
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

September 12, 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 ☐

Item 7.01 — Regulation FD Disclosure.

Investor Presentation

On September 12, 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
99.1	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: September 12, 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



Investor Presentation - September 2022

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

13.8 Years
of Weighted Average
Lease Term (WALT)¹

4.0x
Unit-Level
Rent Coverage¹

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

93%
Service and
Experiential
Cash ABR¹

\$2.3mm
Average Investment
Per Property¹

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

\$223mm
Average Quarterly
Investment Activity²

87%
Internally-Originated
Sale-Leasebacks^{3,4}

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

3.9x
Proforma Net Debt-to-
Annualized Adjusted
EBITDA⁵

33%
Gross Debt-to-
Undepreciated
Gross Assets¹

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

40+ Years
of Collective
Net Lease Experience

\$3.8B
of Undepreciated
Gross Assets¹

1. As of June 30, 2022.

2. Average quarterly investment activity represents the trailing eight quarter average as of June 30, 2022.

3. Based on Cash ABR as of June 30, 2022.

4. Exclusive of Initial Portfolio.

5. Pro forma adjustments were made to our balance sheet at June 30, 2022, in order to reflect a.) the July 2022 closing of our \$400mm unsecured term loan due January 2028 and b.) our overnight equity offering in August 2022 that raised \$193mm in net proceeds.

Executive Summary

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

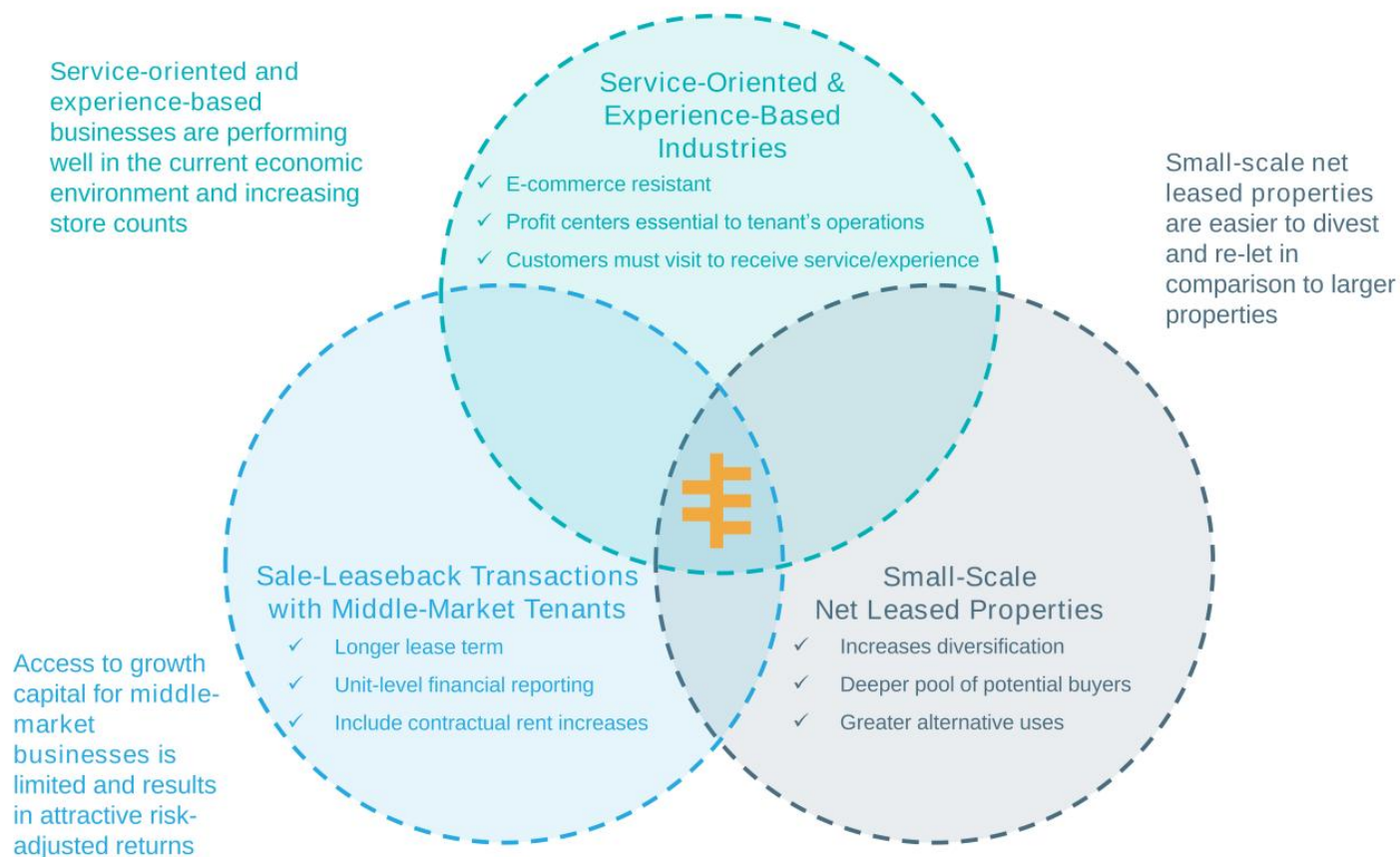
Healthy Net Lease Portfolio ¹	<ul style="list-style-type: none">• Stable Growth Portfolio: 100% occupied with wgt. avg. embedded escalators of 1.5% per annum• Solid Coverage: Unit-level rent coverage of 4.0x with 99% of ABR required to report unit-level P&Ls• De-Minimis Near-Term Expirations: <4.5% of ABR expiring over next five years• Fungible & Diversified: Average asset size is \$2.3mm; Top 10 tenants represent 19.0% of ABR
Well Positioned Balance Sheet	<ul style="list-style-type: none">• August Follow-On Offering: Raised \$193mm in net proceeds• Low Leverage: Net Debt / Annualized Adjusted EBITDA² of 3.9x¹ at 2Q'22-end• Well-Laddered Low-Cost Debt¹: Weighted average debt maturity is 5.7 years, and weighted average interest rate is 2.9% at 2Q'22-end• Excellent Liquidity: ~\$1.0B¹ of liquidity at 2Q'22-end
Consistent & Disciplined External Growth	<ul style="list-style-type: none">• Closed Investments: \$131mm of investments closed quarter-to-date² at 7.2% cash yield• Investment Pipeline: ~\$265mm of investments under PSA or signed LOI at a wgt. avg. cash yield of 7.2%• Active Capital Recycling: Generated \$43mm of proceeds quarter-to-date²

