

ESSENTIAL PROPERTIES

Supplemental Information



First Quarter 2024

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Financial Summary

Consolidated Statements of Operations

(in thousands, except share and per share data)	Three Months Ended March 31,	
	2024 (unaudited)	2023 (unaudited)
Revenues:		
Rental revenue ^{1,2}	\$ 98,510	\$ 78,172
Interest on loans and direct financing lease receivables	4,740	4,446
Other revenue, net	251	1,069
Total revenues	103,501	83,687
Expenses:		
General and administrative	9,358	8,583
Property expenses ²	993	843
Depreciation and amortization	28,525	23,824
Provision for impairment of real estate	3,752	677
Change in provision for credit losses	2	(30)
Total expenses	42,630	33,897
Other operating income:		
Gain on dispositions of real estate, net	1,512	4,914
Income from operations	62,383	54,704
Other (expense)/income:		
Interest expense	(15,597)	(12,133)
Interest income	493	638
Income before income tax expense	47,279	43,209
Income tax expense	156	153
Net income	47,123	43,056
Net income attributable to non-controlling interests	(148)	(160)
Net income attributable to stockholders	\$ 46,975	\$ 42,896
Basic weighted-average shares outstanding	167,290,702	144,406,044
Basic net income per share	\$ 0.28	\$ 0.30
Diluted weighted-average shares outstanding	168,854,601	146,000,007
Diluted net income per share	\$ 0.28	\$ 0.29

1. Includes contingent rent (based on a percentage of the tenant's gross sales at the leased property) of \$238 and \$176 for the three months ended March 31, 2024 and 2023, respectively.

2. Includes reimbursable income or reimbursable expenses from the Company's tenants of \$548 and \$591 for the three months ended March 31, 2024 and 2023, respectively.

Financial Summary

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

(unaudited, in thousands except per share amounts)	Three Months Ended March 31,	
	2024	2023
Net income	\$ 47,123	\$ 43,056
Depreciation and amortization of real estate	28,485	23,799
Provision for impairment of real estate	3,752	677
Gain on dispositions of real estate, net	(1,512)	(4,914)
Funds from Operations	77,848	62,618
Non-core expense (income) ¹	—	(876)
Core Funds from Operations	77,848	61,742
Adjustments:		
Straight-line rental revenue, net	(9,980)	(6,838)
Non-cash interest expense	949	819
Non-cash compensation expense	2,945	2,721
Other amortization expense	219	281
Other non-cash adjustments	(7)	(35)
Capitalized interest expense	(859)	(432)
Adjusted Funds from Operations	\$ 71,115	\$ 58,258
Net income per share²:		
Basic	\$ 0.28	\$ 0.30
Diluted	\$ 0.28	\$ 0.29
FFO per share²:		
Basic	\$ 0.46	\$ 0.43
Diluted	\$ 0.46	\$ 0.43
Core FFO per share²:		
Basic	\$ 0.46	\$ 0.43
Diluted	\$ 0.46	\$ 0.42
AFFO per share²:		
Basic	\$ 0.42	\$ 0.40
Diluted	\$ 0.42	\$ 0.40

1. Includes the following during the three months ended March 31, 2023: \$0.9 million of insurance recovery income related to two properties.

2. Calculations exclude \$116 and \$101 from the numerator for the three months ended March 31, 2024 and 2023, respectively, related to dividends paid on unvested restricted stock units.

