

POSTAL REALTY TRUST, INC.

NYSE: PSTL



Q3 2022 Supplemental

Forward-Looking Cautionary Statements



This presentation regarding Postal Realty Trust, Inc. (the “Company”) contains “forward-looking statements.” Forward-looking statements include statements identified by words such as “could,” “may,” “might,” “will,” “likely,” “anticipates,” “intends,” “plans,” “seeks,” “believes,” “estimates,” “expects,” “continues,” “projects” and similar references to future periods, or by the inclusion of forecasts or projections. Because forward-looking statements relate to the future, by their nature, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict. As a result, the Company’s actual results may differ materially from those contemplated by the forward-looking statements. Important factors that could cause actual results to differ materially from those in the forward-looking statements include, among others, change in the status of the USPS as an independent agency of the executive branch of the U.S. federal government, change in the demand for postal services delivered by the USPS, the Company’s ability to come to an agreement with the USPS regarding new leases or lease renewals, the solvency and financial health of the USPS, defaults on, early terminations of or non-renewal of leases or relocation, closure or consolidation of postal offices or delivery routes by the USPS, the competitive market in which the Company operates, changes in the availability of acquisition opportunities, the Company’s inability to successfully complete real estate acquisitions or dispositions on the terms and timing it expects, or at all, the Company’s failure to successfully operate developed and acquired properties, adverse economic or real estate developments, either nationally or in the markets in which the Company’s properties are located, decreased rental rates or increased vacancy rates, change in the Company’s business, financing or investment strategy or the markets in which it operates, fluctuations in interest rates and increased operating costs, general economic conditions (including inflation, rising interest rates, uncertainty regarding ongoing conflict between Russia and Ukraine and their related impact on macroeconomic conditions), financial market fluctuations, the Company’s failure to generate sufficient cash flows to service its outstanding indebtedness, the Company’s failure to obtain necessary outside financing on favorable terms or at all, failure to hedge effectively against interest rate changes, the Company’s reliance on key personnel whose continued service is not guaranteed, the outcome of claims and litigation involving or affecting the Company, changes in real estate, taxation, zoning laws and other legislation and government activity and changes to real property tax rates and the taxation of REITs in general, operations through joint ventures and reliance on or disputes with co-venturers, cybersecurity threats, uncertainties and risks related to adverse weather conditions, natural disasters and climate change, exposure to liability relating to environmental and health and safety matters, governmental approvals, actions and initiatives, including the need for compliance with environmental requirements, lack or insufficient amounts of insurance, limitations imposed on the Company’s business in order to qualify and maintain its status as a REIT and the Company’s failure to qualify for or maintain such status, public health threats such as the COVID-19 pandemic, and other factors set forth under “Risk Factors” in the Company’s filings with the Securities and Exchange Commission. Any forward-looking statement made in this presentation speaks only as of the date on which it is made. The Company undertakes no obligation to publicly update any forward-looking statement, whether as a result of new information, future developments or otherwise, except as may be required by applicable securities laws.

Corporate Information & Analyst Coverage



Key Management

Andrew Spodek	Chief Executive Officer
Jeremy Garber	President, Treasurer & Secretary
Robert Klein	Chief Financial Officer

Board of Directors

Patrick Donahoe
Andrew Spodek
Barry Lefkowitz
Anton Feingold
Jane Gural-Senders

Board Responsibilities

Chair of the Board, Member - Audit Committee
Chief Executive Officer, Director
Chair of Audit Committee, Member - Corporate Governance & Compensation Committee
Chair of Corporate Governance & Compensation Committee, Member - Audit Committee
Member - Corporate Governance & Compensation Committee

Corporate Information

Corporate Headquarters

75 Columbia Avenue
Cedarhurst, NY 11516
www.postalrealtytrust.com
Investorrelations@postalrealtytrust.com
516-232-8900

Corporate Counsel

Hunton Andrews Kurth LLP
200 Park Avenue
New York, NY 10166
212-309-1000

Transfer Agent

American Stock Transfer and Trust
800-937-5449

Independent Registered Public Accounting Firm

BDO USA, LLP
100 Park Avenue
New York, NY 10017
212-885-8000

Research Coverage

Firm	Analyst	Phone	Firm	Analyst	Phone
BMO Capital Markets	John Kim	212-885-4115	Jefferies	Jonathan Petersen	212-284-1705
BTIG	Michael Gorman	212-738-6138	J.P. Morgan Securities	Anthony Paolone	212-622-6682
Colliers	Barry Oxford	203-961-6573	Stifel Nicolaus & Company, Inc.	Stephen Manaker	212-271-3716
Janney Montgomery Scott	Robert Stevenson	646-840-3217	Truist Securities	Ki Bin Kim	212-303-4124

