
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): February 22, 2023

BROADSTONE NET LEASE, INC.

(Exact name of Registrant as Specified in Its Charter)

Maryland
(State or Other Jurisdiction
of Incorporation)

001-39529
(Commission File Number)

26-1516177
(IRS Employer
Identification No.)

800 Clinton Square
Rochester, New York
(Address of Principal Executive Offices)

14604
(Zip Code)

Registrant's Telephone Number, Including Area Code: 585 287-6500

(Former Name or Former Address, if Changed Since Last Report)

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

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

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

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 is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

Emerging growth company

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

Item 2.02 Results of Operations and Financial Condition.

On February 22 2023, Broadstone Net Lease, Inc. (the “Company”) issued a press release announcing its financial results for the quarter ended December 31, 2022. A copy of the press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference. Additionally, on February 22 2023, the Company made available on its website an updated presentation containing quarterly supplemental information pertaining to its operations and financial results including the quarter ended December 31, 2022. A copy of the quarterly supplemental information is attached hereto as Exhibit 99.2 and is incorporated herein by reference. The press release and quarterly supplemental information are also available on the Company’s website.

The information contained in this Item 2.02, including the information contained in the press release attached as Exhibit 99.1 hereto and quarterly supplemental information attached as Exhibit 99.2 hereto, are being “furnished” and shall not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that section, nor shall such information be deemed to be incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing. References to the Company’s website in this Current Report on Form 8-K and in the attached Exhibit 99.1 and Exhibit 99.2 to this Current Report on Form 8-K do not incorporate by reference the information on such website into this Current Report on Form 8-K and the Company disclaims any such incorporation by reference.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

INDEX TO EXHIBITS

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release dated February 22, 2023
99.2	Quarterly Supplemental Information for the Quarter Ended December 31, 2022
104	Cover Page Interactive Data File - the cover page XBRL tags are embedded within the Inline XBRL document.

SIGNATURES

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

BROADSTONE NET LEASE, INC.

Date: February 22 2023

By: /s/ John D. Callan

Name: John D. Callan

Title: Senior Vice President, General Counsel and Secretary

For Immediate Release
February 22, 2023

Company Contact:

Michael Caruso
SVP, Corporate Finance & Investor Relations
michael.caruso@broadstone.com
585.402.7842



Broadstone Net Lease Announces Fourth Quarter and Full Year 2022 Results

ROCHESTER, N.Y. – Broadstone Net Lease, Inc. (NYSE: BNL) (“BNL,” the “Company,” “we,” “our,” or “us), today announced its operating results for the quarter and year ended December 31, 2022.

FOURTH QUARTER 2022 HIGHLIGHTS

<p>INVESTMENT ACTIVITY</p>	<ul style="list-style-type: none"> • Invested \$310.3 million at a weighted average initial cash capitalization rate of 6.7%, including the acquisition of 17 properties with a weighted average initial term of 19.7 years and minimum annual rent increases of 2.0%. These investments were predominantly weighted towards industrial opportunities (94.0% of the quarter's volume, based on Annualized Base Rent “ABR”), with the remaining investment activity spanning property types such as retail (5.0%), and certain office space acquired in conjunction with a larger portfolio of industrial assets and subject to the same master lease (1.0%). • During the fourth quarter, we sold three properties for proceeds of \$39.2 million at a weighted average cash capitalization rate of 5.8%. Subsequent to quarter end, we executed a simultaneous lease buyout and sale of an office asset for total proceeds of \$39.5 million, representing an all-in cash capitalization rate of 6.1%. • As of the date of this release we have \$5.2 million of investments under control and an additional \$30.6 million in commitments to fund revenue generating capital expenditures with existing tenants.
<p>CAPITAL MARKETS ACTIVITY</p>	<ul style="list-style-type: none"> • In August 2022, we completed a public offering of 13,000,000 shares of common stock at a price of \$21.35 per share, subject to certain adjustments, in connection with a forward sale agreement. On December 28, 2022, we settled the forward equity offering for net proceeds of \$273.2 million, after deducting underwriting discounts. • Ended the quarter with total outstanding debt of \$2.0 billion and a Net Debt to Annualized Adjusted EBITDA ratio of 5.2x. • Declared a quarterly dividend of \$0.275.
<p>OPERATING RESULTS</p>	<ul style="list-style-type: none"> • Collected 99.9% of base rents due for the fourth quarter for all properties under lease. • Portfolio was 99.4% leased based on rentable square footage, with only three of our 804 properties vacant and not subject to a lease at quarter end. • Incurred \$9.3 million of general and administrative expenses, inclusive of \$1.5 million of stock-based compensation. • Generated net income of \$36.8 million, or \$0.20 per share, representing 5.3% growth over the prior year. • Generated adjusted funds from operations (“AFFO”) of \$65.6 million, or \$0.36 per share, representing 5.8% growth over the prior year.

FULL YEAR 2022 HIGHLIGHTS

INVESTMENT ACTIVITY	<ul style="list-style-type: none">• Invested \$907.2 million at weighted average initial cash capitalization rate of 6.4%, including the acquisition of 86 properties with a weighted average initial term of 20.3 years and minimum annual rent increases of 2.0%. These investments were predominantly weighted towards industrial opportunities (72.4% of the year's volume based on ABR) , with remaining investment activity spanning property types such as retail (12.5%), restaurant (12.2%), healthcare (2.5%), and certain office space acquired in conjunction with a larger portfolio of industrial assets and subject to the same master lease (0.4%).• For the full year, we sold eight assets for proceeds of \$57.9 million at a weighted average cash capitalization rate of 5.6%.
CAPITAL MARKETS ACTIVITY	<ul style="list-style-type: none">• On January 28, 2022, we amended and restated our revolving credit facility to increase the capacity to \$1.0 billion, extend the maturity date to March 2026, and reduce the applicable margin to 0.85% based on our BBB/Baa2 ratings.• On August 1, 2022, we entered into a \$200 million, five-year unsecured term loan and a \$300 million, seven-year unsecured term loan, the proceeds of which were used to repay our \$190 million 2024 term loan and a portion of the outstanding borrowings on our revolving credit facility.• On August 10, 2022, we completed a public offering of 13,000,000 shares of common stock in connection with a forward sale agreement. On December 28, 2022, we settled the shares for net proceeds of \$273.2 million, after deducting underwriting discounts.• Throughout the year, we sold 10,470,785 shares of common stock at a weighted average sales price of \$21.66 per share for net proceeds of \$222.9 million under our at-the-market common equity offering (“ATM Program”).
OPERATING RESULTS	<ul style="list-style-type: none">• Collected more than 99.9% of base rents due for the year for all properties under lease.• Incurred \$37.4 million of general and administrative expenses, inclusive of \$5.3 million of stock-based compensation.• Generated net income of \$129.5 million, or \$0.72 per share, representing 7.5% growth over the prior year.• Generated AFFO of \$252.2 million, or \$1.40 per share, representing 6.9% growth over the prior year.

MANAGEMENT COMMENTARY

“With over \$900 million of accretive investments, more than 99.9% rent collection, minimal vacancies, and proactive capital markets execution, we were able to deliver full year 2022 AFFO of \$1.40 per share, representing 6.9% growth over the prior year;” said Chris Czarnecki, BNL’s Chief Executive Officer. *“Starting 2023 with a conservative leverage profile at 5.2x Net Debt to Annualized Adjusted EBITDA and ample liquidity, we will be able to selectively pursue attractive investment opportunities in 2023. I am very pleased with where BNL is positioned today as we approach the completion of our CEO transition to John Moragne. I have the utmost confidence that John and the rest of the BNL team will continue to seamlessly execute on BNL’s strategy and deliver strong returns and long-term value creation for shareholders.”*

SUMMARIZED FINANCIAL RESULTS

	For the Three Months Ended		For the Twelve Months Ended	
	December 31, 2022	September 30, 2022	December 31, 2022	December 31, 2021
<i>(in thousands, except per share data)</i>				
Revenues	\$ 112,135	\$ 103,524	\$ 407,513	\$ 382,876
Net income, including non-controlling interests	\$ 36,773	\$ 28,709	\$ 129,475	\$ 109,528
Net earnings per share	\$ 0.20	\$ 0.16	\$ 0.72	\$ 0.67
FFO	\$ 71,718	\$ 72,169	\$ 273,730	\$ 256,212
FFO per share	\$ 0.39	\$ 0.39	\$ 1.52	\$ 1.56
Core FFO	\$ 70,527	\$ 66,677	\$ 267,265	\$ 230,423
Core FFO per share	\$ 0.38	\$ 0.36	\$ 1.48	\$ 1.41
AFFO	\$ 65,585	\$ 63,386	\$ 252,173	\$ 215,962
AFFO per share	\$ 0.36	\$ 0.35	\$ 1.40	\$ 1.31
Diluted Weighted Average Shares Outstanding	183,592	182,971	180,201	163,970

FFO, Core FFO, and AFFO are measures that are not calculated in accordance with accounting principles generally accepted in the United States of America ("GAAP"). See the Reconciliation of Non-GAAP Measures later in this press release.

REAL ESTATE PORTFOLIO UPDATE

As of December 31, 2022, we owned a diversified portfolio of 804 individual net leased commercial properties with 797 properties located in 44 U.S. states and seven properties located in four Canadian provinces, comprising approximately 39.1 million rentable square feet of operational space. As of December 31, 2022, all but three of our properties were subject to a lease, and our properties were occupied by 221 different commercial tenants, with no single tenant accounting for more than 4.0% of ABR. Properties subject to a lease represent 99.4% of our portfolio's rentable square footage. The ABR weighted average annual minimum rent increase, pursuant to leases on properties in the portfolio as of December 31, 2022, was 2.0%.

During the fourth quarter, we invested \$310.3 million in accretive acquisitions and revenue generating capital expenditures at a weighted average initial cash capitalization rate of 6.7%, including the acquisition of 17 properties located across eight U.S. states with a weighted average initial lease term and minimum annual rent increases of 19.7 years and 2.0%, respectively. These investments were predominantly weighted towards industrial opportunities (94.0% of the quarter's volume, based on ABR), with the remaining investment activity spanning property types such as retail (5.0%), and certain office space acquired in conjunction with a larger portfolio of industrial assets and subject to the same master lease (1.0%). During the year ended December 31, 2022, we invested \$907.2 million in accretive acquisitions and revenue generating capital expenditures at a weighted average initial cash capitalization rate of 6.4%, including the acquisition of 86 properties located across 24 U.S. states and four Canadian provinces with a weighted average initial lease term and minimum annual rent increases of 20.3 years and 2.0%, respectively. These investments were predominantly weighted towards industrial opportunities (72.4% of the quarter's volume, based on ABR), with the remaining investment activity spanning property types such as retail (12.5%), restaurant (12.2%), healthcare (2.5%), and certain office space acquired in conjunction with a larger portfolio of industrial assets and subject to the same master lease (0.4%).

During the fourth quarter, we sold three properties for proceeds of \$39.2 million at a weighted average cash capitalization rate of 5.8%. For the full year, we sold eight assets for proceeds of \$57.9 million at a weighted average cash capitalization rate of 5.6%. Subsequent to quarter end, we executed a simultaneous lease buyout and sale of an office asset for total proceeds of \$39.5 million, representing an all-in cash capitalization rate of 6.1%.

As of the date of this release we have \$5.2 million of investments under control, which we define as under contract or executed letter of intent. Additionally, we have \$30.6 million in commitments to fund revenue generating capital expenditures with existing tenants.

BALANCE SHEET AND CAPITAL MARKETS ACTIVITIES

As of December 31, 2022, we had total outstanding debt of \$2.0 billion, Net Debt of \$2.0 billion, and a Net Debt to Annualized Adjusted EBITDA ratio of 5.2x. We had \$802.7 million of available capacity on our revolving credit facility as of year end.

