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

FORM 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2024

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File Number 001-38530

Essential Properties Realty Trust, Inc.

(Exact name of Registrant as specified in its Charter)

Maryland	**82-4005693**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
902 Carnegie Center Blvd., Suite 520 Princeton, New Jersey	**08540**
(Address of Principal Executive Offices)	(Zip Code)

Registrants telephone number, including area code: **(609) 436-0619**

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

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

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company, “and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		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. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management’s assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. Yes ☒ No ☐

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant’s executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

As of June 28, 2024 (the last business day of the registrant's most recently completed second fiscal quarter), the aggregate market value of the registrant's shares of common stock, $0.01 par value, held by non-affiliates of the registrant, was $4.8 billion based on the last reported sale price of $27.71 per share on the New York Stock Exchange on June 28, 2024.

The number of shares of the registrant's Common Stock outstanding as of February 12, 2025 was 187,691,457.

Documents Incorporated by Reference

Portions of the Definitive Proxy Statement for the registrant's 2025 Annual Meeting of Stockholders are incorporated by reference into Part III of this report. The registrant expects to file such proxy statement within 120 days after the end of its fiscal year.

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PART I

In this Annual Report, we refer to Essential Properties Realty Trust, Inc., a Maryland corporation, together with its consolidated subsidiaries, including, Essential Properties, L.P., a Delaware limited partnership and its operating partnership (the "Operating Partnership"), as "we," "us," "our" or "the Company" unless we specifically state otherwise or the context otherwise requires.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This report contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). In particular, statements pertaining to our business and growth strategies, investment, financing and leasing activities and trends in our business, including trends in the market for long-term, net leases of freestanding, single-tenant properties, contain forward-looking statements. When used in this report, the words "estimate," "anticipate," "expect," "believe," "intend," "may," "will," "should," "seek," "approximately" and "plan," and variations of such words, and similar words or phrases, that are predictions of 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, beliefs or intentions of management.

Forward-looking statements involve known and unknown risks and uncertainties that may cause our actual results, performance or achievements to be materially different from the results of operations or plans expressed or implied by such forward-looking statements; accordingly, you should not rely on forward-looking statements as predictions of future events. Forward-looking statements depend on assumptions, data or methods that may be incorrect or imprecise, and may not be realized. We do not guarantee that the transactions and events described will happen as described (or that they will happen at all). The following factors, among others, could cause actual results and future events to differ materially from those set forth or contemplated in the forward-looking statements:

- general business and economic conditions;
- risks inherent in the real estate business, including tenant defaults or bankruptcies, illiquidity of real estate investments, fluctuations in real estate values and the general economic climate in local markets, competition for tenants in such markets, potential liability relating to environmental matters and potential damages from natural disasters;
- the performance and financial condition of our tenants;
- the availability of suitable properties to acquire and our ability to acquire and lease those properties on favorable terms;
- our ability to renew leases, lease vacant space or re-lease space as existing leases expire or are terminated;
- volatility and uncertainty in financial markets, in particular the equity and credit markets, fluctuations in the Consumer Price Index ("CPI"), and the impact of inflation on us and our tenants;
- the degree and nature of our competition;
- our failure to generate sufficient cash flows to service our outstanding indebtedness;
- our ability to access debt and equity capital on attractive terms;
- fluctuating interest rates;
- availability of qualified personnel and our ability to retain our key management personnel;
- changes in, or the failure or inability to comply with, applicable law or regulation;
- our failure to continue to qualify for taxation as a real estate investment trust ("REIT");
- changes in the U.S. tax law and other U.S. laws, whether or not specific to REITs; and

- additional factors discussed in the sections entitled "Business," "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this Annual Report.

You are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date of this report. While forward-looking statements reflect our good faith beliefs, they are not guarantees of future events or of our performance. We disclaim any obligation to publicly update or revise any forward-looking statement to reflect changes in underlying assumptions or factors, new information, data or methods, future events or other changes, except as required by law.

Because we operate in a highly competitive and rapidly changing environment, new risks emerge from time to time, and it is not possible for management to predict all such risks, nor can management assess the impact of all such risks on our business or the extent to which any risk, or combination of risks, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual events or results.

Summary Risk Factors

Our business is subject to a number of risks that could materially and adversely impact our financial condition, results of operations, cash flows and liquidity, prospects, the market price of our common stock and our ability to, among other things, service our debt and to make distributions to our stockholders. The following risks, which, together with other material risks that are discussed more fully herein under “Risk Factors,” are the principal factors that make an investment in our company speculative or risky:

- adverse changes in the U.S., global and local markets and related economic conditions;
- the failure of our tenants to successfully operate their businesses, or tenant defaults, bankruptcies or insolvencies;
- defaults by borrowers on our mortgage loans receivable;
- an inability to identify and complete investments in suitable properties or yield the returns we seek with future investments;
- an inability to access debt and equity capital on commercially acceptable terms or at all;
- a decline in the fair value of our real estate assets;
- geographic, industry and tenant concentrations that reduce the diversity of our portfolio;
- a reduction in the willingness or ability of consumers to physically patronize or use their discretionary income in the businesses of our tenants and potential tenants;
- our significant indebtedness, which requires substantial cash flow to service, subjects us to covenants and exposes us to refinancing risk and the risk of default; and
- failure to continue to qualify for taxation as a REIT.

Item 1. Business.

We are an internally managed real estate company that acquires, owns and manages primarily single-tenant properties that are net leased on a long-term basis to middle-market companies operating service-oriented or experience-based businesses. We have assembled a diversified portfolio using a disciplined strategy that focuses on properties leased to tenants in businesses including, but not limited to,:

- Car washes,
- Medical and dental services,
- Early childhood education,

- Quick service restaurants,
- Entertainment,
- Automotive services,
- Casual dining restaurants,
- Convenience stores,
- Equipment rental and sales,
- Health and fitness, and
- Grocery.

We believe that, in general, properties leased to tenants in these industries and similar businesses are essential to the generation of the tenants' sales and profits. We also believe that these businesses have favorable growth potential and, because of their nature, they are more insulated from the competitive pressures presented by e-commerce than many other businesses.

We completed our initial public offering in June 2018 and we qualified to be taxed as a REIT beginning with our taxable year ended December 31, 2018. As of December 31, 2024, 93.2% of our total annualized base rent of $460.6 million was attributable to properties operated by tenants in service-oriented and experience-based businesses. "Annualized base rent" means annualized contractually specified cash base rent in effect on December 31, 2024 for all of our leases (including those accounted for as loans or direct financing leases) commenced as of that date and annualized cash interest on our mortgage loans receivable as of that date.

Our primary business objective is to maximize stockholder value by generating attractive risk-adjusted returns through owning, managing and growing a diversified portfolio of commercially desirable properties. We have grown significantly since commencing our operations and investment activities in June 2016. As of December 31, 2024, our portfolio consisted of 2,104 properties, inclusive of 150 properties which secure our investments in mortgage loans receivable. Our portfolio was built based on the following core investment attributes:

Diversified Portfolio. Our goal is that, over time, no more than 5% of our annualized base rent will be derived from any single-tenant or more than 1% from any single property. As of December 31, 2024, our portfolio was 99.7% occupied by 413 tenants operating 592 different concepts (i.e., generally brands) in 16 industries across 49 states, with none of our tenants contributing more than 4.2% of our annualized base rent.

Long Lease Term. Our properties generally are subject to long-term net leases that we believe provide us a stable base of revenue from which to grow our portfolio. As of December 31, 2024, our leases had a weighted average remaining lease term of 14.0 years (based on annualized base rent), with only 5.8% of our annualized base rent attributable to leases expiring prior to January 1, 2030.

Significant Use of Sale-Leaseback Structure. Because the focus of our investment strategy is on middle-market and select smaller operators, our investment in their real estate operating assets is typically either the first time the real estate has transacted, or we are the capital provider for a portion of a merger/acquisition transaction with another operator involving the real estate. The structure of these transactions, which represent a significant majority of our investment activity, involves our acquisition of a property and the substantially concurrent leasing of the property back to the operator of the real estate (i.e., a sale-leaseback structure). Among the benefits of the sale-leaseback structure is the use of a standard lease form that we structured, with terms we believe are favorable to us, including the requirement for the lessee/operator to provide us with unit-level and, in some instances, corporate-level financial statements on a quarterly basis, in arrears. For the year ended December 31, 2024, 97.2% of our investments (weighted by annualized base rent) were through the sale-leaseback structure.

Smaller, Low Basis Single-Tenant Properties. We generally invest in freestanding "small-box" single-tenant properties. As of December 31, 2024, our average investment per property was $2.9 million (which equals our aggregate investment in our properties (including transaction costs, lease incentives and amounts funded for construction in progress) divided by the number of properties owned at such date). Investing in smaller, more granular assets avoids concentrating a large amount of capital in a single asset and mitigates credit, lease and real estate risk. Among other things, this limits our exposure to events that may adversely affect a particular property. Additionally, smaller assets are often more liquid and can be sold more rapidly than larger assets, and they are often fungible, in that they are suitable for a variety of commercial uses. These qualities enhance our ability to sell certain properties, which we may choose to do to manage tenant, concept, industry or geographic concentrations, or other reasons, and reduce the risk that a particular property may become obsolete.

Significant Use of Master Leases. As of December 31, 2024, 66.1% of our annualized base rent was attributable to master leases. A master lease is a single lease pursuant to which multiple properties are leased to a single operator/tenant on a unitary (i.e., “all or none”) basis. The master lease structure spreads our investment risk across multiple properties, and we believe it reduces our exposure to operating and renewal risk at any one property, and promotes efficient asset management. We seek to acquire properties owned and operated by middle-market businesses and lease the properties back to the operators pursuant to our standard lease form. For the year ended December 31, 2024, 71% of our investments (weighted by annualized base rent) were in a master lease structure.

Contractual Base Rent Escalation. As of December 31, 2024, 98.4% of our leases (based on annualized base rent) provided for increases in future base rent at a weighted average rate of 1.7% per year. Fixed rent escalation provisions provide contractually-specified incremental increases in the yield on our investments, provide a degree of protection from inflation or a rising interest rate environment, and provide our tenants with predictability and stability in managing their operating expenses.

Healthy Rent Coverage Ratio and Tenant Financial Reporting. As of December 31, 2024, our portfolio's weighted average rent coverage ratio was 3.5x, and 98.9% of our leases (based on annualized base rent) obligate the tenant to periodically provide us with specified unit-level financial reporting. "Rent coverage ratio" means, as of a specified date, the ratio of (x) tenant-reported or, when unavailable, management's estimate (based on tenant-reported financial information) of annual earnings before interest, taxes, depreciation, amortization and cash rent attributable to the leased property (or properties, in the case of a master lease) to (y) the annualized base rental obligation. The benefits of receiving periodic unit-level and, in some instances, corporate-level financial reporting is that we can assess the ongoing operating effectiveness of a particular property and utilize that information to make informed decisions regarding credit risk. In addition, the financial reporting we receive from our tenants provides us with an expansive data set from which to underwrite new investments for properties in similar industries or operating platforms.

2024 Financial and Operating Highlights

- During 2024, we completed $1.2 billion of investments in 297 properties, including $138.5 million in newly originated mortgage loans receivable secured by 31 properties.

- As of December 31, 2024, our total gross investment in real estate, including our investments in mortgage loans receivable, was $6.0 billion and we had total debt of $2.1 billion.

- During 2024, our Board of Directors ("Board") declared quarterly distributions for the year ended December 31, 2024 that totaled $1.16 per share of common stock.

- In March 2024, we completed, on a forward basis, a primary underwritten public follow-on offering of 10,350,000 shares of our common stock, including 1,350,000 shares of common stock purchased by the underwriters pursuant to an option to purchase additional shares, at a public offering price of $24.75 per share. All shares were physically settled as of December 31, 2024 and the Company realized net proceeds from this offering, after deducting underwriting discounts and commissions and other expenses, of $245.0 million.

- During 2024, we sold 19,704,599 shares of our common stock under our ATM Program (as defined herein) at a weighted average price per share of $29.52 for gross proceeds of $581.7 million, including 13,119,110 shares sold on a forward basis that have not been physically settled for cash as of December 31, 2024.

- As of December 31, 2024, our liquidity totaled $1.0 billion, which includes $45.0 million of cash and cash equivalents and restricted cash available for future investment, $380.8 million available upon physical settlement of our outstanding forward equity contracts and $600.0 million of availability under our revolving credit facility.

Our Target Market

We are an active investor in single-tenant, net leased commercial real estate. The properties we target for investment are generally freestanding commercial real estate facilities in which a single middle-market tenant conducts activities that are essential to the generation of its sales and profits. We believe that this market is underserved, from a capital perspective, and therefore offers attractive risk-adjusted investment returns.

Within this market, we focus our investment activities on properties leased to tenants engaged in a targeted set of service-oriented or experience-based businesses. We believe that operating properties in these industries are the essential venues through which these businesses transact with their customers, and therefore that such properties and businesses are generally more insulated from the competitive pressure of e-commerce than many other businesses where significant activity can take place online.

We define middle-market companies as regional and national operators with between 10 and 250 locations and $20 million to $1 billion in annual revenue, and we also opportunistically invest in properties leased to smaller companies, which we define as regional or local operators with fewer than 10 locations and less than $20 million in annual revenue. Although it is not our primary investment focus, we will opportunistically consider investing in properties leased to larger companies. While the creditworthiness of most of our targeted tenants is not rated by a nationally recognized statistical rating organization, we seek to invest in properties leased to companies in our targeted middle-market that we determine have attractive credit characteristics and stable operating histories.

Despite the size of the overall commercial retail real estate market, the market for single-tenant, net leased commercial real estate is highly fragmented. In particular, we believe that there is a limited number of participants addressing the long-term capital needs of unrated middle-market and smaller companies. We believe that many publicly traded REITs that invest in net leased properties concentrate their investment activity in properties leased to tenants whose creditworthiness has been rated by a nationally recognized statistical rating organization, which tend to be larger and often publicly traded organizations, with the result that unrated, middle-market and smaller companies are relatively underserved and offer us an opportunity to make investments with attractive risk-adjusted return potential.

Furthermore, we believe that there is strong demand for our net-lease capital solutions among middle-market and smaller companies that own commercial real estate, in part, due to the bank regulatory environment, which, since the turmoil in the housing and mortgage industries from 2007-2009, has generally been characterized by increased scrutiny and regulation. We believe that this environment has made commercial banks less responsive to the long-term capital needs of unrated middle-market and smaller companies, many of which have historically depended on commercial banks for their financing. Accordingly, we see an attractive opportunity to address capital needs of these companies by offering them an efficient alternative for financing their real estate versus accessing traditional mortgage or bank debt and/or using their own equity.

As a result, while we believe our net-lease financing solutions may be attractive to a wide variety of companies, we believe our most attractive opportunity is owning properties net leased to middle-market and smaller companies that are generally unrated and have less access to efficient sources of long-term capital than larger, credit-rated companies.

Our Competitive Strengths

We believe the following competitive strengths distinguish us from our competitors and allow us to compete effectively in the single-tenant, net-lease market:

- ***Carefully Constructed Portfolio of Properties Leased to Service-Oriented or Experience-Based Tenants***. We have strategically constructed a portfolio that is diversified by tenant, industry, concept and geography and generally avoids exposure to businesses that we believe are subject to pressure from e-commerce. Our properties are generally subject to long-term net leases that we believe provide us with a stable and predictable base of revenue from which to grow our portfolio. As of December 31, 2024, our portfolio consisted of 2,104 properties, with total annualized base rent of $460.6 million, which was purposefully selected by our management team in accordance with our focused and disciplined investment strategy. Our diversified portfolio is comprised of 413 tenants operating 592 different concepts across 49 states and in 16 distinct industries. No single tenant contributed more than 4.2% of our annualized base rent as of December 31, 2024, consistent with our strategy of having a scaled portfolio that, over time, allows us to derive no more than 5.0% of our annualized base rent from any single-tenant or more than 1.0% from any single property.

We believe that our portfolio's diversity and the rigorous underwriting process we utilize decreases the impact on us of an adverse event affecting an individual tenant, industry or region. Our focus on leasing to tenants in industries where the operator's properties are essential to generating their revenues and profits (and that we believe are well-positioned to withstand competition from e-commerce businesses) increases the stability and predictability of our rental revenue.

- ***Differentiated Investment Strategy***. We seek to acquire and lease freestanding, single-tenant commercial real estate properties where a tenant engages with or services its customers and conducts activities at the property that are essential to the generation of its sales and profits. We primarily seek to invest in properties leased to middle-market companies that we determine have attractive credit characteristics and stable operating histories. We believe middle-market companies are underserved from a capital perspective and that we can offer them attractive real estate financing solutions while allowing us to enter into leases that provide us with stable cash flows and attractive risk-adjusted returns. Furthermore, the properties we invest in with middle-market companies typically are smaller assets, in terms of square footage. As a result, our average size investment of $2.9 million as of December 31, 2024 provides a level of diversity in our portfolio, in that we do not have oversized amounts of capital attributable to any individual property. Our differentiated strategy benefits from us maintaining a close relationship with our existing tenants, allowing us to source additional investments from these tenants and establishing a position as a preferred capital provider, helping our tenants grow their businesses and address their real estate needs.

- ***Disciplined Underwriting Leading to Strong Portfolio Characteristics***. We generally seek to invest in single assets or portfolios of assets through transactions which range in aggregate purchase price from $2 million to $100 million. Our focus on investing in properties operated by middle market and smaller operators provides us with what we believe is a large addressable market of investment opportunities, one in which our tenants are largely undeserved from a capital perspective. In addition, because we invest in smaller sized, more granular properties, our assets are more fungible in that the properties typically are more commercially desirable given their smaller footprint, and as such there are more potential tenants that could operate in the property were we to need to re-tenant for any reason. As of December 31, 2024:

    - Our leases had a weighted average remaining lease term (based on annualized base rent) of 14.0 years, with only 5.8% of our annualized base rent attributable to leases expiring prior to January 1, 2030;
    - Master leases contributed 66.1% of our annualized base rent;
    - Our portfolio's weighted average rent coverage ratio was 3.5x, with leases contributing 70.4% of our annualized base rent having rent coverage ratios in excess of 2.0x (excluding leases that do not report unit-level financial information);
    - Our portfolio was 99.7% occupied;
    - Leases contributing 98.4% of our annualized base rent provide for increases in future annual base rent that generally range from 1.0% to 4.0% annually, with a weighted average annual escalation equal to 1.7% of base rent; and
    - Leases contributing 96.6% of annualized base rent were triple-net.

- ***Extensive Tenant Financial Reporting Supports Active Asset Management.*** We seek to enter into leases that obligate our tenants to periodically provide us with corporate and/or unit-level financial reporting, which we believe enhances our ability to actively monitor our investments, actively evaluate credit risk, negotiate lease renewals and proactively manage our portfolio to protect stockholder value. As of December 31, 2024, leases contributing 98.9% of our annualized base rent required tenants to provide us with specified unit-level financial information.

- ***Scalable Platform Allows for Significant Growth***. Building on our senior leadership team's experience in net lease real estate investing, we have developed leading origination, underwriting, financing, and property management capabilities. We believe our platform is scalable, and we consistently seek to leverage our capabilities to improve our efficiency and processes to continue to seek attractive risk-adjusted growth. While we expect that our general and administrative expenses could increase as our portfolio grows, we expect that such expenses as a percentage of our portfolio and our revenues will decrease over time due to efficiencies and economies of scale. During the years ended December 31, 2024, 2023 and 2022, we completed $1.2 billion, $1.0 billion and $937.4 million of investments, respectively.

- ***Growth-Oriented Balance Sheet Scalable Infrastructure***. We believe our financial position, liquidity and existing operating infrastructure support our external growth strategy. As of December 31, 2024, our total liquidity was $1.0 billion, including $45.0 million of cash and cash equivalents and restricted cash, $380.8 million available upon physical settlement of our outstanding forward equity contracts, and $600.0 million of availability under our revolving credit facility.

  As of December 31, 2024, we had $2.1 billion of gross debt outstanding, with a weighted average maturity of 4.2 years, and net debt of $2.1 billion. For the year ended December 31, 2024, our net income was $203.6 million, our EBITDA*re* was $410.8 million and our Annualized Adjusted EBITDA*re* was $451.7 million. Our ratio of net debt to Annualized Adjusted EBITDA*re* was 4.6x as of December 31, 2024. Net debt, EBITDA*re* and Annualized Adjusted EBITDAre are non-GAAP financial measures. For definitions of net debt, EBITDA*re* and Annualized Adjusted EBITDA*re*, reconciliations of these measures to total debt and net income, respectively, the most directly comparable financial measures calculated in accordance with accounting principles generally accepted in the United States ("GAAP"), and a statement of why our management believes the presentation of these non-GAAP financial measures provide useful information to investors and a discussion of how management uses these measures, see "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations'—Non-GAAP Financial Measures."

  We also maintain an ATM Program and, as of December 31, 2024, we had the ability to sell additional common stock thereunder with an aggregate gross sales price of up to $671.1 million. We have $380.8 million of equity sold on a forward basis under our ATM program that was unsettled as of December 31, 2024.

- ***Experienced and Proven Management Team***. Our senior management has significant experience in the net lease industry and a track record of growing net lease businesses to significant scale.

  Our senior management team has been responsible for our focused and disciplined investment strategy and for developing and implementing our investment sourcing, underwriting, closing and asset management infrastructure, which we believe can support significant investment growth without a proportionate increase in our operating expenses. During the year ended December 31, 2024, 97.2% of our new investments in real estate were attributable to internally originated sale-leaseback transactions and 81.4% of our new investments were consummated with parties who had previously engaged in one or more transactions that involved a member of our senior management team (including operators and tenants and other participants in the net lease industry, such as brokers, intermediaries and financing sources). The substantial experience, knowledge and relationships of our senior leadership team provide us with an extensive network of contacts that we believe allows us to originate attractive investment opportunities and effectively grow our business.

Our Business and Growth Strategies

Our primary business objective is to maximize stockholder value by generating attractive risk-adjusted returns through owning, managing and growing a diversified portfolio of commercially desirable net lease properties. We intend to pursue our primary business objective through the following business and growth strategies.

- ***Structure and Manage Our Diverse Portfolio with Focused and Disciplined Underwriting and Risk Management***. We seek to maintain the stability of our rental revenue and maximize the long-term return on our investments while continuing our growth by using our focused and disciplined underwriting and risk management expertise. When underwriting assets, we focus on commercially desirable properties, with strong operating performance, healthy rent coverage ratios and tenants with what we believe are attractive credit characteristics.

Leasing. In general, we seek to enter into leases with (i) relatively long contractual terms (typically with initial terms of 15 years or more and tenant renewal options); (ii) attractive rent escalation provisions; (iii) healthy rent coverage ratios; and (iv) tenant obligations to periodically provide us with financial information, which provides us with information about the operating performance of the leased property and/or tenant and allows us to actively monitor the security of our rent payments under the lease on an ongoing basis. We prefer to use master lease structures, pursuant to which we lease multiple properties to a single-tenant on a unitary (i.e., "all or none") basis. In addition, in the context of our sale-leaseback investments, we generally seek to establish contract rents that are at or below prevailing market rents, which we believe enhances tenant retention and reduces our releasing risk if a lease is rejected in a bankruptcy proceeding or expires.

Diversification. We monitor and manage the diversification of our portfolio in order to reduce the risks associated with adverse developments affecting a particular tenant, property, industry or region. Our strategy targets a portfolio that, over time, will (i) derive no more than 5% of its annualized base from any single-tenant or more than 1% of its annualized base rent from any single property, (ii) be primarily leased to tenants operating in service-oriented or experience-based businesses and (iii) avoid significant geographic concentration. While we consider these criteria when making investments, we may be opportunistic in managing our business and make investments that do not meet one or more of these criteria if we believe the opportunity presents an attractive risk-adjusted return.

Asset Management. We are an active asset manager and regularly review each of our properties to evaluate, various factors, including, but not limited to, changes in the business performance at the property, credit of the tenant and local real estate market conditions. Among other things, we use Moody's Analytics RiskCalc ("RiskCalc") to proactively detect credit deterioration. RiskCalc is a model for predicting private company defaults based on Moody's Analytics Credit Research Database. Additionally, we monitor market rents relative to in-place rents and the amount of tenant capital expenditures in order to refine our tenant retention and alternative use assumptions. Our management team utilizes our internal credit diligence to monitor the credit profile of each of our tenants on an ongoing basis. We believe that this proactive approach enables us to identify and address issues in a timely manner and to determine whether there are properties in our portfolio that are appropriate for disposition.

In addition, as part of our active portfolio management, we may selectively dispose of assets that we conclude do not offer a return commensurate with the investment risk, contribute to unwanted geographic, industry or tenant concentrations, or may be sold at a price we determine is attractive. During the year ended December 31, 2024, we sold 46 properties for net sales proceeds of $94.2 million, including five properties that were vacant. We believe that our underwriting processes and active asset management enhance the stability of our rental revenue by reducing default losses and increasing the likelihood of lease renewals.

- ***Focus on Relationship-Based Sourcing to Grow Our Portfolio by Originating Sale-Leaseback Transactions.*** We plan to continue our disciplined growth by originating sale-leaseback transactions and opportunistically making acquisitions of properties subject to net leases that contribute to our portfolio’s tenant, industry and geographic diversification. During the year ended December 31, 2024, 97.2% of our new investments in real estate were attributable to internally originated sale-leaseback transactions and 81.4% of our new investments were consummated with parties who had previously engaged in one or more transactions that involved a member of our senior management team (including operators and tenants and other participants in the net lease industry, such as brokers, intermediaries and financing sources). In addition, we seek to enhance our relationships with our tenants to facilitate investment opportunities, including selectively agreeing to reimburse certain of our tenants for development costs at our properties in exchange for contractually specified rent that generally increases proportionally with our funding. We believe our senior management team’s reputation, in-depth market knowledge and extensive network of long-standing relationships in the net lease industry provide us access to an ongoing pipeline of attractive investment opportunities.

- ***Focus on Middle-Market Companies in Service-Oriented or Experience-Based Businesses***. We primarily focus on investing in properties that we lease on a long-term, triple-net basis to middle-market companies that we determine have attractive credit characteristics and stable operating histories. Properties leased to middle-market companies may offer us the opportunity to achieve superior risk-adjusted returns, as a result of our extensive and disciplined credit and real estate analysis, lease structuring and portfolio composition. We believe our capital solutions are attractive to middle-market companies as such companies often have limited financing options, as compared to larger, credit rated organizations. We also believe that, in many cases, smaller transactions with middle-market companies will allow us to maintain and grow our portfolio's diversification. Middle-market companies are often willing to enter into leases with structures and terms that we consider attractive (such as master leases and leases that require ongoing tenant financial reporting) and believe contribute to the stability of our rental revenue.

In addition, we emphasize investment in properties leased to tenants engaged in service-oriented or experience-based businesses, such as restaurants (primarily quick service and casual dining), car washes, early childhood education, medical and dental services, convenience stores, automotive services, equipment rental, entertainment and health and fitness, as we believe these businesses are generally more insulated from e-commerce pressure than many others.

- ***Internal Growth Through Long-Term Triple-Net Leases That Provide for Periodic Rent Escalations***. We seek to enter into long-term (typically with initial terms of 15 years or more and tenant renewal options), triple-net leases that provide for periodic contractual rent escalations. As of December 31, 2024, our leases had a weighted average remaining lease term of 14.0 years (based on annualized base rent), with only 5.8% of our annualized base rent attributable to leases expiring prior to January 1, 2030, and 98.4% of our leases (based on annualized base rent) provided for increases in future base rent at a weighted average of 1.7% per year.

- ***Actively Manage Our Balance Sheet to Maximize Capital Efficiency***. We seek to maintain a prudent balance between debt and equity financing and to maintain funding sources that lock in long-term investment spreads and limit interest rate sensitivity. As of December 31, 2024, we had $2.1 billion of gross debt outstanding and $2.1 billion of net debt outstanding. Our net income for the year ended December 31, 2024 was $203.6 million, our EBITDA*re* was $410.8 million, our Annualized Adjusted EBITDA*re* was $451.7 million and our ratio of net debt to Annualized Adjusted EBITDA*re* was 4.6x. Over time, we believe an appropriate ceiling for net debt is generally less than six times our Annualized Adjusted EBITDA*re*. We have access to multiple sources of debt capital, including, but not limited to, the investment grade-rated unsecured bond market and bank debt, through our revolving credit facility and our unsecured term loan facilities. Net debt, EBITDA*re* and Annualized Adjusted EBITDA*re* are non-GAAP financial measures. See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Non-GAAP Financial Measures."

Competition

We face competition for acquisitions of real property from other investors, including traded and non-traded public REITs, private equity investors and institutional investment funds. Some of our competitors have greater economies of scale, lower costs of capital, access to more sources of capital, a larger base of operating resources and greater name recognition than we do, and the ability to accept more risk. We also believe that competition for real estate financing comes from middle-market business owners themselves, many of whom have had a historic preference to own, rather than lease, the real estate they use in their businesses. This competition may increase the demand for the types of properties in which we typically invest and, therefore, may reduce the number of suitable investment opportunities available to us and increase the prices paid for such investment properties. This competition will increase if investments in real estate become more attractive relative to other forms of investment.

As a landlord, we compete in the multi-billion dollar commercial real estate market with numerous developers and owners of properties, many of which own properties similar to ours in the same markets in which our properties are located. If our competitors offer space at rental rates below current market rates or below the rental rates we currently charge our tenants, we may lose our tenants or prospective tenants, and we may be pressured to reduce our rental rates or to offer substantial rent abatements, tenant improvement allowances, early termination rights or below-market renewal options in order to retain tenants when our leases expire.

Employees

As of December 31, 2024, we had 48 full-time employees. Our staff is mostly comprised of professionals engaged in originating, underwriting and closing investments; portfolio asset management; portfolio servicing (e.g., collections, property tax compliance, etc.); capital markets activity; sustainability initiatives; and accounting, financial reporting and cash management. Women comprise 40% of our employee base and hold approximately 46% of our management positions, providing significant leadership at our company, and minorities comprise approximately 23% of our employee base and 14% of our management positions. Our commitment to diversity also extends to our Board, as three of its seven board members, or approximately 43%, are women. Additionally, we have a consistent and strong record of hiring veterans of the U.S. military, including our Chief Executive Officer and our Executive Vice President of Investments.

We seek to provide a dynamic work environment that promotes the retention and development of our employees, and is a differentiating factor in our ability to attract new talent. We strive to offer our employees attractive and equitable compensation, regular opportunities to participate in professional development activities, outlets for civic engagement and reasonable flexibility to allow a healthy work/life balance. All of our employees are eligible to participate in our Equity Incentive Plan through the annual performance review process. As of December 31, 2024, 100% of our employees were owners of our common stock.

Our compensation program is designed to attract and retain talent, and align our employees' efforts with the interests of all of our stakeholders. Factors we evaluate in connection with hiring, developing, training, compensating and advancing individuals include, but are not limited to, qualification, performance, skill and experience. Our employees are fairly compensated based on merit, without regard to color, race, sex, national origin, ethnicity, religion, age, disability, sexual orientation, gender identification or expression, or any other status protected by applicable law.

We value equal opportunity in the workplace and fair employment practices. We have built an inclusive culture that encourages, supports and celebrates our diverse employee population. We endeavor to maintain a workplace that is free from discrimination or harassment on the basis of color, race, sex, national origin, ethnicity, religion, age, disability, sexual orientation, gender identification or expression, or any other status protected by applicable law. We have implemented a Human Rights Policy consistent with these values. We conduct annual training in an effort to ensure that all employees remain aware of and help prevent harassment and discrimination.

Environmental, Social and Governance (ESG)

We believe that responsible and effective corporate governance, a positive corporate culture, good corporate citizenship, and the promotion of sustainability initiatives are critical to our ability to create long-term stockholder value. EPRT is committed to conducting its business in accordance with the highest ethical standards. We take our responsibilities to all of our stakeholders, including our stockholders, creditors, employees, tenants, and business relationships, very seriously. We are dedicated to being trusted stewards of our stockholder's capital and also providing our employees with a rewarding and dynamic work environment.

Our Board actively oversees ESG initiatives, with the Nominating and Corporate Governance Committee responsible for reviewing and guiding ESG-related policies, risk management and reporting. We integrate ESG considerations into our risk management framework, aligning with Task Force on Climate-related Financial Disclosures ("TCFD") recommendations to assess climate risks and implement mitigation strategies. Additionally, we maintain a robust Code of Business Conduct and Ethics, reinforcing our commitment to transparency, integrity, and corporate responsibility. To enhance accountability, we have integrated ESG performance metrics into executive compensation to align senior leadership incentives with our long-term sustainability goals.

Overall, our commitment to ESG and our strategy for pursuing the goals we've established to demonstrate that commitment include the following:

- **Accountability and Transparency.** Our Board and our management team are committed to strong corporate governance. As stewards of capital, we are committed to accountability and transparency regarding our ESG efforts;

- **Reducing our Carbon Footprint.** Implement sustainability upgrades at our corporate offices and our income properties to reduce our carbon footprint;

- **Expanding our Relationships with our Tenants through Sustainability.** Implement sustainability upgrades at our properties to positively impact our tenants' operations and prospects for success; and

- **Our People are EPRT.** Our diversity is our strength, creating an inclusive work environment is our culture, and all of our employees are owners, thus aligned with our fellow stockholders.

Our ESG goals include the following:

- **Oversight.** Maintain strong oversight and visibility over our ESG strategy and initiatives led by our independent and experienced Board, and specifically our Nominating and Corporate Governance Committee;

- **Reporting.** Publish our 2024 Corporate Responsibility Report, aligned with the Sustainability Accounting Standards Board and The Financial Stability Board Task Force on Climate-related Financial Disclosure indices;

- **Measurement.** Establish the carbon footprint of our portfolio, specifically our Scope 3 emissions, as we have no Scope 1 emissions and no material Scope 2 emissions;

- **Structure.** Continue to enhance our cybersecurity risk management program including using third-party experts to facilitate our system penetration testing;

- **Implementation.** Continue to implement energy efficiency upgrades throughout our income property portfolio;

- **Equity.** Continue to invest in our employees through our various benefit programs and incentive structures that maintain our alignment with our stockholders at an employee level;

- **Diversity.** Continue to ensure that diversity is at the forefront of our hiring practices and maintained as a key input to our operations; and

- **Inclusion.** Maintain our annual employee survey process to ensure consistent engagement with our team and promote our understanding of our work environment and opportunities for improvement.

Insurance

Our tenants, pursuant to triple-net leases, are generally contractually required to maintain general liability and property insurance coverage for the properties they lease from us. Our leases generally require our tenants to name us (and any of our lenders that have a mortgage on the property leased by the tenant) as additional insureds on their general liability policies and additional named insured and/or loss payee (or mortgagee, in the case of our lenders) on their property policies. Depending on the location of the property, other losses of a catastrophic nature, such as those caused by earthquakes and floods, may be covered by insurance policies that are held by our tenant with limitations such as large deductibles or co-payments that a tenant may not be able to meet. In addition, other losses of a catastrophic nature, such as those caused by wind/hail, wildfires, hurricanes, terrorism or acts of war, may be uninsurable or not insurable on economically reasonable terms. If there is damage to our properties that is not covered by insurance and such properties are subject to recourse indebtedness, we will continue to be liable for the indebtedness, even if these properties are irreparably damaged. See "Item 1A. Risk Factors—Risks Related to Our Business and Properties—Insurance on our properties may not adequately cover all losses and uninsured losses could materially and adversely affect us."

In addition to being a named insured on our tenants' general liability and property insurance policies, we separately maintain commercial insurance policies providing general liability and umbrella coverages associated with our portfolio. We also maintain full property coverage on all untenanted properties and other property coverage as may be required by our lenders, which are not required to be carried by our tenants under our leases.

Regulation and Requirements

Our properties are subject to various laws, ordinances and regulations, including those relating to fire and safety requirements, and affirmative and negative covenants and, in some instances, common area obligations.

Compliance with applicable requirements may require modifications to our properties, and the failure to comply with applicable requirements could result in the imposition of fines or an award of damages to private litigants, as well as the incurrence of the costs of making modifications to attain compliance. Our tenants have primary responsibility for compliance with these requirements pursuant to our leases. We believe that each of our properties has the necessary permits and approvals.

Environmental Matters

Federal, state and local environmental laws and regulations regulate, and impose liability for, releases of hazardous or toxic substances, hazardous waste or petroleum products into the environment. Under various of these laws and regulations, a current or previous owner, operator or tenant of real estate may be required to investigate and clean up hazardous or toxic substances, hazardous wastes or petroleum product releases or threats of releases at the property, and may be held liable to a government entity or to third parties for property damage and for investigation, clean-up and monitoring costs incurred by those parties in connection with the actual or threatened contamination. These laws may impose clean-up responsibility and liability without regard to fault, or whether or not the owner, operator or tenant knew of or caused the presence of the contamination. The liability under these laws may be joint and several for the full amount of the investigation, clean-up and monitoring costs incurred or to be incurred or actions to be undertaken, although a party held jointly and severally liable may seek to obtain contributions from other identified, solvent, responsible parties of their fair share toward these costs. These costs may be substantial, and can exceed the value of the property. In addition, some environmental laws may create a lien on the contaminated site in favor of the government for damages and costs it incurs in connection with the contamination. As the owner or operator of real estate, we also may be liable under common law to third parties for damages and injuries resulting from environmental contamination present at, or emanating from, the real estate. The presence of contamination, or the failure to properly remediate contamination, on a property may adversely affect the ability of the owner, operator or tenant to sell or rent that property or to borrow using the property as collateral, and may adversely impact our investment in that property.

Some of our properties contain, have contained, or are adjacent to or near other properties that have contained or currently contain storage tanks for the storage of petroleum products or other hazardous or toxic substances. Similarly, some of our properties were used in the past for commercial or industrial purposes, or are currently used for commercial purposes, that involve or involved the use of petroleum products or other hazardous or toxic substances, the generation and storage of hazardous waste, or that are adjacent to or near properties that have been or are used for similar commercial or industrial purposes. These operations create a potential for the release of petroleum products, hazardous waste or other hazardous or toxic substances, and we could potentially be required to pay to clean up any contamination. In addition, environmental laws regulate a variety of activities that can occur on a property, including the storage of petroleum products, hazardous waste, or other hazardous or toxic substances, air emissions, water discharges, hazardous waste generation, and exposure to lead-based paint. Such laws may impose fines or penalties for violations, and may require permits or other governmental approvals to be obtained for the operation of a business involving such activities. In addition, as an owner or operator of real estate, we can be liable under common law to third parties for damages and injuries resulting from the presence or release of petroleum products, hazardous waste, or other hazardous or toxic substances present at, or emanating from, the real estate. As a result of the foregoing, we could be materially and adversely affected.

Environmental laws also govern the presence, maintenance and removal of asbestos-containing material ("ACM"). Federal regulations require building owners and those exercising control over a building's management to identify and warn, through signs and labels, of potential hazards posed by workplace exposure to installed ACM in their building. The regulations also have employee training, record keeping and due diligence requirements pertaining to ACM. Significant fines can be assessed for violation of these regulations. As a result of these regulations, building owners and those exercising control over a building's management may be subject to an increased risk of personal injury lawsuits under common law by workers and others exposed to ACM. The regulations may affect the value of a building containing ACM in which we have invested. Federal, state and local laws and regulations also govern the removal, encapsulation, disturbance, handling and/or disposal of ACM when those materials are in poor condition or in the event of construction, remodeling, renovation or demolition of a building. These laws may impose liability for improper handling or a release into the environment of ACM and may provide for fines to, and for third parties to seek recovery from, owners or operators of real properties for personal injury or improper work exposure associated with ACM.

When excessive moisture accumulates in buildings or on building materials, mold growth may occur, particularly if the moisture problem remains undiscovered or is not addressed over a period of time. Some molds may produce airborne toxins or irritants. Indoor air quality issues can also stem from inadequate ventilation, chemical contamination from indoor or outdoor sources, and other biological contaminants such as pollen, viruses and bacteria. Indoor exposure to airborne toxins or irritants above certain levels can be alleged to cause a variety of adverse health effects and symptoms, including allergic or other reactions. As a result, the presence of significant mold or other airborne contaminants at any of our properties could require us to undertake a costly remediation program to contain or remove the mold or other airborne contaminants from the affected property or increase indoor ventilation. In addition, the presence of significant mold or other airborne contaminants could expose us to liability from our tenants, employees of our tenants or others if property damage or personal injury occurs.

Before completing any property acquisition, we obtain environmental assessments in order to identify potential environmental concerns at the property. These assessments are carried out in accordance with the Standard Practice for Environmental Site Assessments (ASTM Practice E 1527-13) as set by ASTM International, formerly known as the American Society for Testing and Materials, and generally include a physical site inspection, a review of relevant federal, state and local environmental and health agency database records, one or more interviews with appropriate site-related personnel, review of the property's chain of title and review of historical aerial photographs and other information on past uses of the property. These assessments are limited in scope. If, however, recommended in the initial assessments, we may undertake additional assessments such as soil and/or groundwater samplings or other limited subsurface investigations and ACM or mold surveys to test for substances of concern. A prior owner or operator of a property or historic operations at our properties may have created a material environmental condition that is not known to us or the independent consultants preparing the site assessments. Material environmental conditions may have arisen after the review was completed or may arise in the future, and future laws, ordinances or regulations may impose material additional environmental liability. If environmental concerns are not satisfactorily resolved in any initial or additional assessments, we may obtain environmental insurance policies to insure against potential environmental risk or loss depending on the type of property, the availability and cost of the insurance and various other factors we deem relevant (i.e., an environmental occurrence affects one of our properties where our lessee may not have the financial capability to honor its indemnification obligations to us). Our ultimate liability for environmental conditions may exceed the policy limits on any environmental insurance policies we obtain, if any.

Generally, our leases require the lessee to comply with environmental law and provide that the lessee will indemnify us for any loss or expense we incur as a result of lessee's violation of environmental law or the presence, use or release of hazardous materials on our property attributable to the lessee. If our lessees do not comply with environmental law, or we are unable to enforce the indemnification obligations of our lessees, our results of operations would be adversely affected.

We cannot predict what other environmental legislation or regulations will be enacted in the future, how existing or future laws or regulations will be administered or interpreted or what environmental conditions may be found to exist on the properties in the future. Compliance with existing and new laws and regulations may require us or our tenants to spend funds to remedy environmental problems. If we or our tenants were to become subject to significant environmental liabilities, we could be materially and adversely affected.

Available Information

Our headquarters are located at 902 Carnegie Center Blvd., Suite 520, Princeton, New Jersey, 08540, where we lease approximately 13,453 square feet of office space from an unaffiliated third party. Our telephone number is (609) 436-0619 and our website is www.essentialproperties.com. Information contained on or hyperlinked from our website is not incorporated by reference into and should not be considered part of this Annual Report or our other filings with the SEC.

We electronically file with the Securities and Exchange Commission (“SEC”) our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, pursuant to Section 13(a) of the Exchange Act. You may obtain these reports and any amendments thereto free of charge on our website as soon as reasonably practicable after we file such material with, or furnish it to, the SEC, or by sending an email message to info@essentialproperties.com.

Item 1A. Risk Factors.

There are many factors that may adversely affect us, some of which are beyond our control. The occurrence of any of the following risks could materially *and adversely impact our financial condition, results of operations, cash flows and liquidity, prospects, the market price of our common stock, and our ability to, among other things, service our debt and to make distributions to our stockholders. Some statements in this report including statements in the following risk factors constitute forward-looking statements. See "Special Note Regarding Forward-Looking Statements."*

Risks Related to Our Business and Properties

We are subject to risks related to the ownership of commercial real estate that could adversely impact the value of our properties.

Factors beyond our control can affect the performance and value of our properties. Our performance is subject to risks incident to the ownership of commercial real estate, including: the possible inability to collect rents from tenants due to financial hardship, including tenant bankruptcies; changes in local real estate conditions and tenant demand for our properties; changes in consumer trends and preferences that reduce the demand for products and services offered by our tenants; adverse changes in national, regional and local economic conditions; inability to re-lease or sell our properties upon expiration or termination of leases; environmental risks; the subjectivity and volatility of real estate valuations and the relative illiquidity of real estate investments compared to many other financial assets, which may limit our ability to modify our portfolio promptly in response to changes in economic or other conditions; changes in laws and governmental regulations, including those governing real estate usage and zoning; changes in interest rates and the availability of financing; acts of God, including natural disasters, which may result in uninsured losses; and acts of war or terrorism, including terrorist attacks.

Adverse changes in the U.S., global and local markets and related economic and supply chain conditions may materially and adversely affect us and the ability of our tenants to make rental payments to us.

Our results of operations, as well as the results of operations of our tenants, are sensitive to changes in U.S., global and local regions or markets that impact our tenants' businesses. Adverse changes or developments in U.S., global or regional economic or supply chain conditions may impact our tenants' financial condition, which may adversely impact their ability to make rental payments to us and may also impact their current or future leasing practices. During periods of supply chain disruption or economic slowdown and declining demand for real estate, we may experience a general decline in rents or increased rates of default under our leases. A lack of demand for rental space could adversely affect our ability to maintain our current tenants and attract new tenants, which may affect our growth, profitability and ability to pay dividends.

Our business is dependent upon our tenants successfully operating their businesses, and their failure to do so could materially and adversely affect us.

The success of our investments is materially dependent on the financial stability and operating performance of our tenants. The success of any one of our tenants is dependent on the location of the leased property, its individual business and its industry, which could be adversely affected by poor management, economic conditions in general, changes in consumer trends and preferences that decrease demand for a tenant's products or services or other factors over which neither they nor we have control.