Company Overview

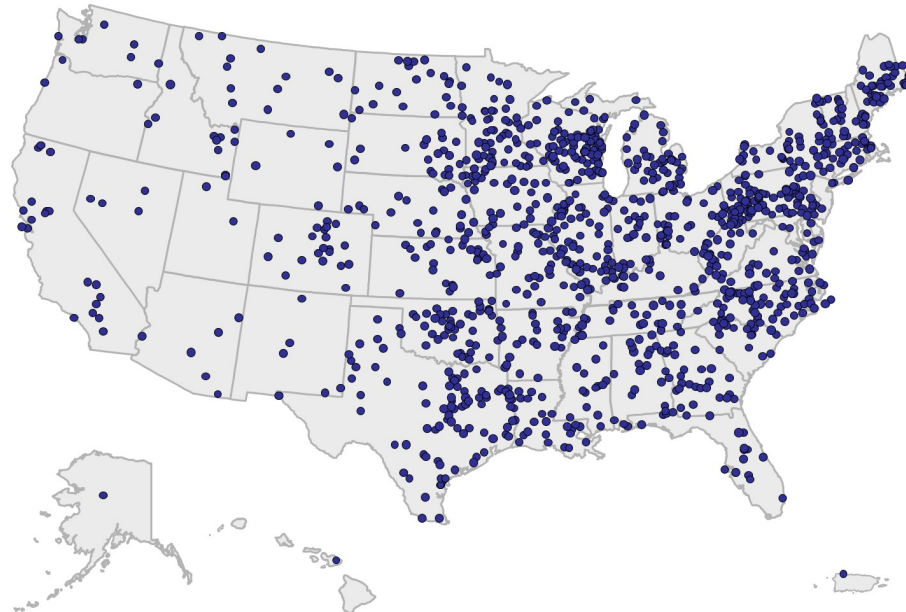


Postal Realty Trust, Inc. (NYSE: PSTL) is an internally managed real estate investment trust that owns properties primarily leased to the United States Postal Service ("USPS"). PSTL is focused on acquiring the network of USPS properties, which provide a critical element of the nation's logistics infrastructure that facilitates cost effective and efficient last-mile delivery solutions. At September 30, 2022, PSTL owned 1,232 properties (including two properties accounted for as financing leases) located in 49 states and one territory comprising approximately 5.2 million net leasable interior square feet. Subsequent to quarter-end and through October 26, 2022, PSTL closed on 7 additional properties comprising approximately 38,000 net leasable interior square feet.

PSTL believes its competitive strengths are:

- Geographically Diverse Portfolio
- Experienced, Proven and Aligned Management Team with Extensive Seller Relationships
- Only Publicly Traded REIT Focused Exclusively on Properties Leased to the USPS

PSTL's Footprint of Owned Properties



Executive Summary



Figures for the quarter ended September 30, 2022

Price of Common Shares	
High closing price during period	\$17.14
Low closing price during period	\$14.42
End of period closing price	\$14.67

Outstanding Classes of Stock and Partnership Units	
Common shares	19,015
OP Units	4,070
LTIP Units	537
Restricted Stock Units	97
Voting equivalent shares	27
Total shares - fully diluted	23,746

Market Capitalization and Enterprise Value	
Total equity market capitalization - fully diluted ⁽¹⁾	\$348,354
Net debt	184,244
Enterprise value	\$532,598

Debt Ratios	
Net debt to enterprise value	34.6 %
Net debt to annualized adjusted EBITDA	5.3x
Adjusted interest coverage ratio	5.2x
Fixed charge coverage ratio	5.2x

Earnings	
Net income attributable to common stockholders	\$931
Net income attributable to common stockholders per share	\$0.04
Funds From Operations ("FFO")	\$5,766
FFO per share - fully diluted basis	\$0.25
Adjusted Funds From Operations ("AFFO")	\$6,059
AFFO per share - fully diluted basis	\$0.26
Quarterly dividend per share	\$0.2350
Net Operating Income	\$10,766

