
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

February 16, 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)

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

001-38530
(Commission File Number)

82-4005693
(IRS Employer Identification No.)

08540
(Zip Code)

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

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

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

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

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

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

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

Item 2.02 — Results of Operations and Financial Condition.

On February 16, 2022, Essential Properties Realty Trust, Inc. (the “Company”) issued a press release announcing the Company’s financial results for the three months and year ended December 31, 2021. The press release is furnished hereto as Exhibit 99.1 and incorporated herein by reference.

Item 7.01— Regulation FD Disclosure.

On February 16, 2022, the Company issued its Supplemental Operating & Financial Data—Fourth Quarter Ended December 31, 2021. 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.

Exhibit No.	Description
99.1	Earnings Press Release dated February 16, 2022 for the quarter ended December 31, 2021
99.2	Supplemental Operating & Financial Data—Fourth Quarter Ended December 31, 2021
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: February 16, 2022

ESSENTIAL PROPERTIES REALTY TRUST, INC.

By:

/s/ Mark E. Patten

Mark E. Patten

Chief Financial Officer, Treasurer and Executive Vice President



Essential Properties Announces Fourth Quarter and Full Year 2021 Results

- Fourth Quarter Net Income per Share of \$0.24 and AFFO per Share of \$0.37 -
- Quarterly Investments of \$322.2 million at a 6.9% Weighted Average Cash Cap Rate -
- Increasing 2022 AFFO Guidance to \$1.47 to \$1.51 per Share -

February 16, 2022

PRINCETON, N.J.--(BUSINESS WIRE)--Essential Properties Realty Trust, Inc. (NYSE: EPRT; "Essential Properties" or the "Company"), today announced operating results for the three months and year ended December 31, 2021.

Fourth Quarter 2021 Financial and Operating Highlights

Operating Results:		
• Investments (96 Properties)	<i>\$ Invested</i>	\$322.2 million
	<i>Weighted Avg. Cash Cap Rate</i>	6.9%
• Net Income per Share	<i>Increased by 380%</i>	\$0.24
• Funds from Operations ("FFO") per Share	<i>Increased by 56%</i>	\$0.39
• Core Funds from Operations ("Core FFO") per Share	<i>Increased by 56%</i>	\$0.39
• Adjusted Funds from Operations ("AFFO") per Share	<i>Increased by 37%</i>	\$0.37
Other Activity:		
• Proceeds from Early Loan Repayments	<i>(Including \$1.0 million of prepayment penalties)</i>	\$92.7 million
Equity Activity:		
• Equity Raised (Gross) - ATM Program	<i>\$28.46/share</i>	\$93.5 million

Full Year 2021 Financial and Operating Highlights

Operating Results:		
• Investments (349 Properties)	<i>\$ Invested</i>	\$974.0 million
	<i>Weighted Avg. Cash Cap Rate</i>	7.0%
• Net Income per Share	<i>Increased by 86%</i>	\$0.82
• FFO per Share	<i>Increased by 28%</i>	\$1.38
• Core FFO per Share	<i>Increased by 28%</i>	\$1.41
• AFFO per Share	<i>Increased by 21%</i>	\$1.34
Equity Activity:		
• Equity Raised (Gross) - Follow-On Offering (April 15, 2021)	<i>\$23.50/share</i>	\$193.2 million
• Equity Raised (Gross) - ATM Program	<i>\$27.58/share</i>	\$276.0 million
Debt Activity		
• Initial Public Debt Offering (June 22, 2021)	<i>10 years; 2.95% coupon</i>	\$400.0 million
• Retirement of Secured Master Trust Funding Notes	<i>4.19% weighted avg. coupon</i>	\$171.2 million

Highlights Subsequent to Fourth Quarter 2021

• Investments (29 Properties)	<i>\$ Invested</i>	\$128.3 million
• Dispositions (4 Properties)	<i>\$ Gross Proceeds</i>	\$7.0 million
Equity Activity:		
• Equity Raised (Gross) - ATM Program	<i>\$28.21/share</i>	\$22.8 million

CEO Comments

Commenting on the results for the fourth quarter of 2021, the Company's President and Chief Executive Officer, Peter M. Mavoides, said, "We are pleased with our fourth quarter and full year 2021 results." Mr. Mavoides continued, "Our ability to grow AFFO per share by more than 20% speaks to the durability of our portfolio, the strength of our differentiated investment model and tenant relationships, and the compelling value of our platform." Mr. Mavoides added, "Our strong close to 2021 and our initial 2022 activity provide us with support to increase our 2022 AFFO guidance, and we remain optimistic regarding our investment opportunity set while being mindful of the current volatility in the capital markets."

Portfolio Update

Investments

The Company's investment activity during the three months and year ended December 31, 2021 is summarized as follows:

	Quarter Ended December 31, 2021	Year Ended December 31, 2021
Investments:		
\$ Invested	\$322.2 million	\$974.0 million
# of Properties	96	349
# of Separate Transactions	55	142
Weighted Average Cash and GAAP Cap Rate	6.9% / 7.8%	7.0% / 7.8%
Weighted Average Lease Term	16.3 years	15.6 years
% Sale-Leaseback Transactions	96.0%	89.1%
% Subject to Master Lease	59.3%	73.5%
% Required Financial Reporting (Tenant/Guarantor)	98.1%	99.4%

Dispositions

The Company's disposition activity during the three months and year ended December 31, 2021 is summarized as follows:

	Quarter Ended December 31, 2021	Year Ended December 31, 2021
Dispositions:		
Net Proceeds	\$4.5 million	\$59.3 million
# of Properties Sold	2	38
# of Vacant Properties Sold	—	2
Net Gain / (Loss)	\$0.5 million	\$9.3 million
Weighted Average Cash Cap Rate (Excluding Vacant Properties)	6.0%	6.9%

Loan Repayments

Loan repayment activity to the Company during the three months and year ended December 31, 2021 is summarized as follows:

	Quarter Ended December 31, 2021	Year Ended December 31, 2021
Proceeds—Principal	\$91.7 million	\$100.2 million
Proceeds—Prepayment Penalties	\$1.0 million	\$1.0 million
# of Properties	41	43

Portfolio Highlights

The Company's investment portfolio as of December 31, 2021 is summarized as follows:

Number of Properties	1,451
Weighted Average Lease Term	14.0 years
Weighted Average Rent Coverage Ratio	3.7x
Number of Tenants	311
Number of States	46
Number of Industries	16
Weighted Average Occupancy (1 Vacant Property)	99.9%
Total Square Feet of Rentable Space	13,519,838
Cash ABR - Service-oriented or Experience-based	93.1%
Cash ABR - Properties Subject to Master Lease	61.3%

Leverage, Balance Sheet and Liquidity

The Company's leverage, balance sheet and liquidity are summarized in the following table:

	December 31, 2021
Leverage:	
Net Debt to Annualized Adjusted EBITDAre	4.7x
Balance Sheet and Liquidity:	
Cash and Cash Equivalents and Restricted Cash	\$59.8 million
Unused Borrowing Capacity	\$256.0 million
Total Available Liquidity	\$315.8 million
ATM Program:	
Program Availability	\$350.0 million
Aggregate Gross Sales	\$188.5 million
Remaining Availability	\$161.5 million

On February 10, 2022, the Company amended its Credit Facility which, among other things, increased the capacity under its Revolving Credit Facility to \$600.0 million, increased the Revolving Credit Facility's accordion feature to \$600.0 million, reduced the applicable margin with respect to Revolving Credit Facility borrowings across all levels of the leverage and credit ratings grid, extended the Revolving Credit Facility's maturity to 2026, and replaced the LIBOR reference rate with reference to the Adjusted Term SOFR rate for Revolving Credit Facility and term loan borrowings.

Dividend Information

As previously announced, on December 3, 2021 Essential Properties' board of directors declared a cash dividend of \$0.26 per share of common stock for the quarter ended December 31, 2021, an increase of \$0.01 per share or approximately 4.0%. The dividend was paid on January 13, 2022 to stockholders of record as of the close of business on December 31, 2021.

2022 Guidance

The Company is increasing its guidance for AFFO per share on a fully diluted basis for 2022 to a range of \$1.47 to \$1.51 from its previously announced range of \$1.46 to \$1.50.

Note: The Company does not provide guidance for the most comparable GAAP financial measure, net income, or a reconciliation of the forward-looking non-GAAP financial measure of AFFO to net income computed in accordance with GAAP, because it is unable to reasonably predict, without unreasonable efforts, certain items that would be contained in the GAAP measure, including items that are not indicative of the Company's ongoing operations, such as, without limitation, potential impairments of real estate assets, net gain/loss on dispositions of real estate assets, changes in allowance for credit losses and stock-based compensation expense. These items are uncertain, depend on various factors, and could have a material impact on the Company's GAAP results for the guidance periods.

Conference Call Information

In conjunction with the release of Essential Properties' operating results, the Company will host a conference call on Thursday, February 17, 2022 at 10:00 a.m. EST to discuss the results. To access the conference, dial 877-407-9208 (International: 201-493-6782). A live webcast will also be available in listen-only mode by clicking on the webcast link in the Investor Relations section at www.essentialproperties.com.

A telephone replay of the conference call can also be accessed by calling 844-512-2921 (International: 412-317-6671) and entering the access code: 13726755. The telephone replay will be available through March 3, 2022.

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

Supplemental Materials

The Company's Supplemental Operating & Financial Data—Fourth Quarter Ended December 31, 2021 is available on Essential Properties' website at investors.essentialproperties.com.

About Essential Properties Realty Trust, Inc.

Essential Properties Realty Trust, Inc. is an internally managed REIT that acquires, owns and manages primarily single-tenant properties that are net leased on a long-term basis to companies operating service-oriented or experience-based businesses. As of December 31, 2021, the Company's portfolio consisted of 1,451 freestanding net lease properties with a weighted average lease term of 14.0 years and a weighted average rent coverage ratio of 3.7x. As of the same date, the Company's portfolio was 99.9% leased to 311 tenants operating 433 different concepts in 16 industries across 46 states.

Forward-Looking Statements

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

Additional information concerning factors that could cause actual results to differ materially from these forward-looking statements is contained in the company's Securities and Exchange Commission (the "Commission") filings, including,

but not limited to, the Company's most recent Annual Report on Form 10-K and subsequent 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 are not final. There can be no assurance that these results will not vary from the final results reported in the Company's Annual Report on Form 10-K for the year ended December 31, 2021 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_{re}"), adjusted EBITDA_{re}, annualized adjusted EBITDA_{re}, net debt, net operating income ("NOI") and cash NOI ("Cash NOI"). The Company believes these non-GAAP financial measures are industry measures used by analysts and investors to compare the operating performance of REITs.

FFO, Core FFO and AFFO

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

The Company computes Core FFO by adjusting FFO, as defined by NAREIT, to exclude certain GAAP income and expense amounts that it believes are infrequent and unusual in nature and/or not related to its core real estate operations. Exclusion of these items from similar FFO-type metrics is common within the equity REIT industry, and management believes that presentation of Core FFO provides investors with a metric to assist in their evaluation of our operating performance across multiple periods and in comparison to the operating performance of our peers, because it removes the effect of unusual items that are not expected to impact our operating performance on an ongoing basis.

Core FFO is used by management in evaluating the performance of our core business operations. Items included in calculating FFO that may be excluded in calculating Core FFO include certain transaction related gains, losses, income or 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 expense, other non-cash charges (including changes to our provision for loan losses following the adoption of ASC 326), capitalized interest expense and transaction costs. Such items may cause short-term fluctuations in net income but have no impact on operating cash flows or long-term operating performance. The Company believes that AFFO is an additional useful supplemental measure for investors to consider when assessing the Company's operating performance without the distortions created by non-cash items and certain other revenues and expenses.

FFO, Core FFO and AFFO do not include all items of revenue and expense included in net income, they do not represent cash generated from operating activities and they are not necessarily indicative of cash available to fund cash requirements; accordingly, they should not be considered alternatives to net income as a performance measure or cash

flows from operations as a liquidity measure and should be considered in addition to, and not in lieu of, GAAP financial measures. Additionally, our computation of FFO, Core FFO and AFFO may differ from the methodology for calculating these metrics used by other equity REITs and, therefore, may not be comparable to similarly titled measures reported by other equity REITs.