On January 28, 2022, we amended and restated our revolving credit facility, increasing the capacity to \$1.0 billion and extending its maturity date to March 2026. In addition to United States Dollars, borrowings under the revolving credit facility can be made in Pound Sterling, Euros or Canadian Dollars up to an aggregate amount of \$500.0 million. Borrowings under the amended credit facility are subject to interest only payments at variable rates equal to the applicable reference rate plus a margin of 0.85% based on our current credit ratings of 'BBB' and 'Baa2' from S&P and Moody's, respectively. In addition, the amended credit facility is subject to a facility fee on the amount of the revolving commitments, based on our credit rating. The applicable facility fee is 0.20% per annum.

On August 1, 2022, we 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 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. At December 31, 2022, the applicable margin was 0.95% and 1.25% for the 2027 Unsecured Term Loan and 2029 Unsecured Term Loan, respectively.

On August 10, 2022, we completed a public offering of 13,000,000 shares of common stock at a price of \$21.35 per share, subject to certain adjustments, in connection with a forward sale agreement. On December 28, 2022, we settled our outstanding forward equity offering of 13,000,000 shares for net proceeds of \$273.2 million, after deducting underwriting discounts.

During the year, BNL sold 10,470,785 shares of common stock under its ATM Program at a weighted average sales price of \$21.66 per share for net proceeds of \$222.9 million. There was approximately \$145.4 million of capacity remaining on the ATM Program as of December 31, 2022.

DISTRIBUTIONS

At its February 17, 2023, meeting, our board of directors declared a \$0.275 distribution per common share and OP Unit to stockholders and OP unitholders of record as of March 31, 2023, payable on or before April 14, 2023.

2023 GUIDANCE

For 2023, BNL expects to report AFFO of between \$1.40 and \$1.42 per diluted share.

The guidance range is based on the following key assumptions:

- (i) investments in real estate properties between \$300 million and \$500 million;
- (ii) dispositions of real estate properties between \$100 million and \$150 million; and
- (iii) total cash general and administrative expenses between \$32 million and \$34 million.

Our per share results are sensitive to both the timing and amount of real estate investments, property dispositions, and capital markets activities that occur throughout the year.

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

CONFERENCE CALL AND WEBCAST

The company will host its fourth quarter earnings conference call and audio webcast on Thursday, February 23, 2023, at 10:00 a.m. Eastern Time.

To access the live webcast, which will be available in listen-only mode, please visit: <https://events.q4inc.com/attendee/311495870>. If you prefer to listen via phone, U.S. participants may dial: 1-844-200-6205 (toll free) or 1-646-904-5544 (local), access code 663590. Canadian participants may dial: 1-833-950-0062 (toll free) or 1-226-828-7575 (local), access code 663590. International callers may dial +1-929-526-1599, access code 663590.

A replay of the conference call webcast will be available approximately one hour after the conclusion of the live broadcast. To listen to a replay of the call via phone, U.S. participants may dial: 1-866-813-9403 (toll free) or 1-929-458-6194 (local), access code 013843. Canadian participants may dial: 1-226-828-7578, access code 013843. U.K. participants may dial: 0204-525-0658 (local), access code 013843. All other callers may dial +44-204-525-0658, access code 013843. The replay will be available via dial-in until Thursday, March 9, 2023. To listen to a replay of the call via the web, which will be available for one year, please visit: <https://investors.bnl.broadstone.com>.

About Broadstone Net Lease, Inc.

BNL is a real estate investment trust 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. The Company utilizes an investment strategy underpinned by strong fundamental credit analysis and prudent real estate underwriting. As of December 31, 2022, BNL's diversified portfolio consisted of 804 individual net leased commercial properties with 797 properties located in 44 U.S. states and seven properties located in four Canadian provinces across the industrial, healthcare, restaurant, retail, and office property types.

Forward-Looking Statements

This press release contains "forward-looking" statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, regarding, among other things, our plans, strategies, and prospects, both business and financial. Such forward-looking statements can generally be identified by our use of forward-looking terminology such as "may," "will," "should," "expect," "intend," "anticipate," "estimate," "would be," "believe," "continue," or other similar words. Forward-looking statements, including our 2022 guidance and assumptions, involve known and unknown risks and uncertainties, which may cause BNL's actual future results to differ materially from expected results, including, without limitation, risks and uncertainties related to general economic conditions, including but not limited to increases in the rate of inflation and/or interest rates, local real estate conditions, tenant financial health, property investments and acquisitions, and the timing and uncertainty of completing these property investments and acquisitions, and uncertainties regarding future distributions to our stockholders. These and other risks, assumptions, and uncertainties are described in Item 1A "Risk Factors" of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2022, which BNL expects to file with the SEC on February 23, 2023, which you are encouraged to read, and will be available on the SEC's website at www.sec.gov. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those indicated or anticipated by such forward-looking statements. Accordingly, you are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date they are made. The Company assumes no obligation to, and does not currently intend to, update any forward-looking statements after the date of this press release, whether as a result of new information, future events, changes in assumptions, or otherwise.

Notice Regarding Non-GAAP Financial Measures

In addition to our reported results and net earnings per diluted share, which are financial measures presented in accordance with GAAP, this press release contains and may refer to certain non-GAAP financial measures, including Funds from Operations ("FFO"), Core Funds From Operations ("Core FFO"), Adjusted Funds from Operations ("AFFO"), Net Debt, and Net Debt to Annualized Adjusted EBITDAre. We believe the use of FFO, Core FFO, and AFFO are useful to investors because they are widely accepted industry measures used by analysts and investors to compare the operating performance of REITs. FFO, Core FFO, and AFFO should not be considered alternatives to net income as a performance measure or to cash flows from operations, as reported on our statement of cash flows, or as a liquidity measure, and should be considered in addition to, and not in lieu of, GAAP financial measures. We believe presenting Net Debt to Annualized Adjusted EBITDAre is useful to investors because it provides information about gross debt less cash and cash equivalents, which could be used to repay debt, compared to our performance as measured using Annualized Adjusted EBITDAre. You should not consider our Annualized Adjusted EBITDAre as an alternative to net income or cash flows from operating activities determined in accordance with GAAP. A reconciliation of non-GAAP measures to the most directly comparable GAAP financial measure and statements of why management believes these measures are useful to investors are included below.

Broadstone Net Lease, Inc. and Subsidiaries
Consolidated Balance Sheets
(in thousands, except per share amounts)

	December 31, 2022	December 31, 2021
Assets		
Accounted for using the operating method:		
Land	\$ 768,667	\$ 655,374
Land improvements	340,385	295,329
Buildings and improvements	3,888,756	3,242,618
Equipment	10,422	11,870
Total accounted for using the operating method	5,008,230	4,205,191
Less accumulated depreciation	(533,965)	(430,141)
Accounted for using the operating method, net	4,474,265	3,775,050
Accounted for using the direct financing method	27,045	28,782
Accounted for using the sales-type method	571	571
Investment in rental property, net	4,501,881	3,804,403
Cash and cash equivalents	21,789	21,669
Accrued rental income	135,666	116,874
Tenant and other receivables, net	1,349	1,310
Prepaid expenses and other assets	49,661	17,275
Interest rate swap, assets	63,390	—
Goodwill	339,769	339,769
Intangible lease assets, net	329,585	303,642
Debt issuance costs – unsecured revolving credit facility, net	6,013	4,065
Leasing fees, net	8,506	9,641
Total assets	\$ 5,457,609	\$ 4,618,648
Liabilities and equity		
Unsecured revolving credit facility	\$ 197,322	\$ 102,000
Mortgages, net	86,602	96,846
Unsecured term loans, net	894,692	646,671
Senior unsecured notes, net	844,555	843,801
Interest rate swap, liabilities	—	27,171
Accounts payable and other liabilities	47,547	38,038
Dividends payable	54,460	45,914
Accrued interest payable	7,071	6,473
Intangible lease liabilities, net	62,855	70,596
Total liabilities	2,195,104	1,877,510
Commitments and contingencies		
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, 162,383 shares issued and outstanding at December 31, 2022 and December 31, 2021, respectively	47	41
Additional paid-in capital	3,419,395	2,924,168
Cumulative distributions in excess of retained earnings	(386,049)	(318,476)
Accumulated other comprehensive income (loss)	59,525	(28,441)
Total Broadstone Net Lease, Inc. stockholders' equity	3,092,918	2,577,292
Non-controlling interests	169,587	163,846
Total equity	3,262,505	2,741,138
Total liabilities and equity	\$ 5,457,609	\$ 4,618,648

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

	(Unaudited)			
	For the Three Months Ended		For the Twelve Months Ended	
	December 31, 2022	September 30, 2022	December 31, 2022	December 31, 2021
Revenues				
Lease revenues, net	\$ 112,135	\$ 103,524	\$ 407,513	\$ 382,876
Operating expenses				
Depreciation and amortization	45,606	39,400	154,807	132,096
Property and operating expense	6,397	5,636	21,773	18,459
General and administrative	9,317	9,942	37,375	36,366
Provision for impairment of investment in rental properties	—	4,155	5,535	28,208
Total operating expenses	61,320	59,133	219,490	215,129
Other (expenses) income				
Interest income	40	4	44	17
Interest expense	(23,773)	(20,095)	(78,652)	(64,146)
Cost of debt extinguishment	(77)	(231)	(308)	(368)
Gain on sale of real estate	10,625	61	15,953	13,523
Income taxes	(106)	(356)	(1,275)	(1,644)
Change in fair value of earnout liability	—	—	—	(5,539)
Other (expenses) income	(751)	4,935	5,690	(62)
Net income	36,773	28,709	129,475	109,528
Net income attributable to non-controlling interests	(2,041)	(1,600)	(7,360)	(7,102)
Net income attributable to Broadstone Net Lease, Inc.	\$ 34,732	\$ 27,109	\$ 122,115	\$ 102,426
Weighted average number of common shares outstanding				
Basic	173,680	172,578	169,840	153,057
Diluted	183,592	182,971	180,201	163,970
Net earnings per common share				
Basic and diluted	\$ 0.20	\$ 0.16	\$ 0.72	\$ 0.67
Comprehensive income				
Net income	\$ 36,773	\$ 28,709	\$ 129,475	\$ 109,528
Other comprehensive income	-	-	-	-
Change in fair value of interest rate swaps	(3,212)	40,039	90,560	39,353
Realized loss on interest rate swaps	521	639	2,514	698
Comprehensive income	34,082	69,387	222,549	149,579
Comprehensive income attributable to non-controlling interests	(1,891)	(3,868)	(12,700)	(9,831)
Comprehensive income attributable to Broadstone Net Lease, Inc.	\$ 32,191	\$ 65,519	\$ 209,849	\$ 139,748

Reconciliation of Non-GAAP Measures

The following is a reconciliation of net income to FFO, Core FFO, and AFFO for the three months ended December 31, 2022 and September 30, 2022 and for the twelve months ended December 31, 2022 and 2021. Also presented is the weighted average number of shares of our common stock and OP Units used for the diluted per share computation:

	For the Three Months Ended		For the Twelve Months Ended	
	December 31, 2022	September 30, 2022	December 31, 2022	December 31, 2021
<i>(in thousands, except per share data)</i>				
Net income	\$ 36,773	\$ 28,709	\$ 129,475	\$ 109,528
Real property depreciation and amortization	45,570	39,366	154,673	131,999
Gain on sale of real estate	(10,625)	(61)	(15,953)	(13,523)
Provision for impairment on investment in rental properties	—	4,155	5,535	28,208
FFO	\$ 71,718	\$ 72,169	\$ 273,730	\$ 256,212
Net write-offs of accrued rental income	—	—	1,326	1,938
Lease termination fee	(1,678)	(791)	(2,469)	(35,000)
Cost of debt extinguishment	77	231	308	368
Gain on insurance recoveries	(341)	—	(341)	—
Severance	—	3	401	1,304
Change in fair value of earnout liability	—	—	—	5,539
Other expenses (income) ⁽¹⁾	751	(4,935)	(5,690)	62
Core FFO	\$ 70,527	\$ 66,677	\$ 267,265	\$ 230,423
Straight-line rent adjustment	(6,825)	(5,175)	(21,900)	(20,304)
Adjustment to provision for credit losses	—	(4)	(5)	(38)
Amortization of debt issuance costs	988	948	3,692	3,854
Amortization of net mortgage premiums	(26)	(26)	(104)	(132)
Loss on interest rate swaps and other non-cash interest expense	522	639	2,514	698
Amortization of lease intangibles	(1,308)	(1,176)	(4,809)	(3,208)
Stock-based compensation	1,503	1,503	5,316	4,669
Deferred taxes	204	—	204	—
AFFO	\$ 65,585	\$ 63,386	\$ 252,173	\$ 215,962
Diluted WASO ⁽²⁾	183,592	182,971	180,201	163,970
Net earnings per share ⁽³⁾	\$ 0.20	\$ 0.16	\$ 0.72	\$ 0.67
FFO per share ⁽³⁾	0.39	0.39	1.52	1.56
Core FFO per share ⁽³⁾	0.38	0.36	1.48	1.41
AFFO per share ⁽³⁾	0.36	0.35	1.40	1.31

¹ Amount includes \$0.8 million and \$(4.9) million of unrealized foreign exchange gain for the three months ended December 31, 2022 and September 30, 2022, respectively, and \$(5.6) million of unrealized foreign exchange gain for the twelve months ended December 31, 2022, primarily associated with our Canadian dollar denominated revolving borrowings.

