2019, respectively, related to dividends paid on unvested restricted share awards and restricted share units.

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

(in thousands)	Three Months Ended September 30, 2019	
<b>Net income</b>	\$	14,106
Depreciation and amortization		11,141
Interest expense		7,207
Interest income		(114)
Income tax expense		66
<b>EBITDA</b>		32,406
Provision for impairment of real estate		—
Gain on dispositions of real estate, net		(4,087)
<b>EBITDAre</b>		28,319
Adjustment for current quarter investment and disposition activity <sup>1</sup>		2,355
Adjustment to exclude other non-recurring expenses <sup>2</sup>		2,748
Adjustment to exclude lease termination fees and certain percentage rent <sup>3</sup>		(388)
<b>Adjusted EBITDAre - Current Estimated Run Rate</b>		33,034
General and administrative		4,782
<b>Adjusted net operating income ("NOI")</b>		37,816
Straight-line rental revenue, net <sup>1</sup>		(3,086)
Other amortization and non-cash charges		292
<b>Adjusted Cash NOI</b>	\$	35,022
<b>Annualized EBITDAre</b>	\$	113,276
<b>Annualized Adjusted EBITDAre</b>	\$	132,136
<b>Annualized Adjusted NOI</b>	\$	151,264
<b>Annualized Adjusted Cash NOI</b>	\$	140,088

1. Adjustment assumes all investments in and dispositions of real estate made during the three months ended September 30, 2019 had occurred on July 1, 2019.
2. Adjustment includes non-recurring expenses recorded within general and administrative expenses in our consolidated statement of operations of \$2,473 for costs and charges incurred in connection with the Eldridge secondary offering and \$275 for a provision for potential settlement of litigation.
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.

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

(dollars in thousands, except share and per share amounts)	September 30, 2019
<b>Secured debt:</b>	
Series 2016-1, Class A	\$ 53,283
Series 2016-1, Class B	17,243
Series 2017-1, Class A	224,375
Series 2017-1, Class B	15,669
<b>Total secured debt</b>	<b>310,570</b>
<b>Unsecured debt:</b>	
Term loan	200,000
Revolving credit facility <sup>1</sup>	155,000
<b>Total unsecured debt</b>	<b>355,000</b>
<b>Gross debt</b>	<b>665,570</b>
Less: cash & cash equivalents	(23,446)
Less: restricted cash deposits held for the benefit of lenders	(2,776)
<b>Net debt</b>	<b>639,348</b>
<b>Equity:</b>	
Preferred stock	—
Common stock & OP units (80,226,817 shares @ \$22.91/share as of 9/30/19) <sup>2</sup>	1,761,367
<b>Total equity</b>	<b>1,761,367</b>
<b>Total enterprise value ("TEV")</b>	<b>\$ 2,400,715</b>
<b>Net Debt / TEV</b>	<b>26.6%</b>
<b>Net Debt / Annualized Adjusted EBITDAre</b>	<b>4.8x</b>

1. The Company's revolving credit facility provides a maximum aggregate initial original principal amount of up to \$400 million and includes an accordion feature to increase, subject to certain conditions, the maximum availability of the facility by up to \$200 million.
2. Common equity & units as of September 30, 2019, based on 79,672,970 common shares outstanding (including unvested restricted share awards) and 553,847 OP units held by non-controlling interests.



**Investor/Media:**

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Source: Essential Properties Realty Trust, Inc.



