



ESSENTIAL PROPERTIES



Supplemental Operating & Financial Data

Third Quarter Ended September 30, 2019

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Financial Summary

Consolidated Statements of Operations

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

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

1. Includes contingent rent (based on a percentage of the tenant's gross sales at the leased property) of \$142, \$194, \$717 and \$877 for the three and nine months ended September 30, 2019 and 2018, respectively.

2. Includes reimbursable income from our tenants of \$238, \$7, \$1,179 and \$32 for the three and nine months ended September 30, 2019 and 2018, respectively.

3. Includes non-recurring expenses of \$2,473 for costs and charges incurred in connection with the Eldridge secondary offering and \$275 for a provision for potential settlement of litigation during the three and nine months ended September 30, 2019.

4. Includes reimbursable expenses from our tenants of \$238, \$7, \$1,179 and \$32 for the three and nine months ended September 30, 2019 and 2018, respectively.

5. Includes premium paid on repurchase of notes issued under our Master Trust Funding Program of \$1,400, the write-off of \$2,853 of deferred financing costs related to the repurchased notes and \$100 of legal costs related to the repurchase.

Financial Summary

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

| (unaudited, in thousands except per share amounts) | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|--|----------------------------------|------------------|---------------------------------|------------------|
| | 2019 | 2018 | 2019 | 2018 |
| Net income | \$ 14,106 | \$ 7,707 | \$ 33,399 | \$ 12,314 |
| Depreciation and amortization of real estate | 11,117 | 8,762 | 30,295 | 22,839 |
| Provision for impairment of real estate | — | 770 | 1,921 | 3,526 |
| Gain on dispositions of real estate, net | (4,087) | (1,455) | (8,237) | (5,100) |
| Funds from Operations | 21,136 | 15,784 | 57,378 | 33,579 |
| Other non-recurring expenses ¹ | 2,748 | — | 7,101 | — |
| Core Funds from Operations | 23,884 | 15,784 | 64,479 | 33,579 |
| Adjustments: | | | | |
| Straight-line rental revenue, net | (2,982) | (2,198) | (8,879) | (5,715) |
| Non-cash interest expense | 610 | 817 | 2,135 | 1,982 |
| Non-cash compensation expense | 1,051 | 1,051 | 3,524 | 1,398 |
| Other amortization and non-cash charges | 296 | 193 | 743 | 400 |
| Capitalized interest expense | (95) | (78) | (165) | (214) |
| Transaction costs | — | 32 | — | 58 |
| Adjusted Funds from Operations | \$ 22,764 | \$ 15,601 | \$ 61,837 | \$ 31,488 |
| Net income per share²: | | | | |
| Basic | \$ 0.18 | \$ 0.12 | \$ 0.46 | |
| Diluted | \$ 0.18 | \$ 0.12 | \$ 0.45 | |
| FFO per share²: | | | | |
| Basic | \$ 0.27 | \$ 0.25 | \$ 0.79 | |
| Diluted | \$ 0.27 | \$ 0.25 | \$ 0.78 | |
| Core FFO per share²: | | | | |
| Basic | \$ 0.31 | \$ 0.25 | \$ 0.89 | |
| Diluted | \$ 0.31 | \$ 0.25 | \$ 0.88 | |
| AFFO per share²: | | | | |
| Basic | \$ 0.29 | \$ 0.25 | \$ 0.85 | |
| Diluted | \$ 0.29 | \$ 0.25 | \$ 0.84 | |

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

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

Financial Summary

Consolidated Balance Sheets

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

Financial Summary

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

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

1. These adjustments are made to reflect EBITDAre, NOI and Cash NOI as if all investments in and dispositions of real estate made during the three months ended September 30, 2019 had occurred on July 1, 2019.
2. Adjustment includes certain non-recurring expenses recorded within general and administrative expenses in our consolidated statement of operations, including \$2,473 of costs and charges incurred in connection with the Eldridge secondary offering and a \$275 provision for potential settlement of litigation.
3. Adjustment excludes contingent rent (based on a percentage of the tenant's gross sales at the leased property) where payment is subject to exceeding a sales threshold specified in the lease.