² Excludes 396,924 and 395,441 weighted average shares of unvested restricted common stock for the three months ended December 31, 2022 and September 30, 2022, respectively. Excludes 396,383 and 372,150 weighted average shares of unvested restricted common stock for the twelve months ended December 31, 2022 and 2021, respectively.

³ Excludes \$0.1 million from the numerator for the three months ended December 31, 2022 and September 30, 2022, respectively, and \$0.1 million from the numerator for the twelve months ended December 31, 2022 and 2021, respectively, related to dividends paid or declared on shares of unvested restricted common stock.

Our reported results and net earnings per diluted share are presented in accordance with GAAP. We also disclose FFO, Core FFO, and AFFO, each of which are non-GAAP measures. We believe the use of FFO, Core FFO, and AFFO are useful to investors because they are widely accepted industry measures used by analysts and investors to compare the operating performance of REITs. FFO, Core FFO, and AFFO should not be considered alternatives to net income as a performance measure or to cash flows from operations, as reported on our statement of cash flows, or as a liquidity measure and should be considered in addition to, and not in lieu of, GAAP financial measures.

We compute 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 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 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, realized gain and losses on foreign exchange currency transactions, stock-based compensation, severance, extraordinary items, 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 is a reconciliation of net income to Annualized Adjusted EBITDAre, debt to Net Debt and Net Debt to Annualized Adjusted EBITDAre as of and for the three months ended December 31, 2022, September 30, 2022, and December 31, 2021:

<i>(in thousands)</i>	For the Three Months Ended		
	December 31, 2022	September 30, 2022	December 31, 2021
Net income	\$ 36,773	\$ 28,709	\$ 32,226
Depreciation and amortization	45,606	39,400	33,476
Interest expense	23,773	20,095	16,997
Income taxes	105	356	457
EBITDA	\$ 106,257	\$ 88,560	\$ 83,156
Provision for impairment of investment in rental properties	—	4,155	207
Gain on sale of real estate	(10,625)	(61)	(3,732)
EBITDAre	\$ 95,632	\$ 92,654	\$ 79,631
Adjustment for current quarter acquisition activity ⁽¹⁾	1,283	2,358	2,002
Adjustment for current quarter disposition activity ⁽²⁾	(440)	—	(180)
Adjustment to exclude change in fair value of earnout liability	—	—	—
Adjustment to exclude net write-offs of accrued rental income	—	—	—
Adjustment to exclude gain on insurance recoveries	(341)	—	—
Adjustment to exclude realized / unrealized foreign exchange (gain) loss	796	(4,934)	—
Adjustment to exclude cost of debt extinguishments	77	231	—
Adjustment to exclude lease termination fee	(1,678)	(791)	—
Adjusted EBITDAre	\$ 95,329	\$ 89,518	\$ 81,453
Annualized EBITDAre	\$ 382,528	\$ 370,616	\$ 318,526
Annualized Adjusted EBITDAre	\$ 381,316	\$ 358,072	\$ 325,812

¹ 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.

² 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.

<i>(in thousands)</i>	December 31, 2022	September 30, 2022	December 31, 2021
Debt			
Unsecured revolving credit facility	\$ 197,322	\$ 219,537	\$ 102,000
Unsecured term loans, net	894,692	894,378	646,671
Senior unsecured notes, net	844,555	844,367	843,801
Mortgages, net	86,602	94,753	96,846
Debt issuance costs	10,905	11,498	9,842
Gross Debt	2,034,076	2,064,533	1,699,160
Cash and cash equivalents	(21,789)	(75,912)	(21,669)
Restricted cash	(38,251)	(6,449)	(6,100)
Net Debt	\$ 1,974,036	\$ 1,982,172	\$ 1,671,391
Anticipated proceeds from forward equity agreement	—	(270,732)	—
Pro Forma Net Debt	\$ 1,974,036	\$ 1,711,440	\$ 1,671,391
Net Debt to Annualized EBITDAre	5.2x	5.3x	5.3x
Net Debt to Annualized Adjusted EBITDAre	5.2x	5.5x	5.1x
Pro Forma Net Debt to Annualized Adjusted EBITDAre	5.2x	4.8x	5.1x

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.

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.

BROADSTONE



NET LEASE, INC.



Q4 2022 QUARTERLY SUPPLEMENTAL INFORMATION

Broadstone Net Lease, Inc. (NYSE: BNL) is a Real Estate Investment Trust (REIT) that acquires, owns, and manages single-tenant commercial real estate properties that are net leased on a long-term basis to a diversified group of tenants.

www.broadstone.com

Table of Contents

Section	Page
About the Data	3
Company Overview	4
Quarterly Financial Summary	5
Balance Sheet	6
Income Statement Summary	7
Funds From Operations (FFO), Core Funds From Operations (Core FFO), and Adjusted Funds From Operations (AFFO)	8
EBITDA, EBITDAre, and Other Non-GAAP Operating Measures	9
Lease Revenues Detail	10
Capital Structure	11
Equity Rollforward	12
Debt Outstanding	13
Net Debt Metrics	14
Covenants	15
Debt Maturities	16
Investment Activity	17
Dispositions	18
Portfolio at a Glance: Key Metrics	19
Diversification: Tenants and Brands	20-21
Diversification: Property Type	22-23
Key Statistics by Property Type	24
Diversification: Tenant Industry	25
Diversification: Geography	26
Lease Expirations	27
Portfolio Occupancy	28
Definitions and Explanations	29-30



About the Data

This data and other information described herein are as of and for the three months ended December 31, 2022 unless otherwise indicated. Future performance may not be consistent with past performance and is subject to change and inherent risks and uncertainties. This information should be read in conjunction with Broadstone Net Lease, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2022, including the financial statements and the management's discussion and analysis of financial condition and results of operations sections.

Forward Looking Statements

Information set forth herein contains forward-looking statements, which reflect our current views regarding our business, financial performance, growth prospects and strategies, market opportunities, and market trends. 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 herein 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. These factors include, but are not limited to, risks and uncertainties related to general economic conditions, including but not limited to increases in the rate of inflation and/or interest rates, local real estate conditions, tenant financial health, and property acquisitions and the timing of these investments and acquisitions. These and other risks, assumptions, and uncertainties are described in our filings with the SEC, which are available on the SEC's website at www.sec.gov.

You are cautioned not to place undue reliance on any forward-looking statements included herein. All forward-looking statements are made as of the date of this document and the risk that actual results, performance, and achievements will differ materially from the expectations expressed or referenced herein 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.

Company Overview

As of February 22, 2023

Broadstone Net Lease, Inc. (NYSE:BNL) (the "Company," "BNL," "us," "our" and "we") is a 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, we have selectively invested in real estate across the industrial, healthcare, restaurant, retail, and office property types. We target properties with credit worthy tenants in industries characterized by positive business drivers and trends, where the properties are an integral part of the tenants' businesses and there are 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.

Executive Team

Christopher J. Czarnecki

Chief Executive Officer, President, and Director

Ryan M. Albano

Executive Vice President and Chief Financial Officer

John D. Moragne

Executive Vice President and Chief Operating Officer

John D. Callan, Jr.

Senior Vice President, General Counsel, and Secretary

Michael B. Caruso

Senior Vice President, Corporate Finance & Investor Relations

Timothy D. Dieffenbacher

Senior Vice President, Chief Accounting Officer, and Treasurer

Kevin M. Fennell

Senior Vice President, Capital Markets & Credit Risk

Laurier James Lessard, Jr.

Senior Vice President, Asset Management

Jennie L. O'Brien

Senior Vice President, Accounting & Controller

Roderick A. Pickney

Senior Vice President, Acquisitions

Molly Kelly Wiegel

Senior Vice President, Human Resources

Andrea T. Wright

Senior Vice President, Property Management

Board of Directors

Laurie A. Hawkes

Chairman of the Board

Christopher J. Czarnecki

Chief Executive Officer and President

Denise Brooks-Williams

Michael A. Coke

Jessica Duran

Laura Felice

David M. Jacobstein

Shekar Narasimhan

Geoffrey H. Rosenberger

James H. Waters

Company Contact Information

Michael Caruso

SVP, Corporate Finance & Investor Relations

michael.caruso@broadstone.com

585-402-7842

Transfer Agent

Computershare Trust Company, N.A.

150 Royall Street

Canton, Massachusetts 02021

800-736-3001

Quarterly Financial Summary

(unaudited, dollars in thousands, except per share data)

	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021
Financial Summary					
Investment in rental property	\$ 5,035,846	\$ 4,775,460	\$ 4,594,776	\$ 4,431,929	\$ 4,234,544
Less accumulated depreciation	(533,965)	(505,456)	(479,952)	(454,122)	(430,141)
Investment in rental property, net	4,501,881	4,270,004	4,114,824	3,977,807	3,804,403
Cash and cash equivalents	21,789	75,912	16,813	54,103	21,669
Restricted cash	38,251	6,449	12,163	11,444	6,100
Total assets	5,457,609	5,239,192	4,979,442	4,852,520	4,618,648
Unsecured revolving credit facility	197,322	219,537	320,657	266,118	102,000
Mortgages, net	86,602	94,753	95,453	96,141	96,846
Unsecured term loans, net	894,692	894,378	587,098	586,884	646,671
Senior unsecured notes, net	844,555	844,367	844,178	843,990	843,801
Total liabilities	2,195,104	2,231,045	2,012,800	1,961,200	1,877,510
Total Broadstone Net Lease, Inc. stockholders' equity	3,092,918	2,840,692	2,798,690	2,724,641	2,577,292
Total equity (book value)	3,262,505	3,008,147	2,966,642	2,891,320	2,741,138
Revenues	112,135	103,524	98,013	93,841	92,642
General and administrative - other	7,814	8,439	7,907	7,899	7,501
Stock based compensation	1,503	1,503	1,381	929	1,025
General and administrative	9,317	9,942	9,288	8,828	8,526
Total operating expenses	61,320	59,133	50,875	48,162	46,649
Interest expense	23,773	20,095	17,888	16,896	16,997
Net income	36,773	28,709	35,552	28,441	32,226
Net earnings per common share, diluted	\$ 0.20	\$ 0.16	\$ 0.20	\$ 0.16	\$ 0.19
FFO	71,718	72,169	68,340	61,504	62,152
FFO per share, diluted	\$ 0.39	\$ 0.39	\$ 0.38	\$ 0.35	\$ 0.36
Core FFO	70,527	66,677	65,986	64,076	62,232
Core FFO per share, diluted	\$ 0.38	\$ 0.36	\$ 0.37	\$ 0.37	\$ 0.36
AFFO	65,585	63,386	62,804	60,401	58,692
AFFO per share, diluted	\$ 0.36	\$ 0.35	\$ 0.35	\$ 0.35	\$ 0.34
Net cash provided by operating activities	60,440	77,515	58,855	59,104	57,619
Net cash used in investing activities	(274,485)	(205,187)	(172,293)	(207,678)	(133,925)
Net cash provided by financing activities	191,724	181,057	76,867	186,352	83,998
Distributions declared	45,824	46,242	49,507	48,115	45,857
Distributions declared per diluted share	\$ 0.275	\$ 0.270	\$ 0.270	\$ 0.265	\$ 0.265