At any given time, any tenant may experience a downturn in its business, including as a result of adverse economic conditions, that may weaken its operating results or the overall financial condition of individual properties or its business as whole. As a result, a tenant may delay lease commencement, fail to make rental payments when due, decline to extend a lease upon its expiration, become insolvent or declare bankruptcy. We depend on our tenants to operate the properties leased from us in a manner which generates revenues sufficient to allow them to meet their obligations to us, including their obligations to pay rent, maintain certain insurance coverage, pay real estate taxes and maintain the properties in a manner so as not to jeopardize their operating licenses or regulatory status. The ability of our tenants to fulfill their obligations under our leases generally depends, to a significant degree, upon the overall profitability of their operations. Cash flow generated by certain tenant businesses may not be sufficient for a tenant to meet its obligations to us. We could be materially and adversely affected if a number of our tenants are unable to meet their obligations to us.

Our assessment that certain businesses are more insulated from e-commerce pressure than many others may prove to be incorrect, and changes in macroeconomic trends may adversely affect our tenants, either of which could impair our tenants' ability to make rental payments to us and materially and adversely affect us.

We primarily invest in properties leased to tenants in industries where a physical location is critical to the generation of sales and profits. Such tenants are particularly focused in service-oriented and experienced-based businesses, such as car washes, early childhood education centers, medical/dental offices, quick service restaurants, automotive service facilities, equipment rental locations and convenience stores. We believe these businesses have characteristics that make them e-commerce resistant and resilient through economic cycles.While we believe this to be the case, businesses previously thought to be internet resistant, such as the retail grocery industry, have proven to be susceptible to competition from e-commerce. Technology and business conditions, particularly in the retail industry, are rapidly changing, and our tenants may be adversely affected by technological innovation, changing consumer preferences and competition from non-traditional sources. To the extent our tenants face increased competition from non-traditional competitors, such as internet vendors, some of which may have different business models and larger profit margins, their businesses could suffer. There can be no assurance that our tenants will be successful in meeting any new competition, and a deterioration in our tenants' businesses could impair their ability to meet their lease obligations to us and materially and adversely affect us.

Properties occupied by a single-tenant pursuant to a single-tenant lease subject us to significant risk of tenant default.

Our strategy focuses primarily on investing in single-tenant triple-net leased properties throughout the United States. The financial failure of, or default in payment by, a single-tenant under its lease is likely to cause a significant or complete reduction in our rental revenue from that property and a reduction in the value of the property. We may also experience difficulty or a significant delay in re-leasing or selling such property. This risk is magnified in situations where we lease multiple properties to a single-tenant under a master lease. The default of a tenant that leases multiple properties from us or its decision not to renew its master lease upon expiration could materially and adversely affect us.

Periodically, we have experienced, and we may experience in the future, a decline in the fair value of our real estate assets, resulting in impairment charges that impact our financial condition and results of operations.

A decline in the fair market value of our long-lived assets may require us to recognize an impairment against such assets (as defined by the Financial Accounting Standards Board ("FASB")) if certain conditions or circumstances related to an asset were to change and we were to determine that, with respect to any such asset, the cash flows no longer support the carrying value of the asset. The fair value of our long-lived assets depends on market conditions, including estimates of future demand for these assets, and the revenues that can be generated from such assets. When such a determination is made, we recognize the estimated unrealized losses through earnings and write down the depreciated cost of such assets to a new cost basis, based on the fair value of such assets on the date they are considered to be impaired. Such impairment charges reflect non-cash losses at the time of recognition, and subsequent dispositions or sales of such assets could further affect our future losses or gains, as they are based on the difference between the sales price received and the adjusted depreciated cost of such assets at the time of sale.

Geographic, industry and tenant concentrations reduce the diversity of our portfolio and make us more susceptible to adverse economic or regulatory developments in those areas or industries.

Geographic, industry and tenant concentrations expose us to greater economic or regulatory risks than if we owned a more diverse portfolio. Our business includes substantial holdings in the following states as of December 31, 2024 (based on annualized base rent): Texas (12.6%), Georgia (7.3%), Florida (6.4%), Ohio (5.7%) and Wisconsin (5.0%). We are susceptible to adverse developments in the economic or regulatory environments of the geographic areas in which we own substantial assets (or in which we may develop a substantial concentration of assets in the future), such as business layoffs or downsizing, industry slowdowns, relocations of businesses, severe weather events, public health crises, increases in real estate and other taxes or costs of complying with governmental regulations.

As of December 31, 2024, our five largest tenants contributed 10.7% of our annualized base rent, and our ten largest tenants contributed 17.6% of our annualized base rent. If one of these tenants, or another tenant that occupies a significant portion of our properties or whose lease payments represent a significant portion of our rental revenue, were to experience financial weakness or file for bankruptcy, it could have a material adverse effect on our business, financial condition, results of operations, cash flows and liquidity, and prospects.

As we continue to acquire properties, our portfolio may become more concentrated by geographic area, industry or tenant. If our portfolio becomes less diverse, our business will be more sensitive to a general economic downturn in a particular geographic area, to changes in trends affecting a particular industry and to the financial weakness, bankruptcy or insolvency of fewer tenants.

The vast majority of our properties are leased to unrated tenants whose credit is evaluated through our internal underwriting and credit analysis. However, the tools and methods we use, such as property-level rent coverage ratio, may not accurately assess the investment related credit risk.

The vast majority of our properties are leased to unrated tenants whose credit is evaluated through our internal underwriting and credit analysis. Substantially all of our tenants are required to provide financial information to us periodically or, in some instances, at our request that we use in evaluating their creditworthiness. We analyze the creditworthiness of our tenants using Moody’s Analytics RiskCalc, which provides an estimated default frequency (“EDF”) and a “shadow rating,” and a lease's property-level rent coverage ratio. Our methods may not adequately assess the risk of an investment. An EDF score and a shadow rating are not the same as, and may not be as indicative of creditworthiness as, a rating published by a nationally recognized statistical rating organization. Our calculations of EDFs, shadow ratings and rent coverage ratios are unaudited and are based on financial information provided to us by our tenants and prospective tenants without independent verification on our part, and we assume the appropriateness of estimates and judgments that were made by the party preparing the financial information. If our assessment of credit quality proves to be inaccurate, we may be subject to defaults, and our cash flows may be less stable. The ability of an unrated tenant to meet its obligations to us may be more speculative than that of a rated tenant.

We may be unable to renew expiring leases with existing tenants or re-lease spaces to new tenants on favorable terms or at all.

Our results of operations depend to a significant degree on our ability to continue to lease our properties, including renewing expiring leases, leasing vacant space and re-leasing space in properties where leases are expiring. As of December 31, 2024, our occupancy was 99.7% and leases representing approximately 5.8% of our annualized base rent as of such date will expire prior to 2030. Current tenants may decline to renew leases and we may not be able to find replacement tenants. We cannot guarantee that leases that are renewed or new leases will have terms that are as economically favorable to us as the expiring leases, or that substantial rent abatements, tenant improvement allowances, early termination rights or below-market renewal options will not be offered to retain tenants or attract new tenants or that we will be able to lease a property at all. We may experience significant costs in connection with re-leasing a significant number of our properties, which could materially and adversely affect us.

The tenants that occupy our properties compete in industries that depend upon discretionary spending by consumers. A reduction in the willingness or ability of consumers to physically patronize and use their discretionary income in the businesses of our tenants and potential tenants could adversely impact our tenants’ business and thereby adversely impact our ability to collect rents and reduce the demand for our properties.

Most of our portfolio is leased to tenants operating service-oriented or experience-based businesses at our properties. As of December 31, 2024, the largest industries in our portfolio were restaurants (including quick service, casual dining and family dining), car washes, early childhood education, medical and dental services, entertainment (including movie theaters), automotive service, equipment rental and sales, and convenience stores. As of December 31, 2024, tenants operating in those industries represented approximately 84.3% of our annualized base rent. EquipmentShare, Crunch Fitness, Chicken N Pickle, YesWay, Captain D's, Super Star Car Wash, Pops Mart, Tidal Wave Auto Spa, Festival Foods, and Red Robin Gourmet Burgers & Brews represent the largest concepts in our portfolio. These types of businesses depend on the willingness of consumers to physically patronize their businesses and use discretionary income to purchase their products or services. To the extent that consumer behavior changes in a manner that reduces patronage of service-based and/or experience-based businesses, for example due to public health concerns, many of our tenants would be adversely affected and their ability to meet their obligations to us could be impaired. Additional adverse economic conditions and other developments that discourage consumer spending, such as high unemployment levels, wage stagnation, interest rates, inflation, tax rates and fuel and energy costs, may have an adverse impact on the results of operations and financial conditions of our tenants and their ability to pay rent to us.

Our ability to realize future rent increases on some of our leases may vary depending on changes in the CPI.

The vast majority of our leases provide for periodic contractual rent escalations. As of December 31, 2024, leases contributing 98.4% of our annualized base rent provided for increases in future annual base rent, generally ranging from 1.0% to 4.0% annually, with a weighted average annual escalation equal to 1.7% of base rent. Although many of our rent escalators increase rent at a fixed amount on fixed dates, approximately 1.9% of our rent escalators relate to an increase in the CPI over a specified period. During periods of low inflation or deflation, small increases or decreases in the CPI will subject us to the risk of receiving lower rental revenue than we otherwise would have been entitled to receive if our rent escalators were based on higher fixed percentages or amounts. Conversely, during periods of relatively high inflation, fixed rate rent increases may be lower than the rate of inflation, resulting in a deterioration of the real return on our assets. Recently, numerous measures of inflation have been relatively high, and our fixed rent escalators have not resulted in increases that equal or exceed the rate of inflation. Similarly, to the extent our tenants are unable to increase the prices they charge to their customers in response to any rent increases, their ability to meet their rental payment and other obligations to us could be reduced.

Inflation may materially and adversely affect us and our tenants.

While our tenants are generally obligated to pay property-level expenses relating to the properties they lease from us (e.g., maintenance, insurance and property taxes), we incur other expenses, such as general and administrative expense, interest expense relating to our debt (some of which bears interest at floating rates) and carrying costs for vacant properties. These expenses have generally increased in the current inflationary environment, and such increases have, in some instances, exceeded any increase in revenue we receive under our leases. Additionally, increased inflation may have an adverse impact on our tenants if increases in their operating expenses exceed increases in their revenue, which may adversely affect the tenants' ability to pay rent owed to us and meet other lease obligations, such as paying property taxes and insurance and maintenance costs.

Some of our tenants operate under franchise or license agreements, and, if they are terminated or not renewed prior to the expiration of their leases with us, that would likely impair their ability to pay us rent.

As of December 31, 2024, tenants contributing 16.4% of our annualized base rent operated under franchise or license agreements. Often, our tenants’ franchise or license agreements have terms that end prior to the expiration dates of the properties they lease from us. In addition, a tenant's rights as a franchisee or licensee typically may be terminated and the tenant may be precluded from competing with the franchisor or licensor upon termination. Usually, we have no notice or cure rights with respect to such a termination and have no rights to assignment of any such franchise agreement. This may have an adverse effect on our ability to mitigate losses arising from a default on any of our leases. A franchisor's or licensor's termination or refusal to renew a franchise or license agreement would likely have a material adverse effect on the ability of the tenant to make payments under its lease, which could materially and adversely affect us.

The bankruptcy or insolvency of a tenant could result in the termination or modification of such tenant's lease and material losses to us.

The occurrence of a tenant bankruptcy or insolvency could diminish the income we receive from that tenant's lease or leases or force us to “take back” a property as a result of a default or a rejection of a lease by a tenant in bankruptcy. Bankruptcy risk is more acute in situations where we lease multiple properties to a tenant pursuant to a master lease. If a tenant becomes bankrupt, the automatic stay created by the bankruptcy will prohibit us from collecting pre-bankruptcy debts from that tenant, or from its property, or evicting such tenant based solely upon such bankruptcy or insolvency, unless we obtain an order permitting us to do so from the bankruptcy court. In addition, a bankrupt or insolvent tenant may be authorized to reject and terminate its lease or leases with us. Any claims against such bankrupt tenant for unpaid future rent would be subject to statutory limitations that would likely result in our receipt of rental revenues that are substantially less than the contractually specified rent we are owed under the lease or leases. In addition, any claim we have for unpaid past rent, if any, may not be paid in full. We may also be unable to re-lease a property whose lease is terminated or rejected in a bankruptcy proceeding on comparable terms (or at all) or to sell any such property. As a result, a significant number of tenant bankruptcies may materially and adversely affect us.

Tenants who are considering filing for bankruptcy protection may request that we agree to amendments of their master leases to remove certain of the properties they lease from us under such master leases. We cannot guarantee that we will be able to sell or re-lease properties that we agree to release from tenants' leases in the future or that lease termination fees, if any, will be sufficient to make up for the rental revenues lost as a result of lease amendments.

Property vacancies could result in us having to incur significant capital expenditures to re-tenant the properties.

Many of our leases relate to properties that have been designed or physically modified for a particular tenant. If such a lease is terminated or not renewed, we may be required to renovate the property at substantial costs, decrease the rent we charge or provide other concessions in order to lease the property to another tenant. In addition, if we determine to sell the property, we may have difficulty selling it to a party other than the current tenant due to the special purpose for which the property may have been designed or modified. This potential illiquidity may limit our ability to quickly modify our portfolio in response to changes in economic or other conditions, including tenant demand.

Defaults by borrowers on loans we hold could lead to losses.

We make mortgage and other loans, which may be unsecured, to extend financing to tenants at certain of our properties. A default by a borrower on its loan payments to us that would prevent us from earning interest or receiving a return of the principal of our loan could materially and adversely affect us. In the event of a default, we may also experience delays in enforcing our rights as lender and may incur substantial costs in collecting the amounts owed to us and in liquidating any collateral. Where collateral is available, foreclosure and other similar proceedings used to enforce payment of real estate loans are generally subject to principles of equity, which are designed to relieve the indebted party from the legal effect of that party's default. In the event we have to foreclose on a property, the amount we receive from the foreclosure sale of the property may be inadequate to fully pay the amounts owed to us by the borrower and our costs incurred to foreclose, repossess and sell the property.

Real estate lending has several risks that need to be considered. There is the potential for changes in local real estate conditions and subjectivity of real estate valuations. In addition, overall economic conditions may impact the borrowers’ financial condition. Adverse economic conditions such as high unemployment levels, interest rates, tax rates and fuel and energy costs may have an impact on the results of operations and financial conditions of borrowers.

We may be unable to identify and complete acquisitions of suitable properties, which may impede our growth, and our future acquisitions may not yield the returns we seek.

Growth through property acquisitions is a primary element of our strategy. Our ability to expand through acquisitions requires us to identify, finance and complete acquisitions or investment opportunities that are compatible with our growth strategy and to successfully finance and integrate newly acquired properties into our portfolio, which may be constrained by the following significant risks: we face competition from other real estate investors, some of which have greater economies of scale, lower costs of capital, access to more financial resources, greater name recognition than we do, and a greater ability to borrow funds and the ability to accept more risk than we can prudently manage, which may significantly reduce our acquisition volume or increase the purchase price for property we acquire, which could reduce our growth prospects; we may be unable to locate properties that will produce a sufficient spread between our cost of capital and the lease rate we can obtain from a tenant, in which case our ability to profitably grow our company will decrease; we may fail to have sufficient capital resources to complete acquisitions or our cost of capital could increase; we may incur significant costs and divert management attention in connection with evaluating and negotiating potential acquisitions, including ones that we are subsequently unable to complete; we may acquire properties that are not accretive to our results upon acquisition; our cash flow from an acquired property may be insufficient to meet our required principal and interest payments with respect to debt used to finance the acquisition of such property; we may discover unexpected items, such as unknown liabilities, during our due diligence investigation of a potential acquisition or other customary closing conditions may not be satisfied, causing us to abandon an investment opportunity after incurring expenses related thereto; we may spend more than budgeted amounts to make necessary improvements or renovations to acquired properties; we may acquire properties subject to liabilities and without any recourse, or with only limited recourse, with respect to unknown liabilities, such as liabilities for clean-up of undisclosed environmental contamination, claims by tenants, vendors or other persons dealing with the former owners of the properties, liabilities incurred in the ordinary course of business and claims for indemnification by general partners, directors, officers and others indemnified by the former owners of the properties; and we may obtain only limited warranties when we acquire a property, including properties purchased in "as is" condition on a "where is" basis and "with all faults," without warranties of merchantability or fitness for a particular purpose and pursuant to purchase agreements that contain only limited warranties, representations and indemnifications that survive for only a limited period after the closing. If any of these risks are realized, we may be materially and adversely affected.

Our real estate investments are generally illiquid which could significantly impede our ability to respond to market conditions or adverse changes in the performance of our tenants or our properties and which would harm our financial condition.

Our investments are relatively difficult to sell quickly. As a result of this illiquidity, our ability to promptly sell one or more properties in our portfolio in response to changing economic, financial or investment conditions is limited. Return of capital and realization of gains, if any, from an investment generally will occur upon disposition or refinancing of the underlying property. We may be unable to realize our investment objective by sale, other disposition or refinancing at attractive prices within any given period of time or may otherwise be unable to complete any exit strategy. In particular, these risks could arise from weakness in or even the lack of an established market for a property, changes adversely affecting the tenant of a property, changes adversely affecting the area in which a particular property is located, adverse changes in the financial condition or prospects of prospective purchasers and changes in local, national or international economic conditions.

In addition, the Internal Revenue Code of 1986, as amended (the "Code"), imposes restrictions on a REIT's ability to dispose of properties that are not applicable to other types of real estate companies. In particular, the tax laws applicable to REITs effectively require that we hold our properties for investment, rather than primarily for sale in the ordinary course of business, which may cause us to forgo or defer sales of properties that otherwise would be in our best interest. Therefore, we may not be able to vary our portfolio in response to economic or other conditions promptly or on favorable terms.

Our growth depends on third-party sources of capital that are outside of our control and may not be available to us on commercially reasonable terms or at all.

In order to qualify as a REIT, we are required under the Code, among other things, to distribute annually at least 90% of our REIT taxable income, determined without regard to the dividends paid deduction and excluding any net capital gain. In addition, we will be subject to income tax at the corporate rate to the extent that we distribute less than 100% of our REIT taxable income, determined without regard to the dividends paid deduction and including any net capital gain. Accordingly, we will not be able to fund all of our future capital needs, including any necessary acquisition financing, from operating cash flow. Consequently, we rely on other sources of capital, including net proceeds from asset sales and external third-party sources to fund a portion of our capital needs. Our access to debt and equity capital, and the cost thereof, depends on many factors, including general market conditions, interest rates, inflation, the market's perception of our growth potential, our debt levels, our credit rating, our current and expected future earnings, our cash flow and cash distributions, and the market price of our common stock. In particular, the market price of our common stock on the New York Stock Exchange ("NYSE") has experienced significant volatility. Similarly, the availability and pricing of debt and equity capital has been volatile and, in many instances, more expensive. Accordingly, we could experience difficulty accessing debt and equity capital on attractive terms, or at all, which would adversely affect our ability to grow our business, conduct our operations or address maturing liabilities. Similarly, a deterioration in access to capital or an increase in cost may adversely affect our tenants' abilities to finance their businesses and reduce their liquidity, which could reduce their ability to meet their obligations to us.

An important aspect of our business is capturing a positive "spread" between the cost at which we raise capital and the returns that we receive on our investments. To the extent our weighted average cost of capital increases without a corresponding increase in the returns that we receive on our investments, this spread will be reduced or eliminated, and our ability to grow through accretive acquisitions will be reduced or even eliminated. If we cannot obtain capital from third-party sources, or if our cost of capital increases materially, we may not be able to acquire properties when strategic opportunities exist, meet the capital and operating needs of our existing properties, satisfy our debt service obligations or make the cash distributions to our stockholders necessary to qualify as a REIT.

Loss of senior executives with long-standing business relationships could materially impair our ability to operate successfully.

Our ability to operate our business and grow our portfolio depend, in large part, upon the efforts of our senior executive team. Several of our executives have extensive experience and strong reputations in the real estate industry and have been important in setting our strategic direction, operating our business, assembling and growing our portfolio, identifying, recruiting and training key personnel, and arranging necessary financing. In particular, relationships that these individuals have with financial institutions and existing and prospective tenants are important to our growth and the success of our business. The loss of services of one or more members of our senior management team, or our inability to attract and retain highly qualified personnel, could adversely affect our business, diminish our investment opportunities and weaken our relationships with lenders, business partners, existing and prospective tenants and industry personnel, which could materially and adversely affect us.

Risks Related to Environmental Matters, Related Compliance and Climate Change

The costs of compliance with or liabilities related to environmental laws may materially and adversely affect us.

The properties we own or have owned in the past may subject us to known and unknown environmental liabilities. We obtain Phase I environmental site assessments on all properties we finance or acquire. However, the Phase I environmental site assessments are limited in scope and therefore may not reveal all environmental conditions affecting a property. Under various federal, state and local laws and regulations relating to the environment, as a current or former owner or operator of real property, we may be liable for costs and damages resulting from environmental matters, including the presence or discharge of hazardous or toxic substances, waste or petroleum products at, on, in, under or migrating from such property, including costs to investigate or clean up such contamination and liability for personal injury, property damage or harm to natural resources. If environmental contamination exists on our properties, we could be subject to strict, joint and/or several liability for the contamination by virtue of our ownership interest; we may face liability regardless of our knowledge of the contamination, the timing of the contamination, the cause of the contamination, or the party responsible for the contamination of the property.

If our environmental liability insurance is inadequate, we may become subject to material losses for environmental liabilities. Although our leases generally require our tenants to operate in compliance with all applicable laws and to indemnify us against any environmental liabilities arising from a tenant's activities on the property, we could be subject to strict liability by virtue of our ownership interest. We cannot be sure that our tenants will, or will be able to, satisfy their indemnification obligations, if any, under our leases. Furthermore, the discovery of environmental liabilities on any of our properties could lead to significant remediation costs or to other liabilities or obligations attributable to the tenant of that property or could result in material interference with the ability of our tenants to operate their businesses as currently operated. Noncompliance with environmental laws or discovery of environmental liabilities could each individually or collectively affect such tenant's ability to make payments to us, including rental payments and, where applicable, indemnification payments. Additionally, the known or potential presence of hazardous substances on a property may adversely affect our ability to sell, lease or improve the property or to borrow using the property as collateral. Environmental laws may also create liens on contaminated properties in favor of the government for damages and costs it incurs to address such contamination. Moreover, if contamination is discovered on our properties, environmental laws may impose restrictions on the manner in which they may be used, and these restrictions may require substantial expenditures.

Insurance on our properties may not adequately cover all losses and uninsured losses could materially and adversely affect us.

Our tenants are required to maintain liability and property insurance coverage for the properties they lease from us pursuant to triple-net leases. Pursuant to such leases, our tenants are required to name us (and any of our lenders that have a mortgage on the property leased by the tenant) as additional insureds on their liability policies and additional named insured and/or loss payee (or mortgagee, in the case of our lenders) on their property policies. All tenants are required to maintain casualty coverage. Depending on the location of the property, losses of a catastrophic nature, such as those caused by earthquakes and floods, may be covered by insurance policies that are held by our tenant with limitations such as large deductibles or co-payments that a tenant may not be able to meet. In addition, losses of a catastrophic nature, such as those caused by wind/hail, wildfires, hurricanes, terrorism or acts of war, may be uninsurable or not economically insurable. If there is damage to our properties that is not covered by insurance and such properties are subject to recourse indebtedness, we will continue to be liable for the indebtedness, even if these properties are irreparably damaged. In addition, even if some or all of certain losses are covered by insurance, drawing on such insurance may cause our premiums and other insurance costs to increase or result in certain types of policies becoming unavailable in the future.

Inflation, changes in building codes and ordinances, environmental considerations and other factors, including terrorism or acts of war, may make any insurance proceeds we receive insufficient to repair or replace a property if it is damaged or destroyed. In that situation, the insurance proceeds received may not be adequate to restore our economic position with respect to the affected real property. Furthermore, if we experience a substantial or comprehensive loss of one of our properties, we may not be able to rebuild such property to its existing specifications without significant capital expenditures which may exceed any amounts received pursuant to insurance policies, as reconstruction or improvement of such a property would likely require significant upgrades to meet zoning and building code requirements. The loss of our capital investment in or anticipated future returns from our properties due to material uninsured losses could materially and adversely affect us.

Compliance with the Americans with Disability Act of 1990 (the "ADA"), fire and safety regulations, and other regulations may require us to make unanticipated expenditures.

Our properties are subject to the ADA, fire and safety regulations, building codes and other regulations. Failure to comply with these laws and regulations could result in imposition of fines by the government or an award of damages to private litigants, or both. While our tenants are obligated by law to comply with the ADA and typically obligated under our leases to cover costs associated with compliance with the ADA and other property regulations, if required changes involve greater expenditures than anticipated or if the changes must be made on a more accelerated basis than anticipated, the ability of our tenants to cover costs could be adversely affected, and we could be required to expend our own funds to comply with applicable law and regulation.

Our business is subject to risks associated with climate change and our sustainability strategies.

Our business is subject to risks associated with the effects of climate change, and a resulting shift to a lower carbon economy, and may be subject to further risks in the future. Climate change could adversely affect our business through both chronic and acute perils including, but not limited to, extreme weather, fires, wind, changes in precipitation and temperature, and rising sea levels, all of which may result in physical damage to, or a decrease in demand for, our properties located in the areas affected by these conditions, and may adversely impact consumer behaviors, preferences and spending at our properties, which may impact our tenants' ability to fulfill their obligations under our leases, or our ability to re-lease the properties in the future. In addition, should the impact of climate change be severe or occur for lengthy periods of time, connectivity, labor and supply chain issues could impact business continuity for ourselves and our tenants. Chronic climate change may lead to increased costs for us and our tenants to reduce carbon footprints, including with respect to heating, cooling or electricity costs, retrofitting properties to be more energy efficient or comply with new rules or regulations, or other unforeseen costs. These risks could adversely affect our reputation, financial condition or results of operations.

We seek to promote effective energy efficiency and other sustainability strategies and compliance with federal, state and other applicable laws and regulations related to climate change, both internally and with our tenants. Our sustainability strategies and efforts to comply with changes in federal, state and other applicable laws and regulations on climate change could result in significant capital expenditures to improve our existing properties or properties we may acquire. Any changes to such laws and regulations could also result in increased operating costs or capital expenditures at our properties. If we are unable to comply with laws and regulations on climate change or implement effective sustainability strategies, our reputation among our tenants and investors may be damaged and we may incur fines and/or penalties. Moreover, there can be no assurance that any of our sustainability strategies will result in reduced operating costs, higher occupancy or higher rental rates or deter our existing tenants from relocating to properties owned by our competitors.

In addition, tenants at our net-leased properties are generally responsible for maintenance and other day-to-day management of the properties. Though many of our leases obligate our tenants to provide us with certain information relating to environmental matters, this lack of control over our net-leased properties makes it difficult for us to collect property-level environmental metrics and to enforce sustainability initiatives, which may impact our ability to comply with certain regulatory disclosure requirements to which we are subject or comply effectively with established Environmental, Social and Governance ("ESG") frameworks and standards, such as the Global Real Estate Sustainability Benchmarks, Task Force for Climate-Related Financial Disclosures (“TCFD”) and the Sustainability Accounting Standards Board. If we are unable to successfully collect the data necessary to comply with these disclosure requirements, we may be subject to increased regulatory risk and if such data is incomplete or unfavorable, our relationship with our investors, our stock price, and our access to capital may be negatively impacted.

Risks Related to Our Indebtedness

As of December 31, 2024, we had $2.1 billion of indebtedness outstanding, which requires substantial cash flow to service, subjects us to covenants and refinancing risk and the risk of default.

As of December 31, 2024, we had $2.1 billion of indebtedness outstanding. This indebtedness consisted of $1.7 billion of combined borrowings under our term loans and $400.0 million outstanding principal amount of senior unsecured notes. We had no indebtedness outstanding under our Revolving Credit Facility as of December 31, 2024, but we may borrow from this facility in the future. Payments of principal and interest on indebtedness may leave us with insufficient cash resources to meet our cash needs, including funding our investment program, or to make the distributions to our common stockholders currently contemplated or necessary to continue to qualify as a REIT. Our indebtedness and the limitations imposed on us by our debt agreements could have significant adverse consequences, including the following: our cash flow may be insufficient to make our required principal and interest payments; cash interest expense and financial covenants relating to our indebtedness may limit or eliminate our ability to make distributions to our common stockholders; we may be unable to borrow additional funds as needed or on favorable terms, which could, among other things, adversely affect our ability to consummate investment opportunities or meet operational needs; we may be unable to refinance our indebtedness at maturity, or the refinancing terms may be less favorable than the terms of the debt being refinanced; because a portion of our debt bears interest at variable rates, increases in interest rates could increase our interest expense; we may be unable to hedge floating rate debt, counterparties may fail to honor their obligations under our hedge agreements, such agreements may not effectively hedge interest rate fluctuation risk, and, upon the expiration of our hedge agreements, we will be exposed to then-existing market rates of interest and future interest rate volatility; we may be forced to dispose of properties, possibly on unfavorable terms or in violation of certain covenants to which we may be subject; we may default on our obligations; we may violate restrictive covenants in our loan documents, which would entitle the lenders to accelerate our debt obligations; and our default under any loan with cross-default provisions could result in a default on other indebtedness. The occurrence of any of these events could materially and adversely affect us.

Our business plan depends on external sources of capital, including debt financings, and market conditions could adversely affect our ability to refinance existing indebtedness or obtain additional financing for growth on commercially acceptable terms or at all.

Credit markets have recently experienced significant price volatility, interest rate fluctuations, displacement and liquidity disruptions. In particular, credit spreads in certain credit markets have recently been wider relative to historical levels. Such circumstances could materially impact liquidity in the financial markets, making financing terms for borrowers less attractive, and potentially result in the unavailability of various types of debt financing. As a result, we may be unable to obtain debt financing on favorable terms or at all or fully refinance maturing indebtedness with new indebtedness. A deterioration in our credit or credit rating, reductions in our available borrowing capacity or our inability to obtain credit when required or when business conditions warrant could materially and adversely affect us.

If prevailing interest rates or other factors at the time of refinancing result in higher interest rates upon refinancing, then the interest expense relating to that refinanced indebtedness would increase. Higher interest rates on newly incurred debt may negatively impact us as well. If interest rates increase, our interest costs and overall costs of capital will increase, which could materially and adversely affect us and our ability to invest accretively or make distributions to our stockholders.

Though we currently do not have any secured debt, we have raised capital through secured debt financing in the past, and we may do so again in the future. Secured debt subjects us to certain risks, including the potential loss of the property securing such debt through foreclosure or otherwise and the possible inability to refinance any such debt at maturity at a similar loan-to-value ratio.

A downgrade in our credit ratings could have a material adverse effect on our business and financial condition.

The credit ratings assigned to us and our debt, which are subject to ongoing evaluation by the rating agencies who have published them, could change based upon, among other things, our historical and projected business, prospects, liquidity, results of operations and financial condition, or the real estate industry generally. If any credit rating agency downgrades or lowers our credit rating, places any such rating on a so-called “watch list” for a possible downgrading or lowering or otherwise publishes a negative outlook for that rating, it could materially adversely affect the market price of our debt securities and possibly our common stock, and generally the cost and availability of our capital.

We have engaged in hedging transactions and may engage in additional hedging transactions in the future; such transactions may materially and adversely affect our results of operations and cash flows.

We use hedging strategies, in a manner consistent with the REIT qualification requirements, in an effort to reduce our exposure to changes in interest rates. As of December 31, 2024, we were party to 39 interest rate swap agreements with third-party financial institutions having an aggregate notional amount of $1.7 billion that are designated as cash flow hedges and designed to effectively fix the Secured Overnight Financing Rate (“SOFR”) component of the interest rate on the debt outstanding under our term loans. Unanticipated changes in interest rates may result in poorer overall investment performance than if we had not engaged in any such hedging transactions and may materially and adversely affect our business by increasing our cost of capital and reducing the net returns we earn on our portfolio.

Our debt financing agreements contain restrictions and covenants which may limit our ability to enter into, or obtain funding for, certain transactions, operate our business or make distributions to our common stockholders.

Our debt financing agreements contain financial and other covenants with which we are required to comply and that limit our ability to operate our business. These covenants, as well as any additional covenants to which we may be subject in the future because of additional or replacement debt financing, could cause us to have to forego investment opportunities, reduce or eliminate distributions to our common stockholders or obtain financing that is more expensive than financing we could obtain if we were not subject to the covenants. The covenants impose limitations on, among other things, our ability to incur additional indebtedness, encumber assets and pay distributions to our stockholders under certain circumstances (subject to certain exceptions relating to our qualification as a REIT under the Code). In addition, these agreements have cross-default provisions that generally result in an event of default if we default under other material indebtedness.

The covenants and other restrictions under our debt agreements may affect, among other things, our ability to: incur indebtedness; create liens on assets; cause our subsidiaries to distribute cash to us to fund distributions to stockholders or to otherwise use in our business; sell or substitute assets; modify certain terms of our leases; manage our cash flows; and make distributions to equity holders, including our common stockholders.

Additionally, these restrictions may adversely affect our operating and financial flexibility and may limit our ability to respond to changes in our business or competitive environment, all of which may materially and adversely affect us.

Mortgage debt obligations expose us to the possibility of foreclosure, which could result in the loss of our investment in any property subject to mortgage debt.

Future borrowings may be secured by mortgages on our properties. Incurring mortgage and other secured debt obligations increases our risk of losses because defaults on secured indebtedness may result in foreclosure actions initiated by lenders and ultimately our loss of the properties securing any loans for which we are in default. If we are in default under a cross-defaulted mortgage loan, we could lose multiple properties to foreclosure. For tax purposes, a foreclosure of any of our properties would be treated as a sale of the property for a purchase price equal to the outstanding balance of the debt secured by the mortgage. If the outstanding balance of the debt secured by the mortgage exceeds our tax basis in the property, we would recognize taxable income on foreclosure, but would not receive any cash proceeds, which could hinder our ability to meet the REIT distribution requirements. As we execute our business plan, we may assume or incur new mortgage indebtedness on our properties. Any default under any mortgage debt obligation we incur may increase the risk of our default on our other indebtedness.

Risks Related to Our Organizational Structure

Our charter and bylaws and Maryland law contain provisions that may delay, defer or prevent a change of control transaction, even if such a change in control may be in your interest, and as a result may depress the market price of our common stock. Our charter contains certain restrictions on ownership and transfer of our stock.

Our charter contains various provisions that are intended to, among other things, assist us in maintaining our qualification for taxation as a REIT and, subject to certain exceptions, authorizes our directors to take such actions as are necessary or appropriate to cause us to continue to qualify as a REIT. For example, our charter prohibits the actual, beneficial or constructive ownership by any person of more than 9.8% in value or in number of shares, whichever is more restrictive, of the outstanding shares of our common stock or more than 9.8% in value of the aggregate of the outstanding shares of all classes and series of our stock.

Our Board, in its sole and absolute discretion, may exempt a person, prospectively or retroactively, from these ownership limits if certain conditions are satisfied. The restrictions on ownership and transfer of our stock may, among other things: discourage a tender offer or other transaction or a change in management or of control that might involve a premium price for our common stock or that our stockholders otherwise believe to be in their best interests; or result in the transfer of shares acquired in excess of the restrictions to a trust for the benefit of one or more charitable beneficiaries and, as a result, the forfeiture by the acquirer of the benefits of owning the additional shares.

We could increase or decrease the number of authorized shares of stock, classify and reclassify unissued stock and issue stock without stockholder approval.

Our Board, without stockholder approval, has the power under our charter to amend our charter to increase or decrease the aggregate number of shares of stock or the number of shares of stock of any class or series that we are authorized to issue, to authorize us to issue authorized but unissued shares of our common stock or preferred stock and to classify or reclassify any unissued shares of our common stock or preferred stock into one or more classes or series of stock and to set the terms of such newly classified or reclassified shares. As a result, we may issue one or more classes or series of common stock or preferred stock with preferences, conversion or other rights, voting powers or rights, restrictions, limitations as to dividends or other distributions, qualifications or terms or conditions of redemption that are senior to, or otherwise conflict with, the rights of our common stockholders. Our Board could establish a class or series of common stock or preferred stock that could, depending on the terms of such class or series, delay, defer or prevent a transaction or a change of control that might involve a premium price for our common stock or otherwise be in the best interest of our stockholders.

Our bylaws designate the Circuit Court for Baltimore City, Maryland as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our stockholders, which could limit stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or employees and could discourage lawsuits against us and our directors, officers and employees.

Our bylaws provide that, unless we consent in writing to the selection of an alternative forum, the Circuit Court for Baltimore City, Maryland, or, if that court does not have jurisdiction, the United States District Court for the District of Maryland, Baltimore Division, will be the sole and exclusive forum for (a) any Internal Corporate Claim, as such term is defined in the Maryland General Corporation Law ("MGCL"), (b) any derivative action or proceeding brought on our behalf, (c) any action asserting a claim of breach of any duty owed by any of our directors, officers or other employees to us or to our stockholders, (d) any action asserting a claim against us or any of our directors, officers or other employees arising pursuant to any provision of the MGCL or our charter or bylaws or (e) any other action asserting a claim against us or any of our directors, officers or other employees that is governed by the internal affairs doctrine. These choice of forum provisions will not apply to suits brought to enforce a duty or liability created by the Securities Act, the Exchange Act, or any other claim for which federal courts have exclusive jurisdiction.

These exclusive forum provisions may limit the ability of our stockholders to bring a claim in a judicial forum that such stockholders find favorable for disputes with us or our directors, officers, or employees, which may discourage such lawsuits against us and our directors, officers, and employees. Alternatively, if a court were to find the choice of forum provisions contained in our bylaws to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could materially adversely affect our business, financial condition, and operating results.

Our Board may change our investment and financing policies without stockholder approval, including those with respect to borrowing, and we may become more highly leveraged, which may increase our risk of default under our debt obligations.

Our investment and financing policies are exclusively determined by our Board. Accordingly, our stockholders do not control these policies. Further, our organizational documents do not limit the amount or percentage of indebtedness, funded or otherwise, that we may incur. Although we are not required by our organizational documents to maintain a particular leverage ratio and may not be able to do so, we generally intend to target a level of net debt (which includes recourse and non-recourse borrowings and any outstanding preferred stock issuance less unrestricted cash and cash equivalents) that, over time, is less than six times our Annualized Adjusted EBITDA*re*. However, from time to time, our ratio of net debt to our Annualized Adjusted EBITDA*re* may equal or exceed six times. Our Board may alter or eliminate our current policy on borrowing at any time without stockholder approval. If this policy changed, we could become more highly leveraged, which could result in an increase in our debt service and the risk of default on our obligations. In addition, a change in our investment policies, including the manner in which we allocate our resources across our portfolio or the types of assets in which we seek to invest, may increase our exposure to interest rate risk, real estate market fluctuations and liquidity risk. Changes to our policies with regard to the foregoing could materially and adversely affect us.

Our rights and the rights of our stockholders to take action against our directors and officers are limited.

As permitted by Maryland law, our charter limits the liability of our directors and officers to us and our stockholders for money damages to the maximum extent permitted by Maryland law. Therefore, our directors and officers are subject to monetary liability resulting only from: actual receipt of an improper benefit or profit in money, property or services; or active and deliberate dishonesty by the director or officer that was established by a final judgment as being material to the cause of action adjudicated.

As a result, we and our stockholders have rights against our directors and officers that are more limited than might otherwise exist. Accordingly, if actions taken by any of our directors or officers impede the performance of our company, your and our ability to recover damages from such director or officer will be limited. In addition, our charter requires us to indemnify our directors and officers for actions taken by them in those and certain other capacities to the maximum extent permitted by Maryland law.

We are a holding company with no direct operations and rely on funds received from our Operating Partnership to make any distributions to stockholders and to pay liabilities.

We are a holding company and conduct substantially all of our operations through our Operating Partnership. We do not have any independent operations, and our only material asset is our interest in our Operating Partnership. As a result, we rely on distributions from our Operating Partnership to pay any distributions our Board declares on shares of our common stock. We also rely on distributions from our Operating Partnership to meet any of our obligations, including any tax liability on taxable income allocated to us from our Operating Partnership. In addition, because we are a holding company, claims by our stockholders will be structurally subordinated to all existing and future liabilities and obligations (whether or not for borrowed money) of our Operating Partnership and its subsidiaries. Therefore, in the event of our bankruptcy, liquidation or reorganization, our assets and those of our Operating Partnership and its subsidiaries will be able to satisfy the claims of our stockholders only after all of our and our Operating Partnership's and its subsidiaries' liabilities and obligations have been paid in full.

In connection with our future acquisition of properties or otherwise, we may issue units of our Operating Partnership to third parties. Such issuances would reduce our ownership in our Operating Partnership. If you do not directly own units of our Operating Partnership, you will not have any voting rights with respect to any such issuances or other partnership level activities of our Operating Partnership.

Conflicts of interest could arise in the future between the interests of our stockholders and the interests of holders of units in our Operating Partnership, which may impede business decisions that could benefit our stockholders.

Conflicts of interest could arise in the future as a result of the relationships between us and our stockholders, on the one hand, and our Operating Partnership and its limited partners, on the other. Under the terms of the partnership agreement of our Operating Partnership, if there is a conflict between the interests of our stockholders, on one hand, and any limited partners, on the other, we will endeavor in good faith to resolve the conflict in a manner not adverse to either our stockholders or any limited partners; provided, however, that so long as we own a controlling economic interest in our Operating Partnership, any conflict that cannot be resolved in a manner not adverse to either our stockholders or any limited partners shall be resolved in favor of our stockholders.

Certain mergers, consolidations and other transactions require the approval of a majority in interest of the outside limited partners in our Operating Partnership (which excludes us and our subsidiaries), which could prevent certain transactions that may result in our stockholders receiving a premium for their shares or otherwise be in their best interest.

The partnership agreement requires the general partner or us, as the parent of the general partner, to obtain the approval of a majority in interest of the outside limited partners in our Operating Partnership (which excludes us and our subsidiaries) in connection with certain mergers, consolidations or other combinations of us, or a sale of all or substantially all of our assets. This approval right could prevent a transaction that might be in the best interests of our stockholders.

Risks Related to Our Status as a REIT

Failure to continue to qualify as a REIT would materially and adversely affect us and the value of our common stock, and even if we continue to qualify as a REIT, we may be subject to certain additional taxes.

We elected to be taxed as a REIT for federal income tax purposes beginning with our taxable year ended December 31, 2018, and we believe that our current organization and operations have allowed and will continue to allow us to qualify as a REIT. We have not requested and do not plan to request a ruling from the Internal Revenue Service, or IRS, that we qualify as a REIT, and the statements in this Annual Report are not binding on the IRS or any court. Therefore, we cannot assure you that we will remain qualified as a REIT in the future. If we lose our REIT status, we will face significant tax consequences that would substantially reduce our cash available for distribution to our stockholders for each of the years involved because: we would not be allowed a deduction for distributions to stockholders in computing our taxable income and would be subject to federal income tax at the corporate rate; we also could be subject to increased state and local taxes; and unless we are entitled to relief under applicable statutory provisions, we could not elect to be taxed as a REIT for four taxable years following the year during which we were disqualified.

Any such corporate tax liability could be substantial and would reduce our cash available for, among other things, our operations and distributions to stockholders. In addition, if we fail to remain qualified as a REIT, we will not be required to make distributions to our stockholders. As a result of all these factors, our failure to remain qualified as a REIT also could impair our ability to expand our business and raise capital and could materially and adversely affect the trading price of our common stock.

Qualification as a REIT involves the application of highly technical and complex Code provisions for which there are only limited judicial and administrative interpretations. The determination of various factual matters and circumstances not entirely within our control may affect our ability to continue to qualify as a REIT. In order to continue to qualify as a REIT, we must satisfy a number of requirements, including requirements regarding the ownership of our stock, requirements regarding the composition of our assets and a requirement that at least 95% of our gross income in any year must be derived from qualifying sources, such as “rents from real property.” Also, we must make distributions to stockholders aggregating annually at least 90% of our REIT taxable income, determined without regard to the dividends paid deduction and excluding any net capital gains. In addition, legislation, new regulations, administrative interpretations or court decisions may materially and adversely affect our investors, our ability to continue to qualify as a REIT for federal income tax purposes or the desirability of an investment in a REIT relative to other investments.

Even if we continue to qualify as a REIT for federal income tax purposes, we may be subject to some federal, state and local income, property and excise taxes on our income or property and, in certain cases, a 100%

penalty tax, in the event we sell property as a dealer. In addition, any taxable REIT subsidiaries will be subject to tax as regular corporations in the jurisdictions in which they operate.

If our Operating Partnership fails to qualify as a partnership for federal income tax purposes, we will cease to qualify as a REIT and suffer other adverse consequences.

We believe that our Operating Partnership will be treated as a partnership for federal income tax purposes and, as a result, will generally not be subject to federal income tax on its income. Instead, for federal income tax purposes each of the partners of the Operating Partnership, including us, will be allocated, and may be required to pay tax with respect to, such partner's share of its income. Our Operating Partnership will generally be required to determine and pay an imputed underpayment of tax (plus interest and penalties) resulting from an adjustment of the Operating Partnership's items of income, gain, loss, deduction or credit at the partnership level. We cannot assure you that the IRS will not challenge the tax classification of our Operating Partnership or any other subsidiary partnership in which we own an interest, or that a court will not sustain such a challenge. If the IRS were successful in treating our Operating Partnership or any such other subsidiary partnership as an entity taxable as a corporation for federal income tax purposes, we will fail to meet the gross income tests and certain of the asset tests applicable to REITs and, accordingly, we will likely cease to qualify as a REIT. Also, the failure of our Operating Partnership or any subsidiary partnerships to qualify as a disregarded entity or partnership could cause it to become subject to federal and state corporate income tax, which will reduce significantly the amount of cash available for debt service and for distribution to its partners, including us.

To maintain our REIT status, we may be forced to borrow funds during unfavorable market conditions, and the unavailability of such capital on favorable terms at the desired times, or at all, may cause us to curtail our investment activities and/or to dispose of assets at inopportune times.