EBITDA and EBITDAre

The Company computes EBITDA as earnings before interest, income taxes and depreciation and amortization. In 2017, NAREIT issued a white paper recommending that companies that report EBITDA also report 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 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 do not include all items of revenue and expense included in net income, they do not represent cash generated from operating activities and they are not necessarily indicative of cash available to fund cash requirements; accordingly, they should not be considered alternatives to net income as a performance measure or cash flows from operations as a liquidity measure and should be considered in addition to, and not in lieu of, GAAP financial measures. Additionally, the Company's computation of EBITDA and 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 its 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 information because they reflect only those revenue and expense items that are incurred at the property level and present such items on an unlevered basis.

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

Adjusted EBITDAre / Adjusted NOI / Adjusted Cash NOI

The Company further adjusts 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 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 EBITDA^{re}, NOI and Cash NOI for future periods may be significantly less than these estimates of current run rates.

Cash ABR

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

Cash Cap Rate

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

GAAP Cap Rate

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

Rent Coverage Ratio

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

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>).

Essential Properties Realty Trust, Inc.
Consolidated Statements of Operations

(in thousands, except share and per share data)	Three months ended December 31,		Year ended December 31,	
	2021	2020	2021	2020
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Revenues:				
Rental revenue ^{1,2,3}	\$ 59,816	\$ 38,986	\$ 213,327	\$ 155,792
Interest on loans and direct financing leases	4,152	2,106	15,710	8,136
Other revenue	1,047	17	1,197	81
Total revenues	65,015	41,109	230,234	164,009
Expenses:				
General and administrative ⁴	5,832	4,738	24,329	24,444
Property expenses ²	1,816	2,126	5,762	3,881
Depreciation and amortization	18,961	19,004	69,146	59,446
Provision for impairment of real estate	—	3,319	6,120	8,399
Change in provision for loan losses	(92)	299	(204)	830
Total expenses	26,517	29,486	105,153	97,000
Other operating income:				
Gain on dispositions of real estate, net	497	1,850	9,338	5,821
Income from operations	38,995	13,473	134,419	72,830
Other (expense)/income:				
Loss on repayment and repurchase of secured borrowings ⁵	—	—	(4,461)	(924)
Interest expense	(9,170)	(7,764)	(33,614)	(29,651)
Interest income	20	52	94	485
Income before income tax expense	29,845	5,761	96,438	42,740
Income tax expense	55	56	227	212
Net income	29,790	5,705	96,211	42,528
Net income attributable to non-controlling interests	(151)	(35)	(486)	(255)
Net income attributable to stockholders	\$ 29,639	\$ 5,670	\$ 95,725	\$ 42,273
Basic weighted-average shares outstanding	122,691,874	104,963,676	116,358,059	95,311,035
Basic net income per share	\$ 0.24	\$ 0.05	\$ 0.82	\$ 0.44
Diluted weighted-average shares outstanding	123,777,032	105,840,736	117,466,338	96,197,705
Diluted net income per share	\$ 0.24	\$ 0.05	\$ 0.82	\$ 0.44

- Includes contingent rent (based on a percentage of the tenant's gross sales at the leased property) of \$257, \$88, \$721 and \$444 for the three months and year ended December 31, 2021 and 2020, respectively.
- Includes reimbursable income or reimbursable expense from the Company's tenants of \$1,058, \$314, \$2,293 and \$897 for the three months and year ended December 31, 2021 and 2020, respectively.
- During the year ended December 31, 2021, includes the recognition of \$2,061 and \$1,044 of cash and straight-line rent receivables, respectively, for previously unaccrued amounts from tenants that were moved from non-accrual to accrual accounting.
- During the three months and year ended December 31, 2020, includes non-recurring expenses of \$21 and \$255, respectively, for reimbursement of executive relocation costs and non-recurring recruiting costs and, during the year ended December 31, 2020, includes \$1,093 for costs and charges incurred in connection with the termination of one of our executive officers.
- Includes a make-whole payment of \$2,543 and the write-off of \$1,873 of deferred financing costs during the year ended December 31, 2021 and the write-off of \$924 deferred financing costs during the year ended December 31, 2020.

Essential Properties Realty Trust, Inc.
Consolidated Balance Sheets

(in thousands, except share and per share amounts)

	December 31, 2021	December 31, 2020
	(Unaudited)	(Audited)
ASSETS		
Investments:		
Real estate investments, at cost:		
Land and improvements	\$ 1,004,154	\$ 741,254
Building and improvements	2,035,919	1,519,665
Lease incentive	13,950	14,297
Construction in progress	8,858	3,908
Intangible lease assets	87,959	80,271
Total real estate investments, at cost	3,150,840	2,359,395
Less: accumulated depreciation and amortization	(200,152)	(136,097)
Total real estate investments, net	2,950,688	2,223,298
Loans and direct financing lease receivables, net	189,287	152,220
Real estate investments held for sale, net	15,434	17,058
Net investments	3,155,409	2,392,576
Cash and cash equivalents	59,758	26,602
Restricted cash	—	6,388
Straight-line rent receivable, net	57,990	37,830
Rent receivables, prepaid expenses and other assets, net	25,638	25,406
Total assets	\$ 3,298,795	\$ 2,488,802
LIABILITIES AND EQUITY		
Secured borrowings, net of deferred financing costs	\$ —	\$ 171,007
Unsecured term loans, net of deferred financing costs	626,983	626,272
Senior unsecured notes, net	394,723	—
Revolving credit facility	144,000	18,000
Intangible lease liabilities, net	12,693	10,168
Dividend payable	32,610	25,703
Derivative liabilities	11,838	38,912
Accrued liabilities and other payables	32,145	16,792
Total liabilities	1,254,992	906,854
Commitments and contingencies	—	—
Stockholders' equity:		
Preferred stock, \$0.01 par value; 150,000,000 authorized; none issued and outstanding as of December 31, 2021 and 2020	—	—
Common stock, \$0.01 par value; 500,000,000 authorized; 124,649,053 and 106,361,524 issued and outstanding as of December 31, 2021 and 2020, respectively	1,246	1,064
Additional paid-in capital	2,151,088	1,688,540
Distributions in excess of cumulative earnings	(100,982)	(77,665)
Accumulated other comprehensive loss	(14,786)	(37,181)
Total stockholders' equity	2,036,566	1,574,758
Non-controlling interests	7,237	7,190
Total equity	2,043,803	1,581,948
Total liabilities and equity	\$ 3,298,795	\$ 2,488,802

