

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

FORM 10-Q

- Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
For the quarterly period ended March 31, 2023, or
- Transition report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934**
Commission File Number 001-39529

BROADSTONE NET LEASE, INC.

(Exact name of registrant as specified in its charter)

Maryland
(State or other jurisdiction of
incorporation or organization)

800 Clinton Square
Rochester, New York
(Address of principal executive offices)

26-1516177
(I.R.S. Employer
Identification No.)

14604
(Zip Code)

(585) 287-6500

(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.00025 par value	BNL	The New York Stock Exchange

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

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

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

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

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

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

There were 187,204,038 shares of the Registrants' Common Stock, \$0.00025 par value per share, outstanding as of May 1, 2023.

BROADSTONE NET LEASE, INC.
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Part I. FINANCIAL INFORMATION

Item 1. Financial Statements

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

	March 31, 2023	December 31, 2022
Assets		
Accounted for using the operating method:		
Land	\$ 760,142	\$ 768,667
Land improvements	337,296	340,385
Buildings and improvements	3,866,952	3,888,756
Equipment	10,422	10,422
Total accounted for using the operating method	4,974,812	5,008,230
Less accumulated depreciation	(558,410)	(533,965)
Accounted for using the operating method, net	4,416,402	4,474,265
Accounted for using the direct financing method	26,947	27,045
Accounted for using the sales-type method	571	571
Investment in rental property, net	4,443,920	4,501,881
Cash and cash equivalents	15,412	21,789
Accrued rental income	142,031	135,666
Tenant and other receivables, net	2,004	1,349
Prepaid expenses and other assets	15,456	49,661
Interest rate swap, assets	45,490	63,390
Goodwill	339,769	339,769
Intangible lease assets, net	317,478	329,585
Debt issuance costs – unsecured revolving credit facility, net	5,542	6,013
Leasing fees, net	8,766	8,506
Total assets	\$ 5,335,868	\$ 5,457,609
Liabilities and equity		
Unsecured revolving credit facility	\$ 108,330	\$ 197,322
Mortgages, net	85,853	86,602
Unsecured term loans, net	895,006	894,692
Senior unsecured notes, net	844,744	844,555
Accounts payable and other liabilities	46,090	47,547
Dividends payable	54,515	54,460
Accrued interest payable	9,654	7,071
Intangible lease liabilities, net	59,359	62,855
Total liabilities	2,103,551	2,195,104
Commitments and contingencies (See Note 16)		
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, 187,203 and 186,114 shares issued and outstanding at March 31, 2023 and December 31, 2022, respectively	47	47
Additional paid-in capital	3,434,534	3,419,395
Cumulative distributions in excess of retained earnings	(398,890)	(386,049)
Accumulated other comprehensive income	43,516	59,525
Total Broadstone Net Lease, Inc. stockholders' equity	3,079,207	3,092,918
Non-controlling interests	153,110	169,587
Total equity	3,232,317	3,262,505
Total liabilities and equity	\$ 5,335,868	\$ 5,457,609

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

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

	For the Three Months Ended March 31,	
	2023	2022
Revenues		
Lease revenues, net	\$ 118,992	\$ 93,841
Operating expenses		
Depreciation and amortization	41,784	34,290
Property and operating expense	5,886	5,044
General and administrative	10,416	8,828
Provision for impairment of investment in rental properties	1,473	—
Total operating expenses	59,559	48,162
Other income (expenses)		
Interest income	162	—
Interest expense	(21,139)	(16,896)
Gain on sale of real estate	3,415	1,196
Income taxes	(479)	(412)
Other expenses	(18)	(1,126)
Net income	41,374	28,441
Net income attributable to non-controlling interests	(2,070)	(1,683)
Net income attributable to Broadstone Net Lease, Inc.	\$ 39,304	\$ 26,758
Weighted average number of common shares outstanding		
Basic	186,130	163,809
Diluted	196,176	174,288
Net earnings per share attributable to common stockholders		
Basic and diluted	\$ 0.21	\$ 0.16
Comprehensive income		
Net income	\$ 41,374	\$ 28,441
Other comprehensive income		
Change in fair value of interest rate swaps	(17,899)	34,961
Realized loss on interest rate swaps	522	659
Comprehensive income	23,997	64,061
Comprehensive income attributable to non-controlling interests	(1,200)	(3,790)
Comprehensive income attributable to Broadstone Net Lease, Inc.	\$ 22,797	\$ 60,271

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

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

	Common Stock	Additional Paid-in Capital	Cumulative Distributions in Excess of Retained Earnings	Accumulated Other Comprehensive Income	Non- controlling Interests	Total Stockholders' Equity
Balance, January 1, 2023	\$ 47	\$ 3,419,395	\$ (386,049)	\$ 59,525	\$ 169,587	\$ 3,262,505
Net income	—	—	39,304	—	2,070	41,374
Issuance of 259 shares of common stock under equity incentive plan	—	—	—	—	—	—
Offering costs, discounts, and commissions	—	(2)	—	—	—	(2)
Stock-based compensation, net of zero shares of restricted stock forfeited	—	1,879	—	—	—	1,879
Retirement of 66 shares of common stock under equity incentive plan	—	(1,175)	—	—	—	(1,175)
Conversion of 896 OP units to 896 shares of common stock	—	14,897	—	—	(14,897)	—
Distributions declared (\$0.275 per share and OP Unit)	—	—	(52,145)	—	(2,742)	(54,887)
Change in fair value of interest rate swap agreements	—	—	—	(17,003)	(896)	(17,899)
Realized loss on interest rate swap agreements	—	—	—	496	26	522
Adjustment to non-controlling interests	—	(460)	—	498	(38)	—
Balance, March 31, 2023	<u>\$ 47</u>	<u>\$ 3,434,534</u>	<u>\$ (398,890)</u>	<u>\$ 43,516</u>	<u>\$ 153,110</u>	<u>\$ 3,232,317</u>

	Common Stock	Additional Paid-in Capital	Cumulative Distributions in Excess of Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Non- controlling Interests	Total Stockholders' Equity
Balance, January 1, 2022	\$ 41	\$ 2,924,168	\$ (318,476)	\$ (28,441)	\$ 163,846	\$ 2,741,138
Net income	—	—	26,758	—	1,683	28,441
Issuance of 6,427 shares of common stock	1	136,825	—	—	—	136,826
Offering costs, discounts, and commissions	—	(2,218)	—	—	—	(2,218)
Stock-based compensation, net of one share of restricted stock forfeited	—	929	—	—	—	929
Retirement of 59 shares of common stock under equity incentive plan	—	(1,301)	—	—	—	(1,301)
Distributions declared (\$0.265 per share and OP Unit)	—	—	(45,270)	—	(2,845)	(48,115)
Change in fair value of interest rate swap agreements	—	—	—	32,893	2,068	34,961
Realized loss on interest rate swap agreements	—	—	—	620	39	659
Adjustment to non-controlling interests	—	(1,843)	—	(45)	1,888	—
Balance, March 31, 2022	<u>\$ 42</u>	<u>\$ 3,056,560</u>	<u>\$ (336,988)</u>	<u>\$ 5,027</u>	<u>\$ 166,679</u>	<u>\$ 2,891,320</u>

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

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

	For the Three Months Ended March 31,	
	2023	2022
Operating activities		
Net income	\$ 41,374	\$ 28,441
Adjustments to reconcile net income including non-controlling interests to net cash provided by operating activities:		
Depreciation and amortization including intangibles associated with investment in rental property	39,093	33,132
Provision for impairment of investment in rental properties	1,473	—
Amortization of debt issuance costs and original issuance discount charged to interest expense	960	830
Stock-based compensation expense	1,879	929
Straight-line rent, direct financing and sales-type lease adjustments	(6,980)	(3,584)
Gain on sale of real estate	(3,415)	(1,196)
Other non-cash items	350	2,275
Changes in assets and liabilities:		
Tenant and other receivables	262	150
Prepaid expenses and other assets	215	804
Accounts payable and other liabilities	(3,418)	(6,049)
Accrued interest payable	2,583	3,372
Net cash provided by operating activities	<u>74,376</u>	<u>59,104</u>
Investing activities		
Acquisition of rental property accounted for using the operating method	(5,319)	(211,902)
Capital expenditures and improvements	(15,583)	(778)
Proceeds from disposition of rental property, net	50,410	5,020
Change in deposits on investments in rental property	125	(18)
Net cash provided by (used in) investing activities	<u>29,633</u>	<u>(207,678)</u>
Financing activities		
Proceeds from issuance of common stock, net of \$170 and \$2,132 offering costs, discounts, and commissions in 2023 and 2022, respectively	(170)	134,412
Principal payments on mortgages and unsecured term loans	(736)	(60,700)
Borrowings on unsecured revolving credit facility	29,000	250,783
Repayments on unsecured revolving credit facility	(118,000)	(88,000)
Cash distributions paid to stockholders	(51,844)	(43,503)
Cash distributions paid to non-controlling interests	(2,989)	(2,845)
Debt issuance and extinguishment costs paid	—	(3,795)
Net cash (used in) provided by financing activities	<u>(144,739)</u>	<u>186,352</u>
Net (decrease) increase in cash and cash equivalents and restricted cash	(40,730)	37,778
Cash and cash equivalents and restricted cash at beginning of period	60,040	27,769
Cash and cash equivalents and restricted cash at end of period	<u>\$ 19,310</u>	<u>\$ 65,547</u>
Reconciliation of cash and cash equivalents and restricted cash		
Cash and cash equivalents at beginning of period	\$ 21,789	\$ 21,669
Restricted cash at beginning of period	38,251	6,100
Cash and cash equivalents and restricted cash at beginning of period	<u>\$ 60,040</u>	<u>\$ 27,769</u>
Cash and cash equivalents at end of period	\$ 15,412	\$ 54,103
Restricted cash at end of period	3,898	11,444
Cash and cash equivalents and restricted cash at end of period	<u>\$ 19,310</u>	<u>\$ 65,547</u>

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

Broadstone Net Lease, Inc. and Subsidiaries
Notes to the Condensed Consolidated Financial Statements (Unaudited)

1. Business Description

Broadstone Net Lease, Inc. (the “Corporation”) is a Maryland corporation formed on October 18, 2007, that elected to be taxed as a real estate investment trust (“REIT”) commencing with the taxable year ended December 31, 2008. Broadstone Net Lease, LLC (the Corporation’s operating company, or the “OP”), is the entity through which the Corporation conducts its business and owns (either directly or through subsidiaries) all of the Corporation’s properties. The Corporation is the sole managing member of the OP. The membership units not owned by the Corporation are referred to as OP Units or non-controlling interests. As the Corporation conducts substantially all of its operations through the OP, it is structured as what is referred to as an umbrella partnership real estate investment trust (“UPREIT”). The Corporation, the OP, and its consolidated subsidiaries are collectively referred to as the “Company.” The Corporation’s common stock was listed on the New York Stock Exchange under the symbol “BNL” in 2020. The Corporation focuses on investing in income-producing, net leased commercial properties, primarily in the United States.

The Company leases industrial, healthcare, restaurant, retail, and office commercial properties under long-term lease agreements. At March 31, 2023, the Company owned a diversified portfolio of 801 individual commercial properties with 794 properties located in 44 U.S. states and seven properties located in four Canadian provinces.

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

	March 31, 2023			December 31, 2022		
	Shares of Common Stock	OP Units	Total Diluted Shares	Shares of Common Stock	OP Units	Total Diluted Shares
<i>(in thousands)</i>						
Ownership interest	187,203	9,309	196,512	186,114	10,205	196,319
Percent ownership of OP	95.3 %	4.7 %	100.0 %	94.8 %	5.2 %	100.0 %

Refer to Note 14 for further discussion regarding the calculation of weighted average shares outstanding.

2. Summary of Significant Accounting Policies

Interim Information

The accompanying Condensed Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) for interim financial information (Accounting Standards Codification (“ASC”) 270, *Interim Reporting*) and Article 10 of the Securities and Exchange Commission’s (“SEC”) Regulation S-X. Accordingly, the Company has omitted certain footnote disclosures which would substantially duplicate those contained within the audited consolidated financial statements for the year ended December 31, 2022, included in the Company’s 2022 Annual Report on Form 10-K, filed with the SEC on February 23, 2023. Therefore, the readers of this quarterly report should refer to those audited consolidated financial statements, specifically Note 2, *Summary of Significant Accounting Policies*, for further discussion of significant accounting policies and estimates. The Corporation believes all adjustments necessary for a fair presentation have been included in these interim Condensed Consolidated Financial Statements (which include only normal recurring adjustments).

Principles of Consolidation

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

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

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

Basis of Accounting

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

Use of Estimates

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

Long-lived Asset Impairment

The Company reviews long-lived assets to be held and used for possible impairment when events or changes in circumstances indicate that their carrying amounts may not be recoverable. If, and when, such events or changes in circumstances are present, an impairment exists to the extent the carrying value of the long-lived asset or asset group exceeds the sum of the undiscounted cash flows expected to result from the use of the long-lived asset or asset group and its eventual disposition. Such cash flows include expected future operating income, as adjusted for trends and prospects, as well as the effects of demand, competition, and other factors. An impairment loss is measured as the amount by which the carrying amount of the long-lived asset or asset group exceeds its fair value. Significant judgment is made to determine if and when impairment should be taken. The Company's assessment of impairment as of March 31, 2023 and 2022 was based on the most current information available to the Company. Certain of the Company's properties may have fair values less than their carrying amounts. However, based on the Company's plans with respect to each of those properties, the Company believes that their carrying amounts are recoverable and therefore, no impairment charges were recognized other than those described below. If the operating conditions mentioned above deteriorate or if the Company's expected holding period for assets changes, subsequent tests for impairments could result in additional impairment charges in the future.

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

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

	For the Three Months Ended	
	March 31,	
	2023	2022
<i>(in thousands, except number of properties)</i>		
Number of properties	1	—
Impairment charge	\$ 1,473	\$ —

Restricted Cash

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

	March 31,	December 31,
	2023	2022
<i>(in thousands)</i>		
Escrow funds and other	\$ 3,898	\$ 4,812
1031 exchange proceeds	—	33,439
	<u>\$ 3,898</u>	<u>\$ 38,251</u>

Rent Received in Advance

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

	March 31,	December 31,
	2023	2022
<i>(in thousands)</i>		
Rent received in advance	\$ 20,549	\$ 18,783

Fair Value Measurements

Recurring Fair Value Measurements

The balances of financial instruments measured at fair value on a recurring basis are as follows (see Note 9):

<i>(in thousands)</i>	March 31, 2023			
	Total	Level 1	Level 2	Level 3
Interest rate swap, assets	\$ 45,490	\$ —	\$ 45,490	\$ —

<i>(in thousands)</i>	December 31, 2022			
	Total	Level 1	Level 2	Level 3
Interest rate swap, assets	\$ 63,390	\$ —	\$ 63,390	\$ —

Long-term Debt – The fair value of the Company’s debt was estimated using Level 1, Level 2, and Level 3 inputs based on recent secondary market trades of the Company’s 2031 Senior Unsecured Public Notes (see Note 7), recent financing transactions, estimates of the fair value of the property that serves as collateral for such debt, recent market risk premiums for loans of comparable quality, current London Interbank Offered Rate (“LIBOR”), Secured Overnight Financing Rate (“SOFR”), Canadian Dollar Offered Rate (“CDOR”), U.S. Treasury obligation interest rates, and discounted estimated future cash payments to be made on such debt. The discount rates estimated reflect the Company’s judgment as to the approximate current lending rates for loans or groups of loans with similar maturities and assumes that the debt is outstanding through maturity. Market information, as available, or present value techniques were utilized to estimate the amounts required to be disclosed. Since such amounts are estimates that are based on limited available market information for similar transactions and do not acknowledge transfer or other repayment restrictions that may exist on specific loans, it is unlikely that the estimated fair value of any such debt could be realized by immediate settlement of the obligation.

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

<i>(in thousands)</i>	March 31, 2023	December 31, 2022
Carrying amount	\$ 1,944,323	\$ 2,034,076
Fair value	1,761,422	1,841,381

Non-recurring Fair Value Measurements

The Company’s non-recurring fair value measurements at March 31, 2023 and December 31, 2022 consisted of the fair value of impaired real estate assets that were determined using Level 3 inputs.

3. Acquisitions of Rental Property

The Company closed on the following acquisition during the three months ended March 31, 2023:

(in thousands, except number of properties)

Date	Property Type	Number of Properties	Real Estate Acquisition Price
March 14, 2023	Retail	1	\$ 5,221

(a) Acquisition price excludes capitalized acquisition costs of \$0.1 million.

The Company closed on the following acquisitions during the three months ended March 31, 2022:

(in thousands, except number of properties)

Date	Property Type	Number of Properties	Real Estate Acquisition Price
January 7, 2022	Retail	2	\$ 2,573
February 10, 2022	Industrial	1	21,733
February 15, 2022	Retail	1	1,341
February 28, 2022	Industrial	1	5,678
March 4, 2022	Retail	6	79,061
March 31, 2022	Restaurant	16	99,587
		27	\$ 209,973

(b) Acquisition price excludes capitalized acquisition costs of \$2.0 million.

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

(in thousands)

	For the Three Months Ended March 31,	
	2023	2022
Land	\$ 781	\$ 54,784
Land improvements	360	5,410
Buildings and improvements	3,890	142,269
Acquired in-place leases ^(c)	501	16,037
Acquired below-market lease ^(d)	(166)	(76)
Non-real estate liabilities assumed	—	(6,440)
	\$ 5,366	\$ 211,984

(c) The weighted average amortization period for acquired in-place leases is 20 years and 19 years for acquisitions completed during the three months ended March 31, 2023 and 2022, respectively.

(d) The weighted average amortization period for the acquired below-market leases is 20 years and nine years for acquisitions completed during the three months ended March 31, 2023 and 2022, respectively.

The above acquisitions were funded using a combination of available cash on hand and unsecured revolving credit facility borrowings. All real estate acquisitions closed during the three months ended March 31, 2023, and 2022, qualified as asset acquisitions and as such, acquisition costs have been capitalized.

4. Sale of Real Estate

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

(in thousands, except number of properties)

	For the Three Months Ended March 31,	
	2023	2022
Number of properties disposed	3	1
Aggregate sale price ^(a)	\$ 51,874	\$ 5,212
Aggregate carrying value	(46,995)	(3,824)
Additional sales expenses	(1,464)	(192)
Gain on sale of real estate	\$ 3,415	\$ 1,196

(a) Includes \$32.0 million of proceeds from the sale of an underlying office property which was executed simultaneously with a lease termination in exchange for a fee of \$7.5 million.

5. Investment in Rental Property and Lease Arrangements

The Company generally leases its investment rental property to established tenants in the industrial, healthcare, restaurant, retail, and office property types. At March 31, 2023, the Company had 801 real estate properties, 789 of which were leased under leases that have been classified as operating leases, nine that have been classified as direct financing leases, one that has been classified as a sales-type lease, and two that were vacant. Of the nine leases classified as direct financing leases, three include land portions which are accounted for as operating leases. The sales-type lease includes a land portion which is accounted for as an operating lease. Most leases have initial terms of 10 to 20 years. The Company's leases generally provide for limited increases in rent as a result of fixed increases, increases in the Consumer Price Index ("CPI"), or increases in the tenant's sales volume. Generally, tenants are also required to pay all property taxes and assessments, substantially maintain the interior and exterior of the building, and maintain property and liability insurance coverage. The leases also typically provide for one or more multiple-year renewal options, at the election of the tenant, and are subject to generally the same terms and conditions as the initial lease.

Investment in Rental Property – Accounted for Using the Operating Method

Depreciation expense on investment in rental property was as follows:

<i>(in thousands)</i>	For the Three Months Ended	
	March 31,	
	2023	2022
Depreciation	\$ 31,157	\$ 26,658

Estimated lease payments to be received under non-cancelable operating leases with tenants at March 31, 2023 are as follows:

<i>(in thousands)</i>	
Remainder of 2023	\$ 291,129
2024	389,055
2025	386,026
2026	381,109
2027	363,946
Thereafter	3,044,506
	<u>\$ 4,855,771</u>

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

Investment in Rental Property – Direct Financing Leases

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

<i>(in thousands)</i>	March 31, 2023	December 31, 2022
Undiscounted estimated lease payments to be received	\$ 37,492	\$ 38,268
Estimated unguaranteed residual values	14,547	14,547
Unearned revenue	(24,967)	(25,645)
Reserve for credit losses	(125)	(125)
Net investment in direct financing leases	<u>\$ 26,947</u>	<u>\$ 27,045</u>

Undiscounted estimated lease payments to be received under non-cancelable direct financing leases with tenants at March 31, 2023 are as follows:

<i>(in thousands)</i>		
Remainder of 2023		\$ 2,337
2024		3,171
2025		3,285
2026		3,357
2027		3,426
Thereafter		21,916
		<u>\$ 37,492</u>

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

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

<i>(in thousands)</i>	For the Three Months Ended	
	March 31,	
	2023	2022
Contractual rental amounts billed for operating leases	\$ 98,102	\$ 84,396
Adjustment to recognize contractual operating lease billings on a straight-line basis	7,370	5,021
Net write-offs of accrued rental income	(105)	(1,326)
Variable rental amounts earned	341	186
Earned income from direct financing leases	691	723
Interest income from sales-type leases	14	14
Operating expenses billed to tenants	5,075	4,735
Other income from real estate transactions	7,392 ^(a)	42
Adjustment to revenue recognized for uncollectible rental amounts billed, net	112	50
Total lease revenues, net	<u>\$ 118,992</u>	<u>\$ 93,841</u>

(a) Other income from real estate transactions during the three months ended March 31, 2023, includes \$7.5 million of lease termination fee income recognized in connection with the simultaneous lease termination and sale of an underlying office property for an additional \$32.0 million in proceeds.

6. Intangible Assets and Liabilities

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

<i>(in thousands)</i>	March 31, 2023	December 31, 2022
Lease intangibles:		
Acquired above-market leases	\$ 45,740	\$ 45,740
Less accumulated amortization	(19,138)	(18,436)
Acquired above-market leases, net	26,602	27,304
Acquired in-place leases	428,535	436,401
Less accumulated amortization	(137,659)	(134,120)
Acquired in-place leases, net	290,876	302,281
Total intangible lease assets, net	\$ 317,478	\$ 329,585
Acquired below-market leases	\$ 101,249	\$ 105,059
Less accumulated amortization	(41,890)	(42,204)
Intangible lease liabilities, net	\$ 59,359	\$ 62,855
Leasing fees	\$ 14,911	\$ 14,430
Less accumulated amortization	(6,145)	(5,924)
Leasing fees, net	\$ 8,766	\$ 8,506

Amortization of intangible lease assets and liabilities was as follows:

<i>(in thousands)</i>		For the Three Months Ended	
		March 31,	
Intangible	Financial Statement Presentation	2023	2022
Acquired in-place leases and leasing fees	Depreciation and amortization	\$ 10,588	\$ 7,601
Above-market and below-market leases	Lease revenues, net	2,694	1,161

For the three months ended March 31, 2023, amortization expense includes \$0.9 million of accelerated amortization resulting from early lease terminations. There was no accelerated amortization for the three months ended March 31, 2022.

Estimated future amortization of intangible assets and liabilities at March 31, 2023 is as follows:

<i>(in thousands)</i>	
Remainder of 2023	\$ 20,694
2024	26,913
2025	25,781
2026	24,619
2027	22,876
Thereafter	146,002
	<u>\$ 266,885</u>

7. Unsecured Credit Agreements

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

(in thousands, except interest rates)	Outstanding Balance		Interest Rate	Maturity Date
	March 31, 2023	December 31, 2022		
Unsecured revolving credit facility	\$ 108,330	\$ 197,322	Applicable reference rate + 0.85% ^(a)	Mar. 2026
Unsecured term loans:				
2026 Unsecured Term Loan	400,000	400,000	one-month LIBOR + 1.00% ^(b)	Feb. 2026
2027 Unsecured Term Loan	200,000	200,000	one-month adjusted SOFR + 0.95% ^(c)	Aug. 2027
2029 Unsecured Term Loan	300,000	300,000	one-month adjusted SOFR + 1.25% ^(c)	Aug. 2029
Total unsecured term loans	900,000	900,000		
Unamortized debt issuance costs, net	(4,994)	(5,308)		
Total unsecured term loans, net	895,006	894,692		
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	(5,256)	(5,445)		
Total senior unsecured notes, net	844,744	844,555		
Total unsecured debt, net	\$ 1,848,080	\$ 1,936,569		

(a) At March 31, 2023 and December 31, 2022, a balance of \$34.5 million and \$123.5 million was subject to the one-month SOFR of 4.8% and 4.36%, respectively. The remaining balance includes \$100 million CAD borrowings remeasured to \$73.8 million USD, at March 31, 2023 and December 31, 2022, respectively, and was subject to the one-month CDOR of 4.95% and 4.74%, respectively.