Current Metrics ⁽²⁾	
Annualized total owned cash base rent	\$45,217
Total owned square footage	5,239
Weighted average rent per square foot ⁽³⁾	\$8.66
Total owned property count	1,239
Total managed property count	397
Owned portfolio occupancy	99.7 %
Total current net debt ⁽⁴⁾	\$187,243
Total share count - fully diluted	23,809

Source: Company Filings

Note: Figures in thousands, except for per share, per square foot, and property count data

- (1) Total equity market capitalization – fully diluted calculated with closing share price of \$14.67
- (2) Based on October 26, 2022 figures
- (3) Inclusive of owned and occupied square footage
- (4) Total current net debt includes cash balance and escrow & reserves as of September 30, 2022

Balance Sheet



(\$ in thousands)	Balance Sheet	
	September 30, 2022	June 30, 2022
ASSETS		
Investments:		
Real estate properties, at cost:		
Land	\$85,950	\$82,999
Building and improvements	362,585	343,928
Tenant improvements	6,220	6,025
Total real estate properties, at cost	454,755	432,952
Less: Accumulated depreciation	(28,378)	(25,601)
Total real estate properties, net	426,377	407,351
Investment in financing leases, net	16,149	16,168
Total real estate investments	442,526	423,519
Cash	4,570	4,569
Escrows and reserves	338	1,378
Rent and other receivables	4,074	2,826
Prepaid expenses and other assets, net	15,777	10,701
Goodwill	1,536	1,536
Deferred rent receivable	1,096	959
In-place lease intangible, net	16,174	16,400
Above market leases, net	228	241
Total Assets	\$486,319	\$462,129
LIABILITIES AND EQUITY		
Term loans, net	\$123,882	\$123,824
Revolving credit facility	31,000	18,000
Secured borrowings, net	32,908	32,908
Accounts payable, accrued expenses and other, net	8,569	8,565
Below market leases, net	11,885	11,133
Total Liabilities	208,244	194,430
PSTL - Class A & Class B	190	188
Additional paid-in-capital	245,793	240,403
Accumulated other comprehensive income	7,581	3,250
Accumulated deficit	(29,434)	(25,968)
Total Stockholders' Equity	224,130	217,873
Operating Partner unitholders' noncontrolling interests	53,945	49,826
Total Equity	278,075	267,699
Total Liabilities and Equity	\$486,319	\$462,129

Statement of Operations



(\$ in thousands)

REVENUE

Rental income

Fee and other

Total revenues

OPERATING EXPENSES

Real estate taxes

Property operating expenses

General and administrative

Depreciation and amortization

Total operating expenses

Income from operations

Other income

Interest expense, net

Income before income tax benefit (expense)

Income tax benefit (expense)

Net income

Net income attributable to Operating Partnership unitholders' non-controlling interests

Net income attributable to common stockholders

Statement of Operations				
Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021
\$13,181	\$12,135	\$11,349	\$10,608	\$10,204
594	589	582	525	325
13,775	12,724	11,931	11,133	10,529
1,836	1,705	1,590	1,522	1,625
1,346	1,230	1,530	1,279	983
3,040	3,309	3,642	2,762	2,596
4,637	4,219	4,110	3,859	3,743
10,859	10,463	10,872	9,422	8,947
2,916	2,261	1,059	1,711	1,582
44	187	487	125	159
(1,826)	(1,265)	(814)	(867)	(1,028)
1,134	1,183	732	969	713
16	(18)	(11)	(36)	(37)
1,150	1,165	721	933	676
(219)	(212)	(126)	(181)	(145)
\$931	\$953	\$595	\$752	\$531

FFO & AFFO Reconciliation



(\$ in thousands, except per share / unit data)

	FFO & AFFO				
	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021
Net income	\$1,150	\$1,165	\$721	\$933	\$676
Depreciation and amortization of real estate assets	4,616	4,202	4,110	3,859	3,743
Funds from operations (FFO)	\$5,766	\$5,367	\$4,831	\$4,792	\$4,419
Recurring capital expenditures	(200)	(251)	(259)	(409)	(138)
Write-off and amortization of deferred financing fees	156	155	129	129	295
Straight-line rent and other adjustments	(159)	(159)	(143)	(133)	(144)
Fair value lease adjustments	(613)	(525)	(522)	(425)	(414)
Acquisition related expenses	111	96	101	75	55
Income on insurance recoveries from casualties	(44)	(187)	(487)	(125)	(159)
Non-real estate depreciation and amortization	21	17	—	—	—
Non-cash components of compensation expense	1,021	986	1,706	968	836
Adjusted funds from operations (AFFO)	\$6,059	\$5,499	\$5,356	\$4,872	\$4,750
FFO per common share and common unit outstanding	\$0.25	\$0.23	\$0.21	\$0.24	\$0.25
AFFO per common share and common unit outstanding	\$0.26	\$0.24	\$0.24	\$0.25	\$0.27
Weighted average common shares and common units outstanding ⁽¹⁾	23,524	23,072	22,780	19,868	17,467