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

(unaudited, in thousands except per share amounts)	Three months ended December 31,		Year ended December 31,	
	2021	2020	2021	2020
Net income	\$ 29,790	\$ 5,705	\$ 96,211	\$ 42,528
Depreciation and amortization of real estate	18,935	18,979	69,043	59,309
Provision for impairment of real estate	—	3,319	6,120	8,399
Gain on dispositions of real estate, net	(497)	(1,850)	(9,338)	(5,821)
Funds from Operations	48,228	26,153	162,036	104,415
Other non-recurring expenses ^{1,2}	—	21	4,461	2,273
Core Funds from Operations	48,228	26,174	166,497	106,688
Adjustments:				
Straight-line rental revenue, net	(5,166)	(2,584)	(19,116)	(11,905)
Non-cash interest	1,147	505	2,554	2,040
Non-cash compensation expense	1,129	1,386	5,683	5,427
Other amortization expense	188	2,836	2,675	3,854
Other non-cash charges	(94)	299	(212)	829
Capitalized interest expense	(26)	(5)	(81)	(228)
Transaction costs	—	179	—	291
Adjusted Funds from Operations	\$ 45,406	\$ 28,789	\$ 158,000	\$ 106,995
Net income per share³:				
Basic	\$ 0.24	\$ 0.05	\$ 0.82	\$ 0.44
Diluted	\$ 0.24	\$ 0.05	\$ 0.82	\$ 0.44
FFO per share³:				
Basic	\$ 0.39	\$ 0.25	\$ 1.38	\$ 1.08
Diluted	\$ 0.39	\$ 0.25	\$ 1.38	\$ 1.08
Core FFO per share³:				
Basic	\$ 0.39	\$ 0.25	\$ 1.42	\$ 1.11
Diluted	\$ 0.39	\$ 0.25	\$ 1.41	\$ 1.10
AFFO per share³:				
Basic	\$ 0.37	\$ 0.27	\$ 1.35	\$ 1.11
Diluted	\$ 0.37	\$ 0.27	\$ 1.34	\$ 1.11

1. During the year ended December 31, 2021, includes a make-whole payment of \$2,543 and the write-off of \$1,873 of deferred financing costs.

2. Includes non-recurring expenses of \$21 and \$60 related to reimbursement of executive relocation costs during the three months and year ended December 31, 2020, \$1,093 for severance payments and acceleration of non-cash compensation expense in connection with the termination of one of our executive officers during the year ended December 31, 2020, \$77 and \$196, respectively, of non-recurring recruiting costs during the year ended December 31, 2020, \$195 of non-recurring recruiting costs during the year ended December 31, 2020 and our \$924 loss on repayment of secured borrowings during the year ended December 31, 2020.

3. Calculations exclude \$63, \$101, \$311 and \$404 from the numerator for the three months and year ended December 31, 2021 and 2020, 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 December 31, 2021
Net income	\$ 29,790
Depreciation and amortization	18,961
Interest expense	9,170
Interest income	(20)
Income tax expense	55
EBITDA	57,956
Provision for impairment of real estate	—
Gain on dispositions of real estate, net	(497)
EBITDAre	57,459
Adjustment for current quarter re-leasing, investment and disposition activity ¹	2,865
Adjustment to exclude other non-recurring activity ²	(92)
Adjustment to exclude termination/prepayment fees and certain percentage rent ³	(1,028)
Adjusted EBITDAre—Current Estimated Run Rate	59,204
General and administrative	5,832
Adjusted net operating income ("NOI")	65,036
Straight-line rental revenue, net ¹	(4,878)
Other amortization expense	188
Adjusted Cash NOI	\$ 60,346
Annualized EBITDAre	\$ 229,836
Annualized Adjusted EBITDAre	\$ 236,816
Annualized Adjusted NOI	\$ 260,144
Annualized Adjusted Cash NOI	\$ 241,384

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 and loan repayments made during the three months ended December 31, 2021 had occurred on October 1, 2021.
2. Adjustment includes the \$92 adjustment to our provision for loan losses.
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.

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

(dollars in thousands, except share and per share amounts)

December 31, 2021

Unsecured debt:	
\$200mm term loan	\$ 200,000
\$430mm term loan	430,000
Senior unsecured notes	400,000
Revolving credit facility ¹	144,000
Total unsecured debt	1,174,000
Gross debt	
Less: cash & cash equivalents	(59,758)
Less: restricted cash available for future investment	—
Net debt	1,114,242
Equity:	
Preferred stock	—
Common stock & OP units (125,202,900 shares @ \$28.83/share as of 12/31/21) ²	3,609,600
Total equity	3,609,600
Total enterprise value ("TEV")	\$ 4,723,842
Net Debt / TEV	23.6%
Net Debt / Annualized Adjusted EBITDA^{re}	4.7x

1. Prior to its amendment in February 2022, our revolving credit facility provided a maximum aggregate initial original principal amount of up to \$400 million and included an accordion feature to increase, subject to certain conditions, the maximum availability of the facility by up to \$200 million. Following its amendment, 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 December 31, 2021, based on 124,649,053 common shares outstanding (including unvested restricted share awards) and 553,847 OP units held by non-controlling interests.

Investor/Media:

Essential Properties Realty Trust, Inc.
Daniel Donlan, Senior Vice President, Capital Markets
609-436-0619
info@essentialproperties.com

Source: Essential Properties Realty Trust, Inc.



Supplemental Operating & Financial Data

Fourth Quarter Ended December 31, 2021

Table of Contents



Financial Summary

Consolidated Statements of Operations	2
Funds from Operations and Adjusted Funds from Operations	3
Consolidated Balance Sheets	4
GAAP Reconciliations to EBITDAre, GAAP NOI and Cash NOI	5
Market Capitalization, Debt Summary and Leverage Metrics	6

Net Investment Activity

Investment Summary	7
Disposition Summary	8

Portfolio Summary

Portfolio Highlights	9
Tenant and Industry Diversification	10
Portfolio Health	11

Leasing Summary

Leasing Expiration Schedule, Leasing Activity and Statistics	12
Same-Store Analysis	13
Lease Escalations	14

Glossary	15-17
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Financial Summary