(b) At March 31, 2023 and December 31, 2022, one-month LIBOR was 4.86% and 4.39%, respectively.

(c) At March 31, 2023 and December 31, 2022, one-month SOFR was 4.80% and 4.36%, respectively.

At March 31, 2023, the weighted average interest rate on all outstanding borrowings was 5.03%, exclusive of interest rate swap agreements.

The Company is subject to various financial and operational covenants and financial reporting requirements pursuant to its unsecured credit agreements. These covenants require the Company to maintain certain financial ratios, including leverage, fixed charge coverage, debt service coverage, aggregate debt ratio, consolidated income available for debt to annual debt service charge, total unencumbered assets to total unsecured debt, and secured debt ratio, among others. As of March 31, 2023, and for all periods presented, the Company believes it was in compliance with all of its loan covenants. Failure to comply with the covenants would result in a default which, if the Company were unable to cure or obtain a waiver from the lenders, could accelerate the repayment of the obligations. Further, in the event of default, the Company may be restricted from paying dividends to its stockholders in excess of dividends required to maintain its REIT qualification. Accordingly, an event of default could have a material and adverse impact on the Company.

For the three months ended March 31, 2022, the Company incurred \$3.8 million in debt issuance costs associated with the unsecured revolving credit facility. The Company did not incur debt issuance costs during the three months ended March 31, 2023.

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

(in thousands)	For the Three Months Ended	
	2023	2022
Debt issuance costs and original issuance discount amortization	\$ 986	\$ 856

8. Mortgages

The Company's mortgages consist of the following:

<i>(in thousands, except interest rates)</i>	Origination Date (Month/Year)	Maturity Date (Month/Year)	Interest Rate	March 31, 2023	December 31, 2022	
Lender						
Wilmington Trust National Association	Apr-19	Feb-28	4.92%	\$ 45,187	\$ 45,516	(a) (b) (c) (d)
Wilmington Trust National Association	Jun-18	Aug-25	4.36%	19,043	19,150	(a) (b) (c) (e)
PNC Bank	Oct-16	Nov-26	3.62%	16,566	16,675	(b) (c)
Aegon	Apr-12	Oct-23	6.38%	5,197	5,413	(b) (f)
Total mortgages				85,993	86,754	
Debt issuance costs, net				(140)	(152)	
Mortgages, net				\$ 85,853	\$ 86,602	

- (a) Non-recourse debt includes the indemnification/guaranty of the Corporation and/or OP pertaining to fraud, environmental claims, insolvency, and other matters.
- (b) Debt secured by related rental property and lease rents.
- (c) Debt secured by guaranty of the OP.
- (d) Mortgage was assumed in April 2019 as part of the acquisition of the related property. The debt was recorded at fair value at the time of assumption.
- (e) Mortgage was assumed in June 2018 as part of the acquisition of the related property. The debt was recorded at fair value at the time of assumption.
- (f) Mortgage was assumed in April 2012 as part of the acquisition of the related property. The debt was recorded at fair value at the time of the assumption.

At March 31, 2023, investment in rental property of \$142.4 million was pledged as collateral against the Company's mortgages.

Estimated future principal payments to be made under the above mortgages and the Company's unsecured credit agreements (see Note 7) at March 31, 2023 are as follows:

<i>(in thousands)</i>	
Remainder of 2023	\$ 6,820
2024	2,260
2025	20,195
2026	525,173
2027	351,597
Thereafter	1,038,278
	\$ 1,944,323

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

9. Interest Rate Swaps

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

In order to reduce counterparty concentration risk, the Company diversifies the institutions that serve as swap counterparties. The Company is exposed to credit risk in the event of non-performance by the counterparties of the swaps. The Company minimizes the risk exposure by limiting counterparties to only major banks who meet established credit and capital guidelines.

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

(in thousands, except interest rates)

Counterparty	Maturity Date	Fixed Rate	Variable Rate Index	March 31, 2023		December 31, 2022	
				Notional Amount	Fair Value	Notional Amount	Fair Value
Wells Fargo Bank, N.A.	October 2024	2.72 %	one-month LIBOR	\$ 15,000	\$ 367	\$ 15,000	\$ 477
Capital One, National Association	December 2024	1.58 %	one-month LIBOR	15,000	656	15,000	815
Bank of Montreal	January 2025	1.91 %	one-month LIBOR	25,000	991	25,000	1,239
Truist Financial Corporation	April 2025	2.20 %	one-month LIBOR	25,000	920	25,000	1,169
Bank of Montreal	July 2025	2.32 %	one-month LIBOR	25,000	904	25,000	1,162
Truist Financial Corporation	July 2025	1.99 %	one-month LIBOR	25,000	1,082	25,000	1,358
Truist Financial Corporation	December 2025	2.30 %	one-month LIBOR	25,000	991	25,000	1,279
Bank of Montreal	January 2026	1.92 %	one-month LIBOR	25,000	1,238	25,000	1,547
Bank of Montreal	January 2026	2.05 %	one-month LIBOR	40,000	1,848	40,000	2,332
Capital One, National Association	January 2026	2.08 %	one-month LIBOR	35,000	1,579	35,000	2,007
Truist Financial Corporation	January 2026	1.93 %	one-month LIBOR	25,000	1,233	25,000	1,542
Capital One, National Association	April 2026	2.68 %	one-month LIBOR	15,000	451	15,000	625
Capital One, National Association	July 2026	1.32 %	one-month LIBOR	35,000	2,506	35,000	3,042
Bank of Montreal	December 2026	2.33 %	one-month LIBOR	10,000	439	10,000	584
Bank of Montreal	December 2026	1.99 %	one-month LIBOR	25,000 ^(a)	1,394	25,000 ^(a)	1,773
Toronto-Dominion Bank	March 2027	2.46 %	one-month CDOR	14,766	555	14,764	765
Wells Fargo Bank, N.A.	April 2027	2.72 %	one-month LIBOR	25,000	762	25,000	1,129
Bank of Montreal	December 2027	2.37 %	one-month LIBOR	25,000	1,184	25,000	1,628
Capital One, National Association	December 2027	2.37 %	one-month LIBOR	25,000	1,154	25,000	1,605
Wells Fargo Bank, N.A.	January 2028	2.37 %	one-month LIBOR	75,000	3,516	75,000	4,854
Bank of Montreal	May 2029	2.09 %	one-month LIBOR	25,000	1,736	25,000	2,295
Regions Bank	May 2029	2.11 %	one-month LIBOR	25,000	1,693	25,000	2,244
Regions Bank	June 2029	2.03 %	one-month LIBOR	25,000	1,802	25,000	2,357
U.S. Bank National Association	June 2029	2.03 %	one-month LIBOR	25,000	1,816	25,000	2,377
Regions Bank	August 2029	2.58 %	one-month SOFR	100,000	3,582	100,000	5,782
Toronto-Dominion Bank	August 2029	2.58 %	one-month SOFR	45,000	1,671	45,000	2,674
U.S. Bank National Association	August 2029	2.65 %	one-month SOFR	15,000	494	15,000	826
U.S. Bank National Association	August 2029	2.58 %	one-month SOFR	100,000	3,637	100,000	5,861
U.S. Bank National Association	August 2029	1.35 %	one-month LIBOR	25,000 ^(a)	2,823	25,000 ^(a)	3,419
Regions Bank	March 2032	2.69 %	one-month CDOR	14,766 ^(a)	601	14,764 ^(a)	1,092
U.S. Bank National Association	March 2032	2.70 %	one-month CDOR	14,766 ^(a)	609	14,764 ^(a)	1,107
Bank of Montreal	March 2034	2.81 %	one-month CDOR	29,532	1,256	29,530	2,424
				<u>\$ 973,830</u>	<u>\$ 45,490</u>	<u>\$ 973,822</u>	<u>\$ 63,390</u>

(a) The contractual notional amount is \$20.0 million or \$40.0 million CAD.

At March 31, 2023, the weighted average fixed rate on all outstanding interest rate swaps was 2.18%.

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

<i>(in thousands)</i> For the Three Months Ended March 31,	Amount of (Loss) Gain Recognized in Accumulated Other Comprehensive Income	Reclassification from Accumulated Other Comprehensive Income		Total Interest Expense Presented in the Condensed Consolidated Statements of Income and Comprehensive Income
		Location	Amount of Income Gain (Loss)	
2023	\$ (17,899)	Interest expense	\$ 4,997	\$ 21,139
2022	34,961	Interest expense	(3,865)	16,896

Amounts related to the interest rate swaps expected to be reclassified out of Accumulated other comprehensive income to Interest expense during the next twelve months are estimated to be a gain of \$21.5 million.

10. Non-Controlling Interests

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

<i>(in thousands)</i>	For the Three Months Ended March 31,	
	2023	2022
OP Units exchanged for shares of common stock	896	—
Value of units exchanged	\$ 14,897	\$ —

11. Credit Risk Concentrations

The Company maintained bank balances that, at times, exceeded the federally insured limit during the three months ended March 31, 2023. The Company has not experienced losses relating to these deposits and management does not believe that the Company is exposed to any significant credit risk with respect to these amounts based on the financial position and capitalization of the banks.

For the three months ended March 31, 2023 and 2022, the Company had no individual tenants or common franchises that accounted for more than 10% of Lease revenues, net, excluding lease termination fees.

12. Equity

At-the-Market Program

The Company established an at-the-market common equity offering program (“ATM Program”), through which it may, from time to time, publicly offer and sell shares of common stock having an aggregate gross sales price of up to \$400.0 million. The ATM Program provides for forward sale agreements, enabling the Company to set the price of shares upon pricing the offering, while delaying the issuance of shares and the receipt of the net proceeds. As of March 31, 2023, the Company has \$145.4 million of available capacity under the ATM Program.

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

<i>(in thousands, except per share amounts)</i>	For the Three Months Ended March 31,	
	2023	2022
Number of common shares issued	—	6,273
Weighted average sale price per share	\$ —	\$ 21.82
Net proceeds	\$ —	\$ 134,326
Gross proceeds	—	136,544

Share Repurchase Program

On March 14, 2023, the Company’s Board of Directors approved a stock repurchase program (the “Repurchase Program”), which authorized the Company to repurchase up to \$150.0 million of the Company’s common stock. These purchases could be made in the open market or through private transactions from time to time over the 12-month time period following authorization, depending on prevailing market conditions and applicable legal and regulatory requirements. The timing, manner, price and amount of any repurchases of common stock under the Repurchase Program will be determined at the Company’s discretion, using available cash resources. During the three months ended March 31, 2023, no shares of the Company’s common stock were repurchased under the program.

13. Stock-Based Compensation

Restricted Stock Awards

During the three months ended March 31, 2023 and 2022, the Company awarded 259,099 and 142,045 shares of restricted stock awards (“RSAs”), respectively, to officers and employees under the Company's equity incentive plan. The holder of RSAs is generally entitled at all times on and after the date of issuance of the restricted common shares to exercise the rights of a stockholder of the Company, including the right to vote the shares and the right to receive dividends on the shares. The RSAs vest over a one-, three-, or four-year period from the date of the grant and are subject to the holder’s continued service through the applicable vesting dates and in accordance with the terms of the individual award agreements. The weighted average per share value of awards granted during the three months ended March 31, 2023 and 2022, were \$17.75 and \$21.66, respectively, which were based on the market price per share of the Company’s common stock on the grant date.

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

<i>(in thousands)</i>	For the Three Months Ended March 31,	
	2023	2022
Compensation cost	\$ 1,728	\$ 610
Dividends declared on unvested RSAs	136	97
Fair value of shares vested during the period	2,864	3,209

As of March 31, 2023, there was \$7.3 million of unrecognized compensation costs related to the unvested restricted shares, which is expected to be recognized over a weighted average period of 3.0 years.

The following table presents information about the Company’s restricted stock activity:

<i>(in thousands, except per share amounts)</i>	For the Three Months Ended March 31,			
	2023		2022	
	Number of Shares	Weighted Average Grant Date Fair Value per Share	Number of Shares	Weighted Average Grant Date Fair Value per Share
Unvested at beginning of period	396	\$ 20.36	372	\$ 19.62
Granted	259	17.75	142	21.66
Vested	(160)	20.36	(146)	19.80
Forfeited	—	—	(1)	26.41
Unvested at end of period	495	19.00	367	20.33

Performance-based Restricted Stock Units

During the three months ended March 31, 2023 and 2022, the Company issued target grants of 186,481 and 121,883 performance-based restricted stock units (“PRSUs”), respectively, under the Company's equity incentive plan to the officers of the Company. The awards are non-vested restricted stock units where the vesting percentages and the ultimate number of units vesting will be measured 50% based on the relative total shareholder return (“rTSR”) of the Company’s common stock as compared to the rTSR of peer companies, as identified in the grant agreements, over a three-year period, and 50% based on the rTSR of the Company’s common stock as compared to the rTSR of the MSCI US REIT Index over a three year measurement period. Vesting percentages range from 0% to 200% with a target of 100%. rTSR means the percentage appreciation in the fair market value of one share over the three-year measurement period beginning on the date of grant, assuming the reinvestment of dividends on the ex-dividend date. The target number of units is based on achieving a rTSR equal to the 55th percentile of the peer companies and MSCI US REIT Index. The grant date fair value of the PRSUs was measured using a Monte Carlo simulation model based on assumptions including share price volatility, among others.

The following table presents compensation cost recognized on the Company’s PRSUs:

<i>(in thousands)</i>	For the Three Months Ended March 31,	
	2023	2022
Compensation cost	\$ 151	\$ 319

As of March 31, 2023, there was \$5.8 million of unrecognized compensation costs related to the unvested PRSUs, which is expected to be recognized over a weighted average period of 2.6 years.

The following table presents information about the Company's performance-based restricted stock unit activity:

	For the Three Months Ended March 31,			
	2023		2022	
	Number of Shares	Weighted Average Grant Date Fair Value per Share	Number of Shares	Weighted Average Grant Date Fair Value per Share
<i>(in thousands, except per share amounts)</i>				
Unvested at beginning of period	233	\$ 26.27	110	\$ 24.40
Granted	186	23.78	122	27.93
Vested	—	—	—	—
Forfeited	(61)	26.80	—	—
Unvested at end of period	<u>358</u>	<u>25.01</u>	<u>232</u>	<u>26.25</u>

14. Earnings per Share

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

	For the Three Months Ended March 31,	
	2023	2022
<i>(in thousands, except per share amounts)</i>		
Basic earnings:		
Net earnings attributable to Broadstone Net Lease, Inc. common shareholders	\$ 39,304	\$ 26,758
Less: earnings allocated to unvested restricted shares	(136)	(97)
Net earnings used to compute basic earnings per common share	<u>\$ 39,168</u>	<u>\$ 26,661</u>
Diluted earnings:		
Net earnings used to compute basic earnings per share	\$ 39,168	\$ 26,661
Net earnings attributable to non-controlling interests	2,070	1,683
Net earnings used to compute diluted earnings per common share	<u>\$ 41,238</u>	<u>\$ 28,344</u>
Weighted average number of common shares outstanding	186,561	164,179
Less: weighted average unvested restricted shares ^(a)	(431)	(370)
Weighted average number of common shares outstanding used in basic earnings per common share	186,130	163,809
Effects of restricted stock units ^(b)	220	156
Effects of convertible membership units ^(c)	9,826	10,323
Weighted average number of common shares outstanding used in diluted earnings per common share	<u>196,176</u>	<u>174,288</u>
Basic earnings per share	<u>\$ 0.21</u>	<u>\$ 0.16</u>
Diluted earnings per share	<u>\$ 0.21</u>	<u>\$ 0.16</u>

- (a) Represents the weighted average effects of 494,845 and 366,912 unvested restricted shares of common stock as of March 31, 2023 and 2022, respectively, which will be excluded from the computation of earnings per share until they vest.
- (b) Represents the weighted average effects of shares of common stock to be issued as though the end of the period were the end of the performance period (see Note 13).
- (c) Represents the weighted average effects of 9,308,457 and 10,323,206 OP Units outstanding at March 31, 2023 and 2022, respectively. OP Units are included in the diluted earnings per share calculation. However, because such OP Units would also require that the share of the net income attributable to such OP units also be added back to net income, there is no effect to EPS.

15. Supplemental Cash Flow Disclosures

Cash paid for interest was \$17.1 million and \$12.0 million for the three months ended March 31, 2023 and 2022, respectively. Cash paid for income taxes was \$0.4 million and \$0.5 million for the three months ended March 31, 2023 and 2022, respectively.

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

- At March 31, 2023, the Company converted 896,349 OP units valued at \$14.9 million to 896,349 shares of common stock.
- At March 31, 2023 and 2022, dividend amounts declared and accrued but not yet paid amounted to \$54.5 million and \$47.7 million, respectively.
- At March 31, 2023 and 2022, the Company adjusted the carrying value of Non-controlling interests to reflect their share of the book value of the OP by (\$38) thousand and \$1.9 million, respectively, with the reallocation recorded as an offset to Additional paid-in capital and Accumulated other comprehensive income.

16. Commitments and Contingencies

Litigation

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

Property and Acquisition Related

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

As of March 31, 2023 and 2022, the Company had commitments to fund building expansions of \$8.2 million and \$17.4 million, respectively, in exchange for increases in rent contractually scheduled to commence simultaneously upon funding.

The Company is a party to three separate tax protection agreements with the contributing members of two distinct UPREIT transactions and to a tax protection agreement in connection with the Company's internalization. The tax protection agreements require the Company to indemnify the beneficiaries in the event of a sale, exchange, transfer, or other disposal of the contributed property, and in the case of the tax protection agreement entered into in connection with the Company's internalization, the entire Company, in a taxable transaction that would cause such beneficiaries to recognize a gain that is protected under the agreements, subject to certain exceptions. The Company is required to allocate an amount of nonrecourse liabilities to each beneficiary that is at least equal to the minimum liability amount, as contained in the agreements. The minimum liability amount and the associated allocation of nonrecourse liabilities are calculated in accordance with applicable tax regulations, are completed at the OP level, and do not represent GAAP accounting. Therefore, there is no impact to the Condensed Consolidated Financial Statements. Based on values as of March 31, 2023, taxable sales of the applicable properties would trigger liability under the agreements of approximately \$20.4 million. Based on information available, the Company does not believe that the events resulting in damages as detailed above have occurred or are likely to occur in the foreseeable future.

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

Obligations Under Leases

In October 2022, the Company executed a ten year lease for its new corporate office space that commences in 2023, the timing of which depends on the satisfaction of certain conditions set forth in the lease. Upon commencement, the total expected future lease payments would be \$8.9 million.

17. Subsequent Events

On April 14, 2023, the Company paid distributions totaling \$54.0 million.

On April 27, 2023, the Board of Directors declared a quarterly distribution of \$0.28 per share on the Company's common stock and OP Units for the second quarter of 2023, which will be payable on or before July 14, 2023 to stockholders and OP unitholders of record as of June 30, 2023.

Subsequent to March 31, 2023, the Company paid down \$14 million, and borrowed \$44 million on the unsecured revolving credit facility, the proceeds of which were used for general corporate purposes.

Through May 4, 2023, the Company sold three properties with an aggregate carrying value of approximately \$19.6 million for total proceeds of \$42.4 million. The Company incurred additional expenses related to the sales of approximately \$1.0 million, resulting in a gain on sale of real estate of approximately \$21.8 million.

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

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

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

Cautionary Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q contains forward-looking statements, which reflect our current views regarding our business, financial performance, growth prospects and strategies, market opportunities, and market trends, that are intended to be made pursuant to the safe harbor provisions of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”) and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Forward-looking statements include all statements that are not historical facts. In some cases, you can identify these forward-looking statements by the use of words such as “outlook,” “believes,” “expects,” “potential,” “continues,” “may,” “will,” “should,” “could,” “seeks,” “approximately,” “projects,” “predicts,” “intends,” “plans,” “estimates,” “anticipates,” or the negative version of these words or other comparable words. All of the forward-looking statements included in this Quarterly Report on Form 10-Q are subject to various risks and uncertainties. Assumptions relating to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions, and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond our control. Although we believe that the expectations reflected in such forward-looking statements are based on reasonable assumptions, our actual results, performance, and achievements could differ materially from those expressed in or by the forward-looking statements and may be affected by a variety of risks and other factors. Accordingly, there are or will be important factors that could cause actual outcomes or results to differ materially from such forward-looking statements.

Important factors that could cause results to differ materially from the forward-looking statements are described in Item 1. “Business,” Item 1A. “Risk Factors,” and Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our 2022 Annual Report on Form 10-K, as filed with the SEC on February 23, 2023. The “Risk Factors” of our 2022 Annual Report should not be construed as exhaustive and should be read in conjunction with other cautionary statements included elsewhere in this Quarterly Report on Form 10-Q.

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

Regulation FD Disclosures

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

Explanatory Note and Certain Defined Terms

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

- “annualized base rent” or “ABR” means the annualized contractual cash rent due for the last month of the reporting period, excluding the impacts of short-term rent deferrals, abatements, 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;
- “Investments” or amounts “invested” include real estate investments in new property acquisitions and as well as revenue generating capital expenditures, whereby we agree to fund certain expenditures in exchange for increased rents that often include rent escalations and terms consistent with that of the underlying lease, and excludes capitalized acquisition costs.
- “cash capitalization 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;
- “CPI” means the Consumer Price Index for All Urban Consumers (CPI-U): U.S. City Average, All Items, as published by the U.S. Bureau of Labor Statistics, or other similar index which is a measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services;
- “occupancy” or a specified percentage of our portfolio that is “occupied” or “leased” means as of a specified date the quotient of (1) the total rentable square footage of our properties minus the square footage of our properties that are vacant and from which we are not receiving any rental payment, and (2) the total square footage of our properties; and
- “Revolving Credit Facility” means our \$1.0 billion unsecured revolving credit facility, dated January 28, 2022, with J.P. Morgan Chase Bank, N.A. and the other lenders party thereto.

Overview

We are an internally-managed real estate investment trust (“REIT”) that acquires, owns, and manages primarily single-tenant commercial real estate properties that are net leased on a long-term basis to a diversified group of tenants. Since our inception in 2007, we have selectively invested in net leased assets in the industrial, healthcare, restaurant, retail, and office property types. As of March 31, 2023, our portfolio includes 801 properties, with 794 properties located in 44 U.S. states and seven properties located in four Canadian provinces.

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

- **Diversified Portfolio.** As of March 31, 2023, our portfolio comprised approximately 39.1 million rentable square feet of operational space, and was highly diversified based on property type, geography, tenant, and industry, and is cross-diversified within each (e.g., property-type diversification within a geographic concentration):
 - *Property Type:* We are focused primarily on industrial, healthcare, restaurant, and retail property types based on our extensive experience in and conviction around these sectors. Within these sectors, we have meaningful concentrations in manufacturing, distribution and warehouse, food processing, casual dining, clinical, quick service restaurants, general merchandise, and flex/research and development.
 - *Geographic Diversification:* Our properties are located in 44 U.S. states and four Canadian provinces, with no single geographic concentration exceeding 9.8% of our ABR.
 - *Tenant and Industry Diversification:* Our properties are occupied by approximately 221 different commercial tenants who operate 209 different brands that are diversified across 54 differing industries, with no single tenant accounting for more than 4% of our ABR.
- **Strong In-Place Leases with Significant Remaining Lease Term.** As of March 31, 2023, our portfolio was approximately 99.4% leased with an ABR weighted average remaining lease term of approximately 10.8 years, excluding renewal options.
- **Standard Contractual Base Rent Escalation.** Approximately 97.3% of our leases have contractual rent escalations, with an ABR weighted average minimum increase of 2.0%.
- **Extensive Tenant Financial Reporting.** Approximately 94.3% of our tenants, based on ABR, provide financial reporting, of which 86.4% are required to provide us with specified financial information on a periodic basis, and an additional 7.9% of our tenants report financial statements publicly, either through SEC filings or otherwise.

Real Estate Portfolio Information

The following charts summarize our portfolio diversification by property type, tenant, brand, industry, and geographic location as of March 31, 2023. The percentages below are calculated based on our ABR of \$389.5 million as of March 31, 2023.