Financial Summary

Market Capitalization, Debt Summary and Leverage Metrics

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

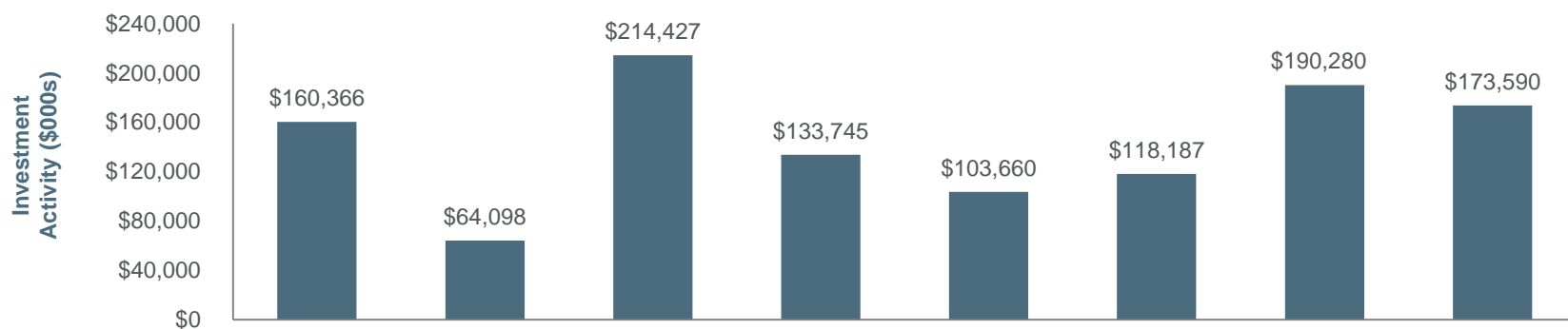
1. Maturity figures for our secured debt are based off of our anticipated repayment schedule. The Series 2016-1 notes mature in November 2046 but have an anticipated repayment date of November 2021. The Series 2017-1 notes mature in June 2047 but have an anticipated repayment date of June 2024.

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

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

Net Investment Activity

Investment Summary

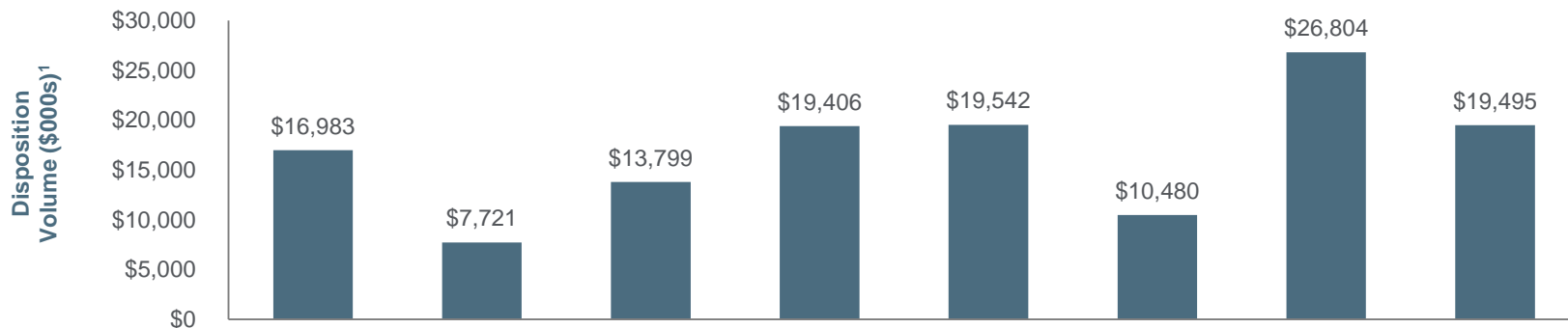


| Investments | 4Q 2017 | 1Q 2018 | 2Q 2018 | 3Q 2018 | 4Q 2018 | 1Q 2019 | 2Q 2019 ⁶ | 3Q 2019 ⁷ |
|---------------------------------------|---------|---------|---------|---------|---------|---------|----------------------|----------------------|
| Number of Transactions | 21 | 16 | 23 | 34 | 24 | 35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