To continue to qualify as a REIT, we generally must distribute to our stockholders at least 90% of our REIT taxable income each year, determined without regard to the dividends-paid deduction and excluding any net capital gains, and we will be subject to corporate income tax on our undistributed taxable income to the extent that we distribute less than 100% of our REIT taxable income, determined without regard to the dividends-paid deduction and including any net capital gains, each year. In addition, we will be subject to a 4% nondeductible excise tax on the amount, if any, by which distributions paid by us in any calendar year are less than the sum of 85% of our ordinary income, 95% of our capital gain net income and 100% of our undistributed income from prior years.

In order to maintain our REIT status and avoid the payment of income and excise taxes, we may need to borrow funds to meet the REIT distribution requirements even if market conditions are not favorable for these borrowings. We cannot assure you that we will have access to such capital on favorable terms at the desired times, or at all, which may cause us to curtail our investment activities and/or to dispose of assets at inopportune times, and could materially and adversely affect us and the per share trading price of our common stock.

Our ability to provide certain services to our tenants may be limited by the REIT rules or may have to be provided through a taxable REIT subsidiary.

As a REIT, we generally cannot provide services to our tenants other than those that are customarily provided by landlords, nor can we derive income from a third party that provides such services. If we forego providing such services to our tenants, we may be at a disadvantage to competitors that are not subject to the same restrictions. However, we can provide such non-customary services to our tenants and receive our share in the revenue from such services if we do so through a taxable REIT subsidiary (“TRS”), though income earned by such TRS will be subject to U.S. federal and state corporate income tax.

The IRS may treat sale-leaseback transactions as loans, which could jeopardize our REIT status or require us to make an unexpected distribution.

A significant portion of our investments were obtained through sale-leaseback transactions, where we purchase owner-occupied real estate and lease it back to the seller. We expect that a majority of our future investments will be obtained this way. The IRS may take the position that specific sale-leaseback transactions that we treat as leases are not true leases for federal income tax purposes but, instead, should be re-characterized as financing arrangements or loans.

If a sale-leaseback transaction were so re-characterized, we might fail to satisfy the REIT asset tests, the income tests or distribution requirements and consequently lose our REIT status effective with the year of re-characterization unless we elect to make an additional distribution to maintain our REIT status. The primary risk relates to our loss of previously incurred depreciation expenses, which could affect the calculation of our REIT taxable income and could cause us to fail the REIT distribution test that requires a REIT to distribute at least 90% of its REIT taxable income, determined without regard to the dividends-paid deduction and excluding any net capital gain. In this circumstance, we may elect to distribute an additional dividend of the increased taxable income so as not to fail the REIT distribution test. This distribution would be paid to all stockholders at the time of declaration rather than the stockholders existing in the taxable year affected by the re-characterization.

Dividends payable by REITs do not qualify for the reduced tax rates available for some dividends.

The maximum tax rate applicable to income from "qualified dividends" payable to U.S. stockholders that are individuals, trusts and estates is 20%. Dividends payable by REITs, however, generally are not eligible for the 20% rate except to the extent the REIT dividends are attributable to "qualified dividends" received by the REIT itself. However, for non-corporate U.S. stockholders, dividends payable by REITs that are not designated as capital gain dividends or otherwise treated as "qualified dividends" generally are eligible for a deduction of 20% of the amount of such dividends, for taxable years beginning before January 1, 2026. More favorable rates will nevertheless continue to apply for regular corporate "qualified dividends." Although these rules do not adversely affect the taxation of REITs or dividends payable by REITs, if the 20% rate continues to apply to regular corporate qualified dividends, investors who are individuals, trusts and estates may regard investments in REITs to be relatively less attractive than investments in the stocks of non-REIT corporations.

The tax imposed on REITs engaging in "prohibited transactions" may limit our ability to engage in transactions which would be treated as sales for federal income tax purposes.

A REIT's net income from "prohibited transactions" is subject to a 100% penalty tax. In general, prohibited transactions are sales or other dispositions of property, other than foreclosure property, held primarily for sale to customers in the ordinary course of business. Although we do not intend to hold any properties that would be characterized as held for sale to customers in the ordinary course of our business, unless a sale or disposition qualifies under certain statutory safe harbors, no guarantee can be given that the IRS would agree with our characterization of our properties or that we will always be able to make use of the available safe harbors.

Complying with REIT requirements may limit our ability to hedge effectively and may cause us to incur tax liabilities.

The REIT provisions of the Code substantially limit our ability to hedge our assets and liabilities. Any income from a hedging transaction that we enter into to manage the risk of interest rate changes with respect to borrowings made or to be made to acquire or carry real estate assets, or from certain terminations of such hedging positions, does not constitute "gross income" for purposes of the 75% or 95% gross income tests that apply to REITs, provided that certain identification requirements are met. To the extent that we enter into other types of hedging transactions or fail to properly identify such transaction as a hedge, the income is likely to be treated as non-qualifying income for purposes of both of the gross income tests. As a result of these rules, we may be required to limit our use of advantageous hedging techniques or implement those hedges through a TRS. This could increase the cost of our hedging activities because any TRS in which we own an interest may be subject to tax on gains or expose us to greater risks associated with changes in interest rates than we would otherwise want to bear. In addition, losses in any TRS in which we own an interest will generally not provide any tax benefit, except that such losses could theoretically be carried forward against future taxable income in such TRS.

Complying with REIT requirements may affect our profitability and may force us to liquidate or forgo otherwise attractive investments.

To qualify as a REIT, we must continually satisfy tests concerning, among other things, the nature and diversification of our assets, the sources of our income and the amounts we distribute to our stockholders. We may be required to liquidate or forgo otherwise attractive investments in order to satisfy the asset and income tests or to qualify under certain statutory relief provisions. We also may be required to make distributions to stockholders at disadvantageous times or when we do not have funds readily available for distribution. As a result, having to comply with the distribution requirement could cause us to: (i) sell assets in adverse market conditions; (ii) borrow on unfavorable terms; or (iii) distribute amounts that would otherwise be invested in future acquisitions, capital expenditures or repayment of debt. Accordingly, satisfying the REIT requirements could materially and adversely affect us. Moreover, if we are compelled to liquidate our investments to meet any of these asset, income or distribution tests, or to repay obligations to our lenders, we may be unable to comply with one or more of the requirements applicable to REITs or may be subject to a 100% tax on any resulting gain if such sales are prohibited transactions.

There is a risk of changes in the tax law applicable to REITs.

Because the IRS, the United States Treasury Department and Congress frequently review federal income tax legislation, we cannot predict whether, when or to what extent new federal tax laws, regulations, interpretations or rulings will be adopted. Any of such legislative actions may prospectively or retroactively modify our tax treatment and, therefore, may adversely affect taxation of us and/or our investors. For example, the Tax Cuts and Jobs Act of 2017 (the "TCJA") has significantly changed the U.S. federal income taxation of U.S. businesses and their owners, including REITs and their stockholders. You are urged to consult with your tax advisor with respect to the status of legislative, regulatory, judicial or administrative developments and proposals and their potential effect on an investment in our securities.

Risks Related to the Ownership of Our Common Stock

Changes in market conditions and volatility of stock prices could adversely affect the market price of our common stock.

The market price of our common stock on the NYSE has experienced significant volatility. The market price of our common stock will fluctuate, and such fluctuations could be significant and frequent; accordingly, our common stockholders may experience a significant decrease in the value of their shares, including decreases that may be related to technical market factors and may be unrelated to our operating performance or prospects. Similarly, the trading volume of our common stock may decline, and our common stockholders could experience a decrease in liquidity. A number of factors could negatively affect the price per share of our common stock, including: actual or anticipated variations in our quarterly operating results or distributions; changes in our funds from operations ("FFO"), core FFO ("Core FFO"), adjusted FFO ("AFFO") or guidance; changes in our net investment activity; difficulties or inability to access equity or debt capital on attractive terms or extend or refinance existing debt; increases in our leverage; changes in our management or business strategy; failure to comply with the NYSE listing requirements or other regulatory requirements; and the other factors described in this Risk Factors section. Many of these factors are beyond our control. These factors may cause the market price of shares of our common stock to decline significantly, regardless of our financial condition, results of operations, business or our prospects.

Increases in market interest rates may result in a decrease in the value of shares of our common stock.

One of the factors that may influence the price of shares of our common stock is the distribution yield on shares of our common stock (as a percentage of the price of shares of our common stock) relative to market interest rates. An increase in market interest rates may lead prospective purchasers of shares of our common stock to expect a higher distribution yield. Additionally, higher interest rates would likely increase our borrowing costs and potentially decrease funds available for distribution. Thus, higher market interest rates could cause the per share trading price of our common stock to decrease. Higher borrowing costs and a reduced trading price of our common stock would increase our overall cost of capital and adversely affect our ability to make accretive acquisitions.

We may be unable to continue to make distributions at our current distribution level, and our Board may change our distribution policy in the future.

While we expect to continue to make regular quarterly distributions to the holders of our common stock, if sufficient cash is not available for distribution from our operations, we may have to fund distributions from working capital or net proceeds from asset sales, borrow to provide funds for such distributions, or reduce the amount of such distributions. To the extent we borrow to fund distributions, our future interest costs would increase, thereby reducing our earnings and cash available for distribution from what they otherwise would have been. If cash available for distribution generated by our assets is less than expected, or if such cash available for distribution decreases in future periods from expected levels, our inability to make distributions could result in a decrease in the market price of our common stock.

The decision to declare and pay distributions on our common stock, as well as the form, timing and amount of any such future distributions, is at the sole discretion of our Board and depends upon a number of factors, including our actual and projected results of operations, FFO, Core FFO, AFFO, liquidity, cash flows and financial condition, the revenue we actually receive from our properties, our operating expenses, our debt service requirements, our capital expenditures, prohibitions and other limitations under our financing arrangements, our REIT taxable income, the annual REIT distribution requirements, applicable law and such other factors as our Board deems relevant. We may not be able to make distributions in the future, and our inability to make distributions, or to make distributions at expected levels, could have a material adverse effect on the market price of our common stock.

The incurrence of additional debt, which would be senior to shares of our common stock upon liquidation, and/or preferred equity securities that may be senior to shares of our common stock for purposes of distributions or upon liquidation, may materially and adversely affect the market price of shares of our common stock.

In the future, we may attempt to increase our capital resources by making additional offerings of debt or preferred equity securities, including by causing our Operating Partnership or its subsidiaries to issue additional debt securities, or by otherwise incurring additional indebtedness. Upon liquidation, holders of our debt securities, other lenders and creditors, and any holders of preferred stock with a liquidation preference will receive distributions of our available assets prior to our stockholders. Additionally, any convertible or exchangeable securities that we issue in the future may have rights, preferences and privileges more favorable than those of our common stock and may result in dilution to owners of our common stock. Our stockholders are not entitled to preemptive rights or other protections against dilution. Our preferred stock, if issued, could have a preference on liquidating distributions or a preference on distribution payments that could limit our right to make distributions to our stockholders. Because our decision to issue securities in any future offering will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of our future offerings. Our stockholders bear the risk of our future offerings reducing per share trading price of our common stock.

Sales of substantial amounts of our common stock or securities convertible into or exercisable or exchangeable therefor, or the perception that such sales might occur, could reduce the price of our common stock and may dilute your voting power and your ownership interest in us.

Sales of substantial amounts of our common stock or securities convertible into or exercisable or exchangeable therefor (such as OP Units), or the perception that such sales might occur, could adversely affect the market price of our common stock. OP Units (“OP Units”) are limited partnership interests in the Operating Partnership. Generally, beginning on and after the date that is 12 months after the issuance of OP Units, each limited partner of the Operating Partnership has the right to require the Operating Partnership to redeem part or all of its OP Units for cash, based upon the value of an equivalent number of shares of our common stock at the time of the redemption, or, at our election, shares of common stock on a one-for-one basis, subject to certain adjustments and the restrictions on ownership and transfer of our stock. Additionally, such sales would dilute the voting power and ownership interest of existing common stockholders. Our charter provides that we may issue up to 500,000,000 shares of common stock, and a majority of our entire Board has the power to amend our charter to increase the aggregate number of shares of stock or the number of shares of stock of any class or series that we are authorized to issue without stockholder approval. As of December 31, 2024, we had 187,537,592 shares of common stock outstanding and 553,847 OP Units outstanding (excluding OP Units held directly or indirectly by us). Any exchange of OP Units for common stock may result in stockholder dilution. In the future we may acquire properties through tax deferred contribution transactions in exchange for OP Units. This acquisition structure may have the effect of, among other things, reducing the amount of tax depreciation we could deduct over the tax life of the acquired properties, and may require that we agree to protect the contributors' ability to defer recognition of taxable gain through restrictions on our ability to dispose of the acquired properties and/or the allocation of partnership debt to the contributors to maintain their tax bases. These restrictions could limit our ability to sell an asset at a time, or on terms, that would be favorable absent such restrictions. As of December 31, 2024, 3,915,711 shares remain available for issuance under our 2023 Incentive Plan.

General Risk Factors

We may be vulnerable to security breaches or cyber attacks which could disrupt our operations and have a material adverse effect on our financial condition and operating results.

We rely on information systems across our operations and corporate functions, including finance and accounting, and depend on such systems to ensure payment of obligations, collection of cash, data warehousing to support analytics, and other various processes and procedures. Our ability to efficiently manage our business depends significantly on the reliability and capacity of these systems. Security breaches, cyber attacks, or disruption, of our or our third-party service providers' physical or information technology infrastructure, networks and related management systems could result in, among other things, a breach of our networks and information technology infrastructure, the misappropriation of our or our tenants' proprietary or confidential information, interruptions or malfunctions in our or our tenants' operations, misstated financial reports, violations of loan covenants, an inability to monitor compliance with REIT qualification requirements, breach of our legal, regulatory or contractual obligations, our inability to access or rely upon critical business records, unauthorized access to our facilities or other disruptions in our operations. Numerous sources can cause these types of incidents, including physical or electronic security breaches; viruses, ransomware or other malware; hardware vulnerabilities; accident or human error by our own personnel or third parties; criminal activity or malfeasance (including by our own personnel); fraud or impersonation scams perpetrated against us or our partners or tenants; or security events impacting our third-party service providers or our partners or tenants.

We recognize the increasing volume of cyber attacks and employ commercially reasonable efforts to provide reasonable assurance such attacks are appropriately mitigated. We may be required to expend significant financial resources and management time to protect against or respond to such breaches. Techniques used to breach security change frequently and are generally not recognized until launched against a target, so we may not be able to promptly detect that a security breach or unauthorized access has occurred. We also may not be able to implement security measures in a timely manner or, if and when implemented, we may not be able to determine the extent to which these measures could be circumvented. If an actual or perceived security breach occurs, the market's perception of our security measures could be harmed and we could lose current and potential tenants, and such a breach could be harmful to our brand and reputation. Any breaches that may occur could expose us to increased risk of lawsuits, material monetary damages, potential violations of applicable privacy and other laws, penalties and fines, harm to our reputation and increases in our security and insurance costs. In the event of a breach resulting in loss of data, such as personally identifiable information or other such data protected by data privacy or other laws, we may be liable for damages, fines and penalties for such losses under applicable regulatory frameworks despite not handling the data. We cannot guarantee that any backup systems, regular data backups, security protocols, network protection mechanisms and other procedures currently in place, or that may be in place in the future, will be adequate to prevent network and service interruption, system failure, damage to one or more of our systems or data loss in the event of a security breach or attack.

In addition, the regulatory framework around data custody, data privacy and breaches varies by jurisdiction and is an evolving area of law with increasingly complex and rigorous regulatory standards enacted to protect business and personal data in the United States. We may not be able to limit our liability or damages in the event of such a loss. Data protection legislation is becoming increasingly common in the United States at both the federal and state level and may require us to further modify our data processing practices and policies. Compliance with existing, proposed and recently enacted laws and regulations can be costly; any failure to comply with these regulatory standards could subject us to legal and reputational risks. Misuse of or failure to secure personal information could also result in violation of data privacy laws and regulations, proceedings against the Company by governmental entities or others, fines and penalties, or damage to our reputation and credibility with regulators, tenants and investors.

An epidemic or pandemic (such as the outbreak and worldwide spread of a novel strain of coronavirus, and its variants ("COVID-19")), and the measures that international, federal, state and local governments, agencies, law enforcement and/or health authorities implement to address it, may precipitate or materially exacerbate one or more of the other risks, and may significantly disrupt our tenants' ability to operate their businesses and/or pay rent to us or prevent us from operating its business in the ordinary course for an extended period.

An epidemic or pandemic could have a material and adverse effect on or cause disruption to our business or financial condition, results of operations, cash flows and the market value and trading price of our securities due to, among other factors:

- A complete or partial closure of, or other operational issues with, our properties as a result of government or tenant action;

- The declines in or instability of the economy or financial markets may result in a recession or negatively impact consumer discretionary spending, which could adversely affect our tenants and consumers;

- The reduction of economic activity may severely impact our tenants' business operations, financial condition, liquidity and access to capital resources and may cause one or more of our tenants to be unable to meet their obligations to us in full, or at all, to default on their lease, or to otherwise seek modifications of such obligations;

- The inability to access debt and equity capital on favorable terms, if at all, or a severe disruption and instability in the global financial markets or deteriorations in credit and financing conditions may affect our access to capital necessary to fund business operations, pursue acquisition and investment opportunities, refinance existing debt, reduce our ability to make cash distributions to our stockholders and increase our future interest expense;

- A general decline in business activity and demand for real estate transactions would adversely affect our ability to successfully execute our investment strategy and grow our business;

- A significant reduction in our cash flows could impact our ability to continue paying cash dividends to our stockholders at expected levels or at all;

- The financial impact could negatively affect our future compliance with financial and other covenants under agreements relating to our indebtedness, and the failure to comply with such covenants could result in a default that accelerates the payment of such debt; and

- The potential negative impact on the health of our officers, other employees and members of our Board, particularly if a significant number are impacted, or the impact of government actions or restrictions, including stay-at-home orders, restricting access to our headquarters, could result in a deterioration in our ability to ensure business continuity during a disruption.

A prolonged continuation of or repeated temporary business closures, reduced capacity at businesses or other social-distancing practices, and quarantine orders may adversely impact our tenants' ability to generate sufficient revenues to meet financial obligations, and could force tenants to default on their leases, or result in the bankruptcy of tenants, which would diminish the rental revenue we receive under our leases. Additionally, an increase in the number of vacant properties would increase our real estate expenses, including expenses associated with ongoing maintenance and repairs, utilities, real estate taxes and assessments, and property and liability insurance.

The rapid development and fluidity of an epidemic or pandemic precludes any prediction as to the ultimate adverse impact on us. Nevertheless, an epidemic or pandemic would present a material uncertainty and risk with respect to our performance, business or financial condition, results of operations and cash flows. While our leases generally do not allow tenants to withhold rent if the tenants are not operating at the property leased from us, some tenants may pay rent under protest, not pay rent at all, request rent deferrals, and assert legal or equitable claims in the courts that such tenants are not obligated to pay rent while closed or while operating at reduced capacity, because of an epidemic or pandemic.

We may become subject to litigation, which could materially and adversely affect us.

From time to time, we may become party to various lawsuits, claims and other legal proceedings. These matters may involve significant expense and may result in judgments or settlements, which may be significant. There can be no assurance that insurance will be available to cover losses related to legal proceedings or that our tenants will meet any indemnification obligations that they have to us. Litigation may result in significant defense costs and potentially significant judgments against us, some of which are not, or cannot be, insured against. Resolution of these types of matters against us may result in our having to pay significant fines, judgments or settlements, which, if uninsured, or if the fines, judgments, and settlements exceed insured levels, could materially and adversely affect us.

We depend on key personnel.

We depend on the efforts of our executive officers and key employees. The loss of the services of our executive officers and key employees could have a material adverse effect on our results of operations or financial condition and on our ability to pay the principal and interest on our debt securities and other indebtedness and to make distributions to our stockholders. It is possible that we will not be able to recruit additional personnel with equivalent experience in the net lease industry or retain employees to the same extent as in the past.

Material weaknesses in or a failure to maintain an effective system of internal control over financial reporting or disclosure controls could prevent us from accurately and timely reporting our financial results, which could materially and adversely affect us.

Effective internal controls over financial reporting are necessary for us to provide reliable financial reports, effectively prevent fraud and operate successfully as a public company. If we cannot provide reliable financial reports or prevent fraud, our reputation and operating results would be harmed. We are required to perform system and process evaluation and testing of our internal control over financial reporting to allow management to report on, and our independent registered public accounting firm to attest to, the effectiveness of our internal control over financial reporting, as required by Section 404 of the Sarbanes-Oxley Act of 2002. Designing and implementing an effective system of internal control over financial reporting and disclosure controls and procedures is a continuous effort that requires significant resources, including the expenditure of a significant amount of time by senior members of our management team.

In connection with our ongoing monitoring of our internal control over financial reporting or audits of our financial statements, we or our auditors may identify deficiencies in our internal control over financial reporting that may be significant or rise to the level of material weaknesses. Any failure to maintain effective internal control over financial reporting or disclosure controls and procedures or to timely effect any necessary improvements to such controls, could harm our operating results or cause us to fail to meet our reporting obligations (which could affect the listing of our common stock on the NYSE). Additionally, ineffective internal control over financial reporting or disclosure controls and procedures could also adversely affect our ability to prevent or detect fraud, harm our reputation and cause investors to lose confidence in our reported financial information, which would likely have a negative effect on the trading price of our common stock.

Changes in accounting standards may materially and adversely affect us.

From time to time FASB and the SEC, who create and interpret accounting standards, may change the financial accounting and reporting standards or their interpretation and application of these standards that will govern the preparation of our financial statements. These changes could materially and adversely affect our reported financial condition and results of operations, and, under certain circumstances, may cause us to fail to comply with financial covenants contained in agreements relating to our indebtedness. In some cases, we could be required to apply a new or revised standard retroactively, resulting in restating prior period financial statements. Similarly, these changes could materially and adversely affect our tenants' reported financial condition or results of operations and affect their preferences regarding leasing real estate.

Item 1B. Unresolved Staff Comments.

None.

Item 1C. Cybersecurity.

Cyber criminals are becoming more sophisticated and effective every day, and all companies utilizing technology are subject to threats of breaches of their cybersecurity programs. To mitigate the threat to our business, we take a comprehensive approach to cybersecurity risk management and make securing our systems and data a top priority. Our Board and our management are actively involved in our overall enterprise risk management program, of which cybersecurity represents an important component. As described in more detail below, we have established policies, procedures and processes for assessing, identifying, and managing material risks from cybersecurity threats. There can be no guarantee that our policies, procedures and processes will be properly followed in every instance or that those policies, procedures and processes will be effective. We are not aware of any risks from cybersecurity threats, including as a result of any previous cybersecurity incidents, that have materially affected or are reasonably likely to materially affect us, including our business strategy, results of operations or financial condition. However, we can provide no assurance that there will not be incidents in the future or that they will not materially affect us. For more information about risks relating to cybersecurity matters see “Item 1A. Risk-Factors—General Risk Factors—We may be vulnerable to security breaches or cyber attacks which could disrupt our operations and have a material adverse effect on our financial condition and operating results.”

Risk Management and Strategy

Our policies, procedures and processes for assessing, identifying, and managing material risks from cybersecurity threats are integrated into our overall enterprise risk management program. Our cybersecurity program in particular focuses on the following key areas:

Collaboration

Our cybersecurity risks are identified and addressed through a comprehensive, cross-functional approach. Personnel primarily responsible for security, risk and compliance matters meet periodically to develop strategies for preserving the confidentiality, integrity and availability of Company and tenant information, identifying, preventing and mitigating cybersecurity threats, and responding to any cybersecurity incidents. We maintain controls and procedures that are designed to ensure prompt escalation of material cybersecurity incidents so that decisions regarding public disclosure and reporting of such incidents can be made by management and the Board in a timely manner.

Risk Assessment

At least annually, we, with the assistance of an external cybersecurity consultant, conduct a cybersecurity risk assessment that takes into account information from internal personnel, known potential information security vulnerabilities and information from external sources (e.g., reported security incidents that have impacted other companies, industry trends, and evaluations by third parties and consultants). The results of the assessment are used to drive alignment on, and prioritization of, initiatives to enhance our security controls, make recommendations to improve processes, and inform a broader enterprise-level risk assessment that is presented to our Board, its Nominating and Corporate Governance Committee, and members of management.

Technical Safeguards

We periodically assess and deploy technical safeguards designed to protect our information systems from cybersecurity threats. Such safeguards are periodically evaluated and improved based on vulnerability assessments, cybersecurity threat intelligence and incident response experience.

Incident Response and Recovery Planning

We have established comprehensive incident response and recovery plans and continue to periodically test and evaluate the effectiveness of those plans. Our incident response and recovery plans address—and guide our employees, management and the Board on—our response to a cybersecurity incident.

Third-Party Risk Management

We have implemented controls designed to identify and mitigate cybersecurity threats associated with our use of third-party service providers. Such providers are subject to security risk assessments at the time of engagement, contract renewal and upon detection of an increase in risk profile. We use a variety of inputs in such risk assessments, including information supplied by providers and third parties, and investigate security incidents that have impacted our third-party providers, as appropriate.

Education and Awareness

Each of our employees is required to comply with our cybersecurity policies. We regularly remind employees of the importance of handling and protecting our data, including through annual privacy and security training to enhance employee awareness of how to detect and respond to cybersecurity threats.

External Assessments

Our cybersecurity policies and procedures are periodically assessed by our external cybersecurity consultant. These assessments include a variety of activities including information security maturity assessments, penetration tests, and independent reviews of our information security control environment and operating effectiveness. The results of significant assessments are reported to management, the Board and its Nominating and Corporate Governance Committee. Cybersecurity processes are adjusted based on the information provided from these assessments.

Governance

Board Oversight

Our Board, in coordination with its Nominating and Corporate Governance Committee, oversees our management of cybersecurity risk. They receive periodic reports from management and our external cybersecurity consultant about the identification, prevention, detection, mitigation and remediation of cybersecurity incidents, including material security risks and information security vulnerabilities. Our Nominating and Corporate Governance Committee oversees risks arising from our cybersecurity program. The Nominating and Corporate Governance Committee receives periodic updates from management and our external cybersecurity consultant on cybersecurity risk resulting from risk assessments, progress of risk reduction initiatives, external auditor feedback, control maturity assessments, and relevant internal and industry cybersecurity incidents.

Management's Role

Our Chief Financial Officer has primary responsibility for assessing and managing material risks from cybersecurity threats. The Chief Financial Officer meets periodically with our external cybersecurity consultant to review security performance metrics and identify security risks. The Chief Financial Officer and our external cybersecurity consultant also consider and make recommendations on security policies and procedures, security service requirements and risk mitigation strategies to the Nominating and Corporate Governance Committee.

Item 2. Properties.

Our Real Estate Investment Portfolio

As of December 31, 2024, we had a portfolio of 2,104 properties, inclusive of 150 properties that secure our investments in mortgage loans receivable, that was diversified by tenant, concept, industry and geography and had annualized base rent of $460.6 million. Our 413 tenants operate 592 different concepts in 16 industries across 49 states. None of our tenants represented more than 4.2% of our portfolio at December 31, 2024 and our top ten largest tenants represented 17.6% of our annualized base rent as of that date.

Diversification by Tenant

As of December 31, 2024, our top ten tenants included ten different concepts. The following table details information about our tenants and the related concepts they operate as of December 31, 2024 (dollars in thousands):

Tenant [(1)]	Concept	Number of Properties [(2)]	Annualized Base Rent	% of Annualized Base Rent
EquipmentShare.com Inc.	EquipmentShare	59	$ 19,210	4.2%
CNP Holdings, LLC	Chicken N Pickle	8	8,492	1.9%
BW Ultimate Parent, LLC	YesWay	13	7,472	1.6%
Busy Bees US Holdings Limited	Various	32	7,215	1.6%
Undefeated Tribe Operating Company, LLC	Crunch Fitness	12	6,740	1.5%
Denali Midco 2, LLC	Super Star Car Wash	20	6,627	1.4%
Pops Mart Holdings, LLC and Pops Mart Fuels, LLC	Various	26	6,601	1.4%
New Potato Creek Holdings, LLC	Tidal Wave Auto Spa	16	6,546	1.4%
Mdsfest, Inc.	Festival Foods	7	6,104	1.3%
Alimentation Couche Tard Inc.	Circle K	40	6,000	1.3%
Top 10 Subtotal		233	81,007	17.6%
Other		1,864	379,564	82.4%
Total		**2,097**	**$ 460,571**	**100.0%**

(1) Represents tenant, guarantor or parent company.
(2) Excludes seven vacant properties.

As of December 31, 2024, our five largest tenants, who contributed 10.7% of our annualized base rent, had a rent coverage ratio of 6.4x while our ten largest tenants, who contributed 17.6% of our annualized base rent, had a rent coverage ratio of 5.2x.

As of December 31, 2024, 96.6% of our leases (based on annualized base rent) were triple-net, where the tenant is typically responsible for all improvements and is contractually obligated to pay all operating expenses, such as maintenance, insurance, utility and tax expense, related to the leased property. Due to the triple-net structure of our leases, we do not expect to incur significant capital expenditures relating to our triple-net leased properties, and the potential impact of inflation on our operating expenses is reduced.

Diversification by Concept

Our tenants operate their businesses across 592 concepts (i.e., generally brands). The following table provides information about the top ten concepts in our portfolio as of December 31, 2024 (dollars in thousands):

Concept	Type of Business	Annualized Base Rent	% of Annualized Base Rent	Number of Properties [(1)]	Building (Sq. Ft.) [(1)]
EquipmentShare	Service	$ 19,210	4.2%	59	1,132,619
Crunch Fitness	Experience	13,645	3.0%	26	1,013,523
Chicken N Pickle	Experience	8,492	1.9%	8	279,483
YesWay	Service	7,472	1.6%	13	75,429
Captain D's	Service	6,762	1.5%	87	225,956
Super Star Car Wash	Service	6,627	1.4%	20	98,234
Pops Mart	Service	6,601	1.4%	26	130,893
Tidal Wave Auto Spa	Service	6,546	1.4%	16	58,154
Festival Foods	Retail	6,104	1.3%	7	520,475
Red Robin Gourmet Burgers & Brews	Service	5,984	1.3%	28	188,041
Top 10 Subtotal		87,443	19.0%	290	3,722,807
Other		373,128	81.0%	1,807	18,637,908
Total		**$ 460,571**	**100.0%**	**2,097**	**22,360,715**

(1) Excludes seven vacant properties.

Diversification by Industry

Our tenants' business concepts are diversified across various industries. The following table summarizes those industries as of December 31, 2024 (dollars in thousands except per sq. ft amounts):

Tenant Industry	Type of Business	Annualized Base Rent	% of Annualized Base Rent	Number of Properties (1)	Building (Sq. Ft.) (1)	Rent Per Sq. Ft. (2)
Car Washes	Service	$ 65,352	14.2%	195	993,402	$ 64.32
Medical / Dental	Service	54,162	11.8%	233	1,955,274	26.35
Early Childhood Education	Service	54,093	11.7%	230	2,459,190	21.50
Quick Service	Service	42,115	9.1%	428	1,135,522	37.07
Automotive Service	Service	36,035	7.8%	265	1,956,478	18.16
Casual Dining	Service	34,695	7.5%	145	1,006,976	31.93
Convenience Stores	Service	29,867	6.5%	169	699,890	38.38
Equipment Rental and Sales	Service	24,723	5.4%	86	1,675,003	14.76
Other Services	Service	12,360	2.7%	59	763,088	16.29
Pet Care Services	Service	6,953	1.5%	39	335,760	20.15
Family Dining	Service	6,666	1.5%	29	221,953	30.03
Service Subtotal		**367,021**	**79.7%**	**1,878**	**13,202,536**	**26.92**
Entertainment	Experience	36,122	7.8%	62	2,247,463	15.21
Health and Fitness	Experience	21,670	4.7%	46	1,788,976	10.78
Movie Theatres	Experience	4,404	1.0%	6	293,206	15.02
Experience Subtotal		**62,196**	**13.5%**	**114**	**4,329,645**	**13.38**
Grocery	Retail	13,677	3.0%	40	1,604,320	8.53
Home Furnishings	Retail	1,530	0.3%	3	176,809	8.65
Retail Subtotal		**15,207**	**3.3%**	**43**	**1,781,129**	**8.54**
Other Industrial	Industrial	12,181	2.6%	39	1,790,388	6.49
Building Materials	Industrial	3,966	0.9%	23	1,257,017	3.16
Industrial Subtotal		**16,147**	**3.5%**	**62**	**3,047,405**	**5.11**
Total/Weighted Average		**$ 460,571**	**100.0%**	**2,097**	**22,360,715**	**$ 19.88**

(1) Excludes seven vacant properties.
(2) Excludes properties with no annualized base rent and properties under construction.

As of December 31, 2024, our tenants operating service-oriented businesses had a weighted average rent coverage ratio of 3.5x, our tenants operating experience-based businesses had a weighted average rent coverage ratio of 2.7x, our tenants operating retail businesses had a weighted average rent coverage ratio of 4.1x and our tenants operating other types of businesses had a weighted average rent coverage ratio of 8.8x.

Diversification by Geography

Our 2,104 properties locations are located in 49 states. The following table details the geographical locations of our properties as of December 31, 2024 (dollars in thousands):

State	Annualized Base Rent	% of Annualized Base Rent	Number of Properties	Building (Sq. Ft.)
Texas	$ 58,094	12.6%	232	2,688,743
Georgia	33,687	7.3%	159	1,170,288
Florida	29,609	6.4%	102	1,009,063
Ohio	26,224	5.7%	141	1,558,468
Wisconsin	23,063	5.0%	89	1,203,062
North Carolina	18,040	3.9%	86	823,149
Arizona	15,975	3.5%	65	687,393
Oklahoma	15,603	3.4%	70	961,748
Missouri	15,174	3.3%	72	900,451
Illinois	13,925	3.0%	63	603,709
South Carolina	12,663	2.7%	66	542,546
Indiana	12,092	2.6%	64	652,790
Michigan	12,062	2.6%	62	1,135,416
Minnesota	11,099	2.4%	44	628,174
New Jersey	10,728	2.3%	31	429,474
Alabama	10,383	2.3%	57	548,645
New York	9,528	2.1%	61	390,778
Virginia	9,496	2.1%	30	367,074
Arkansas	9,474	2.1%	62	509,900
Tennessee	8,989	2.0%	52	361,919
Pennsylvania	8,039	1.7%	42	419,149
Mississippi	7,975	1.7%	59	371,968
New Mexico	7,653	1.7%	29	194,880
Colorado	7,465	1.6%	30	353,655
Connecticut	7,174	1.6%	23	579,458
Kentucky	6,410	1.4%	48	310,474
Massachusetts	6,255	1.4%	32	439,465
California	5,679	1.2%	19	149,755
Louisiana	5,651	1.2%	29	172,990
Iowa	5,650	1.2%	32	363,483
Nevada	5,155	1.1%	15	114,488
Kansas	4,683	1.0%	18	201,900
Utah	4,426	1.0%	5	321,256
New Hampshire	3,638	0.8%	14	279,182
South Dakota	2,727	0.6%	9	130,153
Maryland	2,411	0.5%	9	75,410
Oregon	2,320	0.5%	8	131,957
Washington	2,267	0.5%	12	94,427
West Virginia	2,045	0.4%	24	84,684
Nebraska	1,750	0.4%	11	138,797
Maine	1,147	0.2%	4	71,000
Vermont	1,006	0.2%	9	64,622
North Dakota	876	0.2%	5	72,400
Idaho	659	0.1%	2	41,146
Rhode Island	473	0.1%	2	22,865
Delaware	408	0.1%	1	4,186
Wyoming	289	0.1%	2	14,001
Alaska	253	0.1%	2	6,630
Montana	179	0.1%	1	3,400
Total	**$ 460,571**	**100.0%**	**2,104**	**22,400,571**

Lease Expirations

As of December 31, 2024, the weighted average remaining term of our leases was 14.0 years (based on annualized base rent), with only 5.8% of our annualized base rent attributable to leases expiring prior to January 1, 2030. The following table sets forth our lease expirations for leases in place as of December 31, 2024 (dollars in thousands):

Lease Expiration Year (1)	Annualized Base Rent	% of Annualized Base Rent	Number of Properties (2)	Weighted Average Rent Coverage Ratio (3)
2025	$ 2,535	0.6%	17	3.0x
2026	3,476	0.8%	24	3.2x
2027	5,741	1.2%	43	3.5x
2028	4,378	1.0%	16	2.6x
2029	10,479	2.3%	119	4.9x
2030	4,129	0.9%	45	3.8x
2031	12,401	2.7%	66	3.0x
2032	12,835	2.8%	43	4.1x
2033	7,984	1.7%	30	2.7x
2034	30,100	6.5%	201	6.4x
2035	16,260	3.5%	104	4.1x
2036	40,300	8.8%	159	4.1x
2037	24,005	5.2%	126	4.1x
2038	53,264	11.6%	206	3.6x
2039	39,941	8.7%	159	3.6x
2040	22,551	4.9%	104	2.3x
2041	19,399	4.2%	92	2.9x
2042	33,408	7.3%	149	2.7x
2043	48,689	10.6%	178	2.5x
2044	54,227	11.7%	178	3.3x
Thereafter	14,469	3.0%	38	2.9x
Total/Weighted Average	**$ 460,571**	**100.0%**	**2,097**	**3.5x**

(1) Expiration year of contracts in place as of December 31, 2024, excluding any tenant option renewal periods that have not been exercised.
(2) Excludes seven vacant properties.
(3) Weighted by annualized base rent.

Unit Level Rent Coverage

Generally, we seek to acquire investments with healthy rent coverage ratios, and as of December 31, 2024, the weighted average rent coverage ratio of our portfolio was 3.5x. Our portfolio's unit-level rent coverage ratios (by annualized base rent and excluding leases that do not report unit-level financial information) as of December 31, 2024 are displayed below:

Unit Level Coverage Ratio	% of Total
≥ 2.00x	70.4%
1.50x to 1.99x	15.1%
1.00x to 1.49x	10.3%
< 1.00x	3.1%
Not reported	1.1%
	100.0%

Implied Tenant Credit Ratings

Tenant financial distress is typically caused by consistently poor or deteriorating operating performance, near-term liquidity issues or unexpected liabilities. To assess the probability of tenant insolvency, we utilize Moody's Analytics RiskCalc, which is a model for predicting private company defaults based on Moody's Analytics Credit Research Database, which incorporates both market and company-specific risk factors. The following table illustrates the portions of our annualized base rent as of December 31, 2024 attributable to leases with tenants having specified implied credit ratings based on their Moody's RiskCalc scores:

Credit Rating	NR	< 1.00x	1.00 to 1.49x	1.50 to 1.99x	≥ 2.00x
CCC+	—%	0.6%	0.9%	0.4%	2.0%
B-	—%	0.4%	0.1%	1.1%	5.4%
B	0.1%	0.2%	1.4%	2.3%	8.3%
B+	—%	0.5%	2.1%	2.5%	12.4%
BB-	—%	0.4%	1.6%	2.3%	9.8%
BB	—%	0.5%	2.3%	2.3%	9.4%
BB+	0.2%	0.1%	0.1%	1.7%	6.3%
BBB-	0.2%	0.2%	1.4%	0.6%	6.7%
BBB	—%	—%	0.5%	1.5%	2.2%
BBB+	—%	0.1%	—%	0.1%	2.7%
A-	—%	—%	—%	—%	1.9%
A	—%	—%	—%	—%	0.6%
A+	—%	—%	—%	—%	0.5%
AA-	—%	—%	—%	—%	—%

NR Not reported

Item 3. Legal Proceedings.

We are subject to various lawsuits, claims and other legal proceedings. Management does not believe that the resolution of any of these matters either individually or in the aggregate will have a material adverse effect on our business, financial condition, results of operations or liquidity. Further, from time to time, we are party to various lawsuits, claims and other legal proceedings for which third parties, such as our tenants, are contractually obligated to indemnify, defend and hold us harmless. In some of these matters, the indemnitors have insurance for the potential damages. In other matters, we are being defended by tenants who may not have sufficient insurance, assets, income or resources to satisfy their defense and indemnification obligations to us. The unfavorable resolution of such legal proceedings could, individually or in the aggregate, materially adversely affect the indemnitors' ability to satisfy their respective obligations to us, which, in turn, could have a material adverse effect on our business, financial condition, results of operations or liquidity. It is management's opinion that there are currently no such legal proceedings pending that will, individually or in the aggregate, have such a material adverse effect. Despite management's view of the ultimate resolution of these legal proceedings, we may have significant legal expenses and costs associated with the defense of such matters. Further, management cannot predict the outcome of these legal proceedings and if management's expectation regarding such matters is not correct, such proceedings could have a material adverse effect on our business, financial condition, results of operations or liquidity.

Item 4. Mine Safety Disclosures.

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Our common stock is listed on the NYSE under the symbol "EPRT". As of February 7, 2025, there were 207 holders of record of the 187,691,457 outstanding shares of our common stock. Because many of our shares of common stock are held by brokers and other institutions on behalf of stockholders, we are unable to estimate the total number of stockholders represented by these record holders.

Distributions

We have made and intend to continue to make quarterly cash distributions to our common stockholders. In particular, in order to maintain our qualification for taxation as a REIT, we intend to make annual distributions to our stockholders of at least 90% of our REIT taxable income, determined without regard to the deduction for dividends paid and excluding any net capital gain. However, any future distributions will be at the sole discretion of our Board, and their form, timing and amount, if any, will depend upon a number of factors, including our actual and projected results of operations, FFO, Core FFO, AFFO, liquidity, cash flows and financial condition, the revenue we actually receive from our properties, our operating expenses, our debt service requirements, our capital expenditures, prohibitions and other limitations under our financing arrangements, our REIT taxable income, the annual REIT distribution requirements, applicable law and such other factors as our Board deems relevant. To the extent that our cash available for distribution is less than 90% of our REIT taxable income, we may consider various means to cover any such shortfall, including borrowing under our Revolving Credit Facility or other loans, selling certain of our assets, or using a portion of the net proceeds we receive from offerings of equity, equity-related or debt securities or declaring taxable share dividends. Agreements relating to our indebtedness, including our revolving and term loan credit facilities, limit and, under certain circumstances, could eliminate our ability to make distributions. See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Description of Certain Debt."

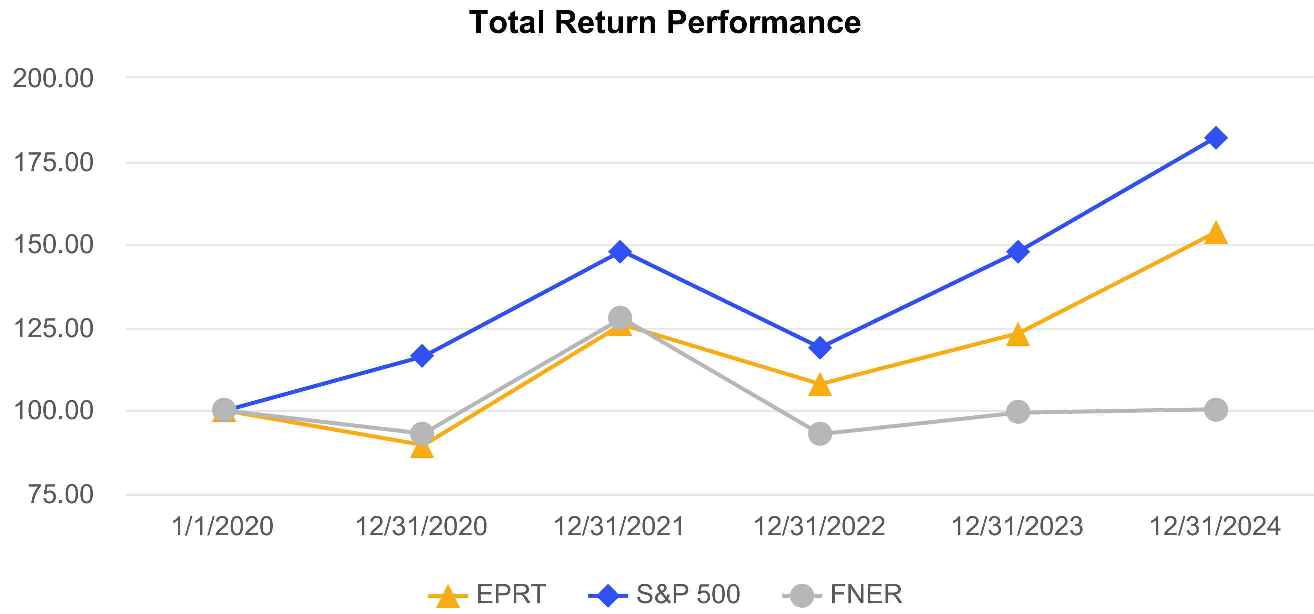
We have determined that, for federal income tax purposes, approximately 92.7% of the distributions paid for the 2024 tax year represented taxable income and 7.3% represented a return of capital.

Issuer Purchases of Equity Securities

During the three months ended December 31, 2024, the Company did not repurchase any of its equity securities.

Stock Performance Graph

The following performance graph and related table compare, for the five year period ended December 31, 2024, the cumulative total stockholder return on our common stock with that of the Standard & Poor's 500 Composite Stock Index ("S&P 500") and the FTSE NAREIT All Equity REITs index ("FNER"). The graph and related table assume $100.00 was invested on January 1, 2020 and assumes the reinvestment of all dividends. The historical stock price performance reflected in the graph and related table is not necessarily indicative of future stock price performance.