# ESSENTIAL PROPERTIES



## Supplemental Operating & Financial Data Third Quarter Ended September 30, 2019



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# Financial Summary

## Consolidated Statements of Operations

(in thousands, except share and per share data)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019 (unaudited)	2018 (unaudited)	2019 (unaudited)	2018 (unaudited)
<b>Revenues:</b>				
Rental revenue <sup>1,2</sup>	\$ 34,958	\$ 25,496	\$ 97,842	\$ 67,119
Interest on loans and direct financing leases	940	220	1,669	379
Other revenue	393	26	641	75
<b>Total revenues</b>	<b>36,291</b>	<b>25,742</b>	<b>100,152</b>	<b>67,573</b>
<b>Expenses:</b>				
Interest	7,207	6,563	20,074	23,474
General and administrative <sup>3</sup>	7,530	3,529	16,455	9,872
Property expenses <sup>4</sup>	442	494	2,334	1,221
Depreciation and amortization	11,141	8,763	30,367	22,842
Provision for impairment of real estate	—	770	1,921	3,526
<b>Total expenses</b>	<b>26,320</b>	<b>20,119</b>	<b>71,151</b>	<b>60,935</b>
<b>Other operating income:</b>				
Gain on dispositions of real estate, net	4,087	1,455	8,237	5,100
<b>Income from operations</b>	<b>14,058</b>	<b>7,078</b>	<b>37,238</b>	<b>11,738</b>
<b>Other (loss)/income:</b>				
Loss on repurchase of secured borrowings <sup>5</sup>	—	—	(4,353)	—
Interest	114	655	723	719
<b>Income before income tax expense</b>	<b>14,172</b>	<b>7,733</b>	<b>33,608</b>	<b>12,457</b>
Income tax expense	66	26	209	143
<b>Net income</b>	<b>14,106</b>	<b>7,707</b>	<b>33,399</b>	<b>12,314</b>
Net income attributable to non-controlling interests	(861)	(2,383)	(6,076)	(2,482)
<b>Net income attributable to stockholders and members</b>	<b>\$ 13,245</b>	<b>\$ 5,324</b>	<b>\$ 27,323</b>	<b>\$ 9,832</b>

	Three Months Ended September 30,		Nine Months Ended September 30, 2019	Period from June 25, 2018 to September 30, 2018
	2019	2018		
Basic weighted-average shares outstanding	72,483,932	42,364,754	58,375,745	42,237,460
Basic net income per share	\$ 0.18	\$ 0.12	\$ 0.46	\$ 0.13
Diluted weighted-average shares outstanding	77,612,949	61,472,675	73,021,273	61,342,278
Diluted net income per share	\$ 0.18	\$ 0.12	\$ 0.45	\$ 0.13

- Includes contingent rent (based on a percentage of the tenant's gross sales at the leased property) of \$142, \$194, \$717 and \$877 for the three and nine months ended September 30, 2019 and 2018, respectively.
- Includes reimbursable income from our tenants of \$238, \$7, \$1,179 and \$32 for the three and nine months ended September 30, 2019 and 2018, respectively.
- Includes non-recurring expenses of \$2,473 for costs and charges incurred in connection with the Eldridge secondary offering and \$275 for a provision for potential settlement of litigation during the three and nine months ended September 30, 2019.
- Includes reimbursable expenses from our tenants of \$236, \$7, \$1,179 and \$32 for the three and nine months ended September 30, 2019 and 2018, respectively.
- Includes premium paid on repurchase of notes issued under our Master Trust Funding Program of \$1,400, the write-off of \$2,853 of deferred financing costs related to the repurchased notes and \$100 of legal costs related to the repurchase.

# Financial Summary

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

(unaudited, in thousands except per share amounts)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
<b>Net income</b>	\$ 14,106	\$ 7,707	\$ 33,399	\$ 12,314
Depreciation and amortization of real estate	11,117	8,762	30,295	22,839
Provision for impairment of real estate	—	770	1,921	3,526
Gain on dispositions of real estate, net	(4,087)	(1,455)	(8,237)	(5,100)
<b>Funds from Operations</b>	<b>21,136</b>	<b>15,784</b>	<b>57,378</b>	<b>33,579</b>
Other non-recurring expenses <sup>1</sup>	2,748	—	7,101	—
<b>Core Funds from Operations</b>	<b>23,884</b>	<b>15,784</b>	<b>64,479</b>	<b>33,579</b>
Adjustments:				
Straight-line rental revenue, net	(2,982)	(2,198)	(8,879)	(5,715)
Non-cash interest expense	610	817	2,135	1,982
Non-cash compensation expense	1,051	1,051	3,524	1,398
Other amortization and non-cash charges	296	193	743	400
Capitalized interest expense	(95)	(78)	(165)	(214)
Transaction costs	—	32	—	58
<b>Adjusted Funds from Operations</b>	<b>\$ 22,764</b>	<b>\$ 15,601</b>	<b>\$ 61,837</b>	<b>\$ 31,488</b>
<b>Net income per share<sup>2</sup>:</b>				
Basic	\$ 0.18	\$ 0.12	\$ 0.46	
Diluted	\$ 0.18	\$ 0.12	\$ 0.45	
<b>FFO per share<sup>2</sup>:</b>				
Basic	\$ 0.27	\$ 0.25	\$ 0.79	
Diluted	\$ 0.27	\$ 0.25	\$ 0.78	
<b>Core FFO per share<sup>2</sup>:</b>				
Basic	\$ 0.31	\$ 0.25	\$ 0.89	
Diluted	\$ 0.31	\$ 0.25	\$ 0.88	
<b>AFFO per share<sup>2</sup>:</b>				
Basic	\$ 0.29	\$ 0.25	\$ 0.85	
Diluted	\$ 0.29	\$ 0.25	\$ 0.84	

