UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

☒ **Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the quarterly period ended June 30, 2022, or

☐ **Transition report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934**

Commission File Number 001-39529

BROADSTONE NET LEASE, INC.

(Exact name of registrant as specified in its charter)

Maryland	**26-1516177**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
800 Clinton Square Rochester, New York	**14604**
(Address of principal executive offices)	**(Zip Code)**

(585) 287-6500

(Registrant's telephone number, including area code)

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, $0.00025 par value	BNL	The New York Stock Exchange

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 is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

There were 173,115,020 shares of the Registrant's Common Stock, $0.00025 par value per share, outstanding as of August 2, 2022.

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Condensed Consolidated Balance Sheets
(Unaudited)
(in thousands, except per share amounts)

	June 30, 2022	December 31, 2021
Assets		
Accounted for using the operating method:		
Land	$ 731,208	$ 655,374
Land improvements	320,513	295,329
Buildings and improvements	3,503,478	3,242,618
Equipment	10,422	11,870
Total accounted for using the operating method	4,565,621	4,205,191
Less accumulated depreciation	(479,952)	(430,141)
Accounted for using the operating method, net	4,085,669	3,775,050
Accounted for using the direct financing method	28,584	28,782
Accounted for using the sales-type method	571	571
Investment in rental property, net	4,114,824	3,804,403
Cash and cash equivalents	16,813	21,669
Accrued rental income	124,297	116,874
Tenant and other receivables, net	2,069	1,310
Prepaid expenses and other assets	22,916	17,275
Interest rate swap, assets	26,562	—
Goodwill	339,769	339,769
Intangible lease assets, net	316,119	303,642
Debt issuance costs – unsecured revolving credit facility, net	6,956	4,065
Leasing fees, net	9,117	9,641
Total assets	$ 4,979,442	$ 4,618,648
Liabilities and equity		
Unsecured revolving credit facility	$ 320,657	$ 102,000
Mortgages, net	95,453	96,846
Unsecured term loans, net	587,098	646,671
Senior unsecured notes, net	844,178	843,801
Interest rate swap, liabilities	—	27,171
Accounts payable and other liabilities	42,923	38,038
Dividends payable	49,541	45,914
Accrued interest payable	6,086	6,473
Intangible lease liabilities, net	66,864	70,596
Total liabilities	2,012,800	1,877,510
Commitments and contingencies (See Note 18)		
Equity		
Broadstone Net Lease, Inc. stockholders' equity:		
Preferred stock, $0.001 par value; 20,000 shares authorized, no shares issued or outstanding	—	—
Common stock, $0.00025 par value; 500,000 shares authorized, 172,023 and 162,383 shares issued and outstanding at June 30, 2022 and December 31, 2021, respectively	43	41
Additional paid-in capital	3,125,377	2,924,168
Cumulative distributions in excess of retained earnings	(350,127)	(318,476)
Accumulated other comprehensive income (loss)	23,397	(28,441)
Total Broadstone Net Lease, Inc. stockholders' equity	2,798,690	2,577,292
Non-controlling interests	167,952	163,846
Total equity	2,966,642	2,741,138
Total liabilities and equity	$ 4,979,442	$ 4,618,648

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

Broadstone Net Lease, Inc. and Subsidiaries
Condensed Consolidated Statements of Income and Comprehensive Income
(Unaudited)
(in thousands, except per share amounts)

	For the Three Months Ended June 30, 2022	For the Three Months Ended June 30, 2021	For the Six Months Ended June 30, 2022	For the Six Months Ended June 30, 2021
Revenues				
Lease revenues, net	$ 98,013	$ 84,759	$ 191,854	$ 167,457
Operating expenses				
Depreciation and amortization	35,511	31,225	69,801	61,938
Property and operating expense	4,696	4,572	9,740	9,177
General and administrative	9,288	8,655	18,116	19,288
Provision for impairment of investment in rental properties	1,380	—	1,380	2,012
Total operating expenses	50,875	44,452	99,037	92,415
Other income (expenses)				
Interest income	—	6	—	11
Interest expense	(17,888)	(15,430)	(34,784)	(31,538)
Cost of debt extinguishment	—	—	—	(126)
Gain on sale of real estate	4,071	3,838	5,267	8,571
Income taxes	(401)	(301)	(813)	(714)
Change in fair value of earnout liability	—	(5,604)	—	(4,480)
Other income	2,632	4	1,506	14
Net income	35,552	22,820	63,993	46,780
Net income attributable to non-controlling interests	(2,036)	(1,606)	(3,719)	(3,343)
Net income attributable to Broadstone Net Lease, Inc.	$ 33,516	$ 21,214	$ 60,274	$ 43,437
Weighted average number of common shares outstanding				
Basic	169,555	146,119	166,698	145,728
Diluted	180,256	157,430	177,346	157,115
Net earnings per share attributable to common stockholders				
Basic and diluted	$ 0.20	$ 0.14	$ 0.36	$ 0.30
Comprehensive income				
Net income	$ 35,552	$ 22,820	$ 63,993	$ 46,780
Other comprehensive income				
Change in fair value of interest rate swaps	18,772	(2,911)	53,733	25,769
Realized loss (gain) on interest rate swaps	695	(42)	1,354	(83)
Comprehensive income	55,019	19,867	119,080	72,466
Comprehensive income attributable to non-controlling interests	(3,151)	(1,399)	(6,941)	(5,212)
Comprehensive income attributable to Broadstone Net Lease, Inc.	$ 51,868	$ 18,468	$ 112,139	$ 67,254

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

Broadstone Net Lease, Inc. and Subsidiaries
Condensed Consolidated Statements of Stockholders' Equity
(Unaudited)
(in thousands, except per share amounts)

	Common Stock	Additional Paid-in Capital	Cumulative Distributions in Excess of Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Non-controlling Interests	Total Stockholders' Equity
Balance, January 1, 2022	$ 41	$ 2,924,168	$ (318,476)	$ (28,441)	$ 163,846	$ 2,741,138
Net income	—	—	26,758	—	1,683	28,441
Issuance of 6,427 shares of common stock	1	136,825	—	—	—	136,826
Offering costs, discounts, and commissions	—	(2,218)	—	—	—	(2,218)
Stock-based compensation, net of one share of restricted stock forfeited	—	929	—	—	—	929
Retirement of 59 shares of common stock	—	(1,301)	—	—	—	(1,301)
Distributions declared ($0.265 per share and OP Unit)	—	—	(45,270)	—	(2,845)	(48,115)
Change in fair value of interest rate swap agreements	—	—	—	32,893	2,068	34,961
Realized loss on interest rate swap agreements	—	—	—	620	39	659
Adjustment to non-controlling interests	—	(1,843)	—	(45)	1,888	—
Balance, March 31, 2022	$ 42	$ 3,056,560	$ (336,988)	$ 5,027	$ 166,679	$ 2,891,320
Net income	—	—	33,516	—	2,036	35,552
Issuance of 3,281 shares of common stock	1	69,420	—	—	—	69,421
Offering costs, discounts, and commissions	—	(992)	—	—	—	(992)
Stock-based compensation, net of eight shares of restricted stock forfeited	—	1,381	—	—	—	1,381
Distributions declared ($0.270 per share and OP Unit)	—	—	(46,655)	—	(2,852)	(49,507)
Change in fair value of interest rate swap agreements	—	—	—	17,697	1,075	18,772
Realized loss on interest rate swap agreements	—	—	—	655	40	695
Adjustment to non-controlling interests	—	(992)	—	18	974	—
Balance, June 30, 2022	$ 43	$ 3,125,377	$ (350,127)	$ 23,397	$ 167,952	$ 2,966,642

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

Broadstone Net Lease, Inc. and Subsidiaries
Condensed Consolidated Statements of Stockholders' Equity - Continued
(Unaudited)
(in thousands, except per share amounts)

	Common Stock	Class A Common Stock	Additional Paid-in Capital	Cumulative Distributions in Excess of Retained Earnings	Accumulated Other Comprehensive Loss	Non-controlling Interests	Total Stockholders' Equity
Balance, January 1, 2021	$ 27	$ 9	$ 2,624,997	$ (259,673)	$ (66,255)	$ 179,976	$ 2,479,081
Net income	—	—	—	22,223	—	1,737	23,960
Issuance of 211 shares of common stock	—	—	233	—	—	—	233
Offering costs, discounts, and commissions	—	—	(500)	—	—	—	(500)
Stock-based compensation	—	—	1,769	—	—	—	1,769
Retirement of 45 shares of common stock	—	—	(832)	—	—	—	(832)
Conversion of 37,000 Class A common stock to 37,000 shares of common stock	9	(9)	—	—	—	—	—
Conversion of 38 OP Units to 38 shares of common stock	—	—	606	—	—	(606)	—
Distributions declared ($0.250 per share and OP Unit)	—	—	—	(36,690)	—	(2,963)	(39,653)
Change in fair value of interest rate swap agreements	—	—	—	—	26,602	2,078	28,680
Realized gain on interest rate swap agreements	—	—	—	—	(39)	(2)	(41)
Adjustment to non-controlling interests	—	—	(953)	—	1,008	(55)	—
Balance, March 31, 2021	$ 36	$ —	$ 2,625,320	$ (274,140)	$ (38,684)	$ 180,165	$ 2,492,697
Net income	—	—	—	21,214	—	1,606	22,820
Issuance of 11,659 shares of common stock	4	—	264,795	—	—	—	264,799
Issuance of 248 OP Units	—	—	—	—	—	—	—
Offering costs, discounts, and commissions	—	—	(11,013)	—	—	—	(11,013)
Stock-based compensation	—	—	951	—	—	—	951
Retirement of 16 shares of common stock	—	—	(309)	—	—	—	(309)
Conversion of 1,127 OP Units to 1,127 shares of common stock	—	—	17,859	—	—	(17,859)	—
Distributions declared ($0.255 per share and OP Unit)	—	—	—	(40,696)	—	(2,788)	(43,484)
Change in fair value of interest rate swap agreements	—	—	—	—	(2,708)	(203)	(2,911)
Realized gain on interest rate swap agreements	—	—	—	—	(38)	(4)	(42)
Adjustment to non-controlling interests	—	—	(7,472)	—	(466)	7,938	—
Balance, June 30, 2021	$ 40	$ —	$ 2,890,131	$ (293,622)	$ (41,896)	$ 168,855	$ 2,723,508

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

Broadstone Net Lease, Inc. and Subsidiaries
Condensed Consolidated Statements of Cash Flows
(Unaudited)
(in thousands)

	For the Six Months Ended June 30, 2022	2021
Operating activities		
Net income	$ 63,993	$ 46,780
Adjustments to reconcile net income including non-controlling interests to net cash provided by operating activities:		
Depreciation and amortization including intangibles associated with investment in rental property	67,476	60,570
Provision for impairment of investment in rental properties	1,380	2,012
Amortization of debt issuance costs and original issuance discount charged to interest expense	1,704	1,799
Stock-based compensation expense	2,310	2,720
Straight-line rent, direct financing and sales-type lease adjustments	(8,513)	(9,609)
Cost of debt extinguishment	—	126
Gain on sale of real estate	(5,267)	(8,571)
Change in fair value of earnout liability	—	4,480
Other non-cash items	628	139
Changes in assets and liabilities, net of acquisition:		
Tenant and other receivables	(326)	986
Prepaid expenses and other assets	1,040	1,088
Accounts payable and other liabilities	(6,079)	(3,367)
Accrued interest payable	(387)	(138)
Net cash provided by operating activities	117,959	99,015
Investing activities		
Acquisition of rental property accounted for using the operating method	(377,966)	(284,300)
Capital expenditures and improvements	(18,289)	(1,336)
Proceeds from disposition of rental property, net	16,402	43,144
Change in deposits on investments in rental property	(118)	(220)
Net cash used in investing activities	(379,971)	(242,712)
Financing activities		
Proceeds from issuance of common stock, net of $3,229 and $10,842 offering costs, discounts, and commissions in 2022 and 2021, respectively	202,628	253,647
Principal payments on mortgages and unsecured term loans	(61,389)	(51,593)
Borrowings on unsecured revolving credit facility	380,783	175,600
Repayments on unsecured revolving credit facility	(161,000)	(175,600)
Cash distributions paid to stockholders	(88,361)	(73,278)
Cash distributions paid to non-controlling interests	(5,647)	(5,927)
Cash paid for earnout liability	—	(1,926)
Debt issuance and extinguishment costs paid	(3,795)	(946)
Net cash provided by financing activities	263,219	119,977
Net increase (decrease) in cash and cash equivalents and restricted cash	1,207	(23,720)
Cash and cash equivalents and restricted cash at beginning of period	27,769	110,728
Cash and cash equivalents and restricted cash at end of period	$ 28,976	$ 87,008
Reconciliation of cash and cash equivalents and restricted cash		
Cash and cash equivalents at beginning of period	$ 21,669	$ 100,486
Restricted cash at beginning of period	6,100	10,242
Cash and cash equivalents and restricted cash at beginning of period	$ 27,769	$ 110,728
Cash and cash equivalents at end of period	$ 16,813	$ 78,987
Restricted cash at end of period	12,163	8,021
Cash and cash equivalents and restricted cash at end of period	$ 28,976	$ 87,008

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

1. Business Description

Broadstone Net Lease, Inc. (the "Corporation") is a Maryland corporation formed on October 18, 2007, that elected to be taxed as a real estate investment trust ("REIT") commencing with the taxable year ended December 31, 2008. The Corporation focuses on investing in income-producing, net leased commercial properties, primarily in the United States. The Corporation leases industrial, healthcare, restaurant, retail, and office commercial properties under long-term lease agreements. At June 30, 2022, the Corporation owned a diversified portfolio of 764 individual commercial properties with 757 properties located in 44 U.S. states and seven properties located in four Canadian provinces.

Broadstone Net Lease, LLC (the Corporation's operating company, or the "OP"), is the entity through which the Corporation conducts its business and owns (either directly or through subsidiaries) all of the Corporation's properties. The Corporation is the sole managing member of the OP. The membership units not owned by the Corporation are referred to as OP Units or non-controlling interests. As the Corporation conducts substantially all of its operations through the OP, it is structured as what is referred to as an umbrella partnership real estate investment trust ("UPREIT"). The Corporation, the OP, and its consolidated subsidiaries are collectively referred to as the "Company."

Pursuant to the Corporation's initial public offering ("IPO"), a new class of common stock ("Class A Common Stock") was issued. On March 20, 2021, each share of Class A Common Stock automatically converted into one share of common stock, and effective March 22, 2021, all shares of common stock were listed and freely tradeable on the NYSE under the symbol "BNL."

The following table summarizes the outstanding equity and economic ownership interest of the Corporation and the OP:

	June 30, 2022			December 31, 2021		
(in thousands)	Shares of Common Stock	OP Units	Total Diluted Shares	Shares of Common Stock	OP Units	Total Diluted Shares
Ownership interest	172,023	10,323	182,346	162,383	10,323	172,706
Percent ownership of OP	94.3 %	5.7 %	100.0 %	94.0 %	6.0 %	100.0 %

Refer to Note 16 for further discussion regarding the calculation of weighted average shares outstanding.

2. Summary of Significant Accounting Policies

Interim Information

The accompanying Condensed Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information (Accounting Standards Codification ("ASC") 270, *Interim Reporting*) and Article 10 of the Securities and Exchange Commission's ("SEC") Regulation S-X. Accordingly, the Corporation has omitted certain footnote disclosures which would substantially duplicate those contained within the audited consolidated financial statements for the year ended December 31, 2021, included in the Company's 2021 Annual Report on Form 10-K, filed with the SEC on February 23, 2022. Therefore, the readers of this quarterly report should refer to those audited consolidated financial statements, specifically Note 2, *Summary of Significant Accounting Policies*, for further discussion of significant accounting policies and estimates. The Corporation believes all adjustments necessary for a fair presentation have been included in these interim Condensed Consolidated Financial Statements (which include only normal recurring adjustments).

Principles of Consolidation

The Condensed Consolidated Financial Statements include the accounts and operations of the Company. All intercompany balances and transactions have been eliminated in consolidation.

To the extent the Corporation has a variable interest in entities that are not evaluated under the variable interest entity ("VIE") model, the Corporation evaluates its interests using the voting interest entity model. The Corporation has complete responsibility for the day-to-day management of, authority to make decisions for, and control of the OP. Based on consolidation guidance, the Corporation has concluded that the OP is a VIE as the members in the OP do not possess kick-out rights or substantive participating rights. Accordingly, the Corporation consolidates its interest in the OP. However, because the Corporation holds the majority voting interest in the OP and certain other conditions are met, it qualifies for the exemption from providing certain disclosure requirements associated with investments in VIEs.

The portion of the OP not owned by the Corporation is presented as non-controlling interests as of and during the periods presented.

Basis of Accounting

The Condensed Consolidated Financial Statements have been prepared in accordance with GAAP.

Use of Estimates

The preparation of Condensed Consolidated Financial Statements in conformity with GAAP requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the Condensed Consolidated Financial Statements and the reported amounts of revenues and expenses during the reporting periods. Significant estimates include, but are not limited to, the allocation of purchase price between tangible and intangible assets acquired and liabilities assumed, the value of long-lived assets and goodwill, the provision for impairment, the depreciable lives of rental property, the amortizable lives of intangible assets and liabilities, the probability of collecting outstanding and future lease payments, the fair value of the earnout liability, the fair value of assumed debt, the fair value of the Company's interest rate swap agreements, and the determination of any uncertain tax positions. Accordingly, actual results may differ from those estimates.

Long-lived Asset Impairment

The Company reviews long-lived assets to be held and used for possible impairment when events or changes in circumstances indicate that their carrying amounts may not be recoverable. If, and when, such events or changes in circumstances are present, an impairment exists to the extent the carrying value of the long-lived asset or asset group exceeds the sum of the undiscounted cash flows expected to result from the use of the long-lived asset or asset group and its eventual disposition. Such cash flows include expected future operating income, as adjusted for trends and prospects, as well as the effects of demand, competition, and other factors. An impairment loss is measured as the amount by which the carrying amount of the long-lived asset or asset group exceeds its fair value. Significant judgment is made to determine if and when impairment should be taken. The Company's assessment of impairment as of June 30, 2022 and 2021 was based on the most current information available to the Company. Certain of the Company's properties may have fair values less than their carrying amounts. However, based on the Company's plans with respect to each of those properties, the Company believes that their carrying amounts are recoverable and therefore, no impairment charges were recognized other than those described below. If the operating conditions mentioned above deteriorate or if the Company's expected holding period for assets changes, subsequent tests for impairments could result in additional impairment charges in the future.

Inputs used in establishing fair value for real estate assets generally fall within Level 3 of the fair value hierarchy, which are characterized as requiring significant judgment as little or no current market activity may be available for validation. The main indicator used to establish the classification of the inputs is current market conditions, as derived through the use of published commercial real estate market information. The Company determines the valuation of impaired assets using generally accepted valuation techniques including discounted cash flow analysis, income capitalization, analysis of recent comparable sales transactions, actual sales negotiations, and bona fide purchase offers received from third parties. Management may consider a single valuation technique or multiple valuation techniques, as appropriate, when estimating the fair value of its real estate.

The following table summarizes the Company's impairment charges, resulting primarily from changes in the Company's long-term hold strategy, with respect to the individual properties:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
(in thousands, except number of properties)	2022	2021	2022	2021
Number of properties	1	—	1	1
Impairment charge	$ 1,380	$ —	$ 1,380	$ 2,012

Restricted Cash

Restricted cash includes escrow funds the Company maintains pursuant to the terms of certain mortgages, lease agreements, and undistributed proceeds from the sale of properties under Section 1031 of the Internal Revenue Code of 1986, as amended (the "Code"), and is reported within Prepaid expenses and other assets on the Condensed Consolidated Balance Sheets. Restricted cash consisted of the following:

(in thousands)	June 30, 2022	December 31, 2021
Escrow funds and other	$ 6,634	$ 6,100
Undistributed 1031 proceeds	5,529	—
	$ 12,163	$ 6,100

Rent Received in Advance

Rent received in advance represents tenant payments received prior to the contractual due date, and is included in Accounts payable and other liabilities on the Condensed Consolidated Balance Sheets. Rent received in advance consisted of the following:

(in thousands)	June 30, 2022	December 31, 2021
Rent received in advance	$ 13,533	$ 15,162

Fair Value Measurements

Recurring Fair Value Measurements

The balances of financial instruments measured at fair value on a recurring basis are as follows (see Note 11):

	June 30, 2022			
(in thousands)	Total	Level 1	Level 2	Level 3
Interest rate swap, assets	$ 26,562	$ —	$ 26,562	$ —

	December 31, 2021			
(in thousands)	Total	Level 1	Level 2	Level 3
Interest rate swap, liabilities	$ (27,171)	$ —	$ (27,171)	$ —

Long-term Debt – The fair value of the Company's debt was estimated using Level 1, Level 2, and Level 3 inputs based on recent secondary market trades of the Company's 2031 Senior Unsecured Public Notes (see Note 9), recent financing transactions, estimates of the fair value of the property that serves as collateral for such debt, historical risk premiums for loans of comparable quality, current London Interbank Offered Rate ("LIBOR"), U.S. Treasury obligation interest rates, and discounted estimated future cash payments to be made on such debt. The discount rates estimated reflect the Company's judgment as to the approximate current lending rates for loans or groups of loans with similar maturities and assumes that the debt is outstanding through maturity. Market information, as available, or present value techniques were utilized to estimate the amounts required to be disclosed. Since such amounts are estimates that are based on limited available market information for similar transactions and do not acknowledge transfer or other repayment restrictions that may exist on specific loans, it is unlikely that the estimated fair value of any such debt could be realized by immediate settlement of the obligation.