Financial Summary

Consolidated Balance Sheets

(in thousands, except share and per share amounts)

	March 31, 2024	December 31, 2023
	(unaudited)	(audited)
ASSETS		
Investments:		
Real estate investments, at cost:		
Land and improvements	\$ 1,635,673	\$ 1,542,302
Building and improvements	3,045,579	2,938,012
Lease incentive	17,892	17,890
Construction in progress	121,633	96,524
Intangible lease assets	88,320	89,209
Total real estate investments, at cost	4,909,097	4,683,937
Less: accumulated depreciation and amortization	(393,784)	(367,133)
Total real estate investments, net	4,515,313	4,316,804
Loans and direct financing lease receivables, net	235,905	223,854
Real estate investments held for sale, net	1,235	7,455
Net investments	4,752,453	4,548,113
Cash and cash equivalents	79,161	39,807
Restricted cash	3	9,156
Straight-line rent receivable, net	117,130	107,545
Derivative assets	37,207	30,980
Rent receivables, prepaid expenses and other assets, net	27,491	32,660
Total assets	\$ 5,013,445	\$ 4,768,261
LIABILITIES AND EQUITY		
Unsecured term loans, net of deferred financing costs	\$ 1,273,365	\$ 1,272,772
Senior unsecured notes, net	395,985	395,846
Revolving credit facility	—	—
Intangible lease liabilities, net	10,936	11,206
Intangible lease liabilities held for sale, net	76	—
Dividend payable	50,236	47,182
Derivative liabilities	9,490	23,005
Accrued liabilities and other payables	25,798	31,248
Total liabilities	1,765,886	1,781,259
Commitments and contingencies	—	—
Stockholders' equity:		
Preferred stock, \$0.01 par value; 150,000,000 authorized; none issued and outstanding as of 3/31/24 and 12/31/23	—	—
Common stock, \$0.01 par value; 500,000,000 authorized; 175,306,386 and 164,635,150 issued and outstanding as of 3/31/24 and 12/31/23, respectively	1,753	1,646
Additional paid-in capital	3,325,668	3,078,459
Distributions in excess of cumulative earnings	(111,926)	(105,545)
Accumulated other comprehensive loss	23,594	4,019
Total stockholders' equity	3,239,089	2,978,579
Non-controlling interests	8,470	8,423
Total equity	3,247,559	2,987,002
Total liabilities and equity	\$ 5,013,445	\$ 4,768,261

Financial Summary

GAAP Reconciliations to EBITDA_{re}, GAAP NOI, Cash NOI and Estimated Run Rate Metrics

(unaudited, in thousands)	Three Months Ended March 31, 2024
Net income	\$ 47,123
Depreciation and amortization	28,525
Interest expense	15,597
Interest income	(493)
Income tax expense	156
EBITDA	90,908
Provision for impairment of real estate	3,752
Gain on dispositions of real estate, net	(1,512)
EBITDA_{re}	93,148
Adjustment for current quarter re-leasing, acquisition and disposition activity ¹	4,122
Adjustment to exclude other non-core and non-recurring activity ²	392
Adjustment to exclude termination/prepayment fees and certain percentage rent ³	(183)
Adjusted EBITDA_{re} - Current Estimated Run Rate	97,479
General and administrative	8,784
Adjusted net operating income ("NOI")	106,263
Straight-line rental revenue, net ¹	(10,544)
Other amortization expense	219
Adjusted Cash NOI	\$ 95,938
Annualized EBITDA_{re}	\$ 372,592
Annualized Adjusted EBITDA_{re}	\$ 389,916
Annualized Adjusted NOI	\$ 425,052
Annualized Adjusted Cash NOI	\$ 383,752

1. Adjustment made to reflect EBITDA_{re}, NOI and Cash NOI as if all re-leasing activity, investments in and dispositions of real estate and loan repayments completed during the three months ended March 31, 2024 had occurred on January 1, 2024.
2. Adjustment is made to i) exclude non-core income and expense adjustments made in computing Core FFO, ii) exclude changes in our provision for credit losses and iii) eliminate the impact of seasonal fluctuation in certain non-cash compensation expense recorded in the period.
3. Adjustment excludes lease termination or loan prepayment fees and 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, if any.