1. Includes non-recurring expenses of \$2,473 for costs and charges incurred in connection with the Eldridge secondary offering and \$275 for a provision for potential settlement of litigation during the three and nine months ended September 30, 2019 and our \$4,353 loss on repurchase of secured borrowings during the nine months ended September 30, 2019.

2. Calculations exclude \$111, \$155 and \$378 from the numerator for the three months ended September 30, 2019 and 2018 and the nine months ended September 30, 2019, respectively, related to dividends paid on unvested restricted share awards and restricted share units.

# Financial Summary

## Consolidated Balance Sheets

(in thousands, except share and per share amounts)	September 30, 2019 (unaudited)	December 31, 2018 (audited)
<b>ASSETS</b>		
Investments:		
Real estate investments, at cost:		
Land and improvements	\$ 547,549	\$ 420,848
Building and improvements	1,117,702	885,656
Lease incentive	4,631	2,794
Construction in progress	10,229	1,325
Intangible lease assets	74,973	66,421
Total real estate investments, at cost	1,755,284	1,377,044
Less: accumulated depreciation and amortization	(79,482)	(51,855)
Total real estate investments, net	1,675,802	1,325,189
Loans and direct financing lease receivables, net	62,505	17,505
Net investments	1,738,307	1,342,694
Cash and cash equivalents	23,446	4,236
Restricted cash	2,776	12,003
Straight-line rent receivable, net	22,592	14,255
Prepaid expenses and other assets, net	18,357	7,712
<b>Total assets</b>	<b>\$ 1,805,478</b>	<b>\$ 1,380,900</b>
<b>LIABILITIES AND EQUITY</b>		
Secured borrowings, net of deferred financing costs	\$ 305,702	\$ 508,116
Unsecured term loan, net of deferred financing costs	199,144	—
Revolving credit facility	155,000	34,000
Intangible lease liabilities, net	9,635	11,616
Dividend payable	17,652	13,189
Accrued liabilities and other payables	17,316	4,938
<b>Total liabilities</b>	<b>704,449</b>	<b>569,859</b>
Commitments and contingencies	—	—
Stockholders' equity:		
Preferred stock, \$0.01 par value; 150,000,000 authorized; none issued and outstanding as of September 30, 2019 and December 31, 2018	—	—
Common stock, \$0.01 par value; 500,000,000 authorized; 79,672,970 and 43,749,092 issued and outstanding as of September 30, 2019 and December 31, 2018, respectively	796	431
Additional paid-in capital	1,120,300	569,407
Distributions in excess of cumulative earnings	(22,733)	(7,659)
Accumulated other comprehensive income	(5,001)	—
<b>Total stockholders' equity</b>	<b>1,093,362</b>	<b>562,179</b>
Non-controlling interests	7,667	248,862
<b>Total equity</b>	<b>1,101,029</b>	<b>811,041</b>
<b>Total liabilities and equity</b>	<b>\$ 1,805,478</b>	<b>\$ 1,380,900</b>

# Financial Summary

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

(unaudited, in thousands)	Three Months Ended September 30, 2019
<b>Net income</b>	\$ 14,106
Depreciation and amortization	11,141
Interest expense	7,207
Interest income	(114)
Income tax expense	66
<b>EBITDA</b>	32,406
Provision for impairment of real estate	—
Gain on dispositions of real estate, net	(4,087)
<b>EBITDAre</b>	28,319
Adjustment for current quarter investment and disposition activity <sup>1</sup>	2,355
Adjustment to exclude other non-recurring expenses <sup>2</sup>	2,748
Adjustment to exclude lease termination fees and certain percentage rent <sup>3</sup>	(388)
<b>Adjusted EBITDAre - Current Estimated Run Rate</b>	33,034
General and administrative	4,782
<b>Adjusted net operating income ("NOI")</b>	37,816
Straight-line rental revenue, net <sup>1</sup>	(3,086)
Other amortization and non-cash charges	292
<b>Adjusted Cash NOI</b>	\$ 35,022
<b>Annualized EBITDAre</b>	\$ 113,276
<b>Annualized Adjusted EBITDAre</b>	\$ 132,136
<b>Annualized Adjusted NOI</b>	\$ 151,264
<b>Annualized Adjusted Cash NOI</b>	\$ 140,088