Balance Sheet

(unaudited, in thousands)

	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021
Assets					
Accounted for using the operating method:					
Land	\$ 768,667	\$ 755,206	\$ 731,208	\$ 709,962	\$ 655,374
Land improvements	340,385	331,858	320,513	300,300	295,329
Buildings and improvements	3,888,756	3,650,275	3,503,478	3,381,990	3,242,618
Equipment	10,422	10,422	10,422	10,422	11,870
Total accounted for using the operating method	5,008,230	4,747,761	4,565,621	4,402,674	4,205,191
Less accumulated depreciation	(533,965)	(505,456)	(479,952)	(454,122)	(430,141)
Accounted for using the operating method, net	4,474,265	4,242,305	4,085,669	3,948,552	3,775,050
Accounted for using the direct financing method	27,045	27,128	28,584	28,684	28,782
Accounted for using the sales-type method	571	571	571	571	571
Investment in rental property, net	4,501,881	4,270,004	4,114,824	3,977,807	3,804,403
Cash and cash equivalents	21,789	75,912	16,813	54,103	21,669
Accrued rental income	135,666	129,579	124,297	120,117	116,874
Tenant and other receivables, net	1,349	791	2,069	1,160	1,310
Prepaid expenses and other assets	49,661	18,984	22,916	22,525	17,275
Interest rate swap, assets	63,390	66,602	26,562	8,944	—
Goodwill	339,769	339,769	339,769	339,769	339,769
Intangible lease assets, net	329,585	322,314	316,119	311,277	303,642
Debt issuance costs – unsecured revolving credit facility, net	6,013	6,485	6,956	7,427	4,065
Leasing fees, net	8,506	8,752	9,117	9,391	9,641
Total assets	\$ 5,457,609	\$ 5,239,192	\$ 4,979,442	\$ 4,852,520	\$ 4,618,648
Liabilities and equity					
Unsecured revolving credit facility	\$ 197,322	\$ 219,537	\$ 320,657	\$ 266,118	\$ 102,000
Mortgages, net	86,602	94,753	95,453	96,141	96,846
Unsecured term loans, net	894,692	894,378	587,098	586,884	646,671
Senior unsecured notes, net	844,555	844,367	844,178	843,990	843,801
Interest rate swap, liabilities	—	—	—	1,154	27,171
Accounts payable and other liabilities	47,547	52,594	42,923	40,611	38,038
Dividends payable	54,460	49,886	49,541	47,682	45,914
Accrued interest payable	7,071	10,559	6,086	9,845	6,473
Intangible lease liabilities, net	62,855	64,971	66,864	68,775	70,596
Total liabilities	2,195,104	2,231,045	2,012,800	1,961,200	1,877,510
Equity					
Broadstone Net Lease, Inc. stockholders' equity:					
Preferred stock, \$0.001 par value	—	—	—	—	—
Common stock, \$0.00025 par value	47	43	43	42	41
Additional paid-in capital	3,419,395	3,148,075	3,125,377	3,056,560	2,924,168
Cumulative distributions in excess of retained earnings	(386,049)	(369,260)	(350,127)	(336,988)	(318,476)
Accumulated other comprehensive loss	59,525	61,834	23,397	5,027	(28,441)
Total Broadstone Net Lease, Inc. stockholders' equity	3,092,918	2,840,692	2,798,690	2,724,641	2,577,292
Non-controlling interests	169,587	167,455	167,952	166,679	163,846
Total equity	3,262,505	3,008,147	2,966,642	2,891,320	2,741,138
Total liabilities and equity	\$ 5,457,609	\$ 5,239,192	\$ 4,979,442	\$ 4,852,520	\$ 4,618,648

Income Statement Summary

(unaudited, in thousands, except per share data)

	Three Months Ended				
	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021
Revenues					
Lease revenues, net	\$ 112,135	\$ 103,524	\$ 98,013	\$ 93,841	\$ 92,642
Operating expenses					
Depreciation and amortization	45,606	39,400	35,511	34,290	33,476
Property and operating expense	6,397	5,636	4,696	5,044	4,440
General and administrative	9,317	9,942	9,288	8,828	8,526
Provision for impairment of investment in rental properties	—	4,155	1,380	—	207
Total operating expenses	61,320	59,133	50,875	48,162	46,649
Other (expenses) income					
Interest income	40	4	—	—	6
Interest expense	(23,773)	(20,095)	(17,888)	(16,896)	(16,997)
Cost of debt extinguishment	(77)	(231)	—	—	—
Gain on sale of real estate	10,625	61	4,071	1,196	3,732
Income taxes	(106)	(356)	(401)	(412)	(457)
Other (expenses) income	(751)	4,935	2,632	(1,126)	(51)
Net income	36,773	28,709	35,552	28,441	32,226
Net income attributable to non-controlling interests	(2,041)	(1,600)	(2,036)	(1,683)	(1,935)
Net income attributable to Broadstone Net Lease, Inc.	\$ 34,732	\$ 27,109	\$ 33,516	\$ 26,758	\$ 30,291
Weighted average number of common shares outstanding					
Basic ¹	173,283	172,578	169,555	163,809	161,545
Diluted ¹	183,592	182,971	180,256	174,288	172,094
Net earnings per common share²					
Basic and diluted	\$ 0.20	\$ 0.16	\$ 0.20	\$ 0.16	\$ 0.19

¹ Excludes 396,924, 395,441, 377,407, 370,539, and 373,678, weighted average shares of unvested restricted common stock for the three months ended December 31, 2022, September 30, 2022, June 30, 2022, March 31, 2022 and December 31, 2021.

² Excludes \$0.1 million from the numerator for the three months ended December 31, 2022, September 30, 2022, June 30, 2022, March 31, 2022, and December 31, 2021, related to dividends declared on shares of unvested restricted common stock.

Funds From Operations (FFO), Core Funds From Operations (Core FFO), and Adjusted Funds From Operations (AFFO)

(unaudited, in thousands, except per share data)

	Three Months Ended				
	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021
Net income	\$ 36,773	\$ 28,709	\$ 35,552	\$ 28,441	\$ 32,226
Real property depreciation and amortization	45,570	39,366	35,479	34,259	33,451
Gain on sale of real estate	(10,625)	(61)	(4,071)	(1,196)	(3,732)
Provision for impairment of investment in rental properties	—	4,155	1,380	—	207
FFO	\$ 71,718	\$ 72,169	\$ 68,340	\$ 61,504	\$ 62,152
Net write-offs of accrued rental income	—	—	—	1,326	—
Lease termination fee	(1,678)	(791)	—	—	—
Cost of debt extinguishment	77	231	—	—	—
Gain on insurance recoveries	(341)	—	—	—	—
Severance	—	3	278	120	29
Other expenses (income) ¹	751	(4,935)	(2,632)	1,126	51
Core FFO	\$ 70,527	\$ 66,677	\$ 65,986	\$ 64,076	\$ 62,232
Straight-line rent adjustment	(6,825)	(5,175)	(4,965)	(4,934)	(5,321)
Adjustment to provision for credit losses	—	(4)	(1)	—	(37)
Amortization of debt issuance costs	988	948	900	856	1,022
Amortization of net mortgage premiums	(26)	(26)	(25)	(27)	(26)
Loss on interest rate swaps and other non-cash interest expense	522	639	695	659	696
Amortization of lease intangibles	(1,308)	(1,176)	(1,167)	(1,158)	(899)
Stock-based compensation	1,503	1,503	1,381	929	1,025
Deferred taxes	204	—	—	—	—
AFFO	\$ 65,585	\$ 63,386	\$ 62,804	\$ 60,401	\$ 58,692
Diluted weighted average shares outstanding ²	183,592	182,971	180,256	174,288	172,094
Net earnings per diluted share ³	\$ 0.20	\$ 0.16	\$ 0.20	\$ 0.16	\$ 0.19
FFO per diluted share ³	0.39	0.39	0.38	0.35	0.36
Core FFO per diluted share ³	0.38	0.36	0.37	0.37	0.36
AFFO per diluted share ³	0.36	0.35	0.35	0.35	0.34

¹ Amount includes \$0.8 million, (\$4.9) million, (\$2.6) million and \$1.1 million of unrealized and realized foreign exchange (gain) loss for the three months ended December 31, 2022, September 30, 2022, June 30, 2022 and March 31, 2022, respectively, primarily associated with our Canadian dollar denominated revolver borrowings.

² Excludes 396,924, 395,441, 377,407, 370,539, and 373,678, weighted average shares of unvested restricted common stock for the three months ended December 31, 2022, September 30, 2022, June 30, 2022, March 31, 2022, and December 31, 2021, respectively.

³ Excludes \$0.1 million from the numerator for the three months ended December 31, 2022, September 30, 2022, June 30, 2022, March 31, 2022, and December 31, 2021, related to dividends declared on shares of unvested restricted common stock.

EBITDA, EBITDAre, and Other-Non GAAP Operating Measures

(unaudited, in thousands)

	Three Months Ended				
	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021
Net income	\$ 36,773	\$ 28,709	\$ 35,552	\$ 28,441	\$ 32,226
Depreciation and amortization	45,606	39,400	35,511	34,290	33,476
Interest expense	23,773	20,095	17,888	16,896	16,997
Income taxes	105	356	401	412	457
EBITDA	\$ 106,257	\$ 88,560	\$ 89,352	\$ 80,039	\$ 83,156
Provision for impairment of investment in rental properties	—	4,155	1,380	—	207
Gain on sale of real estate	(10,625)	(61)	(4,071)	(1,196)	(3,732)
EBITDAre	\$ 95,632	\$ 92,654	\$ 86,661	\$ 78,843	\$ 79,631
Adjustment for current quarter acquisition activity ¹	1,283	2,358	2,780	3,225	2,002
Adjustment for current quarter disposition activity ²	(440)	—	(141)	(79)	(180)
Adjustment to exclude net write-offs of accrued rental income	—	—	—	1,326	—
Adjustment to exclude gain on insurance recoveries	(341)	—	—	—	—
Adjustment to exclude realized / unrealized foreign exchange (gain) loss	796	(4,934)	(2,632)	1,125	—
Adjustment to exclude cost of debt extinguishments	77	231	—	—	—
Adjustment to exclude lease termination fees	(1,678)	(791)	—	—	—
Adjusted EBITDAre	\$ 95,329	\$ 89,518	\$ 86,668	\$ 84,440	\$ 81,453
General and administrative	9,318	9,942	9,288	8,825	8,523
Adjusted Net Operating Income ("NOI")	\$ 104,647	\$ 99,460	\$ 95,956	\$ 93,265	\$ 89,976
Straight-line rental revenue, net	(7,315)	(5,750)	(5,616)	(5,456)	(5,611)
Other amortization and non-cash charges	(1,353)	(1,177)	(1,167)	(1,157)	(847)
Adjusted Cash NOI	\$ 95,979	\$ 92,533	\$ 89,173	\$ 86,652	\$ 83,518
Annualized EBITDAre	\$ 382,528	\$ 370,616	\$ 346,642	\$ 315,375	\$ 318,526
Annualized Adjusted EBITDAre	381,315	358,072	346,672	337,759	325,812
Annualized Adjusted NOI	418,585	397,834	383,830	373,060	359,904
Annualized Adjusted Cash NOI	383,914	370,128	356,701	346,606	334,072

¹ Reflects an adjustment to give effect to all acquisition during the quarter as if they had been acquired as of the beginning of the quarter.

² 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.