1. Pro forma adjustments were made to our balance sheet at June 30, 2022, in order to reflect a.) the July 2022 closing of our \$400mm unsecured term loan due January 2028 and b.) our overnight equity offering in August 2022 that raised \$193mm in net proceeds.

2. As of September 9, 2022, and excluding transaction costs.

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

86.0%

Repeat Business Through Existing Senior Management Relationships¹

86.5%

Internally Originated Sale-Leaseback Transactions²



39.3%

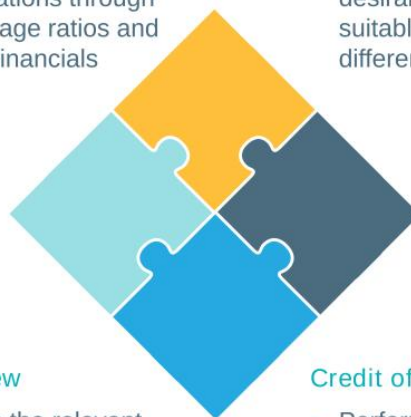
Tenant Relationships

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 June 30, 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 June 30, 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:** <4.5% of our respective ABR expires through 2026
- **Highly Transparent with No Legacy Issues:** 98.5% unit-level reporting; investment program started in June 2016

Portfolio Highlights

June 30, 2022

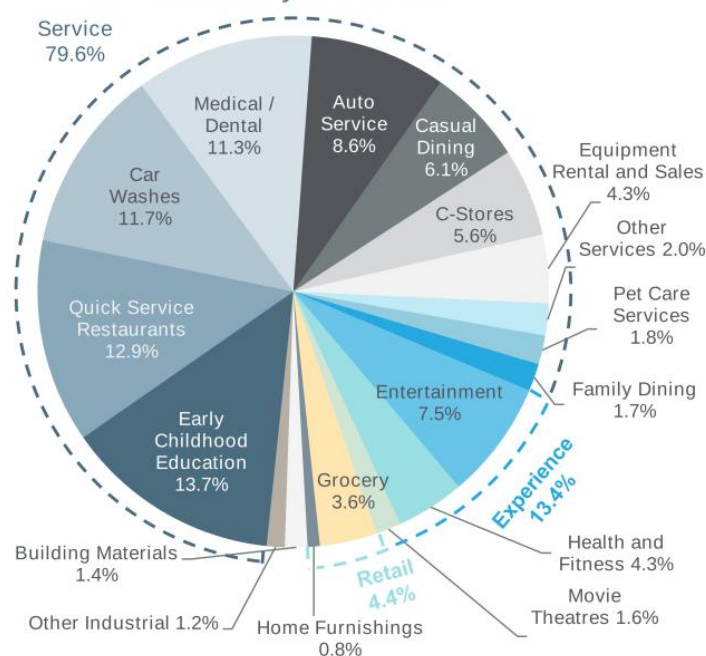
Investment Properties (#) ¹	1,561
Square Footage (mm)	14.4
Tenants (#)	322
Industries (#)	16
States (#)	46
Weighted Average Remaining Lease Term (Years)	13.8
Master Leases (% of Cash ABR)	63.8%
Sale-Leaseback (% of Cash ABR) ^{2,3}	86.5%
Unit-Level Rent Coverage	4.0x
Unit-Level Financial Reporting (% of Cash ABR)	98.5%
Leased (%)	99.9%
Top 10 Tenants (% of Cash ABR)	19.0%
Average Investment Per Property (\$mm)	\$2.3

1. Includes 162 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 197 Properties and Represent 19.0% of Cash ABR

Top 10 Tenants

Top 10 Tenants ¹	Properties ²	% of Cash ABR
 Equipment Share	28	3.2%
 Captain D's	75	2.0%
 Whitewater Escape	16	1.8%
 Cadence	23	1.8%
 TRACK	9	1.7%
 festival	5	1.7%
 Mammoth Holdings	17	1.7%
 SPARE TIME	6	1.7%
 Mister	13	1.7%
 Chicken N Pickle	5	1.7%
Top 10 Tenants	197	19.0%
Total	1,559	100.0%