Diversification by Property Type



Property Type	# Properties	ABR (\$'000s)	ABR as a % of Total Portfolio	Square Feet ('000s)	SF as a % of Total Portfolio
Industrial					
Manufacturing	79	\$64,375	16.5%	12,142	31.1%
Distribution & Warehouse	47	51,610	13.3%	9,459	24.2%
Food Processing	33	44,215	11.4%	5,442	13.9%
Flex and R&D	7	17,666	4.5%	1,457	3.7%
Cold Storage	4	12,827	3.3%	933	2.4%
Industrial Services	22	10,891	2.8%	587	1.5%
Untenanted	1	—	—	122	0.3%
Industrial Total	193	201,584	51.8%	30,142	77.1%
Healthcare					
Clinical	52	27,181	7.0%	1,091	2.8%
Healthcare Services	30	11,118	2.9%	496	1.3%
Animal Health Services	27	10,846	2.8%	405	1.0%
Surgical	12	10,475	2.7%	329	0.9%
Life Science	9	7,901	2.0%	549	1.4%
Healthcare Total	130	67,521	17.4%	2,870	7.4%
Restaurant					
Casual Dining	101	27,341	7.0%	673	1.7%
Quick Service Restaurants	146	25,027	6.4%	499	1.3%
Restaurant Total	247	52,368	13.4%	1,172	3.0%
Retail					
General Merchandise	132	24,714	6.3%	1,865	4.8%
Automotive	68	12,628	3.2%	777	2.0%
Home Furnishings	13	7,147	1.8%	797	2.0%
Child Care	2	731	0.3%	20	0.1%
Retail Total	215	45,220	11.6%	3,459	8.9%
Office					
Strategic Operations	5	9,912	2.5%	615	1.6%
Corporate Headquarters	7	8,389	2.2%	408	0.9%
Call Center	3	4,478	1.1%	346	0.8%
Untenanted	1	—	—	46	0.3%
Office Total	16	22,779	5.8%	1,415	3.6%
Total	801	\$389,472	100.0%	39,058	100.0%

Diversification by Tenant

Tenant	Property Type	# Properties	ABR (\$'000s)	ABR as a % of Total Portfolio	Square Feet ('000s)	SF as a % of Total Portfolio
Roskam Baking Company, LLC*	Food Processing	7	\$15,605	4.0%	2,250	5.8%
AHF, LLC*	Distribution & Warehouse/Manufacturing	8	9,377	2.4%	2,284	5.8%
Jack's Family Restaurants LP*	Quick Service Restaurants	43	7,309	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%	157	0.4%
Axcelis Technologies, Inc.	Flex and R&D	1	6,126	1.6%	417	1.1%
J. Alexander's, LLC*	Casual Dining	16	6,115	1.6%	131	0.3%
Hensley & Company*	Distribution & Warehouse	3	5,989	1.5%	577	1.5%
Dollar General Corporation	General Merchandise	60	5,962	1.5%	562	1.4%
BluePearl Holdings, LLC**	Animal Health Services	13	5,591	1.4%	166	0.5%
Total Top 10 Tenants		181	74,743	19.2%	8,228	21.1%
Outback Steakhouse of Florida LLC* ¹	Casual Dining	22	5,365	1.4%	140	0.4%
Tractor Supply Company	General Merchandise	21	5,349	1.4%	417	1.1%
Big Tex Trailer Manufacturing Inc.*	Automotive/Distribution & Warehouse/Manufacturing/Corporate Headquarters	17	5,056	1.3%	1,302	3.3%
Krispy Kreme Doughnut Corporation	Quick Service Restaurants/Food Processing	27	5,034	1.3%	156	0.4%
Salm Partners, LLC*	Food Processing	2	4,592	1.2%	368	0.9%
Nestle' Dreyer's Ice Cream Company ²	Cold Storage	1	4,543	1.2%	309	0.8%
Carvana, LLC*	Industrial Services	2	4,510	1.2%	230	0.6%
Klosterman Bakery*	Food Processing	11	4,500	1.2%	549	1.4%
Arkansas Surgical Hospital	Surgical	1	4,476	1.0%	129	0.3%
American Signature, Inc.	Home Furnishings	6	4,309	1.0%	474	1.2%
Total Top 20 Tenants		291	\$122,477	31.4%	12,302	31.5%

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

² Nestle'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 by Brand

Brand	Property Type	# Properties	ABR (\$'000s)	ABR as a % of Total Portfolio	Square Feet ('000s)	SF as a % of Total Portfolio
Roskam Baking Company, LLC*	Food Processing	7	\$15,605	4.0%	2,250	5.8%
AHF Products*	Distribution & Warehouse/Manufacturing	8	9,377	2.4%	2,284	5.8%
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	6,126	1.6%	417	1.1%
Hensley*	Distribution & Warehouse	3	5,989	1.5%	577	1.5%
Dollar General	General Merchandise	60	5,962	1.5%	562	1.4%
BluePearl Veterinary Partners**	Animal Health Services	13	5,591	1.5%	165	0.4%
Bob Evans Farms* ¹	Casual Dining/Food Processing	21	5,391	1.5%	281	0.7%
Total Top 10 Brands		186	74,019	19.0%	8,377	21.4%
Tractor Supply Co.	General Merchandise	21	5,349	1.4%	417	1.1%
Big Tex Trailers*	Automotive/Distribution & Warehouse/Manufacturing/Corporate Headquarters	17	5,056	1.3%	1,302	3.3%
Krispy Kreme	Quick Service Restaurants/Food Processing	27	5,034	1.3%	156	0.4%
Outback Steakhouse*	Casual Dining	20	4,641	1.2%	126	0.3%
Salm Partners, LLC*	Food Processing	2	4,592	1.2%	368	0.9%
Nestle'	Cold Storage	1	4,543	1.2%	309	0.8%
Carvana*	Industrial Services	2	4,510	1.2%	230	0.6%
Klosterman Baking Company*	Food Processing	11	4,500	1.2%	549	1.4%
Arkansas Surgical Hospital	Surgical	1	4,476	1.1%	129	0.3%
Wendy's	Quick Service Restaurants	29	4,325	1.1%	84	0.2%
Total Top 20 Brands		317	\$121,045	31.1%	12,047	30.7%

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

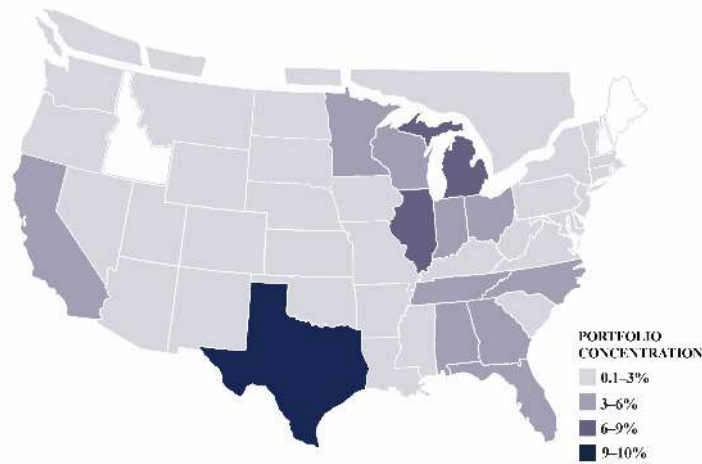
* Subject to a master lease.

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

Diversification by Industry

Industry	# Properties	ABR (\$'000s)	ABR as a % of Total Portfolio	Square Feet ('000s)	SF as a % of Total Portfolio
Healthcare Facilities	104	\$53,183	13.7%	2,062	5.3%
Restaurants	250	53,141	13.6%	1,214	3.1%
Packaged Foods & Meats	29	38,843	10.0%	4,713	12.1%
Distributors	27	15,962	4.1%	2,695	6.9%
Auto Parts & Equipment	43	15,623	4.0%	2,676	6.9%
Specialty Stores	31	14,078	3.6%	1,338	3.4%
Food Distributors	7	13,799	3.5%	1,712	4.4%
Home Furnishing Retail	18	12,684	3.3%	1,858	4.8%
Specialized Consumer Services	49	12,672	3.3%	728	1.9%
Metal & Glass Containers	8	10,114	2.6%	2,206	5.6%
General Merchandise Stores	96	9,640	2.5%	880	2.3%
Industrial Machinery	20	9,408	2.4%	1,949	5.0%
Forest Products	8	9,377	2.4%	2,284	5.8%
Healthcare Services	18	9,299	2.4%	515	1.3%
Aerospace & Defense	6	7,565	1.9%	746	1.9%
Other (39 industries)	85	104,084	26.7%	11,258	28.7%
Untenanted properties	2	—	—	224	0.6%
Total	801	\$389,472	100.0%	39,058	100.0%

Diversification by Geographic Location



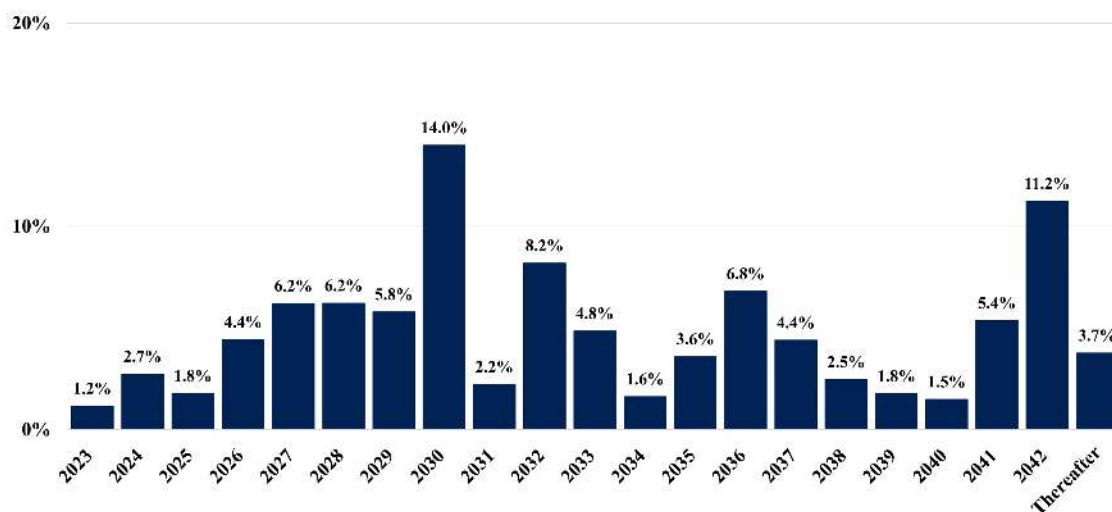
TOTAL PROPERTIES: 801 TOTAL STATES/PROVINCES: 44 U.S. states & 4 Canadian provinces

State / Province	# Properties	ABR (\$'000s)	ABR as a % of Total Portfolio	Square Feet ('000s)	SF as a % of Total Portfolio	State / Province	# Properties	ABR (\$'000s)	ABR as a % of Total Portfolio	Square Feet ('000s)	SF as a % of Total Portfolio
TX	72	\$38,037	9.8%	3,621	9.3%	WA	15	4,330	1.1%	150	0.4%
MI	55	32,555	8.4%	3,811	9.8%	LA	4	3,407	0.9%	194	0.5%
IL	32	24,165	6.2%	2,424	6.2%	MS	11	3,320	0.9%	430	1.1%
WI	35	21,792	5.6%	2,163	5.5%	NE	6	3,175	0.8%	509	1.3%
CA	13	18,827	4.8%	1,718	4.4%	MD	4	3,052	0.8%	293	0.7%
OH	47	18,680	4.8%	1,728	4.4%	SC	13	2,937	0.8%	308	0.8%
FL	42	16,411	4.2%	844	2.2%	IA	4	2,804	0.7%	622	1.6%
IN	32	15,843	4.1%	1,906	4.9%	NM	9	2,734	0.7%	107	0.3%
MN	21	15,396	4.0%	2,500	6.4%	CO	4	2,501	0.6%	126	0.3%
TN	50	15,150	3.9%	1,103	2.8%	UT	3	2,432	0.6%	280	0.7%
NC	37	14,023	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	1,582	0.4%	43	0.1%
GA	33	11,535	3.0%	1,576	4.0%	DE	4	1,167	0.3%	133	0.3%
AZ	9	10,876	2.8%	909	2.3%	ND	2	954	0.2%	28	0.1%
PA	22	9,677	2.5%	1,836	4.7%	VT	2	420	0.1%	24	0.1%
NY	26	9,268	2.4%	680	1.7%	WY	1	307	0.1%	21	0.1%
KY	24	8,465	2.2%	900	2.3%	NV	1	268	0.1%	6	0.0%
MA	4	8,232	2.1%	744	1.9%	OR	1	136	0.0%	9	0.0%
OK	22	8,107	2.1%	987	2.5%	SD	1	81	0.0%	9	0.0%
AR	11	7,722	2.0%	283	0.7%	Total U.S.	794	\$381,406	97.9%	38,628	98.9%
MO	12	6,119	1.6%	1,138	2.9%	BC	2	4,584	1.2%	253	0.6%
KS	11	5,638	1.4%	648	1.7%	ON	3	2,126	0.5%	101	0.3%
VA	17	5,479	1.4%	204	0.5%	AB	1	999	0.3%	51	0.1%
WV	17	4,975	1.3%	884	2.3%	MB	1	357	0.1%	25	0.1%
NJ	3	4,909	1.3%	366	1.1%	Total Canada	7	\$8,066	2.1%	430	1.1%
						Grand Total	801	\$389,472	100.0%	39,058	100.0%

Our Leases

We typically lease our properties pursuant to long-term net leases with initial terms of 10 years or more that often have renewal options. Substantially all of our leases are net, meaning our tenants are generally obligated to pay all expenses associated with the leased property (such as real estate taxes, insurance, maintenance, repairs, and capital costs). In scenarios where we lease multiple properties to a single tenant (multi-site tenants), we seek to use master lease structures on an all-or-none basis. When we acquire properties associated with a tenant that has an existing master lease structure with us, we seek to add the new properties to the existing master lease structure to strengthen the existing lease with such tenant. As of March 31, 2023, master leases contributed to 69.3% of the ABR associated with multi-site tenants (409 of our 676 properties) and 41.2% of our overall ABR (409 of our 801 properties).

As of March 31, 2023, approximately 99.4% of our portfolio, representing all but two of our properties, was subject to a lease. Because substantially all of our properties are leased under long-term leases, we are not currently required to perform significant ongoing leasing activities on our properties. As of March 31, 2023, the ABR weighted average remaining term of our leases was approximately 10.8 years. Approximately 3% of the properties in our portfolio are subject to leases without at least one renewal option. The following chart sets forth our lease expirations based upon the terms of the leases in place as of March 31, 2023.



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

Expiration Year	# Properties	# Leases	ABR (\$'000s)	ABR as a % of Total Portfolio	Square Feet ('000s)	SF as a % of Total Portfolio
2023	5	7	\$4,497	1.2%	504	1.3%
2024	9	9	10,640	2.7%	1,239	3.2%
2025	19	22	6,905	1.8%	385	1.0%
2026	34	35	17,235	4.4%	1,150	2.9%
2027	29	30	24,166	6.2%	2,079	5.3%
2028	36	36	24,220	6.2%	2,262	5.8%
2029	72	73	22,541	5.8%	2,724	7.0%
2030	101	101	54,479	14.0%	5,110	13.1%
2031	33	33	8,640	2.2%	805	2.1%
2032	62	63	31,896	8.2%	3,469	8.9%
2033	50	50	18,888	4.8%	1,593	4.1%
2034	33	33	6,305	1.6%	409	1.0%
2035	19	19	13,966	3.6%	2,021	5.2%
2036	87	87	26,485	6.8%	2,931	7.5%
2037	23	23	17,111	4.4%	1,124	2.9%
2038	36	36	9,573	2.5%	725	1.9%
2039	10	10	6,858	1.8%	798	2.0%
2040	31	31	5,784	1.5%	312	0.8%
2041	40	40	20,875	5.4%	1,731	4.4%
2042	59	59	43,758	11.2%	4,813	12.3%
Thereafter	11	11	14,650	3.7%	2,650	6.7%
Untenanted properties	2	—	—	—	224	0.6%
Total	801	808	\$389,472	100.0%	39,058	100.0%

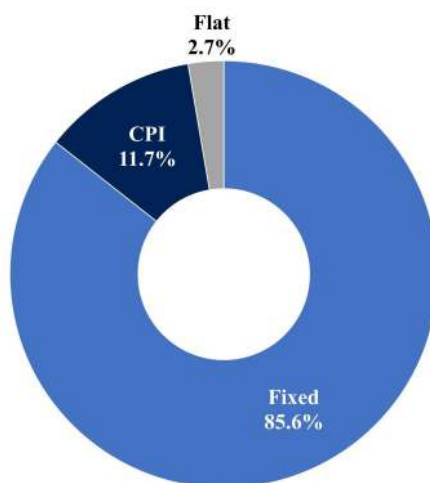
Substantially all of our leases provide for periodic contractual rent escalations. As of March 31, 2023, leases contributing 97.3% of our ABR provided for increases in future ABR, generally ranging from 1.5% to 3.0% annually, with an ABR weighted average annual minimum increase equal to 2.0% of base rent. Generally, our rent escalators increase rent on specified dates by a fixed percentage. Our escalations provide us with a source of organic revenue growth and a measure of inflation protection. Additional information on lease escalation frequency and weighted average annual escalation rates as of March 31, 2023 is displayed below:

Lease Escalation Frequency	% of ABR	Weighted Average Annual Minimum Increase ^(a)
Annually	80.3%	2.2%
Every 2 years	0.1%	1.8%
Every 3 years	2.2%	3.1%
Every 4 years	1.0%	2.4%
Every 5 years	7.2%	1.7%
Other escalation frequencies	6.5%	1.6%
Flat	2.7%	—
Total/Weighted Average ^(b)	100.0%	2.0%

(a) Represents the ABR weighted average annual minimum increase of the entire portfolio as if all escalations occurred annually. For leases where rent escalates by the greater of a stated fixed percentage or the change in CPI, we have assumed an escalation equal to the stated fixed percentage in the lease. As of March 31, 2023, leases contributing 5.2% of our ABR provide for rent increases equal to the lesser of a stated fixed percentage or the change in CPI. As any future increase in CPI is unknowable at this time, we have not included an increase in the rent pursuant to these leases in the weighted average annual minimum increase presented.

(b) Weighted by ABR.

The escalation provisions of our leases (by percentage of ABR) as of March 31, 2023, are displayed in the following chart:



Results of Operations

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

Three Months Ended March 31, 2023 Compared to Three Months Ended December 31, 2022

Lease Revenues, net

<i>(in thousands)</i>	For the Three Months Ended			
	March 31,	December 31,	Increase/(Decrease)	
	2023	2022	\$	%
Contractual rental amounts billed for operating leases	\$ 98,102	\$ 96,208	\$ 1,894	2.0%
Adjustment to recognize contractual operating lease billings on a straight-line basis	7,370	6,897	473	6.9%
Net write-offs of accrued rental income	(105)	—	(105)	(100.0)%
Variable rental amounts earned	341	721	(380)	(52.7)%
Earned income from direct financing leases	691	693	(2)	(0.3)%
Interest income from sales-type leases	14	14	—	0.0%
Operating expenses billed to tenants	5,075	5,720	(645)	(11.3)%
Other income from real estate transactions	7,392	2,019	5,373	> 100.0%
Adjustment to revenue recognized for uncollectible rental amounts billed, net	112	(138)	250	> (100.0)%
Total Lease revenues, net	\$ 118,992	\$ 112,134	\$ 6,858	6.1%

The increase in Lease revenues, net was primarily attributable to \$7.5 million of lease termination income recognized in the first quarter of 2023 as Other income from real estate transactions, associated with the early lease termination and sale of an office property for total proceeds of \$39.5 million. The timing and amount of lease termination income varies from period to period. The increase was also attributable to full revenue from property investments made during the fourth quarter of 2022, as well as the partial revenue from property investments made during the first quarter of 2023. As we acquire properties throughout the period, the full benefit of lease revenues from newly acquired properties will not be realized in the quarter of acquisition. During the fourth quarter of 2022, we invested \$310.3 million, excluding capitalized acquisition costs, in 18 properties at a weighted average initial cash capitalization rate of 6.7%, the full benefit of which we realized during the first quarter of 2023. During the first quarter of 2023, we invested \$20.0 million, excluding capitalized acquisition costs, in three properties at a weighted average initial cash capitalization rate of 7.0%, the full benefit of which we anticipate will be realized during the second quarter of 2023.

Operating Expenses

(in thousands)	For the Three Months Ended			
	March 31,	December 31,	Increase/(Decrease)	
	2023	2022	\$	%
Operating expenses				
Depreciation and amortization	\$41,784	\$45,605	\$(3,821)	(8.4)%
Property and operating expense	5,886	6,397	(511)	(8.0)%
General and administrative	10,416	9,318	1,098	11.8%
Provision for impairment of investment in rental properties	1,473	—	1,473	> 100.0%
Total operating expenses	\$59,559	\$61,320	\$(1,761)	(2.9)%

Depreciation and amortization

The decrease in depreciation and amortization for the three months ended March 31, 2023 was primarily due to accelerated amortization of in-place lease intangibles associated with an early lease termination and simultaneous sale of an office property during the quarter, partially offset by growth in our real estate portfolio.

Provision for impairment of investment in rental properties

During the three months ended March 31, 2023 we recognized \$1.5 million of impairment on our investments in rental properties due to change in our long-term hold strategy for one property. During the three months ended December 31, 2022, we did not recognize any impairment on our investments in rental properties. The following table presents the impairment charges for the three months ended March 31, 2023:

(in thousands, except number of properties)

Number of properties	1
Carrying value prior to impairment charge	\$4,236
Fair value	2,763
Impairment charge	\$1,473

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

Other income (expenses)

(in thousands)	For the Three Months Ended			
	March 31,	December 31,	Increase/(Decrease)	
	2023	2022	\$	%
Other income (expenses)				
Interest income	\$ 162	\$ 40	\$ 122	> 100%
Interest expense	(21,139)	(23,773)	(2,634)	(11.1)%
Cost of debt extinguishment	—	(77)	(77)	(100.0)%
Gain on sale of real estate	3,415	10,625	(7,210)	(67.9)%
Income taxes	(479)	(105)	374	> 100%
Other expenses	(18)	(751)	(733)	(97.6)%

Interest expense

The decrease in interest expense reflects a decrease in our weighted average outstanding borrowings during the three months ended March 31, 2023 compared to during the three months ended December 31, 2022.

Gain on sale of real estate

Our recognition of a gain or loss on the sale of real estate varies from transaction to transaction based on fluctuations in asset prices and demand in the real estate market. During the three months ended March 31, 2023, we recognized a gain of \$3.4 million on the sale of three properties, compared to a gain of \$10.6 million on the sale of three properties during the three months ended December 31, 2022. Our proactive asset management strategy includes selectively selling properties where we believe the risk profile has changed and become misaligned with our then current risk-adjusted return objectives.

Net income and Net earnings per diluted share

(in thousands, except per share data)	For the Three Months Ended			
	March 31,	December 31,	Increase/(Decrease)	
	2023	2022	\$	%
Net income	\$41,374	\$36,773	\$4,601	12.5%
Net earnings per diluted share	0.21	0.20	0.01	5.0%

The increase in net income is primarily attributable to a \$6.9 million increase in lease revenue associated with incremental lease termination fees and growth in our real estate portfolio, a \$3.8 million decrease in depreciation and amortization, and a \$2.6 million decrease in interest expense, partially offset by a \$7.2 million decrease in gain on sale of real estate and a \$1.5 million increase in impairment of investment in rental properties.

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

Three Months Ended March 31, 2023 Compared to Three Months Ended March 31, 2022

Lease Revenues, net

<i>(in thousands)</i>	For the Three Months Ended			
	March 31,		Increase/(Decrease)	
	2023	2022	\$	%
Contractual rental amounts billed for operating leases	\$ 98,102	\$ 84,396	\$ 13,706	16.2%
Adjustment to recognize contractual operating lease billings on a straight-line basis	7,370	5,021	2,349	46.8%
Net write-offs of accrued rental income	(105)	(1,326)	1,221	92.1%
Variable rental amounts earned	341	186	155	83.3%
Earned income from direct financing leases	691	723	(32)	(4.4)%
Interest income from sales-type leases	14	14	—	0.0%
Operating expenses billed to tenants	5,075	4,735	340	7.2%
Other income from real estate transactions	7,392	42	7,350	> 100.0%
Adjustment to revenue recognized for uncollectible rental amounts billed, net	112	50	62	> 100.0%
Total Lease revenues, net	<u>\$ 118,992</u>	<u>\$ 93,841</u>	<u>\$ 25,151</u>	26.8%

The increase in Lease revenues, net was primarily attributable to growth in our real estate portfolio through property acquisitions closed since March 31, 2022. During the twelve months ended March 31, 2023, we invested \$716.6 million, excluding capitalized acquisition costs, in 63 properties at a weighted average initial cash capitalization rate of 6.6%. The increase is also attributable to an increase in lease termination income.