The following table summarizes the carrying amount reported on the Condensed Consolidated Balance Sheets and the Company's estimate of the fair value of the unsecured revolving credit facility, mortgages, unsecured term loans, and senior unsecured notes which reflects the fair value of interest rate swaps:

(in thousands)	June 30, 2022	December 31, 2021
Carrying amount	$ 1,856,377	$ 1,699,160
Fair value	1,758,160	1,785,701

Non-recurring Fair Value Measurements

The Company's non-recurring fair value measurements at June 30, 2022 and December 31, 2021 consisted of the fair value of impaired real estate assets that were determined using Level 3 inputs.

Stock-Based Compensation

The Company has issued restricted stock awards ("RSAs") and performance-based restricted stock units ("PRSUs") under its 2020 Omnibus Equity and Incentive Plan (the "Equity Incentive Plan"). Subject to any adjustment as provided in the Equity Incentive Plan, up to 9,000,000 shares may be issued to awards granted under the Equity Incentive Plan. The Company accounts for stock-based incentives in accordance with ASC 718, *Compensation – Stock Compensation*, which requires that such compensation be recognized in the financial statements based on the award's estimated grant date fair value. The value of such awards is recognized as compensation expense in General and administrative expenses in the Condensed Consolidated Statements of Income and Comprehensive Income over the appropriate vesting period on a straight-line basis or at the cumulative amount vested at each balance sheet date, if greater. The Company records forfeitures during the period in which they occur by reversing all previously recorded stock compensation expense associated with the forfeited shares. Dividends declared on RSAs issued under the Equity Incentive Plan are recorded as Cumulative distributions in excess of retained earnings on the Condensed Consolidated Balance Sheets. Accumulated dividends related to forfeited RSAs are reversed through compensation expense in the period the forfeiture occurs. Dividends accrued on the PRSUs are recorded as Cumulative distributions in excess of retained earnings on the Condensed Consolidated Balance Sheets. Accumulated dividends accrued related to forfeited PRSUs are reversed in the period the forfeiture occurs.

Recently Adopted Accounting Standards

In August 2020, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2020-06, *Debt – Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging – Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity*. The guidance in ASU 2020-06 simplifies the accounting for convertible debt and convertible preferred stock by removing the requirements to separately present certain conversion features in equity. In addition, the amendments in ASU 2020-06 also simplify the guidance in ASC Subtopic 815-40, *Derivatives and Hedging: Contracts in Entity's Own Equity*, by removing certain criteria that must be satisfied in order to classify a contract as equity, which is expected to decrease the number of freestanding instruments and embedded derivatives accounted for as assets or liabilities. Finally, the amendments revise the guidance on calculating earnings per share, requiring use of the if-converted method for all convertible instruments. The amendments in ASU 2020-06 were effective for the Company beginning January 1, 2022. The Company uses the two-class method of computing basic and diluted earnings per share. Based on the nature of the Company's potentially dilutive instruments, the treasury stock method is not used in computing dilutive earnings per share. Accordingly, the adoption of ASU 2020-06 did not have a material impact on the Company.

3. Related-Party Transactions

Prior to the Company's internalization on February 7, 2020, the Company was externally managed by Broadstone Real Estate, LLC ("BRE") and Broadstone Asset Management, LLC (the "Asset Manager") subject to the direction, oversight, and approval of the Company's board of directors (the "Board of Directors"). As part of the internalization the Asset Manager and BRE merged into the Company. Accordingly, both BRE and the Asset Manager were related parties of the Company.

Earnout Consideration

In connection with the Company's internalization, the Company incurred a contingent obligation that would be payable to certain members of the Board of Directors and employees who had previously been owners and/or employees of BRE, upon the occurrence of certain events (see Note 4). On June 16, 2021, the Company achieved the earnout milestone applicable to tranche 1 of the earnout. As a result, the Company issued 145,195 shares of common stock, 247,899 OP Units and paid $1.9 million of cash during the three and six months ended June 30, 2021. The Company achieved the remaining volume-weighted average price ("VWAP") milestones and paid all earnout tranches (see Note 4) during the year ended December 31, 2021. As such, there was no such activity during the three and six months ended June 30, 2022.

Conversion of OP Units to Common Stock

During the three and six months ended June 30, 2021, in a non-cash transaction (see Note 17), the Company converted 1,019,874 OP Units held by an affiliated third party to 1,019,874 shares of common stock at a total conversion value of $16.2 million. There were no OP Units converted to common stock during the three and six months ended June 30, 2022.

4. Internalization

On February 7, 2020, the Company completed an internalization where the Company's management team and corporate staff, who were previously employed by BRE, became employees of an indirect subsidiary of the OP. The effect of the internalization has been reflected in the Company's operating results beginning on February 7, 2020.

In accordance with the Company's internalization, the Company was required to pay additional earnout consideration of up to $75.0 million payable in four tranches of $10.0 million, $15.0 million, $25.0 million, and $25.0 million if certain milestones related to the 40-day volume-weighted average price of a share of the Company's common stock ("VWAP per REIT Share") were achieved. The consideration consisted of a combination of cash, shares of the Company's common stock, and OP Units, based on the same proportions paid in the base consideration.

As of December 31, 2021, the Company achieved all four VWAP milestones, thereby triggering the payout of all earnout tranches. Below is a summary of the shares of common stock and OP Units issued, and cash paid for each earnout tranche:

(in thousands, except per share amounts)

Tranche	Shares of Common Stock Issued	OP Units Issued	Cash Paid	40-Day VWAP of a REIT Share	Achievement Date
1	145	248	$ 1,926 (a)	$ 22.50	June 16, 2021
2	218	371	2,888 (a)	23.75	July 14, 2021
3	363	620	4,117	24.375	September 21, 2021
4	363	620	4,117	25.00	September 21, 2021

(a) Cash payments include amounts earned for dividends.

5. Acquisitions of Rental Property

The Company closed on the following acquisitions during the six months ended June 30, 2022:

(in thousands, except number of properties) Date	Property Type	Number of Properties		Real Estate Acquisition Price	
January 7, 2022	Retail	2	$	2,573	
February 10, 2022	Industrial	1		21,733	
February 15, 2022	Retail	1		1,341	
February 28, 2022	Industrial	1		5,678	
March 4, 2022	Retail	6		79,061	
March 31, 2022	Restaurant	16		99,587	
April 12, 2022	Retail	1		1,680	
April 12, 2022	Industrial	1		7,522	
April 13, 2022	Industrial	1		16,250	
April 19, 2022	Retail	1		1,780	
May 16, 2022	Retail	1		2,264	
June 7, 2022	Retail	1		11,510	
June 13, 2022	Retail	1		1,638	
June 15, 2022	Retail	1		1,884	
June 21, 2022	Industrial	5		78,500	
June 29, 2022	Healthcare	1		12,467	
June 30, 2022	Industrial	1		29,500	
		42	$	374,968	(a)

(a) Acquisition price excludes capitalized acquisition costs of $3.1 million and a $17.4 million building expansion agreed to as a forward commitment in connection with a prior acquisition (see Note 18).

The Company closed on the following acquisitions during the six months ended June 30, 2021:

(in thousands, except number of properties) Date	Property Type	Number of Properties		Real Estate Acquisition Price	
February 5, 2021	Healthcare	1	$	4,843	
February 26, 2021	Restaurant	(b)		181	
March 11, 2021	Retail	13		26,834	
March 30, 2021	Retail	11		41,324	
March 31, 2021	Healthcare	3		14,140	
June 4, 2021	Retail	2		19,420	
June 9, 2021	Industrial	1		8,500	
June 9, 2021	Industrial	11		106,578	
June 25, 2021	Retail	8		12,131	
June 28, 2021	Healthcare	4		15,300	
June 30, 2021	Retail	1		1,279	
June 30, 2021	Healthcare	7		30,750	
		62	$	281,280	(c)

(b) Acquisition of additional land adjacent to an existing property.
(c) Acquisition price excludes capitalized acquisition costs of $3.0 million.

The Company allocated the purchase price of these properties to the fair value of the assets acquired and liabilities assumed. The following table summarizes the purchase price allocation for completed real estate acquisitions:

	For the Six Months Ended June 30,	
(in thousands)	2022	2021
Land	$ 77,088	$ 48,477
Land improvements	26,002	15,844
Buildings and improvements	253,500	197,064
Acquired in-place leases[(d)]	29,585	22,729
Acquired above-market lease [(e)]	—	211
Acquired below-market lease [(f)]	(76)	—
Non-real estate liabilities assumed	(8,051)	—
	$ 378,048 [(g)]	$ 284,325

(d) The weighted average amortization period for acquired in-place leases is 20 years and 14 years for acquisitions completed during the six months ended June 30, 2022 and 2021, respectively.

(e) The weighted average amortization period for the acquired above-market leases is 10 years for acquisitions completed during the six months ended June 30, 2021. There were no above-market leases acquired during the six months ended June 30, 2022.

(f) The weighted average amortization period for acquired below-market leases is nine years for acquisitions completed during the six months ended June 30, 2022. There were no below-market leases acquired during the six months ended June 30, 2021.

(g) Excludes $17.4 million building expansion agreed to as a forward commitment in connection with a prior acquisition (see Note 18).

The above acquisitions were funded using a combination of available cash on hand, and proceeds from equity issuances and revolving credit facility borrowings. All real estate acquisitions closed during the six months ended June 30, 2022 and 2021, qualified as asset acquisitions and, as such, acquisition costs have been capitalized.

Subsequent to June 30, 2022, the Company closed on the following acquisitions (see Note 19):

(in thousands, except number of properties) Date	Property Type	Number of Properties	Real Estate Acquisition Price
July 1, 2022	Retail	2	$ 3,052
July 7, 2022	Retail	1	2,171
July 8, 2022	Industrial	11	75,000
		14	$ 80,223

6. Sale of Real Estate

The Company closed on the following sales of real estate, none of which qualified as discontinued operations:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
(in thousands, except number of properties)	2022	2021	2022	2021
Number of properties disposed	3	11	4	19
Aggregate sale price	$ 11,889	$ 22,276	$ 17,101	$ 45,338
Aggregate carrying value	(7,311)	(17,201)	(11,135)	(34,573)
Additional sales expenses	(507)	(1,237)	(699)	(2,194)
Gain on sale of real estate	$ 4,071	$ 3,838	$ 5,267	$ 8,571

7. Investment in Rental Property and Lease Arrangements

The Company generally leases its investment rental property to established tenants in the industrial, healthcare, restaurant, retail, and office property types. At June 30, 2022, the Company had 764 real estate properties, 751 of which were leased under leases that have been classified as operating leases, 10 that have been classified as direct financing leases, one that has been classified as a sales-type lease, and two that were vacant. Of the 10 leases classified as direct financing leases, three include land portions which are accounted for as operating leases. The sales-type lease includes a land portion which is accounted for as an operating lease. Most leases have initial terms of 10 to 20 years. The Company's leases generally provide for limited increases in rent as a result of fixed increases, increases in the Consumer Price Index ("CPI"), or increases in the tenant's sales volume. Generally, tenants are also required to pay all property taxes and assessments, substantially maintain the interior and exterior of the building, and maintain property and liability insurance coverage. The leases also typically provide for one or more multiple year renewal options, at the election of the tenant, and are subject to generally the same terms and conditions as the initial lease.

Investment in Rental Property – Accounted for Using the Operating Method

Depreciation expense on investment in rental property was as follows:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
(in thousands)	2022	2021	2022	2021
Depreciation	$ 27,730	$ 24,144	$ 54,388	$ 47,887

Estimated lease payments to be received under non-cancelable operating leases with tenants at June 30, 2022 are as follows:

(in thousands)	
Remainder of 2022	$ 178,218
2023	359,960
2024	357,102
2025	350,807
2026	341,436
Thereafter	2,695,940
	$ 4,283,463

Since lease renewal periods are exercisable at the option of the tenant, the above amounts only include future lease payments due during the initial lease terms. Such amounts exclude any potential variable rent increases that are based on changes in the CPI or future variable rents which may be received under the leases based on a percentage of the tenant's gross sales. Additionally, certain of our leases provide tenants with the option to terminate their leases in exchange for termination penalties, or that are contingent upon the occurrence of a future event. Future lease payments within the table above have not been adjusted for these termination rights.

Investment in Rental Property – Direct Financing Leases

The Company's net investment in direct financing leases was comprised of the following:

(in thousands)	June 30, 2022	December 31, 2021
Undiscounted estimated lease payments to be received	$ 40,983	$ 42,602
Estimated unguaranteed residual values	15,203	15,203
Unearned revenue	(27,473)	(28,893)
Reserve for credit losses	(129)	(130)
Net investment in direct financing leases	$ 28,584	$ 28,782

Undiscounted estimated lease payments to be received under non-cancelable direct financing leases with tenants at June 30, 2022 are as follows:

(in thousands)	
Remainder of 2022	$ 1,622
2023	3,304
2024	3,361
2025	3,475
2026	3,547
Thereafter	25,674
	$ 40,983

The above rental receipts do not include future lease payments for renewal periods, potential variable CPI rent increases, or variable percentage rent payments that may become due in future periods.

The following table summarizes amounts reported as Lease revenues, net on the Condensed Consolidated Statements of Income and Comprehensive Income:

(in thousands)	For the Three Months Ended June 30, 2022	For the Three Months Ended June 30, 2021	For the Six Months Ended June 30, 2022	For the Six Months Ended June 30, 2021
Contractual rental amounts billed for operating leases	$ 87,505	$ 75,011	$ 171,901	$ 148,256
Adjustment to recognize contractual operating lease billings on a straight-line basis	5,090	4,724	10,111	9,533
Net write-offs of accrued rental income	—	—	(1,326)	(442)
Variable rental amounts earned	291	114	477	205
Earned income from direct financing leases	721	728	1,444	1,458
Interest income from sales-type leases	15	15	29	29
Operating expenses billed to tenants	4,263	4,196	8,998	8,584
Other income from real estate transactions	134	28	176	33
Adjustment to revenue recognized for uncollectible rental amounts billed, net	(6)	(57)	44	(199)
Total lease revenues, net	$ 98,013	$ 84,759	$ 191,854	$ 167,457

8. Intangible Assets and Liabilities

The following is a summary of intangible assets and liabilities and related accumulated amortization:

(in thousands)	June 30, 2022	December 31, 2021
Lease intangibles:		
Acquired above-market leases	$ 46,772	$ 47,147
Less accumulated amortization	(18,052)	(16,807)
Acquired above-market leases, net	28,720	30,340
Acquired in-place leases	407,993	380,766
Less accumulated amortization	(120,594)	(107,464)
Acquired in-place leases, net	287,399	273,302
Total intangible lease assets, net	$ 316,119	$ 303,642
Acquired below-market leases	$ 105,293	$ 105,310
Less accumulated amortization	(38,429)	(34,714)
Intangible lease liabilities, net	$ 66,864	$ 70,596
Leasing fees	$ 14,650	$ 14,786
Less accumulated amortization	(5,533)	(5,145)
Leasing fees, net	$ 9,117	$ 9,641

Amortization of intangible lease assets and liabilities was as follows:

(in thousands) Intangible	Financial Statement Presentation	For the Three Months Ended June 30, 2022	For the Three Months Ended June 30, 2021	For the Six Months Ended June 30, 2022	For the Six Months Ended June 30, 2021
Acquired in-place leases and leasing fees	Depreciation and amortization	$ 7,749	$ 7,058	$ 15,350	$ 14,005
Above-market and below-market leases	Lease revenues, net	1,170	665	2,331	1,418

Estimated future amortization of intangible assets and liabilities at June 30, 2022 is as follows:

(in thousands)	
Remainder of 2022	$ 13,338
2023	26,512
2024	25,752
2025	24,455
2026	23,105
Thereafter	145,210
	$ 258,372

9. Unsecured Credit Agreements

The following table summarizes the Company's unsecured credit agreements:

(in thousands, except interest rates)	Outstanding Balance June 30, 2022	Outstanding Balance December 31, 2021	Interest Rate	Maturity Date
Unsecured revolving credit facility	$ 320,657	$ 102,000	Applicable reference rate + 0.85% (a) (b) (c)	Mar. 2026
Unsecured term loans:				
2022 Unsecured Term Loan	—	60,000	one-month LIBOR + 1.00% (c)	Feb. 2022 (d)
2024 Unsecured Term Loan	190,000	190,000	one-month LIBOR + 1.00% (c)	Jun. 2024
2026 Unsecured Term Loan	400,000	400,000	one-month LIBOR + 1.00% (c)	Feb. 2026
Total unsecured term loans	590,000	650,000		
Unamortized debt issuance costs, net	(2,902)	(3,329)		
Total unsecured term loans, net	587,098	646,671		
Senior unsecured notes:				
2027 Senior Unsecured Notes - Series A	150,000	150,000	4.84%	Apr. 2027
2028 Senior Unsecured Notes - Series B	225,000	225,000	5.09%	Jul. 2028
2030 Senior Unsecured Notes - Series C	100,000	100,000	5.19%	Jul. 2030
2031 Senior Unsecured Public Notes	375,000	375,000	2.60%	Sep. 2031
Total senior unsecured notes	850,000	850,000		
Unamortized debt issuance costs and original issuance discount, net	(5,822)	(6,199)		
Total senior unsecured notes, net	844,178	843,801		
Total unsecured debt, net	$ 1,751,933	$ 1,592,472		

(a) At June 30, 2022, a balance of $243.0 million was subject to the one-month Secured Overnight Financing Rate of 1.69%. The remaining balance includes $100 million CAD borrowings remeasured to $77.7 million USD, which was subject to the one-month Canadian Dollar Offered Rate of 2.23%.

(b) At December 31, 2021, interest rate was one-month LIBOR plus 1.00%

(c) At June 30, 2022 and December 31, 2021, one-month LIBOR was 1.79% and 0.10%, respectively.

(d) The 2022 Unsecured Term Loan was paid in full in February 2022, with borrowings from the unsecured revolving credit facility.

At June 30, 2022, the weighted average interest rate on all outstanding borrowings was 3.33%, exclusive of interest rate swap agreements.

The Company is subject to various financial and operational covenants and financial reporting requirements pursuant to its unsecured credit agreements. These covenants require the Company to maintain certain financial ratios, including leverage, fixed charge coverage, debt service coverage, aggregate debt ratio, consolidated income available for debt to annual debt service charge, total unencumbered assets to total unsecured debt, and secured debt ratio, among others. As of June 30, 2022, and for all periods presented the Company believes it was in compliance with all of its loan covenants. Failure to comply with the covenants would result in a default which, if the Company were unable to cure or obtain a waiver from the lenders, could accelerate the repayment of the obligations. Further, in the event of default, the Company may be restricted from paying dividends to its stockholders in excess of dividends required to maintain its REIT qualification. Accordingly, an event of default could have a material and adverse impact on the Company.

On January 28, 2022, the Company amended and restated the unsecured revolving credit facility to increase the available borrowings to $1.0 billion and extend the maturity date to March 31, 2026. In addition to USD, borrowings under the unsecured revolving credit facility can be made in Pound Sterling, Euros or Canadian Dollars ("CAD") up to an aggregate amount of $500.0 million. Prior to the amendment, borrowings under the credit facility were subject to interest at variable rates based on LIBOR plus a margin based on the Company's current credit rating ranging between 0.825% to 1.55% per annum. Borrowings under the amended credit facility are subject to interest only payments at variable rates equal to the applicable reference rate plus a margin based on the Company's credit rating, ranging between 0.725% and 1.400%. In addition, the amended credit facility is subject to a facility fee on the amount of the revolving commitments, based on the Company's credit rating. The applicable facility fee is 0.200% per annum.

For the six months ended June 30, 2022, the Company incurred $3.8 million in debt issuance costs associated with the unsecured revolving credit facility. For the six months ended June 30, 2021, the Company incurred $1.0 million in debt issuance costs associated with the amended 2026 Unsecured Term Loan. The Company did not incur debt issuance costs during the three months ended June 30, 2022 and 2021.

For each separate debt instrument, on a lender by lender basis, in accordance with ASC 470-50, *Debt Modifications and Extinguishment*, the Company performed an assessment of whether the transaction was deemed to be new debt, a modification of existing debt, or an extinguishment of existing debt. Debt issuance costs are either deferred and amortized over the term of the associated debt or expensed as incurred.

With respect to the unsecured revolving credit facility amendment, the transaction was deemed to be new debt and therefore, the debt issuance costs incurred during the six months ended June 30, 2022, have been deferred and are being amortized over the term of the associated debt. With respect to the amended 2026 Unsecured Term Loan, the transaction was deemed to be a modification of existing debt and therefore the $0.9 million of debt issuance costs paid to lenders were deferred and are being amortized over the term of the associated debt. The remaining debt issuance costs of $0.1 million were expensed as incurred during the six months ended June 30, 2021.

Debt issuance costs and original issuance discounts are amortized as a component of Interest expense in the accompanying Condensed Consolidated Statements of Income and Comprehensive Income. The following table summarizes debt issuance cost and original issuance discount amortization:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
(in thousands)	2022	2021	2022	2021
Debt issuance costs and original issuance discount amortization	$ 900	$ 956	$ 1,756	$ 1,870

10. Mortgages

The Company's mortgages consist of the following:

(in thousands, except interest rates) Lender	Origination Date (Month/Year)	Maturity Date (Month/Year)	Interest Rate	June 30, 2022	December 31, 2021	
Wilmington Trust National Association	Apr-19	Feb-28	4.92%	$ 46,142	$ 46,760	(a) (b) (c) (d)
Wilmington Trust National Association	Jun-18	Aug-25	4.36%	19,355	19,557	(a) (b) (c) (e)
PNC Bank	Oct-16	Nov-26	3.62%	16,886	17,094	(b) (c)
T2 Durham I, LLC	Jul-21	Jul-24	Greater of Prime + 1.25% or 5.00%	7,500	7,500	(b) (f)
Aegon	Apr-12	Oct-23	6.38%	5,837	6,249	(b) (g)
Total mortgages				95,720	97,160	
Debt issuance costs, net				(267)	(314)	
Mortgages, net				$ 95,453	$ 96,846	

(a) Non-recourse debt includes the indemnification/guaranty of the Corporation and/or OP pertaining to fraud, environmental claims, insolvency, and other matters.
(b) Debt secured by related rental property and lease rents.
(c) Debt secured by guaranty of the OP.
(d) Mortgage was assumed in April 2019 as part of the acquisition of the related property. The debt was recorded at fair value at the time of assumption.
(e) Mortgage was assumed in June 2018 as part of the acquisition of the related property. The debt was recorded at fair value at the time of assumption.
(f) Mortgage is subject to interest at a daily floating annual rate equal to the Prime Rate plus 1.25%, but no less than 5.00% per annum. At June 30, 2022 and December 31, 2021, the interest rate was 6.00% and 5.00%, respectively.
(g) Mortgage was assumed in April 2012 as part of the acquisition of the related property. The debt was recorded at fair value at the time of the assumption.