Ticker / Index	1/1/2020	12/31/2020	12/31/2021	12/31/2022	12/31/2023	12/31/2024
EPRT	100.00	89.62	125.86	107.97	123.23	153.71
S&P 500	100.00	116.28	147.98	118.93	147.78	182.26
FNER	100.00	93.09	127.76	92.94	99.37	100.40

The performance graph and the related table are being furnished solely to accompany this Annual Report on Form 10-K pursuant to Item 201(e) of Regulation S-K, and are not being filed for purposes of Section 18 of the Exchange Act and are not to be incorporated by reference into any filing of ours, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

Equity Compensation Plan Information

The information concerning our Equity Compensation Plan will be included in the Proxy Statement to be filed relating to our 2025 Annual Meeting of Stockholders and is incorporated herein by reference.

Unregistered Sales of Equity Securities and Use of Proceeds

Not applicable.

Item 6. [Reserved]

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion and analysis of our financial condition and results of operations should be read together with our consolidated financial statements and the related notes included elsewhere in this report, as well as the "Business" section of this report. Some of the information contained in this discussion and analysis or set forth elsewhere in this report, including information with respect to our plans and strategies for our business, includes forward-looking statements that involve risks and uncertainties. You should read "Item 1A. Risk Factors" and the "Special Note Regarding Forward-Looking Statements" sections of this report for a discussion of important factors that could cause actual results to differ materially from the results described in or implied by these forward-looking statements.

Overview

We are an internally managed real estate company that acquires, owns and manages primarily single-tenant properties that are net leased on a long-term basis to middle-market companies operating service-oriented or experience-based businesses. We generally invest in and lease freestanding, single-tenant commercial real estate facilities where a tenant services its customers and conducts activities that are essential to the generation of the tenant’s sales and profits. As of December 31, 2024, 93.2% of our $460.6 million of annualized base rent was attributable to properties operated by tenants in service-oriented and experience-based businesses. "Annualized base rent" means annualized contractually specified cash base rent in effect on December 31, 2024 for all of our leases (including those accounted for as loans or direct financing leases) commenced as of that date and annualized cash interest on our mortgage loans receivable as of that date.

We were organized on January 12, 2018 as a Maryland corporation. We elected to be taxed as a REIT for federal income tax purposes beginning with the year ended December 31, 2018, and we believe that our current organization, operations and intended distributions will allow us to continue to so qualify. Our common stock is listed on the New York Stock Exchange under the symbol “EPRT”.

Our primary business objective is to maximize stockholder value by generating attractive risk-adjusted returns through owning, managing and growing a diversified portfolio of commercially desirable properties. As of December 31, 2024, we had a portfolio of 2,104 properties (inclusive of 150 properties which secure our investments in mortgage loans receivable) that was diversified by tenant, industry, concept and geography, had annualized base rent of $460.6 million and was 99.7% occupied. Our portfolio is built based on the following core investment attributes:

Diversification. As of December 31, 2024, our portfolio was 99.7% occupied by 413 tenants operating 592 different brands, or concepts, in 16 industries across 49 states, with none of our tenants contributing more than 4.2% of our annualized base rent. Our goal is that, over time, no more than 5% of our annualized base rent will be derived from any single-tenant or more than 1% from any single property.

Long Lease Term. As of December 31, 2024, our leases had a weighted average remaining lease term of 14.0 years (based on annualized base rent), with 5.8% of our annualized base rent attributable to leases expiring prior to January 1, 2030. Our properties generally are subject to long-term net leases that we believe provide us a stable base of revenue from which to grow our portfolio.

Significant Use of Sale-Leaseback Investments. We seek to acquire properties owned and operated by middle-market businesses and lease the properties back to the operators pursuant to our standard lease form. During the year ended December 31, 2024, approximately 97.2% of our investments were sale-leaseback transactions.

Significant Use of Master Leases. As of December 31, 2024, 66.1% of our annualized base rent was attributable to master leases.

Contractual Base Rent Escalation. As of December 31, 2024, 98.4% of our leases (based on annualized base rent) provided for increases in future base rent at a weighted average rate of 1.7% per year.

Smaller, Low Basis Single-Tenant Properties. We generally invest in freestanding “small-box” single-tenant properties. As of December 31, 2024, our average investment per property was $2.9 million (which equals our aggregate investment in our properties (including transaction costs, lease incentives and amounts funded for construction in progress) divided by the number of properties owned at such date), and we believe investments of similar size allow us to grow our portfolio without concentrating a large amount of capital in individual properties and limit our exposure to events that may adversely affect a particular property. Additionally, we believe that many of our properties are generally fungible and appropriate for multiple commercial uses, which reduces the risk that a particular property may become obsolete and enhances our ability to sell a property if we choose to do so.

Healthy Rent Coverage Ratio and Tenant Financial Reporting. As of December 31, 2024, our portfolio's weighted average rent coverage ratio was 3.5x, and 98.9% of our leases (based on annualized base rent) obligate the tenant to periodically provide us with specified unit-level financial reporting. "Rent coverage ratio" means, as of a specified date, the ratio of (x) tenant-reported or, when unavailable, management's estimate (based on tenant-reported financial information) of annual earnings before interest, taxes, depreciation, amortization and cash rent attributable to the leased property (or properties, in the case of a master lease) to (y) the annualized base rental obligation.

Historical Investment and Disposition Activity

The following table sets forth select information about our investment activity for the previous eight quarters beginning with the quarter ended March 31, 2023 through the quarter ended December 31, 2024 (dollars in thousands):

	Three Months Ended			
	March 31, 2024	June 30, 2024	September 30, 2024	December 31, 2024
Investment activity	$ 248,770	$ 333,910	$ 307,615	$ 333,435
Number of transactions	36	35	37	37
Property count	79	83	57	78
Avg. investment per unit	$ 2,767	$ 3,393	$ 4,102	$ 3,281
Cash cap rate [1]	8.1%	8.0%	8.1%	8.0%
GAAP cap rate [2]	9.3%	9.1%	9.1%	9.2%
Master lease percentage [3,4]	82%	76%	57%	69%
Sale-leaseback percentage [3,5]	100%	100%	89%	100%
Existing relationship percentage	87%	82%	79%	79%
Percentage of financial reporting[3]	100%	100%	100%	100%
Rent coverage ratio	2.7x	3.0x	4.7x	3.4x
Lease term (years)	17.2	17.8	17.2	17.7

	Three Months Ended			
	March 31, 2023	June 30, 2023	September 30, 2023	December 31, 2023
Investment activity	$ 207,147	$ 277,361	$ 213,327	$ 314,865
Number of transactions	24	29	30	43
Property count	57	78	65	93
Avg. investment per unit	$ 3,401	$ 3,350	$ 2,812	$ 3,008
Cash cap rate [1]	7.6%	7.4%	7.6%	7.9%
GAAP cap rate [2]	9.0%	8.7%	8.7%	9.1%
Master lease percentage [3,4]	86%	57%	60%	72%
Sale-leaseback percentage [3,5]	100%	99%	100%	97%
Existing relationship percentage	94%	66%	86%	96%
Percentage of financial reporting[3]	100%	100%	100%	100%
Rent coverage ratio	3.3x	3.9x	3.3x	3.3x
Lease term (years)	19.0	19.3	17.6	17.6

(1) Cash annualized base rent for the first full month after the investment divided by the gross investment in the property plus transaction costs.

(2) GAAP rent and interest income for the first twelve months after the investment divided by the gross investment in the property plus transaction costs.
(3) As a percentage of annualized base rent.
(4) Includes investments in mortgage loans receivable collateralized by more than one property.
(5) Includes investments in mortgage loans receivable made in support of sale-leaseback transactions.

The following table sets forth select information about our disposition activity for the previous eight quarters beginning with the quarter ended March 31, 2023 through the quarter ended December 31, 2024 (dollars in thousands):

	Three Months Ended			
	March 31, 2024	June 30, 2024	September 30, 2024	December 31, 2024
Disposition volume[1]	$ 11,949	$ 4,783	$ 16,973	$ 60,449
Cash cap rate on leased assets [2]	6.5%	7.3%	6.8%	7.0%
Leased properties sold [3]	6	4	7	24
Vacant properties sold [3]	1	2	2	—

	Three Months Ended			
	March 31, 2023	June 30, 2023	September 30, 2023	December 31, 2023
Disposition volume[1]	$ 37,161	$ 41,736	$ 28,496	$ 30,602
Cash cap rate on leased assets [2]	6.1%	6.2%	6.5%	6.6%
Leased properties sold [3]	17	14	9	9
Vacant properties sold [3]	—	2	1	—

(1) Net of transaction costs.
(2) Annualized base rent at time of sale divided by the gross sale price (excluding transaction costs) for the property.
(3) Property count excludes dispositions of undeveloped land parcels or dispositions where only a portion of the owned parcel was sold.

Liquidity and Capital Resources

As of December 31, 2024, the net investment value of our income property portfolio totaled $5.6 billion, consisting of investments in 2,104 properties (inclusive of 150 properties which secure our investments in mortgage loans receivable), with annualized base rent of $460.6 million. Substantially all of our cash from operations is generated by our investment portfolio.

The liquidity requirements for operating our Company consist primarily of funding our investment activities, servicing our outstanding indebtedness and paying our general and administrative expenses and dividends as declared by our Board. The occupancy level of our portfolio is high (99.7% as of December 31, 2024) and, because substantially all of our leases are triple-net (whereby our tenants are generally responsible for all maintenance, costs for operating the property, and insurance and property taxes associated with the leased properties), our liquidity requirements are not significantly impacted by property costs. When a property becomes vacant, we are required to pay the property costs not paid by a tenant, as well as those property costs accruing during the time it takes to locate a new tenant or to sell the property. As of December 31, 2024, seven of our investment properties were vacant, significantly less than 1% of our portfolio, and all remaining properties were subject to a lease or mortgage loan receivable. We expect to incur property costs from time to time in periods during which properties that become vacant are being marketed for lease or sale. In addition, we may recognize an expense for certain property costs, such as real estate taxes billed in arrears, if we believe the tenant is likely to vacate the property before making payment on those obligations. The amount of such property costs can vary quarter-to-quarter based on the timing of property vacancies and the level of underperforming properties; however, we do not expect that such costs will be significant to our operations.

We intend to continue to grow through additional investments in stand-alone single-tenant properties. To accomplish this objective, we seek to invest in real estate utilizing a combination of debt and equity capital and with cash from operations that we do not distribute to our stockholders. When we sell properties, we generally reinvest the cash proceeds from our sales in new single-tenant properties. Our short-term liquidity requirements also include the funding needs associated with 104 properties where we have agreed to reimburse the tenant for certain development, construction, or renovation costs or to provide construction financing in exchange for contractual payments of interest or increased rent that generally increases in proportion with our level of funding. As of December 31, 2024, we agreed to provide construction financing or reimburse the tenant for certain development, construction and renovation costs in an aggregate amount of $627.3 million, and, as of such date, we have funded $472.5 million of this commitment. We expect to fund the remaining commitment totaling approximately $154.8 million by December 31, 2025.

Additionally, as of February 7, 2025, we were under contract to acquire 13 properties with an aggregate purchase price of $41.9 million, subject to completion of our due diligence procedures and satisfaction of customary closing conditions. We expect to meet our short-term liquidity requirements, including our construction financing and tenant reimbursement obligations and potential investment in future single-tenant properties, primarily with our cash and cash equivalents, net cash from operating activities, issuance of common stock subject to outstanding forward purchase commitments, borrowings under the Revolving Credit Facility and potentially through proceeds generated from asset sales and our October 2024 ATM Program, under which we may issue common stock with an aggregate gross sales price of up to $671.1 million as of February 7, 2025.

Our long-term liquidity requirements consist primarily of the funds necessary to make additional investments and repay indebtedness. We expect to meet our long-term liquidity requirements through various sources of capital, including net cash from operating activities, borrowings under our Revolving Credit Facility, future debt financings, proceeds from the sale of our common stock and proceeds from the sale of selected properties in our portfolio. However, at any point in time, there may be a number of factors that could have a material and adverse effect on our ability to access these capital sources, including unfavorable conditions in the overall equity and credit markets, our level of leverage, the portion of our portfolio that is unencumbered, our credit ratings, borrowing restrictions imposed by our existing debt agreements, general market conditions for real estate and potentially REITs specifically, our operating performance, our liquidity and general market perceptions about us. The success of our business strategy will depend, to a significant degree, on our ability to access these various capital sources to fund our future investments and thereby grow our cash flows.

An additional liquidity need is funding the required level of distributions, generally 90% of our REIT taxable income (determined without regard to the dividends paid deduction and excluding any net capital gain), that are among the requirements for us to continue to qualify for taxation as a REIT. Holders of OP Units are entitled to distributions per unit equivalent to those paid by us per share of common stock. During the year ended December 31, 2024, our Board declared total cash distributions of $1.16 per share of common stock/OP Unit totaling $208.1 million and $55.6 million is payable as of December 31, 2024. To continue to qualify for taxation as a REIT, we must make distributions to our stockholders aggregating annually at least 90% of our REIT taxable income, determined without regard to the dividends paid deduction and excluding any net capital gain. As a result of this requirement, we cannot rely on retained earnings to fund our business needs to the same extent as other entities that are not REITs. If we do not have sufficient funds available to us from our operations to fund our business needs, we will need to find alternative ways to fund those needs. Such alternatives may include, among other things, selling properties (whether or not the sales price is optimal or otherwise meets our strategic long-term objectives), incurring additional indebtedness or issuing equity securities in public or private transactions. The availability and attractiveness of the terms of these potential sources of financing cannot be assured.

Generally, our short-term debt capital needs are provided through the use of our Revolving Credit Facility. We manage our long-term leverage position through the issuance of long-term fixed-rate debt on an unsecured or secured basis. Generally, we will seek to issue long-term debt on an unsecured basis as we believe this facilitates greater flexibility in the management of our portfolio and our ability to retain optionality in our overall financing and growth strategy. By seeking to match the expected cash inflows from our long-term income producing investments with the expected cash outflows for our long-term debt, we seek to "lock in," for as long as is economically feasible, the expected positive spread between our scheduled cash inflows from our investments and the cash outflows on our debt obligations. In this way, we seek to reduce the risk that increases in interest rates would adversely impact our cash flows and results of operations. Our ability to execute leases that contain annual rent escalations also contributes to our ability to manage the risk of a rising interest rate environment. We use various financial instruments designed to mitigate the impact of interest rate fluctuations on our cash flows and earnings, including hedging strategies such as interest rate swaps and caps, depending on our analysis of the interest rate environment and the costs and risks of such strategies. Although we are not required to maintain a particular leverage ratio and may not be able to do so, we generally consider that, over time, a level of net debt (which includes recourse and non-recourse borrowings and any outstanding preferred stock less cash and cash equivalents and restricted cash available for future investment) that is less than six times our annualized adjusted EBITDA*re* is prudent for a real estate company like ours.

As of December 31, 2024, all of our long-term debt was fixed-rate debt or was effectively converted to a fixed-rate for the term of the debt though hedging strategies and our weighted average debt maturity was 4.2 years. As we continue to invest in real estate properties and grow our real estate portfolio, we intend to manage our long-term debt maturities to reduce the risk that a significant amount of our debt will mature in any single year in the future.

Future sources of debt capital may include public issuances of senior unsecured notes, term loan borrowings, mortgage financing of a single-asset or a portfolio of assets and CMBS borrowings. These sources of debt capital may offer us the opportunity to lower our cost of funding and further diversify our sources of debt capital. Over time, we may choose to issue preferred equity as a part of our overall strategy for funding our business. As our outstanding debt matures, we may refinance it as it comes due or choose to repay it using cash and cash equivalents or borrowings under our Revolving Credit Facility. We believe that the cash generated by our operations, together with our cash and cash equivalents at December 31, 2024, our borrowing availability under the Revolving Credit Facility, issuance of common stock subject to outstanding forward purchase commitments, and our potential access to additional sources of capital, will be sufficient to fund our operations for the next 12 months, including investing in the real estate for which we currently have commitments, and the longer term period thereafter.

Supplemental Guarantor Information

The Company and the Operating Partnership have filed a registration statement on Form S-3 with the SEC registering, among other securities, debt securities of the Operating Partnership, which, unless otherwise specified, will be fully and unconditionally guaranteed by the Company. At December 31, 2024, the Operating Partnership had issued and outstanding $400.0 million of senior notes. The obligations of the Operating Partnership under the senior notes are guaranteed on a senior basis by the Company. The guarantee is full and unconditional, and the Operating Partnership is a consolidated subsidiary of the Company.

Pursuant to Rule 3-10 of Regulation S-X, subsidiary issuers of obligations guaranteed by the parent are not required to provide separate financial statements, provided that the subsidiary obligor is consolidated into the parent company's consolidated financial statements, the parent guarantee is "full and unconditional" and, subject to certain exceptions as set forth below, the alternative disclosure required by Rule 13-01 is provided, which includes narrative disclosure and summarized financial information. Accordingly, separate consolidated financial statements of the Operating Partnership have not been presented. Furthermore, as permitted under Rule 13-01(a)(4)(vi), the Company has excluded the summarized financial information for the Operating Partnership as the assets, liabilities and results of operations of the Company and the Operating Partnership are not materially different than the corresponding amounts presented in the consolidated financial statements of the Company, and management believes such summarized financial information would be repetitive and not provide incremental value to investors.

Description of Certain Debt

The following table summarizes our outstanding indebtedness as of December 31, 2024 and 2023:

		Principal Outstanding		Weighted Average Interest Rate [1]	
(in thousands)	Maturity Date	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Unsecured term loans:					
2027 Term Loan	February 2027	$ 430,000	$ 430,000	2.5%	2.4%
2028 Term Loan	January 2028	400,000	400,000	4.7%	4.6%
2029 Term Loan	February 2029 [2]	450,000	450,000	5.4%	4.3%
2030 Term Loan	January 2030 [2]	450,000	—	4.9%	—%
Senior unsecured notes	July 2031	400,000	400,000	3.1%	3.1%
Revolving Credit Facility	February 2026	—	—	—%	—%
Total principal outstanding		$ 2,130,000	$ 1,680,000	4.1%	3.6%

(1) Interest rates are presented after giving effect to our interest rate swap and lock agreements, where applicable.

(2) After giving effect to extension options exercisable at the Operating Partnership's election.

Revolving Credit Facility and Credit Facility Term Loans

Through our Operating Partnership, we are party to an Amended and Restated Credit Agreement with a group of lenders, which was most recently amended on February 6, 2025 (the "Credit Agreement") and provides for revolving loans of up to $1.0 billion (the "Revolving Credit Facility") and an additional $1.3 billion of term loans, consisting of a $400.0 million term loan (the "2028 Term Loan"), a $450.0 million term loan (the “2029 Term Loan”) and a $450.0 million term loan (the "2030 Term Loan" and, together with the 2028 Term Loan and 2029 Term Loan, the “CF Term Loans”). All principal amounts available under the CF Term Loans were drawn prior to December 31, 2024.

The Revolving Credit Facility has a fully-extended maturity date of February 6, 2030, after giving effect to two extension options of six months each, exercisable by the Operating Partnership, subject to the satisfaction of certain conditions. The 2028 Term Loan matures on January 25, 2028, the 2029 Term Loan has an original maturity of three years, plus extension options at the Operating Partnership's election, which can extend the maturity to February 24, 2029 and the 2030 Term Loan has an original maturity of three years, plus extension options at the Operating Partnership's election, which can extend the maturity to January 11, 2030. The loans under each of the Revolving Credit Facility and the CF Term Loans initially bear interest at an annual rate of applicable Adjusted Term SOFR (as defined in the Credit Agreement) plus an applicable margin (which applicable margin varies between the Revolving Credit Facility and the CF Term Loans). The Adjusted Term SOFR is a rate with a term equivalent to the interest period applicable to the relevant borrowing. In addition, the Operating Partnership is required to pay a revolving facility fee throughout the term of the Revolving Credit Facility. The applicable margin and the revolving facility fee rate are a spread and rate, as applicable, set according to the credit ratings provided by S&P, Moody's and/or Fitch.

Each of the Revolving Credit Facility and the CF Term Loans is freely pre-payable at any time. Outstanding credit extensions under the Revolving Credit Facility are mandatorily payable if the amount of such credit extensions exceeds the revolving facility limit. The Operating Partnership may re-borrow amounts paid down on the Revolving Credit Facility prior to its maturity. Loans repaid under the CF Term Loans cannot be reborrowed. The Credit Agreement has an accordion feature to increase, subject to certain conditions, the maximum availability of credit (either through increased revolving commitments or additional term loans) by up to $1.0 billion.

The Operating Partnership is the borrower under the Credit Agreement, and we and certain of the subsidiaries of the Operating Partnership that own a direct or indirect interest in an eligible real property asset are guarantors under the Credit Agreement. Under the terms of the Credit Agreement, we are subject to customary restrictive financial and nonfinancial covenants which, among other things, require us to maintain certain leverage ratios, cash flow and debt service coverage ratios and secured borrowing ratios. As of December 31, 2024, we were in compliance with these covenants.

The Credit Agreement also restricts our ability to pay distributions to our stockholders under certain circumstances. However, we may make distributions to the extent necessary to maintain our qualification as a REIT under the Code. In addition to the financial covenants described above, the Credit Agreement contains customary affirmative and negative covenants that, among other things and subject to exceptions, limit or restrict our ability to incur indebtedness and liens, consummate mergers or other fundamental changes, dispose of assets, make certain restricted payments, make certain investments, modify our organizational documents, transact with affiliates, change our fiscal periods, provide negative pledge clauses, make subsidiary distributions, enter into certain new lines of business or engage in certain activities, and fail to meet the requirements for taxation as a REIT.

2027 Term Loan

On February 18, 2022, we, through our Operating Partnership, amended our existing $430.0 million term loan credit facility (the "2027 Term Loan") to, among other things, reduce the Applicable Margin, extend the maturity date to February 18, 2027 and make certain other changes consistent with market terms and conditions. In August 2022, the 2027 Term Loan was further amended to revise the applicable margin grid such that the applicable pricing is based on the credit rating of the Company's long-term senior unsecured non-credit enhanced debt for borrowed money (subject to a single step-down in the applicable pricing if the Company achieves a consolidated leverage ratio that is less than 0.35 to 1:00 while maintaining a credit rating of BBB/Baa2 provided by S&P, Moody's and/or Fitch).

The borrowings under the 2027 Term Loan, as amended, bear interest at an annual rate of applicable Adjusted Term SOFR (as defined in the Credit Agreement) plus an applicable margin. The Adjusted Term SOFR is a rate with a term equivalent to the interest period applicable to the relevant borrowing. The applicable margin was initially a spread set according to a leverage-based pricing grid. In May 2022, the Operating Partnership made an irrevocable election to have the applicable margin be a spread set according to the Company's corporate credit ratings provided by S&P, Moody's and/or Fitch. The 2027 Term Loan is pre-payable at any time by the Operating Partnership without penalty. The 2027 Term Loan has an accordion feature to increase, subject to certain conditions, the maximum availability of the facility up to an aggregate of $500.0 million.

The Operating Partnership is the borrower under the 2027 Term Loan, and we and certain of the subsidiaries of the Operating Partnership that own a direct or indirect interest in an eligible real property asset are guarantors under the facility. Under the terms of the 2027 Term Loan, we are subject to customary restrictive financial and nonfinancial covenants which, among other things, require us to maintain certain leverage ratios, cash flow and debt service coverage ratios, and secured borrowing ratios. As of December 31, 2024, we were in compliance with these covenants.

The 2027 Term Loan restricts our ability to pay distributions to our stockholders under certain circumstances. However, we may make distributions to the extent necessary to maintain our qualification as a REIT under the Code. The 2027 Term Loan contains certain additional covenants that, subject to exceptions, limit or restrict our incurrence of indebtedness and liens, disposition of assets, transactions with affiliates, mergers and fundamental changes, modification of organizational documents, changes to fiscal periods, making of investments, negative pledge clauses and lines of business and REIT qualification.

Senior Unsecured Notes

On June 22, 2021, the Operating Partnership issued $400.0 million aggregate principal amount of 2.950% Senior Notes due 2031 (the "2031 Notes"), resulting in net proceeds of $396.6 million. The 2031 Notes were issued by the Operating Partnership and the obligations of the Operating Partnership under the 2031 Notes are fully and unconditionally guaranteed on a senior basis by the Company.

The indenture and supplemental indenture creating the 2031 Notes contain customary restrictive covenants, including limitations on our ability to incur additional secured and unsecured indebtedness. As of December 31, 2024, we were in compliance with these covenants.

Cash Flows

Comparison of the years ended December 31, 2024 and 2023

As of December 31, 2024, we had $40.7 million of cash and cash equivalents and $4.3 million of restricted cash, as compared to $39.8 million of cash and cash equivalents and $9.2 million of restricted cash as of December 31, 2023.

Cash Flows for the year ended December 31, 2024

During the year ended December 31, 2024, net cash provided by operating activities was $308.5 million and our net income was $203.6 million. Our cash flows from operating activities are primarily dependent upon the occupancy of our portfolio, the rental rates specified in our leases, the interest on our loans and direct financing lease receivables, the collectability of rent and interest, and the level of our operating expenses and general and administrative costs. Our cash inflows from operating activities reflect adjustments to net income for non-cash items of $111.0 million, including i) depreciation and amortization of tangible, intangible and right-of-use real estate assets, and amortization of deferred financing costs and other non-cash interest expense of $129.3 million, ii) our provision for impairment of real estate of $14.8 million, iii) the change in our provision for credit losses of $0.2 million, iv) non-cash equity-based compensation expense of $10.8 million and v) adjustment to rental revenue for tenant credit of $0.6 million, reduced by i) our $6.0 million gain on dispositions of real estate, net and ii) $38.9 million related to the recognition of straight-line rent receivables. An additional inflow was our increase in accrued liabilities and other payables of $1.1 million, offset by the outflow caused by the increase in our rent receivables, prepaid expenses and other assets of $7.3 million.

Net cash used in investing activities during the year ended December 31, 2024 was $1.1 billion. Our net cash used in investing activities generally reflects our investment in real estate, including capital expenditures, construction in progress and lease incentives, and in mortgage loans receivable, which totaled $1.2 billion in the aggregate for the year ended December 31, 2024. These cash outflows were partially offset by $96.9 million of proceeds from sales of investments, net of disposition costs, and $10.0 million of principal collections on our loans and direct financing lease receivables.

Net cash provided by financing activities of $810.7 million during the year ended December 31, 2024 reflected net cash inflows of $570.2 million from the issuance of common stock, $174.6 million of borrowings under the 2030 Term Loan and $490.0 million of borrowings under the Revolving Credit Facility. These cash inflows were partially offset by the payment of $199.7 million in dividends, $1.0 million of offering costs paid related to our follow-on offerings and our ATM Program, repayment of $220.0 million of borrowings under the Revolving Credit Facility, the payment of deferred financing costs of $0.1 million, and the payment of $3.3 million in taxes related to the net settlement of equity awards.

Cash Flows for the year ended December 31, 2023

During the year ended December 31, 2023, net cash provided by operating activities was $254.6 million and our net income was $191.4 million. Our cash flows from operating activities are primarily dependent upon the occupancy of our portfolio, the rental rates specified in our leases, the interest on our loans and direct financing lease receivables, the collectability of rent and interest, and the level of our operating expenses and general and administrative costs. Our cash inflows from operating activities reflect adjustments to net income for non-cash items of $68.3 million, including i) depreciation and amortization of tangible, intangible and right-of-use real estate assets, and amortization of deferred financing costs and other non-cash interest expense of $107.6 million, ii) loss on debt extinguishment of $0.1 million, iii) our provision for impairment of real estate of $3.5 million, iv) adjustment to rental revenue for tenant credit of $0.6 million, and v) non-cash equity-based compensation expense of $9.0 million, reduced by i) our $24.2 million gain on dispositions of real estate, net, ii) $28.3 million related to the recognition of straight-line rent receivables, and iii) the subtraction of the change in our provision for credit losses of $0.1 million. An additional inflow was our increase in accrued liabilities and other payables of $0.8 million, offset by the outflow caused by the increase in our rent receivables, prepaid expenses and other assets of $6.0 million.

Net cash used in investing activities during the year ended December 31, 2023 was $857.1 million. Our net cash used in investing activities generally reflects our investment in real estate, including capital expenditures, construction in progress and lease incentives, and in mortgage loans receivable, which totaled $1.0 billion in the aggregate for the year ended December 31, 2023. These cash outflows were partially offset by $128.6 million of proceeds from sales of investments, net of disposition costs, and $27.9 million of principal collections on our loans and direct financing lease receivables.

Net cash provided by financing activities of $580.0 million during the year ended December 31, 2023 reflected net cash inflows of $507.3 million from the issuance of common stock, $248.0 million from new borrowings under the 2029 Term Loan and $70.0 million of borrowings under the Revolving Credit Facility. These cash inflows were partially offset by the payment of $168.2 million in dividends, $0.9 million of offering costs paid related to our follow-on offerings and the ATM program, repayment of $70.0 million of borrowings under the Revolving Credit Facility, the payment of deferred financing costs of $2.4 million, and the payment of $3.7 million in taxes related to the net settlement of equity awards.

Off-Balance Sheet Arrangements

We had no off-balance sheet arrangements as of December 31, 2024.

Contractual Obligations

The following table provides information with respect to our contractual obligations as of December 31, 2024:

	Payment due by period				
(in thousands)	**Total**	**2025**	**2026-2027**	**2028-2029**	**Thereafter**
Unsecured Term Loans	$ 1,730,000	$ —	$ 430,000	$ 850,000	$ 450,000
Senior unsecured notes	400,000	—	—	—	400,000
Revolving Credit Facility	—	—	—	—	—
Tenant Construction Financing and Reimbursement Obligations (1)	154,809	154,809	—	—	—
Operating Lease Obligations (2)	22,434	1,420	1,821	1,736	17,457
Total	$ 2,307,243	$ 156,229	$ 431,821	$ 851,736	$ 867,457

(1) Includes obligations to reimburse certain of our tenants for development, construction and renovation costs that they incur related to properties leased from the Company in exchange for contractual payments of interest or increased rent that generally increases proportionally with our funding.

(2) Includes $21.0 million of rental payments due under ground lease arrangements where our tenants are directly responsible for payment.

Additionally, we may enter into commitments to purchase goods and services in connection with the operation of our business. These commitments generally have terms of one-year or less and reflect expenditure levels comparable to our historical expenditures, as adjusted for growth.

Critical Accounting Estimates

Our accounting policies are determined in accordance with GAAP. The preparation of our financial statements requires us to make estimates and assumptions that are subjective in nature and, as a result, our actual results could differ materially from our estimates. Estimates and assumptions include, among other things, subjective judgments regarding the fair values and useful lives of our properties for depreciation and lease classification purposes, the collectability of receivables and asset impairment analysis. Set forth below are the more critical accounting policies that require management judgment and estimates in the preparation of our consolidated financial statements.

Real Estate Investments

Investments in real estate are carried at cost less accumulated depreciation and impairment losses, if any. The cost of investments in real estate reflects their purchase price or development cost and, in the case of asset acquisitions, transaction costs related to the acquisition.

We allocate the purchase price (plus transaction costs) of acquired properties accounted for as asset acquisitions to tangible and identifiable intangible assets or liabilities based on their relative fair values. Tangible assets may include land, site improvements and buildings. Intangible assets may include the value of in-place leases and above- and below-market leases and other identifiable intangible assets or liabilities based on lease or property specific characteristics.

The fair value of the tangible assets of an acquired property with an in-place operating lease is determined by valuing the property as if it were vacant, and the "as-if-vacant" value is then allocated to the tangible assets based on the fair value of the tangible assets. The fair value of in-place leases is determined by considering estimates of carrying costs during the expected lease-up periods, current market conditions, as well as costs to execute similar leases based on the specific characteristics of each tenant's lease. We estimate the cost to execute leases with terms similar to the remaining lease terms of the in-place leases, including leasing commissions, legal and other related expenses. Factors we consider in this analysis include an estimate of the carrying costs during the expected lease-up periods considering current market conditions and costs to execute similar leases. In estimating carrying costs, we include real estate taxes, insurance and other operating expenses, and estimates of lost rentals at market rates during the expected lease-up periods, which primarily range from six to 12 months. The fair value of above- or below-market leases is recorded based on the net present value (using a discount rate that reflects the risks associated with the leases acquired) of the difference between the contractual amount to be paid pursuant to the in-place lease and our estimate of the fair market lease rate for the corresponding in-place lease, measured over the remaining non-cancelable term of the lease including any below-market fixed rate renewal options for below-market leases.

In making estimates of fair values for purposes of allocating purchase price, we use a number of sources, including real estate valuations prepared by independent valuation firms. We also consider information and other factors including market conditions, the industry that the tenant operates in, characteristics of the real estate, e.g., location, size, demographics, value and comparative rental rates, tenant credit profile and the importance of the location of the real estate to the operations of the tenant's business. Additionally, we consider information obtained about each property as a result of our pre-acquisition due diligence, marketing and leasing activities in estimating the fair value of the tangible and intangible assets acquired. We use the information obtained as a result of our pre-acquisition due diligence as part of our consideration of the accounting standard governing asset retirement obligations and, when necessary, will record an asset retirement obligation as part of the purchase price allocation.

Allowance for Credit Losses

Under ASC Topic 326, Financial Instruments - Credit Losses, we use a real estate loss estimate model (“RELEM”) which estimates losses on our loans and direct financing lease receivable portfolio, for purposes of calculating allowances for credit losses. The RELEM allows us to refine (on an ongoing basis) the expected loss estimate by incorporating asset-specific assumptions as necessary, such as anticipated funding, interest payments, estimated extensions and estimated loan repayment/refinancing at maturity to estimate cash flows over the life of the loan or direct financing lease receivable. The model also incorporates assumptions related to underlying collateral values, various loss scenarios, and predicted losses to estimate expected losses. Our specific asset-level inputs include loan-to-stabilized-value (“LTV”), principal balance, property type, location, coupon, origination year, term, subordination, expected repayment date and future funding. We categorize the results by LTV range, which we consider the most significant indicator of credit quality for our loans and direct financing lease receivables. A lower LTV ratio typically indicates a lower credit loss risk.

We also evaluate each loan and direct financing lease receivable measured at amortized cost for credit deterioration at least quarterly. Credit deterioration occurs when it is deemed probable that we will not be able to collect all amounts due according to the contractual terms of the loan or direct financing lease receivable.

Our allowance for credit losses is adjusted to reflect our estimation of the current and future economic conditions that impact the performance of the real estate assets securing our loans. These estimations include various macroeconomic factors impacting the likelihood and magnitude of potential credit losses for our loans and direct financing lease receivables during their anticipated term. Changes in our allowance for credit losses are presented within change in provision for credit losses in the accompanying statements of operations.

Impairment of Long-Lived Assets

If circumstances indicate that the carrying value of a property may not be recoverable, we review the asset for impairment. This review is based on an estimate of the future undiscounted cash flows, excluding interest charges, expected to result from the property's use and eventual disposition. These estimates consider factors such as expected future operating income, market and other applicable trends and residual value, as well as the effects of leasing demand, competition and other factors. If impairment exists due to the inability to recover the carrying value of a property, an impairment loss is recorded to the extent that the carrying value exceeds the estimated fair value of the property for properties to be held and used. For properties held for sale, the impairment loss is the adjustment to fair value less estimated cost to dispose of the asset. Impairment assessments have a direct impact on the consolidated statements of operations, because recording an impairment loss results in an immediate negative adjustment to the consolidated statements of operations.

Adjustment to Rental Revenue for Tenant Credit

We continually review receivables related to rent and unbilled rent receivables and determine collectability by taking into consideration the tenant's payment history, the financial condition of the tenant, business conditions in the industry in which the tenant operates and economic conditions in the area in which the property is located.

If the assessment of the collectability of substantially all payments due under a lease changes from probable to not probable, any difference between the rental revenue recognized to date and the lease payments that have been collected is recognized as a current period reduction of rental revenue in our consolidated statements of operations.

Derivative Instruments

In the normal course of business, we use derivative financial instruments, which may include interest rate swaps, caps, options, floors and other interest rate derivative contracts, to protect us against adverse fluctuations in interest rates by reducing our exposure to variability in cash flows on a portion of our floating-rate debt. Instruments that meet these hedging criteria are formally designated as hedges at the inception of the derivative contract. We record all derivatives on the consolidated balance sheets at fair value. The accounting for changes in the fair value of derivatives depends on the intended use of the derivative, whether we have elected to designate a derivative in a hedging relationship and apply hedge accounting and whether the hedging relationship has satisfied the criteria necessary to apply hedge accounting. Derivatives designated and qualifying as a hedge of the exposure to variability in expected future cash flows, or other types of forecasted transactions, are considered cash flow hedges. Hedge accounting generally provides for the matching of the timing of gain or loss recognition on the hedging instrument with the recognition of the changes in the fair value of the hedged asset or liability that are attributable to the hedged risk in a fair value hedge or the earnings effect of the hedged forecasted transactions in a cash flow hedge. We may also enter into derivative contracts that are intended to economically hedge certain risk, even though hedge accounting does not apply or we elect not to apply hedge accounting.

The accounting for subsequent changes in the fair value of these derivatives depends on whether each has been designated and qualifies for hedge accounting treatment. If a derivative is designated and qualifies for cash flow hedge accounting treatment, the change in the estimated fair value of the derivative is recorded in other comprehensive income (loss) in the consolidated statements of comprehensive income to the extent that it is effective. Any ineffective portion of a change in derivative fair value is immediately recorded in earnings. If we elect not to apply hedge accounting treatment (or for derivatives that do not qualify as hedges), any change in the fair value of these derivative instruments is recognized immediately in gains (losses) on derivative instruments in the consolidated statements of operations. We do not intend to use derivative instruments for trading or speculative purposes.

Equity-Based Compensation

We grant shares of restricted common stock ("RSAs") and restricted stock units ("RSUs") to our directors, executive officers and other employees that vest over multiple periods, subject to the recipient's continued service. We also grant performance-based RSUs to our executive officers, the final number of which is determined based on objective and subjective performance conditions and which vest over a multi-year period, subject to the recipient's continued service. We account for RSAs and RSUs in accordance with ASC 718, Compensation – Stock Compensation, which requires that such compensation be recognized in the financial statements based on its estimated grant-date fair value. The value of such awards is recognized as compensation expense in general and administrative expenses in the accompanying consolidated statements of operations over the applicable service periods.

We recognize compensation expense for equity-based compensation using the straight-line method based on the fair value of the award on the grant date. Forfeitures of equity-based compensation awards, if any, are recognized when they occur.

Results of Operations

The following discusses our results of operations for the year ended December 31, 2024 as compared to the year ended December 31, 2023. A discussion of our results of operations for the year ended December 31, 2023, as compared to the year ended December 31, 2022, has been omitted from this Annual Report but may be found in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Results of Operations—Comparison of the years ended December 31, 2023 and 2022" in our Annual Report on Form 10-K for the year ended December 31, 2022.

Comparison of the years ended December 31, 2024 and 2023

	Year ended December 31,			
(dollar amounts in thousands)	**2024**	**2023**	**Change**	**%**
Revenues:				
Rental revenue	$ 425,749	$ 339,897	$ 85,852	25.3 %
Interest income on loans and direct financing lease receivables	23,409	18,128	5,281	29.1 %
Other revenue, net	452	1,570	(1,118)	(71.2)%
Total revenues	449,610	359,595	90,015	
Expenses:				
General and administrative	35,161	30,678	4,483	14.6 %
Property expenses	4,997	4,663	334	7.2 %
Depreciation and amortization	122,161	102,219	19,942	19.5 %
Provision for impairment of real estate	14,845	3,548	11,297	318.4 %
Change in provision for credit losses	230	(99)	329	332.3 %
Total expenses	177,394	141,009	36,385	
Other operating income:				
Gain on dispositions of real estate, net	5,977	24,167	(18,190)	(75.3)%
Income from operations	278,193	242,753	35,440	
Other (expense)/income:				
Loss on debt extinguishment	—	(116)	116	100.0 %
Interest expense	(78,544)	(52,597)	(25,947)	49.3 %
Interest income	3,069	2,011	1,058	52.6 %
Other income	1,548	—	1,548	100.0 %
Income before income tax expense	204,266	192,051	12,215	
Income tax expense	628	636	(8)	(1.3)%
Net income	203,638	191,415	12,223	
Net income attributable to non-controlling interests	(634)	(708)	74	10.5 %
Net income attributable to stockholders	$ 203,004	$ 190,707	$ 12,297	

Revenues:

Rental revenue. Rental revenue increased by $85.9 million for the year ended December 31, 2024, as compared to the year ended December 31, 2023. The increase in rental revenue was driven primarily by the growth in our real estate investment portfolio which grew by 217 rental properties, or 12%, since December 31, 2023. A portion of our real estate investments were acquired throughout the periods presented and were not all owned by us for the entirety of the applicable periods; accordingly, a significant portion of the increase in rental revenue between periods is related to recognizing revenue in 2024 from acquisitions that were made during 2023 and 2024.

Interest on loans and direct financing lease receivables. Interest on loans and direct financing lease receivables increased by $5.3 million during the year ended December 31, 2024, as compared to the year ended December 31, 2023, primarily due to the increase in our mortgage loans receivable portfolio during 2024, which led to a higher average daily balance of loans receivable outstanding during the year ended December 31, 2024.

Other revenue, net. Other revenue for the year ended December 31, 2024 decreased by $1.1 million, as compared to the year ended December 31, 2023, primarily due to the receipt of insurance claim proceeds and higher loan prepayment fees received during the year ended December 31, 2023.

Expenses:

General and administrative. General and administrative expense increased by $4.5 million for the year ended December 31, 2024, as compared to the year ended December 31, 2023, primarily due to an increase in non-cash share-based compensation, salary expense and professional fees during the year ended December 31, 2024.

Property expenses. Property expenses increased by $0.3 million for the year ended December 31, 2024, as compared to the year ended December 31, 2023. The increase in property expenses was primarily due to increased reimbursable property taxes and property-related operational costs during the year ended December 31, 2024.

Depreciation and amortization. Depreciation and amortization expense increased by $19.9 million for the year ended December 31, 2024, as compared to the year ended December 31, 2023. Depreciation and amortization expense increased in proportion to the general increase in the size of our real estate investment portfolio during the year ended December 31, 2024.

Provision for impairment of real estate. Impairment charges on real estate investments were $14.8 million and $3.5 million for the years ended December 31, 2024 and 2023, respectively. During the years ended December 31, 2024 and 2023, we recorded a provision for impairment of real estate on 22 and eight of our real estate investments, respectively.

Change in provision for credit losses. During the year ended December 31, 2024, our provision for credit losses increased by $0.2 million, compared to a $0.1 million decrease in our provision for credit losses during the year ended December 31, 2023. Under ASC 326, we are required to re-evaluate the expected loss on our portfolio of loans and direct financing lease receivables at each balance sheet date. Changes in our provision for credit losses are driven by revisions to global and asset-specific assumptions in our credit loss model and by changes in the size of our loan and direct financing lease portfolio.

Other operating income:

*Gain on dispositions of real estate, net. G*ain on dispositions of real estate, net, decreased by $18.2 million for the year ended December 31, 2024, as compared to the year ended December 31, 2023. We disposed of 46 real estate properties during the year ended December 31, 2024, compared to 52 real estate properties during the year ended December 31, 2023. Overall, our 2024 dispositions had a lower sales price in relation to their net book value as compared to our 2023 dispositions.

Other (expense)/income:

Loss on debt extinguishment. The loss on debt extinguishment of $0.1 million during the year ended December 31, 2023 relates to the write-off of deferred financing costs in conjunction with the full repayment of our 2024 Term Loan in August 2023.

Interest expense. Interest expense increased by $25.9 million for the year ended December 31, 2024, as compared to the year ended December 31, 2023. This increase in interest expense was primarily due to an increase in our outstanding debt balance and increased interest rates during the year ended December 31, 2024 compared to the year ended December 31, 2023.

Interest income. Interest income increased by $1.1 million for the year ended December 31, 2024, as compared to the year ended December 31, 2023. The increase in interest income was primarily due to an increase in interest rates on our short-term investments during the year ended December 31, 2024 as compared to the year ended December 31, 2023.

Other income. During the year ended December 31, 2024, we recorded $1.5 million of other income related to the settlement of litigation with a former tenant. Substantially all of this amount relates to proceeds received to recoup legal fees and other related expenses previously incurred associated with enforcing our rights under the leases with the former tenant.

Income tax expense. Income tax expense decreased by approximately $8,000 for the year ended December 31, 2024, as compared to the year ended December 31, 2023. We are organized and operate as a REIT and are generally not subject to U.S. federal corporate income taxes on our REIT taxable income that is currently distributed to our stockholders. However, the Operating Partnership is subject to taxation in certain state and local jurisdictions that impose income taxes on a partnership.

Non-GAAP Financial Measures

Our reported results are presented in accordance with GAAP. We also disclose the following non-GAAP financial measures: funds from operations ("FFO"), core funds from operations ("Core FFO"), adjusted funds from operations ("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"). 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 certain transaction related gains, losses, income or expenses or other non-core amounts as they occur.

To derive AFFO, we modify our computation of Core 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 when assessing our 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.

The following table reconciles net income (which is the most comparable GAAP measure) to FFO, Core FFO and AFFO attributable to stockholders and non-controlling interests:

	Year ended December 31,		
(in thousands)	**2024**	**2023**	**2022**
Net income	$ 203,638	$ 191,415	$ 134,742
Depreciation and amortization of real estate	121,997	102,103	88,459
Provision for impairment of real estate	14,845	3,548	20,164
Gain on dispositions of real estate, net	(5,977)	(24,167)	(30,647)
FFO attributable to stockholders and non-controlling interests	334,503	272,899	212,718
Non-core (income) expense [1][2]	—	(510)	2,388
Core FFO attributable to stockholders and non-controlling interests	334,503	272,389	215,106
Adjustments:			
Straight-line rental revenue, net	(38,661)	(30,375)	(20,615)
Non-cash interest	4,086	3,187	2,616
Non-cash compensation expense	10,827	9,192	9,489
Other amortization expense	1,802	1,507	2,912
Other non-cash adjustments	1,075	(73)	74
Capitalized interest expense	(5,760)	(2,430)	(757)
AFFO attributable to stockholders and non-controlling interests	$ 307,872	$ 253,397	$ 208,825

(1) Includes $0.1 million loss on debt extinguishment, $0.9 million of insurance recovery income and $0.4 million of cash and non-cash separation costs with the departures of a junior executive and a Board member during the year ended December 31, 2023.