Consolidated Statements of Operations

(in thousands, except share and per share data)	Three Months Ended December 31,		Year Ended December 31,	
	2021	2020	2021	2020
	(unaudited)	(unaudited)	(unaudited)	(audited)
Revenues:				
Rental revenue ^{1, 2, 3}	\$ 59,816	\$ 38,986	\$ 213,327	\$ 155,792
Interest on loans and direct financing lease receivables	4,152	2,106	15,710	8,136
Other revenue	1,047	17	1,197	81
Total revenues	65,015	41,109	230,234	164,009
Expenses:				
General and administrative ⁴	5,832	4,738	24,329	24,444
Property expenses ²	1,816	2,126	5,762	3,881
Depreciation and amortization	18,961	19,004	69,146	59,446
Provision for impairment of real estate	—	3,319	6,120	8,399
Change in provision for loan losses	(92)	299	(204)	830
Total expenses	26,517	29,486	105,153	97,000
Other operating income:				
Gain on dispositions of real estate, net	497	1,850	9,338	5,821
Income from operations	38,995	13,473	134,419	72,830
Other (loss)/income:				
Loss on repayment and repurchase of secured borrowings ⁵	—	—	(4,461)	(924)
Interest expense	(9,170)	(7,764)	(33,614)	(29,651)
Interest income	20	52	94	485
Income before income tax expense	29,845	5,761	96,438	42,740
Income tax expense	55	56	227	212
Net income	29,790	5,705	96,211	42,528
Net income attributable to non-controlling interests	(151)	(35)	(486)	(255)
Net income attributable to stockholders	\$ 29,639	\$ 5,670	\$ 95,725	\$ 42,273
Basic weighted average shares outstanding	122,691,874	104,963,676	116,358,059	95,311,035
Basic net income per share	\$ 0.24	\$ 0.05	\$ 0.82	\$ 0.44
Diluted weighted average shares outstanding	123,777,032	105,840,736	117,466,338	96,197,705
Diluted net income per share	\$ 0.24	\$ 0.05	\$ 0.82	\$ 0.44

1. Includes contingent rent (based on a percentage of the tenant's gross sales at the leased property) of \$257, \$88, \$721 and \$444 for the three months and year ended December 31, 2021 and 2020, respectively.

2. Includes reimbursable income or reimbursable expense from the Company's tenants of \$1,058, \$314, \$2,293 and \$897 for the three months and year ended December 31, 2021 and 2020, respectively.

3. During the year ended December 31, 2021, includes the recognition of \$2,061 and \$1,044 of cash and straight-line rent receivables, respectively, for previously unaccrued amounts from tenants that were moved from non-accrual to accrual accounting.

4. During the three months and year ended December 31, 2020, includes non-recurring expenses of \$21 and \$255, respectively, for reimbursement of executive relocation costs and non-recurring recruiting costs and, during the year ended December 31, 2020, includes \$1,093 for costs and charges incurred in connection with the termination of one of our executive officers.

5. Includes a make-whole payment of \$2,543 and the write-off of \$1,873 of deferred financing costs during the year ended December 31, 2021 and the write-off of \$924 deferred financing costs during the year ended December 31, 2020.

Financial Summary

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

(unaudited, in thousands except per share amounts)	Three months ended December 31,		Year Ended December 31,	
	2021	2020	2021	2020
Net income	\$ 29,790	\$ 5,705	\$ 96,211	\$ 42,528
Depreciation and amortization of real estate	18,935	18,979	69,043	59,309
Provision for impairment of real estate	—	3,319	6,120	8,399
Gain on dispositions of real estate, net	(497)	(1,850)	(9,338)	(5,821)
Funds from Operations	48,228	26,153	162,036	104,415
Other non-recurring expenses ^{1,2}	—	21	4,461	2,273
Core Funds from Operations	48,228	26,174	166,497	106,688
Adjustments:				
Straight-line rental revenue, net	(5,166)	(2,584)	(19,116)	(11,905)
Non-cash interest	1,147	505	2,554	2,040
Non-cash compensation expense	1,129	1,386	5,683	5,427
Other amortization expense	188	2,836	2,675	3,854
Other non-cash charges	(94)	299	(212)	829
Capitalized interest expense	(26)	(5)	(81)	(228)
Transaction costs	—	179	—	291
Adjusted Funds from Operations	\$ 45,406	\$ 28,789	\$ 158,000	\$ 106,995
FFO per share ³ :				
Basic	\$ 0.39	\$ 0.25	\$ 1.38	\$ 1.08
Diluted	\$ 0.39	\$ 0.25	\$ 1.38	\$ 1.08
Core FFO per share ³ :				
Basic	\$ 0.39	\$ 0.25	\$ 1.42	\$ 1.11
Diluted	\$ 0.39	\$ 0.25	\$ 1.41	\$ 1.10
AFFO per share ³ :				
Basic	\$ 0.37	\$ 0.27	\$ 1.35	\$ 1.11
Diluted	\$ 0.37	\$ 0.27	\$ 1.34	\$ 1.11

1. During the year ended December 31, 2021, includes a make-whole payment of \$2,543 and the write-off of \$1,873 of deferred financing costs.

2. Includes non-recurring expenses of \$21 and \$60 related to reimbursement of executive relocation costs during the three months and year ended December 31, 2020, \$1,093 for severance payments and acceleration of non-cash compensation expense in connection with the termination of one of our executive officers during the year ended December 31, 2020, \$77 and \$196, respectively, of non-recurring recruiting costs during the year ended December 31, 2020, \$195 of non-recurring recruiting costs during the year ended December 31, 2020 and our \$924 loss on repayment of secured borrowings during the year ended December 31, 2020.