At June 30, 2022, investment in rental property of $159.5 million was pledged as collateral against the Company's mortgages.

Estimated future principal payments to be made under the above mortgages and the Company's unsecured credit agreements (see Note 9) at June 30, 2022 are as follows:

(in thousands)	
Remainder of 2022	$ 1,466
2023	7,582
2024	199,760
2025	20,195
2026	737,500
Thereafter	889,874
	$ 1,856,377

Certain of the Company's mortgages provide for prepayment fees and can be terminated under certain events of default as defined under the related agreements. These prepayment fees are not reflected as part of the table above.

11. Interest Rate Swaps

Interest rate swaps were entered into with certain financial institutions in order to mitigate the impact of interest rate variability over the term of the related debt agreements. The interest rate swaps are considered cash flow hedges. In order to reduce counterparty concentration risk, the Company has a diversification policy for institutions that serve as swap counterparties. Under these agreements, the Company receives monthly payments from the counterparties on these interest rate swaps equal to the related variable interest rates multiplied by the outstanding notional amounts. Certain interest rate swaps amortize on a monthly basis. In turn, the Company pays the counterparties each month an amount equal to a fixed rate multiplied by the related outstanding notional amounts. The intended net impact of these transactions is that the Company pays a fixed interest rate on its variable-rate borrowings.

The following is a summary of the Company's outstanding interest rate swap agreements:

(in thousands, except interest rates)			June 30, 2022		December 31, 2021	
Counterparty	Maturity Date	Fixed Rate	Notional Amount	Fair Value	Notional Amount	Fair Value
Wells Fargo Bank, N.A.	October 2024	2.72 %	$ 15,000	$ 110	$ 15,000	$ (702)
Capital One, National Association	December 2024	1.58 %	15,000	510	15,000	(241)
Bank of Montreal	January 2025	1.91 %	25,000	672	25,000	(649)
Truist Financial Corporation	April 2025	2.20 %	25,000	520	25,000	(905)
Bank of Montreal	July 2025	2.32 %	25,000	459	25,000	(1,049)
Truist Financial Corporation	July 2025	1.99 %	25,000	697	25,000	(767)
Truist Financial Corporation	December 2025	2.30 %	25,000	517	25,000	(1,125)
Bank of Montreal	January 2026	1.92 %	25,000	833	25,000	(760)
Bank of Montreal	January 2026	2.05 %	40,000	1,162	40,000	(1,415)
Capital One, National Association	January 2026	2.08 %	35,000	980	35,000	(1,274)
Truist Financial Corporation	January 2026	1.93 %	25,000	826	25,000	(768)
Capital One, National Association	April 2026	2.68 %	15,000	121	15,000	(941)
Capital One, National Association	July 2026	1.32 %	35,000	2,076	35,000	(205)
Bank of Montreal	December 2026	2.33 %	10,000	233	10,000	(538)
Bank of Montreal	December 2026	1.99 %	25,000	941	25,000	(936)
Toronto-Dominion Bank	March 2027	2.46 %	15,531	660	—	—
Wells Fargo Bank, N.A.	April 2027	2.72 %	25,000	170	25,000	(1,887)
Bank of Montreal	December 2027	2.37 %	25,000	637	25,000	(1,570)
Capital One, National Association	December 2027	2.37 %	25,000	616	25,000	(1,575)
Wells Fargo Bank, N.A.	January 2028	2.37 %	75,000	1,864	75,000	(4,741)
Bank of Montreal	May 2029	2.09 %	25,000	1,195	25,000	(1,316)
Regions Bank	May 2029	2.11 %	25,000	1,143	25,000	(1,356)
Regions Bank	June 2029	2.03 %	25,000	1,265	25,000	(1,222)
U.S. Bank National Association	June 2029	2.03 %	25,000	1,284	25,000	(1,220)
U.S. Bank National Association	August 2029	1.35 %	25,000	2,407	25,000	(9)
Regions Bank	March 2032	2.69 %	15,531	1,103	—	—
U.S. Bank National Association	March 2032	2.70 %	15,531	1,126	—	—
Bank of Montreal	March 2034	2.81 %	31,064	2,435	—	—
			$ 717,657	$ 26,562	$ 640,000	$ (27,171)

At June 30, 2022, the weighted average fixed rate on all outstanding interest rate swaps was 2.11%.

The total amounts recognized, and the location in the accompanying Condensed Consolidated Statements of Income and Comprehensive Income, from converting from variable rates to fixed rates under these agreements were as follows:

(in thousands) **For the Three Months Ended June 30,**	**Amount of Gain (Loss) Recognized in Accumulated Other Comprehensive Income (Loss)**	**Reclassification from Accumulated Other Comprehensive Income (Loss)**		**Total Interest Expense Presented in the Condensed Consolidated Statements of Income and Comprehensive Income**
		Location	**Amount of Loss**	
2022	$ 18,772	Interest expense	$ 3,122	$ 17,888
2021	(2,911)	Interest expense	4,039	15,430

(in thousands) **For the Six Months Ended June 30,**	**Amount of Gain Recognized in Accumulated Other Comprehensive Income (Loss)**	**Reclassification from Accumulated Other Comprehensive Income (Loss)**		**Total Interest Expense Presented in the Condensed Consolidated Statements of Income and Comprehensive Income**
		Location	**Amount of Loss**	
2022	$ 53,733	Interest expense	$ 6,987	$ 34,784
2021	25,769	Interest expense	8,055	31,538

Amounts related to the interest rate swaps expected to be reclassified out of Accumulated other comprehensive income (loss) to Interest expense during the next twelve months are estimated to be a gain of $4.8 million. The Company is exposed to credit risk in the event of non-performance by the counterparties of the swaps. The Company minimizes the risk exposure by limiting counterparties to only major banks who meet established credit and capital guidelines.

12. Non-Controlling Interests

The following table summarizes OP Units exchanged for shares of common stock:

	For the Three Months Ended June 30,		**For the Six Months Ended June 30,**	
(in thousands)	**2022**	**2021**	**2022**	**2021**
OP Units exchanged for shares of common stock	—	1,127	—	1,165
Value of units exchanged	$ —	$ 17,859	$ —	$ 18,465

On June 16, 2021, the Company achieved the VWAP milestone applicable to tranche 1 of the earnout (see Note 4). As a result, the OP issued 247,899 non-controlling OP Units on June 22, 2021. There were no OP Units issued during the three and six months ended June 30, 2022.

13. Credit Risk Concentrations

The Company maintained bank balances that, at times, exceeded the federally insured limit during the six months ended June 30, 2022. The Company has not experienced losses relating to these deposits and management does not believe that the Company is exposed to any significant credit risk with respect to these amounts.

For the three and six months ended June 30, 2022 and 2021, the Company had no individual tenants or common franchises that accounted for more than 10% of Lease revenues, net.

14. Equity

The Company established an at-the-market common equity offering program ("ATM Program"), through which it may, from time to time, publicly offer and sell shares of common stock having an aggregate gross sales price of up to $400.0 million. The ATM Program provides for forward sale agreements, enabling the Company to set the price of shares upon pricing the offering, while delaying the issuance of shares and the receipt of the net proceeds. As of June 30, 2022, the Company has issued common stock with an aggregate gross sales price of $234.0 million under the ATM Program and could issue additional common stock with an aggregate sales price of up to $166.0 million under the ATM Program.

The following table presents information about the Company's ATM Program activity:

(in thousands, except per share amounts)	For the Three Months Ended June 30, 2022	For the Six Months Ended June 30, 2022
Number of common shares issued	3,236	9,509
Weighted average sale price per share	$ 21.42	$ 21.69
Net proceeds	$ 68,321	$ 202,647
Gross proceeds	69,313	205,857

There was no ATM Program activity during the three and six months ended June 30, 2021.

On June 28, 2021, the Corporation completed its first public follow-on equity offering and issued 11,500,000 shares of Common Stock, including shares issued pursuant to the underwriters' full exercise of their over-allotment option, at $23.00 per share. The net proceeds, after deducting underwriting discounts and commissions of $10.6 million and $0.4 million of other expenses, were $253.5 million. The Company used the net proceeds to repay the remaining $160.6 million principal due under the Company's revolving credit facility. The remaining net proceeds will be used for general business purposes, including acquisitions.

On June 16, 2021, the Company achieved the VWAP milestone applicable to tranche 1 of the earnout (see Note 4). As a result, the Company issued 145,195 shares of common stock on June 22, 2021. There was no such activity during the three and six months ended June 30, 2022.

15. Stock-Based Compensation

Restricted Stock Awards

During the three and six months ended June 30, 2022, the Company awarded 32,868 and 174,913 shares of RSAs, respectively, to officers, employees and non-employee directors, under the Equity Incentive Plan. During the three and six months ended June 30, 2021, the Company issued 1,665 and 201,095 shares of RSAs, respectively. The holder of RSAs is generally entitled at all times on and after the date of issuance of the restricted common shares to exercise the rights of a stockholder of the Company, including the right to vote the shares and the right to receive dividends on the shares. The RSAs vest over a one, three, or four year period from the date of the grant and are subject to the holder's continued service through the applicable vesting dates and in accordance with the terms of the individual award agreements. The weighted average value of awards granted during the three and six months ended June 30, 2022, were $20.23 and $21.39, respectively, which were based on the market price per share of the Company's common stock on the grant date. The weighted average value of awards granted during the three and six months ended June 30, 2021, were $19.76 and $18.66, respectively.

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

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
(in thousands)	2022	2021	2022	2021
Compensation cost [(a)]	$ 877	$ 728	$ 1,487	$ 2,423
Dividends declared on unvested RSAs	106	97	203	201
Fair value of shares vested during the period	—	774	3,209	3,296

(a) Includes $0.1 million compensation cost recognized from RSAs granted to non-employee directors for the three and six months ended June 30, 2022.

(in thousands, except recognition period)	June 30, 2022	December 31, 2021
Unamortized value of RSAs	$ 6,794	$ 4,715
Weighted average amortization period (in years)	2.5	2.4

The following table presents information about the Company's RSA activity:

	For the Three Months Ended June 30,			
	2022		2021	
(in thousands, except per share amounts)	Number of Shares	Weighted Average Grant Date Fair Value per Share	Number of Shares	Weighted Average Grant Date Fair Value per Share
Unvested at beginning of period	367	$ 20.33	416	$ 19.62
Granted	33	20.23	2	19.76
Vested	—	—	(40)	19.81
Forfeited	(8)	19.95	—	—
Unvested at end of period	392	20.33	378	19.60

	For the Six Months Ended June 30,			
	2022		2021	
(in thousands, except per share amounts)	Number of Shares	Weighted Average Grant Date Fair Value per Share	Number of Shares	Weighted Average Grant Date Fair Value per Share
Unvested at beginning of period	372	$ 19.62	341	$ 20.50
Granted	175	21.39	201	18.67
Vested	(146)	19.80	(164)	20.15
Forfeited	(9)	20.06	—	—
Unvested at end of period	392	20.33	378	19.60

Performance-based Restricted Stock Units

The Company issued target grants of 121,883 and 132,189 PRSUs, during the six months ended June 30, 2022 and 2021, respectively, under the Equity Incentive Plan to the officers of the Company. There were no PRSUs granted during the three months ended June 30, 2022 and 2021, respectively. The awards are non-vested restricted stock units where the vesting percentages and the ultimate number of units vesting will be measured 50% based on the relative total shareholder return ("rTSR") of the Company's common stock as compared to the rTSR of peer companies, as identified in the grant agreements, over a three-year period, and 50% based on the rTSR of the Company's common stock as compared to the rTSR of the MSCI US REIT Index over a three year measurement period. Vesting percentages range from 0% to 200% with a target of 100%. rTSR means the percentage appreciation in the fair market value of one share over the three year measurement period beginning on the date of grant, assuming the reinvestment of dividends on the ex-dividend date. The target number of units is based on achieving a rTSR equal to the 55th percentile of the peer companies and MSCI US REIT Index. Dividends accrue during the measurement period and will be paid on the PRSUs ultimately earned at the end of the measurement period in either cash or common stock, at the direction of the Board's Compensation Committee. The grant date fair value of the PRSUs was measured using a Monte Carlo simulation model based on assumptions including share price volatility.

The following tables present information about the Company's PRSUs:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
(in thousands, except recognition period)	2022	2021	2022	2021
Compensation cost	$ 504	$ 223	$ 823	$ 297

	June 30, 2022	December 31, 2021
Unamortized value of PRSUs	$ 4,490	$ 1,931
Weighted average amortization period (in years)	2.3	2.2

The following table presents information about the Company's PRSU activity:

	For the Three Months Ended June 30,			
	2022		2021	
(in thousands, except per share amounts)	Number of Shares	Weighted Average Grant Date Fair Value per Share	Number of Shares	Weighted Average Grant Date Fair Value per Share
Unvested at beginning of period	232	$ 26.25	110	$ 24.40
Granted	—	—	—	—
Vested	—	—	—	—
Forfeited	(1)	27.93	—	—
Unvested at end of period	231	26.25	110	24.40

	For the Six Months Ended June 30,			
	2022		2021	
(in thousands, except per share amounts)	Number of Shares	Weighted Average Grant Date Fair Value per Share	Number of Shares	Weighted Average Grant Date Fair Value per Share
Unvested at beginning of period	110	$ 24.40	—	$ —
Granted	122	27.93	132	24.40
Vested	—	—	—	—
Forfeited	(1)	27.93	(22)	24.40
Unvested at end of period	231	26.25	110	24.40

16. Earnings per Share

The following table summarizes the components used in the calculation of basic and diluted earnings per share ("EPS"):

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
(in thousands, except per share amounts)	2022	2021	2022	2021
Basic earnings:				
Net earnings attributable to Broadstone Net Lease, Inc. common shareholders	$ 33,516	$ 21,214	$ 60,274	$ 43,437
Less: earnings allocated to unvested restricted shares	(105)	(97)	(202)	(201)
Net earnings used to compute basic earnings per common share	$ 33,411	$ 21,117	$ 60,072	$ 43,236
Diluted earnings:				
Net earnings used to compute basic earnings per share	$ 33,411	$ 21,117	$ 60,072	$ 43,236
Net earnings attributable to non-controlling interests	2,036	1,606	3,719	3,343
Net earnings used to compute diluted earnings per common share	$ 35,447	$ 22,723	$ 63,791	$ 46,579
Weighted average number of common shares outstanding	169,933	146,506	167,072	146,089
Less: weighted average unvested restricted shares (a)	(378)	(387)	(374)	(361)
Weighted average number of common shares outstanding used in basic earnings per common share	169,555	146,119	166,698	145,728
Effects of restricted stock units (b)	378	219	325	147
Effects of convertible membership units (c)	10,323	11,092	10,323	11,240
Weighted average number of common shares outstanding used in diluted earnings per common share	180,256	157,430	177,346	157,115
Basic earnings per share	$ 0.20	$ 0.14	$ 0.36	$ 0.30
Diluted earnings per share	$ 0.20	$ 0.14	$ 0.36	$ 0.30

(a) Represents the weighted average effects of 391,187 and 378,516 unvested restricted shares of common stock as of June 30, 2022 and 2021, respectively, which will be excluded from the computation of earnings per share until they vest. The shares of restricted common stock were not included in the calculation of diluted earnings per share, as the effect of doing so would have been anti-dilutive.

(b) Represents the weighted average effects of shares of common stock to be issued as though the end of the period were the end of the performance period (see Note 15).

(c) Represents the weighted average effects of 10,323,206 and 10,481,872 OP Units outstanding at June 30, 2022 and 2021, respectively. OP Units are included in the diluted earnings per share calculation. However, because such OP Units would also require that the share of the net income attributable to such OP units also be added back to net income, there is no effect to EPS.

17. Supplemental Cash Flow Disclosures

Cash paid for interest was $32.1 million and $30.0 million for the six months ended June 30, 2022 and 2021, respectively. Cash paid for income taxes was $1.0 million and $0.7 million for the six months ended June 30, 2022 and 2021, respectively.

The following are non-cash transactions and have been excluded from the accompanying Condensed Consolidated Statements of Cash Flows:

- During the six months ended June 30, 2021, the Company converted 1,164,461 OP Units valued at $18.5 million to 1,164,461 shares of common stock. There were no OP Units converted to common stock during the six months ended June 30, 2022.
- At June 30, 2022 and 2021, dividend amounts declared and accrued but not yet paid amounted to $49.5 million and $43.2 million, respectively.
- At June 30, 2022 and 2021, the Company adjusted the carrying value of Non-controlling interests to reflect their share of the book value of the OP by $2.9 million and $7.9 million, respectively, with the reallocation recorded as an offset to Additional paid-in capital and Accumulated other comprehensive income (loss).

18. Commitments and Contingencies

Litigation

From time to time, the Company is a party to various litigation matters incidental to the conduct of the Company's business. While the resolution of such matters cannot be predicted with certainty, based on currently available information, the Company does not believe that the final outcome of any of these matters will have a material effect on its consolidated financial position, results of operations, or liquidity.

Property and Acquisition Related

In connection with ownership and operation of real estate, the Company may potentially be liable for cost and damages related to environmental matters. The Company is not aware of any non-compliance, liability, claim, or other environmental condition that would have a material effect on its consolidated financial position, results of operations, or liquidity.

The Company had a commitment to fund a building expansion project related to a previous acquisition for a total of $17.4 million, in exchange for an increase in base rent. In June 2022, the Company fulfilled this commitment and the base rent increased accordingly.

The Company is a party to three separate tax protection agreements with the contributing members of three distinct UPREIT transactions and to the Founding Owners' Tax Protection Agreement in connection with the internalization. The tax protection agreements require the Company to indemnify the beneficiaries in the event of a sale, exchange, transfer, or other disposal of the contributed property, and in the case of the Founding Owners' Tax Protection Agreement, the entire Company, in a taxable transaction that would cause such beneficiaries to recognize a gain that is protected under the agreements, subject to certain exceptions. The Company is required to allocate an amount of nonrecourse liabilities to each beneficiary that is at least equal to the minimum liability amount, as contained in the agreements. The minimum liability amount and the associated allocation of nonrecourse liabilities are calculated in accordance with applicable tax regulations, are completed at the OP level, and do not represent GAAP accounting. Therefore, there is no impact to the Condensed Consolidated Financial Statements. Based on values as of June 30, 2022, taxable sales of the applicable properties would trigger liability under the agreements of approximately $22.3 million. Based on information available, the Company does not believe that the events resulting in damages as detailed above have occurred or are likely to occur in the foreseeable future.

In the normal course of business, the Company enters into various types of commitments to purchase real estate properties. These commitments are generally subject to the Company's customary due diligence process and, accordingly, a number of specific conditions must be met before the Company is obligated to purchase the properties.

19. Subsequent Events

On July 15, 2022, the Company paid distributions totaling $49.2 million.

On July 28, 2022, the Board of Directors declared a quarterly distribution of $0.270 per share on the Company's common stock and OP Units for the third quarter of 2022, which will be payable on or before October 14, 2022 to stockholders and OP unitholders of record as of September 30, 2022.

Subsequent to June 30, 2022, the Company continued to expand its operations through the acquisition of additional rental property and associated intangible assets and liabilities. The Company acquired approximately $80.2 million of rental property and associated intangible assets and liabilities (see Note 5).

On August 1, 2022, the Company entered into two new unsecured bank term loans, including a $200.0 million, five year term loan that matures in 2027 (the "2027 Unsecured Term Loan"), and a $300.0 million, seven year term loan that matures in 2029 (the "2029 Unsecured Term Loan"). Borrowings on the new term loans bear interest at variable rates based on the Secured Overnight Financing Rate plus a margin based on the Company's credit rating, ranging between 0.80% and 1.60% per annum for the 2027 Unsecured Term Loan, and 1.15% and 2.20% per annum for the 2029 Unsecured Term Loan. The applicable margin is 0.95% and 1.25% for the 2027 Unsecured Term Loan and 2029 Unsecured Term Loan, respectively. Proceeds from the loans were used to repay in full the $190.0 million unsecured term loan set to mature in 2024, including accrued interest, and a portion of the outstanding balance on the unsecured revolving credit facility.

Subsequent to June 30, 2022, the Company paid down $318.0 million, and borrowed $94.0 million on the unsecured revolving credit facility, the proceeds of which were used to fund acquisitions and for other general corporate purposes.

Through August 3, 2022, the Company issued 962,200 shares of common stock at a weighted average sale price of $21.44 per share under the ATM Program. The net proceeds, after deducting $0.3 million of commissions and other offering costs, were $20.3 million.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Except where the context suggests otherwise, as used in this Quarterly Report on Form 10-Q, the terms "BNL," "we," "us," "our," and "our company" refer to Broadstone Net Lease, Inc., a Maryland corporation incorporated on October 18, 2007, and, as required by context, Broadstone Net Lease, LLC, a New York limited liability company, which we refer to as the or our "OP," and to their respective subsidiaries.