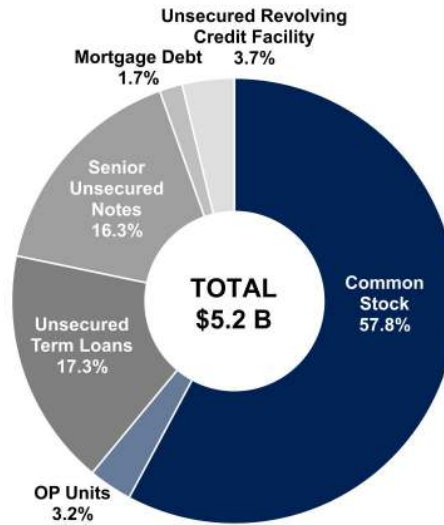
Lease Revenues Detail

(unaudited, in thousands)

	Three Months Ended				
	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021
Contractual rental amounts billed for operating leases	\$ 96,208	\$ 91,208	\$ 87,505	\$ 84,396	\$ 81,482
Adjustment to recognize contractual operating lease billings on a straight-line basis	6,898	5,344	5,090	5,021	5,372
Net write-offs of accrued rental income	—	—	—	(1,326)	—
Variable rental amounts earned	721	309	291	186	433
Earned income from direct financing leases	693	719	721	723	725
Interest income from sales-type leases	15	14	15	14	15
Operating expenses billed to tenants	5,720	5,061	4,263	4,735	4,464
Other income from real estate transactions	2,019	874	134	42	1
Adjustment to revenue recognized for uncollectible rental amounts billed, net	(139)	(5)	(6)	50	150
Total Lease revenues, net	\$ 112,135	\$ 103,524	\$ 98,013	\$ 93,841	\$ 92,642

Capital Structure

(in thousands, except per share data)



EQUITY	
Shares of Common Stock	186,114
OP Units	10,205
Common Stock & OP Units	196,319
Price Per Share / Unit at December 31, 2022	\$ 16.21
IMPLIED EQUITY MARKET CAPITALIZATION	\$ 3,182,331
<i>% of Total Capitalization</i>	<i>61.0 %</i>
DEBT	
Unsecured Revolving Credit Facility - 2026	\$ 197,322
Unsecured Term Loans	900,000
Unsecured Term Loan - 2026	400,000
Unsecured Term Loan - 2027	200,000
Unsecured Term Loan - 2029	300,000
Senior Unsecured Notes	850,000
Senior Unsecured Notes - 2027	150,000
Senior Unsecured Notes - 2028	225,000
Senior Unsecured Notes - 2030	100,000
Senior Unsecured Public Notes - 2031	375,000
Mortgage Debt - Various	86,754
TOTAL DEBT	\$ 2,034,076
<i>% of Total Capitalization</i>	<i>39.0 %</i>
<i>% of Total Debt / Floating Rate Debt</i>	<i>6.5 %</i>
<i>% of Total Debt / Fixed Rate Debt</i>	<i>93.5 %</i>
<i>% of Total Debt / Secured Debt</i>	<i>4.3 %</i>
<i>% of Total Debt / Unsecured Debt</i>	<i>95.7 %</i>
Total Capitalization	\$ 5,216,407
Less: Cash and Cash Equivalents	(21,789)
Enterprise Value	\$ 5,194,618

Equity Rollforward

(in thousands)

	Shares of Common Stock	OP Units	Total Diluted Shares
Balance, January 1, 2022	162,383	10,323	172,706
ATM offerings	6,273	—	6,273
Board of directors fees	12	—	12
Grants of restricted stock awards	142	—	142
Retirement of common shares	(59)	—	(59)
Forfeiture of restricted stock awards	(1)	—	(1)
Balance, March 31, 2022	168,750	10,323	179,073
ATM offerings	3,236	—	3,236
Board of directors fees	13	—	13
Grants of restricted stock awards	32	—	32
Forfeiture of restricted stock awards	(8)	—	(8)
Balance, June 30, 2022	172,023	10,323	182,346
ATM offerings	962	—	962
OP Unit conversions	118	(118)	—
Board of directors fees	7	—	7
Grants of restricted stock awards	6	—	6
Forfeiture of restricted stock awards	(1)	—	(1)
Balance, September 30, 2022	173,115	10,205	183,320
Forfeiture of restricted stock awards	(1)	—	(1)
Settlement of August 2022 forward equity offering	13,000	—	13,000
Balance, December 31, 2022	186,114	10,205	196,319
Percentage ownership of OP at December 31, 2022	94.8 %	5.2 %	100 %

Debt Outstanding

(in thousands)

	Outstanding Balance		Interest Rate	Maturity Date
	December 31, 2022	December 31, 2021		
Unsecured revolving credit facility	\$ 197,322	\$ 102,000	Applicable reference rate + 0.85% ¹	Mar. 2026
Unsecured term loans:				
2022 Unsecured Term Loan	—	60,000	one-month LIBOR + 1.00%	Feb. 2022
2024 Unsecured Term Loan	—	190,000	one-month LIBOR + 1.00%	Jun. 2024
2026 Unsecured Term Loan	400,000	400,000	one-month LIBOR + 1.00%	Feb. 2026
2027 Unsecured Term Loan	200,000	—	one-month adjusted SOFR + 0.95%	Aug. 2027
2029 Unsecured Term Loan	300,000	—	one-month adjusted SOFR + 1.25%	Aug. 2029
Total unsecured term loans	900,000	650,000		
Unamortized debt issuance costs, net	(5,308)	(3,329)		
Total unsecured term loans, net	894,692	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	(5,445)	(6,199)		
Total senior unsecured notes, net	844,555	843,801		
Total unsecured debt, net	\$ 1,936,569	\$ 1,592,472		

¹ At December 31, 2022 a balance of \$123.5 million was subject to the one-month SOFR. The remaining balance includes \$100 million CAD borrowings remeasured to \$73.8 million USD, which was subject to the one-month Canadian Dollar Offered Rate.

Lender	Origination Date (Month/Year)	Maturity Date (Month/Year)	Interest Rate	December 31, 2022	December 31, 2021
Wilmington Trust National Association	Apr-19	Feb-28	4.92%	\$ 45,516	\$ 46,760
Wilmington Trust National Association	Jun-18	Aug-25	4.36%	19,150	19,557
PNC Bank	Oct-16	Nov-26	3.62%	16,675	17,094
Aegon	Apr-12	Oct-23	6.38%	5,413	6,249
T2 Durham I, LLC	Jul - 21	Jul -24	Greater of Prime + 1.25% or 5.00%	—	7,500
Total mortgages				86,754	97,160
Debt issuance costs, net				(152)	(314)
Mortgages, net				\$ 86,602	\$ 96,846

Year of Maturity	Term Loans	Revolving Credit Facility	Senior Notes	Mortgages	Interest Expense	Total
2023	\$ —	\$ —	\$ —	\$ 7,582	\$ 79,171	\$ 86,753
2024	—	—	—	2,260	78,906	81,166
2025	—	—	—	20,195	80,686	100,881
2026	400,000	197,322	—	16,843	57,180	671,345
2027	200,000	—	150,000	1,596	42,401	393,997
Thereafter	300,000	—	700,000	38,278	64,255	1,102,533
Total	\$ 900,000	\$ 197,322	\$ 850,000	\$ 86,754	\$ 402,599	\$ 2,436,675

Net Debt Metrics

(in thousands)

	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021
Debt					
Unsecured revolving credit facility	\$ 197,322	\$ 219,537	\$ 320,657	\$ 266,118	\$ 102,000
Unsecured term loans, net	894,692	894,378	587,098	586,884	646,671
Senior unsecured notes, net	844,555	844,367	844,178	843,990	843,801
Mortgages, net	86,602	94,753	95,453	96,141	96,846
Debt issuance costs	10,905	11,498	8,991	9,419	9,842
Gross Debt	2,034,076	2,064,533	1,856,377	1,802,552	1,699,160
Cash and cash equivalents	(21,789)	(75,912)	(16,813)	(54,103)	(21,669)
Restricted cash	(38,251)	(6,449)	(12,163)	(11,444)	(6,100)
Net Debt	\$ 1,974,036	\$ 1,982,172	\$ 1,827,401	\$ 1,737,005	\$ 1,671,391
Anticipated proceeds from forward equity agreement	—	(270,732)	—	—	—
Pro Forma Net Debt	\$ 1,974,036	\$ 1,711,440	\$ 1,827,401	\$ 1,737,005	\$ 1,671,391
Net Debt to Annualized EBITDAre	5.2x	5.3x	5.3x	5.5x	5.3x
Net Debt to Annualized Adjusted EBITDAre	5.2x	5.5x	5.3x	5.1x	5.1x
Pro Forma Net Debt to Annualized Adjusted EBITDAre	5.2x	4.8x	5.3x	5.1x	5.1x

Covenants

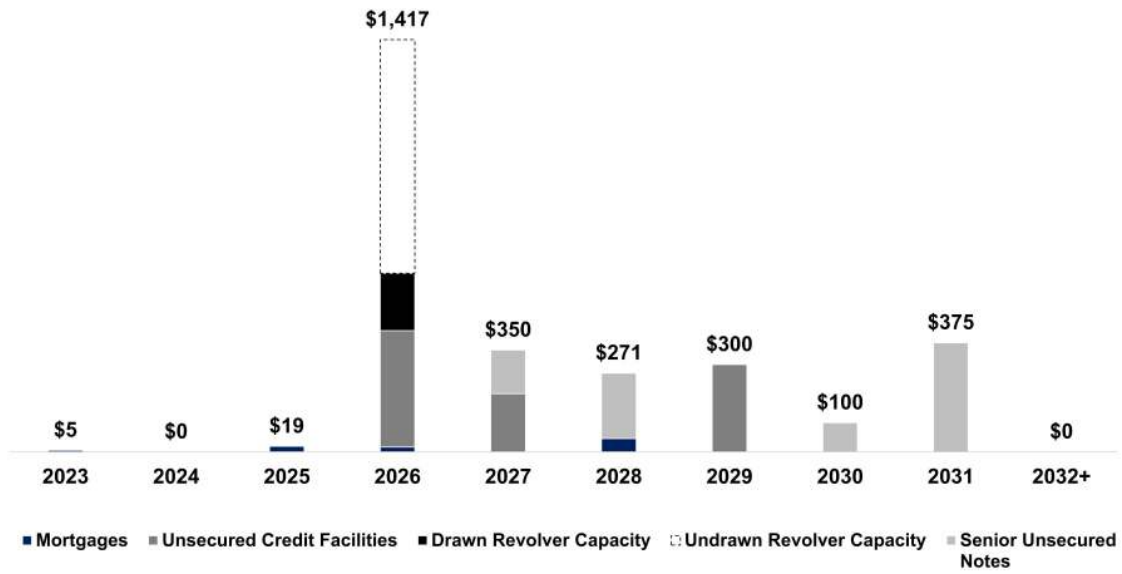
The following is a summary of key financial covenants for the Company's revolving credit facility and unsecured term loans and senior unsecured notes. The covenants associated with the Revolving Credit Facility, Unsecured Term Loans with commercial banks, and the Series A-C Senior Unsecured Notes, are reported to the lenders via quarterly covenant reporting packages. The covenants associated with the 2031 Senior Unsecured Public Notes are not required to be reported externally to third parties, and are instead calculated in connection with borrowing activity and for financial reporting purposes only. These calculations, which are not based on U.S. GAAP measurements, are presented to investors to show that as of December 31, 2022, the Company believes it is in compliance with the covenants.

