



**AGREE REALTY**  
RETHINK RETAIL

APRIL 2024





# Agree Realty Overview (NYSE: ADC)

NET LEASE REIT FOCUSED ON THE ACQUISITION & DEVELOPMENT OF HIGH-QUALITY RETAIL PROPERTIES

## OUR COMPANY

Founded in 1971 by Executive Chairman, Richard Agree

Public on the NYSE since 1994

\$8.3 billion<sup>(1)</sup> retail net lease REIT headquartered in Royal Oak, Michigan

2,161 retail properties totaling approximately 44.9 million square feet in 49 states

Investment grade issuer ratings of Baa1 from Moody's and BBB from S&P

## RETHINK RETAIL

Capitalize on distinct market positioning in the retail net lease space

Focus on industry-leading retailers through our three unique external growth platforms

Leverage our real estate acumen and relationships to identify superior risk-adjusted opportunities

Maintain a conservative and flexible capital structure that enables our growth trajectory

Provide consistent, high-quality earnings growth and a well-covered, growing dividend



# consistency

[ kuh n-sis-tuh n-see ]

*noun*

steadfast adherence to the same principles, course, or form



# Recent Highlights

Introduced 2024 AFFO per share guidance of \$4.10 to \$4.13, representing 4.2% growth at the midpoint<sup>(1)</sup>

- Announced 2024 acquisition guidance of approximately \$600 million of high-quality retail net lease assets<sup>(1)</sup>
- Announced disposition guidance of approximately \$50 - \$100 million for full-year 2024<sup>(1)</sup>
- Acquired approximately \$124 million of high-quality retail net lease assets in Q1 2024 at a weighted-average cap rate of 7.7%
- 20 development or DFP projects completed or under construction for approximately \$82 million as of March 31<sup>st(2)</sup>
- Sold six assets during Q1 2024 for approximately \$22.3 million at a weighted-average cap rate of 6.2%

Fortress-like balance sheet with over \$920 million of total liquidity as of March 31<sup>st(3)</sup>

Over \$385 million of hedged capital including \$237 million of outstanding forward equity as of March 31, 2024

4.3x Proforma Net Debt to Recurring EBITDA as of March 31<sup>st(3)</sup>

Increased monthly cash dividend to \$0.25 per common share for April, representing a 2.9% year-over-year increase<sup>(4)</sup>

Received Green Lease Leader Gold Recognition for the second consecutive year<sup>(5)</sup>

As of March 31, 2024, unless otherwise noted. (1) Reflects full-year 2024 guidance provided by the Company on April 23, 2024. Refer to slide 36 for a more detailed review of the Company's 2024 earnings guidance. (2) Includes capital committed to acquisitions, development and Developer Funding Platform projects completed or under construction during the three months ended March 31, 2024. (3) Proforma for the settlement of the Company's outstanding forward equity as of March 31, 2024. (4) Declared by the Company on April 8, 2024. (5) As of April 4, 2024. This presentation includes non-GAAP financial measures, and a reconciliation of these non-GAAP financial measures to the most directly comparable GAAP measures is included in the Appendix herewith.

# ADC's Retail Thought Leadership

- ✓ Launched acquisition platform in 2010 with a focus on e-commerce resistance
- ✓ Launched **RETHINK RETAIL** campaign to challenge misperceptions about the future of brick & mortar
- ✓ Published proprietary ADC White Papers highlighting omnichannel retail trends



- ✓ Avoided or actively disposed of troubled retail sectors including theaters, health & fitness and entertainment retail pre-pandemic
- ✓ Early identification of promising retailers:





# Omni-Channel Vision

IDENTIFIED CRITICAL ROLE OF NET LEASE IN DRIVING OMNI-CHANNEL STRATEGY

“So, I think **as retailers look forward in 2016 and beyond and they're looking in the omni-channel world, how is their e-commerce presence, online ordering, physical pick up,** more and more retailers are going to realize the benefit of net leased retail.”

- Joey Agree Q1 2016 Earnings Call



“**COVID reaffirmed our belief that, one, we're heading toward a world where all retailers are omni-channel.** Brick-and-mortar is an integral part of that omnichannel overall experience.”

- Joey Agree 2022 Citi Conference

***“Every retailer in the country is going to [have to] have billions of dollars, national retailers, to experiment, to test and eventually effectuate a true omni-channel experience because you can't be an e-commerce-based retailer or just a brick-and-mortar-based retailer today, it doesn't work.”***

*- Joey Agree*



“The strongest and most resilient retailers in today's omni-channel world have embraced a comprehensive approach that blurs the historical lines between e-commerce distribution and brick & mortar operations.”

- Agree Knowledge Base: Omni-Channel 101

# Investment Foresight

A DEEPER DIVE ON ADC'S THOUGHT LEADERSHIP & TRACK RECORD OF EXECUTION



## Q1 2017

"...it's a great company, it's got a fantastic balance sheet. ...and we have a great relationship and respect for them."

## Q2 2016

"While neither Tractor Supply Company nor Hobby Lobby maintains a public credit rating, **both possess investment-grade quality financials with very strong balance sheets.**"

## Q3 2013

Acquired first Tractor Supply

## Q3 2018

"We have a fantastic relationship with their real estate team. **The business is really thriving. They have no national competition.** They also have the highest-rated e-commerce website of any retailer."

## October 2020

Rated BBB by S&P

Rated Baa1 by Moody's

ADC has acquired over 100 locations since 2013 and today TSCO is our 2<sup>nd</sup> largest tenant.