Operating Expenses

<i>(in thousands)</i>	For the Three Months Ended			
	March 31,		Increase/(Decrease)	
	2023	2022	\$	%
Operating expenses				
Depreciation and amortization	\$41,784	\$34,290	\$7,494	21.9%
Property and operating expense	5,886	5,044	842	16.7%
General and administrative	10,416	8,828	1,588	18.0%
Provision for impairment of investment in rental properties	1,473	—	1,473	> 100.0%
Total operating expenses	<u>\$59,559</u>	<u>\$48,162</u>	<u>\$11,397</u>	23.7%

Depreciation and amortization

The increase in depreciation and amortization for the three months ended March 31, 2023 was primarily due to growth in our real estate portfolio.

General and administrative

The increase in general and administrative expense for the three months ended March 31, 2023 was primarily due to increased stock-based compensation expense associated with an additional grant to employees in February 2022, a change in director compensation to include grants of restricted stock awards beginning in 2022, and accelerated amortization of stock-based compensation in connection with the departure of our previous chief executive officer during the first quarter of 2023.

Provision for impairment of investment in rental properties

During the three months ended March 31, 2023, we recognized \$1.5 million of impairment on our investments in rental properties. There was no impairment recognized during the three months ended March 31, 2022. The following table presents the impairment charges for the three months ended March 31, 2023:

(in thousands, except number of properties)

Number of properties	1
Carrying value prior to impairment charge	\$4,236
Fair value	2,763
Impairment charge	\$1,473

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

Other income (expenses)

<i>(in thousands)</i>	For the Three Months Ended			
	March 31,		Increase/(Decrease)	
	2023	2022	\$	%
Other income (expenses)				
Interest income	\$ 162	\$ —	\$ 162	100.0%
Interest expense	(21,139)	(16,896)	4,243	25.1%
Gain on sale of real estate	3,415	1,196	2,219	> 100.0%
Income taxes	(479)	(412)	67	16.3%
Other income (expenses)	(18)	(1,126)	(1,108)	(98.4)%

Interest expense

The increase in interest expense reflects an increase in our weighted average cost of borrowings combined with increased average outstanding borrowings during the three months ended March 31, 2023 compared to the three months ended March 31, 2022. Since March 31, 2022, we increased total outstanding borrowings by \$141.8 million to partially fund our acquisitions. Of our \$1.9 billion of total outstanding indebtedness, approximately \$34.4 million, or 1.8%, is variable and therefore subject to the impact of fluctuations in interest rates.

Gain on sale of real estate

Our recognition of a gain or loss on the sale of real estate varies from transaction to transaction based on fluctuations in asset prices and demand in the real estate market. During the three months ended March 31, 2023, we recognized a gain of \$3.4 million on the sale of three properties, compared to a gain of \$1.2 million on the sale of one property during the three months ended March 31, 2022. Our proactive asset management strategy includes determining whether to sell any of our properties where we believe the risk profile has changed and become misaligned with our then current risk-adjusted return objectives.

Other income (expenses)

The decrease in other expenses during the three months ended March 31, 2023 was primarily due to a \$0.01 million unrealized foreign exchange loss recognized on the quarterly remeasurement of our \$100 million CAD revolver borrowings, compared to a \$1.1 million unrealized foreign exchange loss recognized during the three months ended March 31, 2022.

Net income and Net earnings per diluted share

<i>(in thousands, except per share data)</i>	For the Three Months Ended			
	March 31,		Increase/(Decrease)	
	2023	2022	\$	%
Net income	\$41,374	\$28,441	\$12,933	45.5%
Net earnings per diluted share	0.21	0.16	0.05	31.3%

The increase in net income is primarily due to revenue growth of \$25.2 million, \$2.2 million increase on gain on sale of real estate and a \$1.1 million decrease in foreign exchange loss. These factors were partially offset by a \$7.5 million increase in depreciation and amortization, a \$4.2 million increase in interest expense, a \$1.5 million increase in general and administrative expense, and a \$1.5 million increase in impairment of investment in rental properties.

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

Liquidity and Capital Resources

General

We acquire real estate using a combination of debt and equity capital and with cash from operations that is not otherwise distributed to our stockholders. Our focus is on maximizing the risk-adjusted return to our stockholders through an appropriate balance of debt and equity in our capital structure. We are committed to maintaining an investment grade balance sheet through active management of our leverage profile and overall liquidity position. We believe our leverage strategy has allowed us to take advantage of the lower cost of debt while simultaneously strengthening our balance sheet, as evidenced by our current investment grade credit ratings of 'BBB' from S&P Global Ratings ("S&P") and 'Baa2' from Moody's Investors Service ("Moody's"). We manage our leverage profile using a ratio of Net Debt to Annualized Adjusted EBITDAre, a non-GAAP financial measure, which we believe is a useful measure of our ability to repay debt and a relative measure of leverage, and is used in communications with lenders and with rating agencies regarding our credit rating. We seek to maintain on a sustained basis a Net Debt to Annualized Adjusted EBITDAre ratio that is generally less than 6.0x. As of March 31, 2023, we had total debt outstanding of \$1.9 billion, Net Debt of \$1.9 billion, and a Net Debt to Annualized Adjusted EBITDAre ratio of 5.1x.

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

Liquidity/REIT Requirements

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

Short-term Liquidity Requirements

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

As detailed in the contractual obligations table below, we have approximately \$63.4 million of expected obligations due throughout the remainder of 2023, primarily consisting of \$56.6 million of interest expense due and \$6.8 million of mortgage maturities. We expect our cash provided by operating activities, as discussed below, will be sufficient to pay for our current obligations including interest expense on our borrowings. We expect to repay the maturing mortgage with available cash on hand generated from our results of operations or borrowings under our Revolving Credit Facility.

Long-term Liquidity Requirements

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

The source and mix of our debt capital in the future will be impacted by market conditions as well as our continued focus on lengthening our debt maturity profile to better align with our portfolio's long-term leases, staggering debt maturities to reduce the risk that a significant amount of debt will mature in any single year in the future, and managing our exposure to interest rate risk. As of March 31, 2023, we have \$891.7 million of available capacity under our Revolving Credit Facility.

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

Equity Capital Resources

Our equity capital is primarily provided through our at-the-market common equity offering program (“ATM Program”), as well as follow-on equity offerings. Under the terms of our ATM Program we may, from time to time, publicly offer and sell shares of our common stock having an aggregate gross sales price of up to \$400 million. The ATM Program provides for forward sale agreements, enabling us to set the price of shares upon pricing the offering while delaying the issuance of shares and the receipt of the net proceeds. We did not raise any equity on our ATM Program during the quarter, and have approximately \$145.4 million of capacity remaining on the ATM Program as of March 31, 2023.

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

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

Unsecured Indebtedness as of March 31, 2023

The following table sets forth our outstanding revolving credit facility, unsecured term loans and senior unsecured notes at March 31, 2023.

<i>(in thousands, except interest rates)</i>	Outstanding Balance	Interest Rate	Maturity Date
Unsecured revolving credit facility	\$ 108,330	Applicable reference rate + 0.85% ^(a)	Mar. 2026
Unsecured term loans:			
2026 Unsecured Term Loan	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		
Unamortized debt issuance costs, net	(4,994)		
Total unsecured term loans, net	895,006		
Senior unsecured notes:			
2027 Senior Unsecured Notes - Series A	150,000	4.84%	Apr. 2027
2028 Senior Unsecured Notes - Series B	225,000	5.09%	Jul. 2028
2030 Senior Unsecured Notes - Series C	100,000	5.19%	Jul. 2030
2031 Senior Unsecured Public Notes	375,000	2.60%	Sep. 2031
Total senior unsecured notes	850,000		
Unamortized debt issuance costs and original issuance discount, net	(5,256)		
Total senior unsecured notes, net	844,744		
Total unsecured debt, net	\$ 1,848,080		

(a) At March 31, 2023, a balance of \$34.5 million was subject to the one-month SOFR of 4.80% plus a 0.10% adjustment. The remaining balance includes \$100 million CAD borrowings remeasured to \$73.8 million USD, which was subject to the one-month CDOR of 4.95%.

Debt Covenants

We are subject to various covenants and financial reporting requirements pursuant to our debt facilities, which are summarized below. As of March 31, 2023, we believe we were in compliance with all of our covenants on all outstanding borrowings. In the event of default, either through default on payments or breach of covenants, we may be restricted from paying dividends to our stockholders in excess of dividends required to maintain our REIT qualification. For each of the previous three years, we paid dividends out of our cash flows from operations in excess of the distribution amounts required to maintain our REIT qualification.

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

Contractual Obligations

The following table provides information with respect to our contractual commitments and obligations as of March 31, 2023 (in thousands). Refer to the discussion in the Liquidity and Capital Resources section above for further discussion over our short and long-term obligations.

Year of Maturity	Revolving Credit Facility	Mortgages	Term Loans	Senior Notes	Interest Expense ^(a)	Total
Remainder of 2023	\$—	\$6,820	\$—	\$—	\$56,620	\$63,440
2024	—	2,260	—	—	74,944	77,204
2025	—	20,195	—	—	77,162	97,357
2026	108,330	16,843	400,000	—	56,444	581,617
2027	—	1,597	200,000	150,000	42,483	394,080
Thereafter	—	38,278	300,000	700,000	64,133	1,102,411
Total	<u>\$108,330</u>	<u>\$85,993</u>	<u>\$900,000</u>	<u>\$850,000</u>	<u>\$371,786</u>	<u>\$2,316,109</u>

(a) Interest expense is projected based on the outstanding borrowings and interest rates in effect as of March 31, 2023. This amount includes the impact of interest rate swap agreements.

At March 31, 2023 investment in rental property of \$142.4 million was pledged as collateral against our mortgages.

Additionally, we are a party to two separate tax protection agreements with the contributing members of two distinct UPREIT transactions and we entered into a third tax protection agreement in connection with the internalization. The tax protection agreements require us to indemnify the beneficiaries in the event of a sale, exchange, transfer, or other disposal of the contributed property, and in the case of the tax protection agreement entered into in connection with our internalization, the entire Company, in a taxable transaction that would cause such beneficiaries to recognize a gain that is protected under the agreements, subject to certain exceptions. Based on values as of March 31, 2023, taxable sales of the applicable properties would trigger liability under the three agreements of approximately \$20.4 million. Based on information available, we do not believe that the events resulting in liability as detailed above have occurred or are likely to occur in the foreseeable future. Accordingly, we have excluded these commitments from the contractual commitments table above.

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

Derivative Instruments and Hedging Activities

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

We attempt to manage the interest rate risk on variable rate borrowings by entering into interest rate swaps. As of March 31, 2023, we had 32 interest rate swaps outstanding with an aggregate notional amount of \$973.8 million. Under these agreements, we receive monthly payments from the counterparties equal to the related variable interest rates multiplied by the outstanding notional amounts. In turn, we pay the counterparties each month an amount equal to a fixed interest rate multiplied by the related outstanding notional amounts. The intended net impact of these transactions is that we pay a fixed interest rate on our variable-rate borrowings. The interest rate swaps have been designated by us as cash flow hedges for accounting purposes and are reported at fair value. We assess, both at inception and on an ongoing basis, the effectiveness of our qualifying cash flow hedges. We have not entered, and do not intend to enter, into derivative or interest rate transactions for speculative purposes.

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

Cash Flows

Cash and cash equivalents and restricted cash totaled \$19.3 million and \$65.5 million at March 31, 2023 and March 31, 2022, respectively. The table below shows information concerning cash flows for the three months ended March 31, 2023 and 2022:

<i>(In thousands)</i>	For the Three Months Ended	
	March 31, 2023	March 31, 2022
Net cash provided by operating activities	\$74,376	\$59,104
Net cash provided by (used in) investing activities	29,633	(207,678)
Net cash (used in) provided by financing activities	(144,739)	186,352
(Decrease) increase in cash and cash equivalents and restricted cash	<u>\$ (40,730)</u>	<u>\$ 37,778</u>

The increase in net cash provided by operating activities during the three months ended March 31, 2023 as compared to the three months ended March 31, 2022, was mainly due to growth in our real estate portfolio and associated incremental net lease revenues.

The increase in cash provided by investing activities during the three months ended March 31, 2023 as compared to the three months ended March 31, 2022, was mainly due to decreased acquisition volume during the three months ended March 31, 2023 as well as increased disposition volume during the three months ended March 31, 2023.

The increase in net cash used in financing activities during the three months ended March 31, 2023 as compared to the three months ended March 31, 2022, mainly reflects an increased repayments on the unsecured revolving credit facility and increased distributions paid to shareholders.

Non-GAAP Measures

FFO, Core FFO, and AFFO

We compute Funds From Operations (“FFO”) in accordance with the standards established by the Board of Governors of Nareit, the worldwide representative voice for REITs and publicly traded real estate companies with an interest in the U.S. real estate and capital markets. Nareit defines FFO as GAAP net income or loss adjusted to exclude net gains (losses) from sales of certain depreciated real estate assets, depreciation and amortization expense from real estate assets, gains and losses from change in control, and impairment charges related to certain previously depreciated real estate assets. FFO is used by management, investors, and analysts to facilitate meaningful comparisons of operating performance between periods and among our peers, primarily because it excludes the effect of real estate depreciation and amortization and net gains (losses) on sales, which are based on historical costs and implicitly assume that the value of real estate diminishes predictably over time, rather than fluctuating based on existing market conditions.

We compute Core Funds From Operations (“Core FFO”) by adjusting FFO, as defined by Nareit, to exclude certain GAAP income and expense amounts that we believe are infrequently recurring, unusual in nature, or not related to its core real estate operations, including write-offs or recoveries of accrued rental income, lease termination fees, gain on insurance recoveries, cost of debt extinguishments, unrealized and realized gains or losses on foreign currency transactions, severance and executive transition costs, and other extraordinary items. Exclusion of these items from similar FFO-type metrics is common within the equity REIT industry, and management believes that presentation of Core FFO provides investors with a metric to assist in their evaluation of our operating performance across multiple periods and in comparison to the operating performance of our peers, because it removes the effect of unusual items that are not expected to impact our operating performance on an ongoing basis.

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

Specific to our adjustment for straight-line rents, our leases include cash rents that increase over the term of the lease to compensate us for anticipated increases in market rental rates over time. Our leases do not include significant front-loading or back-loading of payments, or significant rent-free periods. Therefore, we find it useful to evaluate rent on a contractual basis as it allows for comparison of existing rental rates to market rental rates.

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

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

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

<i>(in thousands, except per share data)</i>	March 31, 2023	For the Three Months Ended December 31, 2022	March 31, 2022
Net income	\$41,374	\$36,773	\$28,441
Real property depreciation and amortization	41,745	45,570	34,259
Gain on sale of real estate	(3,415)	(10,625)	(1,196)
Provision for impairment on investment in rental properties	1,473	—	—
FFO	\$81,177	\$71,718	\$61,504
Net write-offs of accrued rental income	297	—	1,326
Lease termination fees	(7,500)	(1,678)	—
Gain on insurance recoveries	—	(341)	—
Cost of debt extinguishment	—	77	—
Severance and executive transition costs ^(a)	481	—	120
Other expenses ^(b)	18	751	1,126
Core FFO	\$74,473	\$70,527	\$64,076
Straight-line rent adjustment	(7,271)	(6,826)	(4,934)
Amortization of debt issuance costs	986	988	856
Amortization of net mortgage premiums	(26)	(26)	(27)
Loss on interest rate swaps and other non-cash interest expense	522	522	659
Amortization of lease intangibles	(2,691)	(1,308)	(1,158)
Stock-based compensation	1,492	1,503	929
Deferred taxes	—	204	—
AFFO	\$67,485	\$65,584	\$60,401

(a) Amount includes \$0.4 million of accelerated stock-based compensation and \$0.1 million of executive transition costs during the three months ended March 31, 2023, related to the departure of our previous chief executive officer.

(b) Amount includes \$18 thousand, \$0.8 million, and \$1.1 million of unrealized and realized foreign exchange loss during the three months ended March 31, 2023, December 31, 2022, and March 31, 2022, respectively.

EBITDA, EBITDAre, Adjusted EBITDAre and Annualized Adjusted EBITDAre

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

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

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

<i>(in thousands)</i>	For the Three Months Ended		
	March 31, 2023	December 31, 2022	March 31, 2022
Net income	\$41,374	\$36,773	\$28,441
Depreciation and amortization	41,784	45,606	34,290
Interest expense	21,139	23,773	16,896
Income taxes	479	105	412
EBITDA	\$104,776	\$106,257	\$80,039
Provision for impairment of investment in rental properties	1,473	—	—
Gain on sale of real estate	(3,415)	(10,625)	(1,196)
EBITDAre	\$102,834	\$95,632	\$78,843
Adjustment for current quarter acquisition activity ^(a)	406	1,283	3,225
Adjustment for current quarter disposition activity ^(b)	(365)	(440)	(79)
Adjustment to exclude non-recurring and other expenses ^(c)	(1,023)	—	—
Adjustment to exclude gain on insurance recoveries	—	(341)	—
Adjustment excludes net write-offs of accrued rental income	297	—	1,326
Adjustment to exclude realized / unrealized foreign exchange (gain) loss	18	796	1,125
Adjustment to exclude cost of debt extinguishments	—	77	—
Adjustment to exclude lease termination fees	(7,500)	(1,678)	—
Adjusted EBITDAre	\$94,667	\$95,329	\$84,440
Annualized EBITDAre	\$411,336	\$382,528	\$315,375
Annualized Adjusted EBITDAre	\$378,668	\$381,315	\$337,759

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

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

(c) Amounts include \$0.1 million of executive transition costs and \$0.4 million of accelerated stock-based compensation associated with the departure of executive officers, and (\$1.5) million of accelerated amortization of lease intangibles during the three months ended March 31, 2023.

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

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

<i>(in thousands)</i>	March 31, 2023	December 31, 2022	March 31, 2022
Debt			
Unsecured revolving credit facility	\$108,330	\$197,322	\$266,118
Unsecured term loans, net	895,006	894,692	586,884
Senior unsecured notes, net	844,744	844,555	843,990
Mortgages, net	85,853	86,602	96,141
Debt issuance costs	10,390	10,905	9,419
Gross Debt	1,944,323	2,034,076	1,802,552
Cash and cash equivalents	(15,412)	(21,789)	(54,103)
Restricted cash	(3,898)	(38,251)	(11,444)
Net Debt	\$1,925,013	\$1,974,036	\$1,737,005
Net Debt to Annualized EBITDAre	4.7x	5.2x	5.5x
Net Debt to Annualized Adjusted EBITDAre	5.1x	5.2x	5.1x

Critical Accounting Policies and Estimates

This Management's Discussion and Analysis of Financial Condition and Results of Operations is based upon our Condensed Consolidated Financial Statements, which have been prepared in accordance with GAAP. The preparation of these Condensed Consolidated Financial Statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses as well as other disclosures in the financial statements. We base our estimates on historical experience and on various other assumptions believed to be reasonable under the circumstances. These judgments affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the dates of the financial statements, and the reported amounts of revenue and expenses during the reporting periods. On an ongoing basis, management evaluates its estimates and assumptions; however, actual results may differ from these estimates and assumptions, which in turn could have a material impact on our financial statements. A summary of our significant accounting policies and procedures are included in Note 2, "Summary of Significant Accounting Policies," in the Notes to the Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q. We believe there have been no significant changes during the three months ended March 31, 2023, to the items that we disclosed as our critical accounting policies and estimates in our 2022 Annual Report on Form 10-K.

Impact of Recent Accounting Pronouncements

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

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Interest Rate Risk

We are exposed to certain market risks, one of the most predominant of which is a change in interest rates. Increases in interest rates can result in increased interest expense under our Revolving Credit Facility and other variable-rate debt. Increases in interest rates can also result in increased interest expense when our fixed rate debt matures and needs to be refinanced. We attempt to manage interest rate risk by entering into long-term fixed rate debt, entering into interest rate swaps to convert certain variable-rate debt to a fixed rate, and staggering our debt maturities. We have designated the interest rate swaps as cash flow hedges for accounting purposes and they are reported at fair value. We have not entered, and do not intend to enter, into derivative or interest rate transactions for speculative purposes. Further information concerning our interest rate swaps can be found in Note 9 in our Condensed Consolidated Financial Statements contained elsewhere in this Quarterly Report on Form 10-Q.

Our fixed-rate debt includes our senior unsecured notes, mortgages, and variable-rate debt converted to a fixed rate with the use of interest rate swaps. Our fixed-rate debt had a carrying value and fair value of approximately \$1.9 billion and \$1.7 billion, respectively, as of March 31, 2023. Changes in market interest rates impact the fair value of our fixed-rate debt, but they have no impact on interest incurred or on cash flows. For instance, if interest rates were to increase 1%, and the fixed-rate debt balance were to remain constant, we would expect the fair value of our debt to decrease, similar to how the price of a bond decreases as interest rates rise. A 1% increase in market interest rates would have resulted in a decrease in the fair value of our fixed-rate debt of approximately \$72.2 million as of March 31, 2023.

Borrowings pursuant to our Revolving Credit Facility and other variable-rate debt bear interest at rates based on the applicable reference rate plus an applicable margin, and totaled \$1.0 billion as of March 31, 2023, of which \$973.8 million was swapped to a fixed rate by our use of interest rate swaps. Taking into account the effect of our interest rate swaps, a 1% increase or decrease in interest rates would have a corresponding \$0.3 million increase or decrease in interest expense annually.

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

Foreign Currency Exchange Rate Risk

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

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

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act), that are designed to ensure that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. As of and for the quarter ended March 31, 2023, we carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures, under the supervision and with the participation of management, including our Chief Executive Officer and Chief Financial Officer. Based on the foregoing, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective and were operating at a reasonable assurance level.

Changes in Internal Control Over Financial Reporting

There have been no changes in our internal control over financial reporting during the quarter ended March 31, 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Part II – OTHER INFORMATION

Item 1. Legal Proceedings.

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

Item 1A. Risk Factors.

There have been no material changes from the risk factors set forth in our 2022 Annual Report on Form 10-K for the year ended December 31, 2022.

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

On March 14, 2023, the Company's Board of Directors approved a stock repurchase program (the "Repurchase Program"), which authorized the Company to repurchase up to \$150.0 million of the Company's common stock. These purchases could be made in the open market or through private transactions from time to time over the 12-month time period following authorization, depending on prevailing market conditions and applicable legal and regulatory requirements. The timing, manner, price and amount of any repurchases of common stock under the Repurchase Program may be determined by us in our discretion, using available cash resources. No shares of the Company's common stock were repurchased under the program.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

None.

