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

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported): May 01, 2024

BROADSTONE NET LEASE, INC.

(Exact name of Registrant as Specified in Its Charter)

Maryland
(State or Other Jurisdiction
of Incorporation)

001-39529
(Commission File Number)

26-1516177
(IRS Employer
Identification No.)

**207 High Point Drive
Suite 300
Victor, New York**
(Address of Principal Executive Offices)

14564
(Zip Code)

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

N/A

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

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

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

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

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

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

Emerging growth company

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

Item 2.02 Results of Operations and Financial Condition.

On May 1, 2024, Broadstone Net Lease, Inc. (the “Company”) issued a press release announcing its financial results for the quarter ended March 31, 2024. A copy of the press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference. Additionally, on May 1, 2024, the Company made available on its website an updated presentation containing quarterly supplemental information pertaining to its operations and financial results including the quarter ended March 31, 2024. A copy of the quarterly supplemental information is attached hereto as Exhibit 99.2 and is incorporated herein by reference. The press release and quarterly supplemental information are also available on the Company’s website.

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

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

INDEX TO EXHIBITS

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release dated May 1, 2024
99.2	Quarterly Supplemental Information for the Quarter Ended March 31, 2024
104	Cover Page Interactive Data File - the cover page XBRL tags are embedded within the Inline XBRL document.

SIGNATURES

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

BROADSTONE NET LEASE, INC.

Date: May 1, 2024

By: /s/ John D. Callan

Name: John D. Callan

Title: Senior Vice President, General Counsel and Secretary

For Immediate Release**May 1, 2024****Company Contact:**

Brent Maedl
 Director, Corporate Finance & Investor Relations
 brent.maedl@broadstone.com
 585.382.8507

**Broadstone Net Lease Announces First Quarter 2024 Results**

VICTOR, N.Y. – Broadstone Net Lease, Inc. (NYSE: BNL) (“BNL”, the “Company”, “we”, “our”, or “us”), today announced its operating results for the quarter ended March 31, 2024.

MANAGEMENT COMMENTARY

“Adding to the positive momentum discussed in our April 3 press release, we’ve now closed on \$202 million of investments during 2024 and have \$122 million of investments under control,” said John Moragne, BNL’s Chief Executive Officer. *“Executing on our healthcare portfolio simplification strategy and returning to consistent growth is our top priority. Despite historically low net lease transaction volumes, our recent deals highlight our ability to creatively source and structure high quality, direct investments, including certain transitional capital allocations that provided access to otherwise unavailable assets. With a resilient and soon-to-be streamlined portfolio, fortified balance sheet, proven ability to source accretive investments, and relatively smaller asset base compared to other net lease peers, we’re primed for sustainable growth in the years to come.”*

FIRST QUARTER 2024 HIGHLIGHTS

INVESTMENT ACTIVITY	<ul style="list-style-type: none"> • During the first quarter, we invested \$40.1 million, including \$37.1 million in development fundings and \$3.0 million in revenue generating capital expenditures. The revenue generating capital expenditures had a weighted average initial cash capitalization rate of 8.0%, a lease term of 8.0 years, and annual rent increase of 2.5%. • During the first quarter and through the date of this release, we sold 39 properties primarily as part of our healthcare portfolio simplification strategy for gross proceeds of \$274.0 million at a weighted average cash capitalization rate of 7.8%. The gross proceeds represented a \$2.5 million gain over original purchase price and a \$56.5 million net gain over carrying value. • Subsequent to quarter-end, we invested \$162.3 million and have \$121.8 million of investments under control. The investments closed include \$12.8 million in development fundings, a \$65.0 million acquisition of an industrial portfolio, and an \$84.5 million investment in a retail center that included seven outparcel properties for \$32.5 million and \$52.0 million of transitional capital.
OPERATING RESULTS	<ul style="list-style-type: none"> • Generated net income of \$68.2 million, or \$0.35 per share. • Generated adjusted funds from operations (“AFFO”) of \$70.9 million, or \$0.36 per share. • Incurred \$9.4 million of general and administrative expenses, inclusive of \$1.5 million of stock-based compensation and \$0.1 million of severance and executive transition costs. • Portfolio was 99.2% leased based on rentable square footage, with only three of our 759 properties vacant and not subject to a lease at quarter end. • Collected 99.0% of base rents due for the first quarter for all properties under lease. Excluding rents from Green Valley Medical Center, rent collections were 99.9%.
CAPITAL MARKETS ACTIVITY	<ul style="list-style-type: none"> • Ended the quarter with total outstanding debt of \$1.9 billion, Net Debt of \$1.7 billion, a Net Debt to Annualized Adjusted EBITDAre ratio of 4.8x, and a Pro Forma Net Debt to Annualized Adjusted EBITDAre ratio of 4.6x. • At March 31, 2024, had \$926.2 million of capacity on our unsecured revolving credit facility. • Declared an increase in our quarterly dividend from \$0.285 to \$0.29, or a 1.8% increase over the prior period. • Renewed our stock repurchase program for up to \$150 million through March 2025.

SUMMARIZED FINANCIAL RESULTS

<i>(in thousands, except per share data)</i>	For the Three Months Ended		
	March 31, 2024	December 31, 2023	March 31, 2023
Revenues	\$ 105,366	\$ 105,000	\$ 118,992
Net income, including non-controlling interests	\$ 68,177	\$ 6,797	\$ 41,374
Net earnings per share – diluted	\$ 0.35	\$ 0.03	\$ 0.21
FFO	\$ 73,135	\$ 69,443	\$ 81,177
FFO per share	\$ 0.37	\$ 0.35	\$ 0.41
Core FFO	\$ 74,072	\$ 75,275	\$ 74,473
Core FFO per share	\$ 0.38	\$ 0.38	\$ 0.38
AFFO	\$ 70,873	\$ 71,278	\$ 67,485
AFFO per share	\$ 0.36	\$ 0.36	\$ 0.34
Diluted Weighted Average Shares Outstanding	196,417	196,373	196,176

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

REAL ESTATE PORTFOLIO AND HEALTHCARE PORTFOLIO SIMPLIFICATION STRATEGY

As of March 31, 2024, we owned a diversified portfolio of 759 individual net leased commercial properties with 752 properties located in 44 U.S. states and seven properties located in four Canadian provinces, comprising approximately 37.6 million rentable square feet of operational space. As of March 31, 2024, all but three of our properties were subject to a lease, and our properties were occupied by 200 different commercial tenants, with no single tenant accounting for more than 4.3% of our annualized base rent (“ABR”). Properties subject to a lease represent 99.2% of our portfolio's rentable square footage. The ABR weighted average lease term and ABR weighted average annual minimum rent increase, pursuant to leases on properties in the portfolio as of March 31, 2024, was 10.6 years and 2.0%, respectively.

During the first quarter and through the date of this release, we sold 38 properties as part of our healthcare portfolio simplification strategy for gross proceeds of \$262.2 million at a weighted average cash capitalization rate of 7.8%. The gross proceeds represented a \$2.1 million gain over original purchase price and a \$55.5 million net gain over carrying value. We have redeployed \$162.3 million of the proceeds subsequent to quarter-end and plan to redeploy the remaining proceeds in our current investments under control. With these sales, we have reduced our healthcare exposure from 17.6% of our ABR to 13.4%, with the near-term goal of reducing it below 10.0%.

BALANCE SHEET AND CAPITAL MARKETS ACTIVITIES

As of March 31, 2024, we had total outstanding debt of \$1.9 billion, Net Debt of \$1.7 billion, a Net Debt to Annualized Adjusted EBITDAre ratio of 4.8x, and a Pro Forma Net Debt to Annualized Adjusted EBITDAre ratio of 4.6x. We had \$926.2 million of available capacity on our unsecured revolving credit facility as of year end, and have no material debt maturities until 2026.

We did not raise any equity during the quarter, and had approximately \$145.4 million of capacity remaining on our ATM Program as of March 31, 2024.

DISTRIBUTIONS

At its April 25, 2024, meeting, our board of directors declared a quarterly dividend of \$0.29 per common share and OP Unit to holders of record as of June 28, 2024, payable on or before July 15, 2024.

2024 GUIDANCE

For 2024, BNL expects to report AFFO of between \$1.41 and \$1.43 per diluted share, which has been revised upward to reflect the timing of redeployment from our healthcare portfolio simplification strategy sales.

The guidance is based on the following key assumptions, which are unchanged:

- (i) investments in real estate properties between \$350 million and \$700 million;
- (ii) dispositions of real estate properties between \$300 million and \$500 million; and
- (iii) total cash general and administrative expenses between \$32 million and \$34 million.

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

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

CONFERENCE CALL AND WEBCAST

The company will host its fourth quarter earnings conference call and audio webcast on Thursday, May 2, 2024, at 11:00 a.m. Eastern Time.

To access the live webcast, which will be available in listen-only mode, please visit: <https://events.q4inc.com/attendee/505999171>. If you prefer to listen via phone, U.S. participants may dial: 1-833-470-1428 (toll free) or 1-404-975-4839 (local), access code 189053. International access numbers are viewable here: <https://www.netroadshow.com/events/global-numbers?confId=63406>.

A replay of the conference call webcast will be available approximately one hour after the conclusion of the live broadcast. To listen to a replay of the call via the web, which will be available for one year, please visit: <https://investors.bnl.broadstone.com>.

About Broadstone Net Lease, Inc.

BNL is an industrial-focused, diversified net lease REIT that invests in primarily single-tenant commercial real estate properties that are net leased on a long-term basis to a diversified group of tenants. Utilizing an investment strategy underpinned by strong fundamental credit analysis and prudent real estate underwriting, as of March 31, 2024, BNL's diversified portfolio consisted of 759 individual net leased commercial properties with 752 properties located in 44 U.S. states and seven properties located in four Canadian provinces across the industrial, restaurant, healthcare, retail, and office property types.

Forward-Looking Statements

This press release contains “forward-looking” statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, regarding, among other things, our plans, strategies, and prospects, both business and financial. Such forward-looking statements can generally be identified by our use of forward-looking terminology such as “outlook,” “potential,” “may,” “will,” “should,” “could,” “seeks,” “approximately,” “projects,” “predicts,” “expect,” “intends,” “anticipates,” “estimates,” “plans,” “would be,” “believes,” “continues,” or the negative version of these words or other comparable words. Forward-looking statements, including our 2024 guidance and assumptions, involve known and unknown risks and uncertainties, which may cause BNL’s actual future results to differ materially from expected results, including, without limitation, risks and uncertainties related to general economic conditions, including but not limited to increases in the rate of inflation and/or interest rates, local real estate conditions, tenant financial health, property investments and acquisitions, and the timing and uncertainty of completing these property investments and acquisitions, and uncertainties regarding future distributions to our stockholders. These and other risks, assumptions, and uncertainties are described in Item 1A “Risk Factors” of the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2023, which was filed with the SEC on February 22, 2024, which you are encouraged to read, and will be available on the SEC’s website at www.sec.gov. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those indicated or anticipated by such forward-looking statements. Accordingly, you are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date they are made. The Company assumes no obligation to, and does not currently intend to, update any forward-looking statements after the date of this press release, whether as a result of new information, future events, changes in assumptions, or otherwise.