3. Calculations exclude \$63, \$101, \$311 and \$404 from the numerator for the three months and year ended December 31, 2021 and 2020, 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)		December 31, 2021	December 31, 2020
		(unaudited)	(audited)
ASSETS			
Investments:			
Real estate investments, at cost:			
Land and improvements	\$	1,004,154	\$ 741,254
Building and improvements		2,035,919	1,519,665
Lease incentive		13,950	14,297
Construction in progress		8,858	3,908
Intangible lease assets		87,959	80,271
Total real estate investments, at cost		3,150,840	2,359,395
Less: accumulated depreciation and amortization		(200,152)	(136,097)
Total real estate investments, net		2,950,688	2,223,298
Loans and direct financing lease receivables, net		189,287	152,220
Real estate investments held for sale, net		15,434	17,058
Net investments		3,155,409	2,392,576
Cash and cash equivalents		59,758	26,602
Restricted cash		—	6,388
Straight-line rent receivable, net		57,990	37,830
Rent receivables, prepaid expenses and other assets, net		25,638	25,406
Total assets	\$	3,298,795	\$ 2,488,802
LIABILITIES AND EQUITY			
Secured borrowings, net of deferred financing costs	\$	—	\$ 171,007
Unsecured term loans, net of deferred financing costs		626,983	626,272
Senior unsecured notes, net		394,723	—
Revolving credit facility		144,000	18,000
Intangible lease liabilities, net		12,693	10,168
Dividend payable		32,610	25,703
Derivative liabilities		11,838	38,912
Accrued liabilities and other payables		32,145	16,792
Total liabilities		1,254,992	906,854
Commitments and contingencies		—	—
Stockholders' equity:			
Preferred stock, \$0.01 par value; 150,000,000 authorized; none issued and outstanding as of December 31, 2021 and 2020		—	—
Common stock, \$0.01 par value; 500,000,000 authorized; 124,649,053 and 106,361,524 issued and outstanding as of December 31, 2021 and 2020, respectively		1,246	1,064
Additional paid-in capital		2,151,088	1,688,540
Distributions in excess of cumulative earnings		(100,982)	(77,665)
Accumulated other comprehensive loss		(14,786)	(37,181)
Total stockholders' equity		2,036,566	1,574,758
Non-controlling interests		7,237	7,190
Total equity		2,043,803	1,581,948
Total liabilities and equity	\$	3,298,795	\$ 2,488,802

Financial Summary

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

(unaudited, in thousands)	Three Months Ended December 31, 2021
Net income	\$ 29,790
Depreciation and amortization	18,961
Interest expense	9,170
Interest income	(20)
Income tax expense	55
EBITDA	57,956
Provision for impairment of real estate	—
Gain on dispositions of real estate, net	(497)
EBITDAre	57,459
Adjustment for current quarter re-leasing, investment and disposition activity ¹	2,865
Adjustment to exclude other non-recurring activity ²	(92)
Adjustment to exclude termination/prepayment fees and certain percentage rent ³	(1,028)
Adjusted EBITDAre—Current Estimated Run Rate	59,204
General and administrative	5,832
Adjusted net operating income ("NOI")	65,036
Straight-line rental revenue, net ¹	(4,878)
Other amortization expense	188
Adjusted Cash NOI	\$ 60,346
Annualized EBITDAre	\$ 229,836
Annualized Adjusted EBITDAre	\$ 236,816
Annualized Adjusted NOI	\$ 260,144
Annualized Adjusted Cash NOI	\$ 241,384

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 and loan repayments made during the three months ended December 31, 2021 had occurred on October 1, 2021.

2. Adjustment includes the \$92 adjustment to our provision for loan losses.

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.

Financial Summary

Market Capitalization, Debt Summary and Leverage Metrics

(dollars in thousands, except share and per share amounts)	December 31, 2021	Rate	Maturity
Unsecured debt:			
\$200mm term loan	\$ 200,000	3.26%	2.3 years
\$430mm term loan	430,000	3.02%	4.9 years
Senior unsecured notes	400,000	3.12%	9.5 years
Revolving credit facility ¹	144,000	1.35%	1.3 years ²
Total unsecured debt	1,174,000	2.89%	5.6 years
Gross debt	1,174,000		
Less: cash & cash equivalents	(59,758)		
Less: restricted cash available for future investment	—		
Net debt	1,114,242		
Equity:			
Preferred stock	—		
Common stock & OP units (125,202,900 shares @ \$28.83/share as of 12/31/21) ³	3,609,600		
Total equity	3,609,600		
Total enterprise value ("TEV")	\$ 4,723,842		
Net Debt / TEV	23.6%		
Net Debt / Annualized Adjusted EBITDAre	4.7x		

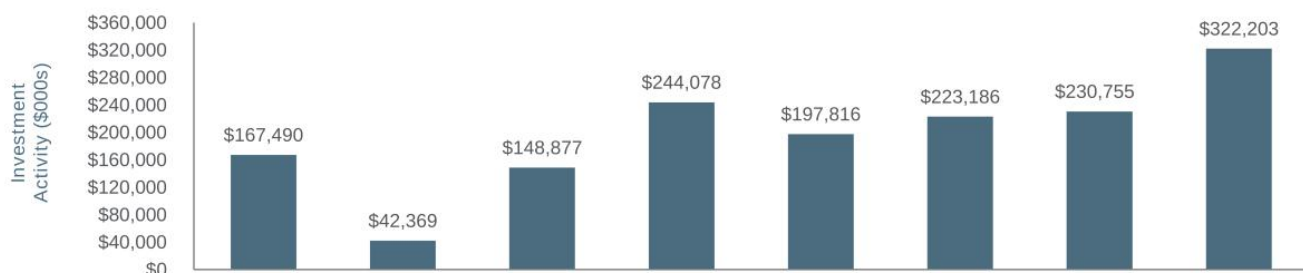
1. Prior to its amendment in February 2022, our revolving credit facility provided a maximum aggregate initial original principal amount of up to \$400 million and included an accordion feature to increase, subject to certain conditions, the maximum availability of the facility by up to \$200 million. Following its amendment, 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. As part of its amendment in February 2022, the maturity date of our revolving credit facility was extended to February 2026.

3. Common equity & units as of December 31, 2021, based on 124,649,053 common shares outstanding (including unvested restricted share awards) and 553,847 OP units held by non-controlling interests.

Net Investment Activity

Investment Summary



Investments ¹	1Q'20	2Q'20	3Q'20	4Q'20	1Q'21	2Q'21	3Q'21	4Q'21
Number of Transactions	32	11	19	33	22	34	31	55
Property Count	63	13	50	108	74	94	85	96
Avg. Investment per Unit (in 000s)	\$2,551	\$2,870	\$2,866	\$2,218	\$2,650	\$2,354	\$2,676	\$3,230
Cash Cap Rates ²	7.1%	7.4%	7.1%	7.1%	7.0%	7.1%	7.0%	6.9%
GAAP Cap Rates ³	8.0%	8.1%	7.9%	7.7%	7.9%	7.8%	7.9%	7.8%
Master Lease % ^{4,5}	54%	68%	79%	89%	79%	83%	80%	59%
Sale-Leaseback % ^{4,6}	88%	100%	92%	88%	85%	88%	84%	96%
% of Financial Reporting ⁴	100%	100%	100%	100%	100%	100%	100%	98%
Rent Coverage Ratio	2.7x	4.3x	2.8x	3.6x	3.0x	2.7x	2.8x	3.0x
Lease Term Years	16.1	16.7	17.6	16.3	16.1	13.5	16.4	16.3

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.