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 September 30, 2019 had occurred on July 1, 2019.
2. Adjustment includes certain non-recurring expenses recorded within general and administrative expenses in our consolidated statement of operations, including \$2,473 of costs and charges incurred in connection with the Eldridge secondary offering and a \$275 provision for potential settlement of litigation.
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.

# Financial Summary

## Market Capitalization, Debt Summary and Leverage Metrics

(dollars in thousands, except share and per share amounts)	September 30, 2019	Rate	Maturity <sup>1</sup>
<b>Secured debt:</b>			
Series 2016-1, Class A	\$ 53,283	4.45%	2.2 years
Series 2016-1, Class B	17,243	5.43%	2.2 years
Series 2017-1, Class A	224,375	4.10%	4.7 years
Series 2017-1, Class B	15,669	5.11%	4.7 years
<b>Total secured debt</b>	<b>310,570</b>	<b>4.28%</b>	<b>4.2 years</b>
<b>Unsecured debt:</b>			
Term loan	200,000	3.26%	4.5 years
Revolving credit facility <sup>2</sup>	155,000	LIBOR plus 1.25% to 1.85%	3.5 years
<b>Total unsecured debt</b>	<b>355,000</b>	<b>3.28%</b>	<b>4.1 years</b>
<b>Gross debt</b>	<b>665,570</b>	<b>3.75%</b>	<b>4.1 years</b>
Less: cash & cash equivalents	(23,446)		
Less: restricted cash deposits held for the benefit of lenders	(2,776)		
<b>Net debt</b>	<b>639,348</b>		
<b>Equity:</b>			
Preferred stock	—		
Common stock & OP units (80,226,817 shares @ \$22.91/share as of 9/30/19) <sup>3</sup>	1,761,367		
<b>Total equity</b>	<b>1,761,367</b>		
<b>Total enterprise value ("TEV")</b>	<b>\$ 2,400,715</b>		
<b>Net Debt / TEV</b>	<b>26.6%</b>		
<b>Net Debt / Annualized Adjusted EBITDA</b>	<b>4.8x</b>		

1. Maturity figures for our secured debt are based off of our anticipated repayment schedule. The Series 2016-1 notes mature in November 2048 but have an anticipated repayment date of November 2021. The Series 2017-1 notes mature in June 2047 but have an anticipated repayment date of June 2024.

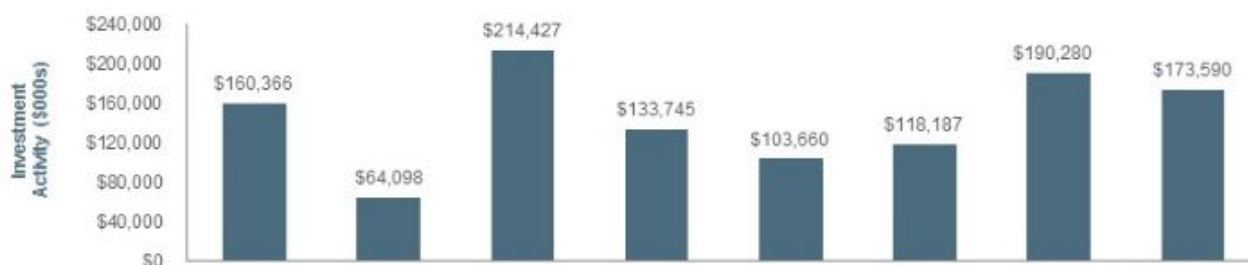
2. Our revolving credit facility provides a maximum aggregate initial original principal amount of up to \$400 million and includes an accordion feature to increase, subject to certain conditions, the maximum availability of the facility by up to \$200 million.

3. Common equity & units as of September 30, 2019, based on 79,672,970 common shares outstanding (including unvested restricted share awards) and 553,847 OP units held by non-controlling interests.