Financial Summary

Market Capitalization, Debt Summary and Leverage Metrics

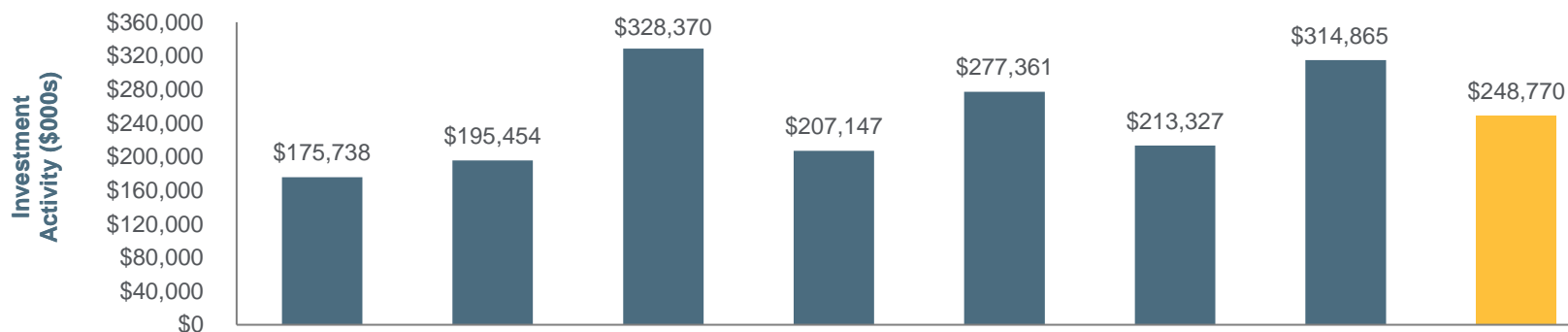
(dollars in thousands, except share and per share amounts)

	March 31, 2024	Rate	Wtd. Avg. Maturity
Unsecured debt:			
February 2027 term loan ¹	\$ 430,000	2.4%	2.9 years
January 2028 term loan ¹	400,000	4.6%	3.8 years
February 2029 term loan ^{1,2}	450,000	4.3%	4.9 years
Senior unsecured notes due July 2031	400,000	3.1%	7.3 years
Revolving credit facility ³	—	—%	1.9 years
Total unsecured debt	1,680,000	3.6%	4.7 years
Gross debt	1,680,000		
Less: cash & cash equivalents	(79,161)		
Less: restricted cash available for future investment	(3)		
Net debt	1,600,836		
Equity:			
Preferred stock	—		
Common stock and OP units (175,860,233 shares @ \$26.66/share as of 3/31/24) ⁴	4,688,434		
Total equity	4,688,434		
Total enterprise value ("TEV")	\$ 6,289,270		
Pro forma adjustments to Net Debt and TEV:⁵			
Net debt	\$ 1,600,836		
Less: Unsettled forward equity (7,828,852 shares @ \$23.53/share as of 3/31/24)	(184,178)		
Pro forma net debt	1,416,658		
Total equity	4,688,434		
Common stock — unsettled forward equity (7,828,852 shares @ \$26.66/share as of 3/31/24)	208,717		
Pro forma TEV	\$ 6,313,809		
Gross Debt / Undepreciated Gross Assets	31.1%		
Net Debt / TEV	25.5%		
Net Debt / Annualized Adjusted EBITDAre	4.1x		
Pro Forma Gross Debt / Undepreciated Gross Assets	30.0%		
Pro Forma Net Debt / Pro Forma TEV	22.4%		
Pro Forma Net Debt / Annualized Adjusted EBITDAre	3.6x		

1. Rates presented for our term loans are fixed at the stated rates after giving effect to our interest rate swaps, applicable margin of 85bps (for 2027 and 2028 Term Loans) or 95bps (for 2029 Term Loan) and SOFR premium of 10bps.
2. Weighted average maturity calculation is made after giving effect to extension options exercisable at our election.
3. 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. Borrowings bear interest at Term SOFR plus applicable margin of 77.5bps and SOFR premium of 10bps.
4. Common stock and OP units as of March 31, 2024, based on 175,306,386 common shares outstanding and 553,847 OP units held by non-controlling interests.
5. Pro forma adjustments have been made to reflect shares sold on a forward basis through the Company's March 2024 follow-on offering as if they had been physically settled on March 31, 2024.