The following Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is intended to help the reader understand our results of operations and financial condition. This MD&A is provided as a supplement to, and should be read in conjunction with, our Condensed Consolidated Financial Statements and the accompanying Notes to the Condensed Consolidated Financial Statements appearing elsewhere in this Quarterly Report on Form 10-Q.

Cautionary Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q contains forward-looking statements, which reflect our current views regarding our business, financial performance, growth prospects and strategies, market opportunities, and market trends, that are intended to be made pursuant to the safe harbor provisions 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"). Forward-looking statements include all statements that are not historical facts. In some cases, you can identify these forward-looking statements by the use of words such as "outlook," "believes," "expects," "potential," "continues," "may," "will," "should," "could," "seeks," "approximately," "projects," "predicts," "intends," "plans," "estimates," "anticipates," or the negative version of these words or other comparable words. All of the forward-looking statements included in this Quarterly Report on Form 10-Q are subject to various risks and uncertainties. Assumptions relating to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions, and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond our control. Although we believe that the expectations reflected in such forward-looking statements are based on reasonable assumptions, our actual results, performance, and achievements could differ materially from those expressed in or by the forward-looking statements and may be affected by a variety of risks and other factors. Accordingly, there are or will be important factors that could cause actual outcomes or results to differ materially from such forward-looking statements.

Important factors that could cause results to differ materially from the forward-looking statements are described in Item 1. "Business," Item 1A. "Risk Factors," and Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our 2021 Annual Report on Form 10-K, as filed with the SEC on February 23, 2022. The "Risk Factors" of our 2021 Annual Report should not be construed as exhaustive and should be read in conjunction with other cautionary statements included elsewhere in this Quarterly Report on Form 10-Q.

You are cautioned not to place undue reliance on any forward-looking statements included in this Quarterly Report on Form 10-Q. All forward-looking statements are made as of the date of this Quarterly Report on Form 10-Q and the risk that actual results, performance, and achievements will differ materially from the expectations expressed in or referenced by this Quarterly Report on Form 10-Q will increase with the passage of time. We undertake no obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments, or otherwise, except as required by law.

Regulation FD Disclosures

We use any of the following to comply with our disclosure obligations under Regulation FD: SEC filings, press releases, public conference calls, or our website. We routinely post important information on our website at www.Broadstone.com, including information that may be deemed material. We encourage our shareholders and others interested in our company to monitor these distribution channels for material disclosures. Our website address is included in this Quarterly Report as a textual reference only and the information on the website is not incorporated by reference in this Quarterly Report.

Explanatory Note and Certain Defined Terms

Unless the context otherwise requires, the following terms and phrases are used throughout this MD&A as described below:

- "annualized base rent" or "ABR" means the annualized contractual cash rent due for the last month of the reporting period, excluding the impacts of short-term rent deferrals, abatements, free rent, or discounted rent periods, and adjusted to remove rent from properties sold during the month and to include a full month of contractual cash rent for properties acquired during the month;
- "cash capitalization rate" represents the estimated first year cash yield to be generated on a real estate investment property, which was estimated at the time of investment based on the contractually specified cash base rent for the first full year after the date of the investment, divided by the purchase price for the property excluding capitalized acquisitions costs;

- "CPI" means the Consumer Price Index for All Urban Consumers (CPI-U): U.S. City Average, All Items, as published by the U.S. Bureau of Labor Statistics, or other similar index which is a measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services;
- "occupancy" or a specified percentage of our portfolio that is "occupied" or "leased" means as of a specified date the quotient of (1) the total rentable square footage of our properties minus the square footage of our properties that are vacant and from which we are not receiving any rental payment, and (2) the total square footage of our properties; and
- "Revolving Credit Facility" means our $1.0 billion unsecured revolving credit facility, dated January 28, 2022, with J.P. Morgan Chase Bank, N.A. and the other lenders party thereto.

Overview

We are an internally-managed real estate investment trust ("REIT") that acquires, owns, and manages primarily single-tenant commercial real estate properties that are net leased on a long-term basis to a diversified group of tenants. Since our inception in 2007, we have selectively invested in net leased assets in the industrial, healthcare, restaurant, retail, and office property types. During the six months ended June 30, 2022, we invested $392.4 million, excluding capitalized acquisition costs, in 42 properties at a weighted average initial cash capitalization rate of 6.1%. The acquisitions included properties in industrial (47.2% of the total volume acquired during the six months ended June 30, 2022, based on ABR), restaurant (25.4%), retail (23.8%), and healthcare (3.6%) asset classes located across 21 U.S. states and four Canadian provinces with a weighted average initial lease term and minimum annual rent increases of 19.6 years and 1.8%, respectively. As of June 30, 2022, our portfolio has grown to 764 properties, with 757 properties located in 44 U.S. states and seven properties located in four Canadian provinces.

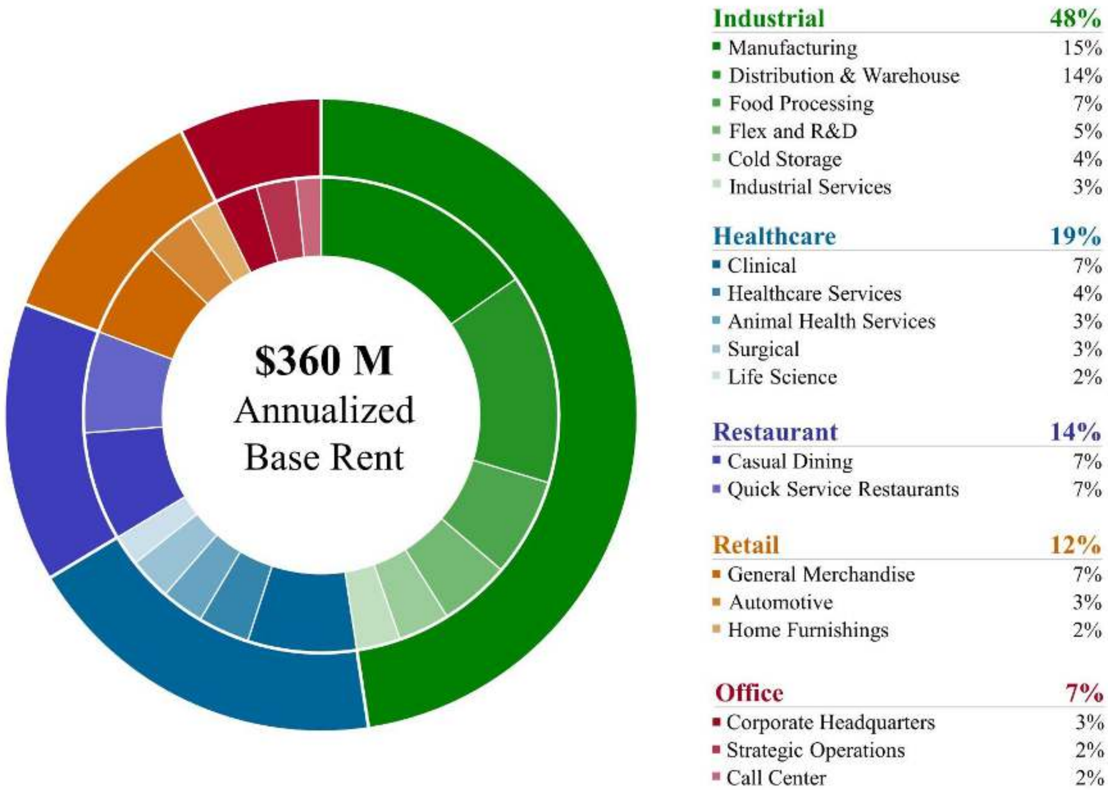
We focus on investing in real estate that is operated by creditworthy single tenants in industries characterized by positive business drivers and trends. We target properties that are an integral part of the tenants' businesses and are therefore opportunities to secure long-term net leases. Through long-term net leases, our tenants are able to retain operational control of their strategically important locations, while allocating their debt and equity capital to fund core business operations rather than real estate ownership.

- **Diversified Portfolio**. As of June 30, 2022, our portfolio comprised approximately 34.4 million rentable square feet of operational space, and was highly diversified based on property type, geography, tenant, and industry, and is cross-diversified within each (*e.g.,* property-type diversification within a geographic concentration):
  - *Property Type*: We are focused primarily on industrial, healthcare, restaurant, retail, and office property types based on our extensive experience in and conviction around these sectors. Within these sectors, we have meaningful concentrations in manufacturing, distribution and warehouse, casual dining, clinical, quick service restaurants, food processing, general merchandise, and flex/research and development.
  - *Geographic Diversification*: Our properties are located in 44 U.S. states and four Canadian provinces, with no single geographic concentration exceeding 10.4% of our ABR.
  - *Tenant and Industry Diversification*: Our properties are occupied by approximately 213 different commercial tenants who operate 203 different brands that are diversified across 57 differing industries, with no single tenant accounting for more than 2.0% of our ABR.
- **Strong In-Place Leases with Significant Remaining Lease Term**. As of June 30, 2022, our portfolio was approximately 99.8% leased with an ABR weighted average remaining lease term of approximately 10.6 years, excluding renewal options.
- **Standard Contractual Base Rent Escalation**. Approximately 97.3% of our leases have contractual rent escalations, with an ABR weighted average minimum increase of 2.0%.
- **Extensive Tenant Financial Reporting**. Approximately 94.0% of our tenants, based on ABR, provide financial reporting, of which 85.0% are required to provide us with specified financial information on a periodic basis, and an additional 9.0% of our tenants report financial statements publicly, either through SEC filings or otherwise.

Real Estate Portfolio Information

The following charts summarize our portfolio diversification by property type, tenant, brand, industry, and geographic location as of June 30, 2022. The percentages below are calculated based on our ABR of $360.0 million as of June 30, 2022.

Diversification by Property Type



Property Type	# Properties	ABR ($'000s)	ABR as a % of Total Portfolio	Square Feet ('000s)	SF as a % of Total Portfolio
Industrial					
Manufacturing	69	$ 55,116	15.3 %	10,046	29.2 %
Distribution & Warehouse	47	51,375	14.3 %	9,526	27.7 %
Food Processing	17	24,200	6.7 %	2,730	7.9 %
Flex and R&D	7	17,296	4.8 %	1,457	4.3 %
Cold Storage	4	12,724	3.5 %	933	2.7 %
Industrial Services	22	10,765	3.0 %	587	1.7 %
Industrial Total	**166**	**171,476**	**47.6 %**	**25,279**	**73.5 %**
Healthcare					
Clinical	52	26,770	7.4 %	1,091	3.2 %
Healthcare Services	28	12,528	3.5 %	463	1.3 %
Animal Health Services	27	10,437	2.9 %	405	1.2 %
Surgical	12	10,274	2.9 %	329	0.9 %
Life Science	9	7,722	2.1 %	549	1.6 %
Untenanted	1	—	—	18	0.1 %
Healthcare Total	**129**	**67,731**	**18.8 %**	**2,855**	**8.3 %**
Restaurant					
Casual Dining	101	26,738	7.4 %	675	2.0 %
Quick Service Restaurants	146	24,787	6.9 %	499	1.4 %
Restaurant Total	**247**	**51,525**	**14.3 %**	**1,174**	**3.4 %**
Retail					
General Merchandise	126	23,924	6.6 %	1,802	5.2 %
Automotive	66	12,196	3.4 %	771	2.3 %
Home Furnishings	13	7,030	2.0 %	797	2.3 %
Untenanted	1	—	—	34	0.1 %
Retail Total	**206**	**43,150**	**12.0 %**	**3,404**	**9.9 %**
Office					
Corporate Headquarters	7	10,429	2.9 %	679	2.0 %
Strategic Operations	5	9,806	2.7 %	615	1.8 %
Call Center	4	5,902	1.7 %	391	1.1 %
Office Total	**16**	**26,137**	**7.3 %**	**1,685**	**4.9 %**
Total	**764**	**$ 360,019**	**100.0 %**	**34,397**	**100.0 %**

Diversification by Tenant

Tenant	Property Type	# Properties	ABR ($'000s)	ABR as a % of Total Portfolio	Square Feet ('000s)	SF as a % of Total Portfolio
Jack's Family Restaurants LP*	Quick Service Restaurants	43	$ 7,166	2.0 %	147	0.4 %
Joseph T. Ryerson & Son, Inc	Distribution & Warehouse	11	6,395	1.8 %	1,537	4.5 %
Red Lobster Hospitality & Red Lobster Restaurants LLC*	Casual Dining	20	6,361	1.8 %	166	0.5 %
J. Alexander's, LLC*	Casual Dining	16	6,025	1.7 %	131	0.4 %
Axcelis Technologies, Inc.	Flex and R&D	1	5,991	1.6 %	417	1.2 %
Hensley & Company*	Distribution & Warehouse	3	5,871	1.6 %	577	1.7 %
Dollar General Corporation	General Merchandise	57	5,636	1.5 %	531	1.5 %
BluePearl Holdings, LLC**	Animal Health Services	13	5,451	1.5 %	165	0.5 %
Tractor Supply Company	General Merchandise	21	5,279	1.5 %	417	1.2 %
Outback Steakhouse of Florida LLC*[1]	Casual Dining	22	5,278	1.5 %	140	0.4 %
Total Top 10 Tenants		**207**	**59,453**	**16.5 %**	**4,228**	**12.3 %**
AHF, LLC*	Distribution & Warehouse/ Manufacturing	5	5,142	1.4 %	982	2.8 %
Krispy Kreme Doughnut Corporation	Quick Service Restaurants/ Food Processing	27	5,034	1.4 %	156	0.4 %
Big Tex Trailer Manufacturing, Inc.*	Automotive/Distribution & Warehouse/Manufacturing/ Corporate Headquarters	17	4,957	1.4 %	1,302	3.8 %
Siemens Medical Solutions USA, Inc. & Siemens Corporation	Manufacturing/Flex and R&D	2	4,936	1.4 %	545	1.6 %
Carvana, LLC*	Industrial Services	2	4,510	1.3 %	230	0.7 %
Santa Cruz Valley Hospital	Healthcare Facilities	1	4,500	1.2 %	148	0.4 %
Nestle' Dreyer's Ice Cream Company	Cold Storage	1	4,476	1.2 %	310	0.9 %
Arkansas Surgical Hospital	Surgical	1	4,366	1.2 %	129	0.4 %
American Signature, Inc.	Home Furnishings	6	4,224	1.2 %	474	1.4 %
Fresh Express Incorporated	Food Processing	1	4,144	1.2 %	335	1.0 %
Total Top 20 Tenants		**270**	**$ 105,742**	**29.4 %**	**8,839**	**25.7 %**

1 Tenant's properties include 20 Outback Steakhouse restaurants and two Carrabba's Italian Grill restaurants.

* Subject to a master lease.

** Includes properties leased by multiple tenants, some, not all, of which are subject to master leases.

Diversification by Brand

Brand	Property Type	# Properties	ABR ($'000s)	ABR as a % of Total Portfolio	Square Feet ('000s)	SF as a % of Total Portfolio
Jack's Family Restaurants*	Quick Service Restaurants	43	$ 7,166	2.0 %	147	0.4 %
Ryerson	Distribution & Warehouse	11	6,395	1.8 %	1,537	4.5 %
Red Lobster*	Casual Dining	20	6,361	1.8 %	166	0.5 %
Axcelis	Flex and R&D	1	5,991	1.6 %	417	1.2 %
Hensley*	Distribution & Warehouse	3	5,871	1.6 %	577	1.7 %
Dollar General	General Merchandise	57	5,636	1.5 %	531	1.5 %
BluePearl Veterinary Partners**	Animal Health Services	13	5,451	1.5 %	165	0.5 %
Bob Evans Farms*[1]	Casual Dining/Food Processing	21	5,352	1.5 %	281	0.9 %
Tractor Supply Co.	General Merchandise	21	5,279	1.5 %	417	1.2 %
AHF Products*	Distribution & Warehouse/ Manufacturing	5	5,142	1.4 %	982	2.8 %
Total Top 10 Brands		**195**	**58,644**	**16.2 %**	**5,220**	**15.2 %**
Krispy Kreme	Quick Service Restaurants/ Food Processing	27	5,034	1.4 %	156	0.4 %
Big Tex Trailers*	Automotive/Distribution & Warehouse/Manufacturing/ Corporate Headquarters	17	4,957	1.4 %	1,302	3.8 %
Siemens	Manufacturing/Flex and R&D	2	4,936	1.4 %	545	1.6 %
Outback Steakhouse*	Casual Dining	20	4,566	1.3 %	126	0.4 %
Carvana*	Industrial Services	2	4,510	1.3 %	230	0.7 %
Santa Cruz Valley Hospital	Healthcare Facilities	1	4,500	1.2 %	148	0.4 %
Nestle'	Cold Storage	1	4,476	1.2 %	310	0.9 %
Arkansas Surgical Hospital	Surgical	1	4,366	1.2 %	129	0.4 %
Wendy's**	Quick Service Restaurants	29	4,320	1.2 %	83	0.2 %
Value City Furniture	Home Furnishings	6	4,224	1.2 %	474	1.4 %
Total Top 20 Brands		**301**	**$ 104,533**	**29.0 %**	**8,723**	**25.4 %**

1 Brand includes one BEF Foods, Inc. property and 20 Bob Evans Restaurants, LLC properties.

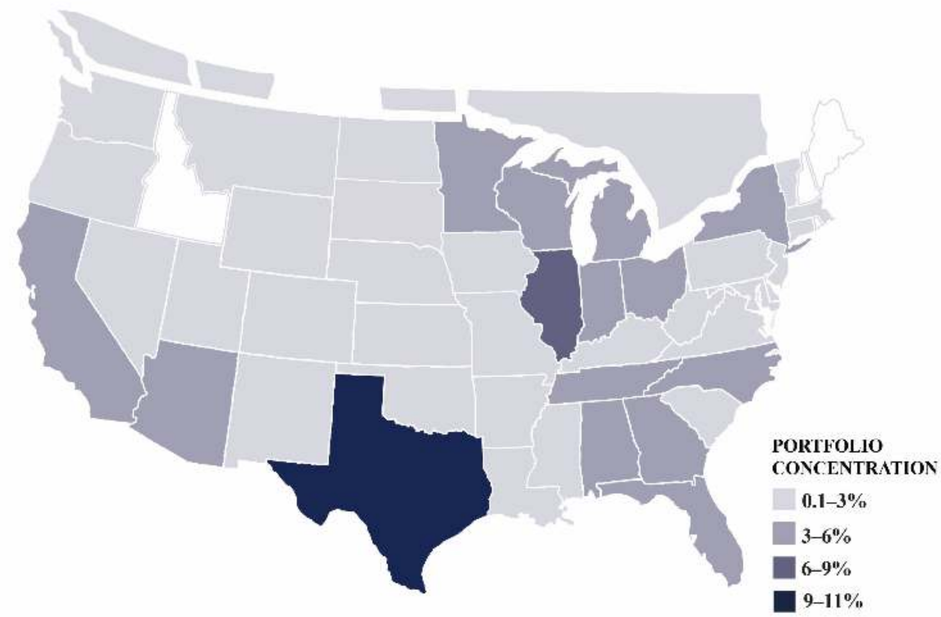
* Subject to a master lease.