Item 6. Exhibits

No.	Description
3.1	<u>Articles of Incorporation of Broadstone Net Lease, Inc. (filed as Exhibit 3.1 to the Corporation's Registration Statement on Form 10 filed April 24, 2017 and incorporated herein by reference)</u>
3.2	<u>Articles of Amendment of Broadstone Net Lease, Inc. (filed as Exhibit 3.1 to the Corporation's Current Report on Form 8-K filed September 18, 2020 and incorporated herein by reference)</u>
3.3	<u>Articles Supplementary of Broadstone Net Lease, Inc. (filed as Exhibit 3.2 to the Corporation's Current Report on Form 8-K filed September 18, 2020 and incorporated herein by reference)</u>
3.4	<u>Articles of Amendment of Broadstone Net Lease, Inc. (filed as Exhibit 3.3 to the Corporation's Current Report on Form 8-K filed September 18, 2020 and incorporated herein by reference)</u>
3.5	<u>Second Amended and Restated Bylaws of Broadstone Net Lease, Inc., adopted March 23, 2020 (filed as Exhibit 3.1 to the Corporation's Current Report on Form 8-K filed March 25, 2020 and incorporated herein by reference)</u>
4.1	<u>Indenture, dated as of September 15, 2021, among the Issuer, the Company and the Trustee, including the form of the Guarantee (filed as Exhibit 4.1 to the Corporation's Current Report on Form 8-K filed September 10, 2021 and incorporated herein by reference)</u>
4.2	<u>First Supplemental Indenture, dated as of September 15, 2021, among the Issuer, the Company and the Trustee, including the form of the Notes (filed as Exhibit 4.2 to the Corporation's Current Report on Form 8-K filed September 10, 2021 and incorporated herein by reference)</u>
4.3	<u>First Supplemental Indenture, dated as of September 15, 2021, by and among Broadstone Net Lease, Inc., Broadstone Net Lease, LLC and U.S. Bank National Association, as trustee, including the form of the Notes (filed as Exhibit 4.2 to the Company's Current Report on Form 8-K filed September 15, 2021 and incorporated by reference)</u>
10.1	<u>Second Amended and Restated Operating Agreement of Broadstone Net Lease, LLC, dated September 21, 2020 (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed September 21, 2020 and incorporated by reference)</u>
10.2	<u>Director Compensation and Stock Ownership Policy, effective as of May 5, 2022</u>
10.3	<u>Form of Indemnification Agreement, between Broadstone Net Lease, Inc. and each of its officers and directors (filed as Exhibit 10.25 to the Company's Registration Statement on Form 10 filed April 24, 2017 and incorporated by reference)</u>
10.4	<u>Note and Guaranty Agreement, dated March 16, 2017, for 4.84% Guaranteed Senior Notes due April 18, 2027, by and among Broadstone Net Lease, Inc., Broadstone Net Lease, LLC, and the purchasers party thereto (filed as Exhibit 10.23 to the Company's Registration Statement on Form 10 filed April 24, 2017 and incorporated by reference)</u>
10.5	<u>Revolving Credit and Term Loan Agreement, dated as of June 23, 2017, by and among Broadstone Net Lease, LLC, Broadstone Net Lease, Inc., Manufacturers and Traders Trust Company, as administrative agent, and the lenders party thereto (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed June 29, 2017, and incorporated by reference)</u>
10.6	<u>Consent and Agreement Regarding Commitment Increases and Additional Term Loans, dated as of November 20, 2017, by and among Broadstone Net Lease, Inc., Broadstone Net Lease, LLC, Manufacturers and Traders Trust Company, as administrative agent, and the lenders party thereto (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed November 27, 2017, and incorporated by reference)</u>
10.7	<u>First Amendment Regarding Commitment Increases, dated February 28, 2019, by and among Broadstone Net Lease, Inc., Broadstone Net Lease, LLC, Manufacturers and Traders Trust Company and the other parties thereto (filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed March 5, 2019, and incorporated by reference)</u>
10.8	<u>Second Amendment to Revolving Credit and Term Loan Agreement, dated as of July 1, 2019, by and among Broadstone Net Lease, Inc., Broadstone Net Lease, LLC, Manufacturers and Traders Trust Company, and other parties thereto (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed July 3, 2019, and incorporated by reference)</u>
10.9	<u>Third Amendment to Revolving Credit and Term Loan Agreement, dated as of September 21, 2020, by and among Broadstone Net Lease, Inc., Broadstone Net Lease, LLC, Manufacturers and Traders Trust Company, and other parties thereto (filed as Exhibit 10.4 to the Company's Current Report on Form 8-K filed September 21, 2020, and incorporated by reference)</u>
10.10	<u>Fourth Amendment to Revolving Credit and Term Loan Agreement, dated as of March 31, 2022, by and among Broadstone Net Lease, Inc., Broadstone Net Lease, LLC, Manufacturers and Traders Trust Company, and other parties thereto (filed as Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q filed May 5, 2022 and incorporated by reference)</u>

- 10.11 [Note and Guaranty Agreement, dated July 2, 2018, for 5.09% Series B Guaranteed Senior Notes due July 2, 2028 and 5.19% Series C Guaranteed Senior Notes due July 2, 2030, by and among Broadstone Net Lease, Inc., Broadstone Net Lease, LLC, and the purchasers party thereto \(filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed July 6, 2018, and incorporated by reference\)](#)
- 10.12 [Term Loan Agreement, dated February 27, 2019, by and among Broadstone Net Lease, Inc., Broadstone Net Lease, LLC, Capital One, National Association, and the other parties thereto \("Capital One Term Loan Agreement"\) \(filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed March 5, 2019, and incorporated by reference\)](#)
- 10.13 [Guaranty, dated February 27, 2019, by Broadstone Net Lease, Inc., in favor of Capital One, National Association \(filed as Exhibit 10.3 to the Company's Current Report on Form 8-K filed March 5, 2019, and incorporated by reference\)](#)
- 10.14 [First Amendment to Capital One Term Loan Agreement, dated July 1, 2019, by and among Broadstone Net Lease, Inc., Broadstone Net Lease, Capital One, National Association, and the other parties thereto \(filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed November 12, 2019, and incorporated by reference\)](#)
- 10.15 [Second Amendment to Capital One Term Loan Agreement, dated September 21, 2020, by and among Broadstone Net Lease, Inc., Broadstone Net Lease, Capital One, National Association, and the other parties thereto \(filed as Exhibit 10.3 to the Company's Current Report on Form 8-K filed September 21, 2020, and incorporated by reference\)](#)
- 10.16 [Third Amendment to Capital One Term Loan Agreement, dated March 12, 2021, by and among Broadstone Net Lease, Inc., Broadstone Net Lease, Capital One, National Association, and the other parties thereto \(filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed March 18, 2021 and incorporated by reference\)](#)
- 10.17 [Fourth Amendment to Capital One Term Loan Agreement, dated March 31, 2022, by and among Broadstone Net Lease, Inc., Broadstone Net Lease, Capital One, National Association, and the other parties thereto \(filed as Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q filed May 5, 2022 and incorporated by reference\)](#)
- 10.18 [Term Loan Agreement, dated February 7, 2020, by and among Broadstone Net Lease, LLC, Broadstone Net Lease, Inc., JPMorgan Chase Bank, N.A., and the other lenders party thereto \(filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed February 7, 2020 and incorporated by reference\)](#)
- 10.19 [Guaranty, dated February 7, 2020, by Broadstone Net Lease, Inc. in favor of JPMorgan Chase Bank, N.A \(filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed February 7, 2020 and incorporated by reference\)](#)
- 10.20 [Amendment No.1 to Term Loan Agreement, dated September 21, 2020, by and among Broadstone Net Lease, Inc., Broadstone Net Lease, LLC, JP Morgan Chase Bank, N.A., as administrative agent, and the other lenders party thereto \(filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed September 21, 2020 and incorporated by reference\)](#)
- 10.21 [Revolving Credit Agreement, dated as of September 4, 2020, by and among Broadstone Net Lease, LLC, Broadstone Net Lease, Inc., JPMorgan Chase Bank, N.A., as administrative agent, and the lenders party thereto \(filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed September 11, 2020 and incorporated by reference\)](#)
- 10.22 [Guaranty, dated September 4, 2020, by Broadstone Net Lease, Inc. in favor of JPMorgan Chase Bank, N.A \(filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed September 11, 2020 and incorporated by reference\)](#)
- 10.23 [Amended and Restated Revolving Credit Agreement, dated as of January 28, 2022, by and among, Broadstone Net Lease, LLC, Broadstone Net Lease, Inc., JPMorgan Chase Bank, N.A., as administrative agent, and the lenders party thereto \(filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed February 3, 2022 and incorporated by reference\)](#)
- 10.24 [Guaranty, dated January 28, 2022, by Broadstone Net Lease, Inc. in favor of JPMorgan Chase Bank, N.A \(filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed February 3, 2022 and incorporated by reference\)](#)
- 10.25 [Term Loan Credit Agreement, dated as of August 1, 2022, by and among Broadstone Net Lease, Inc., Broadstone Net Lease, LLC, Regions Bank, as administrative agent, and the lender parties thereto \(filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed August 3, 2022 and incorporated by reference\)](#)
- 10.26 [Guaranty, dated August 1, 2022, by Broadstone Net Lease, Inc. in favor of Regions Bank \(filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed August 3, 2022 and incorporated by reference\)](#)
- 10.27 [Tax Protection Agreement, dated February 7, 2020, by and among Broadstone Net Lease, Inc., Broadstone Net Lease, LLC, and the persons named therein \(filed as Exhibit 10.3 to the Company's Current Report on Form 8-K filed February 7, 2020 and incorporated by reference\)](#)
- 10.28 [Registration Rights Agreement, dated February 7, 2020, between Broadstone Net Lease, Inc. and the persons named therein \(filed as Exhibit 10.4 to the Company's Current Report on Form 8-K filed February 7, 2020 and incorporated by reference\)](#)

10.29+	<u>Amended and Restated Employment Agreement, effective February 7, 2020, by and among Broadstone Net Lease, Inc., Broadstone Net Lease, LLC, Broadstone Employee Sub, LLC, and John D. Moragne (filed as Exhibit 10.10 to the Company's Current Report on Form 8-K filed February 7, 2020 and incorporated by reference)</u>
10.30+*	<u>First Amended and Restated Employment Agreement, dated January 10, 2023 and effective February 28, 2023, by and among Broadstone Net Lease, Inc., Broadstone Net Lease, LLC, Broadstone Employee Sub, LLC, and John D. Moragne</u>
10.31+	<u>Amended and Restated Employment Agreement, effective February 7, 2020, by and among Broadstone Net Lease, Inc., Broadstone Net Lease, LLC, Broadstone Employee Sub, LLC, and Ryan M. Albano (filed as Exhibit 10.8 to the Company's Current Report on Form 8-K filed February 7, 2020 and incorporated by reference)</u>
10.32+*	<u>First Amended and Restated Employment Agreement, dated January 10, 2023 and effective February 28, 2023, by and among Broadstone Net Lease, Inc., Broadstone Net Lease, LLC, Broadstone Employee Sub, LLC, and Ryan M. Albano</u>
10.33+*	<u>Severance Protection Agreement, dated January 10, 2023 and effective February 28, 2023, by and among Broadstone Net Lease, Inc., Broadstone Net Lease, LLC, Broadstone Employee Sub, LLC, and Kevin M. Fennell</u>
10.34+*	<u>Chief Executive Officer Transition Agreement, dated January 10, 2023, by and among Broadstone Net Lease, Inc., Broadstone Net Lease, LLC, Broadstone Employee Sub, LLC, and Christopher J. Czarniecki</u>
10.35	<u>Broadstone Net Lease, Inc. 2020 Omnibus Equity and Incentive Plan, dated August 4, 2020 (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed August 4, 2020 and incorporated by reference)</u>
10.36	<u>Form of Broadstone Net Lease, Inc. 2020 Omnibus Equity and Incentive Plan Restricted Stock Unit Award Agreement (filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed August 4, 2020 and incorporated by reference)</u>
10.37	<u>Broadstone Net Lease, Inc. Change in Control Severance Protection Policy (filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed August 4, 2022 and incorporated by reference)</u>
21.1*	<u>List of Subsidiaries of Broadstone Net Lease, Inc.</u>
31.1*	<u>Certification of Chief Executive Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u>
31.2*	<u>Certification of Chief Financial Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u>
32.1*†	<u>Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u>
32.2*†	<u>Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u>
101.INS	Inline XBRL Instance Document – the instance document does not appear in Interactive Data File because its XBRL tags are embedded within the Inline XBRL Document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Filed herewith.

+ Management contract or compensatory plan or arrangement.

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

SIGNATURES

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

BROADSTONE NET LEASE, INC.

Date: May 4, 2023

/s/ John D. Moragne

John D. Moragne

Chief Executive Officer

Date: May 4, 2023

/s/ Kevin M. Fennell

Kevin M. Fennell

Executive Vice President and Chief Financial Officer

**FIRST AMENDMENT TO
AMENDED AND RESTATED
EMPLOYMENT AGREEMENT**

This AMENDMENT (the "Amendment"), by and between Broadstone Net Lease, Inc., a Maryland corporation (the "REIT"), Broadstone Net Lease, LLC, a New York limited liability company (the "Operating Company"), and the Operating Company's subsidiary, Broadstone Employee Sub, LLC, a New York limited liability company ("REIT Operator") and, together with the REIT and the Operating Company, the "Company"), and John D. Moragne ("Executive") is dated as of January 10, 2023 and effective as of February 28, 2023. Capitalized terms used but not defined herein will have the meaning set forth in the Employment Agreement (as defined below).

WHEREAS, Executive and the Company entered into that certain Amended and Restated Employment Agreement, dated as of the Effective Date (as defined therein) (the "Employment Agreement"); and

WHEREAS, Executive and the Company now wish to amend the Employment Agreement as provided herein.

NOW THEREFORE, in consideration of the mutual covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Section 1(b). The first sentence of Section 1(b) is amended and restated, as follows:

The term of employment under this Agreement will commence on the date of the Closing (as defined in that certain Agreement and Plan of Merger between the REIT, the Operating Company, Broadstone Real estate, LLC, a New York limited liability company, and the other parties thereto, dated as of November 11, 2019) (the "Effective Date") and continue through December 31, 2026 (the "Term" or "Term of Employment"), unless the Agreement is terminated sooner in accordance with Section 4 hereof.

2. Section 2. Sections 2(a), 2(b), and 2(c) are amended and restated as follows:

(a) During the Term of Employment, Executive will be employed by the REIT Operator and will serve as the Chief Executive Officer, reporting directly to the Board of Directors of the REIT (the "Board of Directors" or the "Board"). In this capacity, Executive shall have the duties, authorities and responsibilities as are required by Executive's position commensurate with the duties, authorities and responsibilities of persons in similar capacities in similarly sized companies, and such other duties, authorities and responsibilities as may reasonably be assigned to Executive as the Board shall designate from time to time that are not inconsistent with Executive's position and that are consistent with the bylaws of the REIT, the limited liability company agreement of the Operating Company, and the limited liability company agreement of REIT Operator, each as may be amended from time to time, including, but not limited to, managing the affairs of the Company.

(b) During the Term of Employment, Executive will, without additional compensation, also serve on the board of directors of, serve as an officer of, and/or perform such executive and consulting services for, or on behalf of, such subsidiaries of the REIT as the Board may, from time to time, request.

(c) During the Term of Employment, Executive will serve the Company faithfully, diligently, and to the best of Executive's ability and will devote substantially all of Executive's business time and attention to the performance of Executive's duties hereunder, and shall have no other employment (unless approved by the Board); *provided, that*, nothing contained herein shall prohibit Executive from (i) participating in trade associations or industry organizations in furtherance of the Company's interests, (ii) engaging in charitable, civic, educational or political activities, (iii) engaging in passive personal investment activities for Executive and Executive's family or (iv) accepting directorships or similar positions, subject to approval in advance by the Board, which approval shall not be unreasonably withheld (together, the "Personal Activities"), in each case so long as the Personal Activities do not unreasonably interfere, individually or in the aggregate, with the performance of Executive's duties to the Company under this Agreement or violate the restrictive covenants set forth in Section 6 of this Agreement.

3. Section 3(a). The first sentence of Section 3(a) is amended and restated as follows:

During the Term of Employment, Executive will be entitled to receive an annualized base salary (the "Base Salary") of not less than \$600,000.

4. Section 3(b)(i). The second sentence of Section 3(b)(i) is amended and restated as follows:

Commencing with calendar year 2023, Executive's target Annual Bonus shall be at least one hundred and twenty percent (120)% of Executive's Base Salary ("Target Bonus").

5. Section 3(b)(ii).

a. The third sentence of Section 3(b)(ii) is amended and restated as follows:

Without limiting the foregoing, the target grant date fair value of Executive's annual long-term incentive award with respect to calendar year 2023 shall be \$2,000,000 ("Target LTIP Value").

b. References to the "2020 Time-Based Award" and "2020 Performance-Based Award" are amended to refer to the "2023 Time-Based Award" and "2023 Performance-Based Award," respectively.

6. Section 4(d)(ii)(1). The first sentence of Section 4(d)(ii)(1) is amended and restated as follows:

The REIT Operator shall pay Executive a cash amount equal to two (2) times, if the Qualifying Termination occurs outside the Change-in-Control Window (as defined herein), or three (3) times, if the Qualifying Termination occurs within the Change in Control Window, the sum of (A) Executive's then-current Base Salary and (B) Executive's then-current Target Bonus.

7. Except as expressly amended hereby, the Employment Agreement will remain in full force and effect in accordance with its original terms.

8. This Amendment may be executed by .pdf or electronic signatures in any number of counterparts, each of which will be deemed an original, but all such counterparts will together constitute one and the same instrument.

[Signature Page Follows]

3 of NUMPAGES * MERGEFORMAT 4

IF = IF 3 = 1 1 00 * IF COMPARE SECTION 1 = "1" 1 = 1 1 010 = 1 DOCPROPERTY "CUS_DocIDChunk0" 32050847.v3

IN WITNESS WHEREOF, the parties have executed this Amendment on the date and year first above written.

BROADSTONE NET LEASE, INC.

By: /s/ John D. Callan Jr.
Name: John D. Callan, Jr.
Its: SVP, General Counsel and Secretary

BROADSTONE NET LEASE, LLC

By: Broadstone Net Lease, Inc.
Its: Managing Member

By: /s/ John D. Callan Jr.
Name: John D. Callan, Jr.
Its: SVP, General Counsel and Secretary

BROADSTONE EMPLOYEE SUB, LLC

By: Broadstone Net Lease, LLC
Its: Manager

By: Broadstone Net Lease, Inc.
Its: Managing Member

By: /s/ John D. Callan Jr.
Name: John D. Callan, Jr.
Its: SVP, General Counsel and Secretary

EXECUTIVE

/s/ John D. Moragne
John D. Moragne

[Signature Page to First Amendment to Employment Agreement]

**FIRST AMENDMENT TO
AMENDED AND RESTATED
EMPLOYMENT AGREEMENT**

This AMENDMENT (the "Amendment"), by and between Broadstone Net Lease, Inc., a Maryland corporation (the "REIT"), Broadstone Net Lease, LLC, a New York limited liability company (the "Operating Company"), and the Operating Company's subsidiary, Broadstone Employee Sub, LLC, a New York limited liability company ("REIT Operator") and, together with the REIT and the Operating Company, the "Company"), and Ryan M. Albano ("Executive") is dated as of January 10, 2023 and effective as of February 28, 2023. Capitalized terms used but not defined herein will have the meaning set forth in the Employment Agreement (as defined below).

WHEREAS, Executive and the Company entered into that certain Amended and Restated Employment Agreement, dated as of the Effective Date (as defined therein) (the "Employment Agreement"); and

WHEREAS, Executive and the Company now wish to amend the Employment Agreement as provided herein.

NOW THEREFORE, in consideration of the mutual covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Section 1(b). The first sentence of Section 1(b) is amended and restated, as follows:

The term of employment under this Agreement will commence on the date of the Closing (as defined in that certain Agreement and Plan of Merger between the REIT, the Operating Company, Broadstone Real estate, LLC, a New York limited liability company, and the other parties thereto, dated as of November 11, 2019) (the "Effective Date") and continue through December 31, 2026 (the "Term" or "Term of Employment"), unless the Agreement is terminated sooner in accordance with Section 4 hereof.

2. Section 2. The first sentence of Section 2(a) is amended and restated as follows:

(a) During the Term of Employment, Executive will be employed by the REIT Operator and will serve as the President and Chief Operating Officer of the REIT, reporting directly to the Chief Executive Officer of the REIT.

3. Section 3(a). The first sentence of Section 3(a) is amended and restated as follows:

During the Term of Employment, Executive will be entitled to receive an annualized base salary (the "Base Salary") of not less than \$500,000.

4. Section 3(b)(ii).

- a. The third sentence of Section 3(b)(ii) is amended and restated as follows:

Without limiting the foregoing, the target grant date fair value of Executive's annual long-term incentive award with respect to calendar year 2023 shall be \$1,500,000 ("Target LTIP Value").

- b. References to the "2020 Time-Based Award" and "2020 Performance-Based Award" are amended to refer to the "2023 Time-Based Award" and "2023 Performance-Based Award," respectively.

5. Except as expressly amended hereby, the Employment Agreement will remain in full force and effect in accordance with its original terms.

6. This Amendment may be executed by .pdf or electronic signatures in any number of counterparts, each of which will be deemed an original, but all such counterparts will together constitute one and the same instrument.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed this Amendment on the date and year first above written.

BROADSTONE NET LEASE, INC.

By: /s/ John D. Callan Jr.
Name: John D. Callan, Jr.
Its: SVP, General Counsel and Secretary

BROADSTONE NET LEASE, LLC

By: Broadstone Net Lease, Inc.
Its: Managing Member

By: /s/ John D. Callan Jr.
Name: John D. Callan, Jr.
Its: SVP, General Counsel and Secretary

BROADSTONE EMPLOYEE SUB, LLC

By: Broadstone Net Lease, LLC
Its: Manager

By: Broadstone Net Lease, Inc.
Its: Managing Member

By: /s/ John D. Callan Jr.
Name: John D. Callan, Jr.
Its: SVP, General Counsel and Secretary

EXECUTIVE

/s/ Ryan M. Albano
Ryan M. Albano

[Signature Page to First Amendment to Employment Agreement]

SEVERANCE PROTECTION AGREEMENT

THIS SEVERANCE PROTECTION AGREEMENT (this “Agreement”) by and among Broadstone Net Lease, Inc., a Maryland corporation (the “REIT”), Broadstone Net Lease, LLC, a New York limited liability company (the “Operating Company”), and the Operating Company’s subsidiary, Broadstone Employee Sub, LLC, a New York limited liability company (“REIT Operator” and, together with the REIT and the Operating Company, the “Company”), and Kevin M. Fennell (“Executive”) is dated as of January 10, 2023 and effective as of February 28, 2023 (the “Effective Date”).

WHEREAS, the Company desires to provide Executive with severance protection in connection with certain termination of employment events, subject to the conditions set forth in this Agreement, and Executive desires to receive such severance protection, effective as of the Effective Date.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Termination of Employment.

(a) Termination Due to Disability. The Company may cause the REIT Operator to terminate Executive’s employment, to the extent permitted by applicable law, if Executive (i) is unable to perform the essential functions of Executive’s job, with or without reasonable accommodation, by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than six (6) months, or (ii) is, by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than six (6) months, actually receiving income replacement benefits for a period of not less than three months under an accident and health plan covering employees of the REIT Operator (“Disability”). If Executive’s employment is terminated under this Section 1(a) for Disability, then the REIT Operator shall pay or provide Executive the following:

(i) the Accrued Benefits (as defined in Section 1(h)(i) hereof);

(ii) Executive’s outstanding equity awards that are subject solely to time-based vesting conditions shall become fully vested as of Executive’s date of termination (the “Vesting Acceleration for Time-Based Equity Awards”);

(iii) the REIT Operator shall pay Executive a cash amount equal to the product of (x) Executive’s Annual Bonus for the year in which the effective date of Executive’s termination occurs, and (y) a fraction, the numerator of which is the number of days in the calendar year preceding the effective date of Executive’s termination, and the denominator of which is 365 (the “Prorated Final Year Target Bonus”). Subject to Section 18, the Prorated Final Year Target Bonus shall be paid in a single lump sum with the first payroll date to occur after the sixtieth (60th) day following the effective date of Executive’s termination; and

(iv) if Executive timely and properly elects to continue participation in any group medical, dental, vision and/or prescription drug plan benefits to which Executive or Executive's eligible dependents would be entitled under COBRA, then the REIT Operator shall pay Executive a monthly cash payment equal to the excess of (x) the COBRA cost of coverage for each month during the Applicable Benefits Payment Period (as defined in Section 1(h)(i) hereof) over (y) the amount that Executive would have had to pay for such coverage if Executive had remained employed by the REIT Operator during the Applicable Benefits Payment Period and paid the active employee rate for such coverage, less withholding for taxes and other similar items (the "Benefits Payments"), paid in accordance with the normal payroll practice of the REIT Operator during the Applicable Benefits Payment Period beginning within sixty (60) days following the effective date of Executive's termination (with the first payment to include any payments that would have been made during such sixty (60) day period if payments had commenced on the effective date of Executive's termination).

Otherwise, the Company shall have no further liability or obligation under this Agreement to Executive. For the avoidance of doubt, Executive's outstanding equity awards that are subject to performance-based vesting conditions shall be treated in accordance with the terms of the applicable award agreement.

(b) Termination Due to Death. Executive's employment shall terminate automatically upon Executive's death. If Executive's employment is terminated because of Executive's death, then the REIT Operator shall pay or provide Executive's executor, legal representative, administrator or designated beneficiary, as applicable, the following:

- (i) the Accrued Benefits;
- (ii) the Vesting Acceleration for Time-Based Equity Awards;
- (iii) the Prorated Final Year Target Bonus; and

(iv) if Executive's eligible dependents timely and properly elect to continue participation in any group medical, dental, vision and/or prescription drug plan benefits pursuant to COBRA, then such dependents shall be entitled to receive the Benefits Payments (collectively or on a pro rata basis) during the Applicable Benefits Payment Period, less withholding for taxes and other similar items, paid in accordance with the normal payroll practice of the REIT Operator during the Applicable Benefits Payment Period beginning within sixty (60) days following the effective date of Executive's termination (with the first payment to include any payments that would have been made during such sixty (60) day period if payments had commenced on the effective date of Executive's termination).

Otherwise, the Company shall have no further liability or obligation under this Agreement to Executive's executors, legal representatives, administrators, heirs or assigns or any other person claiming under or through Executive. For the avoidance of doubt, Executive's outstanding equity awards that are subject to performance-based vesting conditions shall be treated in accordance with the terms of the applicable award agreement.