Net Investment Activity

Investment Summary



Investments ¹	2Q'22	3Q'22	4Q'22	1Q'23	2Q'23	3Q'23	4Q'23	1Q'24
Number of Transactions	23	27	39	24	29	30	43	36
Property Count	39	40	115	57	78	65	93	79
Average Investment per Unit (in 000s)	\$3,870	\$3,750	\$2,782	\$3,401	\$3,350	\$2,812	\$3,008	\$2,767
Cash Cap Rates ²	7.0%	7.1%	7.5%	7.6%	7.4%	7.6%	7.9%	8.1%
GAAP Cap Rates ³	8.0%	8.2%	8.8%	9.0%	8.7%	8.7%	9.1%	9.3%
Weighted Average Lease Escalation	1.5%	1.6%	1.8%	2.0%	1.9%	2.0%	1.9%	1.9%
Master Lease % ^{4,5}	86%	68%	90%	86%	57%	60%	72%	82%
Sale-Leaseback % ^{4,6}	100%	89%	99%	100%	99%	100%	97%	100%
Existing Relationship % ⁴	79%	94%	95%	94%	66%	86%	96%	87%
% of Financial Reporting ⁴	100%	100%	100%	100%	100%	100%	100%	100%
Rent Coverage Ratio	2.7x	4.4x	3.2x	3.3x	3.9x	3.3x	3.3x	2.7x
Lease Term Years	17.2	16.5	18.7	19.0	19.3	17.6	17.6	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.

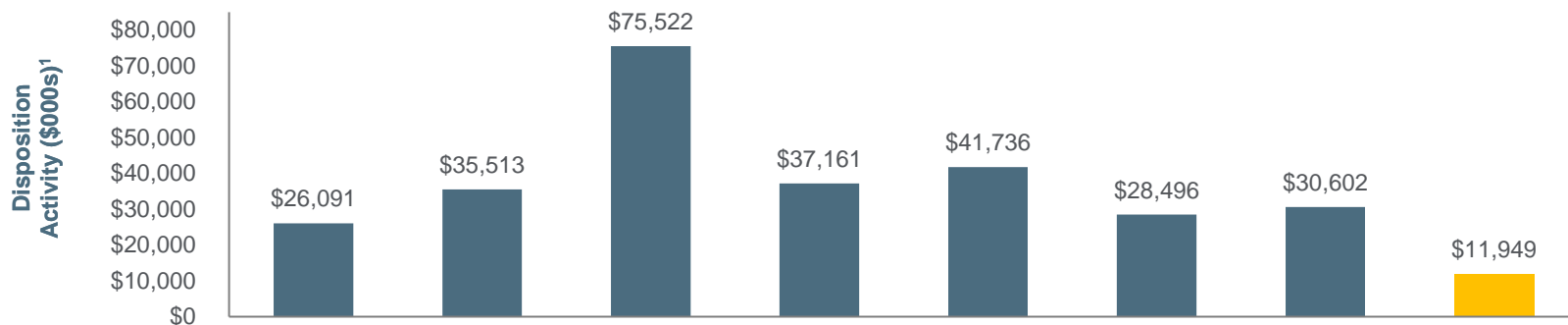
4. As a percentage of cash ABR for the quarter.