** Includes properties leased by multiple tenants, some, not all, of which are subject to master leases.

Diversification by Industry

Industry	# Properties	ABR ($'000s)	ABR as a % of Total Portfolio	Square Feet ('000s)	SF as a % of Total Portfolio
Healthcare Facilities	102	$ 53,633	14.9 %	2,029	5.9 %
Restaurant	250	52,296	14.5 %	1,217	3.5 %
Packaged Foods & Meats	11	17,698	4.9 %	1,914	5.6 %
Distributors	27	15,699	4.4 %	2,695	7.8 %
Food Distributors	8	14,678	4.1 %	1,786	5.2 %
Specialty Stores	31	13,930	3.9 %	1,338	3.9 %
Auto Parts & Equipment	39	12,672	3.5 %	2,387	6.9 %
Home Furnishings Retail	18	12,459	3.5 %	1,858	5.4 %
Specialized Consumer Services	47	12,218	3.4 %	722	2.1 %
Metal & Glass Containers	8	9,898	2.7 %	2,206	6.4 %
Healthcare Services	18	9,213	2.6 %	515	1.5 %
General Merchandise Stores	90	9,011	2.5 %	817	2.4 %
Aerospace & Defense	7	8,694	2.4 %	952	2.8 %
Internet & Direct Marketing Retail	3	6,881	1.9 %	447	1.3 %
Electronic Components	2	6,806	1.9 %	466	1.4 %
Other (42 industries)	101	104,233	28.9 %	12,996	37.7 %
Untenanted properties	2	—	—	52	0.2 %
Total	**764**	**$ 360,019**	**100.0 %**	**34,397**	**100.0 %**

Diversification by Geographic Location



TOTAL PROPERTIES: 764 TOTAL STATES/PROVINCES: 44 U.S. states & 4 Canadian provinces

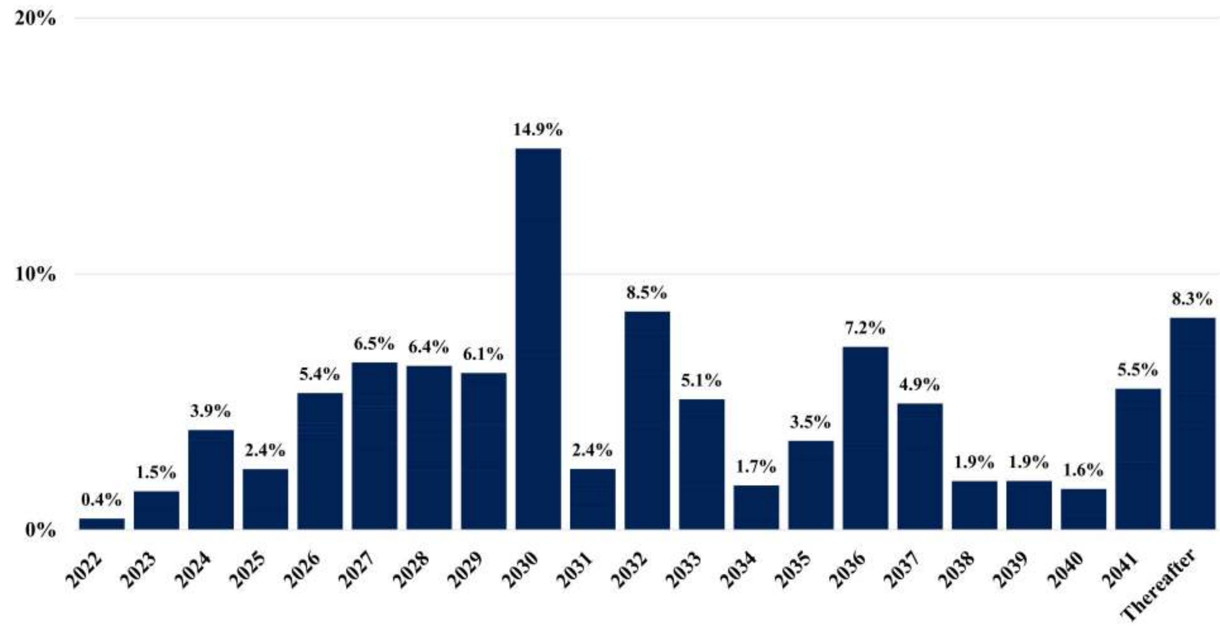
State / Province	# Properties	ABR ($'000s)	ABR as a % of Total Portfolio	Square Feet ('000s)	SF as a % of Total Portfolio	State / Province	# Properties	ABR ($'000s)	ABR as a % of Total Portfolio	Square Feet ('000s)	SF as a % of Total Portfolio
TX	70	$ 37,549	10.4 %	3,636	10.6 %	**LA**	4	3,401	0.9 %	194	0.6 %
IL	27	21,566	6.0 %	2,002	5.8 %	**NE**	6	3,037	0.8 %	509	1.5 %
WI	35	20,744	5.8 %	2,163	6.3 %	**MD**	4	2,987	0.8 %	293	0.9 %
MI	49	17,130	4.8 %	1,633	4.7 %	**NM**	8	2,815	0.8 %	96	0.3 %
FL	42	16,122	4.5 %	844	2.5 %	**MS**	8	2,774	0.8 %	334	1.0 %
OH	38	15,786	4.4 %	1,416	4.1 %	**IA**	4	2,754	0.8 %	622	1.8 %
CA	10	15,622	4.3 %	1,493	4.3 %	**SC**	13	2,494	0.7 %	308	0.9 %
IN	30	15,035	4.2 %	1,858	5.4 %	**WV**	16	2,486	0.7 %	109	0.3 %
MN	21	14,600	4.0 %	2,285	6.6 %	**CO**	4	2,459	0.7 %	126	0.4 %
TN	49	13,995	3.9 %	866	2.5 %	**UT**	3	2,379	0.7 %	280	0.8 %
NC	36	13,742	3.8 %	1,425	4.1 %	**CT**	2	1,758	0.5 %	55	0.2 %
AZ	9	13,213	3.7 %	909	2.6 %	**MT**	7	1,563	0.4 %	43	0.1 %
AL	53	11,950	3.3 %	873	2.5 %	**NV**	2	1,336	0.4 %	81	0.2 %
GA	33	11,356	3.1 %	1,576	4.6 %	**DE**	4	1,154	0.3 %	133	0.4 %
NY	26	10,718	3.0 %	680	2.0 %	**ND**	2	943	0.3 %	28	0.1 %
MA	5	10,456	2.9 %	1,026	3.0 %	**VT**	2	420	0.1 %	24	0.1 %
AR	12	8,767	2.4 %	544	1.6 %	**WY**	1	307	0.1 %	21	0.1 %
OK	21	7,597	2.1 %	977	2.8 %	**OR**	1	136	0.0 %	9	0.1 %
KY	24	7,486	2.1 %	946	2.7 %	**SD**	1	81	0.0 %	9	0.0 %
PA	17	7,080	2.0 %	1,037	3.0 %	**Total US**	**757**	**$ 351,970**	**97.8 %**	**33,967**	**98.8 %**
MO	12	6,064	1.7 %	1,136	3.3 %	**BC**	2	$ 4,633	1.3 %	253	0.7 %
KS	11	5,489	1.5 %	648	1.9 %	**ON**	3	2,085	0.6 %	101	0.3 %
VA	17	5,451	1.5 %	204	0.6 %	**AB**	1	981	0.2 %	51	0.1 %
NJ	3	4,904	1.4 %	366	1.1 %	**MB**	1	350	0.1 %	25	0.1 %
WA	15	4,264	1.2 %	150	0.4 %	**Total Canada**	**7**	**$ 8,049**	**2.2 %**	**430**	**1.2 %**
						Grand Total	**764**	**$ 360,019**	**100.0 %**	**34,397**	**100.0 %**

Our Leases

We typically lease our properties pursuant to long-term net leases that often have renewal options. Substantially all of our leases are net, meaning our tenants are generally obligated to pay all expenses associated with the leased property (such as real estate taxes, insurance, maintenance, repairs, and capital costs).

As of June 30, 2022, approximately 99.8% of our portfolio, representing all but two of our properties, was subject to a lease. Because substantially all of our properties are leased under long-term leases, we are not currently required to perform significant ongoing leasing activities on our properties.

As of June 30, 2022, the ABR weighted average remaining term of our leases was approximately 10.6 years. Less than 5% of the properties in our portfolio are subject to leases without at least one renewal option. Approximately 67.4% of our ABR was derived from leases that will expire in 2030 and after, and no more than 6.5% of our ABR was derived from leases that expire in any single year prior to 2030. The following chart sets forth our lease expirations based upon the terms of the leases in place as of June 30, 2022.



The following table presents certain information based on lease expirations by year. Amounts are in thousands, except for number of properties.

Expiration Year	# Properties	# Leases	ABR ($'000s)	ABR as a % of Total Portfolio	Square Feet ('000s)	SF as a % of Total Portfolio
2022	1	2	$ 1,566	0.4 %	46	0.1 %
2023	7	8	5,412	1.5 %	538	1.6 %
2024	11	11	14,036	3.9 %	1,689	4.9 %
2025	20	23	8,527	2.4 %	698	2.0 %
2026	35	32	19,235	5.4 %	1,413	4.1 %
2027	29	28	23,531	6.5 %	2,019	5.9 %
2028	33	31	23,061	6.4 %	2,291	6.7 %
2029	71	39	22,061	6.1 %	2,711	7.9 %
2030	101	57	53,636	14.9 %	5,110	14.8 %
2031	33	28	8,547	2.4 %	805	2.3 %
2032	59	44	30,701	8.5 %	3,437	10.0 %
2033	49	23	18,360	5.1 %	1,575	4.6 %
2034	33	22	6,240	1.7 %	409	1.2 %
2035	17	13	12,494	3.5 %	1,927	5.6 %
2036	86	21	25,732	7.2 %	2,854	8.3 %
2037	24	9	17,762	4.9 %	1,369	4.0 %
2038	33	29	6,842	1.9 %	306	0.9 %
2039	11	6	6,860	1.9 %	803	2.3 %
2040	31	5	5,744	1.6 %	312	0.9 %
2041	40	8	19,850	5.5 %	1,731	5.0 %
Thereafter	38	9	29,822	8.3 %	2,302	6.7 %
Untenanted properties	2	—	—	—	52	0.2 %
Total	764	448	$ 360,019	100.0 %	34,397	100.0 %

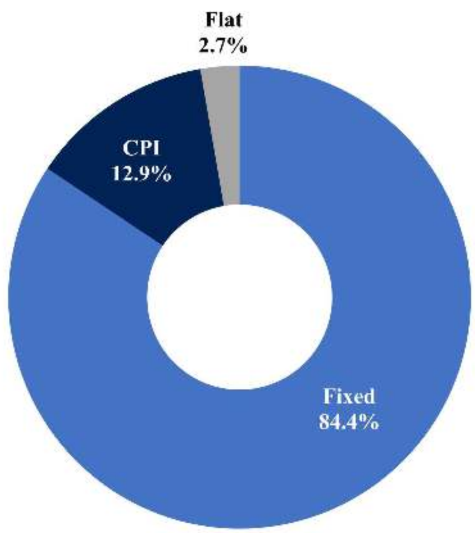
Substantially all of our leases provide for periodic contractual rent escalations. As of June 30, 2022, leases contributing 97.3% of our ABR provided for increases in future ABR, generally ranging from 1.5% to 2.5% annually, with an ABR weighted average annual minimum increase equal to 2.0% of base rent. Generally, our rent escalators increase rent on specified dates by a fixed percentage. Our escalations provide us with a source of organic revenue growth and a measure of inflation protection. Additional information on lease escalation frequency and weighted average annual escalation rates as of June 30, 2022 is displayed below:

Lease Escalation Frequency	**% of ABR**	**Weighted Average Annual Minimum Increase [(a)]**
Annually	78.2 %	2.3 %
Every 2 years	0.1 %	1.8 %
Every 3 years	2.9 %	3.0 %
Every 4 years	1.1 %	2.4 %
Every 5 years	8.0 %	1.8 %
Other escalation frequencies	7.0 %	1.6 %
Flat	2.7 %	—
Total/Weighted Average [(b)]	100.0 %	2.0 %

(a) Represents the ABR weighted average annual minimum increase of the entire portfolio as if all escalations occurred annually. For leases where rent escalates by the greater of a stated fixed percentage or the change in CPI, we have assumed an escalation equal to the stated fixed percentage in the lease. As of June 30, 2022, leases contributing 8.0% of our ABR provide for rent increases equal to the lesser of a stated fixed percentage or the change in CPI. 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 minimum increase presented.

(b) Weighted by ABR.

The escalation provisions of our leases (by percentage of ABR) as of June 30, 2022, are displayed in the following chart:



Results of Operations

The following discussion includes the results of our operations for the periods presented.

Three Months Ended June 30, 2022 Compared to Three Months Ended March 31, 2022

Lease Revenues, net

	For the Three Months Ended			
	June 30,	March 31,	Increase/(Decrease)	
(in thousands)	2022	2022	$	%
Contractual rental amounts billed for operating leases	$ 87,505	$ 84,396	$ 3,109	3.7%
Adjustment to recognize contractual operating lease billings on a straight-line basis	5,090	5,021	69	1.4%
Net write-offs of accrued rental income	—	(1,326)	1,326	(100.0)%
Variable rental amounts earned	291	186	105	56.5%
Earned income from direct financing leases	721	723	(2)	(0.3)%
Interest income from sales-type leases	15	14	1	7.1%
Operating expenses billed to tenants	4,263	4,735	(472)	(10.0)%
Other income from real estate transactions	134	42	92	>100.0%
Adjustment to revenue recognized for uncollectible rental amounts billed, net	(6)	50	(56)	<(100.0)%
Total Lease revenues, net	$ 98,013	$ 93,841	$ 4,172	4.4%

The increase in Lease revenues, net was primarily attributable to growth in our real estate portfolio through property acquisitions. As we acquire properties throughout the period, the full benefit of lease revenues from newly acquired properties will not be realized in the quarter of acquisition. During the first quarter of 2022, we invested $210.0 million, excluding capitalized acquisition costs, in 27 properties at a weighted average initial cash capitalization rate of 5.7%. Most of these acquisitions closed during the month of March 2022, and therefore did not materially contribute to Lease revenues, net for the three months ended March 31, 2022. The increase was also partially attributable to our $182.4 million of acquisitions during the second quarter of 2022 at a 6.4% weighted average initial cash capitalization rate, the full benefit of which we anticipate will be realized during the third quarter of 2022. Additionally, we did not record any write-offs of accrued rental income during the three months ended June 30, 2022.

Operating Expenses

(in thousands)	For the Three Months Ended June 30, 2022	March 31, 2022	Increase/(Decrease) $	%
Operating expenses				
Depreciation and amortization	$ 35,511	$ 34,290	$ 1,221	3.6 %
Property and operating expense	4,696	5,044	(348)	(6.9)%
General and administrative	9,288	8,828	460	5.2 %
Provision for impairment of investment in rental properties	1,380	—	1,380	100.0 %
Total operating expenses	$ 50,875	$ 48,162	$ 2,713	5.6 %

Depreciation and amortization

The increase in depreciation and amortization for the three months ended June 30, 2022 was primarily due to growth in our real estate portfolio.

Provision for impairment of investment in rental properties

During the three months ended June 30, 2022 we recognized $1.4 million of impairment on our investments in rental properties due to change in our long-term hold strategy for a single property, compared to no impairment recognized during the three months ended March 31, 2022. The following table presents the impairment charges for the respective periods:

(in thousands, except number of properties)	For the Three Months Ended June 30, 2022	March 31, 2022
Number of properties	1	—
Carrying value prior to impairment charge	$ 3,674	$ —
Fair value	2,294	—
Impairment charge	$ 1,380	$ —

The timing and amount of impairment fluctuates from period to period depending on the specific facts and circumstances.

Other income (expenses)

	For the Three Months Ended			
	June 30,	March 31,	Increase/(Decrease)	
(in thousands)	2022	2022	$	%
Other income (expenses)				
Interest expense	$ (17,888)	$ (16,896)	$ 992	5.9%
Gain on sale of real estate	4,071	1,196	2,875	>100.0%
Income taxes	(401)	(412)	(11)	(2.7)%
Other income (expenses)	2,632	(1,126)	(3,758)	>100.0%

Interest expense

The increase in interest expense reflects an increase in our weighted average cost of borrowings combined with increased average outstanding borrowings during the three months ended June 30, 2022 compared to during the three months ended March 31, 2022. During the second quarter we increased total outstanding borrowings by $53.8 million to partially fund our acquisitions. Of our $1.9 billion of total outstanding indebtedness, approximately $200.5 million, or 10.8% is variable, and therefore subject to the impact of fluctuations in interest rates.

Gain on sale of real estate

Our recognition of a gain or loss on the sale of real estate varies from transaction to transaction based on fluctuations in asset prices and demand in the real estate market. During the three months ended June 30, 2022, we recognized a gain of $4.1 million on the sale of three properties, compared to a gain of $1.2 million on the sale of one property during the three months ended March 31, 2022. Our proactive asset management strategy includes determining to sell any of our properties where we believe the risk profile has changed and become misaligned with our then current risk-adjusted return objectives.

Other income (expenses)

The change in other income (expenses) during the three months ended June 30, 2022 was primarily due to $2.6 million of an unrealized foreign exchange gain recognized on the quarterly remeasurement of our $100 million CAD revolver borrowings, compared to a $1.1 million unrealized foreign exchange loss recognized during the three months ended March 31, 2022.

Net income and Net earnings per diluted share

	For the Three Months Ended			
	June 30,	March 31,	Increase/(Decrease)	
(in thousands, except per share data)	2022	2022	$	%
Net income	$ 35,552	$ 28,441	$ 7,111	25.0%
Net earnings per diluted share	0.20	0.16	0.04	25.0%

The increase in net income is primarily attributable to a $4.2 million increase in lease revenue associated with growth in our real estate portfolio, a $3.8 million increase in unrealized foreign exchange gains, and a $2.9 million increase in gain on sale of real estate, partially offset by a $1.4 million increase in impairment of investment in rental properties, a $1.2 million increase in depreciation and amortization, and a $1.0 million increase in interest expense.

GAAP net income includes items such as gain or loss on sale of real estate and provisions for impairment, among others, which can vary from quarter to quarter and impact period-over-period comparisons.

Six Months Ended June 30, 2022 Compared to Six Months Ended June 30, 2021

Lease Revenues, net

(in thousands)	For the Six Months Ended June 30, 2022	2021	Increase/(Decrease) $	%
Contractual rental amounts billed for operating leases	$ 171,901	$ 148,256	$ 23,645	15.9 %
Adjustment to recognize contractual operating lease billings on a straight-line basis	10,111	9,533	578	6.1 %
Net write-offs of accrued rental income	(1,326)	(442)	(884)	>100.0 %
Variable rental amounts earned	477	205	272	>100.0 %
Earned income from direct financing leases	1,444	1,458	(14)	(1.0)%
Interest income from sales-type leases	29	29	—	— %
Operating expenses billed to tenants	8,998	8,584	414	4.8 %
Other income from real estate transactions	176	33	143	>100.0 %
Adjustment to revenue recognized for uncollectible rental amounts billed, net	44	(199)	243	>100.0 %
Total Lease revenues, net	$ 191,854	$ 167,457	$ 24,397	14.6 %

The increase in Lease revenues, net was primarily attributable to growth in our real estate portfolio through property acquisitions closed since June 30, 2021. During the twelve months ended June 30, 2022, we invested $765.8 million, excluding capitalized acquisition costs, in 96 properties at a weighted average initial cash capitalization rate of 6.2%.

Operating Expenses

(in thousands)	For the Six Months Ended June 30, 2022	2021	Increase/(Decrease) $	%
Operating expenses				
Depreciation and amortization	$ 69,801	$ 61,938	$ 7,863	12.7 %
Property and operating expense	9,740	9,177	563	6.1 %
General and administrative	18,116	19,288	(1,172)	(6.1)%
Provision for impairment of investment in rental properties	1,380	2,012	(632)	(31.4)%
Total operating expenses	$ 99,037	$ 92,415	$ 6,622	7.2 %

Depreciation and amortization

The increase in depreciation and amortization for the six months ended June 30, 2022 was primarily due to growth in our real estate portfolio.

General and administrative

The decrease in general and administrative expenses mainly reflects decreased severance expense. During the six months ended June 30, 2021, we recognized severance associated with the departure of a named executive officer.

Provision for impairment of investment in rental properties

During the six months ended June 30, 2022, we recognized $1.4 million of impairment on our investments in rental properties, compared to $2.0 million during the six months ended June 30, 2021. The following table presents the impairment charges for the respective periods:

(in thousands, except number of properties)	For the Six Months Ended June 30, 2022	2021
Number of properties	1	1
Carrying value prior to impairment charge	$ 3,674	$ 2,818
Fair value	2,294	806
Impairment charge	$ 1,380	$ 2,012

The timing and amount of impairment fluctuates from period to period depending on the specific facts and circumstances.

Other income (expenses)

(in thousands)	For the Six Months Ended June 30, 2022	2021	Increase/(Decrease) $	%
Other income (expenses)				
Interest income	$ —	$ 11	$ (11)	<(100.0)%
Interest expense	(34,784)	(31,538)	3,246	10.3%
Cost of debt extinguishment	—	(126)	(126)	<(100.0)%
Gain on sale of real estate	5,267	8,571	(3,304)	(38.5)%
Income taxes	(813)	(714)	99	13.9%
Change in fair value of earnout liability	—	(4,480)	4,480	<(100.0)%
Other income	1,506	14	1,492	>100.0%

Interest expense

The increase in interest expense reflects an increase in our weighted average cost of borrowings combined with increased average outstanding borrowings during the six months ended June 30, 2022 compared to during the six months ended June 30, 2021. Since June 30, 2021 we increased total outstanding borrowings by $360.4 million to partially fund our acquisitions. Of our $1.9 billion of total outstanding indebtedness, approximately $200.5 million, or 10.8% is variable, and therefore subject to the impact of fluctuations in interest rates.

Gain on sale of real estate

Our recognition of a gain or loss on the sale of real estate varies from transaction to transaction based on fluctuations in asset prices and demand in the real estate market. During the six months ended June 30, 2022, we recognized a gain of $5.3 million on the sale of four properties, compared to a gain of $8.6 million on the sale of 19 properties during the six months ended June 30, 2021. Our proactive asset management strategy includes determining to sell any of our properties where we believe the risk profile has changed and become misaligned with our then current risk-adjusted return objectives.

Change in fair value of earnout liability

The fair value of the earnout liability was remeasured each reporting period, with changes recorded as Change in fair value of earnout liability in the Condensed Consolidated Statements of Income and Comprehensive Income. All earnout milestones were achieved during the year ended December 31, 2021, therefore there is no change in the fair value of the earnout liability during the six months ended June 30, 2022. The change in the fair value of the earnout liability during the six months ended June 30, 2021 reflected an increase in our share price as compared to December 31, 2020.

Other income

The increase in other income during the six months ended June 30, 2022 was primarily due to a $1.5 million unrealized foreign exchange gain recognized on the quarterly remeasurement of our $100 million CAD revolver borrowings. The specific CAD revolver borrowings were drawn during the first quarter of 2022, with no similar activity during the six months ended June 30, 2021.

Net income and Net earnings per diluted share

(in thousands, except per share data)	For the Six Months Ended June 30, 2022	2021	Increase/(Decrease) $	%
Net income	$ 63,993	$ 46,780	$ 17,213	36.8%
Net earnings per diluted share	0.36	0.30	0.06	20.0%

The increase in net income is primarily due to revenue growth of $24.4 million, a $4.5 million increase in change in fair value of earnout liability, a $1.5 million increase in unrealized foreign exchange gain, and a $1.2 million decrease in general and administrative expenses. These factors were partially offset by a $7.9 million increase in depreciation and amortization, a $3.3 million decrease on gain on sale of real estate, and a $3.2 million increase in interest expense.

GAAP net income includes items such as gain or loss on sale of real estate and provisions for impairment, among others, which can vary from quarter to quarter and impact period-over-period comparisons.