1. Cash ABR for the first full month after the investment divided by the purchase price for the property.
2. GAAP rent for the first twelve months after the investment divided by the purchase price for the property.
3. As a percentage of cash ABR for that particular quarter.
4. Includes investments in mortgage loan receivables collateralized by more than one property.
5. Includes investments in mortgage loans receivable made in support of sale-leaseback transactions.
6. Included three properties that secured \$16.8 million of mortgage loans receivable.
7. Included 71 properties that secured \$35.3 million of mortgage loans receivable.

Net Investment Activity

Disposition Summary



| Dispositions | 4Q 2017 | 1Q 2018 | 2Q 2018 | 3Q 2018 | 4Q 2018 | 1Q 2019 | 2Q 2019 ⁷ | 3Q 2019 |
|---|---------|---------|-------------------|---------------------|---------|---------|----------------------|---------|
| Realized Gain/(Loss) ^{1,2} | 15.9% | (1.7%) | 9.7% ⁵ | (6.6%) ⁶ | 0.4% | 2.9% | 1.3% | 17.8% |
| Cash Cap Rate on Leased Assets ³ | 6.4% | 6.7% | 7.1% ⁵ | 6.8% ⁶ | 6.9% | 6.6% | 7.0% | 6.7% |
| Leased Properties Sold ⁴ | 9 | 5 | 8 | 17 | 7 | 7 | 10 | 9 |
| Vacant Properties Sold ⁴ | 3 | 1 | 2 | 4 | 1 | -- | 1 | 1 |
| Rent Coverage Ratio | 1.8x | 0.8x | 2.1x ⁵ | 1.8x ⁶ | 1.8x | 1.8x | 1.5x | 1.1x |

1. Net of transaction costs.

2. Gains/(losses) based on our aggregate allocated purchase price.

3. Cash ABR at time of sale divided by gross sale price (excluding transaction costs) for the property.

4. Property count excludes dispositions in which only a portion of the owned parcel is sold.

5. Excludes one property sold pursuant to an existing tenant purchase option.

6. Excludes the sale of one leasehold property.

7. Excludes the prepayment of two mortgage loans receivable for \$4.6 million.

Portfolio Summary

Portfolio Highlights

As of September 30, 2019

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

1. Includes one undeveloped land parcel and 75 properties that secure mortgage loans receivable.

2. Exclusive of GE Seed Portfolio.











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



Portfolio Summary

Tenant and Industry Diversification

Top 10 Tenant Exposure

| Top 10 Tenants ¹ | Properties | % of Cash ABR |
|---|------------|---------------|
|  | 74 | 3.7% |
|  | 13 | 3.0% |
|  | 4 | 2.8% |
|  | 5 | 2.7% |
|  | 34 | 2.7% |
|  | 12 | 2.3% |
|  | 13 | 2.3% |
|  | 5 | 2.1% |
|  | 25 | 2.1% |
|  | 7 | 2.0% |
| Top 10 Tenants | 192 | 25.5% |
| Total | 917 | 100.0% |