5. Includes investments in mortgage loans receivable 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	2Q'22	3Q'22	4Q'22	1Q'23	2Q'23	3Q'23	4Q'23	1Q'24
Realized Gain/(Loss) ^{1,2}	38.6%	11.1%	7.2%	(2.1%)	(0.9%)	(2.3%)	8.2%	(20.1%)
Cash Cap Rate on Leased Assets ^{3,4}	6.2%	6.2%	6.9%	6.1%	6.2%	6.5%	6.6%	6.5%
Leased Properties Sold ⁵	8	12	25	17	14	9	9	6
Vacant Properties Sold ⁵	—	—	1	—	2	1	—	1
Rent Coverage Ratio	1.1x	1.2x	2.1x	2.3x	2.2x	3.6x	3.5x	2.7x

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. Excludes properties sold pursuant to an existing tenant purchase option or properties purchased by the tenant.

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

Portfolio Summary

Portfolio Highlights

As of March 31, 2024

Investment Properties (#) ¹	1,937
Square Footage (mm)	19.3
Tenants (#)	383
Concepts (#)	548
Industries (#)	16
States (#)	48
Weighted Average Remaining Lease Term (Years)	14.1
Triple-Net Leases (% of Cash ABR)	96.1%
Master Leases (% of Cash ABR)	67.0%
Sale-Leaseback (% of Cash ABR) ^{2,3}	90.6%
Unit-Level Rent Coverage	3.9x
Unit-Level Financial Reporting (% of Cash ABR)	98.9%
Leased (%)	99.9%
Top 10 Tenants (% of Cash ABR)	19.1%
Average Investment Per Property (\$mm)	\$2.7
Total Cash ABR (\$mm)	\$384.2



1. Includes 135 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	54	4.3%
 Chicken N Pickle	8	2.2%
 Bright Path <small>Part of the Busy Bees family</small>	31	1.8%
 TIDAL WAVE AUTO SPA	16	1.6%
 POPS MART	25	1.6%
 Red Robin	28	1.6%
 Circle K <small>Coache-Tard</small>	40	1.5%
 festival foods	6	1.5%
 FIVE STAR <small>PARKS & ATTRACTIONS</small>	10	1.5%
 CAPTAIN D'S <small>SEAFOOD RESTAURANT</small>	77	1.5%
Top 10 Tenants	295	19.1%
Total	1,936	100.0%

Diversification by Industry

Tenant Industry	Type of Business	Cash ABR (\$'000s)	% of Cash ABR	# of Properties ²	Building SqFt ³	Rent Per SqFt ³
Car Washes	Service	\$ 58,025	15.1%	185	910,733	\$ 64.10
Early Childhood Education	Service	43,395	11.3%	195	2,028,239	21.40
Medical / Dental	Service	41,727	10.9%	213	1,631,386	25.58
Quick Service	Service	40,443	10.5%	430	1,135,492	35.91
Automotive Service	Service	31,472	8.2%	238	1,634,284	19.32
Casual Dining	Service	28,733	7.5%	130	904,320	31.77
Equipment Rental and Sales	Service	21,212	5.5%	79	1,414,481	15.00
Convenience Stores	Service	20,417	5.3%	152	607,027	34.89
Other Services	Service	8,708	2.3%	48	585,595	14.87
Family Dining	Service	6,591	1.7%	35	237,775	27.72
Pet Care Services	Service	5,912	1.5%	38	260,429	23.96
Service Subtotal		\$ 306,635	79.8%	1,743	11,349,759	\$ 27.15
Entertainment	Experience	30,130	7.8%	54	1,776,668	16.96
Health and Fitness	Experience	16,770	4.4%	41	1,452,826	11.95
Movie Theatres	Experience	4,404	1.1%	6	293,206	15.02
Experience Subtotal		\$ 51,304	13.4%	101	3,522,700	\$ 14.77
Grocery	Retail	11,613	3.0%	32	1,477,780	7.86
Home Furnishings	Retail	1,530	0.4%	3	176,809	8.65
Retail Subtotal		\$ 13,143	3.4%	35	1,654,589	\$ 7.94
Other Industrial	Industrial	9,223	2.4%	34	1,417,973	6.50
Building Materials	Industrial	3,910	1.0%	23	1,257,017	3.11
Industrial Subtotal		\$ 13,133	3.4%	57	2,674,990	\$ 4.91
Total		\$ 384,215	100.0%	1,936	19,202,039	\$ 20.12