Covenants	Required	Revolving Credit Facility and Unsecured Term Loans	Senior Unsecured Notes Series A, B, & C	2031 Senior Unsecured Public Notes
Leverage ratio	≤ 0.60 to 1.00	0.34	0.35	Not Applicable
Secured indebtedness ratio	≤ 0.40 to 1.00	0.02	0.01	Not Applicable
Unencumbered coverage ratio	≥ 1.75 to 1.00	3.72	Not Applicable	Not Applicable
Fixed charge coverage ratio	≥ 1.50 to 1.00	3.52	3.52	Not Applicable
Total unsecured indebtedness to total unencumbered eligible property value	≤ 0.60 to 1.00	0.36	0.37	Not Applicable
Dividends and other restricted payments	Only applicable in case of default	Not Applicable	Not Applicable	Not Applicable
Aggregate debt ratio	≤ 0.60 to 1.00	Not Applicable	Not Applicable	0.37
Consolidated income available for debt to annual debt service charge	≥ 1.50 to 1.00	Not Applicable	Not Applicable	4.65
Total unencumbered assets to total unsecured debt	≥ 1.50 to 1.00	Not Applicable	Not Applicable	2.73
Secured debt ratio	≤ 0.40 to 1.00	Not Applicable	Not Applicable	0.02

Debt Maturities

(dollars in millions)

The Company utilizes diversified sources of debt capital including unsecured bank debt, unsecured notes, and secured mortgages (where appropriate).



Investment Activity

(square feet and dollars in thousands)

The following tables summarize the Company's investment activity during 2022.

	Q1 2022	Q2 2022	Q3 2022	Q4 2022	2022
Acquisitions:					
Number of transactions	6	11	8	7	32
Number of properties	27	15	27	17	86
Square feet	619	1,514	2,414	2,678	7,225
Acquisition price	\$ 209,973	\$ 164,995	\$ 203,926	\$ 299,539	\$ 878,433
Initial cash cap rate	5.7 %	6.5 %	6.5 %	6.7 %	6.4 %
Initial GAAP cap rate	6.4 %	8.2 %	7.9 %	8.0 %	7.6 %
Weighted avg. lease term (years)	19.3	20.0	20.9	19.7	20.3
Weighted average annual rent increase	1.5 %	2.2 %	2.0 %	2.0 %	2.0 %
Revenue generating capital expenditures:					
Number of properties ¹	-	1	1	1	3
Investments ²	-	\$ 17,387	\$ 600	\$ 10,754	\$ 28,741
Initial cash cap rate	-	5.8 %	8.1 %	6.8 %	5.9 %
Weighted avg. lease term (years)	-	19.3	14.0	18.8	19.0
Weighted average annual rent increase	-	1.8 %	3.5 %	1.8 %	1.8 %
Total investments	\$ 209,973	\$ 182,382	\$ 204,526	\$ 310,293	\$ 907,174
Total initial cash cap rate	5.7 %	6.4 %	6.5 %	6.7 %	6.4 %
Total weighted average lease term (years)	19.3	19.9	20.8	19.7	20.3
Total weighted average annual rent increase	1.5 %	2.1 %	2.0 %	2.0 %	2.0 %

¹ Number of properties includes revenue generating capital expenditures on existing properties.

² Total unfunded investment commitments at December 31, 2022 were \$30.6 million

Q4 Acquisitions

Property Type	Number of Properties	Square Feet	Weighted Average Lease Term (years)	Weighted Average Annual Rent Increase	Acquisition Price
Industrial	11	2,629	19.2	2.0 %	\$ 281,389
Retail	5	37	16.0	1.2 %	15,131
Office	1	12	20.1	2.0 %	3,019
Total Properties	17	2,678	19.7	2.0 %	\$ 299,539

2022 Acquisitions:

Property Type	Number of Properties	Square Feet	Weighted Average Lease Term (years)	Weighted Average Annual Rent Increase	Acquisition Price
Industrial	40	6,537	21.4	2.2 %	\$ 615,823
Retail	24	472	16.5	1.5 %	125,495
Restaurant	19	148	19.6	1.1 %	112,410
Healthcare	2	56	11.9	2.6 %	21,686
Office	1	12	20.1	2.0 %	3,019
Total Properties	86	7,225	20.3	2.0 %	\$ 878,433

Dispositions

(square feet and dollars in thousands)

The following table summarizes the Company's property disposition activity during 2022.

Q1 2022

Property Type	Number of Properties	Square Feet	Acquisition Price	Disposition Price	Net Book Value
Restaurant	1	8	\$ 3,891	\$ 5,212	\$ 3,824
Total Properties	1	8	\$ 3,891	\$ 5,212	\$ 3,824
Weighted average cash cap rate					5.7%

Q2 2022

Property Type	Number of Properties	Square Feet	Acquisition Price	Disposition Price	Net Book Value
Restaurant	3	13	\$ 7,792	\$ 11,889	\$ 7,311
Total Properties	3	13	\$ 7,792	\$ 11,889	\$ 7,311
Weighted average cash cap rate					5.1%

Q3 2022

Property Type	Number of Properties	Square Feet	Acquisition Price	Disposition Price	Net Book Value
Retail	1	34	\$ 6,901	\$ 1,650	\$ 1,557
Total Properties	1	34	\$ 6,901	\$ 1,650	\$ 1,557
Weighted average cash cap rate					N/A ¹

¹ Property was vacant at the time of disposition.

Q4 2022

Property Type	Number of Properties	Square Feet	Acquisition Price	Disposition Price	Net Book Value
Industrial	1	314	\$ 23,289	\$ 30,565	\$ 21,970
Restaurant	2	13	\$ 6,447	\$ 8,631	\$ 5,823
Total Properties	3	327	\$ 29,736	\$ 39,196	\$ 27,793
Weighted average cash cap rate					5.7%

2022

Property Type	Number of Properties	Square Feet	Acquisition Price	Disposition Price	Net Book Value
Industrial	1	314	\$ 23,289	\$ 30,565	\$ 21,970
Restaurant	6	34	\$ 18,130	\$ 25,732	\$ 16,958
Retail	1	34	\$ 6,901	\$ 1,650	\$ 1,557
Total Properties	8	382	\$ 48,320	\$ 57,947	\$ 40,485
Weighted average cash cap rate					5.6%

Portfolio at a Glance: Key Metrics

	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021
Properties	804	790	764	752	726
U.S. States	44	44	44	43	42
Canadian Provinces	4	4	4	4	1
Total Annualized Base Rent	\$389.1M	\$371.9M	\$360.0M	\$347.7M	\$334.1M
Total Rentable Sq. Footage	39.1M	36.8M	34.4M	32.8M	32.2M
Tenants	221	218	213	210	204
Brands	211	208	203	198	189
Industries	55	56	57	56	56
Occupancy (based on SF)	99.4 %	99.3 %	99.8 %	99.8 %	99.8 %
Rent Collection	99.9 %	100.0 %	100.0 %	100.0 %	100.0 %
Top Ten Tenant Concentration	19.0 %	17.1 %	16.5 %	17.1 %	17.5 %
Top Twenty Tenant Concentration	31.4 %	29.8 %	29.4 %	30.0 %	30.3 %
Investment Grade (tenant/guarantor)	15.4 %	16.0 %	16.4 %	15.3 %	15.7 %
Financial Reporting Coverage ¹	94.3 %	94.1 %	94.0 %	94.2 %	94.0 %
Rent Coverage Ratio (Restaurants Only)	3.2x	3.1x	3.3x	3.2x	3.2x
Weighted Average Annual Rent Increases	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %
Weighted Average Remaining Lease Term	10.9 years	10.7 years	10.6 years	10.5 years	10.5 years
Master Leases (based on ABR)					
Total Portfolio	40.8 %	37.7 %	36.1 %	34.5 %	32.7 %
Multi-site Tenants	67.7 %	65.4 %	63.9 %	61.6 %	59.2 %

¹ Includes 8.5%, 8.8%, 9.0%, 9.1%, and 9.4%, related to tenants not required to provide financial information under the terms of our lease, but whose financial statements are available publicly at December 31, 2022, September 30, 2022, June 30, 2022, March 31, 2022, and December 31, 2021.

Diversification: Tenants & Brands

Top 20 Tenants

Tenant	Property Type	# Properties	ABR (\$'000s)	ABR as a % of Total Portfolio	Square Feet ('000s)	SF as a % of Total Portfolio
Roskam Baking Company *	Food Processing	7	\$ 15,605	4.0 %	2,250	5.7 %
AHF, LLC*	Distribution & Warehouse/Manufacturing	9	8,995	2.3 %	2,014	5.1 %
Jack's Family Restaurants *	Quick Service Restaurants	43	7,310	1.9 %	147	0.4 %
Joseph T. Ryerson & Son, Inc	Distribution & Warehouse	11	\$ 6,491	1.7 %	1,537	3.9 %
Red Lobster Hospitality & Red Lobster Restaurants LLC*	Casual Dining	19	6,178	1.6 %	158	0.4 %
J. Alexander's, LLC*	Casual Dining	16	6,115	1.6 %	131	0.4 %
Axcelis Technologies, Inc.	Flex and R&D	1	\$ 5,991	1.5 %	417	1.1 %
Dollar General Corporation	General Merchandise	60	5,956	1.5 %	562	1.4 %
Hensley & Company*	Distribution & Warehouse	3	5,871	1.5 %	577	1.5 %
BluePearl Holdings, LLC**	Animal Health Services	13	\$ 5,543	1.4 %	165	0.4 %
Total Top 10 Tenants		182	\$ 74,055	19.0 %	7,958	20.3 %
Outback Steakhouse of Florida LLC*	Casual Dining	22	\$ 5,365	1.4 %	140	0.4 %
Tractor Supply Company	General Merchandise	21	5,349	1.4 %	417	1.1 %
Krispy Kreme Doughnut Corporation	Quick Service Restaurants/ Food Processing	27	5,034	1.3 %	156	0.4 %
Siemens Medical Solutions USA, Inc. & Siemens Corporation	Manufacturing/Flex and R&D	2	5,012	1.2 %	545	1.4 %
Big Tex Trailer Manufacturing, Inc.*	Automotive/Distribution & Warehouse/Manufacturing/ Corporate Headquarters	17	4,957	1.2 %	1,302	3.3 %
Nestle' Dreyer's Ice Cream Company ¹	Cold Storage	1	4,543	1.2 %	309	0.8 %
Carvana, LLC*	Industrial Services	2	4,509	1.2 %	230	0.6 %
Klosterman Bakery*	Food Processing	11	4,500	1.2 %	549	1.4 %
Arkansas Surgical Hospital	Surgical	1	4,475	1.2 %	129	0.3 %
American Signature, Inc.	Home Furnishings	6	4,309	1.1 %	474	1.2 %
Total Top 20 Tenants		292	\$ 122,108	31.4 %	12,209	31.2 %

¹Nestle's ABR excludes \$1.6 million of rent paid under a sub-lease for an additional property, which will convert to a prime lease no later than August, 2024

*Subject to a master lease.