Diversification by Industry

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

1. Represents tenant, guarantor or parent company.

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

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

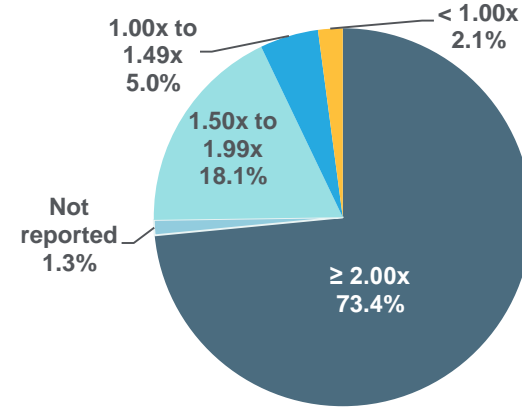
Portfolio Summary

Portfolio Health

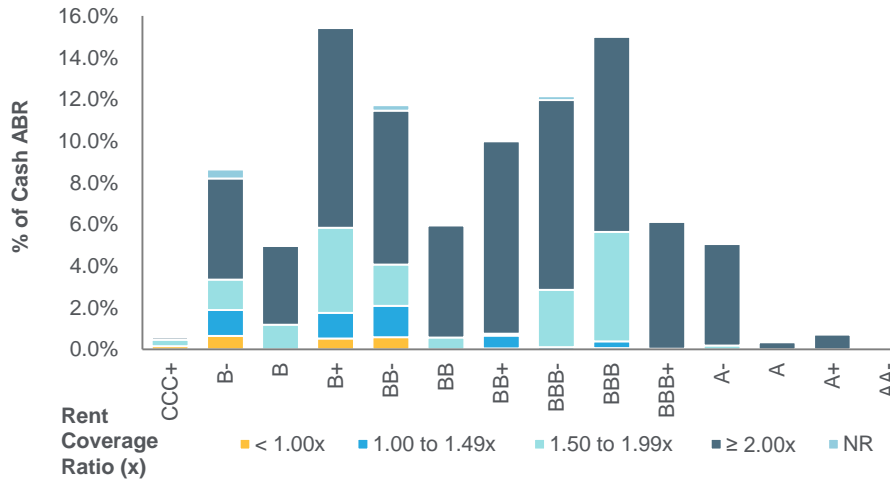
Tenant Financial Reporting

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

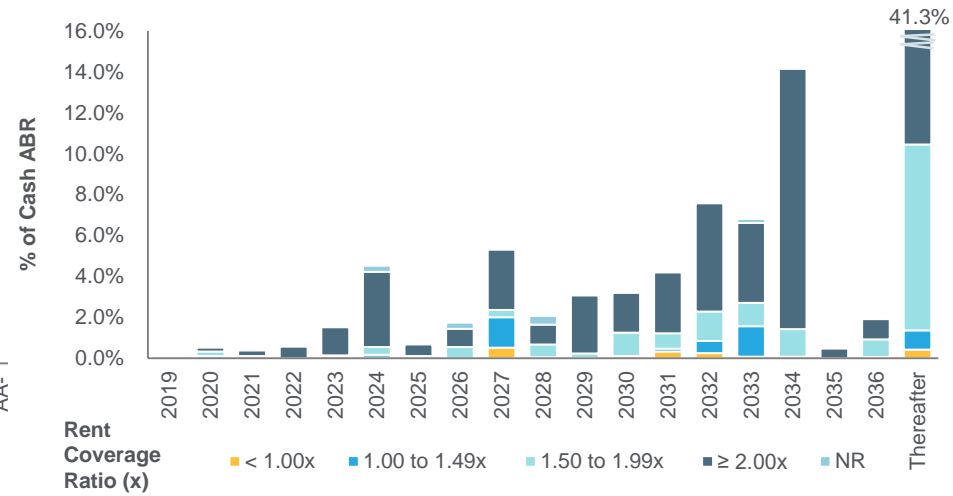
% of Cash ABR by Unit-Level Coverage Tranche¹



Unit-Level Coverage by Tenant Credit²



Unit-Level Coverage by Lease Expiration



Note: 'NR' means not reported.

- Certain tenants, whose leases do not require unit-level financial reporting, provide the Company with unit-level financial information. The data shown includes unit-level coverage for these leases.
- The chart illustrates the portions of annualized base rent as of September 30, 2019 attributable to leases with tenants having specified implied credit ratings based on their Moody's RiskCalc scores. Moody's equates the EDF scores generated using RiskCalc with a corresponding credit rating.