1. Represents tenant, guarantor or parent company.

2. Property count includes 135 properties that secure mortgage loans receivable and excludes one vacant property.

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

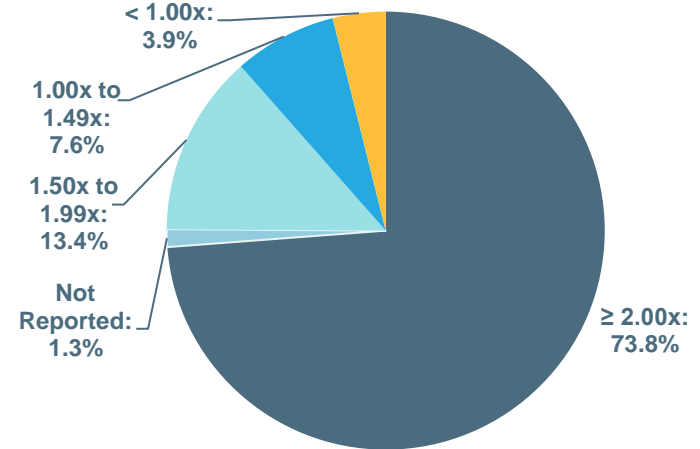
Portfolio Summary

Portfolio Health

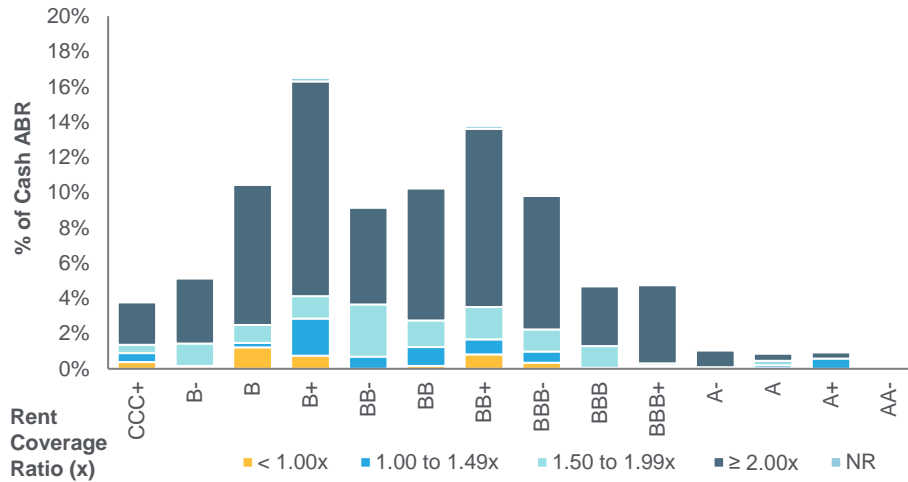
Tenant Financial Reporting Requirements

Reporting Requirements	% of Cash ABR
Unit-Level Financial Information	98.9%
Corporate-Level Financial Reporting	98.9%
Both Unit-Level and Corporate-Level Financial Information	98.4%
No Financial Information	0.6%