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

Top 20 Brands

Brand	Property Type	# Properties	ABR (\$'000s)	ABR as a % of Total Portfolio	Square Feet ('000s)	SF as a % of Total Portfolio
Roskam Baking Company*	Food Processing	7	15,605	4.0 %	2,250	5.7 %
AHF, LLC*	Distribution & Warehouse/Manufacturing	9	8,995	2.3 %	2,014	5.1 %
Jack's Family Restaurants *	Quick Service Restaurants	43	7,309	1.9 %	147	0.4 %
Ryerson	Distribution & Warehouse	11	6,491	1.7 %	1,537	3.9 %
Red Lobster*	Casual Dining	19	6,178	1.6 %	157	0.4 %
Axcelis	Flex and R&D	1	5,991	1.5 %	417	1.1 %
Dollar General Corporation	General Merchandise	60	5,956	1.5 %	562	1.4 %
Hensley*	Distribution & Warehouse	3	5,871	1.5 %	577	1.5 %
BluePearl Veterinary Partners**	Animal Health Services	13	5,543	1.4 %	165	0.4 %
Bob Evans Farms*	Casual Dining/Food Processing	21	5,391	1.4 %	281	0.8 %
Total Top 10 Brands		187	\$ 73,330	18.8 %	8,107	20.7 %
Tractor Supply Co.	General Merchandise	21	5,349	1.4 %	417	1.1 %
Krispy Kreme	Quick Service Restaurants/ Food Processing	27	5,034	1.3 %	156	0.4 %
Siemens	Manufacturing/Flex and R&D	2	5,012	1.2 %	545	1.4 %
Big Tex Trailers*	Automotive/Distribution & Warehouse/Manufacturing/ Corporate Headquarters	17	4,957	1.2 %	1,302	3.3 %
Outback Steakhouse*	Casual Dining	20	4,641	1.2 %	126	0.3 %
Nestle'	Cold Storage	1	4,543	1.2 %	310	0.8 %
Carvana, LLC*	Industrial Services	2	4,509	1.2 %	230	0.6 %
Klosterman Bakery*	Food Processing	11	4,500	1.2 %	549	1.4 %
Arkansas Surgical Hospital	Surgical	1	4,476	1.2 %	129	0.3 %
Wendy's**	Quick Service Restaurants	29	4,319	1.1 %	84	0.2 %
Total Top 20 Brands		318	\$ 120,670	31.0 %	11,955	30.5 %

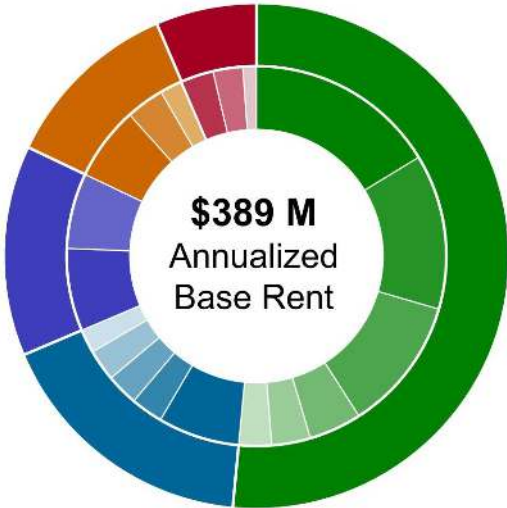
¹Nestle's ABR excludes \$1.6 million of rent paid under a sub-lease for an additional property, which will convert to a prime lease no later than August, 2024

*Subject to a master lease.

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

Diversification: Property Type

(rent percentages based on ABR)



Industrial	51%
▪ Manufacturing	16%
▪ Distribution & Warehouse	13%
▪ Food Processing	11%
▪ Flex and R&D	5%
▪ Cold Storage	3%
▪ Industrial Services	3%
Healthcare	17%
▪ Clinical	7%
▪ Healthcare Services	3%
▪ Animal Health Services	3%
▪ Surgical	2%
▪ Life Science	2%
Restaurant	13%
▪ Quick Service Restaurants	7%
▪ Casual Dining	6%
Retail	12%
▪ General Merchandise	7%
▪ Automotive	3%
▪ Home Furnishings	2%
▪ Child Care	0%
Office	7%
▪ Corporate Headquarters	3%
▪ Strategic Operations	3%
▪ Call Center	1%

Diversification: Property Type (continued)

Property Type	# Properties	ABR (\$'000s)	ABR as a % of Total Portfolio	Square Feet ('000s)	SF as a % of Total Portfolio
Industrial					
Manufacturing	80	\$ 63,406	16.3 %	11,873	30.3 %
Distribution & Warehouse	47	51,406	13.2 %	9,459	24.2 %
Food Processing	34	44,427	11.4 %	5,516	14.1 %
Flex and R&D	7	17,498	4.5 %	1,457	3.7 %
Cold Storage	4	12,810	3.3 %	933	2.4 %
Industrial Services	22	10,851	2.8 %	587	1.5 %
Untenanted	1	—	0.0 %	122	0.3 %
Industrial Total	195	200,398	51.5 %	29,947	76.5 %
Healthcare					
Clinical	52	27,020	6.9 %	1,091	2.8 %
Healthcare Services	29	10,679	2.7 %	478	1.2 %
Animal Health Services	27	10,549	2.7 %	405	1.0 %
Surgical	12	10,463	2.7 %	329	0.9 %
Life Science	9	7,867	2.1 %	549	1.4 %
Untenanted	1	—	—	18	0.0 %
Healthcare Total	130	66,578	17.1 %	2,870	7.3 %
Restaurant					
Casual Dining	102	27,387	7.0 %	678	1.7 %
Quick Service Restaurants	146	24,993	6.5 %	499	1.3 %
Restaurant Total	248	52,380	13.5 %	1,177	3.0 %
Retail					
General Merchandise	132	24,435	6.3 %	1,865	4.8 %
Automotive	68	12,667	3.3 %	776	2.0 %
Home Furnishings	13	7,147	1.8 %	797	2.0 %
Child Care	1	375	0.1 %	10	0.0 %
Retail Total	214	44,624	11.5 %	3,448	8.8 %
Office					
Corporate Headquarters	8	10,761	2.8 %	691	1.8 %
Strategic Operations	5	9,875	2.5 %	615	1.6 %
Call Center	3	4,478	1.1 %	345	0.9 %
Untenanted	1	—	—	46	0.1 %
Office Total	17	25,114	6.4 %	1,697	4.4 %
Total	804	\$ 389,094	100.0 %	39,139	100.0 %

Key Statistics by Property Type

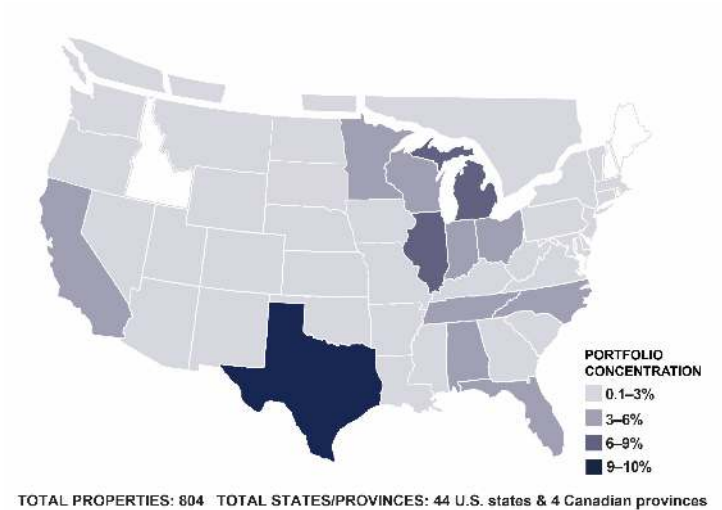
	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021
Industrial					
Number of properties	195	185	166	158	156
Square feet (000s)	29,947	27,631	25,279	23,881	23,617
Weighted average lease term (years)	11.2	11.2	10.8	10.3	10.5
Weighted average annual rent escalation	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %
Healthcare					
Number of properties	130	130	129	128	128
Square feet (000s)	2,870	2,869	2,855	2,813	2,813
Weighted average lease term (years)	8.2	8.2	8.4	8.6	8.9
Weighted average annual rent escalation	2.2 %	2.2 %	2.2 %	2.2 %	2.2 %
Restaurant					
Number of properties	248	250	247	250	235
Square feet (000s)	1,177	1,191	1,174	1,188	1,064
Weighted average lease term (years)	14.8	14.8	15.0	15.3	15.0
Weighted average annual rent escalation	1.8 %	1.8 %	1.8 %	1.9 %	2.0 %
Retail					
Number of properties	214	209	206	200	191
Square feet (000s)	3,448	3,411	3,404	3,235	3,009
Weighted average lease term (years)	10.5	10.5	10.9	11.2	10.5
Weighted average annual rent escalation	1.6 %	1.6 %	1.6 %	1.6 %	1.5 %
Office					
Number of properties	17	16	16	16	16
Square feet (000s)	1,697	1,686	1,685	1,685	1,685
Weighted average lease term (years)	6.1	6.1	6.0	6.3	6.5
Weighted average annual rent escalation	2.5 %	2.5 %	2.4 %	2.5 %	2.4 %

Diversification: Tenant Industry

Industry	# Properties	ABR (\$'000s)	ABR as a % of Total Portfolio	Square Feet ('000s)	SF as a % of Total Portfolio
Restaurants	251	\$ 53,151	13.7 %	1,220	3.1 %
Health Care Facilities	103	52,306	13.4 %	2,044	5.2 %
Packaged Foods & Meats Distributors	29	37,998	9.8 %	4,713	12.0 %
Distributors	27	15,922	4.1 %	2,695	6.9 %
Auto Parts & Equipment	43	15,348	3.9 %	2,668	6.8 %
Food Distributors	8	14,699	3.8 %	1,786	4.6 %
Specialty Stores	31	13,805	3.5 %	1,338	3.4 %
Specialized Consumer Services	49	12,725	3.3 %	728	1.9 %
Home Furnishing Retail	18	12,684	3.3 %	1,858	4.7 %
Metal & Glass Containers	8	10,010	2.6 %	2,206	5.6 %
General Merchandise Stores	96	9,634	2.5 %	880	2.2 %
Industrial Machinery	20	9,317	2.4 %	1,949	5.0 %
Healthcare Services	18	9,231	2.4 %	515	1.3 %
Forest Products	9	8,995	2.3 %	2,014	5.1 %
Aerospace & Defense	6	7,419	1.9 %	776	2.0 %
Other (40 industries)	85	105,850	27.1 %	11,530	29.6 %
Untenanted properties	3	—	—	219	0.6 %
Total	804	\$ 389,094	100.0 %	39,139	100.0 %

Diversification: Geography

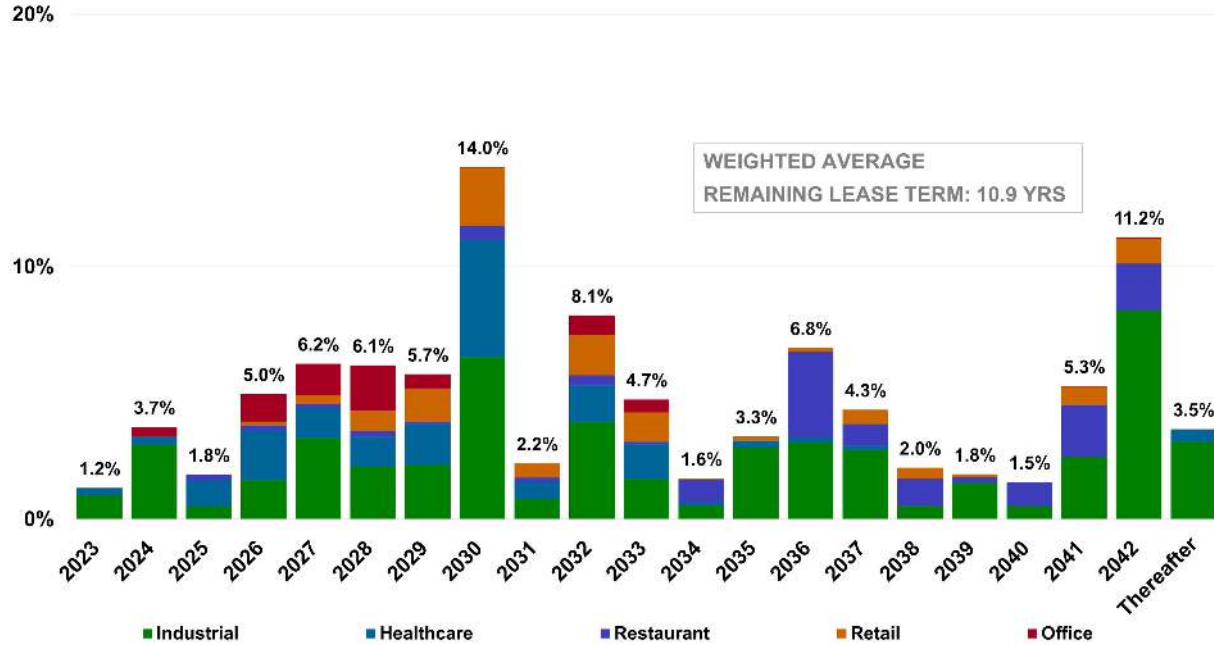
(rent percentages based on ABR)