Leasing Summary

Leasing Expiration Schedule, Leasing Activity and Statistics

Annual Lease Expiration by Cash ABR

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

Leasing Activity – Trailing 12 Months

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

Leasing Statistics

| | |
|--|----------|
| Vacant Properties at June 30, 2019 | 0 |
| Expiration Activity | + 1 |
| Leasing Activity | 0 |
| Vacant Property Sales | - 1 |
| Vacant Properties at September 30, 2019 | 0 |

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

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

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

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

Leasing Summary

Same-Store Analysis

Defined Terms

Same-Store Portfolio:

All properties owned, excluding new sites under construction, for the entire same-store measurement period, which is July 1, 2018 through September 30, 2019. The same-store portfolio for 3Q 2019 is comprised of **538 properties** and represented **60%** of our current portfolio as measured by contractual cash rent divided by our cash ABR at September 30, 2019.

Contractual Cash Rent:

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

Same-Store Portfolio Performance

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



1. Excludes reimbursable property operating expenses.

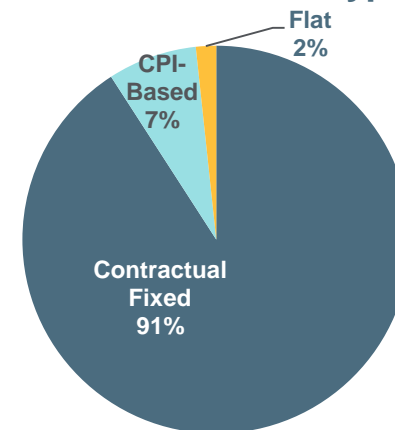
Leasing Summary

Lease Escalations

Lease Escalation Frequency

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

Lease Escalation Type



- Leases contributing 98% of cash ABR provided for base rent escalation, generally ranging from 1.0% to 4.0% annually, with a weighted average annual escalation rate of 1.6%, which assumes 0.0% change in annual CPI
- 7% of contractual rent escalations by cash ABR are CPI-based, while 91% are based on fixed percentage or scheduled increases
- 73% of cash ABR derived from flat leases is attributable to leases that provide for contingent rent based on a percentage of the tenant's gross sales at the leased property

1. Based on cash ABR as of September 30, 2019.

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

Glossary

Supplemental Reporting Measures

FFO, Core FFO and AFFO

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

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

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

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

To derive AFFO, we modify the NAREIT computation of FFO to include other adjustments to GAAP net income related to certain items that we believe are not indicative of our operating performance, including straight-line rental revenue, non-cash interest expense, non-cash compensation expense, other amortization and non-cash charges, capitalized interest expense and transaction costs. Such items may cause short-term fluctuations in net income but have no impact on operating cash flows or long-term operating performance. We believe that AFFO is an additional useful supplemental measure for investors to consider to assess our operating performance without the distortions created by non-cash and certain other revenues and expenses.

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

Glossary

Supplemental Reporting Measures

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

EBITDA and EBITDAre

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

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

Net Debt

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

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

NOI and Cash NOI

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

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

Glossary

Supplemental Reporting Measures and Other Terms

Adjusted EBITDAre / Adjusted NOI / Adjusted Cash NOI

We further adjust EBITDAre, NOI and Cash NOI i) based on an estimate calculated as if all investment and disposition activity that took place during the quarter had been made on the first day of the quarter, ii) to exclude certain GAAP income and expense amounts that we believe are infrequent and unusual in nature and iii) to eliminate the impact of lease termination fees and contingent rental revenue from our tenants which is subject to sales thresholds specified in the lease. We then annualize these estimates for the current quarter by multiplying them by four, which we believe provides a meaningful estimate of our current run rate for all investments as of the end of the current quarter. You should not unduly rely on these metrics as they are based on assumptions and estimates that may prove to be inaccurate. Our actual reported EBITDAre, NOI and Cash NOI for future periods may be significantly less than these estimates of current run rates.

Cash ABR

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

Rent Coverage Ratio

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

GE Seed Portfolio

GE seed portfolio means our acquisition of a portfolio of 262 net leased properties on June 16, 2016, consisting primarily of restaurants, that were being sold as part of the liquidation of General Electric Capital Corporation for an aggregate purchase price of \$279.8 million (including transaction costs).

GAAP Cap Rate

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

Cash Cap Rate

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