Notice Regarding Non-GAAP Financial Measures

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

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

	March 31, 2024	December 31, 2023
Assets		
Accounted for using the operating method:		
Land	\$ 724,199	\$ 748,529
Land improvements	316,170	328,746
Buildings and improvements	3,591,260	3,803,156
Equipment	8,247	8,265
Total accounted for using the operating method	4,639,876	4,888,696
Less accumulated depreciation	(606,225)	(626,597)
Accounted for using the operating method, net	4,033,651	4,262,099
Accounted for using the direct financing method	26,522	26,643
Accounted for using the sales-type method	571	572
Property under development	133,064	94,964
Investment in rental property, net	4,193,808	4,384,278
Cash and cash equivalents	221,740	19,494
Accrued rental income	149,203	152,724
Tenant and other receivables, net	836	1,487
Prepaid expenses and other assets	33,149	36,661
Interest rate swap, assets	57,900	46,096
Goodwill	339,769	339,769
Intangible lease assets, net	273,250	288,226
Total assets	\$ 5,269,655	\$ 5,268,735
Liabilities and equity		
Unsecured revolving credit facility	\$ 73,820	\$ 90,434
Mortgages, net	78,517	79,068
Unsecured term loans, net	896,260	895,947
Senior unsecured notes, net	845,498	845,309
Accounts payable and other liabilities	40,655	47,534
Dividends payable	56,871	56,869
Accrued interest payable	9,377	5,702
Intangible lease liabilities, net	50,953	53,531
Total liabilities	2,051,951	2,074,394
Commitments and contingencies		
Equity		
Broadstone Net Lease, Inc. 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, 188,435 and 187,614 shares issued and outstanding at March 31, 2024 and December 31, 2023, respectively	47	47
Additional paid-in capital	3,446,910	3,440,639
Cumulative distributions in excess of retained earnings	(430,169)	(440,731)
Accumulated other comprehensive income	56,834	49,286
Total Broadstone Net Lease, Inc. equity	3,073,622	3,049,241
Non-controlling interests	144,082	145,100
Total equity	3,217,704	3,194,341
Total liabilities and equity	\$ 5,269,655	\$ 5,268,735

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

	For the Three Months Ended		
	March 31, 2024	December 31, 2023	March 31, 2023
Revenues			
Lease revenues, net	\$ 105,366	\$ 105,000	\$ 118,992
Operating expenses			
Depreciation and amortization	37,772	39,278	41,784
Property and operating expense	5,660	5,995	5,886
General and administrative	9,432	9,383	10,416
Provision for impairment of investment in rental properties	26,400	29,801	1,473
Total operating expenses	79,264	84,457	59,559
Other income (expenses)			
Interest income	233	141	162
Interest expense	(18,578)	(18,972)	(21,139)
Gain on sale of real estate	59,132	6,270	3,415
Income taxes	(408)	268	(479)
Other income (expenses)	1,696	(1,453)	(18)
Net income	68,177	6,797	41,374
Net income attributable to non-controlling interests	(3,063)	(319)	(2,070)
Net income attributable to Broadstone Net Lease, Inc.	\$ 65,114	\$ 6,478	\$ 39,304
Weighted average number of common shares outstanding			
Basic	187,290	186,829	186,130
Diluted	196,417	196,373	196,176
Net earnings per common share			
Basic and Diluted	\$ 0.35	\$ 0.03	\$ 0.21
Comprehensive income			
Net income	\$ 68,177	\$ 6,797	\$ 41,374
Other comprehensive income			
Change in fair value of interest rate swaps	11,804	(32,989)	(17,899)
Realized loss (gain) on interest rate swaps	159	317	522
Comprehensive income	80,140	(25,875)	23,997
Comprehensive income attributable to non-controlling interests	(3,600)	1,215	(1,200)
Comprehensive income attributable to Broadstone Net Lease, Inc.	\$ 76,540	\$ (24,660)	\$ 22,797

Reconciliation of Non-GAAP Measures

The following is a reconciliation of net income to FFO, Core FFO, and AFFO for the three months ended March 31, 2024, December 31, 2023, and March 31, 2023. Also presented is the weighted average number of shares of our common stock and OP Units used for the diluted per share computation:

<i>(in thousands, except per share data)</i>	March 31, 2024	For the Three Months Ended December 31, 2023	March 31, 2023
Net income	\$ 68,177	\$ 6,797	\$ 41,374
Real property depreciation and amortization	37,690	39,115	41,745
Gain on sale of real estate	(59,132)	(6,270)	(3,415)
Provision for impairment on investment in rental properties	26,400	29,801	1,473
FFO	\$ 73,135	\$ 69,443	\$ 81,177
Net write-offs of accrued rental income	2,556	4,161	297
Lease termination fees	—	—	(7,500)
Severance and executive transition costs	77	218	481
Other (income) expenses ¹	(1,696)	1,453	18
Core FFO	\$ 74,072	\$ 75,275	\$ 74,473
Straight-line rent adjustment	(4,980)	(5,404)	(7,271)
Amortization of debt issuance costs	983	983	986
Amortization of net mortgage premiums	—	—	(26)
Non-capitalized transaction costs	182	—	—
Loss on interest rate swaps and other non-cash interest expense	159	319	522
Amortization of lease intangibles	(1,018)	(1,014)	(2,691)
Stock-based compensation	1,475	1,401	1,492
Deferred taxes	—	(282)	—
AFFO	\$ 70,873	\$ 71,278	\$ 67,485
Diluted WASO ²	196,417	196,373	196,176
Net earnings per diluted share ³	\$ 0.35	\$ 0.03	\$ 0.21
FFO per diluted share ³	0.37	0.35	0.41
Core FFO per diluted share ³	0.38	0.36	0.38
AFFO per diluted share ³	0.36	0.36	0.34

¹ Amount includes \$(1.7) million, \$1.5 million, and \$18 thousand of unrealized foreign exchange (gain) loss for the three months ended March 31, 2024, December 31, 2023, and March 31, 2023, respectively, primarily associated with our Canadian dollar denominated revolving borrowings.

² Excludes 663,196, 493,524, and 431,392 weighted average shares of unvested restricted common stock for the three months ended March 31, 2024, December 31, 2023, and March 31, 2023, respectively.

³ Excludes \$0.4 million from the numerator for the three months ended March 31, 2024, and \$0.1 million from the numerator for the three months ended December 31, 2023, and March 31, 2023, respectively, related to dividends paid or declared on shares of unvested restricted common stock.

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

We compute FFO in accordance with the standards established by the Board of Governors of Nareit, the worldwide representative voice for REITs and publicly traded real estate companies with an interest in the U.S. real estate and capital markets. Nareit defines FFO as GAAP net income or loss adjusted to exclude net gains (losses) from sales of certain depreciated real estate assets, depreciation and amortization expense from real estate assets, 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, 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 revenues and expenses that are non-cash or unique in nature, including straight-line rents, amortization of lease intangibles, amortization of debt issuance costs, amortization of net mortgage premiums, non-capitalized transaction costs such as acquisition costs related to deals that failed to transact, (gain) loss on interest rate swaps and other non-cash interest expense, deferred taxes, 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 is a reconciliation of net income to EBITDA, EBITDAre, and Adjusted EBITDAre, debt to Net Debt and Net Debt to Annualized Adjusted EBITDAre as of and for the three months ended March 31, 2024, December 31, 2023, and March 31, 2023:

(in thousands)	For the Three Months Ended		
	March 31, 2024	December 31, 2023	March 31, 2023
Net income	\$ 68,177	\$ 6,797	\$ 41,374
Depreciation and amortization	37,772	39,278	41,784
Interest expense	18,578	18,972	21,139
Income taxes	408	(268)	479
EBITDA	\$ 124,935	\$ 64,779	\$ 104,776
Provision for impairment of investment in rental properties	26,400	29,801	1,473
Gain on sale of real estate	(59,132)	(6,270)	(3,415)
EBITDAre	\$ 92,203	\$ 88,310	\$ 102,834
Adjustment for current quarter investment activity ¹	—	153	406
Adjustment for current quarter disposition activity ²	(4,712)	(156)	(365)
Adjustment to exclude non-recurring and other expenses ³	(125)	128	(1,023)
Adjustment to exclude net write-offs of accrued rental income	2,556	4,161	297
Adjustment to exclude realized / unrealized foreign exchange (gain) loss	(1,696)	1,453	18
Adjustment to exclude lease termination fees	—	—	(7,500)
Adjusted EBITDAre	\$ 88,226	\$ 94,049	\$ 94,667
Estimated revenues from developments ⁴	2,771	—	—
Pro Forma Adjusted EBITDAre	\$ 90,997	\$ 94,049	\$ 94,667
Annualized EBITDAre	\$ 368,812	\$ 353,240	\$ 411,336
Annualized Adjusted EBITDAre	\$ 352,904	\$ 376,196	\$ 378,668
Pro Forma Annualized Adjusted EBITDAre	\$ 363,988	\$ 376,196	\$ 378,668

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

² Reflects an adjustment to give effect to all dispositions during the quarter as if they had been sold as of the beginning of the quarter.

³ Amount includes \$0.1 million of employee severance and executive transition costs and (\$0.2) million of forfeited stock-based compensation for the three months ended March 31, 2024. Amounts include \$0.2 million, \$0.7 million and \$0.2 million of employee severance and executive transition costs during the three months ended December 31, 2023, September 30, 2023, and June 30, 2023, respectively, and (\$0.1) million of forfeited stock-based compensation for the three months ended December 31, 2023. Amounts include a combined \$0.5 million of executive transition costs and accelerated amortization of stock-based compensation, related to the departure of our previous chief executive officer and \$(1.5) million of accelerated amortization of lease intangibles for the three months ended March 31, 2023.

⁴ Represents estimated contractual revenues based on in-process development spend to-date.

(in thousands)	March 31, 2024	December 31, 2023	March 31, 2023
Debt			
Unsecured revolving credit facility	\$ 73,820	\$ 90,434	\$ 108,330
Unsecured term loans, net	896,260	895,947	895,006
Senior unsecured notes, net	845,498	845,309	844,744
Mortgages, net	78,517	79,068	85,853
Debt issuance costs	8,337	8,848	10,390
Gross Debt	1,902,432	1,919,606	1,944,323
Cash and cash equivalents	(221,740)	(19,494)	(15,412)
Restricted cash	(1,038)	(1,138)	(3,898)
Net Debt	\$ 1,679,654	\$ 1,898,974	\$ 1,925,013
Leverage Ratios:			
Net Debt to Annualized EBITDAre	4.6x	5.4x	4.7x
Net Debt to Annualized Adjusted EBITDAre	4.8x	5.0x	5.1x
Pro Forma Net Debt to Annualized Adjusted EBITDAre	4.6x	5.0x	5.1x

We define Net Debt as gross debt (total reported debt plus debt issuance costs) less cash and cash equivalents and restricted cash. We believe that the presentation of Net Debt to Annualized EBITDAre and Net Debt to Annualized Adjusted EBITDAre is useful to investors and analysts because these ratios provide information about gross debt less cash and cash equivalents, which could be used to repay debt, compared to our performance as measured using EBITDAre.

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

We are focused on a disciplined and targeted investment 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, discussed 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 investments using our unsecured revolving credit facility, our leverage profile and Net Debt will be immediately impacted by current quarter investments. However, the full benefit of EBITDAre from new investments 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 investments 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 investments 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. While investments in property developments have an immediate impact to Net Debt, we do not make an adjustment to EBITDAre until the quarter in which the lease commences. We then annualize quarterly Adjusted EBITDAre by multiplying it by four (“Annualized Adjusted EBITDAre”). You should not unduly rely on this measure as it is based on assumptions and estimates that may prove to be inaccurate. Our actual reported EBITDAre for future periods may be significantly different from our Annualized Adjusted EBITDAre. Adjusted EBITDAre and Annualized Adjusted EBITDAre are not measurements of performance under GAAP, and our Adjusted EBITDAre and Annualized Adjusted EBITDAre may not be comparable to similarly titled measures of other companies. You should not consider our Adjusted EBITDAre and Annualized Adjusted EBITDAre as alternatives to net income or cash flows from operating activities determined in accordance with GAAP.

BROADSTONE

 NET LEASE, INC.



Q1 2024 QUARTERLY SUPPLEMENTAL INFORMATION

Broadstone Net Lease, Inc. (NYSE: BNL) is an industrial-focused, diversified real estate investment trust (REIT) that invests in single-tenant commercial real estate properties that are net leased on a long-term basis to a diversified group of tenants.

www.broadstone.com

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About the Data

This data and other information described herein are as of and for the three months ended March 31, 2024 unless otherwise indicated. Future performance may not be consistent with past performance and is subject to change and inherent risks and uncertainties. This information should be read in conjunction with Broadstone Net Lease, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2023, including the financial statements and the management's discussion and analysis of financial condition and results of operations sections.

Forward Looking Statements

Information set forth herein contains forward-looking statements, which reflect our current views regarding our business, financial performance, growth prospects and strategies, market opportunities, and market trends. Forward-looking statements include all statements that are not historical facts. In some cases, you can identify these forward-looking statements by the use of words such as "outlook," "believes," "expects," "potential," "continues," "may," "will," "should," "could," "would be," "seeks," "approximately," "projects," "predicts," "intends," "plans," "estimates," "anticipates," or the negative version of these words or other comparable words. All of the forward-looking statements herein are subject to various risks and uncertainties. Assumptions relating to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions, and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond our control. Although we believe that the expectations reflected in such forward-looking statements are based on reasonable assumptions, our actual results, performance, and achievements could differ materially from those expressed in or by the forward-looking statements and may be affected by a variety of risks and other factors. Accordingly, there are or will be important factors that could cause actual outcomes or results to differ materially from such forward-looking statements. These factors include, but are not limited to, risks and uncertainties related to general economic conditions, including but not limited to increases in the rate of inflation and/or interest rates, local real estate conditions, tenant financial health, and property acquisitions and the timing of these investments and acquisitions. These and other risks, assumptions, and uncertainties are described in our filings with the SEC, which are available on the SEC's website at www.sec.gov.

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

IP Disclaimer

This document contains references to copyrights, trademarks, trade names, and service marks that belong to other companies. Broadstone Net Lease is not affiliated or associated with, and is not endorsed by and does not endorse, such companies or their products or services.