(c) Termination by the Company Without Cause or by Executive for Good Reason. The Company may cause the REIT Operator to terminate Executive's employment immediately at any time without Cause (as defined in Section 1(h)(i) hereof), and Executive may terminate Executive's employment by resigning for Good Reason (as defined in Section 1(h)(i) hereof) upon not less than sixty (60) days' prior written notice of such resignation to the REIT Operator. Upon any such termination of Executive's employment without Cause or for Good Reason (each, a "Qualifying Termination"), the REIT Operator shall pay or provide Executive with the following:

(i) the Accrued Benefits; and

(ii) if Executive signs a general release of claims in favor of the Company substantially in the form attached hereto as Exhibit A, and subject to the expiration of any applicable or legally required revocation period, all within sixty (60) days after the effective date of termination (the "Release Requirement");

(1) the REIT Operator shall pay Executive a cash amount equal to one and one-half (1.5) times, if the Qualifying Termination occurs outside the Change-in-Control Window (as defined herein), or two (2) times, if the Qualifying Termination occurs within the Change in Control Window, the sum of (A) Executive's then-current Base Salary and (B) Executive's then-current Annual Bonus. Subject to Section 18, the amount payable pursuant to this Section 1(c)(ii)(1) shall be paid in a single lump sum with the first payroll date to occur after the sixtieth (60th) day following the effective date of Executive's termination;

(2) the Prorated Final Year Target Bonus, payable in a single lump sum with the first payroll date to occur after the sixtieth (60th) day following the effective date of Executive's termination;

(3) the Vesting Acceleration for Time-Based Equity Awards; and

(4) if Executive timely and properly elects to continue participation in any group medical, dental, vision and/or prescription drug plan benefits to which Executive or Executive's eligible dependents would be entitled under COBRA, then Executive shall be entitled to receive the Benefits Payments during the Applicable Benefits Payment Period, less withholding for taxes and other similar items, paid in accordance with the normal payroll practice of the REIT Operator during the Applicable Benefits Payment Period beginning within sixty (60) days following the effective date of Executive's termination (with the first payment to include any payments that would have been made during such sixty (60) day period if payments had commenced on the effective date of Executive's termination).

Otherwise, the Company shall have no further liability or obligation under this Agreement to Executive. For the avoidance of doubt, Executive's outstanding equity awards that are subject to performance-based vesting conditions shall be treated in accordance with the terms of the applicable award agreement.

(d) Termination by the Company for Cause. The Company may cause the REIT Operator to terminate Executive's employment at any time for Cause pursuant to the provisions of Section 1(h)(i) hereof, in which event as of the effective date of such termination all payments and benefits under this Agreement shall cease and all then unvested awards or benefits shall be forfeited, except that the REIT Operator shall pay or provide to Executive the Accrued Benefits (with the exception of any earned but unpaid Annual Bonus). Otherwise, the Company shall have no further liability or obligation under this Agreement to Executive.

(e) Voluntary Termination by Executive without Good Reason. Executive may voluntarily terminate Executive's employment without Good Reason upon sixty (60) days' prior written notice. In any such event, after the effective date of such termination, no further payments or benefits shall be due under this Agreement and all then unvested awards or benefits shall be forfeited, except that the REIT Operator shall pay or provide to Executive the Accrued Benefits. Otherwise, the Company shall have no further liability or obligation under this Agreement to Executive.

(f) Notice of Termination. Any termination of Executive's employment shall be communicated by a written notice of termination to the other parties hereto given in accordance with Section 8 and shall specify the termination date in accordance with the requirements of this Agreement.

(g) Resignation of All Other Positions. Upon termination of Executive's employment for any reason, Executive shall be deemed to have resigned from all positions that Executive holds as an officer of the Company or any affiliate of the Company, and from all positions that Executive holds as a member of the Board of Directors (or a committee thereof) or the board of directors (or a committee thereof) of any subsidiary or affiliate of the REIT, unless otherwise mutually agreed with the Board of Directors, and shall take all actions reasonably requested by the Company to effectuate the foregoing.

(h) General Provisions; Definitions.

(i) For purposes of this Agreement, "Accrued Benefits" shall mean: (1) any unpaid Base Salary and accrued but unused vacation and/or paid time off (determined in accordance with the REIT Operator's policy) through the date of termination (paid in cash within 30 days, or such shorter period required by applicable law, following the effective date of termination), (2) reimbursement for all necessary, customary and usual business expenses and fees incurred and paid by Executive prior to the effective date of termination (payable in accordance with the REIT Operator's expense reimbursement policy), (3) vested benefits, if any, to which Executive may be entitled under the REIT Operator's employee benefit plans (payable in accordance with the applicable employee benefit plan), and (4) any Annual Bonus under the Company's annual bonus or incentive compensation program as in effect from time to time that is earned by Executive but unpaid as of the effective date of termination.

(ii) During any notice period required under Section 1, (A) Executive shall remain employed by the REIT Operator and shall continue to be bound by all the terms of this Agreement and any other applicable duties and obligations to the Company, (B) the REIT Operator may direct Executive not to report to work, and (C) Executive shall only undertake such actions on behalf of the Company, consistent with Executive's position, as expressly directed by the Board of Directors.

(iii) For purposes of this Agreement, "Annual Base Salary," shall mean Executive's stated annual compensation without regard to any bonus, perquisite or other benefits.

(iv) For purposes of this Agreement, "Annual Bonus" means the annual target bonus to which Executive is eligible under the Company's annual bonus or incentive compensation program as in effect from time to time.

(v) For purposes of this Agreement, "Cause" shall mean any of the following:

(1) conduct by Executive that amounts to willful misconduct, gross neglect, or a material refusal to perform Executive's duties and responsibilities, which conduct, if susceptible to a cure in the reasonable discretion of the REIT Operator, remains uncured for ten (10) business days following delivery of a written notice to Executive setting forth the nature of such conduct;

(2) any willful violation of any material law, rule, or regulation applicable to the Company generally;

(3) Executive's material violation of any material written policy, board committee charter, or code of ethics or business conduct (or similar code) of the Company to which Executive is subject, which violation, if susceptible to a cure in the reasonable discretion of the REIT Operator, remains uncured for ten (10) business days following delivery of a written notice to Executive setting forth the nature of such violation;

(4) any act of fraud, misappropriation, or embezzlement by Executive, whether or not such act was committed in connection with the business of the Company;

(5) a material breach of any contractual obligations, or any breach of fiduciary duties owed by Executive to the Company (which breach, if susceptible to a cure in the reasonable discretion of the REIT Operator, remains uncured for ten (10) business days following delivery of a written notice to Executive setting forth the nature of such breach);

(6) Executive's charge with, indictment for, conviction of, or entry of a plea of guilty or nolo contendere or no contest with respect to: (X) any felony, or any misdemeanor involving dishonesty or moral turpitude (including pleading guilty or nolo contendere to a felony or lesser charge which results from plea bargaining), whether or not such felony, crime or lesser offense is connected with the business of the Company, or (Y) any crime connected with the business of the Company; or

(7) Executive's deliberate misrepresentation in connection with, or willful failure to cooperate with, a bona fide internal investigation or an investigation by regulatory or law enforcement authorities, after being instructed by the Company to cooperate, or the willful destruction or failure to preserve documents or other materials known to be relevant to such investigation or the willful inducement of others to fail to cooperate or to produce documents or other materials as reasonably requested by the Company or its legal counsel.

No action or inaction shall be treated as willful unless done or not done in bad faith or without a reasonable belief it was in the best interests of the Company or any of its affiliates. Any action or inaction based upon the advice of counsel to the Company (or any of its affiliates) or the direction of the Board shall not be treated as Cause.

(vi) For purposes of this Agreement, "Change in Control" means and includes the occurrence of any one of the following events:

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

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

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

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

(vii) For purposes of this Agreement, “Change-in-Control Window” shall mean the period starting on the date that is three (3) months prior to a Change in Control and ending on the date that is twelve (12) months following a Change in Control.

(viii) For purposes of this Agreement, “Good Reason” shall mean, without Executive’s express written consent:

(1) a material diminution in Executive’s title, position, authority, duties, or responsibilities;

- Executive is required to report;
- (2) a material diminution in the authority, duties, or responsibilities of the supervisor to whom
 - (3) a material diminution in Executive's Base Salary or Annual Bonus;
 - (4) a willful and material breach by the Company of this Agreement; or
 - (5) the relocation (without the written consent of Executive) of Executive's principal place of employment by more than thirty-five (35) miles.

Notwithstanding the foregoing, (I) Good Reason shall not be deemed to exist unless notice of termination on account thereof is given no later than ninety (90) days after the time at which Executive has knowledge that the event or condition purportedly giving rise to Good Reason first occurs or arises, (II) if there exists an event or condition that constitutes Good Reason, the Company shall have thirty (30) days from the date notice of such termination is received to cure such event or condition and, if the Company does so, such event or condition shall not constitute Good Reason hereunder and (III) Executive provides written notice of termination with Good Reason within sixty (60) days following the Company's failure to cure such event or condition.

(ix) For purposes of this Agreement, the "Applicable Benefits Payment Period" shall begin on the effective date of Executive's termination, or, in the case of Executive's death, the effective date of COBRA continuation coverage for Executive's eligible dependents under the REIT Operator's group health plans, and shall end on the date that is twelve (12) months following the effective date of Executive's termination by reason of Executive's death or Disability, or the date that is twenty-four (24) months following the effective date of Executive's Qualifying Termination, as applicable. Notwithstanding the foregoing, the Applicable Benefits Payment Period shall end immediately upon Executive becoming eligible to receive group health benefits under a program of a subsequent employer or otherwise (including coverage available to Executive's spouse).

(x) The REIT Operator-paid portion of the monthly premium Benefits Payments shall be determined in accordance with Section 4980B of the Internal Revenue Code of 1986, as amended (the "Code") and the regulations thereunder, and shall be treated as taxable compensation by including such amount in Executive's income in accordance with applicable rules and regulations. Any Benefits Payments made to the Executive's eligible dependents shall be treated as taxable compensation by including such amount in the eligible dependents' income and withholding from such amounts in accordance with applicable rules and regulations.

(xi) The parties agree that a termination of Executive's employment pursuant to this Section 1 will not be a breach of this Agreement and does not relieve either party of its other obligations hereunder.

2. Code Section 280G.

(a) Treatment of Payments. Notwithstanding anything in this Agreement or any other plan, arrangement or agreement to the contrary, in the event that an accounting firm or a nationally recognized tax firm specializing in Code Section 280G calculations which shall be designated by the Company prior to a Change in Control with Executive's written consent (which consent shall not be unreasonably withheld) (the "Accounting Firm") shall determine that any payment or benefit received or to be received by Executive from the Company or any of its affiliates or from any person who effectuates a change in control or effective control of the Company or any of such person's affiliates (whether pursuant to the terms of this Agreement or any other plan, arrangement or agreement) (all such payments and benefits, the "Total Payments") would fail to be deductible under Section 280G of the Code or otherwise would be subject (in whole or part) to the excise tax imposed by Section 4999 of the Code (the "Excise Tax"), then the payments or benefits to be received by Executive that are subject to Section 280G or 4999 of the Code shall be reduced to the extent necessary so that no portion of the Total Payments is subject to the Excise Tax, but such reduction shall occur if and only to the extent that the net amount of such Total Payments, as so reduced (and after subtracting the net amount of federal, state and local income taxes, and employment, Social Security and Medicare taxes on such reduced Total Payments), is greater than or equal to the net amount of such Total Payments without such reduction (but after subtracting the net amount of federal, state and local income taxes and employment, Social Security and Medicare taxes on such Total Payments and the amount of Excise Tax (or any other excise tax) to which Executive would be subject in respect of such unreduced Total Payments). For purposes of this Section 2(a), the above tax amounts shall be determined by the Accounting Firm, applying the highest marginal rate under Section 4 of the Code and under state and local laws which applied (or is likely to apply) to Executive's taxable income for the tax year in which the transaction which causes the application of Section 280G or 4999 of the Code occurs, or such other rate(s) as the Accounting Firm determines to be likely to apply to Executive in the relevant tax year(s) in which any of the Total Payments is expected to be made. If the Accounting Firm determines that Executive would not retain a larger amount on an after-tax basis if the Total Payments were so reduced, then Executive shall retain all of the Total Payments.

(b) Ordering of Reduction. In the case of a reduction in the Total Payments pursuant to Section 2(a), the Total Payments will be reduced in the following order: (A) payments that are payable in cash (and that are not deferred compensation within the meaning of Section 409A of the Code) that are valued at full value under Treasury Regulation Section 1.280G-1, Q&A 24(a) will be reduced (if necessary, to zero), with amounts that are payable last reduced first; (B) payments and benefits due in respect of any equity valued at full value under Treasury Regulation Section 1.280G-1, Q&A 24(a) (and that are not deferred compensation within the meaning of Section 409A of the Code), with the highest values reduced first (as such values are determined under Treasury Regulation Section 1.280G-1, Q&A 24) will next be reduced; (C) payments that are payable in cash (and that are not deferred compensation within the meaning of Section 409A of the Code) that are valued at less than full value under Treasury Regulation Section 1.280G-1, Q&A 24, with amounts that are payable last reduced first, will next be reduced; (D) payments and benefits (that are not deferred compensation within the meaning of Section 409A of the Code) due in respect of any equity valued at less than full value under Treasury Regulation Section 1.280G-1, Q&A 24, with the highest values reduced first (as such values are determined under Treasury Regulation Section 1.280G-1, Q&A 24) will next be reduced; and (E) all other cash or non-cash benefits not otherwise described in above will be next reduced pro-rata with any payments or benefits that are deferred compensation within the meaning of Section 409A of the Code being reduced last.

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

(d) Additional Payments. If Executive receives reduced payments and benefits by reason of this Section 2 and it is established pursuant to a determination of a court of competent jurisdiction which is not subject to review or as to which the time to appeal has expired, or pursuant to an Internal Revenue Service proceeding, that Executive could have received a greater amount without resulting in any Excise Tax, then the Company shall thereafter pay Executive the aggregate additional amount which could have been paid without resulting in any Excise Tax as soon as reasonably practicable following such determination.

(e) Return of Materials. Executive agrees that Executive will not retain or destroy (except as set forth below), and will immediately return to the Company on or as soon as reasonably practicable following the termination date, or at any other time the Company requests such return, any and all property of the Company that is in Executive's possession or subject to Executive's control, including, but not limited to, tenant, investor, and customer files and information, papers, drawings, notes, manuals, specifications, designs, devices, code, email, documents, diskettes, CDs, tapes, keys, access cards, credit cards, identification cards, equipment, computers, mobile devices, other electronic media, all other files and documents relating to the Company and its business (regardless of form, but specifically including all electronic files and data of the Company), together with all Confidential Information and Work Product (each, as defined below) belonging to the Company or that Executive received from or through Executive's employment with the Company. Executive will not make, distribute, or retain copies of any such information or property. To the extent that Executive has electronic files or information in Executive's possession or control that belong to the Company and contain Confidential Information, or constitute Work Product (specifically including but not limited to electronic files or information stored on personal computers, mobile devices, electronic media, or in cloud storage), on or as soon as practicable following the termination date, or at any other time the Company requests, Executive shall (1) provide the Company with an electronic copy of all of such files or information (in an electronic format that readily accessible by the Company); (2) after doing so, delete all such files and information, including all copies and derivatives thereof, from all non-Company-owned computers, mobile devices, electronic media, cloud storage, and other media, devices, and equipment, such that such files and information are permanently deleted and irretrievable; and (3) provide a written certification to the Company that the required deletions have been completed. Notwithstanding the foregoing, Executive shall be permitted to retain any portions of his calendar, contacts, and personal correspondence that do not contain any Confidential Information, as well as any information reasonably needed for Executive's personal tax return preparation, provided that Executive first reasonably cooperates with the Company's IT and human resources staff to allow such staff to take reasonable steps to ensure that any documents or materials so retained by Executive do not contain any Confidential Information. For the purposes of this Agreement, (i) "Confidential Information" means any and all data and information relating to the Company, its activities, business, or clients that (1) is disclosed to Executive or of which Executive become aware as a consequence of Executive's employment with REIT Operator and services to the Company; (2) has value to the Company; and (3) is not generally known outside of the Company and (ii) "Work Product" means all discoveries, concepts, ideas, inventions, innovations, improvements, developments, methods, designs, analyses, drawings, reports, patent applications, copyrightable work and mask work (whether or not including any Confidential Information) and all registrations or applications related thereto, all other proprietary information and all similar or related information (whether or not patentable) which relate to the Company's actual or anticipated business, research and development or existing or future products or services and which were or are conceived, developed, contributed to or made or reduced to practice by Executive (whether alone or jointly with others) while employed by REIT Operator, whether before or after the date of this Agreement. For certainty, "Confidential Information" shall include, but is not limited to the following types of information regarding, related to, or concerning the Company: trade secrets (as defined by applicable law); financial plans and data; management planning information; business plans; operational methods; market studies; marketing plans or strategies; pricing information; product development techniques or plans; tenant, investor, and customer lists; tenant, investor, and customer files, data and financial information; details of tenant, investor, and customer contracts; current and anticipated tenant, investor, and customer requirements; identifying and other information pertaining to business referral sources; past, current and planned research and development; computer aided systems, software, strategies and programs; business acquisition plans; management organization and related information (including, without limitation, data and other information concerning the compensation and benefits paid to officers, directors, employees and management); personnel and compensation policies; new personnel acquisition plans; and other similar information. "Confidential Information" also includes combinations of information or materials which individually may be generally known outside of the Company, but for which the nature, method, or procedure for combining

such information or materials is not generally known outside of the Company. In addition to data and information relating to the Company, "Confidential Information" also includes any and all data and information relating to or concerning a third party that otherwise meets the definition set forth above, that was provided or made available to the Company by such third party, and that the Company has a duty or obligation to keep confidential. This definition shall not limit any definition of "confidential information" or any equivalent term under state or federal law. "Confidential Information" shall not include information that has become generally available to the public (or within the Company's industry) by the act of one who has the right to disclose such information without violating any right or privilege of the Company.

3. Executive's Cooperation. During Executive's employment with REIT Operator and following termination of such employment, Executive shall cooperate with the Company in any internal investigation, any administrative, regulatory or judicial investigation or proceeding or any dispute with a third party as reasonably requested by the Company to the extent that such investigation, proceeding or dispute may relate to matters in which Executive has knowledge as a result of Executive's employment with the Company or Executive's serving as an officer or director of the Company (including Executive being available to the Company upon reasonable notice for interviews and factual investigations, appearing at the Company's request, after reasonable notice, to give testimony without requiring service of a subpoena or other legal process, volunteering to the Company all pertinent information and turning over to the Company all relevant documents which are or may come into Executive's possession, all at times and on schedules that are reasonably consistent with Executive's other permitted activities and commitments). In the event the Company requires Executive's reasonable assistance or cooperation in accordance with this Section 3, the REIT Operator shall reimburse Executive solely for reasonable travel expenses (including lodging and meals) upon submission of receipts and for reasonable legal fees incurred by Executive to the extent Executive reasonably believes that independent counsel would be appropriate. Any such cooperation shall take into account Executive's personal and business commitments, and Executive shall not be required to cooperate against his legal interests or the legal interests of any subsequent employer.

4. Executive's Representations. Executive hereby represents and warrants to the Company that (a) the execution, delivery and performance of this Agreement by Executive does not and shall not conflict with, breach, violate or cause a default under any contract, agreement, instrument, order, judgment or decree to which Executive is a party or by which Executive is bound, (b) Executive is not a party to or bound by any employment agreement, non-compete agreement or confidentiality agreement with any other person or entity and (c) upon the execution and delivery of this Agreement by the Company, this Agreement shall be the valid and binding obligation of Executive, enforceable in accordance with its terms. Executive hereby acknowledges and represents that Executive has consulted with independent legal counsel regarding Executive's rights and obligations under this Agreement and that Executive fully understands the terms and conditions contained herein.

5. Insurance for Company's Own Behalf. The Company may, at its discretion, apply for and procure in its own name and for its own benefit life and/or disability insurance on Executive in any amount or amounts considered advisable. Executive agrees to cooperate in any medical or other examination, supply any information and execute and deliver any applications or other instruments in writing as may be reasonably necessary to obtain and constitute such insurance.

6. Withholding. The REIT Operator shall be entitled to deduct or withhold from any amounts owing from the Company to Executive any federal, state, local or foreign withholding taxes, excise tax, or employment taxes that it reasonably determines are required to be imposed with respect to Executive's compensation or other payments or benefits from the Company or Executive's ownership interest in the Company (including wages, bonuses, the receipt or exercise of equity options and/or the receipt or vesting of restricted equity).

7. Survival. The rights and obligations of the parties under this Agreement shall survive as provided herein or if necessary or desirable to accomplish the purposes of other surviving provisions following the termination of Executive's employment with the Company, regardless of the manner of or reasons for such termination.

8. Notices. All notices, requests and other communications hereunder must be in writing and will be deemed to have been duly given only if delivered personally against written receipt or mailed by prepaid first class certified mail, return receipt requested, or mailed by overnight courier prepaid, to (a) Executive at the address on file with the Company, and (b) Company at the following address:

Notices to the Company: 800 Clinton Square
 Rochester, New York 14604
 Attn: Chairman of the Board of Directors
 Chairman of the Governance Committee of the Board of Directors

Notices to Executive: Address on file with the Company

All such notices, requests and other communications will (i) if delivered personally to the address as provided in this Section 8, be deemed given on the day so delivered, or, if delivered after 5:00 p.m. local time or on a day other than a Saturday, Sunday or any day on which banks located in the State of New York are authorized or obligated to close (a "Business Day"), then on the next proceeding Business Day, (ii) if delivered by certified mail in the manner described above to the address as provided in this Section 8, be deemed given on the earlier of the third Business Day following mailing or upon receipt and (iii) if delivered by overnight courier to the address as provided for in this Section 8, be deemed given on the earlier of the first Business Day following the date sent by such overnight courier or upon receipt, in each case regardless of whether such notice, request or other communication is received by any other Person to whom a copy of such notice is to be delivered pursuant to this Section 8. Any party hereto from time to time may change its address or other information for the purpose of notices to that party by giving notice specifying such change to the other party hereto.

9. Severability. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement or any action in any other jurisdiction, but this Agreement shall be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision had never been contained herein.

10. Entire Agreement. This Agreement constitutes the entire agreement among the parties pertaining to the subject matter hereof and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of the parties. For the avoidance of doubt, Executive shall not be eligible to participate in any severance plan or program during Executive's employment with the REIT Operator to the extent such participation would result in a duplication of benefits.

11. No Strict Construction. The language used in this Agreement shall be deemed to be the language chosen by the parties hereto to express their mutual intent, and no rule of strict construction shall be applied against any party.

12. Counterparts. This Agreement may be executed in separate counterparts, each of which is deemed to be an original and all of which taken together constitute one and the same agreement.

13. Successors and Assigns. This Agreement is intended to bind and inure to the benefit of and be enforceable by Executive, the Company and their respective heirs, successors and assigns, except that Executive may not assign Executive's rights or delegate Executive's duties or obligations hereunder without the prior written consent of the Company. The Company may only assign this Agreement to a successor to all or substantially all of the business and/or assets of the Company. As used in this Agreement, "Company" shall mean the Company and any successor to its business and/or assets, which assumes and agrees to perform the duties and obligations of the Company under this Agreement by operation of law or otherwise.

14. Choice of Law. All issues and questions concerning the construction, validity, enforcement and interpretation of this Agreement and the exhibits and schedules hereto shall be governed by, and construed in accordance with, the laws of the State of New York, without giving effect to any choice-of-law or conflict-of-law rules or provisions (whether of the State of New York or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of New York.

15. Amendment and Waiver. The provisions of this Agreement may be amended or waived only with the prior written consent of the Company (as approved by the Board) and Executive, and no course of conduct or course of dealing or failure or delay by any party hereto in enforcing or exercising any of the provisions of this Agreement (including the Company's right to terminate Executive's employment for Cause) shall affect the validity, binding effect or enforceability of this Agreement or be deemed to be an implied waiver of any provision of this Agreement.