Diversification by Industry

Tenant Industry	Type of Business	Cash ABR (\$'000s)	% of Cash ABR	# of Properties ²	Building SqFt	Rent Per SqFt ³
Early Childhood Education	Service	\$ 36,528	13.7%	165	1,741,814	\$ 20.84
Quick Service	Service	34,398	12.9%	416	1,152,111	29.89
Car Washes	Service	31,166	11.7%	107	569,963	54.68
Medical / Dental	Service	30,062	11.3%	181	1,225,768	24.52
Automotive Service	Service	22,990	8.6%	176	1,101,491	20.70
Casual Dining	Service	16,263	6.1%	98	574,882	27.42
Convenience Stores	Service	14,811	5.5%	133	507,873	29.32
Equipment Rental and Sales	Service	11,532	4.3%	45	812,666	13.56
Other Services	Service	5,409	2.0%	24	282,390	19.15
Pet Care Services	Service	4,849	1.8%	46	371,069	14.35
Family Dining	Service	4,665	1.7%	32	179,942	25.94
Service Subtotal		\$ 212,673	79.6%	1,423	8,519,969	\$ 24.93
Entertainment	Experience	19,989	7.5%	38	1,074,782	19.51
Health and Fitness	Experience	11,544	4.3%	28	1,045,772	10.29
Movie Theatres	Experience	4,301	1.6%	6	293,206	14.67
Experience Subtotal		\$ 35,834	13.4%	72	2,413,760	\$ 14.86
Grocery	Retail	9,610	3.6%	28	1,341,200	7.17
Home Furnishings	Retail	2,049	0.8%	4	217,339	9.42
Retail Subtotal		\$ 11,659	4.4%	32	1,558,539	\$ 7.48
Building Materials	Industrial	3,801	1.4%	23	1,257,017	3.02
Other Industrial	Industrial	3,142	1.2%	9	647,533	4.85
Industrial Subtotal		\$ 6,943	2.6%	32	1,904,550	\$ 3.65
Total		\$ 267,109	100.0%	1,559	14,396,818	\$ 18.52

1. Represents tenant, guarantor or parent company.

2. Property count includes 162 properties that secure mortgage loans receivable and excludes two vacant properties.

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

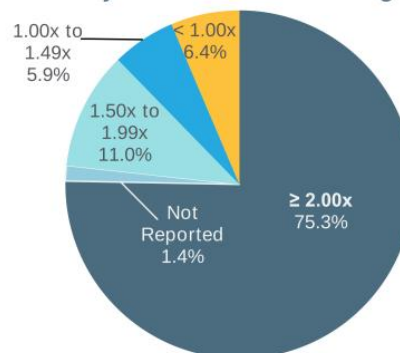
Disciplined Underwriting Leading to Healthy Portfolio Metrics

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

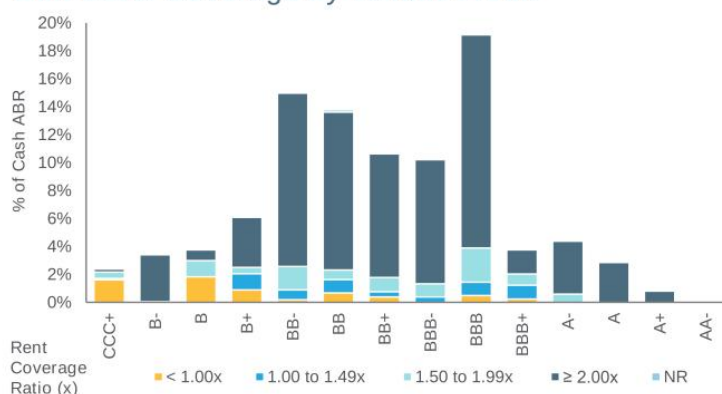
Tenant Financial Reporting Requirements

Reporting Requirements	% of Cash ABR
Unit-Level Financial Information	98.5%
Corporate-Level Financial Reporting	98.8%
Both Unit-Level and Corporate-Level Financial Information	98.4%
No Financial Information	1.1%

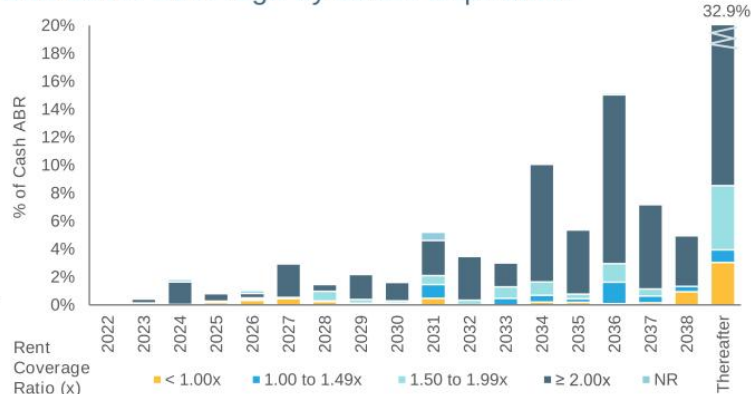
% of Cash ABR by Unit-Level Coverage Tranche¹



Unit-Level Coverage by Tenant Credit²



Unit-Level Coverage by Lease Expiration



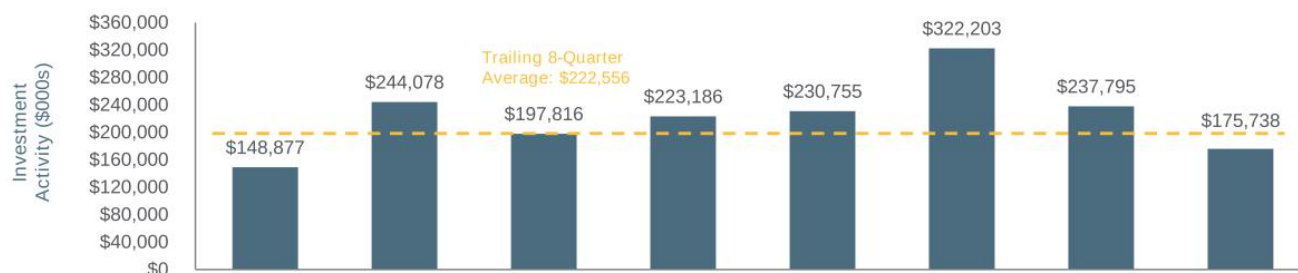
Note: 'NR' means not reported.