Company Overview

Broadstone Net Lease, Inc. (NYSE:BNL) (the “Company”, “BNL”, “us”, “our”, and “we”) is an industrial-focused, diversified net lease real estate investment trust (“REIT”) that invests in primarily single-tenant commercial real estate properties that are net leased on a long-term basis to a diversified group of tenants. Since our inception, we have selectively invested in real estate across the industrial, restaurant, healthcare, retail, and office property types. We target properties with credit worthy tenants in industries characterized by positive business drivers and trends, where the properties are an integral part of the tenants’ businesses and there are opportunities to secure long-term net leases. Through long-term net leases, our tenants are able to retain operational control of their strategically important locations, while allocating their debt and equity capital to fund core business operations rather than real estate ownership.

Executive Team

John D. Moragne

Chief Executive Officer and Member, Board of Directors

Ryan M. Albano

President and Chief Operating Officer

Kevin M. Fennell

Executive Vice President and Chief Financial Officer

John D. Callan, Jr.

Senior Vice President, General Counsel, and Secretary

Michael B. Caruso

Senior Vice President, Underwriting & Strategy

Timothy D. Dieffenbacher

Senior Vice President, Chief Accounting Officer, and Treasurer

Will D. Garner

Senior Vice President, Acquisitions

Jennie L. O’Brien

Senior Vice President, Accounting, and Controller

Molly Kelly Wiegel

Senior Vice President, Human Resources & Administration

Board of Directors

Laurie A. Hawkes

Chairman of the Board

John D. Moragne

Chief Executive Officer

Denise Brooks-Williams**Michael A. Coke****Jessica Duran****Laura Felice****David M. Jacobstein****Shekar Narasimhan****James H. Watters**

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Quarterly Financial Summary

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

	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023
Financial Summary					
Investment in rental property	\$ 4,666,969	\$ 4,915,911	\$ 4,939,598	\$ 4,981,430	\$ 5,002,330
Less accumulated depreciation	(606,225)	(626,597)	(601,895)	(578,616)	(558,410)
Property under development	133,064	94,964	49,819	37,449	—
Investment in rental property, net	4,193,808	4,384,278	4,387,522	4,440,263	4,443,920
Cash and cash equivalents	221,740	19,494	35,061	20,763	15,412
Restricted cash	1,038	1,138	15,436	15,502	3,898
Total assets	5,269,655	5,268,735	5,335,043	5,368,150	5,335,868
Unsecured revolving credit facility	73,820	90,434	74,060	122,912	108,330
Mortgages, net	78,517	79,068	79,613	80,141	85,853
Unsecured term loans, net	896,260	895,947	895,633	895,319	895,006
Senior unsecured notes, net	845,498	845,309	845,121	844,932	844,744
Total liabilities	2,051,951	2,074,394	2,059,570	2,106,553	2,103,551
Total Broadstone Net Lease, Inc. equity	3,073,622	3,049,241	3,120,776	3,107,536	3,079,207
Total equity (book value)	3,217,704	3,194,341	3,275,473	3,261,597	3,232,317
Revenues	105,366	105,000	109,543	109,353	118,992
General and administrative - other	7,957	7,982	8,603	7,944	8,924
Stock based compensation	1,475	1,401	1,540	1,539	1,492
General and administrative	9,432	9,383	10,143	9,483	10,416
Total operating expenses	79,264	84,457	54,383	53,502	59,559
Interest expense	18,578	18,972	19,665	20,277	21,139
Net income	68,177	6,797	52,145	62,996	41,374
Net earnings per common share, diluted	\$ 0.35	\$ 0.03	\$ 0.26	\$ 0.32	\$ 0.21
FFO	73,135	69,443	75,478	72,524	81,177
FFO per share, diluted	\$ 0.37	\$ 0.35	\$ 0.39	\$ 0.37	\$ 0.41
Core FFO	74,072	75,275	74,754	74,381	74,473
Core FFO per share, diluted	\$ 0.38	\$ 0.38	\$ 0.38	\$ 0.38	\$ 0.38
AFFO	70,873	71,278	69,958	69,004	67,485
AFFO per share, diluted	\$ 0.36	\$ 0.36	\$ 0.36	\$ 0.35	\$ 0.34
Net cash provided by operating activities	70,867	60,582	73,888	62,228	74,376
Capital expenditures and improvements	132	568	1,106	1,011	758
Capital expenditures and improvements - revenue generating	3,000	16,229	4,755	7,000	14,825
Net cash provided by (used in) investing activities	204,285	(49,536)	42,528	1,713	29,633
Net cash used in financing activities	(73,006)	(40,911)	(102,184)	(46,986)	(144,739)
Distributions declared	57,292	56,433	54,274	55,419	54,887
Distributions declared per diluted share	\$ 0.285	\$ 0.285	\$ 0.280	\$ 0.280	\$ 0.275

Balance Sheet

(unaudited, in thousands)

	March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023
Assets					
Accounted for using the operating method:					
Land	\$ 724,199	\$ 748,529	\$ 752,708	\$ 754,402	\$ 760,142
Land improvements	316,170	328,746	330,214	332,757	337,296
Buildings and improvements	3,591,260	3,803,156	3,819,745	3,857,236	3,866,952
Equipment	8,247	8,265	9,608	9,608	10,422
Total accounted for using the operating method	4,639,876	4,888,696	4,912,275	4,954,003	4,974,812
Less accumulated depreciation	(606,225)	(626,597)	(601,895)	(578,616)	(558,410)
Accounted for using the operating method, net	4,033,651	4,262,099	4,310,380	4,375,387	4,416,402
Accounted for using the direct financing method	26,522	26,643	26,751	26,855	26,947
Accounted for using the sales-type method	571	572	572	572	571
Property under development	133,064	94,964	49,819	37,449	—
Investment in rental property, net	4,193,808	4,384,278	4,387,522	4,440,263	4,443,920
Cash and cash equivalents	221,740	19,494	35,061	20,763	15,412
Accrued rental income	149,203	152,724	152,268	148,697	142,031
Tenant and other receivables, net	836	1,487	1,372	1,895	2,004
Prepaid expenses and other assets	33,149	36,661	42,309	42,322	29,764
Interest rate swap, assets	57,900	46,096	79,086	65,143	45,490
Goodwill	339,769	339,769	339,769	339,769	339,769
Intangible lease assets, net	273,250	288,226	297,656	309,298	317,478
Total assets	\$ 5,269,655	\$ 5,268,735	\$ 5,335,043	\$ 5,368,150	\$ 5,335,868
Liabilities and equity					
Unsecured revolving credit facility	\$ 73,820	\$ 90,434	\$ 74,060	\$ 122,912	\$ 108,330
Mortgages, net	78,517	79,068	79,613	80,141	85,853
Unsecured term loans, net	896,260	895,947	895,633	895,319	895,006
Senior unsecured notes, net	845,498	845,309	845,121	844,932	844,744
Accounts payable and other liabilities	40,655	47,534	44,886	44,147	46,090
Dividends payable	56,871	56,869	55,770	55,640	54,515
Accrued interest payable	9,377	5,702	9,186	5,889	9,654
Intangible lease liabilities, net	50,953	53,531	55,301	57,573	59,359
Total liabilities	2,051,951	2,074,394	2,059,570	2,106,553	2,103,551
Equity					
Broadstone Net Lease, Inc. equity:					
Preferred stock, \$0.001 par value	—	—	—	—	—
Common stock, \$0.00025 par value	47	47	47	47	47
Additional paid-in capital	3,446,910	3,440,639	3,430,725	3,430,692	3,434,534
Cumulative distributions in excess of retained earnings	(430,169)	(440,731)	(393,571)	(391,631)	(398,890)
Accumulated other comprehensive income	56,834	49,286	83,575	68,428	43,516
Total Broadstone Net Lease, Inc. equity	3,073,622	3,049,241	3,120,776	3,107,536	3,079,207
Non-controlling interests	144,082	145,100	154,697	154,061	153,110
Total equity	3,217,704	3,194,341	3,275,473	3,261,597	3,232,317
Total liabilities and equity	\$ 5,269,655	\$ 5,268,735	\$ 5,335,043	\$ 5,368,150	\$ 5,335,868

Income Statement Summary

(unaudited, in thousands, except per share data)

	Three Months Ended				
	March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023
Revenues					
Lease revenues, net	\$ 105,366	\$ 105,000	\$ 109,543	\$ 109,353	\$ 118,992
Operating expenses					
Depreciation and amortization	37,772	39,278	38,533	39,031	41,784
Property and operating expense	5,660	5,995	5,707	4,988	5,886
General and administrative	9,432	9,383	10,143	9,483	10,416
Provision for impairment of investment in rental properties	26,400	29,801	—	—	1,473
Total operating expenses	79,264	84,457	54,383	53,502	59,559
Other income (expenses)					
Interest income	233	141	127	82	162
Interest expense	(18,578)	(18,972)	(19,665)	(20,277)	(21,139)
Gain on sale of real estate	59,132	6,270	15,163	29,462	3,415
Income taxes	(408)	268	(104)	(448)	(479)
Other income (expenses)	1,696	(1,453)	1,464	(1,674)	(18)
Net income	68,177	6,797	52,145	62,996	41,374
Net income attributable to non-controlling interests	(3,063)	(319)	(2,463)	(2,982)	(2,070)
Net income attributable to Broadstone Net Lease, Inc.	\$ 65,114	\$ 6,478	\$ 49,682	\$ 60,014	\$ 39,304
Weighted average number of common shares outstanding					
Basic ¹	187,290	186,829	186,766	186,733	186,130
Diluted ¹	196,417	196,373	196,372	196,228	196,176
Net earnings per common share²					
Basic	\$ 0.35	\$ 0.03	\$ 0.27	\$ 0.32	\$ 0.21
Diluted	\$ 0.35	\$ 0.03	\$ 0.26	\$ 0.32	\$ 0.21

¹ Excludes 663,196 weighted average shares of unvested restricted common stock for the three months ended March 31, 2024.

² Excludes \$0.4 million from the numerator for the three months ended March 31, 2024, related to dividends declared on shares of unvested restricted common stock.

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

(unaudited, in thousands, except per share data)

	Three Months Ended				
	March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023
Net income	\$ 68,177	\$ 6,797	\$ 52,145	\$ 62,996	\$ 41,374
Real property depreciation and amortization	37,690	39,115	38,496	38,990	41,745
Gain on sale of real estate	(59,132)	(6,270)	(15,163)	(29,462)	(3,415)
Provision for impairment of investment in rental properties	26,400	29,801	—	—	1,473
FFO	\$ 73,135	\$ 69,443	\$ 75,478	\$ 72,524	\$ 81,177
Net write-offs of accrued rental income	2,556	4,161	—	—	297
Lease termination fees	—	—	—	—	(7,500)
Cost of debt extinguishment	—	—	—	3	—
Severance and executive transition costs	77	218	740	183	481
Other (income) expenses ¹	(1,696)	1,453	(1,464)	1,671	18
Core FFO	\$ 74,072	\$ 75,275	\$ 74,754	\$ 74,381	\$ 74,473
Straight-line rent adjustment	(4,980)	(5,404)	(6,785)	(7,276)	(7,271)
Adjustment to provision for credit losses	—	—	—	(10)	—
Amortization of debt issuance costs	983	983	983	986	986
Amortization of net mortgage premiums	—	—	—	(52)	(26)
Non-capitalized transaction costs ²	182	—	—	—	—
Loss on interest rate swaps and other non-cash interest expense	159	319	522	521	522
Amortization of lease intangibles	(1,018)	(1,014)	(1,056)	(1,085)	(2,691)
Stock-based compensation	1,475	1,401	1,540	1,539	1,492
Deferred taxes	—	(282)	—	—	—
AFFO	\$ 70,873	\$ 71,278	\$ 69,958	\$ 69,004	\$ 67,485
Diluted weighted average shares outstanding ³	196,417	196,373	196,372	196,228	196,176
Net earnings per diluted share ⁴	\$ 0.35	\$ 0.03	\$ 0.26	\$ 0.32	\$ 0.21
FFO per diluted share ⁴	0.37	0.35	0.39	0.37	0.41
Core FFO per diluted share ⁴	0.38	0.38	0.38	0.38	0.38
AFFO per diluted share ⁴	0.36	0.36	0.36	0.35	0.34

¹ Amount includes (\$1.7) million of unrealized and realized foreign exchange (gain) loss for the three months ended March 31, 2024, primarily associated with our Canadian dollar denominated revolver borrowings.

² Includes \$0.2 million of acquisition costs related to deals that failed to transact.

³ Excludes 663,196 weighted average shares of unvested restricted common stock for the three months ended March 31, 2024.

⁴ Excludes \$0.4 million from the numerator for the three months ended March 31, 2024, related to dividends declared on shares of unvested restricted common stock.