16. Consent to Jurisdiction. EACH OF THE PARTIES IRREVOCABLY SUBMITS TO THE EXCLUSIVE JURISDICTION OF THE STATE AND FEDERAL COURTS LOCATED IN THE STATE OF NEW YORK FOR THE PURPOSES OF ANY SUIT, ACTION OR OTHER PROCEEDING ARISING OUT OF THIS AGREEMENT, ANY RELATED AGREEMENT OR ANY TRANSACTION CONTEMPLATED HEREBY OR THEREBY. EACH OF THE PARTIES HERETO FURTHER AGREES THAT SERVICE OF ANY PROCESS, SUMMONS, NOTICE OR DOCUMENT BY U.S. REGISTERED MAIL, RETURN RECEIPT REQUESTED, TO SUCH PARTY'S RESPECTIVE ADDRESS SET FORTH ABOVE SHALL BE EFFECTIVE SERVICE OF PROCESS FOR ANY ACTION, SUIT OR PROCEEDING IN THE STATE OF NEW YORK WITH RESPECT TO ANY MATTERS TO WHICH IT HAS SUBMITTED TO JURISDICTION IN THIS SECTION 16. EACH OF THE PARTIES HERETO IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY OBJECTION TO THE LAYING OF VENUE OF ANY ACTION, SUIT OR PROCEEDING ARISING OUT OF THIS AGREEMENT, ANY RELATED DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY AND THEREBY IN THE STATE AND FEDERAL COURTS LOCATED IN THE STATE OF NEW YORK, AND HEREBY AND THEREBY FURTHER IRREVOCABLY AND UNCONDITIONALLY WAIVES AND AGREES NOT TO PLEAD OR CLAIM IN ANY SUCH COURT THAT ANY SUCH ACTION, SUIT OR PROCEEDING BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

17. Waiver of Jury Trial. AS A SPECIFICALLY BARGAINED-FOR INDUCEMENT FOR EACH OF THE PARTIES HERETO TO ENTER INTO THIS AGREEMENT (AFTER HAVING THE OPPORTUNITY TO CONSULT WITH COUNSEL), EACH PARTY HERETO EXPRESSLY WAIVES THE RIGHT TO TRIAL BY JURY IN ANY LAWSUIT OR PROCEEDING RELATING TO OR ARISING IN ANY WAY FROM THIS AGREEMENT OR THE MATTERS CONTEMPLATED HEREBY.

18. Section 409A.

(a) Interpretation. Notwithstanding the other provisions hereof, this Agreement is intended to comply with the requirements of Section 409A of the Code and regulations thereunder (“Section 409A”) or any exemption thereunder, to the extent applicable, and this Agreement shall be interpreted accordingly. If necessary, any provisions of this Agreement that would otherwise violate Section 409A shall be amended by the parties to comply with Section 409A; provided, that, such amendment shall endeavor to maintain the economic benefits of this Agreement. For purposes of Section 409A, each payment made under this Agreement shall be treated as a separate payment. In no event may Executive, directly or indirectly, designate the calendar year of any payment that constitutes deferred compensation for purposes of Section 409A. To the extent any payment or benefit provided under Section 1 is contingent upon Executive’s execution of the general release of claims described in Section 1(d)(ii), if such payment or benefit constitutes deferred compensation for purposes of Section 409A and the 60-day period described in Section 1(d)(ii) spans calendar years, such payment and/or benefit shall be paid or commence, as applicable, in the latter calendar year. Executive will be deemed to have a termination of employment for purposes of determining the timing of any payments or benefits hereunder that constitute deferred compensation for purposes of Section 409A only upon a “separation from service” within the meaning of Section 409A.

(b) Payment Delay. Notwithstanding any provision to the contrary in this Agreement, if on the date of Executive’s termination of employment, Executive is a “specified employee” (as such term is used in Section 409A), then any amounts payable to Executive that constitute deferred compensation for purposes of Section 409A that are payable due to Executive’s termination of employment shall be postponed and paid (without interest) to Executive in a lump sum on the date that is six (6) months and one (1) day following Executive’s “separation from service” with the Company (or any successor thereto); *provided, however*, that if Executive dies during such six-month period and prior to payment of the postponed cash amounts hereunder, the amounts delayed on account of Section 409A shall be paid to the personal representative of Executive’s estate on the sixtieth (60th) day after Executive’s death.

(c) Reimbursements. If Executive is entitled to be paid or reimbursed for any taxable expenses under this Agreement, and such payments or reimbursements are includible in Executive’s federal gross taxable income, the amount of such expenses reimbursable in any one calendar year shall not affect the amount reimbursable in any other calendar year, and the reimbursement of an eligible expense must be made no later than December 31 of the year after the year in which the expense was incurred. No right of Executive to reimbursement of expenses under this Agreement shall be subject to liquidation or exchange for another benefit.

[Signatures on following page]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed by their respective officers or agents hereunto duly authorized, all as of the date first written above.

BROADSTONE NET LEASE, INC.

By: /s/ John D. Callan Jr.
Name: John D. Callan, Jr.
Its: SVP, General Counsel and Secretary

BROADSTONE NET LEASE, LLC

By: Broadstone Net Lease, Inc.
Its: Managing Member

By: /s/ John D. Callan Jr.
Name: John D. Callan, Jr.
Its: SVP, General Counsel and Secretary

BROADSTONE EMPLOYEE SUB, LLC

By: Broadstone Net Lease, LLC
Its: Manager

By: Broadstone Net Lease, Inc.
Its: Managing Member

By: /s/ John D. Callan Jr.
Name: John D. Callan, Jr.
Its: SVP, General Counsel and Secretary

EXECUTIVE

/s/ Kevin M. Fennell
Kevin M. Fennell

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CHIEF EXECUTIVE OFFICER TRANSITION AGREEMENT

THIS CHIEF EXECUTIVE OFFICER TRANSITION AGREEMENT (this “Agreement”) is made as of January 10, 2023, by and among Broadstone Net Lease, Inc., a Maryland corporation (the “REIT”), Broadstone Net Lease, LLC, a New York limited liability company (the “Operating Company”), and the Operating Company’s subsidiary, Broadstone Employee Sub, LLC, a New York limited liability company (the “REIT Operator”) and, together with the REIT and the Operating Company, the “Company”) and Christopher J. Czarnecki (“Consultant”).

WHEREAS, Consultant has been employed by the REIT Operator as the REIT’s President and Chief Executive Officer pursuant to the terms set forth in that certain Amended and Restated Employment Agreement, dated as of the Effective Date (as defined therein), by and among the Company and Consultant (the “Employment Agreement”);

WHEREAS, Consultant has been granted Restricted Shares and RSUs (each, as defined below) pursuant to the Company’s 2020 Omnibus Equity and Incentive Plan, adopted as of August 4, 2020 (the “Plan”);

WHEREAS, the Company and Consultant mutually agree that Consultant’s employment with the REIT Operator will terminate effective as of the close of business on February 28, 2023 (the “Separation Date”); and

WHEREAS, in connection with Consultant’s termination of employment with the REIT Operator, the Company and Consultant desire to enter into an agreement containing (i) a release with respect to the Consultant’s service as an employee prior to the Separation Date and (ii) the terms and conditions pursuant to which Consultant will provide certain agreed-upon consulting services to the REIT following the Separation Date. Capitalized terms used, but not defined, herein will have the meanings given to them in the Employment Agreement.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties to this Agreement hereby agree as follows:

1. Consulting Arrangement.

(a) Services. On the Separation Date, Consultant will resign from all officer and director positions that he then holds with the Company and will resign from the Company's employ. Commencing immediately following his resignation on the Separation Date, Consultant will serve as a consultant to the REIT until the termination of this Agreement pursuant to Section 1(b) below (the "Term"). Consultant's services to the REIT will include (i) making himself reasonably available during regular business hours, and (ii) subject to Consultant's other business commitments that are not in violation of Section 6(b) of the Employment Agreement, providing advice and guidance as may be required from time to time solely at the lawful direction of the REIT's Chief Executive Officer (interim or otherwise) (the "Services"). Consultant acknowledges and agrees that he will perform the Services performed with the degree of skill, care, and diligence expected of a professional experienced in providing the same or similar services, personally and using his reasonable best efforts at all times to promote the business and interests of the Company. Consultant agrees to provide the Services to the REIT at times and locations reasonably agreed to by Consultant and the REIT. Consultant shall comply with all applicable policies and procedures of the REIT (including, without limitation, any technology use and confidentiality) to the extent in effect on the Separation Date or with respect to which he is made aware of any changes or additions to such policies and procedures following the Separation Date.

(b) Termination. The Term will continue until the earliest to occur of (i) January 31, 2024 (the "Anticipated End Date"); (ii) Consultant's resignation, (iii) Consultant's death or Disability, or (iv) the Company's termination of the consulting services for Cause (as defined in the Employment Agreement but only to the extent any such triggering events for a Cause termination remain applicable following the Separation Date) (the date of such earliest occurrence, the "Term End Date"). Except as expressly set forth in this Agreement, Consultant will not be entitled to any other compensation, benefits, or other payments or forms of remuneration, whether cash or property from the Company, upon, following, in connection with, or in any way related to the Term End Date

(c) Early Termination. Executive may resign as a consultant hereunder by providing the Company with thirty (30) days' advance written notice of his intention to terminate. Notwithstanding anything herein to the contrary, in the event of a termination by the Company for Cause or resignation by Consultant prior to the Anticipated End Date other than due to a breach of this Agreement by the Company which is not promptly cured (a "Company Breach"), then Consultant will not be entitled to any further payments or benefits from the Company, including without limitation any further payments or benefits set forth in Section 2 below. In the event of a Company Breach or Consultant's death or Disability, (i) Consultant (or his legal representative or the legal representative of his estate, as applicable) will continue to receive all compensation amounts due hereunder when otherwise payable and (ii) Consultant's outstanding equity awards described in Section 2(e)(i) hereof will accelerate and vest in full and the equity awards described in Section 2(e)(ii) will continue to remain outstanding and eligible to vest in accordance with Section 2(e)(ii).

(d) Indemnification. Consultant will (i) through the Separation Date, continue to be indemnified by the Company and covered under applicable directors' and officers' liability and errors and omissions insurance for his services prior to the Separation Date in accordance with the terms of the Employment Agreement, and (ii) be fully indemnified by the Company for his services during the Term on a basis no less favorable than he would have been indemnified had he continued to be employed in the respective capacities in which he served as an executive officer of the Company prior to the Separation Date.

(e) Waiver of Notice. The Company acknowledges and agrees that any required advance notice by Consultant pursuant to the Employment Agreement to terminate his employment with the Company is hereby waived by the Company.

2. Consulting Payments and Benefits.

(a)Consulting Fees. In consideration for the Services as described herein, the REIT Operator will pay Consultant a cash fee of \$50,000 per month during the Term (the “Consulting Fees”). The Consulting Fees shall be prorated to reflect any partial month that Consultant is engaged by the Company under this Agreement. Consultant will submit monthly invoices to the Company, if and when requested, in order to receive payment. Consultant will be issued a Form 1099 reporting these payments. The Consulting Fees will be paid to Consultant by electronic transfer to his bank account on file with the Company within five (5) business days following the end of each calendar month (or, if later, when a requested invoice, if applicable, is received by the Company).

(b)2022 Bonus. Consultant will receive his Annual Bonus (as defined in the Employment Agreement) for the 2022 calendar year, with such amount to be determined in the same manner and paid at the same time as annual bonuses for other REIT executives. Such bonus shall be paid notwithstanding whether the bonus becomes payable after the Separation Date.

(c)2023 Bonus. Consultant remains eligible to receive an Annual Bonus for the 2023 calendar year with the same threshold, target and maximum amounts as are applicable to the Annual Bonus for the 2022 calendar year (and subject to such other criteria applicable to other senior executives of the Company for the 2023 calendar year), which to the extent earned will be prorated to reflect the portion of the 2023 calendar year Consultant was employed prior to the Separation Date, and will be determined in the same manner and paid at the same time in 2024 as annual bonuses to other REIT executives. For the avoidance of doubt, Consultant’s entitlement to such bonus shall be based solely on his remaining employed by the Company through the Separation Date and shall not be affected by the occurrence of the Term End Date prior to the Anticipated End Date other than due to a termination for Cause.

(d)COBRA. Subject to Consultant's timely and proper election following the Separation Date to continue participation in any group medical, dental, vision and/or prescription drug plan benefits to which Consultant or Consultant's eligible dependents would be entitled under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA"), the REIT Operator will pay Consultant the Benefits Payments (as defined in the Employment Agreement), paid in accordance with the normal payroll practice of the REIT Operator during the Benefits Period beginning within sixty (60) days following the Separation Date (with the first payment to include any payments that would have been made during such sixty (60) day period if payments had commenced on the Separation Date). As used herein, "Benefits Period" means 18 months following the Separation Date, or such earlier date on which (1) COBRA coverage for Consultant terminates in accordance with COBRA or (2) Consultant becomes eligible for health benefits from a subsequent employer.

(e)Equity. With respect to Consultant's long-term equity awards, Consultant and the Company agree as follows:

(i) Time-Based Equity Awards. Consultant hereby acknowledges that Consultant was granted 39,922 restricted shares of the Company in 2022, 42,988 restricted shares of the Company in 2021 and 97,560 restricted shares of the Company in 2020 (collectively, the "Restricted Shares"), of which 69,283 are vested and the remaining 111,187 are unvested as of the date hereof. Subject to Consultant's continued compliance with the provisions of Section 6 of the Employment Agreement and the terms of this Agreement, (i) Consultant will continue to vest in the unvested Restricted Shares over the course of their regular vesting schedule until the Term End Date and (ii) as of the Term End Date, all of the unvested Restricted Shares will accelerate and vest in full.

(ii) Performance-Based Equity Awards. Consultant hereby acknowledges that Consultant was granted 59,883 restricted stock units of the Company in 2022 (the "2022 RSUs") and 64,482 restricted stock units of the Company in 2021 (the "2021 RSUs") and together with the 2022 RSUs, the "RSUs"), of which all are unvested as of the date hereof. Subject to Consultant's continued compliance with the provisions of Section 6 of the Employment Agreement and the terms of this Agreement, following the Term End Date, Consultant will remain eligible to have a pro-rata portion of the unvested RSUs vest based on actual performance. The ultimate number of RSUs that will be considered to vest and be settled in shares, subject to the foregoing conditions, will be the product of (x) the level of performance achieved that is determined by the Committee (as defined in the Plan), on the same basis that performance is measured for all other Company executives who hold RSUs granted in 2021 and/or 2022, in accordance with the award agreement for the 2021 RSUs or 2022 RSUs, as applicable, *multiplied by* (y) (i) 2/3 for the 2021 RSUs and (ii) 1/3 for the 2022 RSUs. Payouts for vested RSUs, in shares, will occur following the relevant performance period at the same time as payouts are made to other executive award holders. RSUs that do not vest in accordance with the applicable award agreement or as a result of the calculation of the pro-rata portion, as set forth herein, will be cancelled and forfeited without consideration.

Except as set out above, the Restricted Shares and RSUs will continue to be governed by the terms and conditions of the Plan and any applicable award agreements.

(f) Expense Reimbursement. Upon presentation of reasonable substantiation and documentation as may be specified by the REIT Operator from time to time, the REIT Operator will reimburse Consultant for all reasonable out-of-pocket business and travel expenses incurred and paid by Consultant during the Term in connection with the performance of Consultant's duties herein. Any travel and lodging required of Consultant in order to render any requested services hereunder will be at the same level that applied to Consultant prior to the Separation Date.

(g) Legal Fees. The Company shall pay or the Consultant shall be reimbursed for the Consultant's reasonable legal fees incurred in the review and execution of this Agreement up to a maximum of \$15,000.

(h) Accrued Obligations. In accordance with the terms of the Company's applicable plans and policies or applicable law, on or following the Separation Date, Consultant will be paid (i) his accrued but unpaid salary through the Separation Date, (ii) his accrued but unused vacation and (iii) his accrued but unreimbursed business expenses (subject to submitting invoices evidencing such expenses incurred in accordance with Company policy) and (iv) vested accrued benefits and compensation under the Company's plans and arrangements.

Consultant hereby expressly acknowledges and agrees that, following the Separation Date and except as expressly provided in this Agreement, Consultant will no longer be entitled to receive any compensation, benefits, or other payments or forms of remuneration (whether cash, property, or vesting of unearned compensation) in respect of his employment services to the Company through the Separation Date. For the avoidance of doubt, other than set forth in Section 2(e), Consultant will not receive or earn any vesting or other credit in respect of any restricted shares, restricted stock units, or other unvested equity awards held by him as of the Separation Date, which Consultant acknowledges will be forfeited in their entirety without payment as of the close of business on the Separation Date.

3. Restrictive Covenants. During the Term, Consultant acknowledges and agrees that he will remain bound by the provisions contained in Section 6 of the Employment Agreement, including the restrictive covenants set forth in Sections 6(c) (*Restriction on Disclosure and Use of Confidential Information*), (d) (*Non-Competition*), (e) (*Non-Solicitation of Protected Business Relationships*), (f) (*Non-Recruitment of Employees and Independent Contractors*) and (h) (*Non-Disparagement*), and that the Restricted Period (as defined in the Employment Agreement) will commence on the Separation Date. Consultant further acknowledges and agrees that, to the fullest extent permitted by law, his breach of any terms of Section 6 of the Employment Agreement or of this Agreement, to the extent not cured, will result in Consultant's forfeiture of the payments and benefits provided in Section 2 of this Agreement, other than (i) the 2022 bonus provided in Section 2(b) and if such breach occurs after the Separation Date and (ii) Section 2(h).

4. Release of Claims.

(a) In consideration of the payments and benefits to be made under this Agreement, the sufficiency of which Consultant acknowledges, Consultant, with the intention of binding Consultant and Consultant's heirs, executors, administrators and assigns, does hereby release, remise, acquit and forever discharge the Company and each of their subsidiaries and affiliates (the "Company Affiliated Group"), their present and former parent organizations, officers, directors, executives, shareholders, agents, attorneys, employees and employee benefit plans (and the fiduciaries thereof), and the successors, predecessors and assigns of each of the foregoing (collectively, the "Company Released Parties"), of and from any and all claims, actions, causes of action, complaints, charges, demands, rights, damages, debts, sums of money, accounts, financial obligations, suits, expenses, attorneys' fees and liabilities of whatever kind or nature in law, equity or otherwise, whether accrued, absolute, contingent, unliquidated or otherwise and whether now known or unknown, suspected or unsuspected, which Consultant, individually or as a member of a class, now has, owns or holds, or has at any time heretofore had, owned or held, arising on or prior to the date hereof, against any Company Released Party that arises out of, or relates to, the Employment Agreement, Consultant's employment with the REIT Operator or any of its subsidiaries and affiliates, or any termination of such employment, including claims (i) for severance or vacation benefits, unpaid wages, salary or incentive payments, (ii) for breach of contract, wrongful discharge, impairment of economic opportunity, defamation, intentional infliction of emotional harm or other tort, (iii) for any violation of applicable state and local labor and employment laws (including, without limitation, all laws concerning unlawful and unfair labor and employment practices) and (iv) for employment discrimination under any applicable federal, state or local statute, provision, order or regulation, and including, without limitation, any claim under Title VII of the Civil Rights Act of 1964 ("Title VII"), the Civil Rights Act of 1988, the Fair Labor Standards Act, the Americans with Disabilities Act ("ADA"), the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), the Age Discrimination in Employment Act ("ADEA"), and any similar or analogous state statute, excepting only: (A) rights of Consultant arising under, or preserved by, this Agreement; (B) the right of Consultant to receive COBRA continuation coverage in accordance with applicable law; (C) claims for benefits under any health, disability, retirement, life insurance or other, similar employee benefit plan (within the meaning of Section 3(3) of ERISA) of the Company Affiliated Group; (D) rights to indemnification Consultant has or may have under the organizing documents of any member of the Company Affiliated Group or as an insured under any director's and officer's liability insurance policy now or previously in force and rights to coverage under any applicable directors' and officers' or other third party liability insurance; and (E) rights granted to Consultant as an equity holder of the Company.

(b) Consultant acknowledges and agrees that this Agreement is not to be construed in any way as an admission of any liability whatsoever by any Company Released Party, any such liability being expressly denied. This Section 4 applies to any relief no matter how called, including, without limitation, wages, back pay, front pay, compensatory damages, liquidated damages, punitive damages, damages for pain or suffering, costs, and attorneys' fees and expenses.

(c) Consultant specifically acknowledges that Consultant's acceptance of the terms of this Agreement, including this Section 4 is, among other things, a specific waiver of Consultant's rights, claims and causes of action under Title VII, ADEA, ADA and any state or local law or regulation in respect of discrimination of any kind; provided, however, that nothing herein shall be deemed, nor does anything contained herein purport, to be a waiver of any right or claim or cause of action which by law Consultant is not permitted to waive.

(d) Consultant acknowledges that Consultant has been given a period of twenty-one (21) days to consider whether to execute this Agreement. If Consultant accepts the terms hereof and executes this Agreement, Consultant may thereafter, for a period of seven (7) days following (and not including) the date of execution, revoke this Agreement. If no such revocation occurs, this Agreement shall become irrevocable in its entirety, and binding and enforceable against Consultant, on the day next following the day on which the foregoing seven-day period has elapsed. If such a revocation occurs, Consultant shall irrevocably forfeit any right to the severance payments and benefits set out at Section 2 above, but the remainder of the Agreement shall continue in full force.

(e) Consultant acknowledges and agrees that Consultant has not, with respect to any transaction or state of facts existing prior to the date hereof, filed any complaints, charges or lawsuits against any Company Released Party with any governmental agency, court or tribunal. Consultant acknowledges that Consultant is hereby advised to seek, and has had the opportunity to seek, the advice and assistance of an attorney with regard to this Agreement, including this Section 4, and has been given a sufficient period within which to consider this Agreement.

(f) Consultant acknowledges that the severance payments and benefits Consultant is receiving in connection with this Agreement and Consultant's obligations under this Agreement are in addition to anything of value to which Consultant is entitled from the Company.

(g) The failure to enforce at any time any of the provisions of this Agreement or to require at any time performance by another party of any of the provisions hereof shall in no way be construed to be a waiver of such provisions or to affect the validity of this Section 4, or any part hereof, or the right of any party thereafter to enforce each and every such provision in accordance with the terms of this Agreement.

(h) Consultant shall reaffirm the release set forth in this Section 4 by executing a reaffirmation in the form attached hereto as Exhibit A (the “Reaffirmation”) on the day after the Separation Date. Consultant further acknowledges that if he signs the Reaffirmation on the day after Separation Date, it will be voluntary without any duress or compulsion by the Company. If Consultant so executes the Reaffirmation, he may thereafter, for a period of seven (7) days following (and not including) the date of execution, revoke the Reaffirmation. If no such revocation occurs, the Reaffirmation shall become irrevocable in its entirety, and binding and enforceable against Consultant, on the day next following the day on which the foregoing seven-day period has elapsed. If such a revocation occurs, all payments, benefits or other rights under this Agreement that are subject to the Final Release Effective Date occurring shall terminate and be of no further force and effect, and Consultant shall irrevocably forfeit all such payments, benefits or other rights, but the remainder of this Agreement shall continue in full force. The date that the Reaffirmation becomes effective and no longer subject to revocation is herein referred to as the “Final Release Effective Date”.

5. Notices. All notices, demands, or other communications to be given or delivered under or by reason of the provisions of this Agreement must be in writing. Such notices, demands, and other communications must be sent to the parties at the addresses indicated below:

If to the Company:

Broadstone Net Lease, Inc.
800 Clinton Square
Rochester, NY 14604
Attention: General Counsel
Email: john.callan@broadstone.com

If to Consultant: Consultant’s last known address on file with the Company, or such other address or to the attention of such other party as the recipient party specifies by prior written notice to the sending party.

6. General Provisions.

(a) Severability. Whenever possible, each provision of this Agreement will be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be invalid, illegal, or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality, or unenforceability will not affect any other provision or any other jurisdiction, but this Agreement will be reformed, construed, and enforced in such jurisdiction as if such invalid, illegal, or unenforceable provision had never been contained herein.

(b) Entire Agreement. This Agreement and those documents expressly referred to herein embody the complete agreement and understanding among the parties and supersede and preempt any prior understandings, agreements, or representations by or among the parties, written or oral, which may have related to Consultant’s employment or provision of services as a consultant with the Company.

(c) Descriptive Headings; Interpretation; No Strict Construction. The descriptive headings of this Agreement are inserted for convenience only and do not constitute a substantive part of this Agreement. Whenever required by the context, any pronoun used in this Agreement includes the corresponding masculine, feminine, or neuter forms, and the singular form of nouns, pronouns, and verbs include the plural and vice versa. The use of the word “including” in this Agreement is by way of example rather than by limitation. Reference to any agreement, document, or instrument means such agreement, document, or instrument as amended or otherwise modified from time to time in accordance with the terms thereof and, if applicable, hereof. The use of the words “or,” “either,” and “any” is not exclusive. The parties hereto have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement must be construed as if drafted jointly by the parties hereto, and no presumption or burden of proof should arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Agreement.

(d) Counterparts. This Agreement may be executed in multiple counterparts with the same effect as if all signing parties had signed the same document. All counterparts are construed together and constitute the same instrument.

(e) Successors and Assigns. This Agreement binds and inures to the benefit of and is enforceable by Consultant, the Company and its affiliates, and their respective successors and assigns; provided, that the rights and obligations of Consultant under this Agreement may not be assigned or delegated.