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

2. The chart illustrates the portions of annualized base rent as of June 30, 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 ¹	3Q'20	4Q'20	1Q'21	2Q'21	3Q'21	4Q'21	1Q'22	2Q'22
Number of Transactions	19	33	22	34	31	55	23	23
Property Count	50	108	74	94	85	96	105	39
Avg. Investment per Unit (in 000s)	\$2,866	\$2,218	\$2,650	\$2,354	\$2,676	\$3,230	\$2,187	\$3,870
Cash Cap Rates ²	7.1%	7.1%	7.0%	7.1%	7.0%	6.9%	7.0%	7.0%
GAAP Cap Rates ³	7.9%	7.7%	7.9%	7.8%	7.9%	7.8%	7.8%	8.0%
Master Lease % ^{4,5}	79%	89%	79%	83%	80%	59%	83%	86%
Sale-Leaseback % ^{4,6}	92%	88%	85%	88%	84%	96%	100%	100%
Existing Relationship % ⁴	98%	89%	81%	97%	81%	89%	83%	79%
% of Financial Reporting ⁴	100%	100%	100%	100%	100%	98%	100%	100%
Rent Coverage Ratio	2.8x	3.6x	3.0x	2.7x	2.8x	3.0x	3.3x	2.7x
Lease Term Years	17.6	16.3	16.1	13.5	16.4	16.3	15.0	17.2

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.

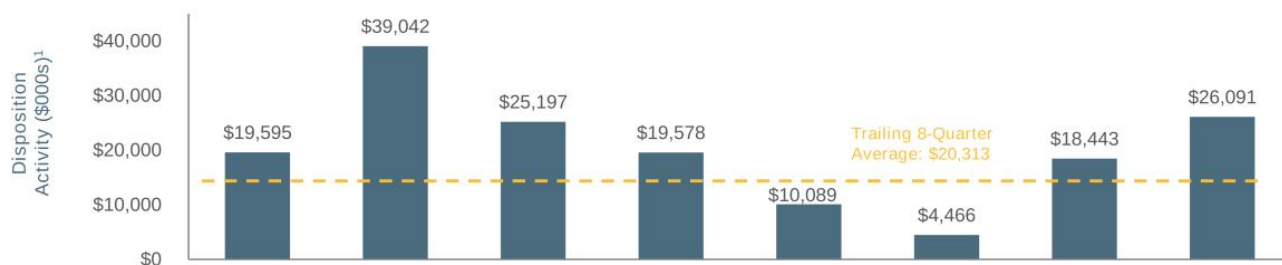
4. As a percentage of cash ABR for the quarter.

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	3Q'20	4Q'20	1Q'21	2Q'21	3Q'21	4Q'21	1Q'22	2Q'22
Realized Gain/(Loss) ^{1,2}	(4.5%)	(10.2%)	4.5%	(7.3%)	29.8% ⁵	7.5%	0.4%	38.6%
Cash Cap Rate on Leased Assets ³	7.0%	7.4%	7.1%	7.1%	6.5% ⁵	6.0%	7.1% ⁵	6.2%
Leased Properties Sold ⁴	11	21	15	6	11	2	6	8
Vacant Properties Sold ⁴	3	2	1	1	--	--	--	--

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.

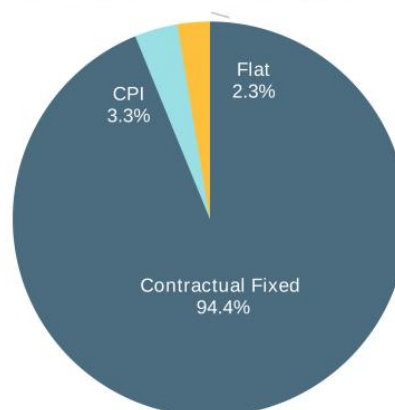
Leasing Summary

Contractual Rent Escalations Generate Dependable Internal Growth

Lease Escalation Frequency

Lease Escalation Frequency	% of Cash ABR	Weighted Average
		Annual Escalation Rate ^{1,2}
Annually	78.3%	1.5%
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	5.5	1.1
Flat	2.3	0.0
Total / Weighted Average	100.0%	1.5%