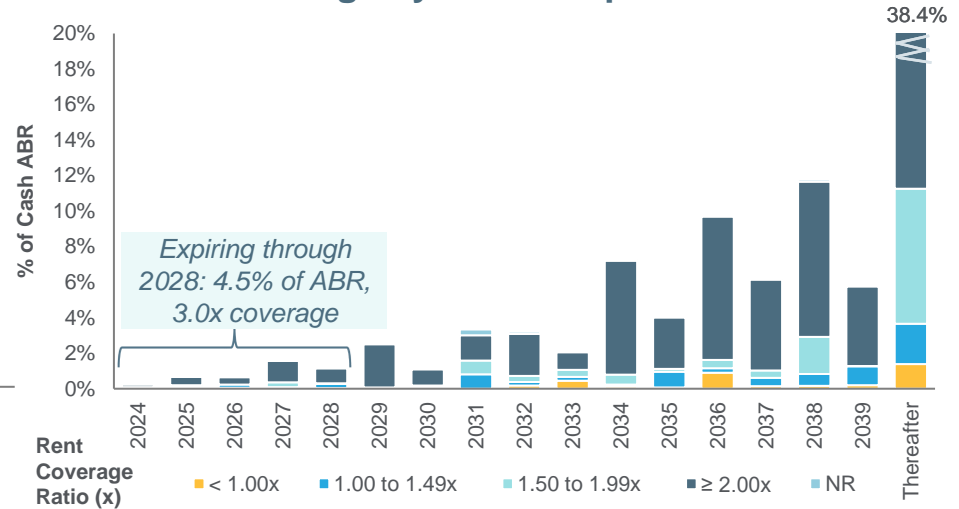
% of Cash ABR by Unit-Level Coverage Tranche¹



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 March 31, 2024, 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 (\$'000)s	% of Cash ABR	# of Properties ²	Wgt. Avg. Coverage ³
2024	1,148	0.3%	16	2.4x
2025	2,613	0.7%	16	3.3x
2026	2,987	0.8%	18	3.2x
2027	6,087	1.6%	51	3.0x
2028	4,352	1.1%	16	2.9x
2029	9,807	2.6%	114	5.0x
2030	4,146	1.1%	45	4.9x
2031	12,829	3.3%	71	3.1x
2032	12,267	3.2%	47	4.3x
2033	8,197	2.1%	31	2.7x
2034	27,948	7.3%	199	8.1x
2035	15,351	4.0%	99	3.8x
2036	37,625	9.7%	158	4.6x
2037	23,931	6.2%	129	5.6x
2038	45,285	11.8%	185	3.5x
2039	22,066	5.7%	104	2.9x
2040	24,857	6.5%	113	2.7x
2041	21,740	5.7%	105	2.7x
2042	30,960	8.1%	149	3.3x
2043	49,263	12.8%	188	2.8x
Thereafter	20,756	5.4%	82	3.4x
Total	\$ 384,215	100.0%	1,936	3.9x

Leasing Activity – Trailing 12 Months

\$(000)s	Lease	Terminated Leases Re-Leased		Total Leasing
	Renewals	Without Vacancy	After Vacancy	
Prior Cash ABR	\$ 4,384	\$ 803	\$ 787	\$ 5,973
New Cash ABR ⁴	4,529	663	519	5,711
Recovery Rate	103.3%	82.6%	66.0%	95.6%
Number of Leases	40	8	5	53
Average Months Vacant	—	—	7.9	—
% of Total Cash ABR ⁵	1.2%	0.2%	0.1%	1.6%

Leasing Statistics

Vacant Properties at December 31, 2023	3
Expiration Activity	—
Properties Subject to Lease Termination	—
Vacant Property Sales	(1)
Properties Leased	(1)
Vacant Properties at March 31, 2024	1

1. Expiration year of contracts in place as of March 31, 2024, excluding any tenant option renewal periods that have not been exercised.

2. Property count includes 135 properties that secure mortgage loans receivable but excludes one vacant property.

3. Weighted by cash ABR as of March 31, 2024.

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 March 31, 2024.