Source: Company Filings

(1) Basic and diluted

NOI Reconciliation



(\$ in thousands)

REVENUE

Rental income⁽¹⁾
 Tenant reimbursements⁽¹⁾
 Revenue from direct financing leases⁽²⁾
 Total revenues

OPERATING EXPENSES

Real estate taxes
 Property operating expenses⁽³⁾
 Total operating expenses
 Net Operating Income

Net Operating Income				
Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021
\$11,435	\$10,482	\$9,664	\$8,978	\$8,622
1,746	1,653	1,685	1,630	1,582
266	263	261	216	10
13,447	12,398	11,610	10,824	10,214
1,836	1,705	1,590	1,522	1,625
845	770	901	872	605
2,681	2,475	2,491	2,394	2,230
\$10,766	\$9,923	\$9,119	\$8,430	\$7,984



Source: Company Filings

- (1) Revenue from tenant reimbursements is included in rental income in the consolidated statements of operations
- (2) Revenue from direct financing leases is included in fee and other in the consolidated statements of operations
- (3) Property operating expenses excludes property management expenses; reference Net Operating Income definition on page 19 for further detail

EBITDA Reconciliation



(\$ in thousands)

	EBITDA				
	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021
Net income	\$1,150	\$1,165	\$721	\$933	\$676
Contractual interest expense	1,670	1,111	686	739	734
Write-off and amortization of deferred financing fees	156	155	129	129	295
Income tax (benefit) expense	(16)	18	11	36	37
Depreciation and amortization	4,637	4,219	4,110	3,859	3,743
EBITDA	\$7,597	\$6,668	\$5,657	\$5,696	\$5,485
Acquisition related expenses	111	96	101	75	55
Non-cash components of compensation expense	1,021	986	1,706	968	836
Adjusted EBITDA	\$8,729	\$7,750	\$7,464	\$6,739	\$6,376



Debt Summary



Debt Outstanding as of September 30, 2022

Debt Breakdown			
Lender	Maturity Date	Effective Interest Rate ⁽²⁾	Outstanding Balance
<i>(\$ in thousands)</i>			
2022 Term Loan ⁽¹⁾	February-28	4.43 %	\$75,000
2021 Term Loan ⁽¹⁾	January-27	2.29 %	50,000
AIG - December 2020	January-31	2.80 %	30,225
Vision Bank	September-41	3.69 %	1,409
Vision Bank - 2018	September-41	3.69 %	844
First Oklahoma Bank	December-37	3.63 %	337
Seller Financing	January-25	6.00 %	282
Fixed Rate Debt		3.43 %	\$158,097
2021 Revolving Credit Facility ⁽¹⁾	January-26	4.64 %	31,000
Floating Rate Debt		4.64 %	\$31,000
Total Principal			\$189,097
Unamortized Deferred Financing Costs			(1,307)
Total Debt:		3.63 %	\$187,790



Source: Company Filings

- (1) The credit facilities include an accordion feature permitting the Company to borrow up to an additional \$150 million under the revolving credit facility and up to an additional \$75 million under the term loans. The Company also entered into several interest rate swaps having a notional amount of \$125 million that fixed the SOFR component of the interest rate on a portion of the credit facilities through January 2027 or February 2028.
- (2) Interest rates as of September 30, 2022, reflect the interest rate hedges in effect during the period.

Debt Statistics



Debt Statistics

(\$ in thousands)

Q3 2022

Market Capitalization

Debt Principal	\$189,097
Cash	4,570
Escrow & Reserves	283
Net Debt	184,244
Market Value of Common Equity ⁽¹⁾	348,354
Total Enterprise Value	532,598
Net Debt to Enterprise Value	34.6 %

Leverage

Net Debt	\$184,244
Annualized Adjusted EBITDA	34,916
Net Debt / Annualized Adjusted EBITDA	5.3x

Adjusted Interest Coverage Ratio

Contractual Interest Expense	\$1,670
Adjusted EBITDA	8,729
Adjusted Interest Coverage Ratio	5.2x