Lease Escalation Type



1. Based on cash ABR as of June 30, 2022.

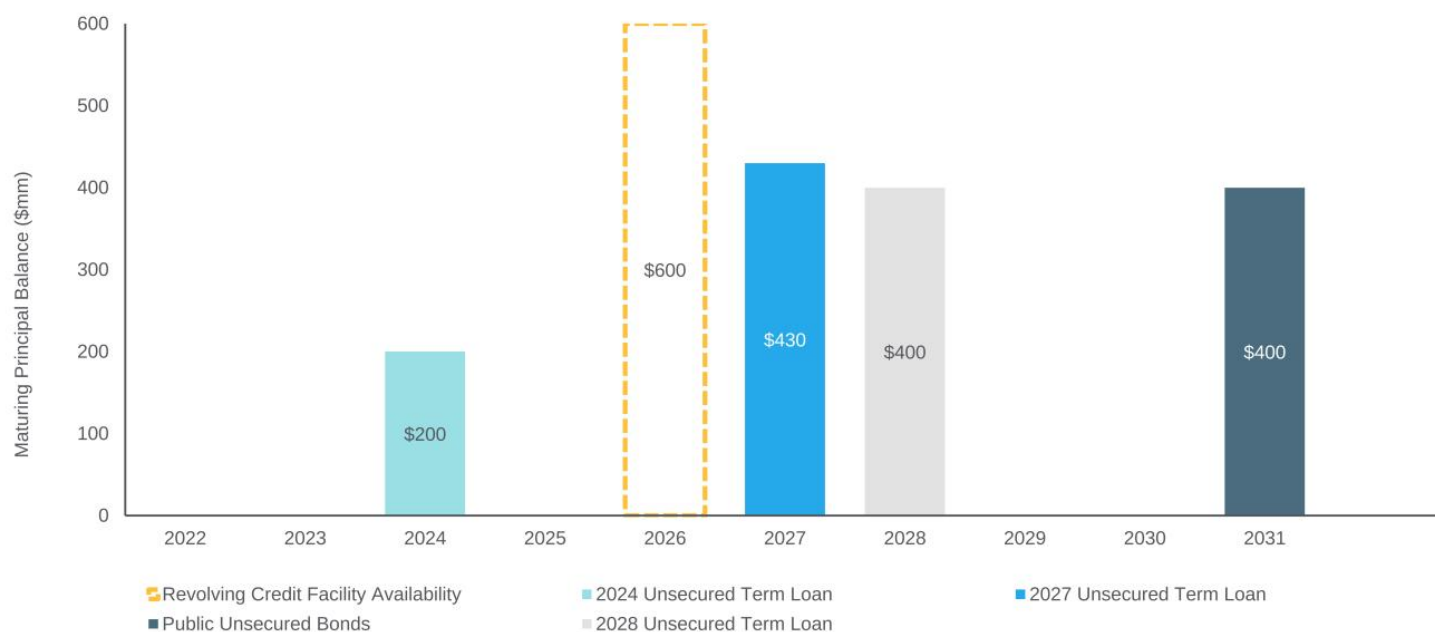
2. Represents the weighted average annual escalation rate of the entire portfolio as if all escalations occur annually. For leases in which rent escalates by the greater of a stated fixed percentage or CPI, we have assumed an escalation equal to the stated fixed percentage in the lease. As any future 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.

Flexible Debt Structure

No Debt Maturities Until 2024

- **Well-Laddered Debt Maturities¹:** Weighted average debt maturity is 5.7 years
- **Low-Cost Debt¹:** Weighted average interest rate is 2.9%

Debt Maturity Schedule¹



1. Pro forma adjustments were made to our balance sheet at June 30, 2022, in order to reflect the July 2022 closing of our \$400mm unsecured term loan due January 2028.

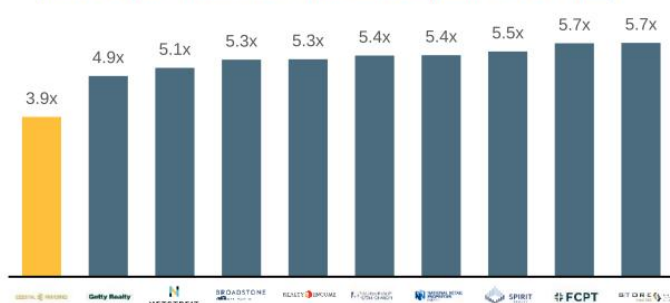
Low Leverage and Ample Liquidity to Drive Robust AFFO/sh Growth

Strong Liquidity and Balance Sheet Capacity to Support External Growth

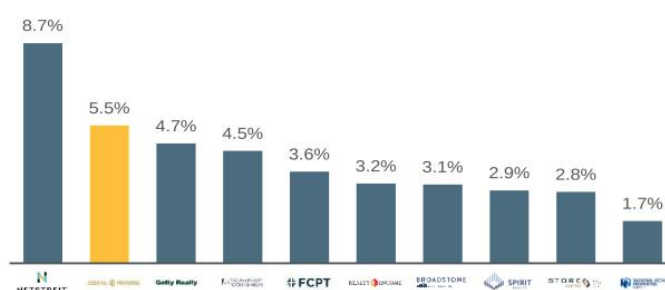
- **100% Unsecured Balance Sheet:** Asset base is 100% unencumbered with no secured debt
- **Flexible Debt Structure:** We have no debt maturities until 2024
- **Low Leverage:** Pro forma¹ Net Debt / Annualized Adjusted EBITDA² was 3.9x at 2Q'22-end
- **Strong Liquidity:** On a proforma basis¹, we had \$1.0B of immediate liquidity at 2Q'22-end, which consisted of \$251mm in cash, \$150mm of undrawn term loan commitments, and full availability on our \$600mm unsecured revolving credit facility

Net Debt + Preferred / EBITDA²

(Net Debt plus Preferred-to-Annualized Adjusted EBITDA^{1,2})



2023E AFFO per Share Growth³



Source: Public filings, Factset, and SNL.

Note: Market data as of September 9, 2022. Financial data as of June 30, 2022, unless otherwise noted.