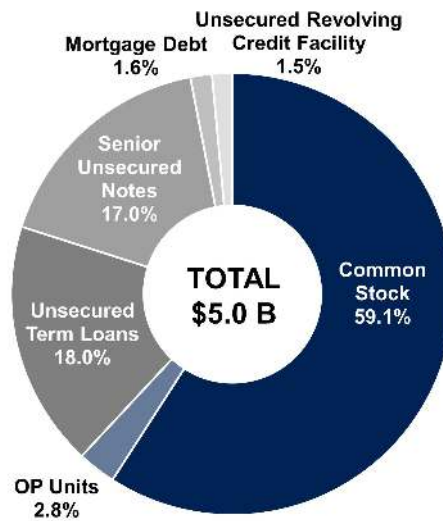
Lease Revenues Detail

(unaudited, in thousands)

	Three Months Ended				
	March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023
Contractual rental amounts billed for operating leases	\$ 97,549	\$ 97,182	\$ 96,333	\$ 96,456	\$ 98,102
Adjustment to recognize contractual operating lease billings on a straight-line basis	5,104	5,513	6,891	7,380	7,370
Net write-offs of accrued rental income	(2,556)	(4,161)	—	—	(105)
Variable rental amounts earned	598	971	513	452	341
Earned income from direct financing leases	682	685	687	689	691
Interest income from sales-type leases	14	15	14	15	14
Operating expenses billed to tenants	5,105	5,513	5,181	4,594	5,075
Other income from real estate transactions	66	—	19	3	7,392
Adjustment to revenue recognized for uncollectible rental amounts billed, net	(1,196)	(718)	(95)	(236)	112
Total Lease revenues, net	\$ 105,366	\$ 105,000	\$ 109,543	\$ 109,353	\$ 118,992

Capital Structure

(in thousands, except per share data)



EQUITY

Shares of Common Stock		188,435
OP Units		8,928
Common Stock & OP Units		197,363
Price Per Share / Unit at March 31, 2024	\$	15.67
IMPLIED EQUITY MARKET CAPITALIZATION	\$	3,092,678
<i>% of Total Capitalization</i>		<i>61.9%</i>

DEBT

Unsecured Revolving Credit Facility - 2026	\$	73,820
Unsecured Term Loans		900,000
Unsecured Term Loan - 2026		400,000
Unsecured Term Loan - 2027		200,000
Unsecured Term Loan - 2029		300,000
Senior Unsecured Notes		850,000
Senior Unsecured Notes - 2027		150,000
Senior Unsecured Notes - 2028		225,000
Senior Unsecured Notes - 2030		100,000
Senior Unsecured Public Notes - 2031		375,000
Mortgage Debt - Various		78,612
TOTAL DEBT	\$	1,902,432
<i>% of Total Capitalization</i>		<i>38.1%</i>
<i>Floating Rate Debt %</i>		<i>0.0%</i>
<i>Fixed Rate Debt %</i>		<i>100.0%</i>
<i>Secured Debt %</i>		<i>4.1%</i>
<i>Unsecured Debt %</i>		<i>95.9%</i>

Total Capitalization	\$	4,995,110
Less: Cash and Cash Equivalents		(221,740)
Enterprise Value	\$	4,773,370

Equity Rollforward

(in thousands)

	Shares of Common Stock	OP Units	Total Diluted Shares
Balance, January 1, 2024	187,614	8,928	196,542
Grants of restricted stock awards - employees	778	—	778
Vesting of performance-based restricted stock units – employees	44	—	44
Retirement of common shares under equity incentive plan	(71)	—	(71)
Forfeiture of restricted stock awards	(25)	—	(25)
OP unit conversion	95	(95)	—
Balance, March 31, 2024	188,435	8,833	197,268

Debt Outstanding

(in thousands)

	Outstanding Balance		Interest Rate	Maturity Date
	March 31, 2024	December 31, 2023		
Unsecured revolving credit facility	\$ 73,820	\$ 90,434	Applicable reference rate + 0.85% ¹	Mar. 2026 ³
Unsecured term loans:				
2026 Unsecured Term Loan	400,000	400,000	one-month adjusted SOFR + 1.00% ²	Feb. 2026
2027 Unsecured Term Loan	200,000	200,000	one-month adjusted SOFR + 0.95% ²	Aug. 2027
2029 Unsecured Term Loan	300,000	300,000	one-month adjusted SOFR + 1.25% ²	Aug. 2029
Total unsecured term loans	900,000	900,000		
Unamortized debt issuance costs, net	(3,740)	(4,053)		
Total unsecured term loans, net	896,260	895,947		
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	(4,502)	(4,691)		
Total senior unsecured notes, net	845,498	845,309		
Total unsecured debt, net	\$ 1,815,578	\$ 1,831,690		

¹ At March 31, 2024 and December 31, 2023, a balance of \$0.0 million and \$15.0 million, respectively was subject to the one-month SOFR. The remaining balances include \$100 million CAD borrowings remeasured to \$73.8 million and \$75.4 million USD, respectively, which were subject to the one-month Canadian Dollar Offered Rate.

² At March 31, 2024 and December 31, 2023, one-month SOFR was 5.33% and 5.35%, respectively.

³ Our unsecured revolving credit facility contains two six-month extension options subject to certain conditions, including the payment of an extension fee equal to 0.0625% of the revolving commitments.

Lender	Origination	Maturity	Interest Rate	March 31, 2024	December 31, 2023
	Date (Month/Year)	Date (Month/Year)			
Wilmington Trust National Association	Apr-19	Feb-28	4.92%	\$ 43,868	\$ 44,207
Wilmington Trust National Association	Jun-18	Aug-25	4.36%	18,615	18,725
PNC Bank	Oct-16	Nov-26	3.62%	16,129	16,241
Total mortgages				78,612	79,173
Debt issuance costs, net				(95)	(105)
Mortgages, net				\$ 78,517	\$ 79,068

Year of Maturity	Revolving Credit Facility	Mortgages	Term Loans	Senior Notes	Total
2024	\$ —	\$ 1,700	\$ —	\$ —	\$ 1,700
2025	—	20,195	—	—	20,195
2026	73,820	16,843	400,000	—	490,663
2027	—	1,596	200,000	150,000	351,596
2028	—	38,278	—	225,000	263,278
Thereafter	—	—	300,000	475,000	775,000
Total	\$ 73,820	\$ 78,612	\$ 900,000	\$ 850,000	\$ 1,902,432

Interest Rate Swaps

(in thousands, except interest rates)

Counterparty	Maturity Date	Fixed Rate	Variable Rate Index	March 31, 2024	
				Notional Amount	Fair Value
Wells Fargo Bank, N.A.	October 2024	2.72 %	daily compounded SOFR	\$ 15,000	\$ 194
Capital One, National Association	December 2024	1.58 %	daily compounded SOFR	15,000	363
Bank of Montreal	January 2025	1.91 %	daily compounded SOFR	25,000	612
Truist Financial Corporation	April 2025	2.20 %	daily compounded SOFR	25,000	701
Bank of Montreal	July 2025	2.32 %	daily compounded SOFR	25,000	793
Truist Financial Corporation	July 2025	1.99 %	daily compounded SOFR	25,000	894
Truist Financial Corporation	December 2025	2.30 %	daily compounded SOFR	25,000	1,007
Bank of Montreal	January 2026	1.92 %	daily compounded SOFR	25,000	1,171
Bank of Montreal	January 2026	2.05 %	daily compounded SOFR	40,000	1,787
Capital One, National Association	January 2026	2.08 %	daily compounded SOFR	35,000	1,547
Truist Financial Corporation	January 2026	1.93 %	daily compounded SOFR	25,000	1,168
Capital One, National Association	April 2026	2.68 %	daily compounded SOFR	15,000	554
Capital One, National Association	July 2026	1.32 %	daily compounded SOFR	35,000	2,396
Bank of Montreal	December 2026	2.33 %	daily compounded SOFR	10,000	528
Bank of Montreal	December 2026	1.99 %	daily compounded SOFR	25,000	1,540
Toronto-Dominion Bank	March 2027	2.46 %	one-month CDOR	14,764 ⁽¹⁾	694
Wells Fargo Bank, N.A.	April 2027	2.72 %	daily compounded SOFR	25,000	1,118
Bank of Montreal	December 2027	2.37 %	daily compounded SOFR	25,000	1,568
Capital One, National Association	December 2027	2.37 %	daily compounded SOFR	25,000	1,563
Wells Fargo Bank, N.A.	January 2028	2.37 %	daily compounded SOFR	75,000	4,697
Bank of Montreal	May 2029	2.09 %	daily compounded SOFR	25,000	2,254
Regions Bank	May 2029	2.11 %	daily compounded SOFR	25,000	2,223
Regions Bank	June 2029	2.03 %	daily compounded SOFR	25,000	2,319
U.S. Bank National Association	June 2029	2.03 %	daily compounded SOFR	25,000	2,324
Regions Bank	August 2029	2.58 %	one-month SOFR	100,000	6,265
Toronto-Dominion Bank	August 2029	2.58 %	one-month SOFR	45,000	2,860
U.S. Bank National Association	August 2029	2.65 %	one-month SOFR	15,000	900
U.S. Bank National Association	August 2029	2.58 %	one-month SOFR	100,000	6,294
U.S. Bank National Association	August 2029	1.35 %	daily compounded SOFR	25,000	3,211
Regions Bank	March 2032	2.69 %	one-month CDOR	14,764 ⁽¹⁾	1,043
U.S. Bank National Association	March 2032	2.70 %	one-month CDOR	14,764 ⁽¹⁾	1,043
Bank of Montreal	March 2034	2.81 %	one-month CDOR	29,528 ⁽²⁾	2,269
				<u>\$ 973,820</u>	<u>\$ 57,900</u>

¹ The contractual notional amount is \$20.0 million CAD.

² The contractual notional amount is \$40.0 million CAD.

EBITDA, EBITDAre, and Other-Non GAAP Operating Measures

(unaudited, in thousands)

	Three Months Ended				
	March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023
Net income	\$ 68,177	\$ 6,797	\$ 52,145	\$ 62,996	\$ 41,374
Depreciation and amortization	37,772	39,278	38,533	39,031	41,784
Interest expense	18,578	18,972	19,665	20,277	21,139
Income taxes	408	(268)	104	448	479
EBITDA	\$ 124,935	\$ 64,779	\$ 110,447	\$ 122,752	\$ 104,776
Provision for impairment of investment in rental properties	26,400	29,801	—	—	1,473
Gain on sale of real estate	(59,132)	(6,270)	(15,163)	(29,462)	(3,415)
EBITDAre	\$ 92,203	\$ 88,310	\$ 95,284	\$ 93,290	\$ 102,834
Adjustment for current quarter investment activity ¹	—	153	26	342	406
Adjustment for current quarter disposition activity ²	(4,712)	(156)	(400)	(444)	(365)
Adjustment to exclude non-recurring and other expenses ³	(125)	128	740	183	(1,023)
Adjustment to exclude net write-offs of accrued rental income	2,556	4,161	—	—	297
Adjustment to exclude realized / unrealized foreign exchange (gain) loss	(1,696)	1,453	(1,433)	1,681	18
Adjustment to exclude cost of debt extinguishments	—	—	—	3	—
Adjustment to exclude lease termination fees	—	—	—	—	(7,500)
Adjusted EBITDAre	\$ 88,226	\$ 94,049	\$ 94,217	\$ 95,055	\$ 94,667
Estimated revenues from developments ⁴	2,771	—	—	—	—
Pro Forma Adjusted EBITDAre	\$ 90,997	\$ 94,049	\$ 94,217	\$ 95,055	\$ 94,667
Annualized EBITDAre	\$ 368,812	\$ 353,240	\$ 381,136	\$ 373,160	\$ 411,336
Annualized Adjusted EBITDAre	352,904	376,196	376,868	380,220	378,668
Pro Forma Annualized Adjusted EBITDAre	363,988	376,196	376,868	380,220	378,668

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

² Reflects an adjustment to give effect to all dispositions during the quarter as if they had been sold as of the beginning of the quarter.

³ Amounts include \$0.1 million of employee severance and executive transition costs and (\$0.2) million of forfeited stock-based compensation during the three months ended March 31, 2024.

⁴ Represents estimated contractual revenues based on in-process development spend to-date.