Leasing Summary

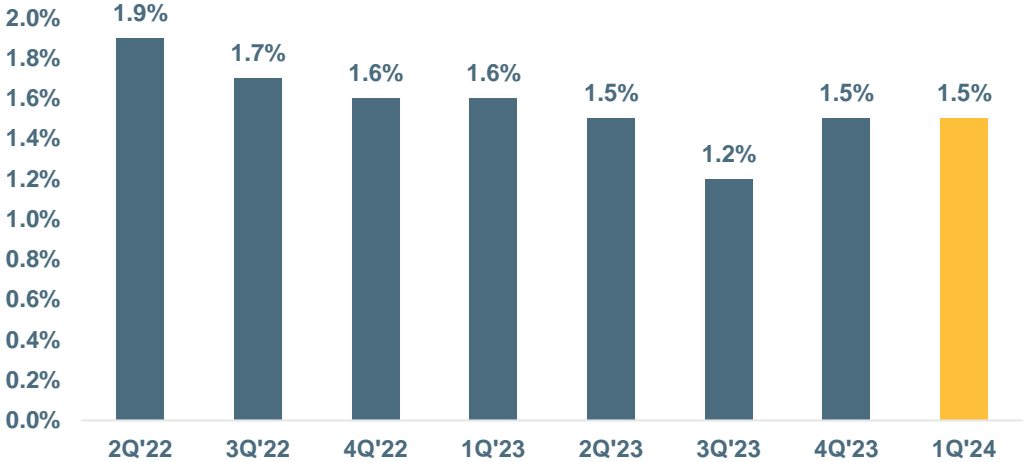
Same-Store Analysis

Same-Store Portfolio Performance¹

Type of Business	Contractual Cash Rent (\$000s) ²		% Change
	1Q'23	1Q'24	
Service	\$ 56,255	\$ 57,106	1.5%
Experience	8,621	8,748	1.5%
Retail	2,812	2,833	0.8%
Industrial	2,124	2,161	1.8%
Total Same-Store Rent	\$ 69,812	\$ 70,848	1.5%



Trailing 8 Qtr. Avg. Same-Store Rent Growth¹



1. All properties owned, excluding new sites under construction, for the entire same-store measurement period, which is January 1, 2023 through March 31, 2024. The same-store portfolio for 1Q'24 is comprised of 1,543 properties and represents 74% of our total portfolio as measured by contractual cash rent and interest divided by our cash ABR at March 31, 2024.
 2. The amount of cash rent and interest our tenants are contractually obligated to pay per the in-place lease or mortgage as of March 31, 2024; excludes (i) percentage rent that is subject to sales breakpoints per the lease and (ii) redevelopment properties in a free rent period.

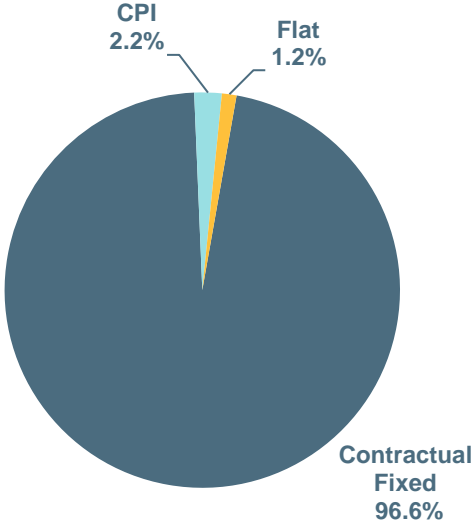
Leasing Summary

Lease Escalations

Lease Escalation Frequency

Lease Escalation Frequency	% of Cash ABR	Weighted Average
		Annual Escalation Rate ^{1,2}
Annually	81.8%	1.7%
Every 2 years	1.0%	1.5%
Every 3 years	0.2%	0.0%
Every 4 years	0.1%	1.0%
Every 5 years	13.3%	1.8%
Other escalation frequencies	2.4%	1.1%
Flat	1.2%	0.0%
Total / Weighted Average	100.0%	1.7%

Lease Escalation Type



1. Based on cash ABR as of March 31, 2024.
 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 expenses 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 expense, other non-cash charges and capitalized interest expense. 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.