## Net Investment Activity

### Investment Summary

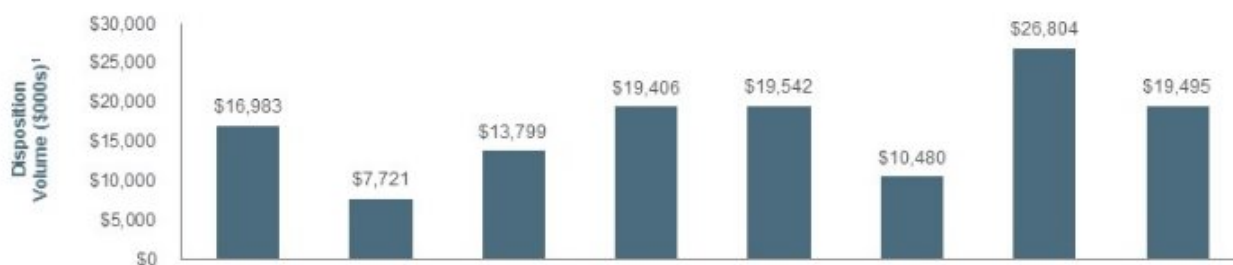


Investments	4Q 2017	1Q 2018	2Q 2018	3Q 2018	4Q 2018	1Q 2019	2Q 2019 <sup>6</sup>	3Q 2019 <sup>7</sup>
Number of Transactions	21	16	23	34	24	35	32	28
Property Count	90	28	86	62	39	51	91	139
Avg. Investment per Unit (in 000s)	\$1,742	\$2,195	\$2,438	\$2,042	\$2,572	\$2,303	\$2,015	\$1,174
Cash Cap Rates <sup>1</sup>	7.7%	7.8%	7.6%	7.6%	7.6%	7.5%	7.3%	7.5%
GAAP Cap Rates <sup>2</sup>	8.7%	8.3%	8.7%	8.5%	8.5%	8.4%	8.1%	8.2%
Master Lease % <sup>3,4</sup>	65%	33%	82%	58%	57%	47%	67%	73%
Sale-Leaseback % <sup>3,5</sup>	75%	68%	90%	77%	83%	78%	65%	88%
% of Financial Reporting <sup>3</sup>	100%	100%	96%	100%	90%	100%	100%	100%
Rent Coverage Ratio	3.1x	2.3x	2.4x	2.7x	2.8x	3.2x	3.2x	3.2x
Lease Term Years	15.5	14.1	17.2	16.1	16.6	15.1	15.3	16.6

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. Included three properties that secured \$16.5 million of mortgage loans receivable.
7. Included 71 properties that secured \$35.3 million of mortgage loans receivable.

## Net Investment Activity

### Disposition Summary



Dispositions	4Q 2017	1Q 2018	2Q 2018	3Q 2018	4Q 2018	1Q 2019	2Q 2019 <sup>7</sup>	3Q 2019
Realized Gain/(Loss) <sup>1,2</sup>	15.9%	(1.7%)	9.7% <sup>5</sup>	(6.6%) <sup>5</sup>	0.4%	2.9%	1.3%	17.8%
Cash Cap Rate on Leased Assets <sup>3</sup>	6.4%	6.7%	7.1% <sup>5</sup>	6.8% <sup>5</sup>	6.9%	6.6%	7.0%	6.7%
Leased Properties Sold <sup>4</sup>	9	5	8	17	7	7	10	9
Vacant Properties Sold <sup>4</sup>	3	1	2	4	1	—	1	1
Rent Coverage Ratio	1.8x	0.8x	2.1x <sup>5</sup>	1.8x <sup>5</sup>	1.8x	1.8x	1.5x	1.1x

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.

# Portfolio Summary

## Portfolio Highlights

As of September 30, 2019

Investment Properties (#) <sup>1</sup>	917
Square Footage (mm)	7.5
Tenants (#)	199
Concepts (#)	233
Industries (#)	16
States (#)	45
Weighted Average Remaining Lease Term (Years)	14.4
Triple-Net Leases (% of Cash ABR)	93.0%
Master Leases (% of Cash ABR)	61.7%
Sale-Leaseback (% of Cash ABR) <sup>2,3</sup>	81.2%
Unit-Level Rent Coverage	2.9x
Unit-Level Financial Reporting (% of Cash ABR)	98.0%
Leased (%)	100.0%
Top 10 Tenants (% of Cash ABR)	25.5%
Average Investment Per Property (\$mm)	\$2.0
Average Transaction Size (\$mm) <sup>2</sup>	\$6.3
Total Cash ABR (\$mm)	\$138.6

1. Includes one undeveloped land parcel and 75 properties that secure mortgage loans receivable.
2. Exclusive of GE Seed Portfolio.
3. Includes investments in mortgage loans receivable made in support of sale-leaseback transactions.