	Three Months Ended				
	March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023
Adjusted EBITDAre	\$ 88,226	\$ 94,049	\$ 94,217	\$ 95,055	\$ 94,667
General and administrative	9,557	9,254	9,404	9,300	9,935
Adjusted Net Operating Income ("NOI")	\$ 97,783	\$ 103,303	\$ 103,621	\$ 104,355	\$ 104,602
Straight-line rental revenue, net	(4,929)	(5,438)	(6,744)	(7,277)	(7,425)
Other amortization and non-cash charges	(1,018)	(1,014)	(1,087)	(1,095)	(1,668)
Adjusted Cash NOI	\$ 91,836	\$ 96,851	\$ 95,789	\$ 95,983	\$ 95,509
Annualized Adjusted NOI	\$ 391,132	\$ 413,212	\$ 414,483	\$ 417,420	\$ 418,408
Annualized Adjusted Cash NOI	367,344	387,404	383,157	383,932	382,036

Net Debt Metrics

(in thousands)

	March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023
Debt					
Unsecured revolving credit facility	\$ 73,820	\$ 90,434	\$ 74,060	\$ 122,912	\$ 108,330
Unsecured term loans, net	896,260	895,947	895,633	895,319	895,006
Senior unsecured notes, net	845,498	845,309	845,121	844,932	844,744
Mortgages, net	78,517	79,068	79,613	80,141	85,853
Debt issuance costs	8,337	8,848	9,360	9,872	10,390
Gross Debt	1,902,432	1,919,606	1,903,787	1,953,176	1,944,323
Cash and cash equivalents	(221,740)	(19,494)	(35,061)	(20,763)	(15,412)
Restricted cash	(1,038)	(1,138)	(15,436)	(15,502)	(3,898)
Net Debt	\$ 1,679,654	\$ 1,898,974	\$ 1,853,290	\$ 1,916,911	\$ 1,925,013
Leverage Ratios:					
Net Debt to Annualized EBITDAre	4.6x	5.4x	4.9x	5.1x	4.7x
Net Debt to Annualized Adjusted EBITDAre	4.8x	5.0x	4.9x	5.0x	5.1x
Pro Forma Net Debt to Annualized Adjusted EBITDAre	4.6x	5.0x	4.9x	5.0x	5.1x

Covenants

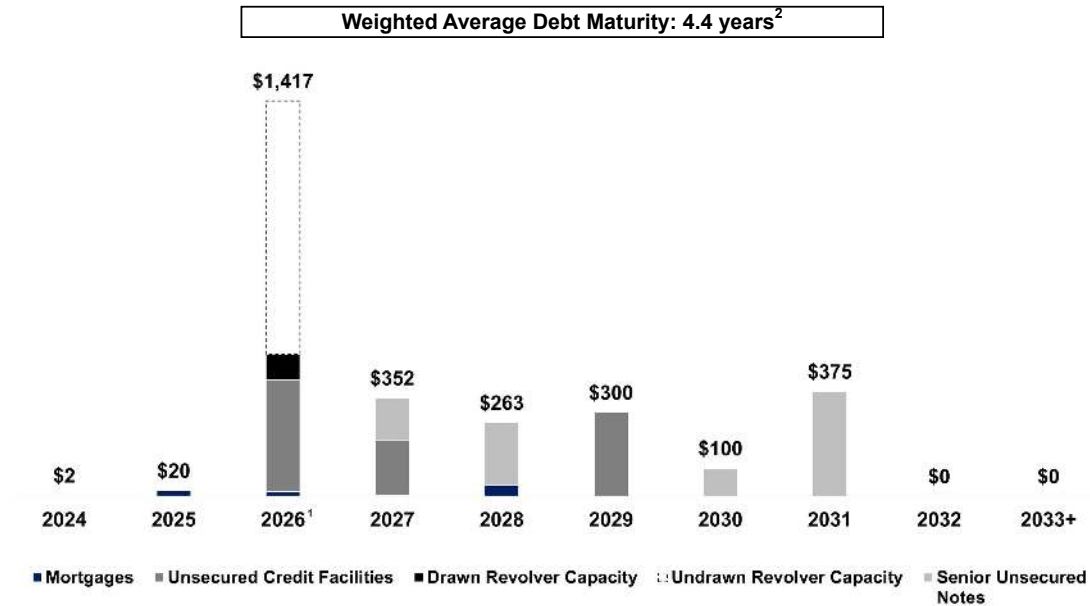
The following is a summary of key financial covenants for the Company's unsecured debt instruments. The covenants associated with the Revolving Credit Facility, Unsecured Term Loans with commercial banks, and the Series A-C Senior Unsecured Notes, are reported to the respective lenders via quarterly covenant reporting packages. The covenants associated with the 2031 Senior Unsecured Public Notes are not required to be reported externally to third parties, and are instead calculated in connection with borrowing activity and for financial reporting purposes only. These calculations, which are not based on U.S. GAAP measurements, are presented to investors to show that as of March 31, 2024, the Company believes it is in compliance with the covenants.

Covenants	Required	Revolving Credit Facility and Unsecured Term Loans	Senior Unsecured Notes Series A, B, & C	2031 Senior Unsecured Public Notes
Leverage ratio	≤ 0.60 to 1.00	0.32	0.33	Not Applicable
Secured indebtedness ratio	≤ 0.40 to 1.00	0.01	0.01	Not Applicable
Unencumbered coverage ratio	≥ 1.75 to 1.00	3.68	Not Applicable	Not Applicable
Fixed charge coverage ratio	≥ 1.50 to 1.00	4.55	4.55	Not Applicable
Total unsecured indebtedness to total unencumbered eligible property value	≤ 0.60 to 1.00	0.35	0.37	Not Applicable
Dividends and other restricted payments	Only applicable in case of default	Not Applicable	Not Applicable	Not Applicable
Aggregate debt ratio	≤ 0.60 to 1.00	Not Applicable	Not Applicable	0.35
Consolidated income available for debt to annual debt service charge	≥ 1.50 to 1.00	Not Applicable	Not Applicable	5.08
Total unencumbered assets to total unsecured debt	≥ 1.50 to 1.00	Not Applicable	Not Applicable	2.89
Secured debt ratio	≤ 0.40 to 1.00	Not Applicable	Not Applicable	0.01

Debt Maturities

(dollars in millions)

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

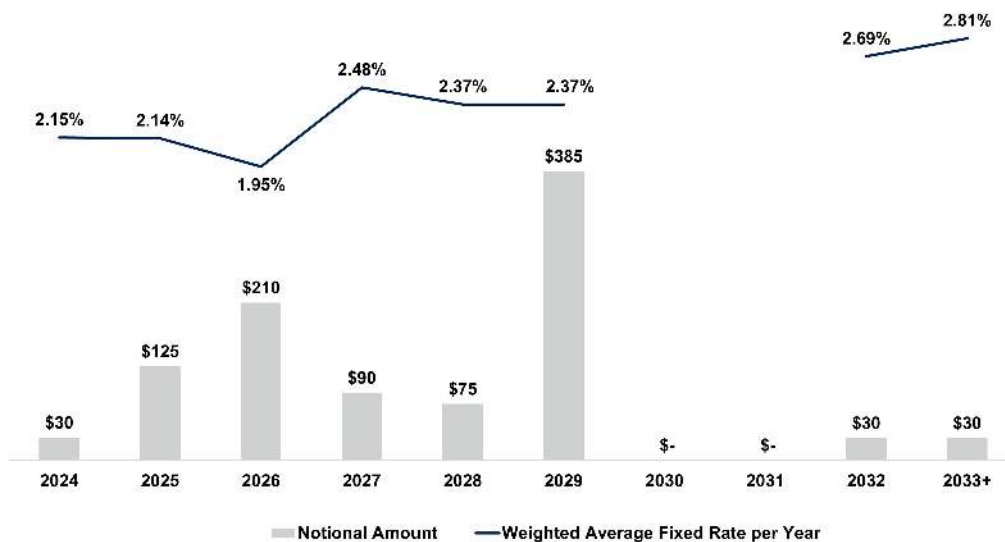


¹ Our Revolving Credit Facility contains two six-month extension options subject to certain conditions, including the payment of an extension fee equal to 0.0625% of the revolving commitments.

² Assumes exercise of Revolving Credit Facility extension options.

Swap Maturities

(dollars in millions)



Investment Activity

(square feet and dollars in thousands)

The following tables summarize the Company's investment activity during 2024.

	Q1 2024	
Acquisitions:		
Number of transactions		—
Number of properties		—
Square feet		—
Acquisition price	\$	—
Initial cash capitalization rate		—
Straight-line yield		—
Weighted avg. lease term (years)		—
Weighted average annual rent increase		—
Revenue generating capital expenditures:		
Number of existing properties		1
Investments ¹	\$	3,000
<i>Healthcare - Animal Health Services</i>		3,000
Initial cash capitalization rate		8.0 %
Weighted avg. lease term (years)		8.0
Weighted average annual rent increase		2.5 %
Development funding opportunities:		
Number of new properties		—
Total development funding opportunities		37,107
Total investments	\$	40,107
Total initial cash capitalization rate²		8.0 %
Total weighted average lease term (years)²		8.0
Total weighted average annual rent increase²		2.5 %

¹ Total unfunded investment commitments at March 31, 2024, include up to \$74.1 million in development fundings and \$6.2 million in revenue generating capital expenditures.

² Due to the nature of development funding opportunities not generating revenue during construction, these developments are excluded from the calculation of total capitalization rates, weighted average lease terms, and rent increases.

Developments³

(square feet and dollars in thousands)

The following table summarizes the Company's developments under construction as of March 31, 2024:

Property	Property Type	Projected Rentable Square Feet	Start Date ³	Target Completion Date ³	Initial Purchase Price ³	Estimated Project Development Costs ³	Estimated Total Project Investment ³	QTD Q1 2024 Investment	Cumulative Investment at 3/31/24	Estimated Cash Capitalization Rate ³	Estimated Straight-Line Yield ³
Under Construction:											
UNFI (Sarasota - FL)	Industrial	1,016	5/2023	10/2024	\$17,300	\$187,500	\$204,800	\$36,856	\$130,714	7.2%	8.3%
Total		1,016			\$17,300	\$187,500	\$204,800	\$36,856	\$130,714	7.2%	8.3%

³ Refer to definitions and explanations appearing at the end of this supplemental document.

Dispositions

(square feet and dollars in thousands)

The following table summarizes the Company's property disposition activity during 2024.

Q1 2024

Property Type	Number of Properties	Square Feet	Acquisition Price	Disposition Price	Net Book Value
Healthcare	37	706	\$ 250,079	251,700	\$ 199,098
Total Properties	37	706	\$ 250,079	\$ 251,700	\$ 199,098
Weighted average cash cap rate					7.9%

Portfolio at a Glance: Key Metrics

	March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023
Properties	759	796	800	801	801
U.S. States	44	44	44	44	44
Canadian Provinces	4	4	4	4	4
Total Annualized Base Rent	\$374.1M	\$392.2M	\$390.0M	\$391.0M	\$389.5M
Total Rentable Sq. Footage	37.6M	38.3M	38.2M	38.5M	39.1M
Tenants	200	220	220	221	221
Brands	188	208	208	209	209
Industries	53	53	54	54	54
Occupancy (based on SF)	99.2%	99.4%	99.4%	99.4%	99.4%
Rent Collection	99.0%	99.2%	99.9%	99.9%	100.0%
Top 10 Tenant Concentration	20.6%	19.6%	19.3%	19.4%	19.2%
Top 20 Tenant Concentration	34.0%	32.3%	32.0%	32.1%	31.4%
Investment Grade (tenant/guarantor)	15.7%	15.3%	15.3%	15.3%	15.6%
Financial Reporting Coverage ¹	95.3%	93.8%	93.7%	94.2%	94.3%
Rent Coverage Ratio (Restaurants Only)	3.3x	3.4x	3.4x	3.3x	3.2x
Weighted Average Annual Rent Increases	2.0%	2.0%	2.0%	2.0%	2.0%
Weighted Average Remaining Lease Term	10.6 years	10.5 years	10.5 years	10.7 years	10.8 years
Master Leases (based on ABR)					
Total Portfolio	43.0%	41.5%	41.6%	41.5%	41.2%
Multi-site tenants	71.0%	69.0%	69.3%	69.3%	69.3%

¹ Includes 8.2% related to tenants not required to provide financial information under the terms of our lease, but whose financial statements are available publicly at March 31, 2024.