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	72	\$ 37,883	9.7 %	3,621	9.3 %	LA	4	3,400	0.9 %	194	0.5 %
MI	55	32,545	8.4 %	3,811	9.7 %	MS	11	3,320	0.9 %	430	1.1 %
IL	32	24,148	6.2 %	2,424	6.2 %	NE	6	3,173	0.8 %	509	1.3 %
WI	35	21,087	5.4 %	2,163	5.5 %	MD	4	3,002	0.8 %	293	0.7 %
CA	13	18,773	4.8 %	1,718	4.4 %	IA	4	2,768	0.7 %	622	1.6 %
OH	47	18,667	4.8 %	1,728	4.4 %	NM	9	2,733	0.7 %	107	0.3 %
FL	42	16,197	4.2 %	844	2.2 %	SC	13	2,556	0.7 %	308	0.8 %
IN	32	15,552	4.0 %	1,906	4.9 %	CO	4	2,501	0.6 %	126	0.3 %
MN	21	15,341	3.9 %	2,500	6.4 %	WV	16	2,490	0.6 %	109	0.3 %
TN	50	15,117	3.9 %	1,103	2.8 %	UT	3	2,432	0.6 %	280	0.7 %
NC	37	13,935	3.6 %	1,435	3.7 %	CT	2	1,767	0.5 %	55	0.1 %
AL	53	12,151	3.1 %	873	2.2 %	MT	7	1,563	0.4 %	43	0.1 %
GA	33	11,473	2.9 %	1,576	4.0 %	NV	2	1,361	0.3 %	81	0.2 %
AZ	9	10,759	2.8 %	909	2.3 %	DE	4	1,167	0.3 %	133	0.3 %
MA	5	10,461	2.7 %	1,026	2.6 %	ND	2	954	0.2 %	28	0.1 %
PA	22	9,595	2.5 %	1,836	4.7 %	VT	2	420	0.1 %	24	0.1 %
KY	26	9,424	2.4 %	1,148	2.9 %	WY	1	307	0.1 %	21	0.1 %
NY	26	9,265	2.4 %	680	1.7 %	OR	1	136	0.0 %	9	0.0 %
AR	12	8,891	2.3 %	544	1.4 %	SD	1	81	0.0 %	9	0.0 %
OK	21	7,633	2.0 %	977	2.5 %	Total U.S.	797	381,436	98.0 %	38,709	98.9 %
MO	12	6,119	1.6 %	1,138	2.9 %	BC	2	4,408	1.1 %	253	0.6 %
KS	11	5,590	1.4 %	648	1.7 %	ON	3	1,984	0.5 %	101	0.3 %
VA	17	5,479	1.4 %	204	0.5 %	AB	1	933	0.2 %	51	0.1 %
NJ	3	4,909	1.3 %	366	0.9 %	MB	1	333	0.2 %	25	0.1 %
WA	15	4,311	1.1 %	150	0.4 %	Total Canada	7	7,658	2.0 %	430	1.1 %
						Grand Total	804	\$ 389,094	100.0 %	39,139	100.0 %

Lease Expirations

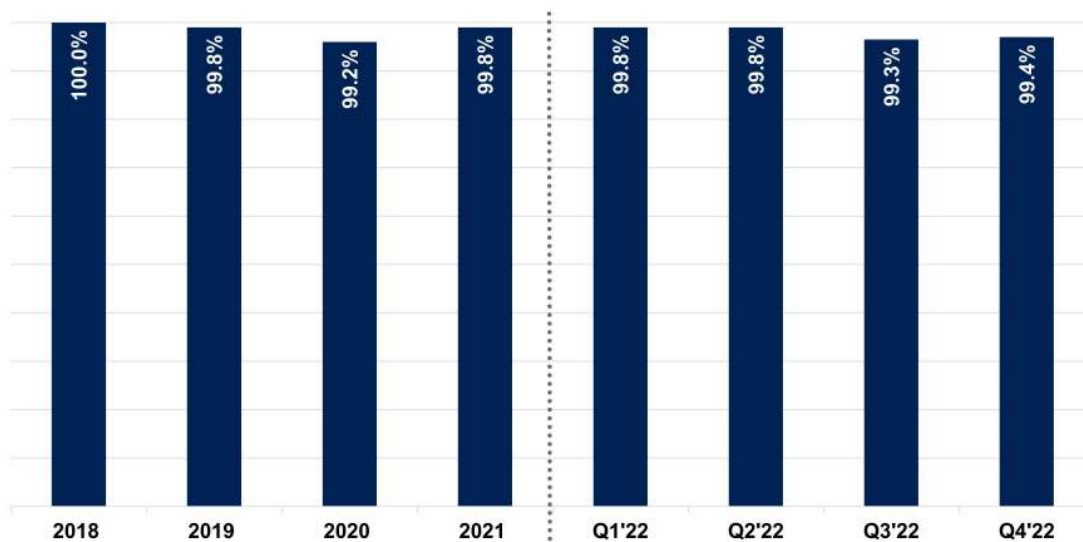
(rent percentages based on ABR)



Expiration Year	# Properties	# Leases	ABR (\$'000s)	ABR as a % of Total Portfolio	Square Feet ('000s)	SF as a % of Total Portfolio
2023	6	9	4,865	1.2 %	559	1.4 %
2024	11	11	14,224	3.7 %	1,689	4.3 %
2025	19	22	6,904	1.8 %	385	1.0 %
2026	35	35	19,317	5.0 %	1,413	3.6 %
2027	29	31	23,974	6.2 %	2,079	5.3 %
2028	35	35	23,742	6.1 %	2,248	5.7 %
2029	72	73	22,356	5.7 %	2,724	7.0 %
2030	101	101	54,280	14.0 %	5,110	13.1 %
2031	33	33	8,622	2.2 %	804	2.1 %
2032	62	63	31,420	8.1 %	3,469	8.9 %
2033	49	49	18,479	4.7 %	1,575	4.0 %
2034	33	33	6,295	1.6 %	409	1.0 %
2035	17	17	12,774	3.3 %	1,927	4.9 %
2036	87	87	26,414	6.8 %	2,931	7.5 %
2037	23	23	16,892	4.3 %	1,124	2.9 %
2038	35	35	7,962	2.0 %	437	1.1 %
2039	11	11	6,940	1.8 %	803	2.1 %
2040	31	31	5,744	1.5 %	312	0.8 %
2041	42	42	20,534	5.3 %	1,737	4.4 %
2042	59	59	43,460	11.2 %	4,813	12.3 %
Thereafter	11	11	13,896	3.5 %	2,372	6.0 %
Untenanted properties	3	—	-	0.0 %	219	0.6 %
Total	804	811	389,094	100.0 %	39,139	100.0 %

Occupancy

Occupancy by Rentable Square Footage



Change in Occupancy

	Number of properties
Vacant properties at January 1, 2022	2
Lease expirations ¹	1
Leasing activities	(1)
Vacant dispositions	—
Vacant properties at March 31, 2022	2
Lease expirations ¹	2
Leasing activities	(2)
Vacant dispositions	—
Vacant properties at June 30, 2022	2
Lease expirations ¹	4
Leasing activities	(2)
Vacant dispositions	(1)
Vacant properties at September 30, 2022	3
Lease expirations ¹	-
Leasing activities	-
Vacant dispositions	-
Vacant properties at December 31, 2022	3

¹ Includes scheduled and unscheduled expirations (including leases rejected in bankruptcy), as well as future expirations resolved in the periods indicated above.

Definitions and Explanations

Adjusted NOI, Annualized Adjusted NOI, Adjusted Cash NOI and Annualized Adjusted Cash NOI: Our reported results and net earnings per diluted share are presented in accordance with accounting principles generally accepted in the United States of America (GAAP). Adjusted NOI and Adjusted Cash NOI are non-GAAP financial measures that we believe are useful to assess property-level performance. We compute Adjusted NOI by adjusting Adjusted EBITDAre (defined below) to exclude general and administrative expenses incurred at the corporate level. Given the net lease nature of our portfolio, we do not incur general and administrative expenses at the property level. To compute Adjusted Cash NOI, we adjust Adjusted NOI to exclude non-cash items included in total revenues and property expenses, such as straight-line rental revenue and other amortization and non-cash items, based on an estimate calculated as if all investment and disposition activity that took place during the quarter had occurred on the first day of the quarter. We then annualize quarterly Adjusted NOI and Adjusted Cash NOI by multiplying each amount by four to compute Annualized Adjusted NOI and Annualized Adjusted Cash NOI, respectively, which are also non-GAAP financial measures. We believe Adjusted NOI and Adjusted Cash NOI provide useful and relevant information because they reflect only those income and expense items that are incurred at the property level and present such items on an unlevered basis. We believe that the exclusion of certain non-cash revenues and expenses from Adjusted Cash NOI 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. You should not unduly rely on Annualized Adjusted NOI and Annualized Adjusted Cash NOI as they are based on assumptions and estimates that may prove to be inaccurate. Our actual reported Adjusted NOI and Adjusted Cash NOI for future periods may be significantly different from our Annualized Adjusted NOI and Annualized Adjusted Cash NOI. Additionally, our computation of Adjusted NOI and Adjusted Cash NOI may differ from the methodology for calculating these metrics used by companies in our industry, and, therefore, may not be comparable to similarly titled measures reported by other companies.

Annualized Base Rent (ABR): We define ABR as the annualized contractual cash rent due for the last month of the reporting period, excluding the impacts of short-term rent deferrals, abatements or free rent, and adjusted to remove rent from properties sold during the month and to include a full month of contractual cash rent for investments made during the month.

Cash Cap Rate: Cash Cap Rate represents the estimated first year cash yield to be generated on a real estate investment, 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.

EBITDA, EBITDAre, Adjusted EBITDAre, and Annualized Adjusted EBITDAre: EBITDA, EBITDAre, Adjusted EBITDAre, and Annualized Adjusted EBITDAre are non-GAAP financial measures. 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. Nareit defines EBITDAre as EBITDA excluding gains (loss) 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. Adjusted EBITDAre represents EBITDAre, adjusted to reflect revenue producing acquisitions and dispositions for the quarter as if such acquisitions and dispositions had occurred at the beginning of the quarter, and 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 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 to compute Annualized Adjusted EBITDAre. Our reported EBITDA, EBITDAre, Adjusted EBITDAre, and Annualized Adjusted EBITDAre may not be comparable to similarly titled measures of other companies. You should not consider these measures as alternatives to net income or cash flows from operating activities determined in accordance with GAAP.

Funds From Operations (FFO), Core Funds From Operations (Core FFO), and Adjusted Funds From Operations (AFFO): FFO, Core FFO, and AFFO are non-GAAP measures. We believe the use of FFO, Core FFO, and AFFO are useful to investors because they are widely accepted industry measures used by analysts and investors to compare the operating performance of REITs. FFO, Core FFO, and AFFO should not be considered alternatives to net income as a performance measure or to cash flows from operations, as reported on our statement of cash flows, or as a liquidity measure and should be considered in addition to, and not in lieu of, GAAP financial measures. We compute Core FFO by adjusting FFO 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. We compute 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, realized gain or losses on foreign currency transactions, internalization expenses, stock-based compensation, severance, extraordinary items, and other specified non-cash items.

Definitions and Explanations (continued)

GAAP Cap Rate: GAAP Cap Rate represents the estimated first year GAAP yield to be generated on a real estate investment, which was computed at the time of investment based on the first full year of rental income computed in accordance with GAAP, divided by the purchase price including capitalized acquisition costs for the property.

Gross Debt: We define Gross Debt as total debt plus debt issuance costs and original issuance discount.

Net Debt: Net Debt is a non-GAAP financial measure. We define Net Debt as our Gross Debt less cash and cash equivalents and restricted cash.

Occupancy: 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.

Rent Coverage Ratio: Rent Coverage Ratio means the ratio of tenant-reported or, when available, management's estimate, based on tenant-reported financial information, of annual earnings before interest, taxes, depreciation, amortization, and cash rent attributable to the leased property (or properties, in the case of a master lease) to the annualized base rental obligation as of a specified date.

BROADSTONE NET LEASE, INC. | www.broadstone.com | © 2023 Broadstone Net Lease, LLC. All rights reserved.