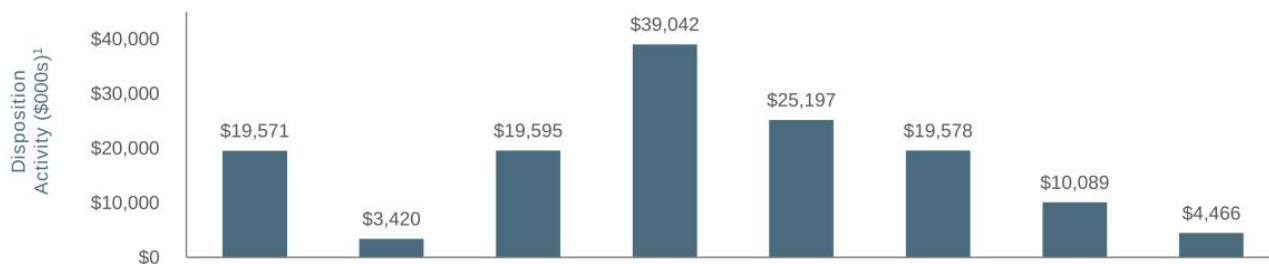
4. As a percentage of cash ABR for the quarter.

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.

Net Investment Activity

Disposition Summary



Dispositions	1Q'20	2Q'20	3Q'20	4Q'20	1Q'21	2Q'21	3Q'21	4Q'21
Realized Gain/(Loss) ^{1,2}	3.2% ⁵	29.5%	(4.5%)	(10.2%)	4.5%	(7.3%)	29.8% ⁵	7.5%
Cash Cap Rate on Leased Assets ³	7.1% ⁵	6.8%	7.0%	7.4%	7.1%	7.1%	6.5% ⁵	6.0%
Leased Properties Sold ⁴	10	3	11	21	15	6	11	2
Vacant Properties Sold ⁴	--	--	3	2	1	1	--	--
Rent Coverage Ratio	0.7x	1.3x	2.2x	2.3x	1.8x	1.8x	1.2x	0.0x

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.

Portfolio Summary

Portfolio Highlights

As of December 31, 2021

Investment Properties (#) ¹	1,451
Square Footage (mm)	13.5
Tenants (#)	311
Concepts (#)	433
Industries (#)	16
States (#)	46
Weighted Average Remaining Lease Term (Years)	14.0
Triple-Net Leases (% of Cash ABR)	94.5%
Master Leases (% of Cash ABR)	61.3%
Sale-Leaseback (% of Cash ABR) ^{2,3}	85.2%
Unit-Level Rent Coverage	3.7x
Unit-Level Financial Reporting (% of Cash ABR)	98.5%
Leased (%)	99.9%
Top 10 Tenants (% of Cash ABR)	19.7%
Average Investment Per Property (\$mm)	\$2.3
Total Cash ABR (\$mm)	\$242.9

1. Includes 126 properties that secure mortgage loans receivable.

2. Exclusive of our Initial Portfolio.

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



Portfolio Summary

Tenant and Industry Diversification

Top 10 Tenants

Top 10 Tenants ¹	Properties ²	% of Cash ABR
 Equipment Share	26	3.3%
 Captain D's	75	2.2%
 Whitewater	16	2.0%
 Cadence	23	2.0%
 Mammoth Holdings	17	1.8%
 Mister Donut	13	1.8%
 Spare Time	6	1.8%
 The Nest Schools	17	1.6%
 Driver's Edge	19	1.6%
 Circle K	34	1.6%
Top 10 Tenants	246	19.7%
Total	1,451	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	\$ 35,514	14.6%	159	1,681,487	\$ 20.84
Quick Service	Service	30,094	12.4%	362	993,825	30.15
Medical / Dental	Service	29,008	11.9%	174	1,199,502	24.25
Car Washes	Service	26,744	11.0%	94	456,057	57.55
Automotive Service	Service	21,457	8.8%	160	1,085,290	19.77
Convenience Stores	Service	15,580	6.4%	100	578,844	26.92
Casual Dining	Service	15,310	6.3%	134	524,676	29.18
Equipment Rental and Sales	Service	9,816	4.0%	41	699,047	13.82
Family Dining	Service	5,663	2.3%	37	220,106	25.73
Other Services	Service	5,306	2.2%	24	292,129	18.79
Pet Care Services	Service	5,361	2.2%	48	395,905	15.66
Service Subtotal		\$ 199,853	82.3%	1,333	8,126,868	\$ 24.64
Health and Fitness	Experience	11,225	4.6%	27	1,087,279	10.38
Entertainment	Experience	10,935	4.5%	25	800,922	12.97
Movie Theatres	Experience	4,170	1.7%	6	293,206	14.22
Experience Subtotal		\$ 26,330	10.8%	58	2,181,407	\$ 11.85
Grocery	Retail	8,637	3.6%	27	1,272,431	6.79
Home Furnishings	Retail	2,048	0.8%	4	217,339	9.42
Retail Subtotal		\$ 10,686	4.4%	31	1,489,770	\$ 7.17
Building Materials	Industrial	3,801	1.6%	23	1,257,017	3.02
Other Industrial	Industrial	2,206	0.9%	5	414,386	5.32
Industrial Subtotal		\$ 6,007	2.5%	28	1,671,403	\$ 3.59
Total/Weighted Average		\$ 242,875	100.0%	1,450	13,469,448	\$ 17.99

1. Represents tenant, guarantor or parent company. Our Driver's Edge concentration is with GB Auto Service, Inc., which operates Driver's Edge and other auto service brands.