Fixed Charge Coverage Ratio

Contractual Interest Expense	\$1,670
Debt Amortization	4
Total Fixed Charges	1,674
Adjusted EBITDA	8,729
Fixed Charge Coverage Ratio	5.2x



Source: Company Filings

(1) Calculated using the closing share price of \$14.67 as of September 30, 2022

Acquisition Summary



Acquisition Summary as of October 26, 2022

Acquisition Summary					
Acquisitions By Property Type	Property Count	Purchase Price ⁽¹⁾	Interior Square Feet	Purchase Price per Int. Sq Ft	Annualized Rent ⁽²⁾
Q1 2022 Acquisitions					
Last-Mile	28 Properties	\$4,472,186	37,561	\$119.06	\$393,525
Flex	22 Properties	\$22,474,964	141,475	158.86	1,667,863
Industrial	—	—	—	—	—
Q1 2022 Totals	50 Properties	\$26,947,150	179,036	\$150.51	\$2,061,388
Q2 2022 Acquisitions					
Last-Mile	111 Properties	\$15,855,814	141,246	\$112.26	\$1,433,444
Flex	39 Properties	\$39,220,187	236,527	165.82	2,640,275
Industrial	—	—	—	—	—
Q2 2022 Totals	150 Properties	\$55,076,001	377,773	\$145.79	\$4,073,719
Q3 2022 Acquisitions					
Last-Mile	41 Properties	\$7,806,035	61,242	\$127.46	\$670,794
Flex	25 Properties	\$12,997,557	108,608	119.67	1,094,542
Industrial	—	—	—	—	—
Q3 2022 Totals	66 Properties	\$20,803,592	169,850	\$122.48	\$1,765,336
Q4 2022 Acquisitions⁽³⁾					
Last-Mile	3 Properties	\$523,000	4,576	\$114.29	\$51,570
Flex	4 Properties	\$5,374,027	33,095	162.38	411,153
Industrial	—	—	—	—	—
Q4 2022 Totals	7 Properties	\$5,897,027	37,671	\$156.54	\$462,723
2022 YTD Acquisitions⁽³⁾					
Last-Mile	183 Properties	\$28,657,035	244,625	\$117.15	\$2,549,333
Flex	90 Properties	\$80,066,735	519,705	154.06	5,813,833
Industrial	—	—	—	—	—
2022 YTD Totals	273 Properties	\$108,723,770	764,330	\$142.25	\$8,363,166



Source: Company Filings

(1) Purchase price defined by GAAP, excluding closing costs

(2) Annualized contractually specified cash base rent in effect on October 26, 2022, for all of our leases

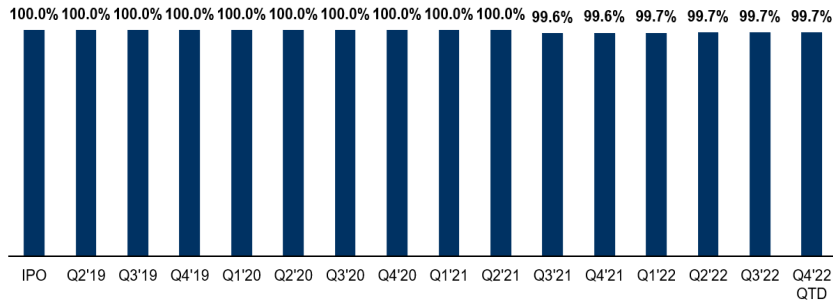
(3) Representative of Q4 2022 acquisitions as of October 26, 2022

Portfolio Fundamentals

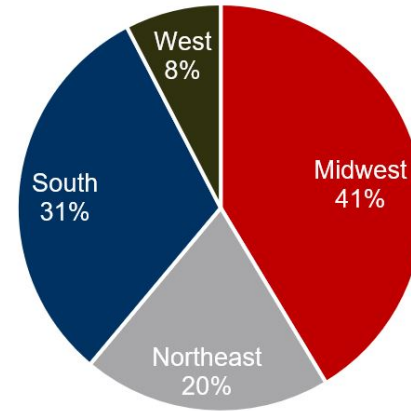


Diversified Portfolio with High Historic Occupancy

Historic Occupancy Rate Since IPO⁽¹⁾



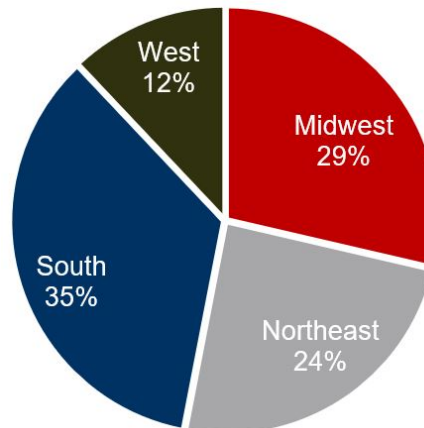
Portfolio By % of Aggregate Interior Sq Ft