# Portfolio Summary

## Tenant and Industry Diversification

### Top 10 Tenant Exposure

Top 10 Tenants <sup>1</sup>	Properties	% of Cash ABR
	74	3.7%
	13	3.0%
	4	2.8%
	5	2.7%
	34	2.7%
	12	2.3%
	13	2.3%
	5	2.1%
	25	2.1%
	7	2.0%
<b>Top 10 Tenants</b>	<b>192</b>	<b>25.5%</b>
<b>Total</b>	<b>917</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>2</sup>
Quick Service	Service	\$ 19,912	14.4%	290	763,979	\$ 26.30
Early Childhood Education	Service	16,000	11.5%	71	793,793	19.66
Convenience Stores	Service	15,984	11.5%	143	560,716	28.51
Car Washes	Service	14,074	10.2%	55	260,627	54.00
Medical / Dental	Service	12,519	9.0%	85	487,702	24.74
Casual Dining	Service	8,803	6.4%	62	374,865	23.48
Automotive Service	Service	6,832	4.9%	53	350,499	19.49
Family Dining	Service	5,477	4.0%	32	200,229	27.36
Other Services	Service	4,095	3.0%	20	208,095	19.68
Pet Care Services	Service	3,838	2.8%	26	156,853	20.74
<b>Service Subtotal</b>		<b>\$ 107,534</b>	<b>77.6%</b>	<b>837</b>	<b>4,157,356</b>	<b>\$ 25.57</b>
Health and Fitness	Experience	10,624	7.7%	26	979,828	10.22
Entertainment	Experience	7,055	5.1%	18	647,483	10.90
Movie Theatres	Experience	4,338	3.1%	6	293,206	14.80
<b>Experience Subtotal</b>		<b>\$ 22,017</b>	<b>15.9%</b>	<b>50</b>	<b>1,920,517</b>	<b>\$ 11.15</b>
Home Furnishings	Retail	5,839	4.2%	8	418,778	13.94
Grocery	Retail	467	0.3%	2	70,623	6.61
<b>Retail Subtotal</b>		<b>\$ 6,306</b>	<b>4.6%</b>	<b>10</b>	<b>489,401</b>	<b>\$ 12.89</b>
Building Materials	Industrial	2,696	1.9%	19	896,956	3.01
<b>Total</b>		<b>\$ 138,554</b>	<b>100.0%</b>	<b>916</b>	<b>7,464,230</b>	<b>\$ 18.31</b>

1. Represents tenant, guarantor or parent company.

2. Excludes one undeveloped land parcel, but includes 75 properties that secure mortgage loans receivable.

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

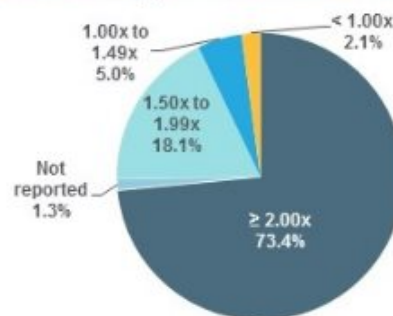
# Portfolio Summary

## Portfolio Health

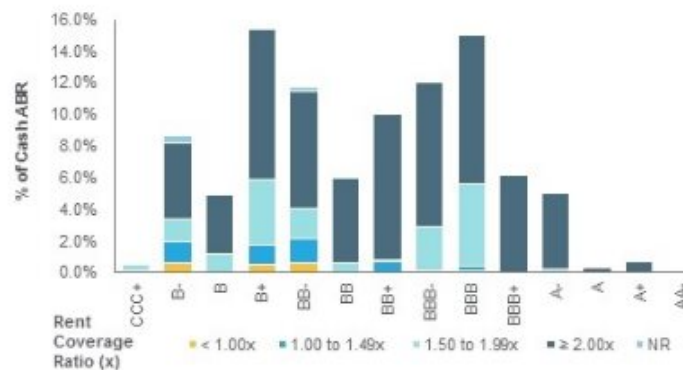
### Tenant Financial Reporting

Tenant Financial Reporting Requirements	% of Cash ABR
Unit-Level Financial Information	98.0%
Corporate-Level Financial Reporting	98.6%
Both Unit-Level and Corporate-Level Financial Information	97.7%
No Financial Information	1.1%