2. Property count includes 126 properties that secure mortgage loans receivable, but excludes one vacant property.

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

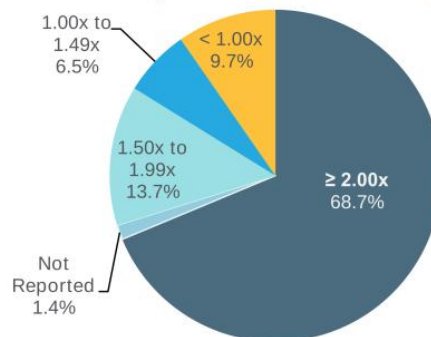
Portfolio Summary

Portfolio Health

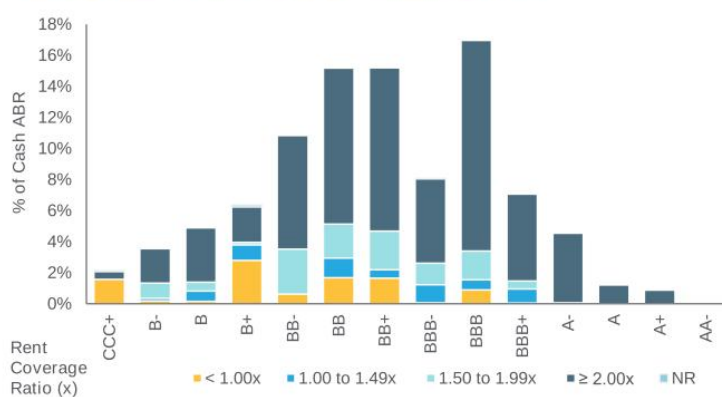
Tenant Financial Reporting Requirements

Reporting Requirements	% of Cash ABR
Unit-Level Financial Information	98.5%
Corporate-Level Financial Reporting	98.6%
Both Unit-Level and Corporate-Level Financial Information	98.4%
No Financial Information	1.3%

% 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 December 31, 2021 attributable to leases with tenants having specified implied credit ratings based on their Moody's RiskCalc scores. Moody's equates the EDF scores generated using RiskCalc with a corresponding credit rating.

Leasing Summary

Leasing Expiration Schedule, Leasing Activity and Statistics

Annual Lease Expiration by Cash ABR

Year ¹	Cash ABR	% of Cash ABR	# of Properties ²	Wgt. Avg. Coverage ³
2022	\$ 490	0.2%	5	3.0x
2023	1,489	0.6%	16	2.8x
2024	4,847	2.0%	47	4.7x
2025	2,335	1.0%	20	2.0x
2026	3,914	1.6%	26	2.8x
2027	4,511	1.9%	28	2.7x
2028	4,342	1.8%	15	1.7x
2029	5,698	2.3%	78	4.3x
2030	4,356	1.8%	48	4.0x
2031	14,839	6.1%	88	2.8x
2032	8,935	3.7%	33	5.4x
2033	8,174	3.4%	27	3.3x
2034	26,764	11.0%	207	7.1x
2035	14,101	5.8%	96	3.0x
2036	39,627	16.3%	186	3.0x
2037	9,486	3.9%	58	7.8x
2038	12,743	5.2%	77	2.0x
2039	22,261	9.2%	121	3.7x
2040	31,888	13.1%	160	2.7x
2041	21,032	8.7%	113	2.5x
Thereafter	1,043	0.4%	1	3.1x
Total	\$ 242,875	100.0%	1,450	3.7x

Leasing Activity – Trailing 12 Months

\$(000)s	Lease Renewals	Terminated Leases		Re-Leased After Vacancy	Total Leasing
		Without Vacancy			
Prior Cash ABR	\$ 72	\$ 3,346		1,760	\$ 5,178
New Cash ABR ⁴	74	2,744		1,339	4,157
Recovery Rate	103.0%	82.0%		76.1%	80.3%
Number of Leases	1	32		15	48
Average Months Vacant	—	—		3.9	—
% of Total Cash ABR ⁵	0.0%	1.1%		0.6%	1.7%

Leasing Statistics

Vacant Properties at September 30, 2021	1
Expiration Activity	—
Lease Termination	-1
Vacant Property Sales	—
Lease Activity	+1
Vacant Properties at December 31, 2021	1

1. Expiration year of contracts in place as of December 31, 2021, excluding any tenant option renewal periods that have not been exercised.

2. Property count includes 126 properties that secure mortgage loans receivable, but excludes one vacant property.

3. Weighted by cash ABR as of December 31, 2021.

4. New cash ABR reflects full lease rental rate without giving effect to free rent or discounted rent periods.

5. New cash ABR divided by total cash ABR as of December 31, 2021.

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 September 30, 2020, through December 31, 2021. The same-store portfolio for 4Q'21 is comprised of 998 properties and represents 66% of our total portfolio as measured by contractual cash rent and interest divided by our cash ABR at December 31, 2021.

Contractual Cash Rent:

The amount of cash rent and interest our tenants are contractually obligated to pay per the in-place lease or mortgage as of December 31, 2021; excludes 1.) percentage rent that is subject to sales breakpoints per the lease and 2.) redevelopment properties in a free rent period.

Same-Store Portfolio Performance

Type of Business	Contractual Cash Rent (\$000s)		% Change
	4Q'21	4Q'20	
Service	\$ 32,987	\$ 32,803	0.6%
Experience	5,249	5,010	4.8%
Retail	1,024	932	9.9%
Industrial	673	660	2.0%
Total Same-Store Rent	\$ 39,932	\$ 39,405	1.3%



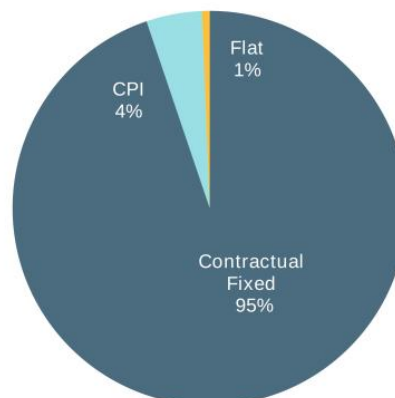
Leasing Summary

Lease Escalations

Lease Escalation Frequency

Lease Escalation Frequency	% of Cash ABR	Weighted Average
		Annual Escalation Rate ^{1,2}
Annually	79.8%	1.6%
Every 2 years	1.6	1.5
Every 3 years	0.5	0.2
Every 4 years	0.3	1.0
Every 5 years	12.1	1.9
Other escalation frequencies	4.5	1.2
Flat	1.4	1.0
Total / Weighted Average	100.0%	1.6%

Lease Escalation Type



1. Based on cash ABR as of December 31, 2021.

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

Glossary

Supplemental Reporting Measures

FFO, Core FFO and AFFO

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

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

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

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

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