(f) Governing Law; Consent to Jurisdiction; Service of Process. The formation, construction, and interpretation of this Agreement, including but not limited to its enforceability, shall at all times and in all respects be governed by the laws of the State of New York, without reference to its conflict-of-law rules. The Company has the right to enforce this Agreement or pursue claims relating to it in any forum having jurisdiction. Any legal action that Consultant initiates against the Company that relates in any way to this Agreement, including, without limitation, for a declaratory judgment, will be brought exclusively in the state courts of New York. If the Company elects to sue in New York for any claim relating in any way to this Agreement, Consultant agrees to waive any defense of lack of personal jurisdiction, inconvenient jurisdiction, or improper venue. Each party further agrees that service of any process, summons, notice, or document pursuant to Section 5 is effective service of process in any action, suit, or proceeding in New York with respect to any matters to which it has submitted to jurisdiction as set forth in the immediately preceding sentence.

(g) MUTUAL WAIVER OF JURY TRIAL. BECAUSE DISPUTES ARISING IN CONNECTION WITH COMPLEX TRANSACTIONS ARE MOST QUICKLY AND ECONOMICALLY RESOLVED BY AN EXPERIENCED AND EXPERT PERSON AND THE PARTIES HERETO WISH APPLICABLE STATE AND FEDERAL LAWS TO APPLY (RATHER THAN ARBITRATION RULES), THE PARTIES HERETO DESIRE THAT THEIR DISPUTES BE RESOLVED BY A JUDGE APPLYING SUCH APPLICABLE LAWS. THEREFORE, TO ACHIEVE THE BEST COMBINATION OF THE BENEFITS OF THE JUDICIAL SYSTEM AND OF ARBITRATION, EACH PARTY TO THIS AGREEMENT HEREBY WAIVES ALL RIGHTS TO TRIAL BY JURY IN ANY ACTION, SUIT, OR PROCEEDING BROUGHT TO RESOLVE ANY DISPUTE BETWEEN OR AMONG ANY OF THE PARTIES HERETO, WHETHER ARISING IN CONTRACT, TORT, OR OTHERWISE, ARISING OUT OF, CONNECTED WITH, OR RELATED OR INCIDENTAL TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY AND THE RELATIONSHIP ESTABLISHED AMONG THE PARTIES HEREUNDER.

(h) Remedies. Each of the parties to this Agreement has all rights and remedies set forth in this Agreement, all rights and remedies that such party has been granted at any time under any other agreement or contract, and all of the rights that such party has under any law. Each of the parties to this Agreement will be entitled to enforce its rights under this Agreement specifically, to recover damages and costs caused by any breach of any provision of this Agreement, and to exercise all other rights existing in its favor. The parties hereto agree and acknowledge that money damages may not be an adequate remedy for any breach of the provisions of this Agreement and that any party may in its sole discretion apply to any court of law or equity of competent jurisdiction (without posting any bond or deposit) for specific performance and other injunctive relief in order to enforce or prevent any violations of the provisions of this Agreement.

(i) Amendment and Waiver. The provisions of this Agreement may be amended and waived only with the prior written consent of the Company and Consultant. No failure by any party to insist upon the strict performance of any covenant, duty, agreement, or condition of this Agreement or to exercise any right or remedy consequent upon a breach thereof constitutes a waiver of any such breach or any other covenant, duty, agreement, or condition. The waiver by any party of a breach of any covenant, duty, agreement, or condition of this Agreement of any other party may not operate or be construed as a waiver of any subsequent breach of that provision or any other provision hereof.

(j) Withholding Tax Matters. Consultant will at all times during the Term be an independent contractor of the Company. Nothing in this Agreement will be construed as creating an employer-employee relationship for services performed following the Separation Date. Except as may be required by applicable law in respect of the settlement of equity compensation awards or otherwise in connection with services performed prior to the Separation Date, Consultant will be solely liable for the payment of all federal, state, and local taxes associated with compensation paid to Consultant in respect of his consulting services hereunder, and, other than eligibility required by COBRA, as of the Separation Date, Consultant will not be eligible for any benefits under any of the employee benefits programs of the Company or its affiliates. Consultant will indemnify, defend, and hold harmless the Company and its affiliates, including their equity-holders, partners, directors, officers, employees, agents, representatives, contractors, and subcontractors, against any claim or liability of any kind (including penalties, fees, or charges of any kind whatsoever) resulting from the failure by Consultant to pay such taxes or file any such tax forms. Due to Consultant's status as an independent contractor, no amount due Consultant hereunder in respect of the Consulting Fees will be withheld by the Company for remittance to the taxing authorities.

(k) Survival. The rights and obligations of the parties under this Agreement will survive as provided herein or if necessary or desirable to accomplish the purposes of the other surviving provisions following the Term End Date, regardless of the reasons for the occurrence of the Term End Date.

(l) No Third-Party Beneficiaries. Except as expressly provided herein, no term or provision of this Agreement is intended to be, or will be, for the benefit of any person or entity not a party hereto, and no other person or entity has any right or cause of action hereunder.

(m) Section 409A. This Agreement is intended to comply with Section 409A of the Internal Revenue Code of 1986, as amended, and shall be administered in accordance with said Section. To the extent Consultant is entitled to be paid or reimburse for any taxable expenses under this Agreement, the amount of such expenses reimbursable in any one calendar year will not affect the amount reimbursable in any other calendar year, and the reimbursement of an eligible expense must be made no later than December 31 of the year after the year in which the expense was incurred. The right to reimbursement of expenses under this Agreement will not be subject to liquidation or exchanged for another benefit.

* * * * *

IN WITNESS WHEREOF, the parties hereto have executed this Chief Executive Transition Agreement as of the date first above written.

BROADSTONE NET LEASE, INC.

By: /s/ John D. Callan Jr.
Name: John D. Callan, Jr.
Title: SVP, General Counsel and Secretary

BROADSTONE NET LEASE, LLC

By: Broadstone Net Lease, Inc.
Its: Managing Member

By: /s/ John D. Callan Jr.
Name: John D. Callan, Jr.
Title: SVP, General Counsel and Secretary

BROADSTONE EMPLOYEE SUB, LLC

By: Broadstone Net Lease, LLC
Its: Manager

By: Broadstone Net Lease, Inc.
Its: Managing Member

By: /s/ John D. Callan Jr.
Name: John D. Callan, Jr.
Its: SVP, General Counsel and Secretary

CONSULTANT

/s/ Christopher J. Czarnecki
Christopher J. Czarnecki

[Signature Page to Consulting Agreement]

Exhibit A

Reaffirmation

Reference is hereby made to the Chief Executive Officer Transition Agreement (“Agreement”), between the undersigned and by and among Broadstone Net Lease, Inc., Inc., a Maryland corporation (the “REIT”), Broadstone Net Lease, LLC, a New York limited liability company (the “Operating Company”), and the Operating Company’s subsidiary, Broadstone Employee Sub, LLC, a New York limited liability company (the “REIT Operator”) and, together with the REIT and the Operating Company, the “Company”) and Christopher J. Czarnecki, dated as of January 10, 2023, which Agreement contemplates the execution by the undersigned of this Reaffirmation (this “Reaffirmation”). It is acknowledged and agreed that this Reaffirmation will be part of and subject to the terms of the Agreement, and capitalized terms in this Reaffirmation will be as defined in the Agreement unless otherwise defined herein.

The undersigned hereby states, affirms, and agrees as follows:

A. The release of claims in Section 4 of the Agreement is hereby reaffirmed in full as if fully set forth herein.

B. The execution of this Reaffirmation is without any admission of liability by the Company.

C. The undersigned acknowledges that he has seven (7) days to revoke this Reaffirmation, and that he has had at least twenty-one (21) days to review and consider this Reaffirmation and its terms, including all rights and obligations created by the Agreement. If no such revocation occurs, this Reaffirmation shall become irrevocable in its entirety, and binding and enforceable against the undersigned, on the day next following the day on which the foregoing seven-day period has elapsed.

D. The undersigned has considered and understands the terms of this Reaffirmation, the consideration he will receive if he enters into this Reaffirmation and does not revoke it, and what rights and benefits he is giving up, up to and including the date he signs, including his rights under the ADEA. The undersigned has hereby been advised to consult an attorney about the contents and meaning of this Reaffirmation, and has had the opportunity to do so to his satisfaction. The undersigned acknowledges and agrees that he knowingly and voluntarily has entered into this Reaffirmation agreement with complete understanding of all relevant facts, and that he was neither fraudulently induced nor coerced to enter into this Reaffirmation.

Name: Christopher J. Czarnecki

Date: _____

Subsidiary	State of Incorporation or Formation
99 Garnsey Road Associates II, LLC	NY
AGNL Avionics Abbotsford Nominee ULC	Canada
Brick Holdings I, Inc.	DE
Brick Holdings II, Inc.	DE
Broadstone 2020EX Texas, LLC	NY
Broadstone AAP East, LLC	NY
Broadstone AAP Portfolio, LLC	NY
Broadstone ABCS Oklahoma, LLC	NY
Broadstone AC Wisconsin, LLC	NY
Broadstone ACW Wisconsin, LLC	NY
Broadstone ADB Ohio, LLC	NY
Broadstone ADTB Rochester, LLC	DE
Broadstone AFD Georgia, LLC	NY
Broadstone AHF Portfolio, LLC	NY
Broadstone AI Michigan, LLC	NY
Broadstone ALH Texas, LLC	NY
Broadstone AM I , LLC	NY
Broadstone AMG Illinois, LLC	NY
Broadstone APLB BrunsWick, LLC	NY
Broadstone APLB Jacksonville, LLC	NY
Broadstone APLB Minnesota, LLC	NY
Broadstone APLB Sarasota, LLC	NY
Broadstone APLB SC LLC	NY
Broadstone APLB Utah LLC	NY
Broadstone APLB Virginia, LLC	NY
Broadstone APLB Wisconsin, LLC	NY
Broadstone APM Florida, LLC	NY
Broadstone AQG Indiana, LLC	NY
Broadstone AS Portfolio, LLC	NY
Broadstone ASDCW Texas, LLC	NY
Broadstone ASH Arkansas, LLC	NY
Broadstone ATI Massachusetts, LLC	DE
Broadstone August Family Upreit OH PA, LLC	NY
Broadstone AVF Illinois, LLC	NY
Broadstone AVF Michigan, LLC	NY
Broadstone BB Portfolio, LLC	NY
Broadstone BCI Iowa, LLC	NY
Broadstone BCI PA, LLC	NY
Broadstone BEC Texas, LLC	NY
Broadstone BEF Portfolio, LLC	NY
Broadstone BER East, LLC	NY
Broadstone BFC Maryland LLC	NY
Broadstone BFW Minnesota, LLC	NY
Broadstone BH Alabama, LLC	NY
Broadstone BI South, LLC	NY
Broadstone BJWC Massachusetts, LLC	NY
Broadstone BK Emporia, LLC	NY
Broadstone BK Virginia, LLC	NY

Broadstone BNR Arizona, LLC	NY
Broadstone BP Kansas, LLC	NY
Broadstone BPC Ohio, LLC	NY
Broadstone BPC Pittsburgh, LLC	NY
Broadstone BPS Montana, LLC	NY
Broadstone BT South, LLC	NY
Broadstone BW Appalachia, LLC	NY
Broadstone BW Arkansas, LLC	NY
Broadstone BW Texas, LLC	NY
Broadstone BW Wings South, LLC	NY
Broadstone CA Canada, LLC	DE
Broadstone CA Holdings, LLC	DE
Broadstone Cable, LLC	NY
Broadstone Camping Texas, LLC	NY
Broadstone CC Austin, LLC	NY
Broadstone CC New Orleans, LLC	NY
Broadstone CC Portfolio, LLC	NY
Broadstone CC Raleigh Greensboro, LLC	NY
Broadstone CC Theodore Augusta, LLC	NY
Broadstone CCP Virginia, LLC	NY
Broadstone CF Georgia, LLC	NY
Broadstone CFW Texas, LLC	NY
Broadstone CG Georgia, LLC	NY
Broadstone CG Indiana, LLC	NY
Broadstone CHR Illinois, LLC	NY
Broadstone CI West, LLC	NY
Broadstone CLE Illinois, LLC	NY
Broadstone CM Florida, LLC	NY
Broadstone CMH Illinois, LLC	NY
Broadstone CMM Colorado, LLC	NY
Broadstone CPN North Carolina, LLC	NY
Broadstone CPS Ohio, LLC	NY
Broadstone CQ Illinois, LLC	NY
Broadstone CSB Minnesota, LLC	NY
Broadstone Cvp Virginia, LLC	NY
Broadstone CW Nevada, LLC	NY
Broadstone CWP Michigan, LLC	NY
Broadstone DF Georgia, LLC	NY
Broadstone DG Northeast, LLC	NY
Broadstone DG South, LLC	NY
Broadstone DG West, LLC	NY
Broadstone DHCP VA AL, LLC	NY
Broadstone DI Portfolio, LLC	NY
Broadstone DMC Wisconsin, LLC	NY
Broadstone DQ Virginia, LLC	NY
Broadstone EA Ohio, LLC	NY
Broadstone EA Pennsylvania, LLC	NY
Broadstone EC Portfolio, LLC	NY
Broadstone EH Illinois, LLC	NY
Broadstone EHA Florida, LLC	NY

Broadstone Employee Sub, LLC	NY
Broadstone EO Birmingham I, LLC	NY
Broadstone EO Birmingham II, LLC	NY
Broadstone EO North Carolina, LLC	NY
Broadstone ETI Portfolio, LLC	NY
Broadstone EVH Vermont, LLC	NY
Broadstone EWD Illinois, LLC	NY
Broadstone FC Colorado, LLC	NY
Broadstone FC Portage, LLC	NY
Broadstone FD Portfolio I, LLC	NY
Broadstone FD Portfolio II, LLC	NY
Broadstone FD West Columbia, LLC	NY
Broadstone FDDT, LLC	NY
Broadstone FDT Wisconsin, LLC	NY
Broadstone FHS Texas, LLC	NY
Broadstone Filter, LLC	NY
Broadstone FIT Florida, LLC	NY
Broadstone FKC Louisiana, LLC	NY
Broadstone FKC Minnesota, LLC	NY
Broadstone FMAS Mississippi, LLC	NY
Broadstone FMFP Texas B2, LLC	NY
Broadstone FMFP Texas B3, LLC	NY
Broadstone FMFP Texas, LLC	NY
Broadstone FR Portfolio, LLC	NY
Broadstone FSLY Maryland, LLC	NY
Broadstone GC Kentucky, LLC	NY
Broadstone GCSC Florida, LLC	NY
Broadstone GDMS Massachusetts, LLC	NY
Broadstone GHS South Carolina, LLC	NY
Broadstone GLG Missouri, LLC	NY
Broadstone GUC Colorado, LLC	NY
Broadstone HBC Arizona, LLC	NY
Broadstone HC California, LLC	NY
Broadstone HFO Michigan, LLC	NY
Broadstone HHH Texas, LLC	NY
Broadstone HHP Pennsylvania, LLC	NY
Broadstone HI Illinois, LLC	NY
Broadstone HLC Midwest, LLC	NY
Broadstone HLM Ohio, LLC	NY
Broadstone HMC Washington, LLC	NY
Broadstone Home NC, LLC	NY
Broadstone Home Texas, LLC	NY
Broadstone ICW Portfolio, LLC	NY
Broadstone IELC Texas, LLC	NY
Broadstone IKGTX, LLC	NY
Broadstone IPI Illinois, LLC	NY
Broadstone IS Houston, LLC	NY
Broadstone IT Portfolio, LLC	NY
Broadstone ITI Pennsylvania, LLC	NY
Broadstone IUH Indiana, LLC	NY

Broadstone IVRO CA, LLC	NY
Broadstone JAX Portfolio, LLC	NY
Broadstone JBL California, LLC	NY
Broadstone JFR Portfolio, LLC	NY
Broadstone JL Portfolio, LLC	NY
Broadstone JLC Missouri, LLC	NY
Broadstone JRA Michigan, LLC	NY
Broadstone JTR Portfolio, LLC	NY
Broadstone KBC Portfolio, LLC	NY
Broadstone KFC Chicago, LLC	NY
Broadstone Kinston, LLC	NY
Broadstone KKD Portfolio, LLC	NY
Broadstone KKMC Portfolio, LLC	NY
Broadstone KNG Oklahoma, LLC	NY
Broadstone KP Alabama, LLC	NY
Broadstone LC Florida, LLC	NY
Broadstone LCA Tampa, LLC	NY
Broadstone LE Portfolio, LLC	NY
Broadstone LGC Northeast, LLC	NY
Broadstone Liverpool Portfolio, LLC	NY
Broadstone LJS California, LLC	NY
Broadstone LJS Georgia, LLC	NY
Broadstone LW PA, LLC	NY
Broadstone MB Louisiana, LLC	NY
Broadstone MCW Wisconsin, LLC	NY
Broadstone MD Oklahoma, LLC	NY
Broadstone Med Florida, LLC	NY
Broadstone MFEC Florida, LLC	NY
Broadstone MGK Minnesota, LLC	NY
Broadstone MHH Michigan, LLC	NY
Broadstone Mid America Indiana, LLC	NY
Broadstone MNB Nebraska, LLC	NY
Broadstone Mountain Burlington Limited Partnership	Canada - BC
Broadstone Mountain Calgary Limited Partnership	Canada - BC
Broadstone Mountain GP Ltd.	Canada - BC
Broadstone Mountain North York Limited Partnership	Canada - BC
Broadstone Mountain Ottawa Limited Partnership	Canada - BC
Broadstone Mountain Portfolio Ltd.	Canada - BC
Broadstone Mountain Vancouver Limited Partnership	Canada - BC
Broadstone Mountain Winnipeg Limited Partnership	Canada - BC
Broadstone MPH Michigan, LLC	NY
Broadstone MS Minnesota, LLC	NY
Broadstone MS Texas, LLC	NY
Broadstone MSC Florida, LLC	NY
Broadstone MV Portfolio, LLC	NY
Broadstone MW Texas, LLC	NY
Broadstone NDC Fayetteville, LLC	NY
Broadstone Ned Portfolio, LLC	NY
Broadstone Net Lease Acquisitions, LLC	NY
Broadstone Net Lease TRS, LLC	NY

Broadstone Net Lease, Inc.	MD
Broadstone Net Lease, LLC	NY
Broadstone NF Minnesota, LLC	NY
Broadstone NI North Carolina, LLC	NY
Broadstone NIC Pennsylvania, LLC	NY
Broadstone NRS Michigan, LLC	NY
Broadstone NSC Texas, LLC	NY
Broadstone NVLX Portfolio, LLC+A53	NY
Broadstone NWCC Texas, LLC	NY
Broadstone Octa Indiana, LLC	NY
Broadstone OLL New York, LLC	NY
Broadstone OP Ohio, LLC	NY
Broadstone PA Texas, LLC	NY
Broadstone PC Michigan, LLC	NY
Broadstone PCI Wisconsin, LLC	NY
Broadstone PCSC Texas, LLC	NY
Broadstone Pearl Portfolio III, LLC	NY
Broadstone Pearl, LLC	NY
Broadstone PFS New Jersey, LLC	DE
Broadstone PHS Washington, LLC	NY
Broadstone PIC Illinois, LLC	NY
Broadstone PIH CA, LLC	NY
Broadstone PJ RLY, LLC	NY
Broadstone Plumbing TX, LLC	NY
Broadstone PMI Portfolio, LLC	NY
Broadstone PP Arkansas, LLC	NY
Broadstone PRGS Portfolio, LLC	NY
Broadstone PSM Michigan, LLC	NY
Broadstone PV California, LLC	NY
Broadstone PVC MA, LLC	NY
Broadstone PY Cincinnati, LLC	NY
Broadstone QC Texas, LLC	NY
Broadstone RA California, LLC	NY
Broadstone RBC Portfolio, LLC	NY
Broadstone RC MN, LLC	NY
Broadstone RCS Texas, LLC	NY
Broadstone Renal Tennessee, LLC	NY
Broadstone REV New Jersey, LLC	NY
Broadstone RHI Virginia, LLC	NY
Broadstone RL Portfolio, LLC	NY
Broadstone RM Missouri, LLC	NY
Broadstone Roller, LLC	NY
Broadstone RTC Portfolio, LLC	NY
Broadstone SC Elgin, LLC	NY
Broadstone SC Illinois, LLC	NY
Broadstone SCD Mason, LLC	NY
Broadstone SCV Arizona, LLC	NY
Broadstone SEC North Carolina, LLC	NY
Broadstone SF Minnesota, LLC	NY
Broadstone SLH Minnesota, LLC	NY

Broadstone SN Colorado, LLC	NY
Broadstone SNC OK TX, LLC	NY
Broadstone SNI East, LLC	NY
Broadstone SNI Greenwich, LLC	NY
Broadstone SOE Raleigh, LLC	NY
Broadstone SP Wisconsin, LLC	NY
Broadstone Sports Portfolio, LLC	NY
Broadstone SPS Utah, LLC	NY
Broadstone SSH California, LLC	NY
Broadstone ST Texas, LLC	NY
Broadstone STI Minnesota, LLC	NY
Broadstone STS California, LLC	NY
Broadstone SW Mississippi, LLC	NY
Broadstone TA Tennessee, LLC	NY
Broadstone TB Augusta Pensacola, LLC	NY
Broadstone TB Jacksonville, LLC	NY
Broadstone TB Northwest, LLC	NY
Broadstone TB Ozarks, LLC	NY
Broadstone TB Southeast, LLC	NY
Broadstone TB TN, LLC	DE
Broadstone TF Oklahoma, LLC	NY
Broadstone TH North Dakota, LLC	NY
Broadstone TPR Texas, LLC	NY
Broadstone TR Florida, LLC	NY
Broadstone TRH Texas, LLC	NY
Broadstone TRP Indiana, LLC	NY
Broadstone TRS Arizona, LLC	NY
Broadstone TRS East, LLC	NY
Broadstone TRS Kentucky, LLC	NY
Broadstone TRS Mississippi, LLC	NY
Broadstone TRS New Mexico, LLC	NY
Broadstone TRS Orangeburg, LLC	NY
Broadstone TRS Portfolio 2, LLC	NY
Broadstone TRS Portfolio, LLC	NY
Broadstone TRS Texas, LLC	NY
Broadstone TSC Tennessee, LLC	NY
Broadstone TSC Texas, LLC	NY
Broadstone TSGA Kentucky, LLC	NY
Broadstone USMM Michigan, LLC	NY
Broadstone USPO Portfolio, LLC	NY
Broadstone UW Kentucky, LLC	NY
Broadstone VAH Illinois, LLC	NY
Broadstone VW Tennessee, LLC	NY
Broadstone WFM Sterling, LLC	DE
Broadstone WG Southeast, LLC	NY
Broadstone WGR Wisconsin, LLC	NY
Broadstone WH Texas, LLC	NY
Broadstone WI Alabama, LLC	NY
Broadstone WI Appalachia, LLC	NY
Broadstone WI East, LLC	NY

Broadstone WI Great Plains, LLC	NY
Broadstone WI MT ND, LLC	NY
Broadstone WRK California, LLC	NY
Broadstone WS Iowa, LLC	NY
Broadstone Xela Texas, LLC	NY
Broadstone ZCW Portfolio, LLC	NY
Cf Alpha & Golf Ks Propco LLC	DE
Cf Alpha & Golf Ma Propco LLC	DE
Eire Rochester Florida II L.L.C.	FL
GRC Durham, LLC	DE
GRC LI TX, LLC	DE
Hickory Drive Holdings, LLC	DE
NWR Realty LLC	WA
TB Tampa Real Estate, LLC	NY
Unity Ridgeway, LLC	NY

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

I, John D. Moragne, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Broadstone Net Lease, Inc. for the quarter ended March 31, 2023;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 4, 2023

/s/ John D. Moragne

John D. Moragne
Chief Executive Officer
(Principal Executive Officer)

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

I, Kevin M. Fennell, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Broadstone Net Lease, Inc. for the quarter ended March 31, 2023;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 4, 2023

/s/ Kevin M. Fennell

Kevin M. Fennell

Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

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

In connection with the Quarterly Report on Form 10-Q of Broadstone Net Lease, Inc. (the "Company") for the quarter ended March 31, 2023 (the "First Quarter 10-Q"), and pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned, Christopher J. Czamecki, Chief Executive Officer and President of the Company, certifies, to the best of his knowledge, that:

1. The First Quarter 10-Q fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"); and
2. The information contained in the First Quarter 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 4, 2023

/s/ John D. Moragne

John D. Moragne

Chief Executive Officer

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

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

In connection with the Quarterly Report on Form 10-Q of Broadstone Net Lease, Inc. (the “Company”) for the quarter ended March 31, 2023 (the “First Quarter 10-Q”), and pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned, Ryan M. Albano, Executive Vice President and Chief Financial Officer of the Company, certifies, to the best of his knowledge, that:

1. The First Quarter 10-Q fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”); and
2. The information contained in the First Quarter 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 4, 2023

/s/ Kevin M. Fennell

Kevin M. Fennell

Executive Vice President and Chief Financial Officer

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