Liquidity and Capital Resources

General

We acquire real estate using a combination of debt and equity capital and with cash from operations that is not otherwise distributed to our stockholders. Our focus is on maximizing the risk-adjusted return to our stockholders through an appropriate balance of debt and equity in our capital structure. We are committed to maintaining an investment grade balance sheet through active management of our leverage profile and overall liquidity position. We believe our leverage strategy has allowed us to take advantage of the lower cost of debt while simultaneously strengthening our balance sheet, as evidenced by our current investment grade credit ratings of 'BBB' from S&P Global Ratings ("S&P") and 'Baa2' from Moody's Investors Service ("Moody's"). We manage our leverage profile using a ratio of Net Debt to Annualized Adjusted EBITDAre, a non-GAAP financial measure, which we believe is a useful measure of our ability to repay debt and a relative measure of leverage, and is used in communications with lenders and with rating agencies regarding our credit rating. We seek to maintain on a sustained basis a Net Debt to Annualized Adjusted EBITDAre ratio that is generally less than 6.0x. As of June 30, 2022, we had total debt outstanding of $1.9 billion, Net Debt of $1.8 billion, and a Net Debt to Annualized Adjusted EBITDAre ratio of 5.3x.

Net Debt and Annualized Adjusted EBITDAre are non-GAAP financial measures, and Annualized Adjusted EBITDAre is calculated based upon EBITDA, EBITDAre, and Adjusted EBITDAre, each of which is also a non-GAAP financial measure. Refer to *Non-GAAP Measures* below for further details concerning our calculation of non-GAAP measures and reconciliations to the comparable GAAP measure.

Liquidity/REIT Requirements

Liquidity is a measure of our ability to meet potential cash requirements, including our ongoing commitments to repay debt, fund our operations, acquire properties, make distributions to our stockholders, and other general business needs. As a REIT, we are required to distribute to our stockholders at least 90% of our REIT taxable income determined without regard to the dividends paid deduction and excluding net capital gains, on an annual basis. As a result, it is unlikely that we will be able to retain substantial cash balances to meet our long-term liquidity needs, including repayment of debt and the acquisition of additional properties, from our annual taxable income. Instead, we expect to meet our long-term liquidity needs primarily by relying upon external sources of capital.

Short-term Liquidity Requirements

Our short-term liquidity requirements consist primarily of funds necessary to pay for our operating expenses, including our general and administrative expenses as well as interest payments on our outstanding debt, to pay distributions, and to fund our acquisitions that are under control or expected to close within a short time period. We do not currently anticipate making significant capital expenditures or incurring other significant property costs, including as a result of inflationary pressures in the current economic environment, because of the strong occupancy levels across our portfolio and the net lease nature of our leases. We expect to meet our short-term liquidity requirements primarily from cash and cash equivalents balances and net cash provided by operating activities, supplemented by borrowings under our Revolving Credit Facility. We intend to match fund our acquisitions with an appropriate mix of debt and equity capital. We use cash on hand and borrowings under our Revolving Credit Facility to initially fund acquisitions, which are subsequently repaid or replaced with proceeds from our equity and debt capital markets activities.

As detailed in the contractual obligations table below, we have approximately $36.0 million of expected obligations due throughout the remainder of 2022, primarily consisting of $34.1 million of interest expense due, including the impact of our interest rate swaps, and $1.5 million of mortgage maturities. We expect our cash provided by operating activities, as discussed below, will be sufficient to pay for our current obligations including interest expense on our borrowings. We expect to either repay the maturing mortgages with available cash on hand generated from our results of operations or borrowings under our Revolving Credit Facility, or refinance with property-level borrowings.

Long-term Liquidity Requirements

Our long-term liquidity requirements consist primarily of funds necessary to repay debt and invest in additional revenue generating properties. We expect to source debt capital from unsecured term loans from commercial banks, revolving credit facilities, private placement senior unsecured notes, and public bond offerings.

The source and mix of our debt capital in the future will be impacted by market conditions as well as our continued focus on lengthening our debt maturity profile to better align with our portfolio's long-term leases, staggering debt maturities to reduce the risk that a significant amount of debt will mature in any single year in the future, and managing our exposure to interest rate risk. As of June 30, 2022, we have $679.3 million of available capacity under our Revolving Credit Facility.

We expect to meet our long-term liquidity requirements primarily from borrowings under our Revolving Credit Facility, future debt and equity financings, and proceeds from limited sales of our properties. Our ability to access these capital sources may be impacted by unfavorable market conditions, particularly in the debt and equity capital markets, that are outside of our control. In addition, our success will depend on our operating performance, our borrowing restrictions, our degree of leverage, and other factors. Our acquisition growth strategy significantly depends on our ability to obtain acquisition financing on favorable terms. We seek to reduce the risk that long-term debt capital may be unavailable to us by strengthening our balance sheet by investing in real estate with creditworthy tenants and lease guarantors, and by maintaining an appropriate mix of debt and equity capitalization. We also, from time to time, obtain or assume non-recourse mortgage financing from banks and insurance companies secured by mortgages on the corresponding specific property. Mortgages, however, are not currently a strategic focus of the active management of our capital structure.

Equity Capital Resources

Our equity capital is primarily provided through our at-the-market common equity offering program ("ATM Program"), as well as follow-on equity offerings. Under the terms of our ATM Program we may, from time to time, publicly offer and sell shares of our common stock having an aggregate gross sales price of up to $400 million. The ATM Program provides for forward sale agreements, enabling us to set the price of shares upon pricing the offering while delaying the issuance of shares and the receipt of the net proceeds. As of June 30, 2022, we have issued common stock with an aggregate gross sales price of $234.0 million under the ATM Program and could issue additional common stock with an aggregate sales price of up to $166.0 million.

The following table presents information about the Company's ATM Program activity:

(in thousands, except per share amounts)	For the Three Months Ended June 30, 2022	For the Six Months Ended June 30, 2022
Number of common shares issued	3,236	9,509
Weighted average sale price per share	$ 21.42	$ 21.69
Net proceeds	$ 68,321	$ 202,647
Gross proceeds	69,313	205,857

Our public offerings have been used to repay debt, fund acquisitions, and for other general corporate purposes.

As we continue to invest in accretive real estate properties, we expect to balance our debt and equity capitalization, while maintaining a Net Debt to Annualized Adjusted EBITDAre ratio below 6.0x on a sustained basis, through the anticipated use of follow-on equity offerings and the ATM Program.

Unsecured Indebtedness and Capital Markets Activities as of and for the Six Months Ended June 30, 2022

The following table sets forth our outstanding Revolving Credit Facility, Unsecured Term Loans and Senior Unsecured Notes at June 30, 2022.

(in thousands, except interest rates)	Outstanding Balance	Interest Rate	Maturity Date
Unsecured revolving credit facility	$ 320,657	Applicable reference rate + 0.85% [(a)]	Mar. 2026
Unsecured term loans:			
2024 Unsecured Term Loan	190,000	one-month LIBOR + 1.00%	Jun. 2024
2026 Unsecured Term Loan	400,000	one-month LIBOR + 1.00%	Feb. 2026
Total unsecured term loans	590,000		
Senior unsecured notes:			
2027 Senior Unsecured Notes - Series A	150,000	4.84%	Apr. 2027
2028 Senior Unsecured Notes - Series B	225,000	5.09%	Jul. 2028
2030 Senior Unsecured Notes - Series C	100,000	5.19%	Jul. 2030
2031 Senior Unsecured Public Notes	375,000	2.60%	Sep. 2031
Total senior unsecured notes	850,000		
Total unsecured debt	$ 1,760,657		

(a) At June 30, 2022, a balance of $243.0 million was subject to the one-month Secured Overnight Financing Rate of 1.69%. The remaining balance includes $100 million CAD borrowings remeasured to $77.7 million USD, which was subject to the one-month Canadian Dollar Offered Rate of 2.23%.

On January 28, 2022, we amended and restated the Revolving Credit Facility, upsizing the capacity to $1.0 billion, extending the maturity date to March 2026 and reducing the applicable margin to 0.85% per annum.

On February 25, 2022, we repaid the $60.0 million 2022 Unsecured Term Loan with borrowings under our Revolving Credit Facility.

As of June 30, 2022, we had $320.7 million outstanding on our Revolving Credit Facility. We have $679.3 million of remaining capacity on our Revolving Credit Facility as of June 30, 2022.

Subsequent to quarter end, on August 1, 2022, we entered into two new unsecured bank term loans, including a $200 million, five year term loan that matures in 2027 (the "2027 Unsecured Term Loan"), and a $300 million, seven year term loan that matures in 2029 (the

"2029 Unsecured Term Loan"). Borrowings on the new term loans bear interest at variable rates based on the Secured Overnight Financing Rate ("SOFR") plus a margin based on our credit rating ranging between 0.80% and 1.60% per annum for the 2027 Unsecured Term Loan, and 1.15% and 2.20% per annum for the 2029 Unsecured Term Loan. The initial applicable margin was 0.95% and 1.25% for the 2027 Unsecured Term Loan and 2029 Unsecured Term Loan, respectively. Proceeds from the loans were used to repay in full our $190 million unsecured term loan set to mature in 2024, including accrued interest, and a portion of the outstanding balance on our Revolver.

Debt Covenants

We are subject to various covenants and financial reporting requirements pursuant to our debt facilities, which are summarized below. As of June 30, 2022, we believe we were in compliance with all of our covenants on all outstanding borrowings. In the event of default, either through default on payments or breach of covenants, we may be restricted from paying dividends to our stockholders in excess of dividends required to maintain our REIT qualification. For each of the previous three years, we paid dividends out of our cash flows from operations in excess of the distribution amounts required to maintain our REIT qualification.

Covenants	Requirements
Leverage Ratio	≤ 0.60 to 1.00
Secured Indebtedness Ratio	≤ 0.40 to 1.00
Unencumbered Coverage Ratio	≥ 1.75 to 1.00
Fixed Charge Coverage Ratio	≥ 1.50 to 1.00
Total Unsecured Indebtedness to Total Unencumbered Eligible Property Value	≤ 0.60 to 1.00
Dividends and Other Restricted Payments	Only applicable in case of default
Aggregate Debt Ratio	≤ 0.60 to 1.00
Consolidated Income Available for Debt to Annual Debt Service Charge	≥ 1.50 to 1.00
Total Unencumbered Assets to Total Unsecured Debt	≥ 1.50 to 1.00
Secured Debt Ratio	≤ 0.40 to 1.00

Contractual Obligations

The following table provides information with respect to our contractual commitments and obligations as of June 30, 2022 (in thousands). Refer to the discussion in the Liquidity and Capital Resources section above for further discussion over our short and long-term obligations.

Year of Maturity	Term Loans	Revolving Credit Facility [(a)]	Senior Notes	Mortgages	Interest Expense [(b)]	Tenant Improvement Allowances	Operating Leases	Total
Remainder of 2022	$ —	$ —	$ —	$ 1,466	$ 34,078	$ 57	$ 424	$ 36,025
2023	—	—	—	7,582	67,463	—	705	75,750
2024	190,000	—	—	9,760	64,088	—	320	264,168
2025	—	—	—	20,195	60,660	—	326	81,181
2026	400,000	320,657	—	16,843	42,122	—	332	779,954
Thereafter	—	—	850,000	39,874	88,769	—	3,739	982,382
Total	$ 590,000	$ 320,657	$ 850,000	$ 95,720	$ 357,180	$ 57	$ 5,846	$ 2,219,460

(a) The Revolving Credit Facility contains two six-month extension options subject to certain conditions, including the payment of an extension fee equal to 0.0625% of the revolving commitments.

(b) Interest expense is projected based on the outstanding borrowings and interest rates in effect as of June 30, 2022. This amount includes the impact of interest rate swap agreements.

At June 30, 2022 investment in rental property of $159.5 million was pledged as collateral against our mortgages.

Additionally, we are a party to three separate tax protection agreements with the contributing members of three distinct UPREIT transactions and we entered into the Founding Owners' Tax Protection Agreement in connection with the Internalization. The tax protection agreements require us to indemnify the beneficiaries in the event of a sale, exchange, transfer, or other disposal of the contributed property, and in the case of the Founding Owners' Tax Protection Agreement, the entire Company, in a taxable transaction that would cause such beneficiaries to recognize a gain that is protected under the agreements, subject to certain exceptions. Based on values as of June 30, 2022, taxable sales of the applicable properties would trigger liability under the four agreements of approximately $22.3 million. Based on information available, we do not believe that the events resulting in damages as detailed above have occurred or are likely to occur in the foreseeable future. Accordingly, we have excluded these commitments from the contractual commitments table above.

In the normal course of business, we enter into various types of commitments to purchase real estate properties. These commitments are generally subject to our customary due diligence process and, accordingly, a number of specific conditions must be met before we are obligated to purchase the properties.

Derivative Instruments and Hedging Activities

We are exposed to interest rate risk arising from changes in interest rates on the floating-rate borrowings under our unsecured credit facilities and a certain mortgage. Borrowings pursuant to our unsecured credit facilities bear interest at floating rates based on LIBOR plus an applicable margin. Accordingly, fluctuations in market interest rates may increase or decrease our interest expense, which will in turn, increase or decrease our net income and cash flow.

We attempt to manage the interest rate risk on variable rate borrowings by entering into interest rate swaps. As of June 30, 2022, we had 28 interest rate swaps outstanding in an aggregate notional amount of $717.7 million. Under these agreements, we receive monthly payments from the counterparties equal to the related variable interest rates multiplied by the outstanding notional amounts. In turn, we pay the counterparties each month an amount equal to a fixed interest rate multiplied by the related outstanding notional amounts. The intended net impact of these transactions is that we pay a fixed interest rate on our variable-rate borrowings. The interest rate swaps have been designated by us as cash flow hedges for accounting purposes and are reported at fair value. We assess, both at inception and on an ongoing basis, the effectiveness of our qualifying cash flow hedges. We have not entered, and do not intend to enter, into derivative or interest rate transactions for speculative purposes.

In addition, we own investments in Canada, and as a result are subject to risk from the effects of exchange rate movements in the Canadian dollar, which may affect future costs and cash flows. We funded a significant portion of our Canadian investments through Canadian dollar borrowings under our Revolving Credit Facility, which is intended to act as a natural hedge against our Canadian dollar investments. The Canadian dollar revolving borrowings are remeasured each reporting period, with the unrealized foreign currency gains and losses flowing through earnings. These unrealized foreign currency gains and losses do not impact our cash flows from operations until settled, and are expected to directly offset the changes in the value of our net investments as a result of changes in the Canadian dollar. Our Canadian investments are recorded at their historical exchange rates, and therefore are not impacted by changes in the value of the Canadian dollar.

Cash Flows

Cash and cash equivalents and restricted cash totaled $29.0 million and $87.0 million at June 30, 2022 and June 30, 2021, respectively. The table below shows information concerning cash flows for the six months ended June 30, 2022 and 2021:

	For the Six Months Ended	
(In thousands)	June 30, 2022	June 30, 2021
Net cash provided by operating activities	$ 117,959	$ 99,015
Net cash used in investing activities	(379,971)	(242,712)
Net cash provided by financing activities	263,219	119,977
Increase (decrease) in cash and cash equivalents and restricted cash	$ 1,207	$ (23,720)

The increase in net cash provided by operating activities during the six months ended June 30, 2022 as compared to the six months ended June 30, 2021, was mainly due to growth in our real estate portfolio and associated incremental net lease revenues.

The increase in cash used in investing activities during the six months ended June 30, 2022 as compared to the six months ended June 30, 2021, was mainly due to increased acquisition volume and decreased disposition volume during the six months ended June 30, 2022.

The increase in net cash provided by financing activities during the six months ended June 30, 2022 as compared to the six months ended June 30, 2021, mainly reflects an increased borrowings on the unsecured revolving credit facility to fund the increased acquisition volume.

Non-GAAP Measures

FFO, Core FFO, and AFFO

We compute Funds From Operations ("FFO") in accordance with the standards established by the Board of Governors of Nareit, the worldwide representative voice for REITs and publicly traded real estate companies with an interest in the U.S. real estate and capital markets. Nareit defines FFO as GAAP net income or loss adjusted to exclude net gains (losses) from sales of certain depreciated real estate assets, depreciation and amortization expense from real estate assets, gains and losses from change in control, and impairment charges related to certain previously depreciated real estate assets. FFO is used by management, 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 (losses) on sales, which are based 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 Funds From Operations ("Core FFO") by adjusting FFO, as defined by Nareit, to exclude certain GAAP income and expense amounts that we believe are infrequently recurring, unusual in nature, or not related to its core real estate operations, including write-offs or recoveries of accrued rental income, lease termination fees, the change in fair value of our earnout liability, cost of debt extinguishments, unrealized and realized gains or losses on foreign currency transactions, severance, and other extraordinary items. 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.

We compute Adjusted Funds From Operations ("AFFO"), by adjusting Core FFO for certain non-cash revenues and expenses, including straight-line rents, amortization of lease intangibles, amortization of debt issuance costs, amortization of net mortgage premiums, (gain) loss on interest rate swaps and other non-cash interest expense, stock-based compensation, and other specified non-cash items. We believe that excluding such items assists management and investors in distinguishing whether changes in our operations are due to growth or decline of operations at our properties or from other factors. We use AFFO as a measure of our performance when we formulate corporate goals, and is a factor in determining management compensation. We believe that AFFO is a useful supplemental measure for investors to consider because it will help them to better assess our operating performance without the distortions created by non-cash revenues or expenses.

Specific to our adjustment for straight-line rents, our leases include cash rents that increase over the term of the lease to compensate us for anticipated increases in market rental rates over time. Our leases do not include significant front-loading or back-loading of payments, or significant rent-free periods. Therefore, we find it useful to evaluate rent on a contractual basis as it allows for comparison of existing rental rates to market rental rates. In situations where we granted short-term rent deferrals as a result of the COVID-19 pandemic, and such deferrals were probable of collection and expected to be repaid within a short term, we continued to recognize the same amount of GAAP lease revenues each period. Consistent with GAAP lease revenues, the short-term deferrals associated with COVID-19, and the corresponding payments, did not impact our AFFO.

FFO, Core FFO, and AFFO may not be comparable to similarly titled measures employed by other REITs, and comparisons of our FFO, Core FFO and AFFO with the same or similar measures disclosed by other REITs may not be meaningful.

Neither the SEC nor any other regulatory body has passed judgment on the acceptability of the adjustments to FFO that we use to calculate Core FFO and AFFO. In the future, the SEC, Nareit or another regulatory body may decide to standardize the allowable adjustments across the REIT industry and in response to such standardization we may have to adjust our calculation and characterization of Core FFO and AFFO accordingly.

The following table reconciles net income (which is the most comparable GAAP measure) to FFO, Core FFO, and AFFO:

	For the Three Months Ended		For the Six Months Ended	
(in thousands, except per share data)	**June 30, 2022**	**March 31, 2022**	**June 30, 2022**	**June 30, 2021**
Net income	$ 35,552	$ 28,441	$ 63,993	$ 46,780
Real property depreciation and amortization	35,479	34,259	69,738	61,892
Gain on sale of real estate	(4,071)	(1,196)	(5,267)	(8,571)
Provision for impairment on investment in rental properties	1,380	—	1,380	2,012
FFO	$ 68,340	$ 61,504	$ 129,844	$ 102,113
Net write-offs of accrued rental income	—	1,326	1,326	442
Cost of debt extinguishment	—	—	—	126
Severance	278	120	398	1,275
Change in fair value of earnout liability	—	—	—	4,480
Other (income) expenses [(a)]	(2,632)	1,126	(1,506)	(14)
Core FFO	$ 65,986	$ 64,076	$ 130,062	$ 108,422
Straight-line rent adjustment	(4,965)	(4,934)	(9,899)	(10,053)
Adjustment to provision for credit losses	(1)	—	(1)	(1)
Amortization of debt issuance costs	900	856	1,756	1,870
Amortization of net mortgage premiums	(25)	(27)	(52)	(72)
Loss (gain) on interest rate swaps and other non-cash interest expense	695	659	1,354	(83)
Amortization of lease intangibles	(1,167)	(1,158)	(2,325)	(1,369)
Stock-based compensation	1,381	929	2,310	2,720
AFFO	$ 62,804	$ 60,401	$ 123,205	$ 101,434

(a) Amount includes ($2.6) million and $1.1 million of unrealized and realized foreign exchange (gain) loss during the three months ended June 30, 2022 and March 31, 2022, respectively, and ($1.5) million of unrealized foreign exchange (gain) for the six months ended June 30, 2022, primarily associated with our CAD denominated revolving borrowings.

EBITDA, EBITDAre, Adjusted EBITDAre and Annualized Adjusted EBITDAre

We compute EBITDA as earnings before interest, income taxes and depreciation and amortization. EBITDA is a measure commonly used in our industry. We believe that this ratio provides investors and analysts with a measure of our performance that includes our operating results unaffected by the differences in capital structures, capital investment cycles and useful life of related assets compared to other companies in our industry. We compute EBITDAre in accordance with the definition adopted by Nareit, as EBITDA excluding gains (losses) from the sales of depreciable property and provisions for impairment on investment in real estate. We believe EBITDA and EBITDAre are useful to investors and analysts because they provide important supplemental information about our operating performance exclusive of certain non-cash and other costs. EBITDA and EBITDAre are not measures of financial performance under GAAP, and our EBITDA and EBITDAre may not be comparable to similarly titled measures of other companies. You should not consider our EBITDA and EBITDAre as alternatives to net income or cash flows from operating activities determined in accordance with GAAP.