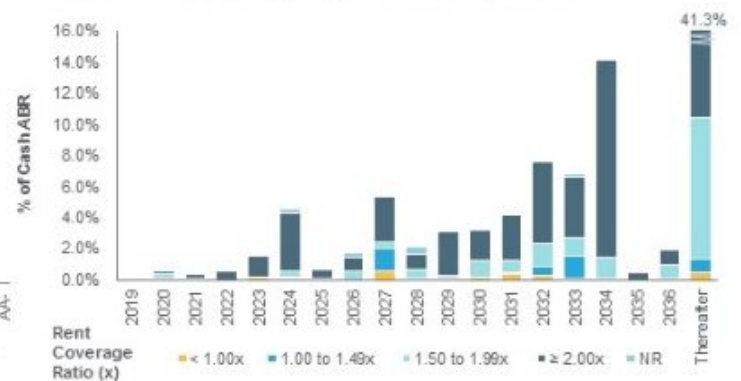
### % of Cash ABR by Unit-Level Coverage Tranche<sup>1</sup>



### 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 September 30, 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.

## Leasing Summary

### Leasing Expiration Schedule, Leasing Activity and Statistics

#### Annual Lease Expiration by Cash ABR

Year <sup>1</sup>	Cash ABR	% of Cash ABR	# of Properties <sup>2</sup>	Wgt. Avg. Coverage <sup>3</sup>
2019	\$ 100	0.1%	2	6.9x
2020	703	0.5%	7	2.2x
2021	510	0.4%	5	2.2x
2022	773	0.6%	5	3.7x
2023	2,222	1.6%	13	2.9x
2024	6,259	4.5%	61	3.5x
2025	939	0.7%	10	4.0x
2026	2,392	1.7%	14	2.5x
2027	7,337	5.3%	41	2.7x
2028	2,866	2.1%	17	3.0x
2029	4,255	3.1%	67	4.1x
2030	4,419	3.2%	42	3.5x
2031	5,818	4.2%	34	3.8x
2032	10,500	7.6%	59	3.0x
2033	9,424	6.8%	43	2.2x
2034	19,606	14.2%	172	3.2x
2035	637	0.5%	5	2.0x
2036	2,638	1.9%	22	2.3x
2037	20,916	15.1%	87	3.0x
2038	18,660	13.5%	97	2.2x
2039	15,879	11.5%	106	2.7x
Thereafter	1,701	1.2%	7	2.5x
<b>Total</b>	<b>\$138,554</b>	<b>100.0%</b>	<b>916</b>	<b>2.9x</b>

#### Leasing Activity – Trailing 12 Months

\$(000)s	Renewed Per Terms of Lease	Re-Leased to New Tenant Without Vacancy	After Vacancy	Total Leasing
Prior Cash ABR	\$ 229	\$ 1,448	--	\$ 1,677
New Cash ABR	229	1,500	--	1,729
Recovery Rate	100.0%	103.6%	--	103.1%
Number of Leases	3	7	--	10
Average Months Vacant	--	--	--	--
Lease Incentives	--	1,500	--	1,500
% of Total Cash ABR <sup>4</sup>	0.2%	1.1%	--	1.2%

#### Leasing Statistics

<b>Vacant Properties at June 30, 2019</b>	<b>0</b>
Expiration Activity	+ 1
Leasing Activity	0
Vacant Property Sales	- 1
<b>Vacant Properties at September 30, 2019</b>	<b>0</b>

1. Expiration year of contracts in place as of September 30, 2019 and excludes any tenant option renewal periods that have not been exercised.

2. Excludes one undeveloped land parcel, but includes 75 properties that secure mortgage loans receivable.

3. Weighted by cash ABR as of September 30, 2019.

4. New cash ABR divided by total cash ABR as of September 30, 2019.

# 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 July 1, 2018 through September 30, 2019. The same-store portfolio for 3Q 2019 is comprised of **538 properties** and represented **60%** of our current portfolio as measured by contractual cash rent divided by our cash ABR at September 30, 2019.

#### Contractual Cash Rent:

The amount of cash rent our tenants are contractually obligated to pay per the in-place lease as of September 30, 2019; excludes percentage rent that is subject to sales breakpoints per the lease.