Region	Sq Ft
Midwest	2,167,106
South ⁽²⁾	1,638,767
Northeast	1,033,664
West	399,783
Total	5,239,320



Portfolio By % of Annualized Gross Rent⁽³⁾



Region	Rent
South ⁽²⁾	\$15,791,168
Midwest	\$12,944,084
Northeast	\$11,039,761
West	\$5,442,482
Total	\$45,217,495

Source: Company Filings

Note: Portfolio statistics as of October 26, 2022

(1) Reflects historical occupancy of REIT owned properties since IPO

(2) South region includes one property located in Puerto Rico

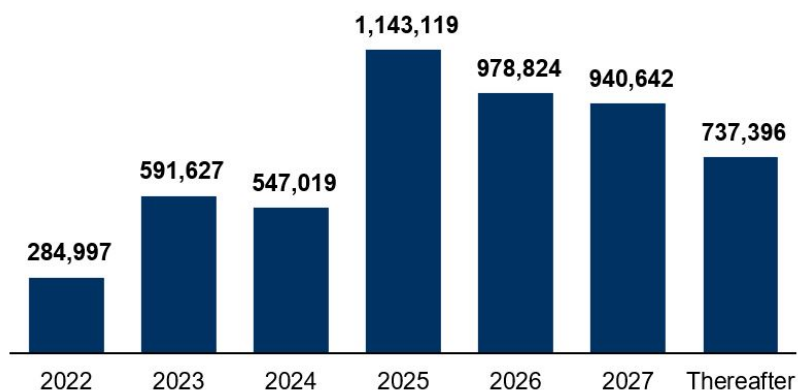
(3) Annualized contractually specified cash base rent in effect on October 26, 2022, for all of our leases (including those accounted for as direct financing leases)

Lease Expiration Schedule



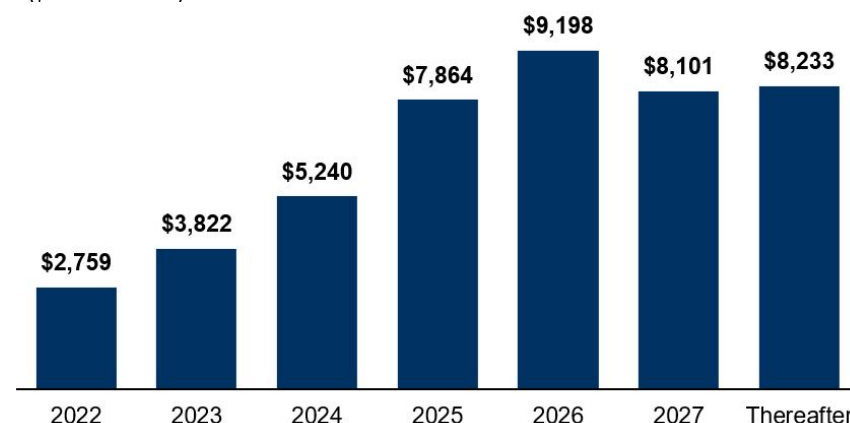
Year	Number of Leases	Square Feet	Annual Rent ⁽¹⁾	% of Total Rent ⁽¹⁾
2022	86	284,997	\$2,758,625	6.1%
2023	85	591,627	\$3,821,787	8.5%
2024	97	547,019	\$5,240,400	11.6%
2025	182	1,143,119	\$7,864,187	17.4%
2026	246	978,824	\$9,197,834	20.3%
2027	291	940,642	\$8,101,391	17.9%
Thereafter	254	737,396	\$8,233,271	18.2%
Total	1,241	5,223,624	\$45,217,495	100.0%

Lease Expirations (by Square Feet)



Lease Expirations (by Annual Rent)⁽¹⁾

(\$ in thousands)



Source: Company Filings

Note: As of October 26, 2022; excludes any vacant property

(1) Annualized contractually specified cash base rent in effect on October 26, 2022, for all of our leases (including those accounted for as direct financing leases). Assumes tenants do not exercise any existing renewal, termination or purchase options.