(2) Includes $0.2 million of fees incurred in conjunction with the August 2022 amendment to our 2027 Term Loan and our $2.1 million loss on debt extinguishment during the year ended December 31, 2022.

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 EBITDA*re*. We compute EBITDA*re* in accordance with the definition adopted by NAREIT. NAREIT defines EBITDA*re* as EBITDA (as defined above) excluding gains (or losses) from the sales of depreciable property and real estate impairment losses. We present EBITDA and EBITDA*re* as they are measures commonly used in our industry. We believe that these measures are useful to investors and analysts because they provide supplemental information concerning our operating performance, exclusive of certain non-cash items and other costs. We use EBITDA and EBITDA*re* as measures of our operating performance and not as measures of liquidity.

EBITDA and EBITDA*re* 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 EBITDA*re* 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.

The following table reconciles net income (which is the most comparable GAAP measure) to EBITDA and EBITDA*re* attributable to stockholders and non-controlling interests:

	Year ended December 31,		
(in thousands)	**2024**	**2023**	**2022**
Net income	$ 203,638	$ 191,415	$ 134,742
Depreciation and amortization	122,161	102,219	88,562
Interest expense	78,544	52,597	40,370
Interest income	(3,069)	(2,011)	(2,825)
Income tax expense	628	636	998
EBITDA attributable to stockholders and non-controlling interests	401,902	344,856	261,847
Provision for impairment of real estate	14,845	3,548	20,164
Gain on dispositions of real estate, net	(5,977)	(24,167)	(30,647)
EBITDA*re* attributable to stockholders and non-controlling interests	$ 410,770	$ 324,237	$ 251,364

We further adjust EBITDA*re* for the most recently completed quarter 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 fees and contingent rental revenue from certain of our tenants, which is subject to sales thresholds specified in the applicable leases ("Adjusted EBITDA*re*"). We then annualize quarterly Adjusted EBITDA*re* by multiplying it by four ("Annualized Adjusted EBITDA*re*"), which we believe provides a meaningful estimate of our current run rate for all of our investments as of the end of the most recently completed quarter. You should not unduly rely on this measure, as it is based on assumptions and estimates that may prove to be inaccurate. Our actual reported EBITDA*re* for future periods may be significantly less than our current Annualized Adjusted EBITDA*re*.

The following table reconciles net income (which is the most comparable GAAP measure) to Annualized Adjusted EBITDA*re* attributable to stockholders and non-controlling interests for the three months ended December 31, 2024:

(in thousands)		Three months ended December 31, 2024
Net income	$	55,548
Depreciation and amortization		32,829
Interest expense		23,958
Interest income		(559)
Income tax expense		157
EBITDA attributable to stockholders and non-controlling interests		111,933
Provision for impairment of real estate		2,587
Gain on dispositions of real estate, net		(4,575)
EBITDA*re* attributable to stockholders and non-controlling interests		109,945
Adjustment for current quarter re-leasing, acquisition and disposition activity [1]		3,856
Adjustment to exclude other non-core or non-recurring activity [2]		(784)
Adjustment to exclude termination/prepayment fees and certain percentage rent [3]		(93)
Adjusted EBITDA*re* attributable to stockholders and non-controlling interests	$	112,924
Annualized Adjusted EBITDA*re* attributable to stockholders and non-controlling interests	$	451,696

(1) Adjustment assumes all re-leasing activity, investments in and dispositions of real estate and loan repayments completed during the three months ended December 31, 2024 had occurred on October 1, 2024.
(2) Adjustment is made to i) exclude non-core 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.

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 from gross debt, all of which could be used to repay debt, provides an estimate of the net contractual amount of borrowed capital to be repaid, which we believe is a beneficial disclosure to investors and analysts.

The following table reconciles total debt (which is the most comparable GAAP measure) to net debt:

	December 31,			
(in thousands)		2024		2023
Unsecured term loan, net of deferred financing costs	$	1,721,114	$	1,272,772
Revolving credit facility		—		—
Senior unsecured notes		396,403		395,846
Total debt		2,117,517		1,668,618
Deferred financing costs and original issue discount, net		12,483		11,382
Gross debt		2,130,000		1,680,000
Cash and cash equivalents		(40,713)		(39,807)
Restricted cash available for future investment		(4,265)		(9,156)
Net debt	$	2,085,022	$	1,631,037

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 in accordance with GAAP. 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 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 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.

The following table reconciles net income (which is the most comparable GAAP measure) to NOI and Cash NOI attributable to stockholders and non-controlling interests:

	Year ended December 31,		
(in thousands)	**2024**	**2023**	**2022**
Net income	$ 203,638	$ 191,415	$ 134,742
General and administrative expense	35,161	30,678	29,464
Depreciation and amortization	122,161	102,219	88,562
Provision for impairment of real estate	14,845	3,548	20,164
Change in provision for credit losses	230	(99)	88
Gain on dispositions of real estate, net	(5,977)	(24,167)	(30,647)
Loss on debt extinguishment	—	116	2,138
Interest expense	78,544	52,597	40,370
Interest income	(3,069)	(2,011)	(2,825)
Other income	(1,548)	—	—
Income tax expense	628	636	998
NOI attributable to stockholders and non-controlling interests	444,613	354,932	283,054
Straight-line rental revenue, net	(38,661)	(30,375)	(20,615)
Other amortization and non-cash adjustments	2,877	1,507	2,912
Cash NOI attributable to stockholders and non-controlling interests	$ 408,829	$ 326,064	$ 265,351

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

Over time, we generally seek to match the expected cash inflows from our long-term leases and loans receivable with the expected cash outflows for our long-term debt. To seek to achieve this objective, we issue senior unsecured notes and borrow under our Revolving Credit Facility and through term loans.

		Principal Outstanding		Weighted Average Interest Rate (1)	
(in thousands)	Maturity Date	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Unsecured term loans:					
2027 Term Loan	February 2027	$ 430,000	$ 430,000	2.5%	2.4%
2028 Term Loan	January 2028	400,000	400,000	4.7%	4.6%
2029 Term Loan	February 2029 (2)	450,000	450,000	5.4%	4.3%
2030 Term Loan	January 2030 (2)	450,000	—	4.9%	—%
Senior unsecured notes	July 2031	400,000	400,000	3.1%	3.1%
Revolving Credit Facility	February 2026	—	—	—%	—%
Total principal outstanding		$ 2,130,000	$ 1,680,000	4.1%	3.6%

(1) Interest rates are presented after giving effect to our interest rate swap and lock agreements, where applicable.
(2) After giving effect to extension options exercisable at the Operating Partnership's election.

While our borrowings under the 2027 Term Loan and the CF Term Loans are variable-rate, we have effectively fixed the interest rate under these term loans by entering into interest rate swap agreements where we pay a fixed interest rate and receive a floating interest rate equal to the rate we pay on the respective loan. At December 31, 2024, our aggregate asset in the event of the early termination of our swaps was $20.1 million.

Borrowings outstanding under the Revolving Credit Facility from time to time bear interest at a variable rate equal to 1-month SOFR plus a leverage-based credit spread. Therefore, an increase or decrease in interest rates would result in an increase or decrease to our interest expense related to the Revolving Credit Facility.

We are exposed to interest rate risk between the time we enter into a sale-leaseback transaction, acquire a leased property or invest in a loan receivable and the time we finance the related asset with long-term fixed-rate debt. In addition, when our long-term debt matures, we may have to refinance the debt at a higher interest rate. Market interest rates are sensitive to many factors that are beyond our control. Our interest rate risk management objective is to limit the impact of future interest rate changes on our earnings and cash flows.

In addition to amounts that we borrow under the Revolving Credit Facility, we may incur variable-rate debt in the future that we do not choose to hedge. Additionally, decreases in interest rates may lead to increased competition for the acquisition of real estate due to a reduction in desirable alternative income-producing investments. Increased competition for the acquisition of real estate may lead to a decrease in the yields on real estate we have targeted for acquisition. In such circumstances, if we are not able to offset the decrease in yields by obtaining lower interest costs on our borrowings, our results of operations will be adversely affected. Significant increases in interest rates may also have an adverse impact on our earnings if we are unable to acquire real estate with rental rates high enough to offset the increase in interest rates on our borrowings.

Fair Value of Fixed-Rate Indebtedness

The estimated fair value of our fixed-rate indebtedness under our senior unsecured notes is calculated based on quoted prices in active markets for identical assets. The following table discloses fair value information related to our fixed-rate indebtedness as of December 31, 2024:

(in thousands)	Carrying Value (1)	Estimated Fair Value
Senior unsecured notes	$ 400,000	$ 340,420

(1) Excludes net deferred financing costs of $3.1 million and net discount of $0.5 million.

Item 8. Financial Statements and Supplementary Data.

Index to Consolidated Financial Statements

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Stockholders
Essential Properties Realty Trust, Inc.

Opinion on the financial statements

We have audited the accompanying consolidated balance sheets of Essential Properties Realty Trust, Inc. (a Maryland corporation) and subsidiaries (the "Company") as of December 31, 2024 and 2023, the related consolidated statements of operations, comprehensive income, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2024, and the related notes and financial statement schedules included under Item 15(a) (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2024, in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the Company's internal control over financial reporting as of December 31, 2024, based on criteria established in the 2013 Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"), and our report dated February 12, 2025, expressed an unqualified opinion.

Basis for opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical audit matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Evaluation of the measurement of the fair values used in the purchase price allocation of real estate acquisitions

As described further in Notes 2 and 3 to the consolidated financial statements, the acquisition of real estate for investment purposes is typically accounted for as an asset acquisition in which the Company allocates the purchase price of acquired properties to land, buildings, site improvements and other identified tangible and intangible assets and liabilities on a relative fair value basis. The Company acquired approximately $724.3 million of real estate investments subject to this allocation process during the year ended December 31, 2024. We identified fair value measurements used to allocate the purchase price to the assets acquired and liabilities assumed in the real estate acquisitions as a critical audit matter.

The principal consideration for our determination that the fair value measurements used to allocate the purchase price to the assets acquired and liabilities assumed in the real estate acquisitions is a critical audit matter is the degree of estimation uncertainty in determining fair value estimates. Specifically, these fair value measurements were sensitive to establishing a range of market assumptions for land values, building replacement values, and rental rates. Establishing the market assumptions for land, building, site improvements and rent included identifying the relevant properties in the established range that were most comparable to the acquired property. There was a high degree of subjective and complex auditor judgment in evaluating significant assumptions used in developing the fair value measurements.

Our audit procedures related to the fair value measurements used to allocate the purchase price to the assets acquired and liabilities assumed in the real estate acquisitions included the following, among others:

We obtained an understanding, evaluated the design, and tested the operating effectiveness of relevant controls relating to the allocation of the purchase price of real estate acquisitions, including internal controls over the selection and review of the significant assumptions to estimate fair value, including those used by third-party valuation professionals.

For a selection of real estate acquisitions, we involved our real estate valuation specialists who assisted in evaluating the significant assumptions to the fair value measurements used in the purchase price allocations. We read the purchase agreements and tested the completeness and accuracy of underlying contractual data used, including rental data where applicable. The evaluation included comparison of the Company's assumptions to independently developed ranges using market data from industry transaction databases and published industry reports. We analyzed where the Company's market rental rates fell within our real estate valuation specialists' independently developed ranges to evaluate if management bias was present.

/s/ GRANT THORNTON LLP

We have served as the Company's auditor since 2021.

New York, New York
February 12, 2025

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Stockholders
Essential Properties Realty Trust, Inc.

Opinion on internal control over financial reporting

We have audited the internal control over financial reporting of Essential Properties Realty Trust, Inc. (a Maryland corporation) and subsidiaries (the “Company”) as of December 31, 2024, based on criteria established in the 2013 Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2024, based on criteria established in the 2013 Internal Control—Integrated Framework issued by COSO.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (“PCAOB”), the consolidated financial statements of the Company as of and for the year ended December 31, 2024, and our report dated February 12, 2025 expressed an unqualified opinion on those financial statements.

Basis for opinion

The Company’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management’s Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company’s internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and limitations of internal control over financial reporting

A company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ GRANT THORNTON LLP

New York, New York
February 12, 2025

ESSENTIAL PROPERTIES REALTY TRUST, INC.
CONSOLIDATED FINANCIAL STATEMENTS
Consolidated Balance Sheets

	December 31,	
(In thousands, except share and per share data)	**2024**	**2023**
ASSETS		
Investments:		
Real estate investments, at cost:		
Land and improvements	$ 1,865,610	$ 1,542,302
Building and improvements	3,536,000	2,938,012
Lease incentives	17,903	17,890
Construction in progress	153,789	96,524
Intangible lease assets	94,047	89,209
Total real estate investments, at cost	5,667,349	4,683,937
Less: accumulated depreciation and amortization	(476,827)	(367,133)
Total real estate investments, net	5,190,522	4,316,804
Loans and direct financing lease receivables, net	352,066	223,854
Real estate investments held for sale, net	10,018	7,455
Net investments	5,552,606	4,548,113
Cash and cash equivalents	40,713	39,807
Restricted cash	4,265	9,156
Straight-line rent receivable, net	143,435	107,545
Derivative assets	27,714	30,980
Rent receivables, prepaid expenses and other assets, net	29,949	32,660
Total assets[(1)]	$ 5,798,682	$ 4,768,261
LIABILITIES AND EQUITY		
Unsecured term loans, net of deferred financing costs	$ 1,721,114	$ 1,272,772
Senior unsecured notes, net	396,403	395,846
Revolving credit facility	—	—
Intangible lease liabilities, net	10,700	11,206
Dividend payable	55,608	47,182
Derivative liabilities	7,585	23,005
Accrued liabilities and other payables	35,145	31,248
Total liabilities[(1)]	2,226,555	1,781,259
Commitments and contingencies (see Note 11)		
Stockholders' equity:		
Preferred stock, $0.01 par value; 150,000,000 authorized; none issued and outstanding as of December 31, 2024 and 2023	—	—
Common stock, $0.01 par value; 500,000,000 authorized; 187,537,592 and 164,635,150 issued and outstanding as of December 31, 2024 and 2023, respectively	1,875	1,646
Additional paid-in capital	3,658,219	3,078,459
Distributions in excess of cumulative earnings	(113,302)	(105,545)
Accumulated other comprehensive income	16,886	4,019
Total stockholders' equity	3,563,678	2,978,579
Non-controlling interests	8,449	8,423
Total equity	3,572,127	2,987,002
Total liabilities and equity	$ 5,798,682	$ 4,768,261

(1) The Company's consolidated balance sheets include assets and liabilities of consolidated variable interest entities ("VIEs"). See Note 2—Summary of Significant Accounting Policies. As of December 31, 2024 and 2023, all of the assets and liabilities of the Company were held by its operating partnership, a consolidated VIE, with the exception of $55.4 million and $47.0 million, respectively, of dividends payable.

The accompanying notes are an integral part of these consolidated financial statements.

ESSENTIAL PROPERTIES REALTY TRUST, INC.
CONSOLIDATED FINANCIAL STATEMENTS
Consolidated Statements of Operations

	Year ended December 31,		
(In thousands, except share and per share data)	**2024**	**2023**	**2022**
Revenues:			
Rental revenue	$ 425,749	$ 339,897	$ 269,827
Interest on loans and direct financing lease receivables	23,409	18,128	15,499
Other revenue, net	452	1,570	1,180
Total revenues	449,610	359,595	286,506
Expenses:			
General and administrative	35,161	30,678	29,464
Property expenses	4,997	4,663	3,452
Depreciation and amortization	122,161	102,219	88,562
Provision for impairment of real estate	14,845	3,548	20,164
Change in provision for credit losses	230	(99)	88
Total expenses	177,394	141,009	141,730
Other operating income:			
Gain on dispositions of real estate, net	5,977	24,167	30,647
Income from operations	278,193	242,753	175,423
Other (expense)/income:			
Loss on debt extinguishment	—	(116)	(2,138)
Interest expense	(78,544)	(52,597)	(40,370)
Interest income	3,069	2,011	2,825
Other income	1,548	—	—
Income before income tax expense	204,266	192,051	135,740
Income tax expense	628	636	998
Net income	203,638	191,415	134,742
Net income attributable to non-controlling interests	(634)	(708)	(612)
Net income attributable to stockholders	$ 203,004	$ 190,707	$ 134,130
Basic weighted average shares outstanding	173,855,427	152,140,735	134,941,188
Basic net income per share	$ 1.16	$ 1.25	$ 0.99
Diluted weighted average shares outstanding	177,115,170	153,521,854	135,855,916
Diluted net income per share	$ 1.15	$ 1.24	$ 0.99

The accompanying notes are an integral part of these consolidated financial statements.

ESSENTIAL PROPERTIES REALTY TRUST, INC.
CONSOLIDATED FINANCIAL STATEMENTS
Consolidated Statements of Comprehensive Income

	Year ended December 31,		
(In thousands)	**2024**	**2023**	**2022**
Net income	$ 203,638	$ 191,415	$ 134,742
Other comprehensive income:			
Unrealized gain (loss) on cash flow hedges	42,210	(9,187)	56,736
Cash flow hedge (loss) gain reclassified to interest expense	(29,310)	(27,687)	26
Total other comprehensive income (loss)	12,900	(36,874)	56,762
Comprehensive income	216,538	154,541	191,504
Net income attributable to non-controlling interests	(634)	(708)	(612)
Adjustment for other comprehensive (loss) income attributable to non-controlling interests	(33)	174	(1,257)
Comprehensive income attributable to stockholders	$ 215,871	$ 154,007	$ 189,635

The accompanying notes are an integral part of these consolidated financial statements.

ESSENTIAL PROPERTIES REALTY TRUST, INC.
CONSOLIDATED FINANCIAL STATEMENTS
Consolidated Statements of Stockholders' Equity

	Common Stock							
(In thousands, except share data)	Number of Shares	Par Value	Additional Paid-In Capital	Distributions in Excess of Cumulative Earnings	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity	Non-Controlling Interests	Total Equity
Balance at December 31, 2021	124,649,053	$ 1,246	$ 2,151,088	$ (100,982)	$ (14,786)	$ 2,036,566	$ 7,237	$ 2,043,803
Common stock issuance	17,576,684	178	413,667	—	—	413,845	—	413,845
Common stock withheld related to net share settlement of equity awards	—	—	—	(2,452)	—	(2,452)	—	(2,452)
Costs related to issuance of common stock	—	—	(10,939)	—	—	(10,939)	—	(10,939)
Other comprehensive income	—	—	—	—	55,505	55,505	1,257	56,762
Equity based compensation expense	153,918	—	9,489	—	—	9,489	—	9,489
Dividends declared on common stock and OP Units	—	—	—	(147,883)	—	(147,883)	(596)	(148,479)
Net income	—	—	—	134,130	—	134,130	612	134,742
Balance at December 31, 2022	142,379,655	1,424	2,563,305	(117,187)	40,719	2,488,261	8,510	2,496,771
Common stock issuance	21,971,744	219	507,161	—	—	507,380	—	507,380
Common stock withheld related to net share settlement of equity awards	—	—	—	(3,671)	—	(3,671)	—	(3,671)
Costs related to issuance of common stock	—	—	(1,010)	—	—	(1,010)	—	(1,010)
Other comprehensive loss	—	—	—	—	(36,700)	(36,700)	(174)	(36,874)
Equity based compensation expense	283,751	3	9,003	—	—	9,006	—	9,006
Dividends declared on common stock and OP Units	—	—	—	(175,394)	—	(175,394)	(621)	(176,015)
Net income	—	—	—	190,707	—	190,707	708	191,415
Balance at December 31, 2023	164,635,150	1,646	3,078,459	(105,545)	4,019	2,978,579	8,423	2,987,002
Common stock issuance	22,713,852	227	570,016	—	—	570,243	—	570,243
Common stock withheld related to net share settlement of equity awards	—	—	—	(3,313)	—	(3,313)	—	(3,313)
Costs related to issuance of common stock	—	—	(1,083)	—	—	(1,083)	—	(1,083)
Other comprehensive income	—	—	—	—	12,867	12,867	33	12,900
Equity based compensation expense	188,590	2	10,827	—	—	10,829	—	10,829
Dividends declared on common stock and OP Units	—	—	—	(207,448)	—	(207,448)	(641)	(208,089)
Net income	—	—	—	203,004	—	203,004	634	203,638
Balance at December 31, 2024	187,537,592	$ 1,875	$ 3,658,219	$ (113,302)	$ 16,886	$ 3,563,678	$ 8,449	$ 3,572,127

The accompanying notes are an integral part of these consolidated financial statements.

ESSENTIAL PROPERTIES REALTY TRUST, INC.
CONSOLIDATED FINANCIAL STATEMENTS
Consolidated Statements of Cash Flows

	Year ended December 31,		
(In thousands)	**2024**	**2023**	**2022**
Cash flows from operating activities:			
Net income	$ 203,638	$ 191,415	$ 134,742
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	122,161	102,219	88,562
Amortization of lease incentives	2,040	1,782	3,480
Amortization of above/below market leases and right of use assets, net	(238)	(275)	(217)
Amortization of deferred financing costs and other non-cash interest expense	5,374	3,863	3,099
Loss on debt extinguishment	—	116	2,138
Provision for impairment of real estate	14,845	3,548	20,164
Change in provision for credit losses	230	(99)	88
Gain on dispositions of real estate, net	(5,977)	(24,167)	(30,647)
Straight-line rent receivable, net	(38,882)	(28,285)	(20,811)
Equity based compensation expense	10,829	9,006	9,489
Adjustment to rental revenue for tenant credit	635	640	371
Changes in other assets and liabilities:			
Rent receivables, prepaid expenses and other assets, net	(7,258)	(5,956)	4,507
Accrued liabilities and other payables	1,087	767	(3,943)
Net cash provided by operating activities	308,484	254,574	211,022
Cash flows from investing activities:			
Proceeds from sales of investments, net	96,928	128,598	126,610
Principal collections on loans and direct financing lease receivables	10,022	27,908	70,439
Investments in loans receivable	(136,264)	(13,091)	(115,016)
Deposits for prospective real estate investments	(3,880)	189	(26)
Investment in real estate, including capital expenditures	(825,751)	(894,550)	(728,727)
Investment in construction in progress	(263,232)	(105,075)	(51,870)
Lease incentives paid	(991)	(1,104)	(7,488)
Net cash used in investing activities	(1,123,168)	(857,125)	(706,078)
Cash flows from financing activities:			
Borrowings under term loans	174,569	247,972	397,523
Borrowings under revolving credit facility	490,000	70,000	299,000
Repayments under revolving credit facility	(220,000)	(70,000)	(443,000)
Payments for taxes related to net settlement of equity awards	(3,313)	(3,671)	(2,452)
Payment of debt extinguishment costs	—	—	(467)
Deferred financing costs	(115)	(2,426)	(4,991)
Proceeds from issuance of common stock, net	570,243	507,318	403,884
Offering costs	(1,022)	(948)	(1,008)
Dividends paid	(199,663)	(168,231)	(141,691)
Net cash provided by financing activities	810,699	580,014	506,798
Net (decrease) increase in cash and cash equivalents and restricted cash	(3,985)	(22,537)	11,742
Cash and cash equivalents and restricted cash, beginning of period	48,963	71,500	59,758
Cash and cash equivalents and restricted cash, end of period	$ 44,978	$ 48,963	$ 71,500
Reconciliation of cash and cash equivalents and restricted cash:			
Cash and cash equivalents	$ 40,713	$ 39,807	$ 62,345
Restricted cash	4,265	9,156	9,155
Cash and cash equivalents and restricted cash, end of period	$ 44,978	$ 48,963	$ 71,500

The accompanying notes are an integral part of these consolidated financial statements.

ESSENTIAL PROPERTIES REALTY TRUST, INC.
CONSOLIDATED FINANCIAL STATEMENTS
Consolidated Statements of Cash Flows (continued)

	Year ended December 31,		
(In thousands)	**2024**	**2023**	**2022**
Supplemental disclosure of cash flow information:			
Cash paid for interest, net of amounts capitalized	$ 73,703	$ 49,587	$ 36,832
Cash paid for income taxes	902	1,486	1,214
Non-cash investing and financing activities:			
Reclassification from construction in progress upon project completion	$ 200,566	$ 45,518	$ 26,948
Net settlement of proceeds on the sale of investments	(2,200)	(4,625)	(28,938)
Non-cash investments in real estate and loan receivable activity	2,200	—	22,679
Unrealized gain (loss) on cash flow hedges	42,210	(9,187)	(56,615)
Non-cash debt issuance costs	4,647	2,028	—
Non-cash repayment of term loan facility	270,000	200,000	—
Non-cash borrowing under term loan facility	(270,000)	(202,028)	—
Payable and accrued offering costs	115	24	30
Discounts and fees on capital raised through issuance of common stock	—	38	9,931
Discounts and fees on issuance of debt	—	—	2,477
Dividends declared and unpaid	55,608	47,182	39,398

The accompanying notes are an integral part of these consolidated financial statements.

ESSENTIAL PROPERTIES REALTY TRUST, INC.
CONSOLIDATED FINANCIAL STATEMENTS
Notes to Consolidated Financial Statements
December 31, 2024

1. Organization

Description of Business

Essential Properties Realty Trust, Inc. (the “Company”) is an internally managed real estate company that acquires, owns and manages primarily single-tenant properties that are net leased on a long-term basis to middle-market companies operating service-oriented or experience-based businesses. The Company generally invests in and leases freestanding, single-tenant commercial real estate facilities where a tenant services its customers and conducts activities that are essential to the generation of the tenant’s sales and profits.

The Company was organized on January 12, 2018 as a Maryland corporation. It elected to be taxed as a real estate investment trust (“REIT”) for federal income tax purposes beginning with the year ended December 31, 2018, and it believes that its current organizational and operational status and intended distributions will allow it to continue to so qualify. Substantially all of the Company’s business is conducted directly and indirectly through its operating partnership, Essential Properties, L.P. (the “Operating Partnership”).

The common stock of the Company is listed on the New York Stock Exchange under the ticker symbol “EPRT”.

2. Summary of Significant Accounting Policies

Basis of Accounting

The accompanying consolidated financial statements of the Company are prepared in accordance with accounting principles generally accepted in the United States (“GAAP”) and with the rules and regulations of the U.S. Securities and Exchange Commission (the “SEC”).

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and subsidiaries in which the Company has a controlling financial interest. All intercompany accounts and transactions have been eliminated in consolidation. As of December 31, 2024 and 2023, the Company, directly and indirectly, held a 99.7% ownership interest in the Operating Partnership and the consolidated financial statements include the financial statements of the Operating Partnership as of these dates. See Note 8—Non-controlling Interests for changes in the ownership interest in the Operating Partnership.

Use of Estimates

The preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Reportable Segments

ASC Topic 280, Segment Reporting, establishes standards for the manner in which enterprises report information about operating segments. Substantially all of the Company’s investments, at acquisition, are comprised of real estate owned that is leased to tenants on a long-term basis or real estate that secures the Company's investment in loans and direct financing lease receivables. Therefore, the Company aggregates these investments for reporting purposes and operates in one reportable segment. The chief operating decision maker ("CODM"), which is the Company's Chief Executive Officer, determines resource allocations based on characteristics of potential future investments (e.g., return on investment, tenant credit quality, industry type, geographic location) and assesses the performance of the Company's existing portfolio based on consolidated net income as presented in the accompanying consolidated statements of operations.

Real Estate Investments

Investments in real estate are carried at cost less accumulated depreciation and impairment losses. The cost of investments in real estate reflects their purchase price or development cost. The Company evaluates each acquisition transaction to determine whether the acquired asset meets the definition of a business. Under Accounting Standards Update ("ASU") 2017-1, *Business Combinations (Topic 805): Clarifying the Definition of a Business*, an acquisition does not qualify as a business when there is no substantive process acquired or substantially all of the fair value is concentrated in a single identifiable asset or group of similar identifiable assets or the acquisition does not include a substantive process in the form of an acquired workforce or an acquired contract that cannot be replaced without significant cost, effort or delay. Transaction costs related to acquisitions that are asset acquisitions are capitalized as part of the cost basis of the acquired assets, while transaction costs for acquisitions that are deemed to be acquisitions of a business are expensed as incurred. Improvements and replacements are capitalized when they extend the useful life or improve the productive capacity of the asset. Costs of repairs and maintenance are expensed as incurred.

The Company incurs various costs in the leasing and development of its properties. Amounts paid to tenants that incentivize them to extend or otherwise amend an existing lease or to sign a new lease agreement are capitalized to lease incentives on the Company's consolidated balance sheets. Tenant improvements are capitalized to building and improvements within the Company's consolidated balance sheets. Costs incurred which are directly related to properties under development, which include pre-construction costs essential to the development of the property, development costs, construction costs, interest costs and real estate taxes and insurance, are capitalized during the period of development as construction in progress. Determination of when a development project commences, and capitalization begins, and when a development project has reached substantial completion, and is available for occupancy and capitalization must cease, involves a degree of judgment. The Company does not engage in speculative real estate development. The Company does, however, opportunistically agree to reimburse certain of its tenants for development costs at its properties in exchange for contractually-specified rent that generally increases proportionally with its funding.

The Company allocates the purchase price of acquired properties accounted for as asset acquisitions to tangible assets and liabilities and identifiable intangible assets or liabilities, if any, based on their relative fair values. Tangible assets may include land, site improvements and buildings. Intangible assets may include the value of in-place leases and above- and below-market leases and other identifiable intangible assets or liabilities based on lease or property specific characteristics.

The fair value of the tangible assets of an acquired property with an in-place operating lease is determined by valuing the property as if it were vacant, and the "as-if-vacant" value is then allocated to the tangible assets based on the fair value of the tangible assets. The fair value of in-place leases is determined by considering estimates of carrying costs during the expected lease-up periods, current market conditions, as well as costs to execute similar leases based on the specific characteristics of each tenant's lease. The Company estimates the cost to execute leases with terms similar to the remaining lease terms of the in-place leases, including leasing commissions, legal and other related expenses. Factors the Company considers in this analysis include an estimate of the carrying costs during the expected lease-up periods considering current market conditions and costs to execute similar leases. In estimating carrying costs, the Company includes real estate taxes, insurance and other operating expenses, and estimates of lost rentals at market rates during the expected lease-up periods, which primarily range from six to 12 months. The fair value of above- or below-market leases is recorded based on the net present value (using a discount rate that reflects the risks associated with the leases acquired) of the difference between the contractual amount to be paid pursuant to the in-place lease and the Company's estimate of the fair market lease rate for the corresponding in-place lease, measured over the remaining non-cancelable term of the lease including any below-market fixed rate renewal options for below-market leases.

In making estimates of fair values for purposes of allocating purchase price, the Company uses a number of sources, including real estate valuations prepared by independent valuation firms. The Company also considers information and other factors including market conditions, the industry that the tenant operates in, characteristics of the real estate (e.g., location, size, demographics, value and comparative rental rates), tenant credit profile and the importance of the location of the real estate to the operations of the tenant's business. Additionally, the Company considers information obtained about each property as a result of its pre-acquisition due diligence, marketing and leasing activities in estimating the fair value of the tangible and intangible assets acquired. The Company uses the information obtained as a result of its pre-acquisition due diligence as part of its consideration of the accounting standard governing asset retirement obligations and, when necessary, will record an asset retirement obligation as part of the purchase price allocation.

Real estate investments that are intended to be sold are designated as "held for sale" on the consolidated balance sheets at the lesser of carrying amount and fair value less estimated selling costs. Real estate investments are no longer depreciated when they are classified as held for sale. If the disposal, or intended disposal, of certain real estate investments represents a strategic shift that has had or will have a major effect on the Company's operations and financial results, the operations of such real estate investments would be presented as discontinued operations in the consolidated statements of operations for all applicable periods.

Depreciation and Amortization

Depreciation is computed using the straight-line method over the estimated useful lives of up to 40 years for buildings and 15 years for site improvements. The Company recorded the following amounts of depreciation expense on its real estate investments during the periods presented:

	Year ended December 31,		
(in thousands)	**2024**	**2023**	**2022**
Depreciation on real estate investments	$ 115,371	$ 95,527	$ 80,647

Lease incentives are amortized on a straight-line basis as a reduction of rental revenue over the remaining non-cancellable terms of the respective leases. If a tenant terminates its lease, the unamortized portion of the lease incentive is charged to rental revenue. Construction in progress is not depreciated until the development has reached substantial completion. Tenant improvements are depreciated over the non-cancellable term of the related lease or their estimated useful life, whichever is shorter.

Capitalized above-market lease intangibles are amortized on a straight-line basis as a reduction of rental revenue over the remaining non-cancellable terms of the respective leases. Capitalized below-market lease intangibles are accreted on a straight-line basis as an increase to rental revenue over the remaining non-cancellable terms of the respective leases including any below-market fixed rate renewal option periods.

Capitalized above-market ground lease values are accreted as a reduction of property expenses over the remaining terms of the respective leases. Capitalized below-market ground lease values are amortized as an increase to property expenses over the remaining terms of the respective leases and any expected below-market renewal option periods where renewal is considered probable.

The value of in-place leases, exclusive of the value of above-market and below-market lease intangibles, is amortized to depreciation and amortization expense on a straight-line basis over the remaining periods of the respective leases.

If a tenant terminates its lease, the unamortized portion of each intangible, including in-place lease values, is charged to depreciation and amortization expense, while above- and below-market lease adjustments are recorded within rental revenue in the consolidated statements of operations.

Loans Receivable

The Company holds its loans receivable for long-term investment. Loans receivable are carried at amortized cost, including related unamortized discounts or premiums, if any, less the Company's estimated allowance for credit losses. The Company recognizes interest income on loans receivable using the effective-interest method applied on a loan-by-loan basis. Direct costs associated with originating loans are offset against any related fees received and the balance, along with any premium or discount, is deferred and amortized as an adjustment to interest on loans and direct financing lease receivables over the term of the related loan receivable using the effective-interest method.

Direct Financing Lease Receivables

Certain of the Company’s real estate investment transactions are accounted for as direct financing leases. The Company records the direct financing lease receivables at their net investment, determined as the aggregate minimum lease payments and the estimated non-guaranteed residual value of the leased property less unearned income. The unearned income is recognized over the term of the related lease so as to produce a constant rate of return on the net investment in the asset. The Company's investment in direct financing lease receivables is reduced over the applicable lease term to its non-guaranteed residual value by the portion of rent allocated to the direct financing lease receivables.

Allowance for Credit Losses

Under ASC Topic 326, Financial Instruments - Credit Losses, the Company uses a real estate loss estimate model ("RELEM") which estimates losses on its loans and direct financing lease receivable portfolio, for purposes of calculating allowances for credit losses. The RELEM allows the Company to refine (on an ongoing basis) the expected loss estimate by incorporating asset-specific assumptions as necessary, such as anticipated funding, interest payments, estimated extensions and estimated loan repayment/refinancing at maturity to estimate cash flows over the life of the loan or direct financing lease receivable. The model also incorporates assumptions related to underlying collateral values, various loss scenarios, and predicted losses to estimate expected losses. The Company's specific asset-level inputs include loan-to-stabilized-value ("LTV"), principal balance, property type, location, coupon, origination year, term, subordination, expected repayment date and future funding. The Company categorizes the results by LTV range, which it considers the most significant indicator of credit quality for its loans and direct financing lease receivables. A lower LTV ratio typically indicates a lower credit loss risk.

The Company also evaluates each loan and direct financing lease receivable measured at amortized cost for credit deterioration at least quarterly. Credit deterioration occurs when it is deemed probable that the Company will not be able to collect all amounts due according to the contractual terms of the loan or direct financing lease receivable.

The Company's allowance for credit losses is adjusted to reflect its estimation of the current and future economic conditions that impact the performance of the real estate assets securing its loans. These estimations include various macroeconomic factors impacting the likelihood and magnitude of potential credit losses for the Company's loans and direct financing lease receivables during their anticipated term. Changes in the Company's allowance for credit losses are presented within change in provision for credit losses in its consolidated statements of operations.

Impairment of Long-Lived Assets

If circumstances indicate that the carrying value of a property may not be recoverable, the Company reviews the property for impairment. This review is based on an estimate of the future undiscounted cash flows, excluding interest charges, expected to result from the property's use and eventual disposition. These estimates consider factors such as expected future operating income, market and other applicable trends and residual value, as well as the effects of leasing demand, competition and other factors. If impairment exists due to the inability to recover the carrying value of a property, an impairment loss is recorded to the extent that the carrying value exceeds the estimated fair value of the property for properties to be held and used. For properties held for sale, the impairment loss is the adjustment to fair value less estimated cost to dispose of the asset. Impairment losses, if any, are recorded directly within our consolidated statements of operations.

The Company recorded the following provisions for impairment of long lived assets during the periods presented:

	Year ended December 31,		
(in thousands)	**2024**	**2023**	**2022**
Provision for impairment of real estate	$ 14,845	$ 3,548	$ 20,164

Cash and Cash Equivalents

Cash and cash equivalents includes cash in the Company's bank accounts. The Company considers all cash balances and highly liquid investments with original maturities of three months or less to be cash and cash equivalents. The Company deposits cash with high quality financial institutions. These deposits are guaranteed by the Federal Deposit Insurance Corporation ("FDIC") up to an insurance limit.

As of December 31, 2024 and 2023, the Company had cash and cash equivalents of $40.7 million and $39.8 million, respectively, of which $40.2 million and $39.6 million, respectively, were not insured by the FDIC.

Although the Company bears risk with respect to amounts not insured by the FDIC, it has not experienced and does not anticipate any losses as a result due to the high quality of the financial institutions where balances are held.

Restricted Cash

Restricted cash primarily consists of cash proceeds from the sale of assets held by a qualified intermediary to facilitate tax-deferred exchange transactions under Section 1031 of the Internal Revenue Code of 1986, as amended (the "Code").

Forward Equity Sales

The Company has and may continue to enter into forward sale agreements relating to shares of its common stock, either through its ATM Programs (as defined herein) or through underwritten public offerings. These agreements may be physically settled in stock, settled in cash or net share settled at the Company's election.

The Company evaluated its forward sale agreements and concluded they meet the conditions to be classified within stockholders' equity. Prior to settlement, a forward sale agreement will be reflected in the diluted net income per share calculations using the treasury stock method. Under this method, the number of shares of the Company's common stock used in calculating diluted net income per share is deemed to be increased by the excess, if any, of the number of shares of the Company's common stock that would be issued upon full physical settlement of such forward sale agreement over the number of shares of the Company's common stock that could be purchased by the Company in the market (based on the average market price during the reporting period) using the proceeds receivable upon full physical settlement (based on the adjusted forward sale price at the end of the reporting period). Consequently, prior to settlement of a forward sale agreement, there will be no dilutive effect on the Company's net income per share except during periods when the average market price of the Company's common stock is above the adjusted forward sale price. However, upon settlement of a forward sales agreement, if the Company elects to physically settle or net share settle such forward sale agreement, delivery of the Company's shares will result in dilution to the Company's net income per share.

Deferred Financing Costs

Financing costs related to establishing the Company's Revolving Credit Facility (as defined below) were deferred and are being amortized as an increase to interest expense in the consolidated statements of operations over the term of the facility and are reported as a component of rent receivables, prepaid expenses and other assets, net on the consolidated balance sheets.

Financing costs related to the incurrence of borrowings under the Company's unsecured term loans and the issuance of senior unsecured notes were deferred and are being amortized as an increase to interest expense in the consolidated statements of operations over the term of the related debt instrument and are reported as a reduction of the related debt balance on the consolidated balance sheets.

Derivative Instruments

In the normal course of business, the Company uses derivative financial instruments, which may include interest rate swaps, caps, options, floors and other interest rate derivative contracts, to protect the Company against adverse fluctuations in interest rates by reducing its exposure to variability in cash flows on a portion of the Company's floating-rate debt. Instruments that meet these hedging criteria are formally designated as hedges at the inception of the derivative contract. The Company records all derivatives on the consolidated balance sheets at fair value. The accounting for changes in the fair value of derivatives depends on the intended use of the derivative, whether the Company has elected to designate a derivative in a hedging relationship and apply hedge accounting and whether the hedging relationship has satisfied the criteria necessary to apply hedge accounting. Derivatives designated and qualifying as a hedge of the exposure to variability in expected future cash flows, or other types of forecasted transactions, are considered cash flow hedges. Hedge accounting generally provides for the matching of the timing of gain or loss recognition on the hedging instrument with the recognition of the changes in the fair value of the hedged asset or liability that are attributable to the hedged risk in a fair value hedge or the earnings effect of the hedged forecasted transactions in a cash flow hedge. The Company may also enter into derivative contracts that are intended to economically hedge certain risk, even though hedge accounting does not apply or the Company elects not to apply hedge accounting.

The accounting for subsequent changes in the fair value of these derivatives depends on whether each has been designed and qualifies for hedge accounting treatment. If a derivative is designated and qualifies for cash flow hedge accounting treatment, the change in the estimated fair value of the derivative is recorded in other comprehensive income (loss) in the consolidated statements of comprehensive income to the extent that it is effective. Any ineffective portion of a change in derivative fair value is immediately recorded in earnings. If the Company elects not to apply hedge accounting treatment (or for derivatives that do not qualify as hedges), any change in the fair value of such derivative instruments would be recognized immediately as a gain or loss on derivative instruments in the consolidated statements of operations.

Fair Value Measurement

The Company estimates the fair value of financial and non-financial assets and liabilities based on the framework established in fair value accounting guidance. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). The hierarchy described below prioritizes inputs to the valuation techniques used in measuring the fair value of assets and liabilities. This hierarchy maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring the most observable inputs to be used when available. The hierarchy is broken down into three levels based on the reliability of inputs as follows:

Level 1—Quoted prices in active markets for identical assets and liabilities that the Company has the ability to access at the measurement date.

Level 2—Inputs other than quoted prices included within Level 1 that are observable for the asset and liability or can be corroborated with observable market data for substantially the entire contractual term of the asset or liability.

Level 3—Unobservable inputs that reflect the Company's own assumptions that market participants would use in the pricing of the asset or liability and are consequently not based on market activity, but rather through particular valuation techniques.

Revenue Recognition

The Company’s rental revenue is primarily rent received from tenants. Rent from tenants is recorded in accordance with the terms of each lease on a straight-line basis over the non-cancellable initial term of the lease from the later of the date of the commencement of the lease and the date of acquisition of the property subject to the lease. Rental revenue recognition begins when the tenant controls the space and continues through the term of the related lease. Because substantially all of the leases provide for rental increases at specified intervals, the Company records a straight-line rent receivable and recognizes revenue on a straight-line basis through the expiration of the non-cancelable term of the lease. The Company considers whether the collectability of rents is reasonably assured in determining the amount of straight-line rent to record.

Generally, the Company’s leases provide the tenant with one or more multi-year renewal options, subject to generally the same terms and conditions provided under the initial lease term, including rent increases. If economic incentives make it reasonably certain that an option period to extend the lease will be exercised, the Company will include these options in determining the non-cancelable term of the lease.

The Company defers rental revenue related to lease payments received from tenants in advance of their due dates. These amounts are presented within accrued liabilities and other payables on the Company’s consolidated balance sheets.

Certain properties in the Company’s investment portfolio are subject to leases that provide for contingent rent based on a percentage of the tenant’s gross sales. For these leases, the Company recognizes contingent rental revenue when the threshold upon which the contingent lease payment is based is actually reached.

The Company recorded the following amounts as contingent rent, which are included as a component of rental revenue in the Company's consolidated statements of operations, during the periods presented:

	Year ended December 31,		
(in thousands)	2024	2023	2022
Contingent rent	$ 863	$ 743	$ 682

Adjustment to Rental Revenue for Tenant Credit

The Company continually reviews receivables related to rent and unbilled rent receivables and determines collectability by taking into consideration the tenant's payment history, the financial condition of the tenant, business conditions in the industry in which the tenant operates and economic conditions in the area in which the property is located.

If the assessment of the collectability of substantially all payments due under a lease changes from probable to not probable, any difference between the rental revenue recognized to date and the lease payments that have been collected is recognized as a current period reduction of rental revenue in the consolidated statements of operations. Conversely, if the assessment of the collectability changes from not probable to probable, any difference is recognized as a current period increase of rental revenue in the consolidated statements of operations.

The Company recorded the following adjustments as increases or decreases to rental revenue for tenant credit during the periods presented:

	Year ended December 31,		
(in thousands)	2024	2023	2022
Adjustment to decrease rental revenue for tenant credit	$ (635)	$ (640)	$ (371)

Offering Costs

In connection with the completion of equity offerings, the Company incurs legal, accounting and other offering-related costs. Such costs are deducted from the gross proceeds of each equity offering when the offering is completed. As of December 31, 2024 and 2023, the Company capitalized a total of $92.3 million and $91.3 million, respectively, of such costs, which are presented as a reduction of additional paid-in capital in the Company's consolidated balance sheets.

Income Taxes

The Company elected and qualified to be taxed as a REIT under sections 856 through 860 of the Code commencing with its taxable year ended December 31, 2018. REITs are subject to a number of organizational and operational requirements, including a requirement that 90% of ordinary "REIT taxable income" (as determined without regard to the dividends paid deduction or net capital gains) be distributed. As a REIT, the Company will generally not be subject to U.S. federal income tax to the extent that it meets the organizational and operational requirements and its distributions equal or exceed REIT taxable income. For the period subsequent to the effective date of its REIT election, the Company continues to meet the organizational and operational requirements and expects distributions to exceed REIT taxable income. Accordingly, no provision has been made for U.S. federal income taxes. Even though the Company has elected and qualifies for taxation as a REIT, it may be subject to state and local income and franchise taxes, and to federal income and excise tax on its undistributed income. Franchise taxes and federal excise taxes on the Company's undistributed income, if any, are included in general and administrative expenses on the accompanying consolidated statements of operations. Additionally, taxable income from non-REIT activities managed through the Company's taxable REIT subsidiary is subject to federal, state, and local taxes.