Diversification: Tenants & Brands

Top 20 Tenants









Tenant	Property Type	# Properties	ABR ('000s)	ABR as a % of Total Portfolio	Square Feet ('000s)	SF as a % of Total Portfolio
Roskam Baking Company, LLC*	Food Processing	7	\$ 15,917	4.3 %	2,250	6.0 %
AHF, LLC*	Distribution & Warehouse/Manufacturing	8	9,378	2.5 %	2,284	6.1 %
Joseph T. Ryerson & Son, Inc	Distribution & Warehouse	11	7,780	2.1 %	1,599	4.2 %
Jack's Family Restaurants LP*	Quick Service Restaurants	43	7,456	2.0 %	147	0.4 %
Axcelis Technologies, Inc.	Flex and R&D	1	6,263	1.7 %	417	1.1 %
J. Alexander's, LLC*	Casual Dining	16	6,207	1.7 %	131	0.3 %
Hensley & Company*	Distribution & Warehouse	3	6,109	1.6 %	577	1.5 %
Salm Partners, LLC*	Food Processing	2	6,062	1.6 %	426	1.1 %
Red Lobster Hospitality & Red Lobster Restaurants LLC*	Casual Dining	18	6,060	1.6 %	147	0.4 %
Dollar General Corporation	General Merchandise	60	5,980	1.5 %	562	1.6 %
Total Top 10 Tenants		169	\$ 77,212	20.6 %	8,540	22.7 %
BluePearl Holdings, LLC**	Animal Health Services	13	\$ 5,742	1.5 %	165	0.4 %
Krispy Kreme Doughnut Corporation	Quick Service Restaurants/ Food Processing	27	5,538	1.5 %	156	0.4 %
Outback Steakhouse of Florida LLC* ¹	Casual Dining	22	5,454	1.5 %	140	0.4 %
Tractor Supply Company	General Merchandise	21	5,389	1.4 %	417	1.1 %
Big Tex Trailer Manufacturing Inc.*	Automotive/Distribution & Warehouse/Manufacturing/ Corporate Headquarters	17	5,157	1.4 %	1,302	3.5 %
Nestle' Dreyer's Ice Cream Company ²	Cold Storage	1	4,611	1.3 %	309	0.8 %
Carvana, LLC*	Industrial Services	2	4,590	1.2 %	230	0.6 %
Arkansas Surgical Hospital	Surgical	1	4,588	1.2 %	129	0.3 %
Klosterman Bakery*	Food Processing	11	4,568	1.2 %	549	1.5 %
Chiquita Holdings Limited	Food Processing	1	4,418	1.2 %	336	0.9 %
Total Top 20 Tenants		285	\$ 127,267	34.0 %	12,273	32.6 %

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

²Subject to a master lease.

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

Top 20 Tenant Descriptions¹

 <p>Roskam Foods (Roskam Baking Company, LLC)</p>	<p>Founded in 1923 and headquartered in Grand Rapids, Michigan, Roskam Baking Company is a food manufacturer with over 2 million square feet of manufacturing space and over 30 manufacturing and packaging lines. Roskam manufactures a diverse product line such as organic, gluten free, non-GMO, and specialty allergen free products. Roskam has been owned by private equity firm Entrepreneurial Equity Partners since 2022.</p>
 <p>AHF Products (AHF, LLC)</p>	<p>With more than a century of operating history, AHF Products' brands have been recognized as leaders in the hardwood flooring for residential customers industry. Headquartered in Mountville, Pennsylvania, AHF Products operates 8 manufacturing facilities across the United States and 1 in Cambodia with over 2,000 employees.</p>
 <p>RYERSON Ryerson (Joseph T Ryerson & Son, Inc)</p>	<p>Founded in 1842, Ryerson (NYSE: RYI) produces over 70,000 specifically tailored metal products made from steel, stainless steel, aluminum, and alloys. Ryerson employs around 4,300 employees and operates approximately 100 facilities across North America and China.</p>
 <p>Jack's Family Restaurants (Jack's Family Restaurants LP)</p>	<p>Founded in 1960, Jack's Family Restaurants is a regional quick service restaurant chain that offers southern-inspired food. Jack's Family Restaurants operates approximately 200 locations across Alabama, Georgia, Mississippi, and Tennessee. Jack's has been owned by private equity firm AEA Investors LP since 2019.</p>
 <p>axcelis Axcelis Technologies (Axcelis Technologies, Inc)</p>	<p>Incorporated in 1995 and headquartered in Beverly, Massachusetts, Axcelis designs, manufactures, and services ion implantation and other processing equipment used in the fabrication of semiconductor chips globally. In 2022, Axcelis was named the 54th fastest growing company in Fortunes' 2022 100 Fastest Growing Companies List.</p>
 <p>J. ALEXANDER'S RESTAURANT J. Alexander's (J. Alexander's, LLC)</p>	<p>J. Alexander's is a contemporary American restaurant, known for its high-quality dining experience and wood-fired cuisine. J. Alexander's operates 37 locations spanning 15 states. In 2021, SPB Hospitality acquired J. Alexander's Holdings, Inc (formerly NYSE: JAX). SPB Hospitality is a premier operator with over 200 locations spanning 39 states and the District of Columbia.</p>
 <p>HENSLEY Beverage Company Hensley (Hensley & Company)</p>	<p>Founded in 1955, Hensley is now one of the largest family owned and operated beverage distributors in the nation. With a fleet of over 800 vehicles and 1,100 employees, Hensley distributes 2,500 different beers, craft brews, fine wines, premium spirits, and non-alcoholic beverages including water, soft drinks, teas, coffees, and juices to more than 9,000 retailers across Arizona.</p>
 <p>SALM PARTNERS Salm Partners (Salm Partners, LLC)</p>	<p>Salm Partners is the nation's largest co-manufacturer of fully cooked sausages and hotdogs. Founded in 2004 in Denmark, Wisconsin, Salm Partners' 2 large-scale production facilities now provide for 20% of the North American retail fully cooked sausage market. Salm Partners serves both foodservice providers and food distributors.</p>
 <p>RED LOBSTER Red Lobster (Red Lobster Restaurants, LLC)</p>	<p>Red Lobster is a leading global seafood casual dining brand, with over 700 locations around the world. The brand is currently owned by Thai Union, a leading supplier of seafood globally.</p>
 <p>DOLLAR GENERAL Dollar General (Dollar General Corporation)</p>	<p>Founded in 1939, Dollar General (NYSE: DG) is the largest discount retailer in the United States by store count. Brands operated include Dollar General, DG Market, DGX, and pOpshelf totaling more than 19,700 stores spanning 47 states and Mexico.</p>

Top 20 Tenant Descriptions¹ (continued)

 <p>BluePearl BluePearl (BluePearl Holdings, LLC)</p>	<p>BluePearl was founded in 1996 in Tampa, Florida, and now operates more than 100 specialty and veterinary hospitals nationwide. BluePearl's veterinarians provide services including 24/7 emergency and numerous specialty procedures. BluePearl is a part of the Mars Veterinary Health family of veterinary practices and labs.</p>
 <p>Krispy Kreme (Krispy Kreme Corporation)</p>	<p>Krispy Kreme (NASDAQ: DNUT) is a global retailer of premium-quality doughnuts, coffee, treats, and packaged sweets. Krispy Kreme products are available in more than 13,000 locations spanning 35 countries. Of these locations, over 2,000 are Krispy Kreme branded retail donut shops.</p>
 <p>OUTBACK STEAKHOUSE Outback Steakhouse (Outback Steakhouse of Florida, LLC)</p>	<p>Outback Steakhouse is a globally recognized, Australian-inspired casual dining steakhouse. Outback Steakhouse is part of the Bloomin' Brands family of restaurants, which also includes Carabba's Italian Grill, Bonefish Grill, and Fleming's Prime Steakhouse & Wine Bar. Bloomin Brands operates over 1,450 restaurants in 47 states, Guam, and 13 other countries</p>
 <p>TRACTOR SUPPLY CO. Tractor Supply Co. (Tractor Supply Company)</p>	<p>For 85 years, Tractor Supply Company (NASDAQ: TSCO) has operated hardware store locations, selling lawn care supplies, power tools, fencing, irrigation system parts, and more. Tractor Supply Company operates over 2,181 stores across 49 states.</p>
 <p>Big Tex TRAILERS Big Tex Trailers (Big Tex Trailer Manufacturing Inc.)</p>	<p>Founded in 1982 and headquartered in Mt. Pleasant, Texas, Big Tex Trailers manufactures and distributes a range of professional-grade trailers. Its product line ranges from small trailers for ATV's and landscape equipment to heavy-duty equipment. Big Tex products are sold at over 400 dealers across all 50 states, Canada, and select international locations. Big Tex is owned by Brian Capital Private Equity.</p>
 <p>Nestle Nestle (Nestle Dreyer's Ice Cream Company)</p>	<p>Nestle produces and markets over 2,000 brands, with a presence in 188 countries and is one of the largest ice cream manufacturers in the United States. Nestle's product offering includes snacks, cereals, drinks, ice cream, plant-based meats, and more. Nestle USA, headquartered in Virginia, has operations in 28 states, which includes 119 offices and facilities employing over 30,000 people.</p>
 <p>CARVANA Carvana (Carvana, LLC)</p>	<p>Founded in 2013 in Atlanta, Georgia, Carvana (NYSE: CVNA) is the leading e-commerce platform for buying and selling used vehicles. Carvana operates in 316 markets, including 37 car vending machines and 17 inspection and reconditioning centers.</p>
 <p>ARKANSAS SURGICAL HOSPITAL Arkansas Surgical Hospital (Arkansas Surgical Hospital)</p>	<p>With 3 locations in Arkansas, Arkansas Surgical Hospital is a physician-owned hospital featuring 41 private patient suites and 13 state-of-the-art operating rooms. Procedures offered include both orthopedic and spinal treatments and surgeries.</p>
 <p>KLOSTERMAN Klosterman Bakery (Klosterman Bakery)</p>	<p>Klosterman Bakery, headquartered in Cincinnati, Ohio, is a privately-owned baking company with 130 years of specialization in baking breads and buns. Klosterman Bakery has 8 fresh bread facilities providing fresh deliveries across Indiana, Kentucky, and Ohio. Klosterman also delivers its breads and buns frozen nationwide.</p>
 <p>Chiquita Chiquita Holdings Limited (Chiquita Holdings Limited)</p>	<p>Chiquita, founded 1870, is a leading global banana distribution company. Chiquita also sells other fruits, like pineapples, and fresh salad mixes under the brand name Fresh Express. These products are sold at grocery stores and retailers across the US and globally. Chiquita employs approximately 20,000 people across 25 countries, allowing them to sell in over 70 markets.</p>

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Top 20 Brands

Brand	Property Type	# Properties	ABR ('000s)	ABR as a % of Total Portfolio	Square Feet ('000s)	SF as a % of Total Portfolio
Roskam Baking Company, LLC*	Food Processing	7	\$ 15,917	4.3 %	2,250	6.0 %
AHF Products*	Distribution & Warehouse/ Manufacturing	8	9,378	2.5 %	2,284	6.1 %
Ryerson	Distribution & Warehouse	11	7,780	2.1 %	1,599	4.2 %
Jack's Family Restaurants*	Quick Service Restaurants	43	7,456	2.0 %	147	0.4 %
Axcelis	Flex and R&D	1	6,263	1.7 %	417	1.1 %
Hensley*	Distribution & Warehouse	3	6,109	1.6 %	577	1.5 %
Salm Partners, LLC*	Food Processing	2	6,062	1.6 %	426	1.1 %
Red Lobster*	Casual Dining	18	6,060	1.6 %	147	0.4 %
Dollar General	General Merchandise	60	5,980	1.6 %	562	1.5 %
BluePearl Veterinary Partners**	Animal Health Services	13	5,742	1.5 %	165	0.5 %
Total Top 10 Brands		166	\$ 76,747	20.5 %	8,574	22.8 %
Krispy Kreme	Quick Service Restaurants/ Food Processing	27	\$ 5,538	1.5 %	156	0.4 %
Bob Evans Farms ¹	Casual Dining/Food Processing	21	5,498	1.5 %	281	0.7 %
Tractor Supply Company	General Merchandise	21	5,389	1.4 %	417	1.1 %
Big Tex Trailers*	Automotive/Distribution & Warehouse/Manufacturing/ Corporate Headquarters	17	5,157	1.4 %	1,302	3.5 %
Outback Steakhouse*	Casual Dining	20	4,718	1.3 %	126	0.3 %
Nestle'	Cold Storage	1	4,611	1.2 %	309	0.8 %
Carvana*	Industrial Services	2	4,590	1.2 %	230	0.6 %
Arkansas Surgical Hospital	Surgical	1	4,588	1.2 %	129	0.3 %
Klosterman Bakery*	Food Processing	11	4,568	1.2 %	549	1.5 %
Taco Bell**	Quick Service Restaurants	32	4,423	1.2 %	83	0.3 %
Total Top 20 Brands		319	\$ 125,827	33.6 %	12,156	32.3 %

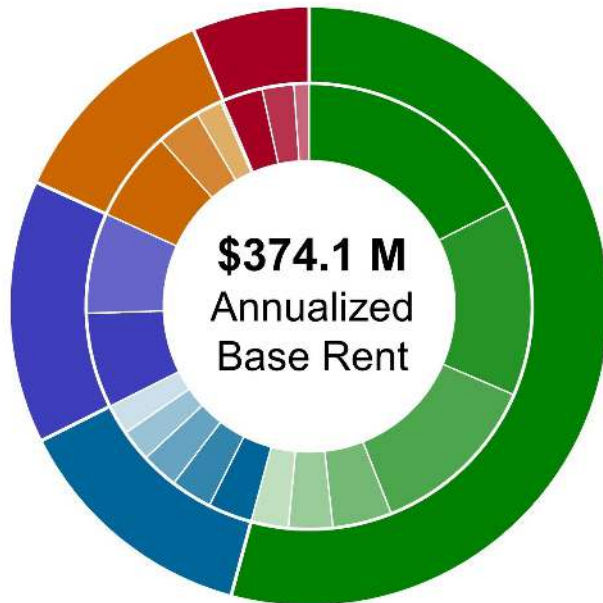
¹Nestle's ABR excludes \$1.6 million of rent paid under a sub-lease for an additional property, which will convert to a prime lease no later than August 2024

*Subject to a master lease.