Property Breakdown by Location



Property Breakdown by Location

Location	Gross Rent	% Gross Rent	Square Footage	% Square Footage	Property Count ⁽¹⁾	% Property Count
Pennsylvania	\$5,759,260	12.74%	701,529	13.40%	87	7.02%
Wisconsin	3,314,940	7.34%	816,309	15.58%	78	6.31%
Texas	2,396,036	5.30%	239,932	4.58%	84	6.79%
North Carolina	2,379,634	5.26%	213,579	4.08%	53	4.29%
California	1,936,213	4.28%	151,073	2.88%	22	1.78%
New York	1,849,175	4.10%	120,050	2.29%	48	3.87%
Alabama	1,589,723	3.52%	265,803	5.07%	23	1.86%
Michigan	1,509,706	3.35%	173,050	3.30%	52	4.20%
Ohio	1,415,459	3.13%	155,760	2.97%	30	2.42%
Kansas	1,353,849	2.99%	442,254	8.44%	29	2.34%
Colorado	1,322,093	2.92%	83,735	1.60%	20	1.61%
Massachusetts	1,308,536	2.89%	66,593	1.27%	15	1.21%
Florida	1,241,286	2.75%	120,278	2.30%	21	1.69%
Louisiana	1,142,765	2.53%	108,229	2.07%	32	2.58%
Virginia	1,120,845	2.48%	95,480	1.82%	24	1.94%
Tennessee	1,080,920	2.39%	123,088	2.35%	24	1.94%
Oklahoma	1,043,739	2.31%	114,885	2.19%	46	3.71%
Illinois	1,024,065	2.26%	120,553	2.30%	61	4.92%
Minnesota	993,217	2.20%	105,323	2.01%	51	4.12%
Indiana	868,180	1.92%	85,980	1.64%	26	2.10%
Missouri	859,749	1.90%	94,245	1.80%	36	2.91%
Iowa	714,743	1.58%	82,276	1.57%	32	2.58%
Georgia	714,463	1.58%	63,937	1.22%	28	2.26%
Arkansas	704,201	1.56%	74,707	1.43%	28	2.26%
South Carolina	702,578	1.55%	59,947	1.14%	21	1.69%

Note: As of October 26, 2022

(1) Includes properties accounted for as direct financing leases

Property Breakdown by Location (continued)



Property Breakdown by Location

Location	Gross Rent	% Gross Rent	Square Footage	% Square Footage	Property Count ⁽¹⁾	% Property Count
Maine	656,628	1.45%	54,300	1.04%	43	3.47%
West Virginia	652,156	1.44%	64,220	1.23%	31	2.50%
Connecticut	570,496	1.26%	38,926	0.74%	8	0.65%
Mississippi	562,804	1.24%	57,876	1.10%	17	1.37%
Vermont	511,466	1.13%	27,716	0.53%	17	1.37%
Montana	399,675	0.88%	35,623	0.68%	13	1.05%
Arizona	349,328	0.77%	19,399	0.37%	6	0.48%
Nebraska	323,378	0.72%	38,246	0.73%	22	1.78%
South Dakota	299,263	0.66%	26,894	0.51%	20	1.61%
North Dakota	267,534	0.59%	26,216	0.50%	21	1.69%
Hawaii	247,701	0.55%	9,705	0.19%	1	0.08%
Nevada	232,487	0.51%	14,047	0.27%	4	0.32%
Oregon	212,320	0.47%	13,554	0.26%	3	0.24%
Kentucky	211,855	0.47%	19,228	0.37%	10	0.81%
Maryland	208,475	0.46%	14,638	0.28%	6	0.48%
New Hampshire	186,935	0.41%	11,523	0.22%	8	0.65%
Washington	186,820	0.41%	14,677	0.28%	7	0.56%
New Mexico	164,546	0.36%	16,033	0.31%	5	0.40%
Idaho	145,006	0.32%	16,998	0.32%	11	0.89%
Wyoming	136,180	0.30%	16,630	0.32%	5	0.40%
New Jersey	118,463	0.26%	8,101	0.15%	4	0.32%
Utah	98,681	0.22%	5,489	0.10%	2	0.16%
Delaware	78,800	0.17%	4,926	0.09%	2	0.16%
Puerto Rico	39,690	0.09%	2,940	0.06%	1	0.08%
Alaska	11,433	0.03%	2,820	0.05%	1	0.08%
Total:	\$45,217,495	100.0%	5,239,320	100.0%	1,239	100.0%