The Company analyzes its tax filing positions in all of the U.S. federal, state and local tax jurisdictions where it is required to file income tax returns, as well as for all open tax years in such jurisdictions. The Company follows a two-step process to evaluate uncertain tax positions. Step one, recognition, occurs when an entity concludes that a tax position, based solely on its technical merits, is more-likely-than-not to be sustained upon examination. Step two, measurement, determines the amount of benefit that is more-likely-than-not to be realized upon settlement. Derecognition of a tax position that was previously recognized would occur when the Company subsequently determines that a tax position no longer meets the more-likely-than-not threshold of being sustained. The use of a valuation allowance as a substitute for derecognition of tax positions is prohibited.

As of December 31, 2024 and 2023, the Company had no accruals recorded for uncertain tax positions. The Company's policy is to classify interest expense and penalties relating to taxes in general and administrative expense in the consolidated statements of operations. During the years ended December 31, 2024, 2023 and 2022, the Company recorded de minimis interest or penalties relating to taxes, and there were no interest or penalties with respect to taxes accrued as of December 31, 2024 or 2023. The 2023, 2022, 2021, and 2020 taxable years remain open to examination by federal and/or state taxing jurisdictions to which the Company is subject.

Equity-Based Compensation

The Company grants shares of restricted common stock ("RSAs") and restricted stock units ("RSUs") to its directors, executive officers and other employees that vest over specified time periods, subject to the recipient's continued service. The Company also grants performance-based RSUs to executive officers, the final number of which is determined based on objective and, with respect to performance-based RSUs issued prior to 2024, subjective performance conditions which vest over a multi-year period, subject to the recipient's continued service. The Company accounts for RSAs and RSUs in accordance with ASC 718, Compensation – Stock Compensation, which requires that such compensation be recognized in the financial statements based on its estimated grant-date fair value. The value of such awards is recognized as compensation expense in general and administrative expenses in the accompanying consolidated statements of operations over the applicable service periods.

The Company recognizes compensation expense for equity-based compensation using the straight-line method based on the fair value of the award on the grant date. Forfeitures of equity-based compensation awards, if any, are recognized when they occur.

Variable Interest Entities

The Financial Accounting Standards Board ("FASB") provides guidance for determining whether an entity is a VIE. VIEs are defined as entities in which equity investors do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support. A VIE is required to be consolidated by its primary beneficiary, which is the party that (i) has the power to control the activities that most significantly impact the VIE's economic performance and (ii) has the obligation to absorb losses, or the right to receive benefits, of the VIE that could potentially be significant to the VIE.

The Company has concluded that the Operating Partnership is a VIE of which the Company is the primary beneficiary, as the Company has the power to direct the activities that most significantly impact the economic performance of the Operating Partnership. Substantially all of the Company's assets and liabilities are held by the Operating Partnership. The assets and liabilities of the Operating Partnership are consolidated and reported as assets and liabilities on the Company's consolidated balance sheets as of December 31, 2024 and 2023.

Additionally, the Company has concluded that certain entities to which it has provided mortgage loans are VIEs because the entities' equity was not sufficient to finance their activities without additional subordinated financial support. The following table presents information about the Company's mortgage loan-related VIEs as of the dates presented:

	December 31,	
(Dollars in thousands)	**2024**	**2023**
Number of VIEs	49	21
Aggregate carrying value	$ 327,423	$ 219,449

The Company was not the primary beneficiary of any of these entities, because the Company did not have the power to direct the activities that most significantly impact the entities' economic performance as of December 31, 2024 and 2023. The Company's maximum exposure to loss in these entities is limited to the carrying amount of its investment. The Company had no liabilities associated with these VIEs as of December 31, 2024 and 2023.

Recent Accounting Developments

In November 2023, the FASB issued ASU 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures* ("ASU 2023-07"). The guidance in ASU 2023-07 improves reportable segment disclosure requirements through enhanced disclosures about significant segment expenses. ASU 2023-07 includes requirements to disclose the title and position of the CODM along with disclosure of the significant segment expenses regularly provided to the CODM, the extension of certain annual disclosures to interim periods, requirements that entities that have a single reportable segment must apply ASC 280 in its entirety, and requirements that permit more than one measure of segment profit or loss to be reported under certain conditions. The Company has adopted this guidance effective January 1, 2024 for annual reporting and the amendments are reflected within these consolidated financial statements. The amendments for interim periods will be adopted for the Company's fiscal year beginning on January 1, 2025.

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures (“ASU 2023-09”). ASU 2023-09 requires annual disclosure of specific categories in the rate reconciliation and the provision of additional information for reconciling items that meet a quantitative threshold within the rate reconciliation. In addition, ASU 2023-09 requires annual disclosure of income taxes paid disaggregated by federal, state and foreign jurisdictions as well as individual jurisdictions in which income taxes paid is equal to or greater than 5 percent of total income taxes paid. ASU 2023-09 is effective for annual periods beginning after December 15, 2024 on a prospective basis, however early adoption and retrospective application is permitted. The Company is currently evaluating the impact of this guidance on its consolidated financial statements and related disclosures.

In November 2024, the FASB issued ASU 2024-03, Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses ("ASU 2024-09"). ASU 2024-03 requires additional disclosures about a public company’s expenses and addresses requests from investors for more detailed information about the types of expenses (e.g., purchases of inventory, employee compensation, depreciation, amortization, and depletion) in commonly presented expense captions (e.g., cost of sales; selling, general, and administrative (SG&A); and research and development (R&D)). All publicly traded REITs will be impacted by the ASU, as it applies to all public companies. ASU 2024-09 is effective for annual periods beginning after December 15, 2026 and interim reporting periods beginning after December 15, 2027. The Company is currently evaluating the impact of this guidance on its consolidated financial statements and related disclosures.

3. Investments

The following table presents information about the number of investments in the Company's real estate investment portfolio as of each date presented:

	December 31,	
	2024	2023
Owned properties [(1)]	1,946	1,726
Properties securing investments in mortgage loans [(2)]	150	136
Ground lease interests	8	11
Total number of investments	2,104	1,873

(1) Includes seven and six properties which are subject to leases accounted for as direct financing leases or loans as of December 31, 2024 and 2023, respectively.
(2) Properties secure 25 and 20 mortgage loans receivable as of December 31, 2024 and 2023, respectively.

The following table presents information about the gross investment value of the Company's real estate investment portfolio as of each date presented:

(in thousands)	December 31, 2024	December 31, 2023
Real estate investments, at cost	$ 5,667,349	$ 4,683,937
Loans and direct financing lease receivables, net	352,066	223,854
Real estate investments held for sale, net	10,018	7,455
Total gross investments	$ 6,029,433	$ 4,915,246

Investments in 2024 and 2023

The following table presents information about the Company’s investment activity during the years ended December 31, 2024 and 2023:

(Dollars amounts in thousands)	Year ended December 31, 2024	Year ended December 31, 2023
Ownership type	Fee Interest	(1)
Number of properties	264	291
Investment allocation:		
Land and improvements	$ 333,983	$ 354,331
Building and improvements	484,417	539,062
Intangible lease assets	7,319	2,553
Intangible lease liabilities	(312)	(181)
Construction in progress (2)	263,232	105,075
Total investments (including acquisition costs)	$ 1,088,639	$ 1,000,840

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(1) During the year ended December 31, 2023, the Company acquired fee interests in 289 properties and acquired two properties subject to a ground lease.

(2) Represents amounts incurred at and subsequent to initial investment and includes $5.8 million and $2.4 million, respectively, of capitalized interest expense during the years ended December 31, 2024 and 2023.

During the years ended December 31, 2024 and 2023, the Company did not make any new investments that individually represented more than 5% of the Company’s total real estate investment portfolio.

Gross Investment Activity

During the years ended December 31, 2024, 2023 and 2022, the Company had the following gross investment activity:

(Dollar amounts in thousands)	Number of Investment Locations	Dollar Amount of Investments
Gross investments, December 31, 2021	1,451	$ 3,355,561
Acquisitions of and additions to real estate investments	224	810,661
Sales of investments in real estate	(54)	(138,515)
Provisions for impairment of real estate (1)	—	(20,164)
Investments in loans receivable	75	143,954
Principal collections on and settlements of loans and direct financing lease receivables	(43)	(93,118)
Other	—	(2,994)
Gross investments, December 31, 2022	1,653	4,055,385
Acquisitions of and additions to real estate investments	291	1,004,075
Sales of investments in real estate	(51)	(120,809)
Relinquishment of properties at end of ground lease term	(2)	(1,543)
Provisions for impairment of real estate (2)	—	(3,548)
Investments in loans receivable	2	13,091
Principal collections on and settlements of loans and direct financing lease receivables	(20)	(27,908)
Other	—	(3,497)
Gross investments, December 31, 2023	1,873	4,915,246
Acquisitions of and additions to real estate investments	264	1,100,712
Sales of investments in real estate	(46)	(96,774)
Relinquishment of properties at end of ground lease term	(3)	(1,471)
Provisions for impairment of real estate (3)	—	(14,845)
Investments in loans receivable	33	138,464
Principal collections on and settlements of loans and direct financing lease receivables	(17)	(10,022)
Other	—	(1,877)
Gross investments, December 31, 2024	2,104	6,029,433
Less: Accumulated depreciation and amortization (4)	—	(476,827)
Net investments, December 31, 2024	2,104	$ 5,552,606

(1) During the year ended December 31, 2022, the Company identified and recorded provisions for impairment at nine tenanted properties and four vacant properties .

(2) During the year ended December 31, 2023, the Company identified and recorded provisions for impairment at six tenanted properties and two vacant properties.

(3) During the year ended December 31, 2024, the Company identified and recorded provisions for impairment at 17 tenanted properties and five vacant properties.

(4) Includes $425.3 million of accumulated depreciation as of December 31, 2024.

Loans and Direct Financing Lease Receivables

As of December 31, 2024 and 2023, the Company had 25 and 20 mortgage loans receivable outstanding, respectively, and three and two leases accounted for as loans, respectively, with an aggregate carrying amount of $351.6 million and $223.1 million, respectively. The maximum amount of loss due to credit risk is the Company's current principal balance of $351.6 million as of December 31, 2024.

The Company's loans receivable portfolio as of December 31, 2024 and 2023 is summarized below (dollars in thousands):

Loan Type	Monthly Payment [1]	Number of Secured Properties	Effective Interest Rate	Stated Interest Rate	Maturity Date	Principal Balance Outstanding	
						December 31, 2024	December 31, 2023
Mortgage [2][3]	I/O	2	8.80%	8.00%	2039	$ 12,000	$ 12,000
Mortgage [2]	I/O	2	8.53%	7.75%	2039	7,300	7,300
Mortgage [2][3]	I/O	69	7.79%	7.33%	2034	51,000	51,000
Mortgage [2]	I/O	1	8.42%	7.65%	2040	5,300	5,300
Mortgage [2][3]	I/O	1	8.54%	8.50%	2026	1,525	1,785
Mortgage	I/O	—	7.00%	7.00%	2024	—	500
Mortgage [2][3]	I/O	2	8.33%	8.33%	2026	994	994
Mortgage [2]	I/O	2	6.87%	6.40%	2036	2,520	2,520
Mortgage [2]	I/O	2	8.33%	8.33%	2026	2,389	2,389
Mortgage [2]	I/O	1	8.99%	8.09%	2051	29,100	24,100
Mortgage [2]	I/O	7	7.39%	6.80%	2036	35,474	35,474
Mortgage [2]	I/O	1	7.73%	7.20%	2036	2,470	2,470
Mortgage [2][3]	I/O	1	8.00%	8.00%	2040	1,754	1,754
Mortgage [2]	I/O	13	7.00%	7.00%	2027	10,070	17,494
Mortgage [2]	I/O	1	7.73%	7.20%	2037	3,600	3,600
Mortgage [2]	I/O	1	8.30%	8.25%	2026	760	760
Mortgage [2][3]	I/O	4	8.64%	8.05%	2037	12,250	12,250
Mortgage [2][3]	I/O	9	8.85%	8.25%	2037	25,993	25,993
Mortgage [2]	I/O	1	8.84%	8.25%	2038	10,200	10,200
Mortgage [2]	I/O	1	8.10%	8.10%	2025	8,654	2,891
Mortgage [2]	I/O	5	10.19%	9.50%	2039	16,059	—
Mortgage [2]	I/O	14	10.00%	8.65%	2044	57,454	—
Mortgage [2][3]	I/O	1	10.20%	9.75%	2034	7,560	—
Mortgage [2][3]	I/O	6	10.19%	9.50%	2039	17,451	—
Mortgage [2]	I/O	1	8.00%	8.00%	2027	900	—
Mortgage [2]	I/O	2	9.54%	8.25%	2044	6,400	—
Leasehold interest	P+I	1	2.25%	(4)	2034	862	929
Leasehold interest	P+I	1	2.41%	(4)	2034	1,283	1,382
Leasehold interest	P+I	2	4.41%	(4)	2039	20,327	—
Net investment						$ 351,649	$ 223,085

(1) I/O: Interest Only; P+I: Principal and Interest
(2) Loan requires monthly payments of interest only with a balloon payment due at maturity.
(3) Loan allows for prepayments in whole or in part without penalty.
(4) These leasehold interests are accounted for as loans receivable, as the lease for each property contains an option for the lessee to repurchase the leased property in the future.

Scheduled principal payments due to be received under the Company's loans receivable as of December 31, 2024 were as follows:

(in thousands)	Loans Receivable
2025	$ 9,585
2026	6,680
2027	12,066
2028	1,186
2029	1,280
Thereafter	320,852
Total	$ 351,649

As of December 31, 2024 and 2023, the Company had $1.3 million and $1.4 million, respectively, of net investments accounted for as direct financing lease receivables. The components of the investments accounted for as direct financing lease receivables were as follows:

	December 31,	
(in thousands)	2024	2023
Minimum lease payments receivable	$ 1,499	$ 1,709
Estimated unguaranteed residual value of leased assets	250	251
Unearned income from leased assets	(436)	(525)
Net investment	$ 1,313	$ 1,435

Scheduled future minimum non-cancelable base rental payments due to be received under the direct financing lease receivables as of December 31, 2024 were as follows:

(in thousands)	Future Minimum Base Rental Payments
2025	$ 178
2026	167
2027	143
2028	145
2029	148
Thereafter	718
Total	$ 1,499

Allowance for Credit Losses

The Company utilizes a real estate loss estimate model (i.e. a RELEM) which estimates losses on loans and direct financing lease receivables for purposes of calculating an allowance for credit losses. As of December 31, 2024 and 2023, the Company recorded an allowance for credit losses of $0.9 million and $0.7 million, respectively, which is recorded within loans and direct financing receivables on the Company's consolidated balance sheets. Changes in the Company’s allowance for credit losses are presented within change in provision for credit losses in the Company’s consolidated statements of operations.

For the years ended December 31, 2024, 2023 and 2022, the changes to the Company's allowance for credit losses were as follows:

(in thousands)	Allowance for Credit Losses
Balance at December 31, 2021	$ 814
Current period provision for expected credit losses [1]	88
Write-offs charged	(137)
Recoveries	—
Balance at December 31, 2022	765
Current period provision for expected credit losses [1]	(99)
Write-offs charged	—
Recoveries	—
Balance at December 31, 2023	666
Current period provision for expected credit losses [1]	230
Write-offs charged	—
Recoveries	—
Balance at December 31, 2024	$ 896

(1) Changes in expected credit loss were primarily due to overall changes in the size of our loans and direct financing lease receivables portfolio.

The Company considers the ratio of loan to value ("LTV") to be a significant credit quality indicator for its loans and direct financing lease portfolio. The following table presents information about the LTV of the Company's loans and direct financing lease receivables measured at amortized cost as of as of December 31, 2024:

	Amortized Cost Basis by Origination Year					Total Amortized Cost Basis
(in thousands)	2024	2023	2022	2021	Prior to 2021	
LTV <60%	$ —	$ —	$ 23,000	$ —	$ 28,889	$ 51,889
LTV 60%-70%	7,560	—	—	28,234	—	35,794
LTV >70%	118,589	18,854	64,187	34,953	28,695	265,278
	$ 126,149	$ 18,854	$ 87,187	$ 63,187	$ 57,584	$ 352,961

Real Estate Investments Held for Sale

The Company continually evaluates its portfolio of real estate investments and may elect to dispose of investments considering criteria including, but not limited to, tenant concentration, tenant credit quality, tenant operation type (e.g., industry, sector or concept), unit-level financial performance, local market conditions and lease rates, associated indebtedness and asset location. Real estate investments held for sale are expected to be sold within twelve months.

The following table shows the activity in real estate investments held for sale and intangible lease liabilities held for sale during the years ended December 31, 2024 and 2023:

(Dollar amounts in thousands)	Number of Properties	Real Estate Investments	Intangible Lease Liabilities	Net Carrying Value
Held for sale balance, December 31, 2022	4	$ 4,780	$ —	$ 4,780
Transfers to held for sale classification	10	19,311	—	19,311
Sales	(9)	(16,067)	—	(16,067)
Transfers to held and used classification	(1)	(569)	—	(569)
Held for sale balance, December 31, 2023	4	7,455	—	7,455
Transfers to held for sale classification	16	25,854	(76)	25,778
Sales	(15)	(23,291)	76	(23,215)
Transfers to held and used classification	—	—	—	—
Held for sale balance, December 31, 2024	5	$ 10,018	$ —	$ 10,018

Significant Concentrations

The Company did not have any tenants (including for this purpose, all affiliates of such tenants) whose rental revenue for the years ended December 31, 2024, 2023 or 2022 represented 10% or more of total rental revenue in the Company's consolidated statements of operations.

The following table lists the state where the rental revenue from the properties in that state during the periods presented represented 10% or more of total rental revenue in the Company's consolidated statements of operations:

	Year ended December 31,		
State	**2024**	**2023**	**2022**
Texas	13.4%	13.3%	13.5%

Intangible Assets and Liabilities

Intangible assets and liabilities consisted of the following as of the dates presented:

	December 31, 2024			December 31, 2023		
(in thousands)	**Gross Carrying Amount**	**Accumulated Amortization**	**Net Carrying Amount**	**Gross Carrying Amount**	**Accumulated Amortization**	**Net Carrying Amount**
Intangible assets:						
In-place leases	$ 82,926	$ 40,499	$ 42,427	$ 78,080	$ 35,896	$ 42,184
Intangible market lease assets	11,121	5,955	5,166	11,129	5,456	5,673
Total intangible assets	$ 94,047	$ 46,454	$ 47,593	$ 89,209	$ 41,352	$ 47,857
Intangible market lease liabilities	$ 15,523	$ 4,823	$ 10,700	$ 15,505	$ 4,299	$ 11,206

The remaining weighted average amortization period for the Company's intangible assets and liabilities as of December 31, 2024, by category and in total, were as follows:

	Years Remaining
In-place leases	8.8
Intangible market lease assets	9.6
Total intangible assets	8.9
Intangible market lease liabilities	7.9

The following table discloses amounts recognized within the consolidated statements of operations related to amortization of in-place leases, amortization and accretion of above- and below-market lease assets and liabilities, net and the amortization and accretion of above- and below-market ground leases for the periods presented:

	Year ended December 31,		
(in thousands)	**2024**	**2023**	**2022**
Amortization of in-place leases (1)	$ 6,377	$ 6,408	$ 7,575
Amortization (accretion) of market lease intangibles, net (2)	(60)	11	(217)
Amortization (accretion) of above- and below-market ground lease intangibles, net (3)	(178)	(286)	(350)

(1) Reflected within depreciation and amortization expense.
(2) Reflected within rental revenue.
(3) Reflected within property expenses.

The following table provides the estimated amortization of in-place lease assets to be recognized as a component of depreciation and amortization expense for the next five years and thereafter:

(in thousands)	In-Place Lease Assets
2025	$ 5,106
2026	4,730
2027	4,201
2028	3,662
2029	3,567
Thereafter	21,161
Total	$ 42,427

The following table provides the estimated net amortization of above- and below-market lease intangibles to be recognized as a component of rental revenue for the next five years and thereafter:

(in thousands)	Above Market Lease Asset	Below Market Lease Liabilities	Net Adjustment to Rental Revenue
2025	$ (670)	$ 731	$ 61
2026	(661)	735	74
2027	(639)	759	120
2028	(397)	712	315
2029	(385)	673	288
Thereafter	(2,414)	7,090	4,676
Total	$ (5,166)	$ 10,700	$ 5,534

4. Leases

As Lessor

The Company's investment properties are leased to tenants under long-term operating leases that typically include one or more tenant renewal options. The Company's leases provide for annual base rental payments (generally payable in monthly installments), and generally provide for increases in rent based on fixed contractual terms or as a result of increases in the Consumer Price Index.

Substantially all of the leases are triple-net, which means that the lessees are responsible for paying all property operating expenses, including maintenance, insurance, utilities, property taxes and, if applicable, ground rent expense; therefore, the Company is generally not responsible for repairs or other capital expenditures related to the properties while the triple-net leases are in effect and, at the end of the lease term, the lessees are responsible for returning the property to the Company in a substantially similar condition as when they took possession. Some of the Company's leases provide that in the event the Company wishes to sell the property subject to that lease, it first must offer the lessee the right to purchase the property on the same terms and conditions as any offer which it intends to accept for the sale of the property.

Scheduled future minimum base rental and interest payments due to be received under the remaining non-cancelable term of operating leases and direct financing lease receivables in place as of December 31, 2024, and to be received under loans receivable through their scheduled maturity dates as of December 31, 2024 were as follows:

(in thousands)	Future Minimum Base Rental Receipts
2025	$ 464,249
2026	469,399
2027	472,419
2028	475,313
2029	478,204
Thereafter	5,126,612
Total	$ 7,486,196

(1) Includes interest payments from loans receivable and base rental payments from direct financing lease receivables of $29.2 million for 2025, $28.8 million for 2026, $28.0 million for 2027, $28.1 million for 2028, $28.5 million for 2029 and $289.4 million for years thereafter.

Since lease renewal periods are exercisable at the option of the lessee, the preceding table presents future minimum base rental payments to be received during the initial non-cancelable lease term only. In addition, the future minimum lease payments exclude contingent rent payments, as applicable, that may be collected from certain tenants based on provisions related to performance thresholds and exclude increases in annual rent based on future changes in the Consumer Price Index, among other items.

The fixed and variable components of lease revenues for the years ended December 31, 2024, 2023, and 2022 were as follows:

	Year ended December 31,		
(in thousands)	2024	2023	2022
Fixed lease revenues	$ 424,313	$ 338,720	$ 270,694
Variable lease revenues (1)	4,051	3,610	1,632
Total lease revenues (2)	$ 428,364	$ 342,330	$ 272,326

(1) Includes contingent rent based on a percentage of the tenant’s gross sales and costs paid by the Company for which it is reimbursed by its tenants.
(2) Excludes the amortization and accretion of above- and below-market lease intangible assets and liabilities and lease incentives and the adjustment to rental revenue for tenant credit.

As Lessee

The Company has a number of ground leases, office leases and other equipment leases which are classified as operating leases. As of December 31, 2024, the Company's right of use ("ROU") assets and lease liabilities were $8.8 million and $9.5 million, respectively. As of December 31, 2023, the Company's ROU assets and lease liabilities were $8.9 million and $9.8 million, respectively. These amounts are included in rent receivables, prepaid expenses and other assets, net and accrued liabilities and other payables on the Company's consolidated balance sheets.

The discount rate applied to measure each ROU asset and lease liability is based on the Company's incremental borrowing rate ("IBR"). The Company considers the general economic environment and its historical borrowing activity and factors in various financing and asset specific adjustments to ensure the IBR is appropriate to the intended use of the underlying lease. As the Company did not elect to apply hindsight, lease term assumptions determined under ASC 840 were carried forward and applied in calculating the lease liabilities recorded under ASC 842. Certain of the Company's ground leases offer renewal options which it assesses against relevant economic factors to determine whether it is reasonably certain of exercising or not exercising the option. Lease payments associated with renewal periods that the Company is reasonably certain will be exercised, if any, are included in the measurement of the corresponding lease liability and ROU asset.

The following table sets forth information related to the measurement of the Company's lease liabilities as of the dates presented:

	December 31, 2024	December 31, 2023
Weighted average remaining lease term (in years)	23.3	22.8
Weighted average discount rate	6.83%	6.75%

The following table sets forth the details of rent expense for the years ended December 31, 2024, 2023 and 2022:

	Year ended December 31,		
(in thousands)	2024	2023	2022
Fixed rent expense - Ground Rent	$ 761	$ 970	$ 981
Fixed rent expense - Office Rent	670	606	511
Variable rent expense	—	—	—
Total rent expense	$ 1,431	$ 1,576	$ 1,492

As of December 31, 2024, future lease payments under office and equipment operating leases to be paid by the Company directly and future lease payments under ground leases where the Company's tenants are directly responsible for payment over the next five years and thereafter were as follows:

(in thousands)	Office and Equipment Leases	Ground Leases	Total Future Minimum Base Rental Payments
2025	$ 735	$ 685	$ 1,420
2026	219	686	905
2027	221	695	916
2028	227	718	945
2029	59	732	791
Thereafter	—	17,457	17,457
Total	$ 1,461	$ 20,973	22,434
Present value discount			(12,959)
Lease liabilities			$ 9,475

The Company has adopted the short-term lease policy election and accordingly, the table above excludes future minimum base cash rental payments by the Company or its tenants on leases that have a term of less than 12 months at lease inception. The total of such future obligations is not material.

5. Long Term Debt

The following table summarizes the Company's outstanding indebtedness as of December 31, 2024 and 2023:

		Principal Outstanding		Weighted Average Interest Rate (1)	
(in thousands)	Maturity Date	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Unsecured term loans:					
2027 Term Loan	February 2027	$ 430,000	$ 430,000	5.6%	6.3%
2028 Term Loan	January 2028	400,000	400,000	5.6%	6.3%
2029 Term Loan	February 2029 (2)	450,000	450,000	5.6%	6.4%
2030 Term Loan	January 2030 (2)	450,000	—	5.6%	—%
Senior unsecured notes	July 2031	400,000	400,000	3.0%	3.0%
Revolving Credit Facility	February 2026	—	—	—%	—%
Total principal outstanding		$ 2,130,000	$ 1,680,000	5.1%	5.5%

(1) Interest rates are presented as stated in debt agreements and do not reflect the impact of the Company's interest rate swap and lock agreements, where applicable (see Note 6—Derivative and Hedging Activities).

(2) After giving effect to extension options exercisable at the Operating Partnership's election.

The following table summarizes the scheduled principal payments on the Company’s outstanding indebtedness as of December 31, 2024:

(in thousands)	2027 Term Loan	2028 Term Loan	2029 Term Loan(1)	2030 Term Loan(1)	Senior Unsecured Notes	Revolving Credit Facility(2)	Total
2025	$ —	$ —	$ —	$ —	$ —	$ —	$ —
2026	—	—	—	—	—	—	—
2027	430,000	—	—	—	—	—	430,000
2028	—	400,000	—	—	—	—	400,000
2029	—	—	450,000	—	—	—	450,000
Thereafter	—	—	—	450,000	400,000	—	850,000
Total	$ 430,000	$ 400,000	$ 450,000	$ 450,000	$ 400,000	$ —	$2,130,000

(1) After giving effect to extension options exercisable at the Operating Partnership's election.
(2) Any amounts drawn will be due in February 2026.

The Company was not in default of any provisions under any of its outstanding indebtedness as of December 31, 2024 or 2023.

Revolving Credit Facility and Credit Facility Term Loans

Revolving Credit Facility and 2024 Term Loan. In April 2019, the Company, through the Operating Partnership, entered into an amended and restated credit agreement (the “Amended Credit Agreement”) with a group of lenders, amending and restating the terms of the Company’s previous $300.0 million revolving credit facility to increase the maximum aggregate initial original principal amount of the revolving loans available thereunder up to $400.0 million (the “Revolving Credit Facility”) and to permit the incurrence of an additional $200.0 million in term loans thereunder (the “2024 Term Loan”). The full amount available under the 2024 Term Loan was borrowed in May 2019.

In February 2022, the Company entered into an amendment to the Amended Credit Agreement (as so amended, the "Credit Agreement") and, pursuant to such amendment, among other things, the availability of extensions of credit under the Revolving Credit Facility was increased to $600.0 million, the accordion feature was increased to $600.0 million, the borrowing base limitation on borrowings thereunder was removed, the leverage-based margin applicable to borrowings under the Revolving Credit Facility was reduced, the LIBOR reference rate was replaced with reference to the Adjusted Term SOFR rate, consistent with market practice, and the composition and extent of lender participation under the Revolving Credit Facility was changed. During the year ended December 31, 2022, in connection with this amendment, the Company recorded a $0.1 million loss on debt extinguishment related to the write-off of certain deferred financing costs on the Revolving Credit Facility.

Prior to the February 2022 amendment, the Revolving Credit Facility had a term of four years beginning on April 12, 2019, with an extension option of up to six months exercisable by the Operating Partnership, subject to certain conditions, and the 2024 Term Loan was set to mature on April 12, 2024. The loans under each of the Revolving Credit Facility and the 2024 Term Loan initially bore interest at an annual rate of applicable LIBOR plus the applicable margin (which applicable margin varied between the Revolving Credit Facility and the 2024 Term Loan). The applicable LIBOR was the rate with a term equivalent to the interest period applicable to the relevant borrowing. The applicable margin was initially a spread set according to a leverage-based pricing grid.

The Revolving Credit Facility matures on February 10, 2026, with two extension options of six months each, exercisable by the Operating Partnership subject to the satisfaction of certain conditions. The loans under each of the Revolving Credit Facility and the 2024 Term Loan initially bear interest at an annual rate of applicable Adjusted Term SOFR (as defined in the Credit Agreement) plus an applicable margin (which applicable margin varies between the Revolving Credit Facility and the 2024 Term Loan). The Adjusted Term SOFR is a rate with a term equivalent to the interest period applicable to the relevant borrowing. In addition, the Operating Partnership is required to pay a revolving facility fee throughout the term of the Revolving Credit Facility. The applicable margin and the revolving facility fee rate are initially a spread and rate, as applicable, set according to a leverage-based pricing grid. At the Operating Partnership's election, on and after receipt of an investment grade corporate credit rating from S&P, Moody's or Fitch, the applicable margin and the revolving facility fee rate will be a spread and rate, as applicable, set according to the credit ratings provided by S&P, Moody's and/or Fitch.

2028 Term Loan. In July 2022, the Credit Agreement was further amended to provide for an additional $400.0 million of second tranche term loans (the “2028 Term Loan”). Loans under the 2028 Term Loan in an aggregate principal amount of $250.0 million were drawn in July 2022, concurrently with the closing of such amendment, and the remaining $150.0 million was drawn in October 2022. Such amendment also amended the applicable margin grid such that the applicable pricing for all borrowings under the Credit Agreement is based on the credit rating of the Company’s long-term senior unsecured non-credit enhanced debt for borrowed money (and, specific to borrowings under the Revolving Credit Facility and 2028 Term Loan only, subject to a single step-down in the applicable pricing if the Company achieves a consolidated leverage ratio that is less than 0.35 to 1:00 while maintaining a credit rating of BBB/Baa2 from S&P, Moody's and/or Fitch).

2029 Term Loan. In August 2023, the Credit Agreement was further amended to provide for an additional $450.0 million of term loans (the "2029 Term Loan"). Concurrently with the closing of such amendment, loans under the 2029 Term Loan in an aggregate principal amount of $250.0 million were drawn, a portion of which was used to pay off the 2024 Term Loan in full. Amounts previously borrowed and repaid under the 2024 Term Loan cannot be reborrowed. The Company accounted for the repayment of the 2024 Term Loan as a debt extinguishment and recorded a $0.1 million loss on debt extinguishment during the year ended December 31, 2023.

Additional loans under the 2029 Term Loan were drawn in an aggregate principal amount of $125.0 million in September 2023 and $75.0 million in October 2023, pursuant to a delayed funding feature. The 2029 Term Loan has an original maturity of three years, which may be extended, at the Operating Partnership's election, to February 2029 by exercising two one-year extension options and a six-month extension option. The 2029 Term Loan bears interest at an annual rate of applicable Adjusted Term SOFR plus an applicable margin.

2030 Term Loan. In July 2024, the Credit Agreement was further amended to provide for an additional $450.0 million of term loans (the "2030 Term Loan") and reset the accordion feature to $500.0 million. Concurrently with the closing of such amendment, loans under the 2030 Term Loan in an aggregate principal amount of $320.0 million were drawn, a portion of which was used to pay off the outstanding balance on the Revolving Credit Facility.

Additional loans under the 2030 Term Loan were drawn in an aggregate principal amount of $130.0 million in August 2024, pursuant to a delayed funding feature. The 2030 Term Loan has an original maturity of three years, which may be extended, at the Operating Partnership's election, to January 2030 by exercising two one-year extension options and a six-month extension option. The 2030 Term Loan bears interest at an annual rate of applicable Adjusted Term SOFR plus an applicable margin.

Each of the Revolving Credit Facility, the 2028 Term Loan, the 2029 Term Loan and the 2030 Term Loan is freely pre-payable at any time. Outstanding credit extensions under the Revolving Credit Facility are mandatorily payable if the amount of such credit extensions exceeds the revolving facility limit. The Operating Partnership may re-borrow amounts paid down on the Revolving Credit Facility prior to its maturity. Loans repaid under the 2028 Term Loan, 2029 Term Loan and 2030 Term Loan cannot be reborrowed.

The Operating Partnership is the borrower under the Credit Agreement, and the Company and certain of its subsidiaries that own direct or indirect interests in an eligible real property assets are guarantors under the Credit Agreement.

Under the terms of the Credit Agreement, the Company is subject to various restrictive financial and nonfinancial covenants which, among other things, require the Company to maintain certain leverage ratios, cash flow and debt service coverage ratios and secured borrowing ratios.

The Company was in compliance with all financial covenants and was not in default on any provisions under the Credit Agreement as of December 31, 2024 and 2023.

The following table presents information about borrowings and repayments under the Revolving Credit Facility for the periods presented:

(in thousands)	2024	2023	2022
Balance on January 1,	$ —	$ —	$ 144,000
Borrowings	490,000	70,000	299,000
Repayments	(490,000)	(70,000)	(443,000)
Balance on December 31,	$ —	$ —	$ —

The following table presents information about interest expense related to the Revolving Credit Facility for the periods presented:

	Year ended December 31,		
(in thousands)	2024	2023	2022
Interest expense and fees	$ 4,558	$ 1,038	$ 2,807
Amortization of deferred financing costs	1,228	1,203	1,217
Total	$ 5,786	$ 2,241	$ 4,024

Total deferred financing costs, net, of $1.3 million and $2.5 million related to the Revolving Credit Facility are included within rent receivables, prepaid expenses and other assets, net on the Company's consolidated balance sheets as of December 31, 2024 and 2023, respectively.

As of December 31, 2024 and 2023, the Company had $600.0 million of unused borrowing capacity under the Revolving Credit Facility.

2027 Term Loan

On November 26, 2019, the Company, through the Operating Partnership, entered into a $430 million term loan (the "2027 Term Loan") with a group of lenders. The 2027 Term Loan provides for term loans to be drawn up to an aggregate amount of $430 million with an initial maturity of November 26, 2026. The Company borrowed the entire $430.0 million available under the 2027 Term Loan in separate draws in December 2019 and March 2020.

In February 2022, the Company entered into an amendment to the 2027 Term Loan to, among other things, reduce the leverage-based margin applicable to borrowings, extend the maturity date of the 2027 Term Loan to February 18, 2027, replace the LIBOR reference rate with reference to the Adjusted Term SOFR rate, consistent with market practice, and change the composition and extent of lender participation under the 2027 Term Loan. During the year ended December 31, 2022, in connection with this amendment, the Company recorded a $2.1 million loss on debt extinguishment related to fees and the write-off of certain deferred financing costs on the 2027 Term Loan.

In August 2022, the Company entered into an amendment to the 2027 Term Loan to make certain changes to provisions relating to the rates and other matters to reflect changes in market standards.

Prior to its amendment in February 2022, borrowings under the 2027 Term Loan bore interest at an annual rate of applicable LIBOR plus the applicable margin. Following this amendment, the 2027 Term Loan bears interest at an annual rate of applicable Adjusted Term SOFR plus the applicable margin. The applicable LIBOR/Adjusted Term SOFR is the rate with a term equivalent to the interest period applicable to the relevant borrowing. The applicable margin was initially a spread set according to a leverage-based pricing grid. In May 2022, the Operating Partnership made an irrevocable election to have the applicable margin be a spread set according to the Company's corporate credit ratings provided by S&P, Moody's and/or Fitch.

The 2027 Term Loan is pre-payable at any time by the Operating Partnership without penalty. The Operating Partnership may not re-borrow amounts paid down on the 2027 Term Loan. The 2027 Term Loan has an accordion feature to increase, subject to certain conditions, the maximum availability of the facility up to an aggregate of $500 million.

The Operating Partnership is the borrower under the 2027 Term Loan, and the Company and certain of its subsidiaries that own direct or indirect interests in eligible real property assets are guarantors under the facility.

Under the terms of the 2027 Term Loan, the Company is subject to various restrictive financial and nonfinancial covenants which, among other things, require the Company to maintain certain leverage ratios, cash flow and debt service coverage ratios and secured borrowing ratios and a minimum level of tangible net worth.

The Company was in compliance with all financial covenants and was not in default of any provisions under the 2027 Term Loan as of December 31, 2024 and 2023.

The following table presents information about aggregate interest expense related to the 2024 Term Loan, 2027 Term Loan, 2028 Term Loan, 2029 Term Loan and 2030 Term Loan:

(in thousands)	Year ended December 31, 2024	2023	2022
Interest expense	$ 92,451	$ 66,582	$ 23,967
Amortization of deferred financing costs	3,104	1,617	836
Total	$ 95,555	$ 68,199	$ 24,803

As of December 31, 2024 and 2023, total deferred financing costs, net, of $8.9 million and $7.2 million, respectively, related to the term loan facilities are included as a component of unsecured term loans, net of deferred financing costs on the Company's consolidated balance sheets.

The Company fixed the interest rates on its variable-rate term loan debt through the use of interest rate swap agreements. See Note 6—Derivative and Hedging Activities for additional information.

Senior Unsecured Notes

In June 2021, through its Operating Partnership, the Company completed a public offering of $400.0 million aggregate principal amount of 2.950% Senior Notes due 2031 (the "2031 Notes"), resulting in net proceeds of $396.6 million. The 2031 Notes were issued by the Operating Partnership, and the obligations of the Operating Partnership under the 2031 Notes are fully and unconditionally guaranteed on a senior basis by the Company. The 2031 Notes were issued at 99.8% of their principal amount. In connection with the offering of the 2031 Notes, the Operating Partnership incurred $4.7 million in deferred financing costs and an offering discount of $0.8 million.

The following is a summary of the senior unsecured notes outstanding as of December 31, 2024 and 2023:

(dollars in thousands)	Maturity Date	Interest Payment Dates	Stated Interest Rate	Principal Outstanding
2031 Notes	July 15, 2031	January 15 and July 15	2.95 %	$ 400,000

The Company's senior unsecured notes are redeemable in whole at any time or in part from time to time, at the Operating Partnership's option, at a redemption price equal to the sum of:

- 100% of the principal amount of the notes to be redeemed plus accrued and unpaid interest, if any, up to, but not including, the redemption date; and
- a make-whole premium calculated in accordance with the indenture governing the notes.

In addition, if any of the 2031 Notes are redeemed on or after April 15, 2031 (three months prior to the stated maturity date of such notes), the redemption price will equal 100% of the principal amount of the notes to be redeemed plus accrued and unpaid interest, if any, up to, but not including, the redemption date, without any make-whole premium.

The following table presents information about interest expense related to the Company's senior unsecured notes for the periods presented:

(in thousands)	Year ended December 31, 2024	2023	2022
Interest expense	$ 11,716	$ 11,713	$ 11,711
Amortization of deferred financing costs and original issue discount	557	560	562
Total	$ 12,273	$ 12,273	$ 12,273

Total deferred financing costs, net, of $3.1 million and $3.6 million related to the Company's senior unsecured notes were included within senior unsecured notes, net on the Company's consolidated balance sheets as of December 31, 2024 and 2023, respectively.

The Company was in compliance with all financial covenants and was not in default of any provisions under the 2031 Notes as of December 31, 2024 and 2023.

6. Derivative and Hedging Activities

The Company does not enter into derivative financial instruments for speculative or trading purposes. The Company's objectives in using interest rate derivatives are to add stability to interest expense and to manage its exposure to interest rate movements. To accomplish these objectives, the Company uses interest rate swaps as part of its interest rate risk management strategy. Interest rate swaps designated as cash flow hedges involve the receipt of variable-rate amounts from a counterparty in exchange for the Company making fixed-rate payments over the life of the agreements without exchange of the underlying notional amount.

These derivatives are considered cash flow hedges and are recorded on a gross basis at fair value. Assessments of hedge effectiveness are performed quarterly using either a qualitative or quantitative approach. The Company recognizes the entire change in the fair value in accumulated other comprehensive income (loss) and the change is reflected as derivative changes in fair value in the supplemental disclosures of non-cash financing activities in the consolidated statements of cash flows. The amounts recorded in accumulated other comprehensive income (loss) will subsequently be reclassified to interest expense as interest payments are made on the Company's borrowings under its variable-rate term loan facilities. During the next twelve months, the Company estimates that $15.2 million will be reclassified from accumulated other comprehensive income as a decrease to interest expense. The Company does not have netting arrangements related to its derivatives.

The use of derivative financial instruments carries certain risks, including the risk that the counterparties to these contractual arrangements are not able to perform under the agreements. To mitigate this risk, the Company only enters into derivative financial instruments with counterparties with high credit ratings and with major financial institutions with which the Company and its affiliates may also have other financial relationships. The Company does not anticipate that any of the counterparties will fail to meet their obligations. As of December 31, 2024 and 2023, there were no events of default related to the Company's derivative financial instruments.

The following table summarizes the notional amount at inception and fair value of these instruments on the Company's consolidated balance sheets, all of which are interest rates swaps designated as hedges, as of December 31, 2024 and 2023 (dollar amounts in thousands):

					Fair Value of Asset/(Liability)[(2)]	
Number of Swap Agreements	Associated Debt Instrument	Fixed Rate Paid by Company	Maturity Date	Aggregate Notional Value[(1)]	December 31, 2024	December 31, 2023
5	2027 Term Loan	1.41%	November 2026	430,000	20,759	27,489
11	2028 Term Loan	3.66%	January 2028	400,000	3,805	(1,622)
8	2029 Term Loan	4.40%	February 2029	450,000	(7,407)	(17,892)
15	2030 Term Loan	3.82%	December 2029	450,000	2,972	
				$ 1,730,000	$ 20,129	$ 7,975

(1) Notional value indicates the extent of the Company's involvement in these instruments, but does not represent exposure to credit, interest rate or market risks.
(2) Derivatives in an asset position are included within derivative assets and derivatives in a liability position are included within derivative liabilities in the Company's consolidated balance sheets.

The Company has agreements with each of its derivative counterparties that contain a provision where if the Company either defaults or is capable of being declared in default on any of its indebtedness, then the Company could also be declared in default on its derivative obligations.

The following table presents amounts recorded to accumulated other comprehensive income (loss) related to derivative and hedging activities for the periods presented:

	Year ended December 31,		
(in thousands)	**2024**	**2023**	**2022**
Other comprehensive (loss) income	$ 12,900	$ (36,874)	$ 56,762

As of December 31, 2024, the fair value of derivatives in a net asset position including accrued interest but excluding any adjustment for nonperformance risk related to these agreements was $27.8 million and the fair value of derivatives in a net liability position, including accrued interest but excluding any adjustment for nonperformance risk related to these agreements was $7.7 million.

As of December 31, 2023, the fair value of derivatives in a net asset position, including accrued interest but excluding any adjustment for nonperformance risk related to these agreements, was $31.1 million and the fair value of derivatives in a net liability position, including accrued interest but excluding an adjustment for nonperformance risk related to these agreements, was $23.4 million.

During the years ended December 31, 2024 and 2023, the Company realized a gain on the change in fair value of its interest rate swaps of $29.3 million and $27.7 million, respectively, which are included as a reduction of interest expense in the Company's consolidated statements of operations. During the year ended December 31, 2022, the Company realized a loss on the change in fair value of its interest rate swaps of approximately $26,000, which was included in interest expense in the Company's consolidated statements of operations.

As of December 31, 2024 and December 31, 2023, the Company had not posted any collateral related to these agreements and was not in breach of any provisions of such agreements. If the Company had breached any of these provisions, it could have been required to settle its obligations under the agreements at their aggregate termination value, which were a $20.1 million net asset and a $7.7 million net asset as of December 31, 2024 and 2023, respectively.

7. Equity

Stockholders' Equity

In August 2022, the Company completed a follow-on primary offering of 8,740,000 shares of its common stock, including the full exercise of the underwriters' option to purchase up to 1,140,000 additional shares of common stock, at a public offering price of $23.00 per share. Net proceeds from this follow-on offering, after deducting underwriting discounts and commissions and other expenses, were $192.6 million.

In February 2023, the Company completed a follow-on primary offering of 8,855,000 shares of its common stock, including the full exercise of the underwriters' option to purchase up to 1,155,000 additional shares of common stock, at a public offering price of $24.60 per share, and entered into forward sale agreements relating to all such shares. All of these forward sale agreements were physically settled as of May 2023 and the Company realized net proceeds from this offering, after deducting underwriting discounts and commissions and other expenses, of $209.3 million.