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

Diversification: Property Type

(rent percentages based on ABR)



Industrial 54.2%

■ Manufacturing	17.5%
■ Distribution & Warehouse	14.0%
■ Food Processing	12.5%
■ Flex and R&D	4.3%
■ Industrial Services	3.2%
■ Cold Storage	2.7%

Restaurant 14.2%

■ Casual Dining	7.3%
■ Quick Service Restaurants	6.9%

Healthcare 13.4%

■ Healthcare Services	3.2%
■ Animal Health Services	3.0%
■ Clinical	2.7%
■ Surgical	2.3%
■ Life Science	2.2%

Retail 11.9%

■ General Merchandise	6.6%
■ Automotive	3.2%
■ Home Furnishings	1.9%
■ Child Care	0.2%

Office 6.3%

■ Strategic Operations	2.9%
■ Corporate Headquarters	2.3%
■ Call Center	1.1%

Diversification: Property Type (continued)

Property Type	# Properties	ABR ('000s)	ABR as a % of Total Portfolio	Square Feet ('000s)	SF as a % of Total Portfolio
Industrial					
Manufacturing	79	\$ 65,478	17.5 %	12,103	32.2 %
Distribution & Warehouse	45	52,448	14.0 %	9,212	24.5 %
Food Processing	33	46,789	12.5 %	5,501	14.6 %
Flex and R&D	6	16,199	4.3 %	1,157	3.1 %
Industrial Services	23	11,918	3.2 %	607	1.6 %
Cold Storage	4	9,977	2.7 %	723	1.9 %
Untenanted	2	-	0.0 %	197	0.5 %
Industrial Total	192	202,809	54.2 %	29,500	78.4 %
Restaurant					
Casual Dining	100	27,204	7.3 %	662	1.8 %
Quick Service Restaurants	148	25,996	6.9 %	502	1.3 %
Restaurant Total	248	53,200	14.2 %	1,164	3.1 %
Healthcare					
Healthcare Services	28	11,811	3.2 %	462	1.2 %
Animal Health Services	27	11,113	3.0 %	405	1.1 %
Clinical	21	10,572	2.7 %	474	1.1 %
Surgical	7	8,466	2.3 %	256	0.7 %
Life Science	9	8,045	2.2 %	549	1.5 %
Healthcare Total	92	50,007	13.4 %	2,146	5.6 %
Retail					
General Merchandise	132	24,860	6.6 %	1,865	5.0 %
Automotive	64	11,829	3.2 %	757	2.0 %
Home Furnishings	13	7,265	1.9 %	797	2.1 %
Child Care	2	725	0.2 %	20	0.1 %
Retail Total	211	44,679	11.9 %	3,439	9.2 %
Office					
Strategic Operations	6	10,754	2.9 %	632	1.7 %
Corporate Headquarters	7	8,553	2.3 %	409	1.1 %
Call Center	2	4,049	1.1 %	287	0.8 %
Untenanted	1	-	0.0 %	46	0.1 %
Office Total	16	23,356	6.3 %	1,374	3.7 %
Total	759	\$ 374,051	100.0 %	37,623	100.0 %

Key Statistics by Property Type

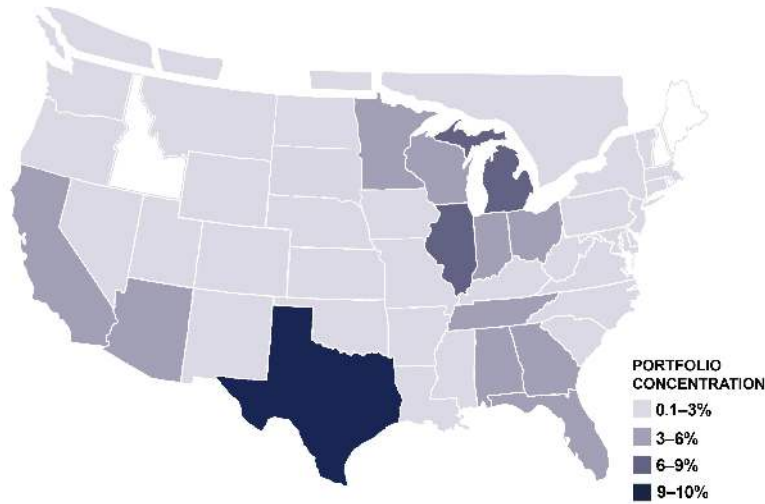
	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023
Industrial					
Number of properties	192	192	193	195	193
Square feet (000s)	29,500	29,442	29,387	29,686	30,142
Weighted average lease term (years)	11.5	11.7	11.5	11.8	11.9
Weighted average annual rent escalation	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %
Percentage of total ABR	54.2 %	51.5 %	51.2 %	51.6 %	51.8 %
Restaurant					
Number of properties	248	248	248	247	247
Square feet (000s)	1,164	1,164	1,172	1,172	1,172
Weighted average lease term (years)	13.6	13.9	13.9	14.1	14.3
Weighted average annual rent escalation	1.8 %	1.8 %	1.8 %	1.8 %	1.8 %
Percentage of total ABR	14.2 %	13.6 %	13.7 %	13.5 %	13.4 %
Healthcare					
Number of properties	92	129	129	129	130
Square feet (000s)	2,146	2,852	2,851	2,852	2,870
Weighted average lease term (years)	7.2	6.6	6.8	6.8	7.0
Weighted average annual rent escalation	2.4 %	2.4 %	2.4 %	2.3 %	2.3 %
Percentage of total ABR	13.4 %	17.6 %	17.6 %	17.5 %	17.4 %
Retail					
Number of properties	211	211	214	214	215
Square feet (000s)	3,439	3,439	3,455	3,455	3,459
Weighted average lease term (years)	9.1	9.4	9.7	10.0	10.2
Weighted average annual rent escalation	1.3 %	1.6 %	1.6 %	1.6 %	1.6 %
Percentage of total ABR	11.9 %	11.4 %	11.6 %	11.6 %	11.6 %
Office					
Number of properties	16	16	16	16	16
Square feet (000s)	1,374	1,374	1,375	1,374	1,415
Weighted average lease term (years)	5.3	5.3	5.6	5.9	6.0
Weighted average annual rent escalation	2.5 %	2.5 %	2.5 %	2.5 %	2.5 %
Percentage of total ABR	6.3 %	5.9 %	5.9 %	5.8 %	5.8 %

Diversification: Tenant Industry

Industry	# Properties	ABR ('000s)	ABR as a % of Total Portfolio	Square Feet ('000s)	SF as a % of Total Portfolio
Restaurants	251	\$ 54,041	14.4 %	1,207	3.2 %
Packaged Foods & Meats	29	41,172	11.0 %	4,771	12.7 %
Healthcare Facilities	67	35,731	9.6 %	1,356	3.6 %
Distributors	27	17,518	4.7 %	2,757	7.3 %
Auto Parts & Equipment	44	15,791	4.2 %	2,710	7.2 %
Food Distributors	8	14,404	3.9 %	1,712	4.6 %
Specialty Stores	31	14,113	3.8 %	1,338	3.6 %
Home Furnishing Retail	18	12,914	3.5 %	1,858	4.9 %
Specialized Consumer Services	45	11,867	3.2 %	709	1.9 %
Metal & Glass Containers	8	10,578	2.8 %	2,206	5.9 %
General Merchandise Stores	96	9,807	2.6 %	880	2.3 %
Industrial Machinery	20	9,749	2.6 %	1,949	5.2 %
Healthcare Services	18	9,722	2.6 %	515	1.4 %
Forest Products	8	9,378	2.5 %	2,284	6.1 %
Electronic Components	2	7,112	1.9 %	466	1.2 %
Other (38 industries)	84	100,154	26.7 %	10,607	28.1 %
Untenanted properties	3	—	—	298	0.8 %
Total	759	\$ 374,051	100.0 %	37,623	100.0 %

Diversification: Geography

(rent percentages based on ABR)

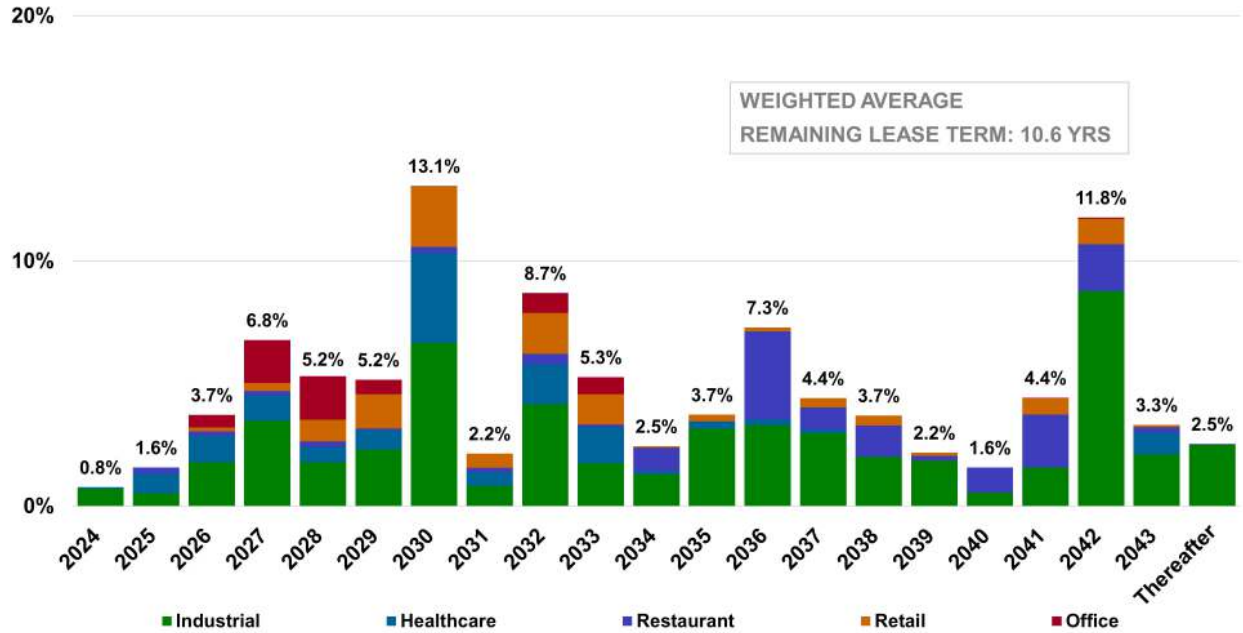


TOTAL PROPERTIES: 759 TOTAL STATES/PROVINCES: 44 U.S. states & 4 Canadian provinces

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	65	\$ 34,925	9.3%	3,505	9.3%	LA	4	\$ 3,414	0.9%	194	0.5%
MI	54	33,000	8.9%	3,799	10.0%	MS	11	3,370	0.9%	430	1.1%
IL	29	22,556	6.0%	2,364	6.3%	NE	6	3,286	0.9%	509	1.4%
WI	31	20,187	5.4%	2,132	5.7%	SC	13	3,014	0.8%	308	0.8%
CA	13	19,673	5.3%	1,718	4.6%	IA	4	2,869	0.8%	622	1.7%
OH	47	16,356	4.4%	1,582	4.2%	NM	9	2,779	0.7%	107	0.3%
MN	21	15,755	4.2%	2,500	6.6%	CO	4	2,545	0.7%	126	0.3%
FL	38	15,067	4.0%	789	2.1%	UT	3	2,492	0.7%	280	0.7%
TN	48	14,974	4.0%	1,084	2.9%	WA	12	2,332	0.6%	103	0.3%
IN	28	14,756	3.9%	1,832	4.9%	MD	3	2,226	0.6%	205	0.5%
AL	52	12,212	3.3%	863	2.3%	CT	2	1,837	0.5%	55	0.1%
AZ	8	12,053	3.2%	895	2.4%	ND	3	1,726	0.5%	48	0.1%
GA	33	11,962	3.2%	1,576	4.2%	MT	7	1,602	0.4%	43	0.1%
NC	28	10,430	2.8%	1,038	2.8%	DE	4	1,180	0.3%	133	0.4%
KY	24	9,843	2.6%	962	2.6%	VT	2	426	0.1%	24	0.1%
PA	22	9,824	2.6%	1,836	4.9%	WY	1	307	0.1%	21	0.1%
OK	24	8,535	2.3%	990	2.6%	NV	1	273	0.1%	6	0.0%
AR	11	7,899	2.1%	283	0.8%	OR	1	136	0.0%	9	0.0%
MA	3	6,686	1.8%	444	1.2%	SD	1	81	0.0%	9	0.0%
NY	25	6,630	1.8%	560	1.5%	Total U.S.	752	\$ 365,931	97.8%	37,193	98.9%
MO	12	6,231	1.7%	1,138	3.0%	BC	2	\$ 4,804	1.3%	253	0.6%
KS	10	5,544	1.5%	643	1.7%	ON	3	2,024	0.5%	101	0.3%
VA	15	5,019	1.3%	178	0.5%	AB	1	952	0.3%	51	0.1%
WV	17	5,006	1.3%	884	2.3%	MB	1	340	0.1%	25	0.1%
NJ	3	4,913	1.3%	366	1.0%	Total Canada	7	\$ 8,120	2.2%	430	1.1%
						Grand Total	759	\$ 374,051	100.0%	37,623	100.0%