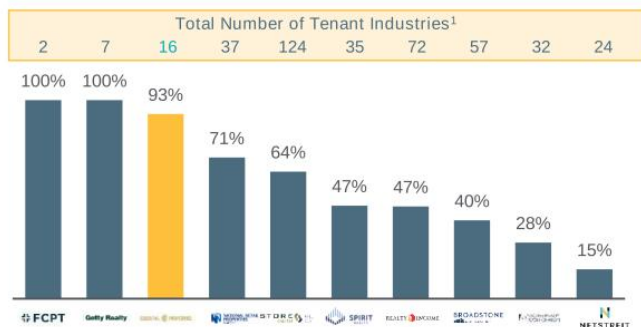
1. Pro forma adjustments were made to our balance sheet at June 30, 2022, in order to reflect a.) the July 2022 closing of our \$400mm unsecured term loan due January 2028 and b.) our overnight equity offering in August 2022 that raised \$193mm in net proceeds.

2. Companies may define annualized adjusted EBITDA differently; accordingly, such data for these companies and EPRT may not be comparable. The impact of forward equity sales are not reflected in net debt.

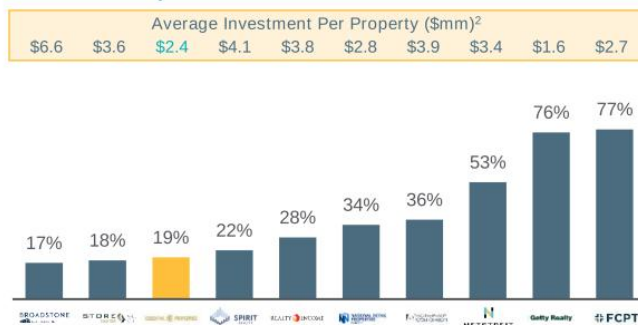
3. 2023E AFFO per share growth is calculated using FactSet mean AFFO per share estimates for 2022E and 2023E.

Portfolio Mix and Underlying Fundamentals are Favorable Relative to Peers

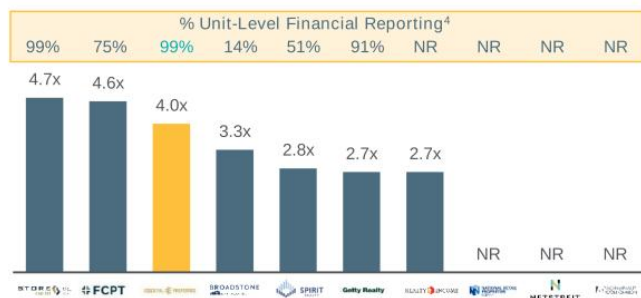
✓ Service-Oriented & Experience-Based Industries (% of ABR)



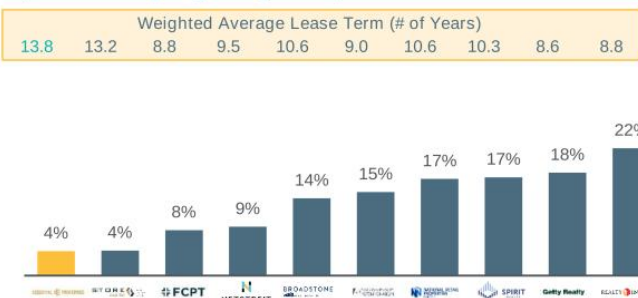
✓ Less Reliance on Top 10 Tenancy with Smaller Scale Properties (% of ABR)



 Strong Unit-Level Coverage³ & Transparency



✓ Limited Intermediate-Term Lease Maturities
(% of Rent Expiring through 2026)



Source: Public filings and press releases.

Note: Data based on most recent reported filings for period ending June 30, 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.

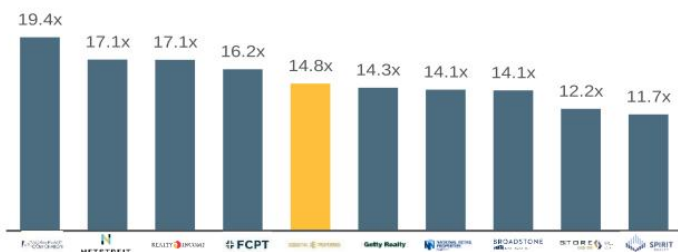
2. Investment value includes land and improvements, building and improvements, lease incentives, CIP, intangible lease assets, loans and direct financing lease receivables and real estate investments held for sale, all at cost.

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

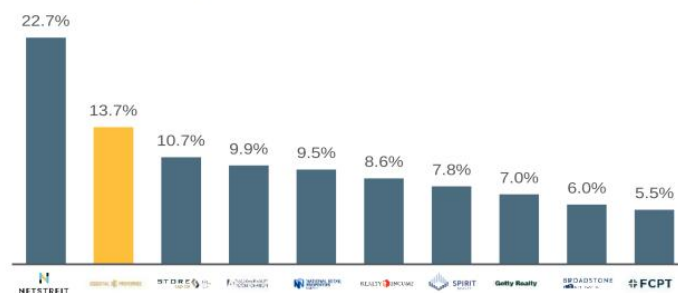
Relative Valuation and Growth

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

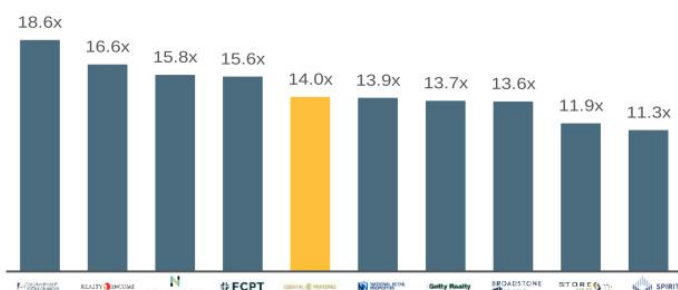
2022E AFFO per Share Multiple¹



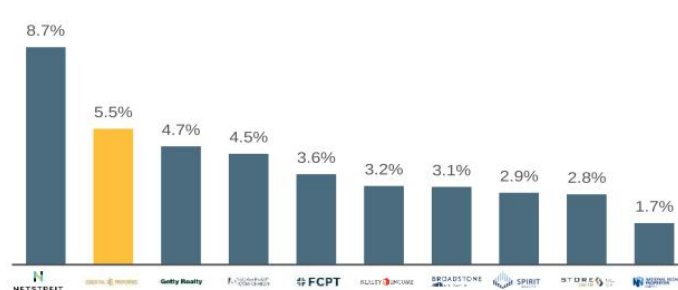
2022E AFFO per Share Growth²



2023E AFFO per Share Multiple³



2023E AFFO per Share Growth⁴



Source: Public filings, FactSet and SNL.