In September 2023, the Company completed a follow-on primary offering of 12,006,000 shares of its common stock, including the full exercise of the underwriters' option to purchase up to 1,566,000 additional shares of common stock, at a public offering price of $23.00 per share, and entered into forward sale agreements relating to all such shares. All of these forward sale agreements were physically settled as of March 2024 and the Company realized net proceeds from this offering, after deducting underwriting discounts and commissions and other expenses, of $263.4 million.

In March 2024, the Company completed a follow-on primary offering of 10,350,000 shares of its common stock, including the full exercise of the underwriters' option to purchase up to 1,350,000 additional shares of common stock, at a public offering price of $24.75 per share, and entered into forward sale agreements relating to all such shares. All of these forward sale agreements were physically settled as of December 2024 and the Company realized net proceeds from this offering, after deducting underwriting discounts and commissions and other expenses, of $245.0 million.

At the Market Program

In May 2022, the Company established a new at the market common equity offering program, pursuant to which it could publicly offer and sell, from time to time, shares of its common stock with an aggregate gross sales price of up to $500 million (the "2022 ATM Program") through the identified sales agents, as its sales agents or, if applicable, as forward sellers, or directly to such agents as principals. In addition to the issuance and sale by the Company of shares to or through the agents, the 2022 ATM Program also permitted the Company to enter into separate forward sale agreements with the identified forward purchasers.

In June 2024, the Company established a new at the market common equity offering program, pursuant to which it could publicly offer and sell, from time to time, shares of its common stock with an aggregate gross sales price of up to $500 million (the "June 2024 ATM Program") through the identified sales agents, as its sales agents or, if applicable, as forward sellers, or directly to such agents as principals. In addition to the issuance and sale by the Company of shares to or through the agents, the June 2024 ATM Program also permitted the Company to enter into separate forward sale agreements with the identified forward purchasers. In connection with establishing the June 2024 ATM Program, the Company terminated the 2022 ATM Program and no additional stock can be sold thereunder.

In October 2024, the Company established a new at the market common equity offering program, pursuant to which it could publicly offer and sell, from time to time, shares of its common stock with an aggregate gross sales price of up to $750 million (the "October 2024 ATM Program") through the identified sales agents, as its sales agents or, if applicable, as forward sellers, or directly to such agents as principals. In addition to the issuance and sale by the Company of shares to or through the agents, the October 2024 ATM Program also permitted the Company to enter into separate forward sale agreements with the identified forward purchasers. In connection with establishing the October 2024 ATM Program, the Company terminated the June 2024 ATM Program and no additional stock can be sold thereunder. As context requires, the October 2024 ATM Program, the June 2024 ATM Program, the 2022 ATM Program and prior ATM programs are referred herein as the "ATM Programs."

The following table presents information about the ATM Programs (dollar amounts in thousands):

Program Name	Date Established	Date Terminated	Maximum Sales Authorization	Gross Sales through December 31, 2024
2021 ATM Program	July 2021	May 2022	$ 350,000	$ 348,140
2022 ATM Program [(1)]	May 2022	June 2024	$ 500,000	$ 383,426
June 2024 ATM Program [(1)]	June 2024	October 2024	$ 500,000	$ 339,992
October 2024 ATM Program [(1)]	October 2024		$ 750,000	$ 78,915

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(1) Includes 4,027,834 shares from the 2022 ATM Program, 6,704,172 shares from the June 2024 ATM Program and 2,387,104 shares from the October 2024 ATM Program that the Company sold on a forward basis and were not physically settled as of December 31, 2024.

The following table details information related to activity under the ATM Program for each period presented:

	Year ended December 31,		
(in thousands, except share and per share data)	2024	2023	2022
Shares of common stock sold [(1)(2)]	19,704,599	5,931,654	9,794,137
Weighted average sale price per share	$ 29.52	$ 24.48	$ 24.00
Gross proceeds	$ 581,689	$ 145,224	$ 235,060
Net proceeds	$ 573,343	$ 142,922	$ 232,478

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(1) Includes 13,119,110 shares that the Company sold on a forward basis during the year ended December 31, 2024 and were not physically settled as of December 31, 2024.

(2) During the year ended December 31, 2024, the Company issued an additional 1,937,450 shares of common stock which were previously sold on a forward basis under the ATM Program and were unsettled as of December 31, 2023.

Dividends on Common Stock

During the years ended December 31, 2024, 2023 and 2022, the Company's board of directors declared the following quarterly cash dividends on common stock:

Date Declared	Record Date	Date Paid	Dividend per Share of Common Stock	Total Dividend (dollars in thousands)
December 6, 2024	December 31, 2024	January 14, 2025	$ 0.295	$ 55,444
September 5, 2024	September 30, 2024	October 11, 2024	$ 0.29	$ 50,964
May 31, 2024	June 28, 2024	July 12, 2024	$ 0.29	$ 50,965
March 7, 2024	March 29, 2024	April 12, 2024	$ 0.285	$ 50,079
December 1, 2023	December 29, 2023	January 12, 2024	$ 0.285	$ 47,024
September 7, 2023	September 29, 2023	October 13, 2023	$ 0.28	$ 43,788
June 9, 2023	June 30, 2023	July 14, 2023	$ 0.28	$ 43,551
March 7, 2023	March 31, 2023	April 14, 2023	$ 0.275	$ 41,031
November 30, 2022	December 30, 2022	January 13, 2023	$ 0.275	$ 39,246
September 2, 2022	September 30, 2022	October 14, 2022	$ 0.27	$ 38,533
June 2, 2022	June 30, 2022	July 14, 2022	$ 0.27	$ 35,916
March 14, 2022	March 31, 2022	April 13, 2022	$ 0.26	$ 34,188

The Company has determined that, during the years ended December 31, 2024, 2023 and 2022, approximately 92.7%, 86.0% and 79.7%, respectively, of the distributions it paid represented taxable income and 7.3%, 14.0% and 20.3%, respectively, of the distributions it paid represented return of capital for federal income tax purposes.

8. Non-controlling Interests

Essential Properties OP G.P., LLC, a wholly owned subsidiary of the Company, is the sole general partner of the Operating Partnership and holds a 1.0% general partner interest in the Operating Partnership. The Company contributes the net proceeds from issuing shares of common stock to the Operating Partnership in exchange for a number of OP Units equal to the number of shares of common stock issued. OP Units ("OP Units") are limited partnership interests in the Operating Partnership.

As of December 31, 2024, the Company held 187,537,592 OP Units, representing a 99.7% limited partner interest in the Operating Partnership. As of the same date, external parties (the "Non-controlling OP Unit Holders") held 553,847 OP Units in the aggregate, representing a 0.3% limited partner interest in the Operating Partnership. As of December 31, 2023, the Company held 164,635,150 OP Units, representing a 99.7% limited partner interest in the Operating Partnership and the Non-controlling OP Unit Holders held 553,847 OP Units in the aggregate, representing a 0.3% limited partner interest in the Operating Partnership. The OP Units held by the Non-controlling OP Unit Holders are presented as non-controlling interests in the Company's consolidated financial statements.

A holder of OP Units has the right to distributions per unit equal to dividends per share paid on the Company's common stock and has the right to redeem OP Units for cash or, at the Company's election, shares of the Company's common stock on a one-for-one basis, provided, however, that such OP Units must have been outstanding for at least one year. Distributions to OP Unit holders are declared and paid concurrently with the Company's cash dividends to common stockholders. See Note 7—Equity for details.

9. Equity Based Compensation

Equity Incentive Plan

In May 2023, the Company's stockholders approved the Essential Properties Realty Trust, Inc. 2023 Incentive Plan (the "2023 Equity Incentive Plan"), which replaced the Essential Properties Realty Trust, Inc. 2018 Incentive Plan (the "2018 Equity Incentive Plan" and, collectively with the 2023 Equity Incentive Plan, the "Equity Incentive Plans"). The 2023 Equity Incentive Plan provides for the grant of incentive stock options, nonqualified stock options, stock appreciation rights, RSAs, RSUs, other stock awards, performance awards and LTIP units up to an aggregate of 4,300,808 shares of the Company's common stock, subject to certain conditions. Officers, employees, non-employee directors, consultants, independent contractors and agents who provide services to the Company or to any subsidiary of the Company are eligible to receive such awards. All subsequent awards of equity will be granted under the 2023 Equity Incentive Plan, and no further awards will be made under the 2018 Equity Incentive Plan.

The following table presents information about the Company's RSAs and RSUs during the years ended December 31, 2024, 2023 and 2022:

	Restricted Stock Awards		Restricted Stock Units	
	Shares	Wtd. Avg. Grant Date Fair Value	Units	Wtd. Avg. Grant Date Fair Value
Unvested, January 1, 2022	18,904	$ 14.12	454,692	$ 29.39
Granted	—	—	607,347	29.08
Vested	(9,865)	14.12	(243,640)	25.70
Forfeited	—	—	(1,019)	27.25
Unvested, December 31, 2022	9,039	$ 14.12	817,380	$ 30.26
Unvested, January 1, 2023	9,039	$ 14.12	817,380	$ 30.26
Granted	—	—	457,859	31.39
Vested	(9,039)	14.12	(436,967)	26.98
Forfeited	—	—	(94,419)	32.79
Unvested, December 31, 2023	—	$ —	743,853	$ 32.56
Unvested, January 1, 2024	—	$ —	743,853	$ 32.56
Granted	—	—	532,311	33.05
Vested	—	—	(322,372)	32.46
Forfeited	—	—	(391)	24.86
Unvested, December 31, 2024	—	$ —	953,401	$ 32.87

Restricted Stock Awards

In January 2019, RSAs relating to an aggregate of 46,368 shares of unvested restricted common stock were granted to the Company's executive officers, other employees and an external consultant under the Equity Incentive Plans. These RSAs vested over periods ranging from one year to four years from the date of grant, subject to the individual recipient's continued provision of service to the Company through the applicable vesting dates. The Company estimates the grant date fair value of RSAs granted under the Equity Incentive Plans using the average market price of the Company's common stock on the date of grant. The final vesting of these RSAs occurred in January 2023.

The following table presents information about the Company's RSAs for the periods presented:

(in thousands)	Year ended December 31, 2024	2023	2022
Compensation cost recognized in general and administrative expense	$ —	$ 2	$ 128
Dividends declared on unvested RSAs and charged directly to distributions in excess of cumulative earnings	—	—	8
Fair value of shares vested during the period	—	128	139

Restricted Stock Units

In 2019, 2020, 2021, 2022, 2023 and 2024, the Company issued grants of 119,085, 84,684, 126,353, 149,699, 147,587 and 149,936 performance-based RSUs at target, respectively, to the Company's senior management team under the Equity Incentive Plans. Of these awards, 75%, in the case of awards issued in 2019, 2020, 2021, 2022, and 2023, and 100%, in the case of awards issued in 2024, are non-vested RSUs for which vesting percentages and the ultimate number of units vesting is calculated based on the total stockholder return ("TSR") of the Company's common stock as compared to the TSR of peer companies identified in the grant agreements over the relevant performance period. The payout schedule can produce vesting percentages ranging from 0% to 250% of target. TSR is calculated over the performance period for each award based upon the average closing price for the 20-trading day period ending December 31st of the year prior to grant divided by the average closing price for the 20-trading day period ending December 31st of the third year following the grant. The target number of units is based on achieving a TSR equal to the 50th percentile of the peer group. The Company records expense on these TSR RSUs based on achieving the target.

The grant date fair value of the TSR RSUs was measured using a Monte Carlo simulation model based on the following assumptions:

	Grant Year 2024	2023	2022
Volatility	24%	37%	54%
Risk free rate	4.46%	4.36%	1.68%

The remaining 25% of these performance-based RSUs issued in 2019, 2020, 2021, 2022, and 2023 vest based on the Compensation Committee's subjective evaluation of the individual recipient's achievement of certain strategic objectives over the relevant performance period of the award. In January 2022, February 2023 and February 2024, the Compensation Committee identified specific performance targets and completed its subjective evaluation in relation to the performance-based RSUs issued in 2019, 2020 and 2021 and concluded that 78,801, 50,598 and 63,448 RSUs, respectively, should be awarded. 50% of these RSUs vested immediately upon the Compensation Committee's certification and the remaining 50% vested or will vest on the December 31st following the Compensation Committee's certification, subject to the recipient's continued provision of service to the Company through such date. The Company began recording compensation expense with respect to these subjective performance-based RSUs granted in 2019, 2020 and 2021 after the completion of the Compensation Committee's subjective evaluation.

In April 2023, the Compensation Committee evaluated and awarded 11,334 subjective performance-based RSUs to a former member of the Company's senior management team, which vested immediately. During the year ended December 31, 2023, the Company recorded $0.3 million of compensation expense related to the subjective RSUs awarded to this former employee.

As of December 31, 2024, the Compensation Committee had not identified specific performance targets relating to the individual recipients' achievement of strategic objectives for the remainder of the subjective awards granted in 2022 and 2023. As such, these awards do not have either a service inception or a grant date for GAAP accounting purposes and the Company recorded no compensation expense with respect to this portion of these performance-based RSUs during the years ended December 31, 2024, 2023 and 2022.

In 2020, 2021, 2022, 2023 and 2024, the Company issued an aggregate of 184,760, 135,686, 199,793, 210,406 and 179,187 RSUs, respectively, to the Company's executive officers, other employees and directors under the Equity Incentive Plan. These awards vest over a period of up to five years from the date of grant, subject to the individual recipient's continued provision of service to the Company through the applicable vesting dates.

In January 2022, the Company issued 69,372 performance-based RSUs (at target) to an executive officer under the Equity Incentive Plans. These RSUs vest based on the compound annual growth rate of the Company's adjusted funds from operations ("AFFO CAGR") over a four year performance period, and the payout schedule can produce vesting percentages ranging from 0% to 200% of target. To the extent the performance goal is achieved, these performance-based RSUs will vest in 50% increments on each of the four-year and five-year anniversary of the grant date, subject to the recipient's continued provision of service to the Company through the applicable vesting dates. As of December 31, 2024 and 2023, based on its AFFO CAGR forecasts, the Company believed it was probable that the maximum performance level will be achieved and recorded compensation expense based off of this estimate during the years ended December 31, 2024 and 2023.

A portion of the RSUs that vested in 2024, 2023, and 2022 were net share settled such that the Company withheld shares with a value equal to the relevant employee's income and employment tax obligations with respect to the vesting and remitted a cash payment to the appropriate taxing authority.

The following table presents information about the Company's RSUs for the periods presented:

	Year ended December 31,		
(in thousands)	**2024**	**2023**	**2022**
Compensation cost recognized in general and administrative expense	$ 10,829	$ 9,002	$ 9,361
Dividend equivalents declared and charged directly to distributions in excess of cumulative earnings	472	407	366
Fair value of units vested during the period	10,465	11,791	6,262

The following table presents information about the Company's RSUs as of the dates presented:

	December 31,	
(Dollars in thousands)	**2024**	**2023**
Total unrecognized compensation cost	$ 13,955	$ 13,131
Weighted average period over which compensation cost will be recognized (in years)	2.1	2.2

10. Net Income Per Share

The Company computes net income per share pursuant to the guidance in FASB ASC Topic 260, *Earnings Per Share*. The guidance requires the classification of the Company's unvested restricted common stock and units, which contain rights to receive non-forfeitable dividends or dividend equivalents, as participating securities requiring the two-class method of computing net income per share. Diluted net income per share of common stock further considers the effect of potentially dilutive shares of common stock outstanding during the period, including the assumed vesting of RSUs with a market-based or service-based vesting condition, where dilutive. The OP Units held by non-controlling interests represent potentially dilutive securities as the OP Units may be redeemed for cash or, at the Company's election, exchanged for shares of the Company's common stock on a one-for-one basis.

The following is a reconciliation of the numerator and denominator used in the computation of basic and diluted net income per share (dollars in thousands):

	Year ended December 31,		
(dollar amounts in thousands)	2024	2023	2022
Numerator for basic and diluted earnings per share:			
Net income	$ 203,638	$ 191,415	$ 134,742
Less: net income attributable to non-controlling interests	(634)	(708)	(612)
Less: net income allocated to unvested RSAs and RSUs	(472)	(407)	(374)
Net income available for common stockholders: basic	202,532	190,300	133,756
Net income attributable to non-controlling interests	634	708	612
Net income available for common stockholders: diluted	$ 203,166	$ 191,008	$ 134,368
Denominator for basic and diluted earnings per share:			
Weighted average common shares outstanding	173,855,427	152,140,896	134,950,418
Less: weighted average number of shares of unvested RSAs	—	(161)	(9,230)
Weighted average shares outstanding used in basic net income per share	173,855,427	152,140,735	134,941,188
Effects of dilutive securities: (1)			
OP Units	553,847	553,847	553,847
Unvested RSAs and RSUs	859,785	421,292	356,044
Forward sales	1,846,111	405,980	4,837
Weighted average shares outstanding used in diluted net income per share	177,115,170	153,521,854	135,855,916

(1) Excludes the impact of 7,051, 179,807 and 171,059 unvested RSUs and unsettled forward equity sales for the years ended December 31, 2024, 2023 and 2022, respectively, as the effect would have been antidilutive.

11. Commitments and Contingencies

As of December 31, 2024, the Company had remaining future commitments, under mortgage notes, reimbursement obligations or similar arrangements, to fund $154.8 million to its tenants for development, construction and renovation costs related to properties leased from the Company.

Litigation and Regulatory Matters

In the ordinary course of business, the Company may become subject to litigation, claims and regulatory matters. As of December 31, 2024, there are no material legal or regulatory proceedings pending or known to be contemplated against the Company or its properties.

Environmental Matters

In connection with the ownership of real estate, the Company may be liable for costs and damages related to environmental matters. As of December 31, 2024, the Company had not been notified by any governmental authority of any non-compliance, liability or other claim, and is not aware of any other environmental condition that it believes will have a material adverse effect on the Company's business, financial condition, results of operations or liquidity.

Defined Contribution Retirement Plan

The Company has a defined contribution retirement savings plan qualified under Section 401(a) of the Code (the "401(k) Plan"). The 401(k) Plan is available to all of the Company's full-time employees. The Company provides a matching contribution in cash equal to 100% of the first 6% of eligible compensation contributed by participants, which vests immediately.

The following table presents the matching contributions made by the Company for the years ended December 31, 2024, 2023 and 2022:

	Year ended December 31,		
(in thousands)	**2024**	**2023**	**2022**
401(k) matching contributions	$ 480	$ 331	$ 318

Employment Agreements

The Company has employment agreements with certain of its executive officers. These employment agreements have an initial term of approximately four years, with automatic one year extensions unless notice of non-renewal is provided by either party. These agreements provide for initial annual base salaries and an annual performance bonus. If an executive officer's employment terminates under certain circumstances, the Company would be liable for any annual performance bonus awarded for the year prior to termination, to the extent unpaid, continued payments equal to 12 months of base salary, monthly reimbursement for 12 months of COBRA premiums, and under certain situations, a pro rata bonus for the year of termination.

12. Fair Value Measurements

GAAP establishes a hierarchy of valuation techniques based on the observability of inputs used in measuring financial instruments at fair value. GAAP establishes market-based or observable inputs as the preferred source of values, followed by valuation models using management assumptions in the absence of market inputs.

The determination of where an asset or liability falls in the hierarchy requires significant judgment and considers factors specific to the asset or liability. In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The Company evaluates its hierarchy disclosures regularly and, depending on various factors, it is possible that an asset or liability may be classified differently from period to period. However, the Company expects that changes in classifications between levels will be rare.

In addition to the disclosures for assets and liabilities required to be measured at fair value at the balance sheet date, companies are required to disclose the estimated fair values of all financial instruments, even if they are not presented at their fair value on the consolidated balance sheet.The fair values of financial instruments are estimates based upon market conditions and perceived risks at December 31, 2024 and 2023. These estimates require management's judgment and may not be indicative of the future fair values of the assets and liabilities.

Financial assets and liabilities for which the carrying values approximate their fair values include cash and cash equivalents, restricted cash, accounts receivable included within rent receivables, prepaid expenses and other assets, net, dividends payable and accrued liabilities and other payables. Generally, these assets and liabilities are short term in duration and their carrying value approximates fair value on the consolidated balance sheets.

The estimated fair values of the Company’s fixed-rate loans receivable have been derived based on primarily unobservable market inputs such as interest rates and discounted cash flow analyses using estimates of the amount and timing of future cash flows, market rates and credit spreads. These measurements are classified as Level 3 within the fair value hierarchy. The Company believes the carrying value of its fixed-rate loans receivable approximates fair value as of December 31, 2024 and 2023.

The estimated fair values of the Company’s borrowings under the Revolving Credit Facility, the 2027 Term Loan, the 2028 Term Loan, the 2029 Term Loan and the 2030 Term Loan have been derived based on primarily unobservable market inputs such as interest rates and discounted cash flow analyses using estimates of the amount and timing of future cash flows, market rates and credit spreads. These measurements are classified as Level 3 within the fair value hierarchy. The Company believes the carrying value of its borrowings under the Revolving Credit Facility, the 2027 Term Loan, the 2028 Term Loan, and the 2029 Term Loan as of December 31, 2024 and 2023, and the carrying value of its borrowings under the 2030 Term Loan as of December 31, 2024, approximate fair value.

The Company measures the fair value of its senior unsecured notes and derivative financial instruments on a recurring basis. The fair values of these financial assets and liabilities were determined using the following input levels as of the dates presented:

(in thousands)	Net Carrying Value	Fair Value	Fair Value Measurements Using Fair Value Hierarchy		
			Level 1	Level 2	Level 3
December 31, 2024					
Financial (liabilities) assets:					
Senior unsecured notes [1]	$ (396,403)	$ (340,420)	$ (340,420)	$ —	$ —
Interest rate swaps	20,129	20,129	—	20,129	—
December 31, 2023					
Financial (liabilities) assets:					
Senior unsecured notes [1]	$ (395,846)	$ (315,336)	$ (315,336)	$ —	$ —
Interest rate swaps	7,975	7,975	—	7,975	—

(1) Carrying value is net of $3.1 million and $3.6 million of net deferred financing costs and $0.5 million and $0.6 million of net discount as of December 31, 2024 and 2023, respectively.

The Company measures its real estate investments at fair value on a nonrecurring basis. The fair values of real estate investments that were impaired as of the dates presented were determined using the following input levels:

(in thousands)	Net Carrying Value	Fair Value	Fair Value Measurements Using Fair Value Hierarchy		
			Level 1	Level 2	Level 3
December 31, 2024					
Non-financial assets:					
Long-lived assets	$ 6,612	$ 6,612	$ —	$ —	$ 6,612
December 31, 2023					
Non-financial assets:					
Long-lived assets	$ 4,510	$ 4,510	$ —	$ —	$ 4,510

Long-Lived Assets

The Company reviews its investments in real estate when events or circumstances change indicating that the carrying amount of an asset may not be recoverable. In the evaluation of an investment in real estate for impairment, many factors are considered, including estimated current and expected operating cash flows from the asset during the projected holding period, costs necessary to extend the life or improve the asset, expected capitalization rates, projected stabilized net operating income, selling costs, and the ability to hold and dispose of the asset in the ordinary course of business.

Quantitative information about Level 3 fair value measurements as of December 31, 2024 is as follows:

(dollar amounts in thousands)	Fair Value	Valuation Techniques	Significant Unobservable Inputs	
Non-financial assets:				
Long-lived assets				
Quick Service	$ 1,870	Sales comparison approach	Binding sales agreement	$ 1,870
Casual Dining	2,100	Sales comparison approach	Non-binding sales agreement	2,100
Pet Care Services	267	sales comparison approach	Non-binding sales agreement	267
Family Dining	1,295	Discounted cash flow approach	Terminal Value: 8.0% Discount Rate: 8.5%	1,295
Family Dining	1,080	Discounted cash flow approach	Terminal Value: 8.0% Discount Rate: 8.5%	1,080

The fair values of impaired real estate were determined by using the following information, depending on availability, in order of preference: (i) signed purchase and sale agreements or letters of intent; (ii) recently quoted bid or ask prices; (iii) estimates of future cash flows, which consider, among other things, contractual and forecasted rental revenues, leasing assumptions, terminal capitalization rates, discount rates and expenses based upon market conditions; or (iv) expectations for the use of the real estate. Based on these inputs, the Company determined that its valuation of the impaired real estate falls within Level 3 of the fair value hierarchy.

13. Subsequent Events

The Company has evaluated all events and transactions that occurred after December 31, 2024 through the filing of this Annual Report on Form 10-K and determined that there have been no events that have occurred that would require adjustment to disclosures in the consolidated financial statements except as disclosed below.

Credit Facility Amendment

In February 2025, the Company entered into an amendment to the Credit Agreement and, pursuant to such amendment, among other things, the availability of extensions of credit under the Revolving Credit Facility was increased to $1.0 billion, the accordion feature was increased to $1.0 billion and the Revolving Credit Facility's termination date was extended to February 2030, after giving effect to extension options exercisable at the Operating Partnership's election.

Subsequent Acquisition and Disposition Activity

Subsequent to December 31, 2024, the Company invested in 9 real estate properties for an aggregate investment amount (including acquisition-related costs) of $122.0 million and invested $13.8 million in new and ongoing construction in progress and reimbursements to tenants for development, construction and renovation costs related to properties leased from the Company. In addition, the Company invested $2.3 million in mortgage loans receivable subsequent to December 31, 2024.

Subsequent to December 31, 2024, the Company sold its investment in seven real estate properties for an aggregate gross sales price of $19.7 million and incurred $0.8 million of disposition costs related to these transactions.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

Item 9A. Controls and Procedures.

Disclosure Controls and Procedures

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information we are required to disclose in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

As of the end of the period covered by this Annual Report on Form 10-K, our management evaluated, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act). Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of the end of the period covered by this Annual Report on Form 10-K, our disclosure controls and procedures were effective in providing reasonable assurance of compliance.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act). Our internal control system was designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes, in accordance with generally accepted accounting principles in the United States. Due to inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness of the internal control over financial reporting to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with policies and procedures may deteriorate. Our management, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our internal control over financial reporting as of the end of the period covered by this Annual Report on Form 10-K based on the framework in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations (2013 Framework) (COSO). Based on such evaluation, our management concluded that our internal control over financial reporting was effective as of the end of the period covered by this Annual Report on Form 10-K.

The effectiveness of our internal control over financial reporting as of December 31, 2024 has been audited by Grant Thornton LLP, an independent registered public accounting firm, as stated in their report which is presented in this Annual Report on Form 10-K.

Changes in Internal Control Over Financial Reporting

There have not been any changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during our most recent fiscal quarter that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information.

February 2025 Amendment to Credit Agreement

On February 6, 2025, through our Operating Partnership, we entered into an amendment to our Credit Agreement with Wells Fargo Bank, National Association, as Administrative Agent, and the lenders party thereto, predominantly in relation to the Revolving Credit Facility thereunder. After giving effect to such amendment, the Credit Agreement provides for an increase in the commitments under the Revolving Credit Facility from $600.0 million to $1.0 billion. Among other things, the amendment also: (i) altered the step-down structure applicable to the margin grid for the Revolving Credit Facility and term loans under the Credit Agreement, (ii) extended the maturity date of the Revolving Credit Facility to February 2029, with the ability to extend for two additional six-month extension options at the Operating Partnership's election, (iii) permitted the aggregate positive amount of net cash proceeds due to be received from all eligible equity forward contracts which had not yet settled, subject to a maximum amount set forth in the Credit Agreement, to be included in the calculation of several financial covenants under the Credit Agreement, (iv) reset the accordion feature in the Credit Agreement to permit $1.0 billion of availability thereunder, and (v) removed the credit spread adjustment of 10.0 bps from the calculation of interest on the Revolving Credit Facility. For more information about our Credit Agreement, see “ "Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations—Description of Certain Debt—Revolving Credit Facility and Credit Facility Term Loans.”

Information About Certain Rule 10b5-1 Trading Arrangements

None of our directors or officers adopted, modified, or terminated a Rule 10b5-1 trading arrangement during the quarter ended December 31, 2024.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

We have adopted an Amended and Restated Insider Trading and Confidentiality Policy governing the purchase and sale of our securities by directors, officers, and employees that is designed to promote compliance with insider trading laws, rules and regulations, and applicable listing standards. A copy of our Amended and Restated Insider Trading and Confidentiality Policy is filed with this Annual Report on Form 10-K as Exhibit 19.1.

The information concerning our directors and executive officers required by Item 10 will be included in the Proxy Statement to be filed relating to our 2025 Annual Meeting of Stockholders and is incorporated herein by reference.

Item 11. Executive Compensation.

The information concerning our executive compensation required by Item 11 will be included in the Proxy Statement to be filed relating to our 2025 Annual Meeting of Stockholders and is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The information concerning our security ownership of certain beneficial owners and management and related stockholder matters (including equity compensation plan information) required by Item 12 will be included in the Proxy Statement to be filed relating to our 2025 Annual Meeting of Stockholders and is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

The information concerning certain relationships, related transactions and director independence required by Item 13 will be included in the Proxy Statement to be filed relating to our 2025 Annual Meeting of Stockholders and is incorporated herein by reference.

Item 14. Principal Accounting Fees and Services.

The information concerning our principal accounting fees and services required by Item 14 will be included in the Proxy Statement to be filed relating to our 2025 Annual Meeting of Stockholders and is incorporated herein by reference.

PART IV

Item 15. Exhibits, Financial Statement Schedules.

(a) (1) and (2) The following financial statements and financial statement schedules are filed as part of this Annual Report on Form 10-K.

Financial Statements. (see Item 8)

Reports of Independent Registered Public Accounting Firm

Consolidated Balance Sheets as of December 31, 2024 and 2023

Consolidated Statements of Operations for the years ended December 31, 2024, 2023 and 2022

Consolidated Statements of Comprehensive Income for the years ended December 31, 2024, 2023 and 2022

Consolidated Statements of Stockholders' Equity for the years ended December 31, 2024, 2023 and 2022

Consolidated Statements of Cash Flows for the years ended December 31, 2024, 2023 and 2022

Notes to Consolidated Financial Statements

Financial Statement Schedules. (see schedules beginning on page F-1)

Schedule III - Real Estate and Accumulated Depreciation

Schedule IV - Mortgage Loans on Real Estate

All other schedules are omitted since the required information is not present or is not present in amounts sufficient to require submission of the schedule, or because the information required is included in the consolidated financial statements and notes thereto.

(b) Exhibits. The following exhibits are included or incorporated by reference in this Annual Report on Form 10-K (and are numbered in accordance with Item 601 of Regulation S-K).

Exhibit Number	Description
3.1	Articles of Amendment and Restatement of Essential Properties Realty Trust, Inc., dated as of June 19, 2018 (Incorporated by reference to Exhibit 3.1 to the Company's Annual Report on Form 10-K filed on February 28, 2019)
3.2	Certificate of Correction to the Articles of Amendment and Restatement of Essential Properties Realty Trust, Inc., dated as of February 27, 2019 (Incorporated by reference to Exhibit 3.2 to the Company's Annual Report on Form 10-K filed on February 28, 2019)
3.3	Certificate of Notice, dated August 8, 2019 (Incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on August 8, 2019)
3.4	Certificate of Notice, dated February 28, 2020 (Incorporated by reference to Exhibit 3.4 to the Company's Annual Report on Form 10-K filed on March 2, 2020)
3.5	Amended and Restated Bylaws of Essential Properties Realty Trust, Inc. (Incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on November 16, 2020)
4.1	Form of Common Stock Certificate (Incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form S-11 filed on May 25, 2018)
4.2	Description of the Company's Common Stock, $0.01 par value (Incorporated by reference to Exhibit 4.4 to the Company’s Annual Report on Form 10-K filed on February 23, 2021)
4.3	Indenture, dated as of June 28, 2021, among Essential Properties, L.P., Essential Properties Realty Trust, Inc. and U.S. Bank National Association, as trustee, including the form of the Guarantee (Incorporated by reference to Exhibit 4.1 to the Company’s Current Report on Form 8-K filed on June 28, 2021)

Exhibit Number	Description
4.4	First Supplemental Indenture, dated as of June 28, 2021, among Essential Properties, L.P., Essential Properties Realty Trust, Inc. and U.S. Bank National Association, as trustee, including the form of the Notes (Incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed on June 28, 2021)
10.1	Agreement of Limited Partnership of Essential Properties, L.P. (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on June 26, 2018)
10.2	Amended and Restated Credit Agreement, dated as of April 12, 2019, among the Company, the Operating Partnership, the several lenders from time to time parties thereto, Barclays Bank PLC, as administrative agent, and Citigroup Global Markets Inc. and Bank of America, N.A., as co-syndication agents (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on April 18, 2019)
10.3	First Amendment to Amended and Restated Credit Agreement, dated November 22, 2019, among the Company, the Operating Partnership, Barclays Bank PLC, as administrative agent, and the lenders party thereto (Incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on November 27, 2019)
10.4	Second Amendment to Amended and Restated Credit Agreement, dated February 10, 2022, among the Company, the Operating Partnership, Wells Fargo Bank, National Association, as administrative agent, Barclays Bank PLC, as existing agent, and the lenders party thereto (Incorporated by reference to Exhibit 10.4 to the Company's Annual Report on Form 10-K filed February 16, 2022)
10.5	Third Amendment to Amended and Restated Credit Agreement, dated as of July 25, 2022, by and among the Company, the Operating Partnership, as borrower, certain subsidiaries of the Company, as subsidiary guarantors, Wells Fargo Bank, National Association, as administrative agent, and the lenders party thereto, as lenders (Incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q filed on July 28, 2022)
10.6	Fourth Amendment to Amended and Restated Credit Agreement, dated as of August 24, 2023, by and among the Company, the Operating Partnership, as borrower, certain subsidiaries of the Company, as subsidiary guarantors, Wells Fargo Bank, National Association, as administrative agent, and the lenders party thereto, as lenders (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on August 28, 2023)
10.7	Fifth Amendment to Amended and Restated Credit Agreement, dated as of July 11, 2024, by and among the Company, the Operating Partnership, as borrower, certain subsidiaries of the Company, as subsidiary guarantors, Wells Fargo Bank, National Association, as administrative agent, and the lenders party thereto, as lenders (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on July 17, 2024)
10.8*	Sixth Amendment to Amended and Restated Credit Agreement, dated as of February 6, 2025, by and among the Company, the Operating Partnership, as borrower, certain subsidiaries of the Company, as subsidiary guarantors, Wells Fargo Bank, National Association, as administrative agent, and the lenders party thereto, as lenders.
10.9	Credit Agreement, dated as of November 26, 2019, among the Company, the Operating Partnership, the several lenders from time to time parties thereto, Capital One, National Association, as administrative agent, Suntrust Robinson Humphrey, Inc. and Mizuho Bank Ltd., as co-syndication agents, and Chemical Bank, a division of TCF National Bank, as documentation agent (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on November 27, 2019)
10.10	First Amendment to Credit Agreement, dated as of February 18, 2022, among the Company, the Operating Partnership, as borrower, certain subsidiaries of the Company, as subsidiary guarantors, the lenders party thereto, as lenders, and Capital One, National Association, as administrative agent (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on February 22, 2022)
10.11	Second Amendment to Credit Agreement, dated as of August 23, 2022, among the Company, the Operating Partnership, as borrower, certain subsidiaries of the Company, as subsidiary guarantors, the lenders party thereto, as lenders, and Capital One, National Association, as administrative agent (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on August 24, 2022)
10.12†	Employment Agreement, effective as of January 1, 2022, by and between Essential Properties Realty Trust, Inc. and Peter M. Mavoides (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on January 6, 2022)

Exhibit Number	Description
10.13†	Essential Properties Realty Trust, Inc. 2018 Incentive Award Plan, effective as of June 19, 2018 (Incorporated by reference to Exhibit 10.18 to the Company’s Current Report on Form 8-K filed on June 26, 2018)
10.14†	Amended & Restated Employment Agreement between Essential Properties Realty Trust, Inc. and Mark E. Patten, effective as of October 3, 2024 (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on October 7, 2024)
10.15	Form of Indemnification Agreement between Essential Properties Realty Trust, Inc. and each of its directors and executive officers (Incorporated by reference to Exhibit 10.2 to the Company’s Current Report on Form 8-K filed on July 7, 2020)
10.16†	Essential Properties Realty Trust, Inc. 2023 Incentive Award Plan, effective as of May 15, 2023 (Incorporated by reference to Annex B to the Company’s Current Report on Form Schedule 14A filed on April 4, 2023)
19.1*	Amended and Restated Insider Trading and Confidentiality Policy
21.1*	Subsidiaries of the Company
22*	List of Guarantors and Subsidiary Issuers of Guaranteed Securities
23.1*	Consent of Grant Thornton LLP
24.1*	Power of Attorney (set forth on the signature page to this Annual Report on Form 10-K)
31.1*	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1**	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2**	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
97.1*	Policy Relating to Recovery of Erroneously Awarded Compensation
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document
104*	Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Filed herewith.

** Furnished herewith.

† Indicates management contract or compensatory plan.

Item 16. Form 10-K Summary

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ESSENTIAL PROPERTIES REALTY TRUST, INC.

Date: February 12, 2025	By:	/s/ Peter M. Mavoides
		Peter M. Mavoides
		President and Chief Executive Officer
		(Principal Executive Officer)

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below does hereby constitute and appoint Peter M. Mavoides and Mark E. Patten, and each of them singly, his or her true and lawful attorneys with full power to them, and each of them singly, to sign for each of the undersigned and in his or her name in the capacities indicated below, any and all amendments to this Annual Report on Form 10-K, and generally to do all such things in our names and in our capacities as officers and directors to enable Essential Properties Realty Trust, Inc. to comply with the provisions of the Securities Exchange Act of 1934, as amended, and all requirements of the Securities and Exchange Commission in connection therewith.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Name	Title	Date
/s/ Peter M. Mavoides Peter M. Mavoides	Director, President and Chief Executive Officer (Principal Executive Officer)	February 12, 2025
/s/ Mark E. Patten Mark E. Patten	Executive Vice President, Chief Financial Officer, Treasurer and Corporate Secretary (Principal Financial Officer)	February 12, 2025
/s/ Timothy J. Earnshaw Timothy J. Earnshaw	Senior Vice President and Chief Accounting Officer (Principal Accounting Officer)	February 12, 2025
/s/ Joyce DeLucca Joyce DeLucca	Director	February 12, 2025
/s/ Scott A. Estes Scott A. Estes	Director	February 12, 2025
/s/ Lawrence J. Minich Lawrence J. Minich	Director	February 12, 2025
/s/ Heather L. Neary Heather Leed Neary	Director	February 12, 2025
/s/ Stephen D. Sautel Stephen D. Sautel	Director	February 12, 2025
/s/ Janaki Sivanesan Janaki Sivanesan	Director	February 12, 2025

ESSENTIAL PROPERTIES REALTY TRUST, INC.
Schedule III - Real Estate and Accumulated Depreciation
As of December 31, 2024
(Dollar amounts in thousands)

Description (a)		Initial Cost to Company		Cost Capitalized Subsequent to Acquisition (b)		Gross Amount at December 31, 2024 (c)(d)					
Tenant Industry & State	# of Properties	Land & Improvements	Building & Improvements	Land & Improvements	Building & Improvements	Land & Improvements	Building & Improvements	Total	Accumulated Depreciation (e)(f)	Year Constructed (Range)	Year Acquired (Range)
Automotive Service											
Alabama	2	$ 770	$ 882	$ —	$ —	$ 770	$ 882	$ 1,652	$ (152)	1988-1991	2019
Arkansas	1	193	258	—	—	193	258	451	(6)	N/A	2024
Arizona	9	10,587	19,611	—	—	10,587	19,611	30,198	(2,378)	1975-2018	2020-2021
California	4	4,502	8,499	—	—	4,502	8,499	13,001	(868)	1953-1991	2021-2022
Colorado	7	6,027	11,544	—	170	6,027	11,714	17,741	(1,294)	1990-2008	2021-2022
Connecticut	4	3,962	9,332	—	—	3,962	9,332	13,294	(276)	1958-1958	2023-2024
Florida	5	3,445	4,686	—	196	3,445	4,882	8,327	(375)	1974-2000	2017-2024
Georgia	25	12,757	27,387	—	—	12,757	27,387	40,144	(2,059)	1983-2012	2017-2024
Iowa	2	747	1,462	—	245	747	1,707	2,454	(75)	1946	2023
Illinois	8	4,032	9,513	—	54	4,032	9,567	13,599	(964)	1927-1999	2019-2023
Indiana	12	4,600	11,106	555	302	5,155	11,408	16,563	(641)	1950-2024	2018-2024
Kansas	7	3,009	4,366	—	—	3,009	4,366	7,375	(489)	1981-2018	2021
Kentucky	8	6,125	7,539	—	—	6,125	7,539	13,664	(201)	1968-2006	2023-2024
Louisiana	1	663	1,365	—	—	663	1,365	2,029	(14)	2005	2024
Massachusetts	1	512	1,804	—	—	512	1,804	2,316	(69)	N/A	2023-2023
Maryland	4	3,973	12,825	—	—	3,973	12,825	16,798	(2,752)	1952-2016	2017-2018
Maine	3	1,633	4,920	—	—	1,633	4,920	6,553	(215)	1985	2023-2024
Michigan	12	5,277	10,807	—	—	5,277	10,807	16,084	(1,847)	1955-2014	2017-2023
Minnesota	6	4,177	7,910	201	70	4,378	7,980	12,358	(1,659)	1973-1999	2016-2021
Missouri	10	4,603	10,515	—	200	4,603	10,715	15,318	(910)	1960-2015	2021-2024
Mississippi	8	3,636	6,779	—	—	3,636	6,779	10,415	(562)	1988-2002	2021-2024
North Carolina	10	4,004	3,624	—	—	4,004	3,624	7,628	(787)	1990-2008	2018-2024
Nebraska	1	1,177	479	—	—	1,177	479	1,656	(80)	1995	2021
New Jersey	16	18,996	22,047	—	—	18,996	22,047	41,043	(3,313)	1928-1995	2020-2023
New Mexico	3	800	3,016	—	50	800	3,066	3,866	(315)	1989-1994	2021-2022
New York	9	4,025	10,443	—	—	4,025	10,443	14,468	(1,584)	1978-2019	2016-2024
Ohio	9	3,754	6,732	—	742	3,754	7,474	11,228	(657)	1960-2004	2018-2024
Oklahoma	24	10,639	32,769	—	—	10,639	32,769	43,408	(3,885)	1967-2019	2018-2024
Oregon	2	1,076	1,104	—	—	1,076	1,104	2,180	(131)	1984-1984	2022
Pennsylvania	7	6,178	10,205	—	—	6,178	10,205	16,383	(1,205)	1968-2012	2017-2024
Rhode Island	1	1,834	2,178	—	—	1,834	2,178	4,012	(142)	2001	2023
South Carolina	7	3,468	4,290	—	580	3,468	4,870	8,338	(221)	2007-2024	2020-2024
Tennessee	4	2,328	3,388	—	—	2,328	3,388	5,716	(436)	1990-2016	2017-2024
Texas	16	11,809	23,908	—	600	11,809	24,508	36,317	(4,128)	1970-2017	2016-2024
Virginia	2	837	1,192	—	—	837	1,192	2,029	(123)	1983-2006	2020-2024
Wisconsin	9	3,175	7,554	—	74	3,175	7,627	10,802	(766)	1985-1997	2021-2022
West Virginia	6	1,985	4,519	—	—	1,985	4,519	6,504	(569)	1983-2007	2020-2022

Description (a)		Initial Cost to Company		Cost Capitalized Subsequent to Acquisition (b)		Gross Amount at December 31, 2024 (c)(d)					
Tenant Industry & State	# of Properties	Land & Improvements	Building & Improvements	Land & Improvements	Building & Improvements	Land & Improvements	Building & Improvements	Total	Accumulated Depreciation (e)(f)	Year Constructed (Range)	Year Acquired (Range)
Building Materials											
Alabama	2	$ 2,060	$ 3,640	$ —	$ —	$ 2,060	$ 3,640	$ 5,700	$ (977)	1975-2002	7/9/1905
Colorado	1	760	403	—	—	760	403	1,163	(108)	1983-1983	2017
Florida	1	934	638	—	—	934	638	1,572	(171)	2003	2017
Georgia	2	2,338	4,165	—	—	2,338	4,165	6,503	(1,118)	2003-2004	2017
Indiana	2	1,072	1,619	—	—	1,072	1,619	2,691	(351)	1979-1989	2020
Kentucky	1	414	200	—	—	414	200	614	(54)	1984-1984	2017
Michigan	3	4,438	8,425	—	—	4,438	8,425	12,863	(1,636)	1973-1995	2020
Ohio	6	3,011	4,573	—	—	3,011	4,573	7,584	(1,228)	1953-1996	2017
South Carolina	1	1,097	172	—	—	1,097	172	1,269	(46)	1983-1983	2017
Texas	4	5,228	3,746	—	—	5,228	3,746	8,974	(1,006)	1972-1985	2017
Car Washes											
Alabama	4	$ 7,009	$ 11,318	$ —	$ —	$ 7,009	$ 11,318	$ 18,327	$ (829)	2019-2024	2020-2023
Arkansas	3	2,799	11,394	—	—	2,799	11,394	14,193	(1,361)	1997-2024	2017-2022
Arizona	15	27,046	35,871	—	—	27,046	35,871	62,917	(3,834)	1988-2024	2016-2024
California	6	17,261	16,498	—	—	17,261	16,498	33,759	(625)	2004-2024	2023-2024
Colorado	5	11,343	9,801	—	—	11,343	9,801	21,144	(1,538)	2008-2024	2017-2024
Florida	8	13,302	29,693	—	283	13,302	29,977	43,279	(2,875)	2017-2021	2019-2024
Georgia	21	29,096	64,371	—	2,055	29,096	66,426	95,522	(10,239)	1967-2024	2016-2023
Iowa	2	5,930	4,573	—	—	5,930	4,573	10,503	(473)	2021-2021	2019-2022
Illinois	5	9,306	14,105	—	—	9,306	14,105	23,411	(850)	2017-2019	2020-2024
Indiana	4	2,683	15,713	—	—	2,683	15,713	18,396	(749)	1979-2024	2022
Kentucky	1	761	3,281	—	—	761	3,281	4,042	(65)	2024	2024
Louisiana	8	9,948	19,284	—	425	9,948	19,709	29,657	(1,763)	2012-2024	2017-2024
Michigan	1	1,725	4,185	—	—	1,725	4,185	5,910	—	2024	2022
Minnesota	1	1,430	3,253	—	—	1,430	3,253	4,683	(161)	2022	2023
Missouri	2	4,216	8,117	—	—	4,216	8,117	12,333	(93)	2024	2023
Mississippi	5	3,923	13,810	—	567	3,923	14,376	18,299	(1,057)	2008-2023	2020-2023
North Carolina	9	16,203	15,238	—	—	16,203	15,238	31,441	(1,314)	2003-2022	2019-2024
Nebraska	1	597	2,569	—	—	597	2,569	3,166	(342)	2021-2021	2019
New Mexico	4	2,461	12,216	—	—	2,461	12,216	14,677	(2,884)	1982-2013	2017
Nevada	5	11,776	10,385	—	—	11,776	10,385	22,161	(452)	2022	2023-2024
New York	8	6,538	24,076	—	—	6,538	24,076	30,614	(1,912)	1985-2022	2022-2023
Ohio	6	6,911	18,490	—	—	6,911	18,490	25,401	(2,157)	1990-2024	2021-2022
Oklahoma	2	2,921	5,517	—	—	2,921	5,517	8,438	(434)	2016-2024	2021-2022
South Carolina	4	5,894	9,796	—	—	5,894	9,796	15,690	(1,048)	2008-2021	2017-2024
South Dakota	6	5,890	14,859	—	1,225	5,890	16,084	21,974	(2,524)	1987-2017	2019
Tennessee	2	2,618	2,724	—	—	2,618	2,724	5,342	(159)	2023-2024	2022-2023
Texas	13	22,808	43,623	—	425	22,808	44,048	66,856	(2,481)	1970-2024	2020-2024
Virginia	15	23,330	42,604	298	259	23,628	42,863	66,491	(2,563)	1981-2024	2022-2024
Wisconsin	7	9,653	21,352	220	—	9,873	21,352	31,225	(707)	1966-2024	2023-2024