Note: As of October 26, 2022

(1) Includes properties accounted for as direct financing leases

Funds from Operation (FFO)

The Company calculates FFO in accordance with the current National Association of Real Estate Investment Trusts (“NAREIT”) definition. NAREIT currently defines FFO as follows: net income (loss) (computed in accordance with GAAP) excluding depreciation and amortization related to real estate, gains and losses from the sale of certain real estate assets, gains and losses from change in control, and impairment write-downs of certain real estate assets and investments in entities when the impairment is directly attributable to decreases in the value of depreciable real estate held by an entity. Other REITs may not define FFO in accordance with the NAREIT definition or may interpret the current NAREIT definition differently than the Company does and therefore the Company’s computation of FFO may not be comparable to such other REITs.

Adjusted Funds from Operations (AFFO)

The Company calculates AFFO by starting with FFO and adjusting for recurring capital expenditures (defined as all capital expenditures and leasing costs that are recurring in nature, excluding all expenditures that (i) are for items identified or existing at the time a property was acquired, (ii) are part of a strategic plan intended to increase the value or revenue-generating ability of a property, (iii) are considered infrequent or extraordinary in nature, or (iv) for casualty damage) and acquisition related expenses (defined as acquisition-related expenses that are incurred for investment purposes and business acquisitions and do not correlate with the ongoing operations of the Company’s existing portfolio, including due diligence costs for acquisitions not consummated and certain auditing, legal and accounting fees incurred that were directly related to completed acquisitions or dispositions and integration of acquired business) that are not capitalized and then adding back non-cash items including: write-off and amortization of deferred financing fees, straight-line rent and other adjustments (including lump sum catch up payments for increased rents), fair value lease adjustments, income on insurance recoveries from casualties, non-real estate depreciation and amortization and non-cash components of compensation expense. AFFO is a non-GAAP financial measure and should not be viewed as an alternative to net income calculated in accordance with GAAP as a measurement of the Company’s operating performance. The Company believes that AFFO is widely-used by other REITs and is helpful to investors as a meaningful additional measure of the Company’s ability to make capital investments. Other REITs may not define AFFO in the same manner as the Company does and therefore its calculation of AFFO may not be comparable to such other REITs.

Earnings before Interest Tax and Depreciation and Amortization (EBITDA) and Adjusted EBITDA

The Company computes EBITDA as earnings before interest, income taxes, depreciation and amortization. The Company presents EBITDA as it is a measure commonly used in its industry and the Company believes that this measure is useful to investors and analysts because they provide important supplemental information concerning its operating performance, exclusive of certain non-cash items and other costs. The Company uses EBITDA as a measure of its operating performance and not as a measure of liquidity. The Company computes Adjusted EBITDA by starting with EBITDA and adjusting for acquisition related expenses (as defined above) and non-cash components of compensation expense.

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

Definitions (continued)



Net Debt

The Company calculates its net debt as total debt less cash and property-related reserves. The Company believes excluding cash and restricted cash deposits held for the benefit of lenders from total debt, all of which could be used to repay debt, provides an estimate of the net contractual amount of borrowed capital to be repaid, which it believes is a beneficial disclosure to investors and analysts.

Net Operating Income (NOI)

The Company computes NOI as rental income, tenant reimbursements and revenue from direct financing leases less real estate taxes and property operating expenses (excluding property management expenses). NOI excludes all other items of expense and income included in the financial statements in calculating net income or loss. The Company believes NOI provides useful and relevant information because it reflects only those revenue and expense items that are incurred at the property level and present such items on an unlevered basis. NOI is not a measure of financial performance under GAAP. You should not consider the Company's NOI as an alternative to net income or cash flows from operating activities determined in accordance with GAAP. Additionally, the Company's computation of NOI may differ from the methodology for calculating these metrics used by other equity REITs, and, therefore, may not be comparable to similarly titled measures reported by other equity REITs. Below are the property management expenses excluded from NOI.

(\$ in thousands)

	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021
Property Management Expense	\$501	\$460	\$629	\$407	\$378

Occupancy

The Company calculates occupancy by dividing the amount of the Company's owned portfolio's total net leasable interior square feet currently under lease agreements, regardless of the actual use or occupation by the tenant of the area being leased, by the Company's owned portfolio's total net leasable interior square feet.