### Same-Store Portfolio Performance

Type of Business	Contractual Cash Rent (\$000s)		% Change
	Q3 2019	Q3 2018	
Service	\$ 15,849	\$ 15,559	1.9%
Experience	2,883	2,850	1.2%
Retail	1,418	1,400	1.3%
Industrial	674	661	2.0%
<b>Total Same-Store Rent</b>	<b>\$ 20,824</b>	<b>\$ 20,469</b>	<b>1.7%</b>
- Property Operating Expense <sup>1</sup>	230	202	13.8%
<b>Total Same-Store NOI</b>	<b>\$ 20,594</b>	<b>\$ 20,267</b>	<b>1.6%</b>



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

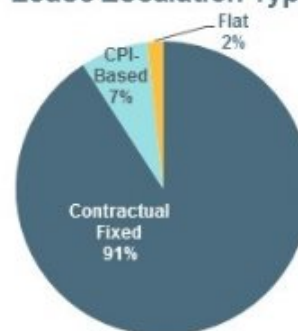
## Leasing Summary

### Lease Escalations

#### Lease Escalation Frequency

Lease Escalation Frequency	% of Cash ABR	Weighted Average Annual Escalation Rate <sup>1,2</sup>
Annually	77.6%	1.7%
Every 2 years	2.7	1.4
Every 3 years	0.3	1.2
Every 4 years	0.6	0.8
Every 5 years	13.9	1.3
Other escalation frequencies	3.1	1.4
Flat	1.7	NA
<b>Total / Weighted Average</b>	<b>100.0%</b>	<b>1.6%</b>

#### Lease Escalation Type



- Leases contributing 98% of cash ABR provided for base rent escalation, generally ranging from 1.0% to 4.0% annually, with a weighted average annual escalation rate of 1.6%, which assumes 0.0% change in annual CPI
- 7% of contractual rent escalations by cash ABR are CPI-based, while 91% are based on fixed percentage or scheduled increases
- 73% 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 September 30, 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.



## Glossary

### Supplemental Reporting Measures

#### FFO, Core FFO and AFFO

Our reported results are presented in accordance with U.S. generally accepted accounting principles ("GAAP"). We also disclose funds from operations ("FFO"), core funds from operations ("Core FFO") and adjusted funds from operations ("AFFO"), each of which is a non-GAAP financial measure. We believe these non-GAAP financial measures are industry measures used by analysts and investors to compare the operating performance of REITs.

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

We compute Core FFO by excluding from NAREIT defined FFO 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, nor do they represent cash generated from operating activities, and they are not necessarily indicative of cash available to fund cash requirements; accordingly, they should not be considered alternatives to net income as a performance measure or cash flows from operations as a liquidity measure and should be considered in addition to, and not in lieu of, GAAP financial measures. Additionally, our computation of FFO, Core FFO and AFFO may differ from the methodology for calculating these metrics used by other equity REITs and, therefore, may not be comparable to similarly titled measures reported by other equity REITs.

## Glossary

### Supplemental Reporting Measures

We also present our earnings before interest, taxes and depreciation and amortization for real estate ("EBITDA"), EBITDA further adjusted to exclude gains (or losses) on sales of depreciable property and real estate impairment losses ("EBITDAre"), net debt, net operating income ("NOI") and cash NOI ("Cash NOI"), all of which are non-GAAP financial measures. We believe these non-GAAP financial measures are accepted industry measures used by analysts and investors to compare the operating performance of REITs.

#### **EBITDA and EBITDAre**

We compute EBITDA as earnings before interest, income taxes and depreciation and amortization. In 2017, NAREIT issued a white paper recommending that companies that report EBITDA also report EBITDAre. We compute EBITDAre in accordance with the definition adopted by NAREIT. NAREIT defines EBITDAre as EBITDA (as defined above) excluding gains (or losses) from the sales of depreciable property and real estate impairment losses. We present EBITDA and EBITDAre as they are measures commonly used in our industry and we believe that these measures are useful to investors and analysts because they provide important supplemental information concerning our operating performance, exclusive of certain non-cash and other costs. We use EBITDA and EBITDAre as measures of our operating performance and not as measures of liquidity.

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

#### **Net Debt**

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

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

#### **NOI and Cash NOI**

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

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

## Glossary

### Supplemental Reporting Measures 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 metrics 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.