Note: Market data as of September 9, 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 – 2Q'22

Consolidated Statements of Operations

(in thousands, except share and per share data)	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenues:				
Rental revenue ^{1,2}	\$ 67,089	\$ 53,150	\$ 133,201	\$ 98,582
Interest on loans and direct financing lease receivables	3,949	3,879	7,771	6,984
Other revenue, net	408	37	595	52
Total revenues	71,446	57,066	141,567	105,618
Expenses:				
General and administrative	7,026	6,470	15,089	12,901
Property expenses ³	828	1,174	1,837	2,588
Depreciation and amortization	22,074	17,184	42,387	32,830
Provision for impairment of real estate	6,258	398	10,193	6,120
Change in provision for loan losses	107	(166)	167	(128)
Total expenses	36,293	25,060	69,673	54,311
Other operating income:				
Gain on dispositions of real estate, net	10,094	3,710	11,752	7,498
Income from operations	45,247	35,716	83,646	58,805
Other (expense)/income:				
Loss on debt extinguishment ⁴	—	(4,461)	(2,138)	(4,461)
Interest expense	(9,190)	(7,811)	(18,350)	(15,489)
Interest income	30	17	48	37
Income before income tax expense	36,087	23,461	63,206	38,892
Income tax expense	275	61	576	117
Net income	35,812	23,400	62,630	38,775
Net income attributable to non-controlling interests	(159)	(116)	(278)	(196)
Net income attributable to stockholders	\$ 35,653	\$ 23,284	\$ 62,352	\$ 38,579
Basic weighted-average shares outstanding	131,271,882	116,318,386	129,068,197	111,678,562
Basic net income per share	\$ 0.27	\$ 0.20	\$ 0.48	\$ 0.34
Diluted weighted-average shares outstanding	132,019,501	117,513,344	129,983,198	112,770,501
Diluted net income per share	\$ 0.27	\$ 0.20	\$ 0.48	\$ 0.34

1. Includes contingent rent (based on a percentage of the tenant's gross sales at the leased property) of \$159, \$62, \$315 and \$231 for the three and six months ended June 30, 2022 and 2021, respectively.

2. Includes reimbursable income from the Company's tenants of \$501, \$399, \$1,054 and \$852 for the three and six months ended June 30, 2022 and 2021, respectively.

3. Includes reimbursable expenses from the Company's tenants of \$500, \$399, \$1,054, and \$852 for the three and six months ended June 30, 2022 and 2021, respectively.

4. During the six months ended June 30, 2022, includes debt extinguishment costs associated with the Company's restructuring of its credit and term loan facilities and, during the three and six months ended June 30, 2021, includes debt extinguishment costs associated with the full repayment of the Company's remaining secured debt.

Financial Summary – 2Q'22

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

(unaudited, in thousands except per share amounts)	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Net income	\$ 35,812	\$ 23,400	\$ 62,630	\$ 38,775
Depreciation and amortization of real estate	22,048	17,158	42,335	32,779
Provision for impairment of real estate	6,258	398	10,193	6,120
Gain on dispositions of real estate, net	(10,094)	(3,710)	(11,752)	(7,498)
Funds from Operations	54,024	37,246	103,406	70,176
Other non-recurring expenses ^{1,2}	—	4,461	2,138	4,461
Core Funds from Operations	54,024	41,707	105,544	74,637
Adjustments:				
Straight-line rental revenue, net	(6,535)	(5,220)	(12,801)	(8,864)
Non-cash interest expense	689	417	1,350	896
Non-cash compensation expense	2,188	1,856	5,024	3,451
Other amortization expense	208	1,315	402	2,420
Other non-cash charges	104	(168)	160	(132)
Capitalized interest expense	(61)	(15)	(127)	(35)
Adjusted Funds from Operations	\$ 50,617	\$ 39,892	\$ 99,552	\$ 72,373
Net income per share ³ :				
Basic	\$ 0.27	\$ 0.20	\$ 0.48	\$ 0.34
Diluted	\$ 0.27	\$ 0.20	\$ 0.48	\$ 0.34
FFO per share ³ :				
Basic	\$ 0.41	\$ 0.32	\$ 0.80	\$ 0.60
Diluted	\$ 0.41	\$ 0.32	\$ 0.79	\$ 0.60
Core FFO per share ³ :				
Basic	\$ 0.41	\$ 0.35	\$ 0.81	\$ 0.64
Diluted	\$ 0.41	\$ 0.35	\$ 0.81	\$ 0.64
AFFO per share ³ :				
Basic	\$ 0.38	\$ 0.34	\$ 0.77	\$ 0.62
Diluted	\$ 0.38	\$ 0.34	\$ 0.76	\$ 0.62

1. During the six months ended June 30, 2022, includes debt extinguishment costs associated with the Company's restructuring of its credit and term loan facilities and, during the three and six months ended June 30, 2021, includes debt extinguishment costs associated with the full repayment of the Company's remaining secured debt.