Description (a)		Initial Cost to Company		Cost Capitalized Subsequent to Acquisition (b)		Gross Amount at December 31, 2024 (c)(d)					
Tenant Industry & State	# of Properties	Land & Improvements	Building & Improvements	Land & Improvements	Building & Improvements	Land & Improvements	Building & Improvements	Total	Accumulated Depreciation (e)(f)	Year Constructed (Range)	Year Acquired (Range)
Convenience Stores											
Arkansas	7	$ 4,275	$ 6,867	$ —	$ 50	$ 4,275	$ 6,917	$ 11,192	$ (1,955)	1979-2012	7/11/1905
Arizona	2	2,085	2,791	—	34	2,085	2,825	4,910	(859)	1985-2002	2018
Colorado	1	272	1,047	—	—	272	1,047	1,319	(260)	1983-1983	2017
Iowa	3	1,362	2,380	—	—	1,362	2,380	3,742	(276)	1927-1996	2022
Illinois	4	3,786	3,067	—	—	3,786	3,067	6,853	(305)	1977-1999	2019-2024
Indiana	1	840	838	—	—	840	838	1,678	(322)	1999	2019
Kentucky	13	14,005	9,211	—	—	14,005	9,211	23,216	(2,492)	1990-1999	2018-2024
Minnesota	8	5,929	9,811	14	104	5,944	9,915	15,859	(3,255)	1967-2013	2017-2019
Missouri	2	1,327	1,654	—	—	1,327	1,654	2,981	(599)	1999-2003	2019-2019
North Carolina	4	3,206	2,637	—	—	3,206	2,637	5,843	(195)	1986-1991	2023-2024
New Mexico	18	16,284	17,873	—	—	16,284	17,873	34,157	(2,600)	1966-2024	2017-2024
New York	16	5,881	20,342	—	—	5,881	20,342	26,223	(6,741)	1970-2010	2016
Ohio	21	15,191	13,382	—	—	15,191	13,382	28,573	(5,021)	1996-2001	2019
Oklahoma	2	5,344	10,943	—	—	5,344	10,943	16,287	(101)	2024	2024
Pennsylvania	1	467	383	—	—	467	383	850	(172)	1996-1996	2019
South Carolina	14	18,096	16,656	—	—	18,096	16,656	34,752	(1,112)	1970-2011	2023-2024
Texas	8	12,411	21,629	—	506	12,411	22,135	34,546	(901)	1965-2024	2017-2024
Washington	1	568	508	—	—	568	508	1,076	(177)	1976	2018
Wisconsin	34	39,200	40,557	—	—	39,200	40,557	79,757	(9,725)	1950-2018	2017-2024
Early Childhood Education											
Arizona	17	$ 11,256	$ 16,171	$ —	$ 21	$ 11,256	$ 16,192	$ 27,448	$ (2,533)	1932-2021	2018-2024
Colorado	2	2,867	5,617	—	98	2,867	5,714	8,581	(424)	1988-1988	2019-2023
Connecticut	7	4,659	9,506	—	2,404	4,659	11,910	16,569	(2,440)	1957-2018	2018-2024
Florida	10	11,540	24,460	—	—	11,540	24,460	36,000	(4,118)	1973-2016	2017-2024
Georgia	11	11,490	28,094	—	—	11,490	28,094	39,584	(4,106)	1988-2016	2016-2024
Iowa	1	636	2,199	—	—	636	2,199	2,835	(248)	2005	2021-2021
Illinois	13	8,986	32,499	—	391	8,986	32,890	41,876	(3,004)	1972-2021	2019-2024
Indiana	1	1,229	3,084	—	—	1,229	3,084	4,313	(16)	N/A	2024
Kansas	2	2,056	4,914	—	—	2,056	4,914	6,970	(1,099)	2007-2017	2017-2019
Kentucky	3	1,545	3,916	—	—	1,545	3,916	5,461	(379)	2002-2003	2019-2024
Massachusetts	2	3,677	2,911	—	—	3,677	2,911	6,588	(405)	1990	2020-2024
Michigan	5	1,850	5,450	—	—	1,850	5,450	7,301	(837)	1987-2012	2018-2022
Minnesota	5	5,157	7,591	—	—	5,157	7,591	12,748	(499)	1984-2017	2021-2023
Missouri	8	4,239	14,583	19	81	4,258	14,664	18,922	(1,323)	1986-2009	2021-2022
Mississippi	2	2,085	2,547	—	124	2,085	2,671	4,756	(710)	2002-2008	2017-2018
North Carolina	22	20,463	35,245	—	100	20,463	35,345	55,808	(4,020)	1954-2018	2020-2023
Nebraska	1	224	813	—	—	224	813	1,037	(53)	2006	2022
New Hampshire	1	711	1,733	—	—	711	1,733	2,444	(64)	N/A	2023
New Jersey	3	1,734	4,867	—	—	1,734	4,867	6,601	(748)	1986-2002	2018-2024
Nevada	2	2,480	3,451	—	—	2,480	3,451	5,931	(457)	1998-2006	2021
New York	7	2,868	9,196	—	—	2,868	9,196	12,064	(370)	1986-2007	2023-2024

Description (a)		Initial Cost to Company		Cost Capitalized Subsequent to Acquisition (b)		Gross Amount at December 31, 2024 (c)(d)					
Tenant Industry & State	# of Properties	Land & Improvements	Building & Improvements	Land & Improvements	Building & Improvements	Land & Improvements	Building & Improvements	Total	Accumulated Depreciation (e)(f)	Year Constructed (Range)	Year Acquired (Range)
Ohio	30	23,197	61,829	31	9,321	23,228	71,150	94,378	(8,315)	1956-2023	2018-2023
Oklahoma	3	1,327	3,860	—	—	1,327	3,860	5,187	(335)	N/A	2022
Pennsylvania	12	10,670	28,267	—	—	10,670	28,267	38,937	(5,964)	1930-2010	2018-2023
South Carolina	1	1,323	5,218	—	—	1,323	5,218	6,541	(177)	2007	2023
Tennessee	3	2,356	4,420	—	—	2,356	4,420	6,776	(668)	1982-1996	2019-2024
Texas	19	16,499	38,912	—	529	16,499	39,441	55,940	(3,468)	1989-2024	2017-2024
Virginia	2	3,799	6,385	—	—	3,799	6,385	10,184	(992)	2006	2017-2021
Washington	5	2,235	5,154	—	—	2,235	5,154	7,389	(918)	1924-2002	2019
Wisconsin	9	6,979	25,474	—	—	6,979	25,474	32,453	(3,290)	1992-2007	2020-2024
Entertainment											
Alabama	2	$ 5,806	$ 8,631	$ —	$ —	$ 5,806	$ 8,631	$ 14,437	$ (1,750)	2002-2017	2017-2019
Arizona	5	4,903	21,304	—	—	4,903	21,304	26,207	(1,073)	1954-1981	2022-2023
California	1	1,320	2,320	—	—	1,320	2,320	3,640	(606)	1977	2017
Connecticut	3	4,681	15,584	—	—	4,681	15,584	20,265	(1,538)	1960-2019	2021-2023
Florida	2	6,456	6,815	—	4,500	6,456	11,315	17,771	(2,036)	2007	2017-2022
Iowa	1	2,560	6,120	—	—	2,560	6,120	8,680	(684)	N/A	2021
Idaho	1	886	2,768	—	—	886	2,768	3,654	(484)	2008	2019
Illinois	3	3,031	—	—	—	3,031	—	3,031	—	N/A	2024
Indiana	1	414	3,988	—	—	414	3,988	4,402	(89)	N/A	2024
Kansas	2	5,886	21,128	—	—	5,886	21,128	27,014	(1,751)	2018-2020	2022
Louisiana	2	3,403	3,115	—	—	3,403	3,115	6,518	(817)	2016	2018-2022
Maine	1	2,052	4,924	—	—	2,052	4,924	6,974	(488)	1989-1989	2021-2021
Michigan	1	693	4,593	—	2,908	693	7,501	8,194	(1,472)	1995	2017
Minnesota	10	10,877	20,806	—	—	10,877	20,806	31,683	(4,108)	1950-2009	2018-2023
Missouri	5	20,925	13,731	—	—	20,925	13,731	34,656	(3,502)	1990-2016	2022
North Carolina	3	11,014	21,176	—	—	11,014	21,176	32,190	(3,940)	1988-1996	2019-2022
Ohio	1	2,046	—	—	—	2,046	—	2,046	—	N/A	2024
Oklahoma	2	3,937	9,673	—	—	3,937	9,673	13,610	(865)	2020	2022-2024
Pennsylvania	1	823	2,028	—	—	823	2,028	2,851	(458)	2016	2019
Tennessee	2	18,026	1,873	—	—	18,026	1,873	19,899	(693)	1940-2013	2022
Texas	7	22,488	44,160	—	—	22,488	44,160	66,648	(3,264)	1981-2022	2022-2023
Utah	2	6,178	26,923	—	—	6,178	26,923	33,101	(66)	2023	2024
Virginia	1	4,821	7,264	—	—	4,821	7,264	12,085	(513)	1997	2023
Equipment Rental and Sales											
Alabama	4	$ 5,499	$ 6,985	$ 12	$ 864	$ 5,510	$ 7,849	$ 13,359	$ (790)	1974-2023	2020-2023
Arkansas	3	4,276	1,547	246	2,334	4,523	3,882	8,405	(338)	1982-1992	2019-2024
California	1	2,467	2,429	—	—	2,467	2,429	4,896	(137)	1992-1992	2023
Colorado	2	6,120	3,825	5	1,021	6,124	4,846	10,970	(1,005)	1990-2021	2020-2022
Connecticut	3	3,642	8,140	—	—	3,642	8,140	11,782	(322)	2002-2024	2020-2021
Delaware	1	3,542	720	—	1,127	3,542	1,847	5,389	(37)	1977-1977	2024
Florida	8	14,510	8,957	—	4,327	14,510	13,284	27,794	(940)	1964-2024	2019-2024

Description (a)		Initial Cost to Company		Cost Capitalized Subsequent to Acquisition (b)		Gross Amount at December 31, 2024 (c)(d)					
Tenant Industry & State	# of Properties	Land & Improvements	Building & Improvements	Land & Improvements	Building & Improvements	Land & Improvements	Building & Improvements	Total	Accumulated Depreciation (e)(f)	Year Constructed (Range)	Year Acquired (Range)
Georgia	3	6,704	4,891	236	3,176	6,940	8,067	15,007	(1,269)	1964-2019	2019-2023
Idaho	1	1,796	1,265	—	—	1,796	1,265	3,061	(143)	1992-1992	2023
Louisiana	1	1,006	227	16	1,164	1,022	1,390	2,412	(317)	2012-2012	2020
Massachusetts	2	1,756	2,904	161	282	1,917	3,186	5,103	(423)	1971-2024	2020
Michigan	3	8,721	10,804	—	1,753	8,721	12,557	21,278	(1,835)	1987-2020	2017-2024
Minnesota	1	2,630	2,882	—	690	2,630	3,572	6,202	(142)	2023	2024
Missouri	5	5,538	6,703	21	1,536	5,558	8,238	13,796	(1,224)	1995-2015	2019-2022
North Carolina	1	1,488	649	—	1,451	1,488	2,100	3,588	(84)	1955	2023
North Dakota	2	2,278	2,124	—	2,127	2,278	4,251	6,529	(269)	2012	2022-2024
New Hampshire	5	6,186	7,901	—	982	6,186	8,882	15,068	(319)	1982-2024	2020-2024
New Mexico	1	1,686	286	25	1,862	1,711	2,148	3,859	(426)	1970	2020
New York	8	10,739	13,956	—	971	10,739	14,927	25,666	(778)	1965-2024	2020-2024
Oklahoma	3	2,819	5,127	—	—	2,819	5,127	7,946	(350)	1997-2024	2021-2023
Pennsylvania	1	751	1,678	—	—	751	1,678	2,429	(356)	1987	2020
South Carolina	1	1,777	582	—	616	1,777	1,198	2,975	(109)	1974-1974	2023
Tennessee	2	3,511	3,713	816	1,734	4,327	5,448	9,775	(942)	1985-2018	2019-2022
Texas	15	20,637	20,711	—	7,318	20,637	28,029	48,666	(2,265)	1970-2024	2020-2024
Utah	2	6,262	5,937	—	2,746	6,262	8,682	14,944	(773)	1979	2019-2024
Virginia	1	2,076	199	—	581	2,076	780	2,856	(74)	1986	2023
Vermont	2	2,072	461	—	—	2,072	461	2,533	(8)	2024	2022-2024
Washington	3	7,456	2,786	492	4,659	7,948	7,445	15,393	(735)	1959-2022	2019-2024
West Virginia	1	992	3,313	—	1,075	992	4,388	5,380	(78)	1962	2024
Grocery											
Arkansas	6	$ 5,704	$ 12,942	$ —	$ 1,425	$ 5,704	$ 14,367	$ 20,071	$ (2,061)	1986-2020	2020-2021
Colorado	3	1,524	8,059	—	—	1,524	8,059	9,583	(402)	2001-2011	2023
Michigan	2	4,638	12,813	—	—	4,638	12,813	17,451	(1,045)	1969	2021-2024
Missouri	10	5,661	16,938	—	—	5,661	16,938	22,599	(2,851)	1970-2013	2020-2021
North Carolina	1	762	1,300	—	—	762	1,300	2,062	(309)	1992	2018
Oklahoma	3	1,606	8,726	—	—	1,606	8,726	10,332	(1,428)	1987-1993	2019-2020
Vermont	6	3,008	6,264	—	—	3,008	6,264	9,272	(23)	1960-2008	2024
Wisconsin	9	21,526	83,676	250	—	21,776	83,676	105,452	(7,539)	1982-2017	2021-2024
Health and Fitness											
Alabama	1	$ 1,102	$ 2,412	$ —	$ —	$ 1,102	$ 2,412	$ 3,514	$ (604)	2007	2017
Arizona	1	4,109	4,264	—	—	4,109	4,264	8,373	(587)	2021	2018
Colorado	1	1,484	4,491	—	—	1,484	4,491	5,975	(968)	1989	2017
Florida	2	5,291	5,975	—	2,572	5,291	8,546	13,837	(967)	1983-2000	2019-2021
Georgia	2	5,848	7,093	—	—	5,848	7,093	12,941	(866)	2005-2019	2017-2023
Iowa	1	2,505	4,294	—	—	2,505	4,294	6,799	—	2024	2023
Illinois	1	1,133	2,226	—	2,150	1,133	4,376	5,509	(674)	1986	2019
Indiana	2	3,732	6,298	—	—	3,732	6,298	10,030	(192)	2024	2023-2024
Kansas	2	3,601	4,909	—	—	3,601	4,909	8,510	—	2024	2023-2024

Description (a)		Initial Cost to Company		Cost Capitalized Subsequent to Acquisition (b)		Gross Amount at December 31, 2024 (c)(d)			Accumulated Depreciation (e)(f)	Year Constructed (Range)	Year Acquired (Range)
Tenant Industry & State	# of Properties	Land & Improvements	Building & Improvements	Land & Improvements	Building & Improvements	Land & Improvements	Building & Improvements	Total			
Kentucky	1	868	2,186	—	—	868	2,186	3,054	(507)	1994	2017
Massachusetts	3	10,541	29,129	316	3,766	10,857	32,896	43,753	(5,289)	2004-2009	2018
Michigan	1	2,509	—	—	—	2,509	—	2,509	—	1983	2024
Minnesota	1	886	4,746	—	—	886	4,746	5,632	(86)	2024	2024
North Carolina	1	912	883	761	1,875	1,674	2,759	4,433	(401)	1972	2018
Nebraska	1	781	—	—	—	781	—	781	—	1970	2024
New Mexico	1	938	1,503	—	—	938	1,503	2,441	(401)	2016	2017
Nevada	1	491	2,543	—	—	491	2,543	3,034	(428)	1970	2019
Oklahoma	6	10,489	28,786	—	559	10,489	29,346	39,835	(1,879)	1979-2024	2018-2024
Oregon	1	2,024	2,468	—	2,300	2,024	4,768	6,792	(643)	1999	2018
South Carolina	5	4,516	9,463	—	330	4,516	9,793	14,309	(1,867)	1993-2010	2018-2019
Texas	9	18,987	29,960	—	440	18,987	30,401	49,388	(1,750)	1974-2024	2019-2024
Utah	1	1,937	4,209	—	—	1,937	4,209	6,146	(965)	1984	2016
Home Furnishings											
Michigan	2	$ 3,369	$ 24,427	$ 69	$ 3,119	$ 3,438	$ 27,545	$ 30,983	$ (5,858)	1987-1992	7/9/1905
Missouri	1	273	4,683	—	—	273	4,683	4,956	(768)	2007	2018
Industrial											
Connecticut	4	$ 6,173	$ 19,694	$ —	$ —	$ 6,173	$ 19,694	$ 25,867	$ (1,265)	N/A	7/15/1905
Florida	5	10,576	5,299	—	—	10,576	5,299	15,875	(548)	1960-2003	2020-2023
Iowa	2	734	3,261	—	—	734	3,261	3,995	(217)	1991-1993	2022
Illinois	2	3,958	1,744	—	—	3,958	1,744	5,702	(204)	1951-1987	2022
Indiana	5	1,789	6,261	—	—	1,789	6,261	8,050	(474)	2000-2022	2022
Louisiana	1	490	761	—	1,783	490	2,544	3,034	(154)	N/A	2022
Massachusetts	1	272	998	—	—	272	998	1,270	(57)	N/A	2023
Mississippi	1	2,198	3,351	—	—	2,198	3,351	5,549	(306)	N/A	2022
North Carolina	1	909	746	—	—	909	746	1,655	(163)	N/A	2022
North Dakota	3	1,354	2,860	—	—	1,354	2,860	4,214	(130)	1954-1965	2023
New Mexico	1	695	6,332	—	—	695	6,332	7,027	(13)	2024	2024
Ohio	1	902	2,330	—	—	902	2,330	3,232	(197)	2000	2022
Oklahoma	1	922	5,548	—	—	922	5,548	6,470	(276)	N/A	2023
Pennsylvania	1	678	2,922	—	—	678	2,922	3,600	(258)	1989	2022
South Dakota	1	1,250	2,950	—	—	1,250	2,950	4,200	(299)	1992	2021
Tennessee	2	861	2,139	—	—	861	2,139	3,000	(133)	1997-2008	2022
Texas	2	6,234	10,297	—	—	6,234	10,297	16,531	(1,537)	2004-2008	2021-2024
Virginia	1	679	3,839	—	—	679	3,839	4,518	(415)	1964	2021-2021
Washington	1	4,383	110	—	—	4,383	110	4,493	(73)	2019	2023
Wisconsin	1	556	3,634	—	—	556	3,634	4,190	(18)	N/A	2024
Medical / Dental											
Alabama	6	$ 1,713	$ 9,755	$ —	$ —	$ 1,713	$ 9,755	$ 11,468	$ (1,528)	1990-2012	2016-2024
Arkansas	16	4,013	12,692	—	497	4,013	13,189	17,202	(2,372)	1950-2017	2018-2021

Description (a)		Initial Cost to Company		Cost Capitalized Subsequent to Acquisition (b)		Gross Amount at December 31, 2024 (c)(d)					
Tenant Industry & State	# of Properties	Land & Improvements	Building & Improvements	Land & Improvements	Building & Improvements	Land & Improvements	Building & Improvements	Total	Accumulated Depreciation (e)(f)	Year Constructed (Range)	Year Acquired (Range)
Arizona	4	5,606	6,790	—	1,913	5,606	8,703	14,309	(538)	1951-1967	2016-2024
California	2	1,260	2,863	—	—	1,260	2,863	4,123	(242)	1989	2021-2024
Connecticut	2	1,889	1,675	—	—	1,889	1,675	3,564	(327)	1840-2009	2021
Florida	16	17,314	57,776	—	200	17,314	57,976	75,290	(3,862)	1934-2019	2016-2024
Georgia	10	14,278	38,544	—	—	14,278	38,544	52,822	(1,914)	1960-2024	2016-2024
Iowa	3	1,252	2,085	—	—	1,252	2,085	3,337	(142)	1963-1990	2022
Illinois	11	4,816	14,474	—	—	4,816	14,474	19,290	(1,778)	1967-2008	2016-2023
Indiana	6	7,320	15,391	—	—	7,320	15,391	22,711	(1,519)	1976-2021	2016-2024
Kentucky	1	199	474	—	—	199	474	673	(128)	2000	2017
Massachusetts	4	853	2,784	—	—	853	2,784	3,637	(412)	1850-2005	2016-2020
Michigan	4	2,401	9,443	—	—	2,401	9,443	11,844	(913)	2007	2019-2021
Missouri	11	3,543	9,169	—	775	3,543	9,944	13,487	(1,319)	1979-2015	2016-2022
Mississippi	4	1,302	13,437	—	—	1,302	13,437	14,739	(1,797)	1970-2006	2016-2021
North Carolina	8	4,066	12,764	—	—	4,066	12,764	16,830	(855)	1996-2019	2021-2024
New Hampshire	7	5,304	18,868	—	—	5,304	18,868	24,172	(1,399)	1890-1984	2016-2023
New Jersey	1	1,731	6,560	—	—	1,731	6,560	8,291	(227)	2010	2023
New York	6	1,032	3,736	—	—	1,032	3,736	4,768	(488)	1940-2010	2016-2023
Ohio	25	13,672	34,052	—	189	13,672	34,241	47,913	(3,514)	1907-2017	2017-2024
Oklahoma	7	1,472	6,767	—	—	1,472	6,767	8,239	(773)	1964-2018	2021-2022
Oregon	3	5,256	5,408	—	—	5,256	5,408	10,664	(258)	2000-2024	2020-2024
Pennsylvania	2	505	3,641	—	—	505	3,641	4,146	(318)	N/A	2022
South Carolina	7	4,836	10,564	—	—	4,836	10,564	15,400	(1,542)	1936-1998	2016-2021
Texas	51	33,787	129,359	—	1,680	33,787	131,039	164,826	(18,413)	1940-2019	2016-2024
Virginia	1	1,172	3,965	—	—	1,172	3,965	5,137	(41)	2017	2024
Vermont	1	357	916	—	—	357	916	1,273	(99)	N/A	2021
Wyoming	1	620	2,550	—	—	620	2,550	3,170	(604)	2001	2017
Movie Theatres											
Alabama	2	$ 3,011	$ 10,643	$ 218	$ —	$ 3,229	$ 10,643	$ 13,872	$ (2,710)	2001-2013	2016-2018
North Carolina	1	1,826	2,798	—	—	1,826	2,798	4,624	(673)	2004	2018-2018
Ohio	1	2,126	10,097	—	—	2,126	10,097	12,223	(2,026)	1989	2017
South Carolina	1	1,465	7,081	—	—	1,465	7,081	8,546	(1,483)	2006	2017
Wisconsin	1	3,159	3,755	212	—	3,371	3,755	7,126	(1,083)	1997	2017
Other Services											
Alabama	1	$ 312	$ 176	$ —	$ —	$ 312	$ 176	$ 488	$ (86)	1978	2016
Colorado	2	2,706	3,861	—	—	2,706	3,861	6,567	(199)	2002	2016-2024
Georgia	5	2,293	7,204	—	—	2,293	7,204	9,497	(1,172)	1895-1998	2018-2023
Indiana	9	5,228	22,374	—	—	5,228	22,374	27,602	(176)	N/A	2024
Kentucky	2	1,503	4,613	—	—	1,503	4,613	6,116	(701)	1882-1999	2018-2022
North Carolina	5	6,390	7,954	—	—	6,390	7,954	14,344	(625)	1973	2018-2024
Ohio	3	246	1,056	—	—	246	1,056	1,302	(44)	1855-1863	2023
Oklahoma	1	2,257	2,073	—	—	2,257	2,073	4,330	(383)	2006	2021

Description (a)		Initial Cost to Company		Cost Capitalized Subsequent to Acquisition (b)		Gross Amount at December 31, 2024 (c)(d)					
Tenant Industry & State	# of Properties	Land & Improvements	Building & Improvements	Land & Improvements	Building & Improvements	Land & Improvements	Building & Improvements	Total	Accumulated Depreciation (e)(f)	Year Constructed (Range)	Year Acquired (Range)
Pennsylvania	2	3,771	625	—	—	3,771	625	4,396	(25)	2024	2023-2024
South Carolina	5	3,056	5,810	—	—	3,056	5,810	8,866	(468)	1937-2006	2016-2023
Tennessee	14	10,757	19,485	—	—	10,757	19,485	30,242	(3,001)	1870-2010	2016-2022
Texas	6	15,090	17,940	729	—	15,819	17,940	33,759	(2,757)	2006-2021	2021-2022
Virginia	1	1,259	1,786	—	—	1,259	1,786	3,045	(461)	1991	2018
Wisconsin	3	1,028	1,781	—	—	1,028	1,781	2,809	(69)	1997-2011	2023
Pet Care Services											
Alabama	1	$ 2,359	$ 4,730	$ —	$ —	$ 2,359	$ 4,730	$ 7,089	$ (292)	2023	2021
Arkansas	3	2,741	10,657	—	—	2,741	10,657	13,398	(793)	1979-2023	2017-2023
Arizona	2	2,386	2,589	13	1,575	2,399	4,164	6,563	(691)	1990-2008	2018
California	1	4,598	2,504	—	—	4,598	2,504	7,102	(38)	N/A	2024
Florida	4	2,933	4,718	—	—	2,933	4,718	7,651	(1,074)	2003-2023	2018-2021
Georgia	4	2,544	2,639	—	—	2,544	2,639	5,183	(394)	1950-2007	2019-2021
Illinois	3	1,475	1,504	—	—	1,475	1,504	2,979	(441)	1976-1995	2019
Indiana	6	2,672	6,648	—	—	2,672	6,648	9,320	(1,039)	1952-2024	2017-2019
Louisiana	1	485	701	—	183	485	884	1,369	(157)	2007	2019
Maryland	1	586	1,881	16	34	602	1,915	2,517	(255)	1988	2020
Missouri	1	537	752	—	—	537	752	1,289	(153)	1986-1986	2019
North Carolina	3	1,561	5,909	—	—	1,561	5,909	7,470	(712)	2014	2019-2021
Nebraska	1	381	332	—	—	381	332	713	(123)	1967	2019
New York	1	327	697	—	—	327	697	1,024	(47)	N/A	2023
Oklahoma	1	225	283	—	—	225	283	508	(104)	1993	2019
Oregon	1	192	324	—	—	192	324	516	(57)	1990-1990	2019
South Carolina	2	1,808	1,017	—	—	1,808	1,017	2,825	(199)	1994	2019-2023
Texas	2	2,923	7,667	—	—	2,923	7,667	10,590	(462)	2023	2021
Restaurants - Casual Dining											
Alabama	5	$ 2,954	$ 7,305	$ —	$ —	$ 2,954	$ 7,305	$ 10,259	$ (1,889)	1977-2007	2016-2017
Arkansas	1	1,392	1,929	—	—	1,392	1,929	3,321	(97)	2005	2023
Arizona	4	4,534	6,028	—	—	4,534	6,028	10,562	(283)	2002	2023-2024
California	1	1,044	1,386	—	—	1,044	1,386	2,430	(39)	N/A	2024
Colorado	5	6,278	9,228	—	—	6,278	9,228	15,506	(987)	1993	2016-2024
Florida	10	9,467	17,052	55	279	9,522	17,332	26,854	(3,193)	1988-2023	2016-2024
Georgia	6	5,991	8,193	—	600	5,991	8,793	14,784	(2,025)	1982-2005	2016-2023
Iowa	4	2,078	6,311	—	—	2,078	6,311	8,389	(984)	1950-2005	2018-2022
Illinois	4	4,947	11,178	50	18	4,997	11,195	16,192	(253)	1993-2019	2018-2024
Indiana	2	2,387	1,827	—	—	2,387	1,827	4,214	(100)	1999-2006	2020-2023
Kansas	2	3,045	1,382	—	—	3,045	1,382	4,427	(255)	2005	2021-2022
Kentucky	3	1,798	3,643	—	—	1,798	3,643	5,441	(465)	2001-2010	2019-2022
Louisiana	8	9,528	7,723	—	—	9,528	7,723	17,251	(427)	1984-2015	2016-2024
Massachusetts	10	12,982	14,943	—	—	12,982	14,943	27,925	(2,102)	1985-2008	2021-2021
Maryland	3	4,440	4,991	—	—	4,440	4,991	9,431	(772)	2003-2005	2017-2023

Description (a)		Initial Cost to Company		Cost Capitalized Subsequent to Acquisition (b)		Gross Amount at December 31, 2024 (c)(d)					
Tenant Industry & State	# of Properties	Land & Improvements	Building & Improvements	Land & Improvements	Building & Improvements	Land & Improvements	Building & Improvements	Total	Accumulated Depreciation (e)(f)	Year Constructed (Range)	Year Acquired (Range)
Michigan	10	6,569	14,905	—	—	6,569	14,905	21,474	(2,587)	1906-2003	2019-2022
Minnesota	2	7,921	14,090	—	—	7,921	14,090	22,011	(882)	1905-1947	2022
Missouri	6	11,010	13,268	—	—	11,010	13,268	24,278	(1,124)	2001-2023	2017-2024
Mississippi	4	5,540	3,043	—	—	5,540	3,043	8,583	(191)	1978-2014	2017-2024
North Carolina	1	594	2,391	—	—	594	2,391	2,985	(103)	2020	2023
Nebraska	1	545	1,905	—	—	545	1,905	2,450	(138)	N/A	2023
New Hampshire	1	1,978	2,127	—	—	1,978	2,127	4,105	(210)	1974	2021
New Jersey	8	9,625	28,327	—	—	9,625	28,327	37,952	(2,084)	1941-2005	2022
Ohio	7	11,701	19,833	—	—	11,701	19,833	31,534	(1,400)	1988-2004	2019-2024
Oklahoma	1	2,039	—	—	—	2,039	—	2,039	—	2024	2023
Pennsylvania	5	6,632	11,046	—	—	6,632	11,046	17,678	(825)	1880-2003	2022-2023
Rhode Island	1	830	1,171	—	—	830	1,171	2,001	(166)	1996	2021
South Carolina	2	2,603	1,768	—	29	2,603	1,797	4,400	(163)	2002-2003	2017-2023
South Dakota	2	3,049	4,190	—	—	3,049	4,190	7,239	(434)	2000	2021-2023
Tennessee	1	683	737	—	—	683	737	1,420	(189)	2003	2017
Texas	8	12,182	14,057	—	—	12,182	14,057	26,239	(1,174)	1999-2018	2016-2024
Virginia	4	5,421	7,302	—	—	5,421	7,302	12,722	(588)	2000-2005	2019-2024
Wisconsin	8	6,711	14,511	—	—	6,711	14,511	21,222	(48)	2000-2001	2024
West Virginia	2	953	3,180	—	—	953	3,180	4,134	(309)	1997-2006	2022
Restaurants - Family Dining											
Florida	1	$ 467	$ 421	$ —	$ 150	$ 467	$ 571	$ 1,038	$ (408)	1997	2016
Georgia	11	9,107	21,518	—	1,312	9,107	22,830	31,937	(1,876)	1968-2019	2017-2023
Iowa	1	804	563	—	—	804	563	1,367	(194)	1994	2016
Illinois	2	3,209	7,414	—	—	3,209	7,414	10,623	(226)	1978	2016-2024
Michigan	3	2,148	2,847	—	—	2,148	2,847	4,995	(514)	1973-2000	2019
Minnesota	4	2,433	2,451	—	—	2,433	2,451	4,884	(882)	1975-1991	2016
Missouri	2	1,038	1,153	—	—	1,038	1,153	2,191	(393)	1978-1979	2016
Pennsylvania	1	784	756	6	61	790	817	1,607	(273)	1995	2017
South Carolina	2	1,930	2,111	—	—	1,930	2,111	4,041	(385)	1978-2008	2020
Wisconsin	2	1,967	2,955	—	—	1,967	2,955	4,922	(715)	1976-2018	2016-2019
Restaurants - Quick Service											
Alaska	1	$ 428	$ 1,524	$ —	$ 350	$ 428	$ 1,874	$ 2,302	$ (364)	1972-1972	7/10/1905
Alabama	27	7,864	16,276	—	153	7,864	16,429	24,293	(3,630)	1972-2024	2016-2023
Arkansas	17	9,379	16,059	—	15	9,379	16,074	25,453	(2,601)	1977-2019	2016-2024
California	1	467	533	—	—	467	533	1,000	(169)	1993	2016
Colorado	1	698	1,036	—	—	698	1,036	1,734	(246)	1999	2018
Florida	18	14,341	20,085	—	—	14,341	20,085	34,426	(2,454)	1976-2024	2016-2024
Georgia	49	23,088	35,566	—	—	23,088	35,566	58,654	(6,868)	1975-2024	2016-2024
Iowa	7	2,268	6,367	—	75	2,268	6,442	8,710	(1,819)	1950-2004	2016-2019
Illinois	4	2,133	7,361	—	—	2,133	7,361	9,494	(462)	1950-2013	2016-2024
Indiana	12	8,647	12,622	—	—	8,647	12,622	21,269	(1,040)	2003-2023	2019-2023

Description (a)		Initial Cost to Company		Cost Capitalized Subsequent to Acquisition (b)		Gross Amount at December 31, 2024 (c)(d)					
Tenant Industry & State	# of Properties	Land & Improvements	Building & Improvements	Land & Improvements	Building & Improvements	Land & Improvements	Building & Improvements	Total	Accumulated Depreciation (e)(f)	Year Constructed (Range)	Year Acquired (Range)
Kansas	1	194	777	—	—	194	777	971	(186)	1971	2017
Kentucky	12	5,408	8,327	—	402	5,408	8,730	14,138	(1,555)	1969-2020	2016-2022
Louisiana	6	4,808	4,697	—	—	4,808	4,697	9,505	(767)	1983-2023	2019-2023
Massachusetts	9	5,251	5,131	—	—	5,251	5,131	10,382	(1,009)	1965-1987	2020
Maryland	1	338	624	—	—	338	624	962	(123)	2002-2002	2019
Michigan	11	3,579	8,554	—	—	3,579	8,554	12,133	(1,900)	1969-2015	2016-2024
Missouri	5	3,067	4,650	—	—	3,067	4,650	7,717	(542)	1987-2004	2016-2023
Mississippi	35	15,545	23,124	—	390	15,545	23,515	39,060	(4,064)	1968-2023	2016-2023
Montana	1	806	735	—	—	806	735	1,541	(83)	2023	2022
North Carolina	11	11,121	10,700	—	411	11,121	11,111	22,232	(507)	1986-2024	2016-2024
Nebraska	1	304	1,301	—	—	304	1,301	1,605	(384)	1998-1998	2016
New York	3	3,765	3,405	—	400	3,765	3,805	7,570	(1,127)	1968-2000	2016-2019
Ohio	9	3,710	10,833	—	—	3,710	10,833	14,543	(1,510)	1964-2024	2016-2022
Oklahoma	13	12,422	13,653	—	—	12,422	13,653	26,075	(1,417)	1965-2024	2020-2024
Oregon	1	252	131	—	—	252	131	383	(54)	2015	2016
Pennsylvania	3	1,369	1,710	—	—	1,369	1,710	3,079	(543)	1963-1994	2016-2019
South Carolina	8	5,453	8,515	—	—	5,453	8,515	13,968	(661)	1977-2009	2016-2024
Tennessee	20	11,922	16,126	—	354	11,922	16,480	28,402	(3,361)	1974-2023	2016-2023
Texas	43	32,873	35,803	—	1,501	32,873	37,304	70,177	(5,416)	1970-2020	2016-2024
Wisconsin	5	1,260	3,849	—	85	1,260	3,934	5,194	(306)	1981-2006	2016-2024
West Virginia	6	1,293	3,137	—	—	1,293	3,137	4,430	(892)	1976-1994	2016
Vacant Properties											
Georgia	1	$ 256	$ 362	$ —	$ 83	$ 256	$ 445	$ 701	$ (137)	1978	2017
Illinois	1	472	1,376	—	—	472	1,376	1,848	(309)	1991	2019
Louisiana	1	634	1,556	—	—	634	1,556	2,190	(537)	1993	2017
South Carolina	1	167	394	—	17	167	411	578	(104)	2014	2020
Washington	2	1,176	2,542	—	—	1,176	2,542	3,718	(762)	1982-1999	2019
Wyoming	1	424	930	—	—	424	930	1,354	(274)	1982-1982	2019
Grand Total	1,942	$ 1,859,547	$ 3,427,861	$ 6,063	$ 108,139	$ 1,865,610	$ 3,536,000	$ 5,401,610	$ (425,190)		

(a) As of December 31, 2024, the Company had investments in 2,104 single-tenant real estate property locations including 1,946 owned properties, 8 ground lease interests and 150 properties securing mortgage notes receivable. Three of the Company's owned properties are subject to leases accounted for as direct financing leases and are excluded from the table above. Additionally, the table above excludes four owned properties which are accounted for as loans receivable, as the leases contain purchase options, and five owned properties which are held for sale as of December 31, 2024. Initial costs exclude intangible lease assets totaling $82.9 million.

(b) Amounts shown as reductions to cost capitalized subsequent to acquisition represent provisions recorded for impairment of real estate or partial land dispositions.

(c) The aggregate cost for federal income tax purposes is $5.0 billion.

(d) The following is a reconciliation of carrying value for land and improvements and building and improvements for the periods presented:

(in thousands)	Year ended December 31, 2024	2023	2022
Balance, beginning of period	$ 4,480,314	$ 3,669,317	$ 3,040,073
Additions			
Acquisitions	818,088	887,407	751,610
Improvements	217,314	51,323	27,609
Deductions			
Provisions for impairment of real estate	(14,845)	(3,548)	(20,164)
Real estate investments held for sale	(10,018)	(7,455)	(4,780)
Cost of real estate sold	(89,319)	(116,029)	(123,081)
Other	76	(701)	(1,949)
Balance, end of period	$ 5,401,610	$ 4,480,314	$ 3,669,317

(e) The following is a reconciliation of accumulated depreciation for the periods presented:

(in thousands)	Year ended December 31, 2024	2023	2022
Balance, beginning of period	$ 321,944	$ 238,022	$ 169,126
Additions			
Depreciation expense	115,371	95,527	80,647
Deductions			
Accumulated depreciation associated with real estate investments sold and held for sale	(12,125)	(11,605)	(11,751)
Balance, end of period	$ 425,190	$ 321,944	$ 238,022

(f) Depreciation is calculated using the straight-line method over the estimated useful lives of the properties, which is up to 40 years for buildings and improvements and 15 years for land improvements.

See accompanying report of independent registered public accounting firm.

ESSENTIAL PROPERTIES REALTY TRUST, INC.
Schedule IV - Mortgage Loans on Real Estate
As of December 31, 2024
(Dollar amounts in thousands)

Description	# of Properties	Interest Rate	Final Maturity Date	Periodic Payment Terms	Final Payment Terms	Prior Liens	Face Amount of Mortgages	Carrying Amount of Mortgages	Principal Amount of Loans Subject to Delinquent Principal or Interest
First mortgage loans:									
Early Childhood Education Centers located in Florida	2	8.80%	5/9/2039	Interest only	Balloon - $12,000	None	$ 12,000	$ 11,864	None
Early Childhood Education Centers located in Florida	2	8.53%	7/17/2039	Interest only	Balloon - $7,300	None	7,300	7,213	None
Quick Service Restaurants located in fifteen states	69	7.79%	8/31/2034	Interest only	Balloon - $51,000	None	51,000	50,995	None
Early Childhood Education Center located in Florida	1	8.42%	2/29/2040	Interest only	Balloon - $5,300	None	5,300	5,243	None
Convenience Store located in Minnesota	1	8.54%	12/31/2026	Interest only	Balloon - $1,525	None	1,525	1,501	None
Convenience Stores located in Wisconsin and Iowa	2	8.33%	12/31/2026	Interest only	Balloon - $994	None	994	974	None
Casual Dining Restaurants located in Kentucky and Ohio	2	6.87%	5/31/2036	Interest only	Balloon - $2,520	None	2,520	2,520	None
Convenience Stores located in Iowa	2	8.33%	12/31/2026	Interest only	Balloon - $2,389	None	2,389	2,332	None
Entertainment Center located in New Jersey	1	8.99%	9/30/2051	Principal + Interest	Fully amortizing	None	29,100	29,088	None
Car Washes located in Nevada	5	7.30%	12/31/2036	Interest only	Balloon - $25,714	None	25,714	25,711	None
Car Wash located in Florida	1	7.73%	12/29/2036	Interest only	Balloon - $2,470	None	2,470	2,464	None
Casual Dining Restaurant located in Michigan	1	9.63%	1/31/2040	Interest only	Balloon - $1,754	None	1,754	1,740	None
Quick Service Restaurants located in three states	13	7.00%	2/28/2027	Interest only	Balloon - $10,070	None	10,070	10,016	None
Car Wash located in New Jersey	1	7.73%	3/31/2037	Interest only	Balloon - $3,600	None	3,600	3,591	None
Convenience Store located in Minnesota	1	8.29%	12/31/2026	Interest only	Balloon - $760	None	760	738	None
Car Wash located in Nevada	1	7.33%	12/31/2036	Interest only	Balloon - $4,960	None	4,960	4,946	None
Car Wash located in Nevada	1	7.43%	12/31/2036	Interest only	Balloon - $4,800	None	4,800	4,787	None
Car Washes located in three states	4	8.64%	12/31/2037	Interest only	Balloon - $12,250	None	12,250	12,246	None
Car Washes located in five states	9	8.85%	12/31/2037	Interest only	Balloon - $25,993	None	25,993	25,938	None
Entertainment Center located in Missouri	1	8.84%	1/13/2038	Interest only	Balloon - $10,200	None	10,200	10,189	None
Fitness Center located in Florida	1	8.10%	11/30/2025	Interest only	Balloon - $8,654	None	8,654	8,632	None
Medical / Dental Facilities located in five states	5	10.19%	1/31/2039	Interest only	Balloon - $16,059	None	16,059	16,057	None

Description	# of Properties	Interest Rate	Final Maturity Date	Periodic Payment Terms	Final Payment Terms	Prior Liens	Face Amount of Mortgages	Carrying Amount of Mortgages	Principal Amount of Loans Subject to Delinquent Principal or Interest
Early Childhood Education Centers located in four states	14	10.00%	6/30/2044	Interest only	Balloon - $57,454	None	57,454	57,450	None
Entertainment Center Located in New Jersey	1	10.20%	7/31/2034	Interest only	Balloon - $7,560	None	7,560	7,559	None
Convenience Store located in Texas	1	8.00%	8/13/2027	Interest only	Balloon - $900	None	900	886	None
Medical / Dental Facilities located in six states	6	10.18%	10/1/2039	Interest only	Balloon - $17,450	None	17,450	17,441	None
Early Childhood Education Centers located in Arizona	2	8.25%	9/30/2044	Interest only	Balloon - $6,400	None	6,400	6,392	None
							$ 329,176	$ 328,513	

The following table shows changes in carrying amounts of mortgage loans receivable during the years ended December 31, 2024, 2023 and 2022 (in thousands):

	Year ended December 31,		
	2024	2023	2022
Balance, beginning of period	$ 220,121	$ 233,978	$ 181,419
Additions:			
New mortgage loans	100,427	13,091	126,784
Subsequent funding on existing mortgage loans	17,459	—	17,236
Deductions:			
Collections of principal	(9,485)	(27,029)	(91,488)
Provision for credit losses	(9)	81	27
Balance, end of period	$ 328,513	$ 220,121	$ 233,978

See accompanying report of independent registered public accounting firm.