Lease Expirations

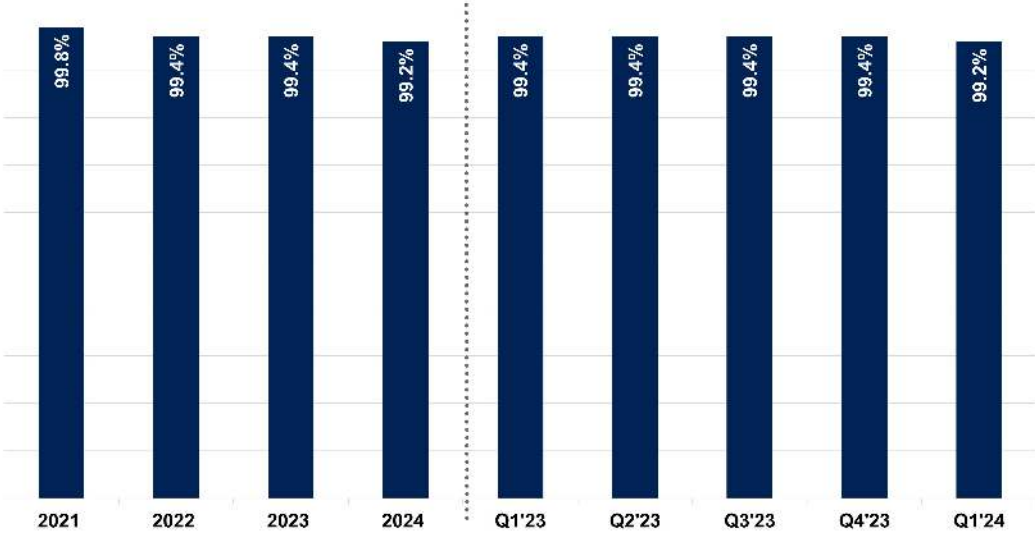
(rent percentages based on ABR)



Expiration Year	# Properties	# Leases	ABR ('000s)	ABR as a % of Total Portfolio	Square Feet ('000s)	SF as a % of Total Portfolio
2024	3	3	\$ 2,915	0.8%	278	0.7%
2025	16	17	5,931	1.6%	351	0.9%
2026	25	26	13,966	3.7%	1,017	2.7%
2027	28	29	25,377	6.8%	2,178	5.8%
2028	28	29	19,828	5.2%	1,799	4.7%
2029	63	63	19,327	5.2%	2,592	6.9%
2030	90	90	48,899	13.1%	4,802	12.8%
2031	31	31	8,058	2.2%	783	2.1%
2032	62	63	32,527	8.7%	3,469	9.2%
2033	50	50	19,721	5.3%	1,593	4.2%
2034	35	35	9,174	2.5%	780	2.1%
2035	19	19	13,983	3.7%	2,021	5.4%
2036	87	87	27,302	7.3%	2,781	7.4%
2037	20	20	16,493	4.4%	1,110	2.9%
2038	39	39	13,868	3.7%	1,226	3.3%
2039	11	11	8,181	2.2%	928	2.5%
2040	31	31	5,917	1.6%	312	0.8%
2041	38	38	16,556	4.4%	1,363	3.6%
2042	58	58	44,073	11.8%	4,803	12.8%
2043	12	12	12,440	3.3%	853	2.3%
Thereafter	10	10	9,515	2.5%	2,286	6.1%
Untenanted properties	3	—	—	—	298	0.8%
Total	759	761	\$ 374,051	100.0%	37,623	100.0%

Occupancy

Occupancy by Rentable Square Footage



Change in Occupancy

	Number of properties
Vacant properties at January 1, 2024	2
Lease expirations ¹	3
Leasing activities	(2)
Vacant dispositions	—
Vacant properties at March 31, 2024	3

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

Definitions and Explanations

Adjusted NOI, Annualized Adjusted NOI, Adjusted Cash NOI and Annualized Adjusted Cash NOI: Our reported results and net earnings per diluted share are presented in accordance with accounting principles generally accepted in the United States of America (GAAP). Adjusted NOI and Adjusted Cash NOI are non-GAAP financial measures that we believe are useful to assess property-level performance. We compute Adjusted NOI by adjusting Adjusted EBITDAre (defined below) to exclude general and administrative expenses incurred at the corporate level. Given the net lease nature of our portfolio, we do not incur general and administrative expenses at the property level. To compute Adjusted Cash NOI, we adjust Adjusted NOI to exclude non-cash items included in total revenues and property expenses, such as straight-line rental revenue and other amortization and non-cash items, based on an estimate calculated as if all investment and disposition activity that took place during the quarter had occurred on the first day of the quarter. We then annualize quarterly Adjusted NOI and Adjusted Cash NOI by multiplying each amount by four to compute Annualized Adjusted NOI and Annualized Adjusted Cash NOI, respectively, which are also non-GAAP financial measures. We believe Adjusted NOI and Adjusted Cash NOI provide useful and relevant information because they reflect only those income and expense items that are incurred at the property level and present such items on an unlevered basis. We believe that the exclusion of certain non-cash revenues and expenses from Adjusted Cash NOI is a useful supplemental measure for investors to consider because it will help them to better assess our operating performance without the distortions created by non-cash revenues or expenses. You should not unduly rely on Annualized Adjusted NOI and Annualized Adjusted Cash NOI as they are based on assumptions and estimates that may prove to be inaccurate. Our actual reported Adjusted NOI and Adjusted Cash NOI for future periods may be significantly different from our Annualized Adjusted NOI and Annualized Adjusted Cash NOI. Additionally, our computation of Adjusted NOI and Adjusted Cash NOI may differ from the methodology for calculating these metrics used by companies in our industry, and, therefore, may not be comparable to similarly titled measures reported by other companies.

Adjusted Secured Overnight Financing Rate (SOFR): We define Adjusted SOFR as the current one month term SOFR plus an adjustment of 0.10% per the terms of our credit facilities.

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

Cash Capitalization Rate: Cash Capitalization Rate represents either (1) for acquisitions and new developments, the estimated first year cash yield to be generated on a real estate investment, which was estimated at the time of investment based on the contractually specified cash base rent for the first full year after the date of the investment, divided by the purchase price for the property excluding capitalized acquisitions costs, or (2) for dispositions, the estimated cash yield to be generated based on a property's ABR in effect immediately prior to the disposition, divided by the disposition price.

EBITDA, EBITDAre, Adjusted EBITDAre, and Annualized Adjusted EBITDAre: EBITDA, EBITDAre, Adjusted EBITDAre, and Annualized Adjusted EBITDAre are non-GAAP financial measures. We compute EBITDA as earnings before interest, income taxes and depreciation and amortization. EBITDA is a measure commonly used in our industry. We believe that this ratio provides investors and analysts with a measure of our performance that includes our operating results unaffected by the differences in capital structures, capital investment cycles and useful life of related assets compared to other companies in our industry. We compute EBITDAre in accordance with the definition adopted by Nareit. Nareit defines EBITDAre as EBITDA excluding gains (loss) from the sales of depreciable property and provisions for impairment on investment in real estate. We believe EBITDA and EBITDAre are useful to investors and analysts because they provide important supplemental information about our operating performance exclusive of certain non-cash and other costs. Adjusted EBITDAre represents EBITDAre, adjusted to reflect revenue producing investments and dispositions for the quarter as if such investments and dispositions had occurred at the beginning of the quarter, and to exclude certain GAAP income and expense amounts that are either non-cash, such as cost of debt extinguishments, realized or unrealized gains and losses on foreign currency transactions, or 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 to eliminate the impact of lease termination fees, and other items that are not a result of normal operations. While investments in developments have an immediate impact to Net Debt, we do not make an adjustment to EBITDAre until the quarter in which the lease commences. We then annualize quarterly Adjusted EBITDAre by multiplying it by four to compute Annualized Adjusted EBITDAre. Our reported EBITDA, EBITDAre, Adjusted EBITDAre, and Annualized Adjusted EBITDAre may not be comparable to similarly titled measures of other companies. You should not consider these measures as alternatives to net income or cash flows from operating activities determined in accordance with GAAP.

Funds From Operations (FFO), Core Funds From Operations (Core FFO), and Adjusted Funds From Operations (AFFO): FFO, Core FFO, and AFFO are non-GAAP measures. We believe the use of FFO, Core FFO, and AFFO are useful to investors because they are widely accepted industry measures used by analysts and investors to compare the operating performance of REITs. FFO, Core FFO, and AFFO should not be considered alternatives to net income as a performance measure or to cash flows from operations, as reported on our statement of cash flows, or as a liquidity measure and should be considered in addition to, and not in lieu of, GAAP financial measures. We compute Core FFO by adjusting FFO to exclude certain GAAP income and expense amounts that we believe are infrequently recurring, unusual in nature, or not related to its core real estate operations, including write-offs or recoveries of accrued rental income, lease termination fees, the 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. We compute AFFO by adjusting Core FFO for certain revenues and expenses that are non-cash or unique in nature, including straight-line rents, amortization of lease intangibles, amortization of debt issuance costs, amortization of net mortgage premiums, non-capitalized transaction costs such as acquisition costs related to deals that failed to transact, (gain) loss on interest rate swaps and other non-cash interest expense, deferred taxes, stock-based compensation, and other specified non-cash items.

Definitions and Explanations (continued)

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

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

Occupancy: Occupancy or a specified percentage of our portfolio that is “occupied” or “leased” means as of a specified date the quotient of (1) the total rentable square footage of our properties minus the square footage of our properties that are vacant and from which we are not receiving any rental payment, and (2) the total square footage of our properties.

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

Same Store Pool: For purposes of determining properties used to calculate our same store rental revenue, all properties that we owned for the entire year-to-date period for both current and prior year are included except for properties during the current or prior year that were:

- Vacant at any time; or
- Under development or invested in through revenue generating capital expenditures

Same Store Rental Revenue: Same Store Rental Revenue represents cash base rents, net of uncollectible amounts, and excludes the amortization of above/below market leases, straight-line rent, operating expenses billed to tenants, net write-offs of accrued rental income, and other income from real estate transactions for properties included in our Same Store Pool.

Straight-line Yield: Straight-line yield represents the estimated first year yield to be generated on a real estate investment, which was computed at the time of investment based on the straight-line annual rental income computed in accordance with GAAP, divided by the purchase price, excluding capitalized costs for the property. For developments, we include capitalized interest in the denominator for cash interest paid.

Definitions Related to Development Properties:

- **Completion Date:** The month in which the development was fully completed and was made available for occupancy.
- **Initial Purchase Price:** Initial Purchase Price represents the initial contractual price of the property, typically representing purchase of undeveloped land or properties, including closing costs.
- **Estimated Project Development Costs:** Represents the estimated costs to be incurred to complete development of each project. We expect to update our estimates upon completion of the project, or sooner if there are any significant changes to expected costs from quarter to quarter. Excludes capitalized costs consisting of capitalized interest and other acquisition costs.
- **Estimated Total Project Investment:** Represents the sum of the Initial Purchase Price and the Estimated Project Development Costs.
- **Estimated Cash Capitalization Rate:** Calculated by dividing the estimated first year cash yield to be generated on a real estate investment by the Estimated Total Project Investment for the property.
- **Start Date:** The Start Date represents the period in which we have begun physical construction on a property.
- **Target Completion Date:** The Target Completion Date is our current estimate of the period in which we will have substantially completed a project and the project is made available for occupancy. We expect to update our timing estimates on a quarterly basis.