We are focused on a disciplined and targeted acquisition strategy, together with active asset management that includes selective sales of properties. We manage our leverage profile using a ratio of Net Debt to Annualized Adjusted EBITDAre, each discussed further below, which we believe is a useful measure of our ability to repay debt and a relative measure of leverage, and is used in communications with our lenders and rating agencies regarding our credit rating. As we fund new acquisitions using our unsecured Revolving Credit Facility, our leverage profile and Net Debt will be immediately impacted by current quarter acquisitions. However, the full benefit of EBITDAre from newly acquired properties will not be received in the same quarter in which the properties are acquired. Additionally, EBITDAre for the quarter includes amounts generated by properties that have been sold during the quarter. Accordingly, the variability in EBITDAre caused by the timing of our acquisitions and dispositions can temporarily distort our leverage ratios. We adjust EBITDAre ("Adjusted EBITDAre") for the most recently completed quarter (i) to recalculate as if all acquisitions and dispositions had occurred at the beginning of the quarter, (ii) to exclude certain GAAP income and expense amounts that are either non-cash, such as cost of debt extinguishments, realized or unrealized gains and losses on foreign currency transactions, or the change in fair value of our earnout liability, or that we believe are one time, or unusual in nature because they relate to unique circumstances or transactions that had not previously occurred and which we do not anticipate occurring in the future, and (iii) to eliminate the impact of lease termination fees and other items that are not a result of normal operations. We then annualize quarterly Adjusted EBITDAre by multiplying it by four ("Annualized Adjusted EBITDAre"). 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 EBITDAre for future periods may be significantly different from our Annualized Adjusted EBITDAre. Adjusted EBITDAre and Annualized Adjusted EBITDAre are not measurements of performance under GAAP, and our Adjusted EBITDAre and Annualized Adjusted EBITDAre may not be comparable to similarly titled measures of other companies. You should not consider our Adjusted EBITDAre and Annualized Adjusted EBITDAre as alternatives to net income or cash flows from operating activities determined in accordance with GAAP.

The following table reconciles net income (which is the most comparable GAAP measure) to EBITDA, EBITDAre, and Adjusted EBITDAre. Information is also presented with respect to Annualized EBITDAre and Annualized Adjusted EBITDAre:

	For the Three Months Ended		
(in thousands)	**June 30, 2022**	**March 31, 2022**	**June 30, 2021**
Net income	$ 35,552	$ 28,441	$ 22,820
Depreciation and amortization	35,511	34,290	31,225
Interest expense	17,888	16,896	15,430
Income taxes	401	412	301
EBITDA	$ 89,352	$ 80,039	$ 69,776
Provision for impairment of investment in rental properties	1,380	—	—
Gain on sale of real estate	(4,071)	(1,196)	(3,838)
EBITDAre	$ 86,661	$ 78,843	$ 65,938
Adjustment for current quarter acquisition activity [(a)]	2,780	3,225	2,761
Adjustment for current quarter disposition activity [(b)]	(141)	(79)	(353)
Adjustment to exclude change in fair value of earnout liability	—	—	5,604
Adjustment exclude net write-offs of accrued rental income	—	1,326	—
Adjustment to exclude realized / unrealized foreign exchange (gain) loss	(2,632)	1,125	—
Adjusted EBITDAre	$ 86,668	$ 84,440	$ 73,950
Annualized EBITDAre	$ 346,642	$ 315,375	$ 263,761
Annualized Adjusted EBITDAre	$ 346,672	$ 337,759	$ 295,808

(a) Reflects an adjustment to give effect to all acquisitions during the quarter as if they had been acquired as of the beginning of the quarter.
(b) Reflects an adjustment to give effect to all dispositions during the quarter as if they had been sold as of the beginning of the quarter.

Net Debt, Net Debt to Annualized EBITDAre and Net Debt to Annualized Adjusted EBITDAre

We define Net Debt as gross debt (total reported debt plus debt issuance costs) less cash and cash equivalents and restricted cash. We believe that the presentation of Net Debt to Annualized EBITDAre and Net Debt to Annualized Adjusted EBITDAre is useful to investors and analysts because these ratios provide information about gross debt less cash and cash equivalents, which could be used to repay debt, compared to our performance as measured using EBITDAre, and is used in communications with lenders and rating agencies regarding our credit rating. The following table reconciles total debt (which is the most comparable GAAP measure) to Net Debt, and presents the ratio of Net Debt to Annualized EBITDAre and Net Debt to Annualized Adjusted EBITDAre, respectively:

(in thousands)	June 30, 2022	March 31, 2022	June 30, 2021
Debt			
Unsecured revolving credit facility	$ 320,657	$ 266,118	$ —
Unsecured term loans, net	587,098	586,884	910,994
Senior unsecured notes, net	844,178	843,990	472,637
Mortgages, net	95,453	96,141	105,748
Debt issuance costs	8,991	9,419	6,625
Gross Debt	1,856,377	1,802,552	1,496,004
Cash and cash equivalents	(16,813)	(54,103)	(78,987)
Restricted cash	(12,163)	(11,444)	(8,021)
Net Debt	$ 1,827,401	$ 1,737,005	$ 1,408,996
Net Debt to Annualized EBITDAre	5.3x	5.5x	5.3x
Net Debt to Annualized Adjusted EBITDAre	5.3x	5.1x	4.8x

Critical Accounting Policies and Estimates

This Management's Discussion and Analysis of Financial Condition and Results of Operations is based upon our Condensed Consolidated Financial Statements, which have been prepared in accordance with GAAP. The preparation of these Condensed Consolidated Financial Statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses as well as other disclosures in the financial statements. We base our estimates on historical experience and on various other assumptions believed to be reasonable under the circumstances. These judgments affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the dates of the financial statements, and the reported amounts of revenue and expenses during the reporting periods. On an ongoing basis, management evaluates its estimates and assumptions; however, actual results may differ from these estimates and assumptions, which in turn could have a material impact on our financial statements. A summary of our significant accounting policies and procedures are included in Note 2, "Summary of Significant Accounting Policies," in the Notes to the Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q. We believe there have been no significant changes during the six months ended June 30, 2022, to the items that we disclosed as our critical accounting policies and estimates in our 2021 Annual Report on Form 10-K.

Impact of Recent Accounting Pronouncements

For information on the impact of recent accounting pronouncements on our business, see Note 2 of the Notes to the Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Interest Rate Risk

We are exposed to certain market risks, one of the most predominant of which is a change in interest rates. Increases in interest rates can result in increased interest expense under our Revolving Credit Facility and other variable-rate debt. Increases in interest rates can also result in increased interest expense when our fixed rate debt matures and needs to be refinanced. We attempt to manage interest rate risk by entering into long-term fixed rate debt or by entering into interest rate swaps to convert certain variable-rate debt to a fixed rate. The interest rate swaps have been designated by us as cash flow hedges for accounting purposes and are reported at fair value. We have not entered, and do not intend to enter, into derivative or interest rate transactions for speculative purposes. Further information concerning our interest rate swaps can be found in Note 11 in our Condensed Consolidated Financial Statements contained elsewhere in this Quarterly Report on Form 10-Q.

Our fixed-rate debt includes our Senior Unsecured Notes, mortgages, and variable-rate debt converted to a fixed rate with the use of interest rate swaps. Our fixed-rate debt had a carrying value and fair value of approximately $1.7 billion and $1.6 billion, respectively, as of June 30, 2022. Changes in market interest rates impact the fair value of our fixed-rate debt, but they have no impact on interest incurred or on cash flows. For instance, if interest rates were to increase 1%, and the fixed-rate debt balance were to remain constant, we would expect the fair value of our debt to decrease, similar to how the price of a bond decreases as interest rates rise. A 1% increase in market interest rates would have resulted in a decrease in the fair value of our fixed-rate debt of approximately $82.4 million as of June 30, 2022.

Borrowings pursuant to our Revolving Credit Facility and other variable-rate debt bear interest at rates based on the applicable reference rate plus an applicable margin, and totaled $918.2 million as of June 30, 2022, of which $717.7 million was swapped to a fixed rate by our use of interest rate swaps. Taking into account the effect of our interest rate swaps, a 1% increase or decrease in interest rates would have a corresponding $2.0 million increase or decrease in interest expense annually.

With the exception of our interest rate swap transactions, we have not engaged in transactions in derivative financial instruments or derivative commodity instruments.

Foreign Currency Exchange Rate Risk

We own investments in Canada, and as a result are subject to risk from the effects of exchange rate movements in the Canadian dollar, which may affect future costs and cash flows. We funded a significant portion of our Canadian investments through Canadian dollar borrowings under our Revolving Credit Facility, which is intended to act as a natural hedge against our Canadian dollar investments. To the extent that currency fluctuations increase or decrease rental revenues, as translated to U.S. dollars, the change in debt service (comprised of interest payments), as translated to U.S. dollars, will partially offset the effect of fluctuations in revenue and, to some extent, mitigate the risk from changes in foreign currency exchange rates. We believe the foreign currency exchange rate risk on the remaining cash flows is immaterial.

Additionally, our Canadian dollar revolving borrowings are remeasured each reporting period, with the unrealized foreign currency gains and losses flowing through earnings. These unrealized foreign currency gains and losses do not impact our cash flows from operations until settled, and are expected to directly offset the changes in the value of our net investments as a result of changes in the Canadian dollar. Our Canadian investments are recorded at their historical exchange rates, and therefore are not impacted by changes in the value of the Canadian dollar.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act), that are designed to ensure that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. As of and for the quarter ended June 30, 2022, we carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures, under the supervision and with the participation of management, including our Chief Executive Officer and Chief Financial Officer. Based on the foregoing, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective and were operating at a reasonable assurance level.

Changes in Internal Control Over Financial Reporting

There have been no changes in our internal control over financial reporting during the quarter ended June 30, 2022 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Part II – OTHER INFORMATION

Item 1. Legal Proceedings.

From time to time, we are subject to various lawsuits, claims, and other legal proceedings that arise in the ordinary course of our business. We are not currently a party to legal proceedings that we believe would reasonably be expected to have material adverse effect on our business, financial condition, or results of operations. We are not aware of any material legal proceedings to which we or any of our subsidiaries are a party or to which any of our property is subject, nor are we aware of any such legal proceedings contemplated by government agencies.

Item 1A. Risk Factors.

There have been no material changes from the risk factors set forth in our 2021 Annual Report on Form 10-K for the year ended December 31, 2021.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds from Registered Securities.

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

None.

Item 6. Exhibits

No.	Description
3.1	Articles of Incorporation of Broadstone Net Lease, Inc. (filed as Exhibit 3.1 to the Corporation's Registration Statement on Form 10 filed April 24, 2017 and incorporated herein by reference)
3.2	Articles of Amendment of Broadstone Net Lease, Inc. (filed as Exhibit 3.1 to the Corporation's Current Report on Form 8-K filed September 18, 2020 and incorporated herein by reference)
3.3	Articles Supplementary of Broadstone Net Lease, Inc. (filed as Exhibit 3.2 to the Corporation's Current Report on Form 8-K filed September 18, 2020 and incorporated herein by reference)
3.4	Articles of Amendment of Broadstone Net Lease, Inc. (filed as Exhibit 3.3 to the Corporation's Current Report on Form 8-K filed September 18, 2020 and incorporated herein by reference)
3.5	Second Amended and Restated Bylaws of Broadstone Net Lease, Inc., adopted March 23, 2020 (filed as Exhibit 3.1 to the Corporation's Current Report on Form 8-K filed March 25, 2020 and incorporated herein by reference)
4.1	Indenture, dated as of September 15, 2021, among the Issuer, the Company and the Trustee, including the form of the Guarantee (filed as Exhibit 4.1 to the Corporation's Current Report on Form 8-K filed September 10, 2021 and incorporated herein by reference)
4.2	First Supplemental Indenture, dated as of September 15, 2021, among the Issuer, the Company and the Trustee, including the form of the Notes (filed as Exhibit 4.2 to the Corporation's Current Report on Form 8-K filed September 10, 2021 and incorporated herein by reference)
10.1*	Broadstone Net Lease, Inc. Change in Control Severance Protection Policy
31.1*	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1*†	Certification of Chief 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 Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	Inline XBRL Instance Document – the instance document does not appear in Interactive Data File because its XBRL tags are embedded within the Inline XBRL Document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Filed herewith.

† In accordance with Item 601(b)(32) of Regulation S-K, this Exhibit is not deemed "filed" for purposes of Section 18 of the Exchange Act or otherwise subject to the liabilities of that section. Such certifications will not be deemed incorporated by reference into any filing under the Securities Act or the Exchange Act, except to the extent that the Registrant specifically incorporates it by reference.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

BROADSTONE NET LEASE, INC.

Date: August 4, 2022	/s/ Christopher J. Czarnecki
	Christopher J. Czarnecki
	Chief Executive Officer and President
Date: August 4, 2022	/s/ Ryan M. Albano
	Ryan M. Albano
	Executive Vice President and Chief Financial Officer

BROADSTONE NET LEASE, INC.

CHANGE IN CONTROL SEVERANCE PROTECTION POLICY

This Broadstone Net Lease, Inc. Severance Protection Policy has been adopted by the Compensation Committee of the Board of Directors of Broadstone Net Lease, Inc. to apply to applicable employees of the Company. Participants will be eligible for severance protection in connection with a Change in Control and certain termination of employment events, subject to the conditions set forth below. This Policy shall be effective as of the Effective Date as provided herein.

1.**Definitions**. For purposes of this Policy, the following terms shall have the following meaning:

"*Annual Base Salary*" shall mean a Participant's stated annual compensation without regard to any bonus, perquisite or other benefits.

"*Annual Bonus*" means the annual target bonus to which the Participant is eligible under the Company's annual bonus or incentive compensation program as in effect from time to time.

"*Cause*" means any of the following: (i) conduct by the Participant that amounts to willful misconduct, gross neglect, or a material refusal to perform the Participant's duties and responsibilities, which conduct, if susceptible to a cure in the reasonable discretion of the REIT, remains uncured for ten (10) business days following delivery of a written notice to the Participant setting forth the nature of such conduct; (ii) any willful violation of any material law, rule, or regulation applicable to the Company generally; (iii) the Participant's material violation of any material written policy, board committee charter, or code of ethics or business conduct (or similar code) of the Company to which the Participant is subject, which violation, if susceptible to a cure in the reasonable discretion of the REIT, remains uncured for ten (10) business days following delivery of a written notice to the Participant setting forth the nature of such violation; (iv) any act of fraud, misappropriation, or embezzlement by the Participant, whether or not such act was committed in connection with the business of the Company; (v) the Participant's charge with, indictment for, conviction of, or entry of a plea of guilty or nolo contendere or no contest with respect to: (X) any felony, or any misdemeanor involving dishonesty or moral turpitude (including pleading guilty or nolo contendere to a felony or lesser charge which results from plea bargaining), whether or not such felony, crime or lesser offense is connected with the business of the Company, or (Y) any crime connected with the business of the Company; or (vi) the Participant's deliberate misrepresentation in connection with, or willful failure to cooperate with, a bona fide internal investigation or an investigation by regulatory or law enforcement authorities, after being instructed by the Company to cooperate, or the willful destruction or failure to preserve documents or other materials known to be relevant to such investigation or the willful inducement of others to fail to cooperate or to produce documents or other materials as reasonably requested by the Company or its legal counsel.

"*Change in Control*" means and includes the occurrence of any one of the following events:

(i) during any consecutive 12-month period, individuals who, at the beginning of such period, constitute the Board (the "Incumbent Directors") cease for any reason to constitute at least a majority of such Board, provided that any person becoming a director after the beginning of such 12-month period and whose election or nomination for election was approved by a vote of at least a majority of the Incumbent Directors then on the Board shall be an Incumbent Director; provided, however, that no individual initially elected or nominated as a director as a result of an actual or threatened election contest with respect to the election or removal of directors ("Election Contest") or other actual or threatened solicitation of proxies or consents by or on behalf of any Person other than the Board ("Proxy Contest"), including by reason of any agreement intended to avoid or settle any Election Contest or Proxy Contest, shall be deemed an Incumbent Director; or

(ii) any individual, entity or group (within the meaning of Section 3(a)(9) of the Securities Exchange Act of 1934 Act ("1934 Act") and as used in Section 13(d)(3) or 14(d)(2) of the 1934 Act) (a "Person") becomes a "beneficial owner" (as defined in Rule 13d-3 of the General Rules and Regulations under the 1934 Act) ("Beneficial Owner"), directly or indirectly, of either (A) 50% or more of the then-outstanding shares of common stock of the REIT ("REIT Common Stock") or (B) securities of the REIT representing 50% or more of the combined voting power of the REIT's then outstanding securities eligible to vote for the election of directors (the "REIT Voting Securities"); provided, however, that for purposes of this subsection (2), the following acquisitions of REIT Common Stock or REIT Voting Securities shall not constitute a Change in Control: (w) an acquisition directly from the REIT, (x) an acquisition by the REIT or any corporation, limited liability company, partnership or other entity of which a majority of the outstanding voting stock or voting power is beneficially owned directly or indirectly by the REIT (a "Subsidiary"), (y) an acquisition by any employee benefit plan (or related trust) sponsored or maintained by the REIT or any Subsidiary, or (z) an acquisition pursuant to a Non-Qualifying Transaction (as defined in subsection (3) hereof); or

(iii) the consummation of a reorganization, merger, consolidation, statutory share exchange or similar form of corporate transaction involving the REIT or a Subsidiary (a "Reorganization"), or the sale or other disposition of all or substantially all of the REIT's assets (a "Sale") or the acquisition of assets or stock of another corporation or other entity (an "Acquisition"), unless immediately following such Reorganization, Sale or Acquisition: (A) all or substantially all of the individuals and entities who were the Beneficial Owners, respectively, of the outstanding REIT Common Stock and outstanding REIT Voting Securities immediately prior to such Reorganization, Sale or Acquisition beneficially own, directly or indirectly, more than 50% of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the entity resulting from such Reorganization, Sale or Acquisition (including, without limitation, an entity which as a result of such transaction owns the REIT or all or substantially all of the REIT's assets or stock either directly or through one or more subsidiaries, the "Surviving Entity") in substantially the same proportions as their ownership, immediately prior to such Reorganization, Sale or Acquisition, of the outstanding REIT Common Stock and the outstanding REIT Voting Securities, as the case may be, and (B) no person (other than (x) the REIT or any Subsidiary, (y) the Surviving Entity or its ultimate parent entity, or (z) any employee benefit plan (or related trust) sponsored or maintained by any of the foregoing) is the Beneficial Owner, directly or indirectly, of 50% or more of the total common stock or 50% or more of the total voting power of the outstanding voting securities eligible to elect directors of the Surviving Entity, and (C) at least a majority of the members of the board of directors of the Surviving Entity were Incumbent Directors at the time of the Board of Director's approval of the execution of the initial agreement providing for such Reorganization, Sale or Acquisition (any Reorganization, Sale or Acquisition which satisfies all of the criteria specified in (A), (B) and (C) above shall be deemed to be a "Non-Qualifying Transaction"); or

(iv) approval by the stockholders of the REIT of a complete liquidation or dissolution of the Company.

"*Change in Control Protection Period*" means the period starting on the date that is three (3) months prior to a Change in Control and ending on the date that is twelve (12) months following a Change in Control.

"*Code*" means the Internal Revenue Code of 1986, as amended.

"*Company*" means collectively the REIT, Operating Company and REIT Operator.

"*Compensation Committee*" means the Compensation Committee of the Board of Directors of the REIT.

"*Date of Termination*" means the effective date of the relevant Participant's termination of employment with the Company.

"*Effective Date*" means April 29, 2022, or such later date as determined by the Compensation Committee with respect to a Participant.

"*Excluded Employees*" means each executive officer of the Company who is party to an individual employment agreement with the Company and such other individuals as identified by the Compensation Committee.

"*Good Reason*" means without the Participant's express written consent: (i) a material diminution in the Participant's title, position, authority, duties, or responsibilities; (ii) a material diminution in the authority, duties, or responsibilities of the supervisor to whom Participant is required to report; (iii) a material diminution in the Participant's Annual Base Salary or Annual Bonus; (iv) a willful and material breach by the Company of this Agreement; or (v) the relocation (without the written consent of the Participant) of Participant's principal place of employment by more than thirty-five (35) miles from the Participant's then current physical place of employment. Notwithstanding the foregoing, (A) Good Reason shall not be deemed to exist unless notice of termination on account thereof is given no later than ninety (90) days after the time at which the Participant has knowledge that the event or condition purportedly giving rise to Good Reason first occurs or arises , (B) if there exists an event or condition that constitutes Good

Reason, the Company shall have thirty (30) days from the date notice of such termination is received to cure such event or condition and, if the Company does so, such event or condition shall not constitute Good Reason hereunder and (C) the Participant provides written notice of termination with Good Reason within sixty (60) days following the Company's failure to cure such event or condition.

"*Operating Company*" means Broadstone Net Lease, LLC, a New York limited liability company.

"*Participant*" means employees of the Company, other than the Excluded Employees, in each case employed by the Company on a full-time or part-time basis.

"*Policy*" means this Broadstone Net Lease, Inc. Severance Protection Policy.

"Qualifying Termination" means the Participant's termination of employment by the Company, or the applicable successor entity, without Cause, or by the Participant for Good Reason, in either case during the Change of Control Protection Period; provided that in the case of a termination event during the three (3) month period prior to a Change in Control, the Change in Control must actually occur in order for the termination to be considered a Qualifying Termination, and, for purposes of this policy, such termination will be considered to occur on the date of the occurrence of the Change in Control.

"REIT" means Broadstone Net Lease, Inc., a Maryland corporation.

"*REIT Operator*" means Broadstone Employee Sub, LLC, a New York limited liability company.

"Separation from Service" means a termination of the employment relationship of the Participant with the Company or an affiliate within the meaning of Section 409A of the Code and Treasury Regulation section 1.409A-1(h) or any successor thereto.

"*Severance Period*" means (i) for Participants at the level of Senior Vice President, twelve (12) months following the Date of Termination, (ii) for Participants at the level of Vice President, nine (9) months following the Date of Termination and (iii) for all other Participants, six (6) months following the Date of Termination.

2.Term of Policy. The term of this Policy shall begin on the Effective Date and shall continue in effect until modified or terminated by the Company pursuant to Section 13 hereof.

3.Termination. The Company may terminate the employment of Executive for any reason and at any time. In the event that the Participant incurs a Qualifying Termination, Executive shall be entitled to the following rights and benefits under this Section 3:

3.1 Severance Benefits. Subject to Executive's compliance with all terms of this Policy, including, without limitation, Section 5 hereof:

(i) Salary Continuation Payments. The REIT Operator, or its applicable successor, will pay Participant an amount equal to the amount of the Participant's Annual Base Salary that would be earned during the Severance Period, payable in a lump sum in accordance with Section 5, hereof.