2. Calculations exclude \$97, \$68, \$187 and \$187 from the numerator for the three and six months ended June 30, 2022 and 2021, respectively, related to dividends paid on unvested restricted share awards and restricted share units.

Financial Summary – 2Q'22

Consolidated Balance Sheets

(in thousands, except share and per share amounts)

	June 30, 2022	December 31, 2021
	(unaudited)	(audited)
ASSETS		
Investments:		
Real estate investments, at cost:		
Land and improvements	\$ 1,124,147	\$ 1,004,154
Building and improvements	2,212,212	2,035,919
Lease incentive	14,005	13,950
Construction in progress	22,147	8,858
Intangible lease assets	86,575	87,959
Total real estate investments, at cost	3,459,086	3,150,840
Less: accumulated depreciation and amortization	(238,402)	(200,152)
Total real estate investments, net	3,220,684	2,950,688
Loans and direct financing lease receivables, net	194,963	189,287
Real estate investments held for sale, net	21,787	15,434
Net investments	3,437,434	3,155,409
Cash and cash equivalents	17,993	59,758
Restricted cash	8,221	—
Straight-line rent receivable, net	70,741	57,990
Derivative assets	27,645	—
Rent receivables, prepaid expenses and other assets, net	25,442	25,638
Total assets	\$ 3,587,476	\$ 3,298,795
LIABILITIES AND EQUITY		
Unsecured term loans, net of deferred financing costs	628,209	626,983
Senior unsecured notes, net	395,005	394,723
Revolving credit facility	218,000	144,000
Intangible lease liabilities, net	12,305	12,693
Dividend payable	36,066	32,610
Derivative liabilities	123	11,838
Accrued liabilities and other payables	29,794	32,145
Total liabilities	1,319,502	1,254,992
Commitments and contingencies	—	—
Stockholders' equity:		
Preferred stock, \$0.01 par value; 150,000,000 authorized; none issued and outstanding as of 6/30/22 and 12/31/21	—	—
Common stock, \$0.01 par value; 500,000,000 authorized; 132,669,947 and 124,649,053 issued and outstanding as of 6/30/22 and 12/31/21, respectively	1,327	1,246
Additional paid-in capital	2,346,037	2,151,088
Distributions in excess of cumulative earnings	(110,969)	(100,982)
Accumulated other comprehensive loss	24,134	(14,786)
Total stockholders' equity	2,260,529	2,036,566
Non-controlling interests	7,445	7,237
Total equity	2,267,974	2,043,803
Total liabilities and equity	\$ 3,587,476	\$ 3,298,795

Financial Summary – 2Q'22

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

(unaudited, in thousands)	Three Months Ended June 30, 2022
Net income	\$ 35,812
Depreciation and amortization	22,074
Interest expense	9,190
Interest income	(30)
Income tax expense	275
EBITDA	67,321
Provision for impairment of real estate	6,258
Gain on dispositions of real estate, net	(10,094)
EBITDAre	63,485
Adjustment for current quarter re-leasing, acquisition and disposition activity ¹	2,497
Adjustment to exclude other non-core and non-recurring activity ²	(58)
Adjustment to exclude termination/prepayment fees and certain percentage rent ³	(276)
Adjusted EBITDAre - Current Estimated Run Rate	65,648
General and administrative	7,026
Adjusted net operating income ("NOI")	72,674
Straight-line rental revenue, net ¹	(5,787)
Other amortization expense	208
Adjusted Cash NOI	\$ 67,095
Annualized EBITDAre	\$ 253,940
Annualized Adjusted EBITDAre	\$ 262,592
Annualized Adjusted NOI	\$ 290,696
Annualized Adjusted Cash NOI	\$ 268,380

1. These adjustments are made to reflect EBITDAre, NOI and Cash NOI as if all re-leasing activity, investments in and dispositions of real estate made during the three months ended June 30, 2022 had occurred on April 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 excludes contingent rent (based on a percentage of the tenant's gross sales at the leased property) where payment is subject to exceeding a sales threshold specified in the lease and lease termination or loan prepayment fees, if any.

Financial Summary – 2Q'22

Market Capitalization, Debt Summary and Leverage Metrics

(dollars in thousands, except share and per share amounts)	June 30, 2022	Rate	Maturity
Unsecured debt:			
\$200mm term loan	\$ 200,000	3.3%	1.8 years
\$430mm term loan	430,000	2.5%	4.6 years
Senior Unsecured Notes	400,000	3.1%	9.0 years
Revolving credit facility ¹	218,000	2.5%	3.6 years
Total unsecured debt	\$ 1,248,000	2.8%	5.4 years
Gross debt	\$ 1,248,000	2.8%	5.4 years
Less: cash & cash equivalents	(17,993)		
Less: restricted cash available for future investment	(8,221)		
Net debt	\$ 1,221,786		
Equity:			
Preferred stock	\$ —		
Common stock & OP units (133,223,794 shares @ \$21.49/share as of 6/30/22) ²	2,862,979		
Total equity	\$ 2,862,979		
Total enterprise value ("TEV")	\$ 4,084,765		
Net Debt / TEV	29.9%		
Net Debt / Annualized Adjusted EBITDAre	4.7x		

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

2. Common equity & units as of June 30, 2022, based on 132,669,947 common shares outstanding (including unvested restricted share awards) and 553,847 OP units held by non-controlling interests.

Glossary

Supplemental Reporting Measures

FFO, Core FFO and AFFO

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

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

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

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

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>).