(ii) Severance Period Bonus Payment. The REIT Operator, or its applicable successor, will pay Participant an amount equal to the Participant's Annual Bonus, payable in a lump sum in accordance with Section 5, hereof).

(iii) Pro-Rata Bonus. The REIT Operator, or its applicable successor, will pay Participant an amount equal to the product of (A) the Participant's Annual Bonus, if any, and (B) a fraction, the numerator of which is the number of days Participant was employed by the Company during the calendar year of termination, and the denominator of which is the number of days in such calendar year. This amount shall be paid in a lump sum in accordance with Section 5, hereof.

(iv) Continued Health Benefit Coverage. If Participant timely and properly elects to continue participation in any group medical, dental, vision and /or prescription drug plan benefits to which Participant or Participant's eligible dependents would be entitled under the Consolidated Omnibus Budget Reconciliation Act (COBRA), then REIT Operator will pay Participant a monthly cash payment equal to the excess of (x) the COBRA cost of coverage for each month during the Severance Period over (y) the amount that the Participant would have had to pay for such coverage if Participant had remained employed by the REIT Operator (or its successor) during the Severance Period and paid the active employee rate for such coverage, less withholding taxes and other similar items (the "Benefits Payments"), paid in accordance with the Company's customary payroll practices, and in accordance with Section 5 hereof. Notwithstanding the foregoing, the right to Benefits Payments set forth herein will end immediately upon Participant becoming eligible to receive group health benefits under a program of a subsequent employer or otherwise (including but not limited to coverage available to Participant's spouse).

3.2 Accrued Rights. Within fifteen (15) business days following the Date of Termination, the REIT Operator or its applicable successor will pay or provide Participant with (i) all accrued but unpaid base salary through the Date of Termination, (ii) vacation pay accrued but not used in accordance with the Company's vacation pay policy, (iii) any previously awarded but unpaid Annual Bonus for a completed calendar year prior to the Date of Termination, (iv) any unreimbursed business expenses that are reimbursable under the Company's business expense policy, and (v) all rights and benefits under the employee benefit plans of the Company in which Participant is then participating, (collectively, the "Accrued Rights").

3.3 Equity Awards. This Policy does not affect the terms of outstanding equity awards. The treatment of all equity awards held by the Participant on the Date of Termination, if any, will be determined in accordance with the terms of the applicable award agreement and equity plan pursuant to which each outstanding equity award was granted.

3.4 No Additional Rights. Except as provided in this Section 3, Participant's participation under any benefit plan, program, policy or arrangement sponsored or maintained by the Company shall be treated in accordance with the terms of the applicable plan. Without limiting the generality of the foregoing, Participant's eligibility for and active participation in any of the retirement plans maintained by the Company will end on the Date of Termination and Participant will earn no additional benefits, including, without limitation, any additional service credit, under those plans after that date. Participant shall be treated as a terminated employee for purposes of all such benefit plans and programs effective as of the Date of Termination, and shall receive all payments and benefits due under such plans and programs in accordance with the terms and conditions thereof.

4.Other Terminations. The Company may terminate the employment of Participant for any reason and at any time. In the event that the Company terminates the employment of the Participant during the term of the Policy, other than a Qualifying Termination, the terms of this Policy will not apply. If the Company terminates the employment of the Participant for Cause during the Change in Control Protection Period, the REIT Operator or its applicable successor will pay or provide Participant with all Accrued Rights. Participant may terminate his or her employment for any reason and at any time and shall not be entitled to any payments or benefits under this Policy by reason of such termination of employment from the Company, unless such termination constitutes a Qualifying Termination. This Policy shall have no effect on the rights and benefits to which a Participant is entitled upon retirement under (without limitation) any retirement or savings plan of the Company, which shall be governed exclusively by the terms of such plans and agreements, as applicable.

5.Release.

5.1 As a condition precedent to receiving the payments and benefits set forth in Section 3.1 of this Policy, Participant will execute (and not revoke) a general release of claims (the "Release"), in a form provided by the Company. If Participant fails to execute and deliver the Release, or revokes the Release, Participant agrees that Participant shall not be entitled to receive the payments and benefits described herein.

5.2 Except as otherwise specified or agreed to by the Participant and the Company, payment of any amounts described hereunder that are subject to the Release will begin on the 60th day following the Date of Termination, with the first such payment to include any amounts attributable to payroll intervals occurring prior to such date, provided, however, that, to the extent that the payments are exempt from Section 409A of the Code, such exempt payments shall be made beginning with the first payroll date following the effectiveness of the Release.

6.Section 280G.

6.1 Treatment of Payments. Notwithstanding anything in this Agreement or any other plan, arrangement or agreement to the contrary, in the event that an accounting firm or a nationally recognized tax firm specializing in Code Section 280G calculations which shall be designated by the Company prior to a Change in Control (the "Accounting Firm") shall determine that any payment or benefit received or to be received by the Participant from the Company or any of its affiliates or from any person who effectuates a change in control or effective control of the Company or any of such person's affiliates (whether pursuant to the terms of this Policy or any other plan, arrangement or agreement) (all such payments and benefits, the "Total Payments") would fail to be deductible under Section 280G of the Code or otherwise would be subject (in whole or part) to the excise tax imposed by Section 4999 of the Code (the "Excise Tax"), then the payments or benefits to be received by the Participant that are subject to Section 280G or 4999 of the Code shall be reduced to the extent necessary so that no portion of the Total Payments is subject to the Excise Tax, but such reduction shall occur if and only to the extent that the net amount of such Total Payments, as so reduced (and after subtracting the net amount of federal, state and local income taxes, and employment, Social Security and Medicare taxes on such reduced Total Payments), is greater than or equal to the net amount of such Total Payments without such reduction (but after subtracting the net amount of federal, state and local income taxes and employment, Social Security and Medicare taxes on such Total Payments and the amount of Excise Tax (or any other excise tax) to which the Participant would be subject in respect of such unreduced Total Payments). For purposes of this Section 6 the above tax amounts shall be determined by the Accounting Firm, applying the highest marginal rate under Section 1 of the Code and under state and local laws which applied (or is likely to apply) to the Participant's taxable income for the tax year in which the transaction which causes the application of Section 280G or 4999 of the Code occurs, or such other rate(s) as the Accounting Firm determines to be likely to apply to the Participant in the relevant tax year(s) in which any of the Total Payments is expected to be made. If the Accounting Firm determines that the Participant would not retain a larger amount on an after-tax basis if the Total Payments were so reduced, then Executive shall retain all of the Total Payments.

6.2 Ordering of Reduction. In the case of a reduction in the Total Payments pursuant to Section 5(a), the Total Payments will be reduced in the following order: (A) payments that are payable in cash (and that are not deferred compensation within the meaning of Section 409A of the Code) that are valued at full value under Treasury Regulation Section 1.280G-1, Q&A 24(a) will be reduced (if necessary, to zero), with amounts that are payable last reduced first; (B) payments and benefits due in respect of any equity valued at full value under Treasury Regulation Section 1.280G-1, Q&A 24(a) (and that are not deferred compensation within the meaning of Section 409A of the Code), with the highest values reduced first (as such values are determined under Treasury Regulation Section 1.280G-1, Q&A 24) will next be reduced; (C) payments that are payable in cash (and that are not deferred compensation within the meaning of Section 409A of the Code) that are valued at less than full value under Treasury Regulation Section 1.280G-1, Q&A 24, with amounts that are payable last reduced first, will next be reduced; (D) payments and benefits (that are not deferred compensation within the meaning of Section 409A of the Code) due in respect of any equity valued at less than full value under Treasury Regulation Section 1.280G-1, Q&A 24, with the highest values reduced first (as such values are determined under Treasury Regulation Section 1.280G-1, Q&A 24) will next be reduced; and (E) all other cash or non-cash benefits not otherwise described in above will be next reduced pro-rata with any payments or benefits that are deferred compensation within the meaning of Section 409A of the Code being reduced last.

6.3 Certain Determinations. For purposes of determining whether and the extent to which the Total Payments will be subject to the Excise Tax: (A) no portion of the Total Payments the receipt or enjoyment of which the Participant shall have waived at such time and in such manner as not to constitute a "payment" within the meaning of Section 280G(b) of the Code will be taken into account; (B) no portion of the Total Payments will be taken into account which, in the opinion of the Accounting Firm, does not constitute a "parachute payment" within the meaning of Section 280G(b)(2) of the Code (including by reason of Section 280G(b)(4)(A) of the Code) and, in calculating the Excise Tax, no portion of such Total Payments will be taken into account which, in the opinion of the Accounting Firm, constitutes reasonable compensation for services actually rendered, within the meaning of Section 280G(b)(4)(B) of the Code, in excess of the "base amount" (as set forth in Section 280G(b)(3) of the Code) that is allocable to such reasonable compensation; and (C) the value of any non-cash benefit or any deferred payment or benefit included in the Total Payments will be determined by the Accounting Firm in accordance with the principles of Sections 280G(d)(3) and (4) of the Code. Executive and the Company shall furnish such documentation and documents as may be necessary for the Accounting Firm to perform the requisite calculations and analysis under this Section 5 (and shall cooperate to the extent necessary for any of the determinations in this Section 6 to be made), and the Accounting Firm shall provide a written report of its determinations hereunder, including detailed supporting calculations. If the Accounting Firm determines that aggregate Total Payments should be reduced as described above, it shall promptly notify Executive and the Company to that effect. In the absence of manifest error, all determinations by the Accounting Firm under this Section 5 shall be binding on Executive and the Company and shall be made as soon as reasonably practicable following the later of Executive's date of termination of employment or the date of the transaction which causes the application of Section 280G of the Code. The Company shall bear all costs, fees and expenses of the Accounting Firm and any legal counsel retained by the Accounting Firm.

6.4 Additional Payments. If the Participant receives reduced payments and benefits by reason of this Section 6 and it is established pursuant to a determination of a court of competent jurisdiction which is not subject to review or as to which the time to appeal has expired, or pursuant to an Internal Revenue Service proceeding, that Participant could have received a greater amount without resulting in any Excise Tax, then the Company shall thereafter pay the Participant the aggregate additional amount which could have been paid without resulting in any Excise Tax as soon as reasonably practicable following such determination.

7. Section 409A.

7.1 Compliance. It is intended that this Policy be exempt from the provisions of Section 409A of the Code and this Policy shall be construed, administered, and governed in a manner consistent with this intent. If and to the extent that any payment or benefit under this Policy is determined by the Company to constitute "non-qualified deferred compensation" subject to Section 409A of the Code and is payable to the Participant by reason of Executive's termination of employment, then such payment or benefit shall be made or provided to the Participant only upon a Separation from Service as defined for purposes of Section 409A of the Code. Each severance payment under this Policy will be considered a "separate payment" and not one of a series of payments for purposes of Section 409A of the Code. To the extent that any benefits to be provided to the Participant pursuant to this Policy are considered nonqualified deferred compensation and are reimbursements subject to Treasury Regulation Section 1.409A-3(i)(1)(iv), then (i) the reimbursement of eligible expenses related to such benefits shall be made on or before the last day of the Participant's taxable year following the Participant's taxable year in which the expense was incurred and (ii) notwithstanding anything to the contrary in this Policy or any plan providing for such benefits, the amount of expenses eligible for reimbursement during any taxable year of the Participant shall not affect the expenses eligible for reimbursement in any other taxable year. Nothing in this Policy will provide a basis for any person to take action against the Company or its affiliates based on matters covered by Section 409A of the Code and in no event will the Company or its affiliates be liable for any additional tax, interest or penalties that may be imposed on the Participant under Section 409A of the Code or any damages for failing to comply with Section 409A of the Code.

7.2 Six Month Delay for Specified Executives. To the extent that any amount payable or benefit to be provided under this Policy constitutes a nonexempt "nonqualified deferred compensation plan" (as defined in Section 409A of the Code) upon a Separation from Service, and to the extent a Participant is deemed to be a "specified employee" (as that term is defined in Section 409A of the Code and pursuant to procedures established by the Company) on the Date of Termination, notwithstanding any other provision in this Policy to the contrary, such payment or benefit provision will not be made to the Participant during the six month period immediately following the Date of Termination. Instead, on the first day of the seventh month following the Date of Termination, all amounts that otherwise would have been paid or provided to the Participant during the six month period, but were not paid or provided because of this Section 7.2, will be paid or provided to the Participant at such time without interest. This six month delay will cease to be applicable if the Participant incurs a Separation from Service due to death or if the Executive dies before the six month period has expired.

8.Withholding Taxes. All compensation payable pursuant to this Policy shall be subject to reduction by all applicable withholding, social security and other federal, state and local taxes and deductions, and the Company shall be authorized to make all such withholdings to the extent it determines necessary under applicable law.

9.Acknowledgment. The Participant acknowledges that this Policy does not constitute a contract of employment or impose on the Company any obligation to retain Participant as an employee and that this Policy does not prevent the Participant from terminating employment at any time.

10.Non-Duplication of Benefits. The severance benefit under this Policy is not intended to duplicate any other benefits provided by the Company in connection with the termination of an employee's employment, such as wage replacement benefits, pay-in-lieu-of-notice, severance pay, or similar benefits under any other benefit plans, severance programs, employment contracts, or applicable federal or state laws, such as the WARN Acts. Should such other benefits be payable, the severance benefit under this Policy will be reduced accordingly or, alternatively, severance benefits previously paid under this Policy will be treated as having been paid to satisfy such other benefit obligations. In either case, the Company will determine how to apply this provision and may override other provisions in this Policy in doing so. In addition, and notwithstanding anything else provided herein, to the extent Participant is or becomes entitled to severance payments and benefits upon termination of employment pursuant to an individual agreement with the Company, this Policy will cease to apply and the Participant's entitlement to severance benefits shall be governed solely by the applicable individual agreement.

11.Administration. The Company is responsible for the administration of this Policy and shall have all powers and duties necessary to fulfill its responsibilities. The Company shall determine any and all questions of fact, resolve all questions of interpretation of the Policy which may arise, and exercise all other powers and discretion necessary to be exercised under the terms of the Policy which it is herein given or for which no contrary provision is made. The Company shall have full power and discretion to interpret the Policy and related documents, to resolve ambiguities, inconsistencies and omissions, to determine any question of fact, and to determine the rights and benefits, if any, of any Executive or other employee, in accordance with the provisions of the Policy. The Company's decision with respect to any matter shall be final and binding on all parties concerned. The validity of any such interpretation, construction, decision, or finding of fact shall not be given de novo review if challenged in court, by arbitration, or in any other forum, and shall be upheld unless clearly arbitrary or capricious. The Company may, from time to time, by action of its appropriate officers, delegate to designated persons or entities the right to exercise any of its powers or the obligation to carry out its duties under the Policy.

12.Claims Procedures.

12.1 Initial Claims. A Participant who believes that he or she is entitled to a payment or benefit under the Policy that has not been provided may submit a written claim for benefits to the Compensation Committee within 60 days after the Participant's Qualifying Termination. Claims should be addressed and sent to the Company. If the Participant's claim is denied, in whole or in part, the Participant will be furnished with written notice of the denial within 90 days after the Compensation Committee's receipt of the Participant's written claim, unless special circumstances require an extension of time for processing the claim, in which case a period not to exceed 180 days will apply. If such an extension of time is required, written notice of the extension will be furnished to the Participant before the termination of the initial 90-day period and will describe the special circumstances requiring the extension and the date on which a decision is expected to be rendered. Written notice of the denial of the Participant's claim will contain the following information: (i) the specific reason or reasons for the denial of the Participant's claim; (ii) references to the specific Policy provisions on which the denial of the Participant's claim was based; (iii) a description of any additional information or material required by the Compensation Committee to reconsider the Participant's claim (to the extent applicable) and an explanation of why such material or information is necessary; and (iv) a description of the Policy's review procedures and time limits applicable to such procedures, including a statement of the Participant's right to bring a civil action under Section 502(a) of ERISA following a benefit claim denial on review.

12.2 Appeal of Denied Claims. If the Participant's claim is denied and he or she wishes to submit a request for a review of the denied claim, the Participant or his or her authorized representative must follow the procedures described below:

(i) Upon receipt of the denied claim, the Participant (or his or her authorized representative) may file in writing with the Compensation Committee a request for review of the claim. This request for review must be filed no later than 60 days after the Participant has received written notification of the denial.

(ii) The Participant has the right to submit in writing to the Compensation Committee any comments, documents, records, or other information relating to his or her claim for benefits.

(iii) The Participant has the right to be provided with, upon request and free of charge, reasonable access to and copies of all pertinent documents, records, and other information that is relevant to his or her claim for benefits, other than information that is deemed by the Compensation Committee to be confidential or with respect to which the Compensation Committee desires to preserve attorney-client privilege, if applicable (collectively, the "Protected Information").

(iv) The review of the denied claim will take into account all comments, documents, records, and other information that the Participant submitted relating to his or her claim, without regard to whether such information was submitted or considered in the initial denial of his or her claim.

12.3 Compensation Committee's Response to Appeal. The Compensation Committee will provide the Participant with written notice of its decision within 60 days after the Committee's receipt of the Participant's written claim for review. There may be special circumstances requiring an extension of this 60-day period. In any such case, the Compensation Committee will notify the Participant in writing within the 60-day period, and the final decision will be made no later than 120 days after the Compensation Committee's receipt of the Participant's written claim for review. The Compensation Committee's decision on the Participant's claim for review will be communicated to the Participant in writing and will contain the following information: (i) the specific reason or reasons for the denial of the Participant's claim; (ii) reference to the specific Policy provisions on which the denial of the Participant's claim is based; (iii) a statement that the Participant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, the Policy and all documents, records, and other information relevant to his or her claim for benefits (other than the Protected Information); and (iv) a statement describing the Participant's right to bring an action under Section 502(a) of ERISA.

12.4 Exhaustion of Administrative Remedies. The exhaustion of these claims procedures is mandatory for resolving every claim and dispute arising under the Policy. As to such claims and disputes, (a) no claimant shall be permitted to commence any legal action to recover benefits or to enforce or clarify rights under the Policy under Section 502 or Section 510 of ERISA or under any other provision of law, whether or not statutory, until these claims procedures have been exhausted in their entirety, and (b) in any such legal action, all explicit and implicit determinations by the Compensation Committee (including, but not limited to, determinations as to whether the claim, or a request for a review of a denied claim, was timely filed) shall be afforded the maximum deference permitted by law.

13. Amendment and Termination. Prior to the occurrence of a Change in Control, the Company reserves the right to amend or terminate this Policy at any time and in any manner, without consent or advance notice to Participants or other employees. No amendment or termination of the Policy shall affect the rights of an Executive whose Date of Termination has occurred prior to the date of such amendment or termination of the Policy and who remains entitled to severance payments or benefits under this Policy.

Exhibit A

Acknowledgment

I acknowledge that I received, read and understand the Broadstone Net Lease, Inc. Severance Protection Policy (the *"Policy"*), which supersedes all prior agreements, programs and arrangements with Broadstone Net Lease, Inc. and its subsidiaries, written or oral, relating to the subject matter hereof, including the terms of any offer letter agreements, as amended from time to time. In the event of any inconsistency, the terms of the Policy will govern. For the avoidance of doubt, the Policy will not have any impact on the treatment of any outstanding equity awards that I hold, which will continue to be treated in accordance with the terms and conditions set forth in the applicable award agreement or equity plan. I also acknowledge that the Policy extends additional benefits to me that are not covered under existing agreements, programs and arrangements. This Acknowledgement is not an employment contract or a guarantee of continued employment.

__________________________________ ____________________________

Name: Date:

EXHIBIT 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002
(Rule 13a-14(a)/15d-14(a) Certification)

I, Christopher J. Czarnecki, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Broadstone Net Lease, Inc. for the quarter ended June 30, 2022;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 4, 2022

/s/ Christopher J. Czarnecki
Christopher J. Czarnecki
Chief Executive Officer and President
(Principal Executive Officer)

EXHIBIT 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002
(Rule 13a-14(a)/15d-14(a) Certification)

I, Ryan M. Albano, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Broadstone Net Lease, Inc. for the quarter ended June 30, 2022;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 4, 2022

/s/ Ryan M. Albano
Ryan M. Albano
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

EXHIBIT 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002
(Section 1350 Certification)

In connection with the Quarterly Report on Form 10-Q of Broadstone Net Lease, Inc. (the “Company”) for the quarter ended June 30, 2022 (the “Second Quarter 10-Q”), and pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned, Christopher J. Czarnecki, Chief Executive Officer and President of the Company, certifies, to the best of his knowledge, that:

1. The Second Quarter 10-Q fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”); and

2. The information contained in the Second Quarter 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 4, 2022

/s/ Christopher J. Czarnecki
Christopher J. Czarnecki
Chief Executive Officer and President

The foregoing certification is being furnished solely to accompany the Quarterly Report pursuant to 18 U.S.C. Section 1350, and is not being filed for purposes of Section 18 of the Exchange Act, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

EXHIBIT 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002
(Section 1350 Certification)

In connection with the Quarterly Report on Form 10-Q of Broadstone Net Lease, Inc. (the “Company”) for the quarter ended June 30, 2022 (the “Second Quarter 10-Q”), and pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned, Ryan M. Albano, Executive Vice President and Chief Financial Officer of the Company, certifies, to the best of his knowledge, that:

1. The Second Quarter 10-Q fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”); and

2. The information contained in the Second Quarter 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 4, 2022

/s/ Ryan M. Albano
Ryan M. Albano
Executive Vice President and Chief Financial Officer

The foregoing certification is being furnished solely to accompany the Quarterly Report pursuant to 18 U.S.C. Section 1350, and is not being filed for purposes of Section 18 of the Exchange Act, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.