As of March 31, 2024. Exposure measured as a percentage of ABR. The quotes above reflect statements made by ADC management on the Company's quarterly earnings calls. The chart reflects Tractor Supply's market capitalization from 12/31/2012 to 3/31/2024.

# Investment Foresight

A DEEPER DIVE ON ADC'S THOUGHT LEADERSHIP & TRACK RECORD OF EXECUTION



## Q1 2018

"Now you see Gerber Collision in the collision space. Again, a company that's **owned by Boyd Group of Canada, conservative, disciplined leaders in the collision space.**"

## Q4 2018

"...We think they're the premier auto collision operator in the United States... **We'll continue to work with them on all types of opportunities through all 3 external growth platforms...**"

## Q1 2022

"...identifying early on a retailer that **we thought was in a tremendous position to access a fragmented space and had the balance sheet capabilities to do so.**"

## Q3 2017

Acquired first Gerber Collision

## 2014

Identified and met with The Boyd Group for the first time

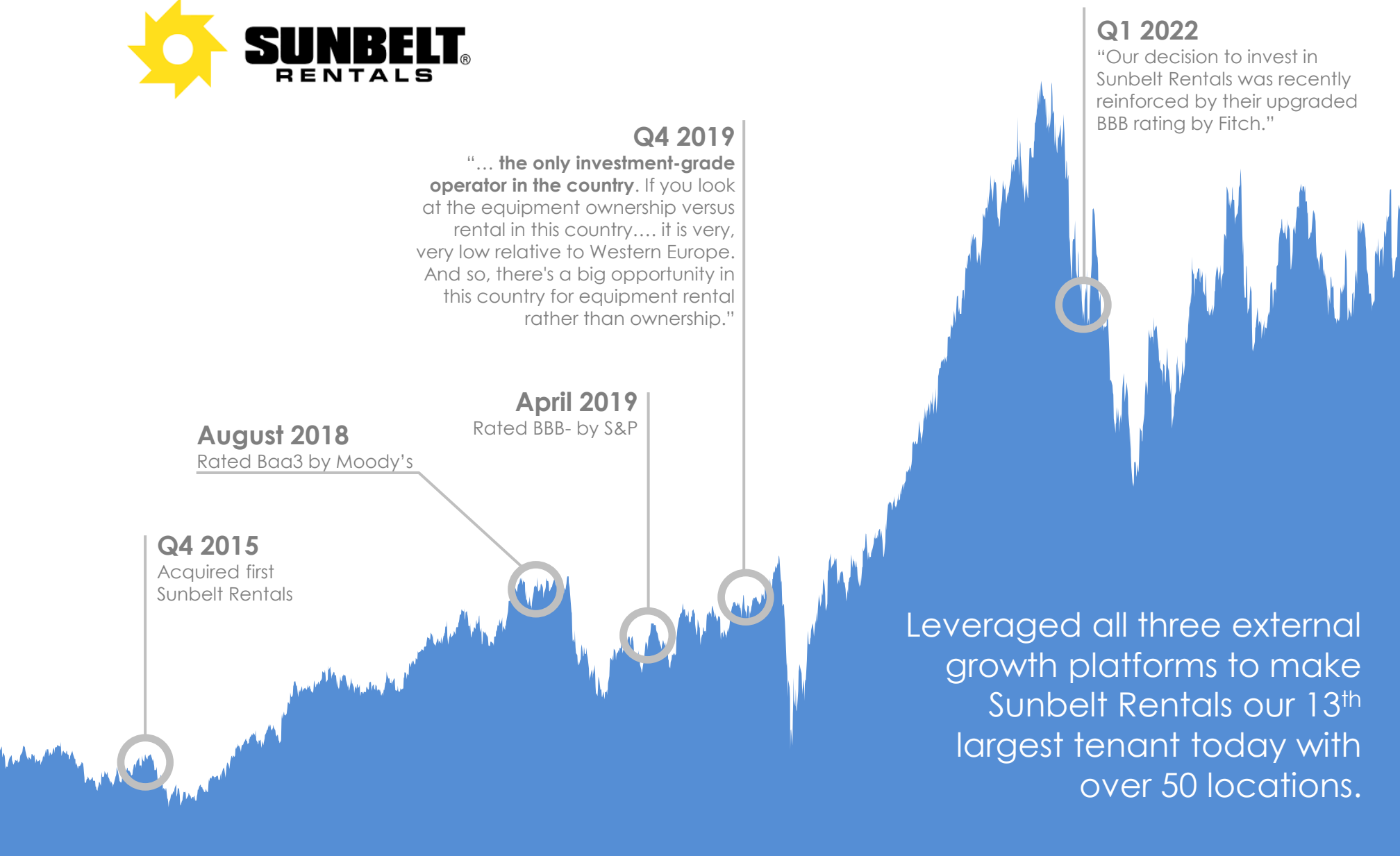
ADC built preferred development relationship with Gerber Collision, developing over 20 locations to help spearhead organic growth. They are now our 15<sup>th</sup> largest tenant with over 70 locations.

As of March 31, 2024. Exposure measured as a percentage of ABR.  
The quotes above reflect statements made by ADC management on the Company's quarterly earnings calls. The chart reflects The Boyd Group's market capitalization from 12/31/2013 to 3/31/2024.



# Investment Foresight

A DEEPER DIVE ON ADC'S THOUGHT LEADERSHIP & TRACK RECORD OF EXECUTION

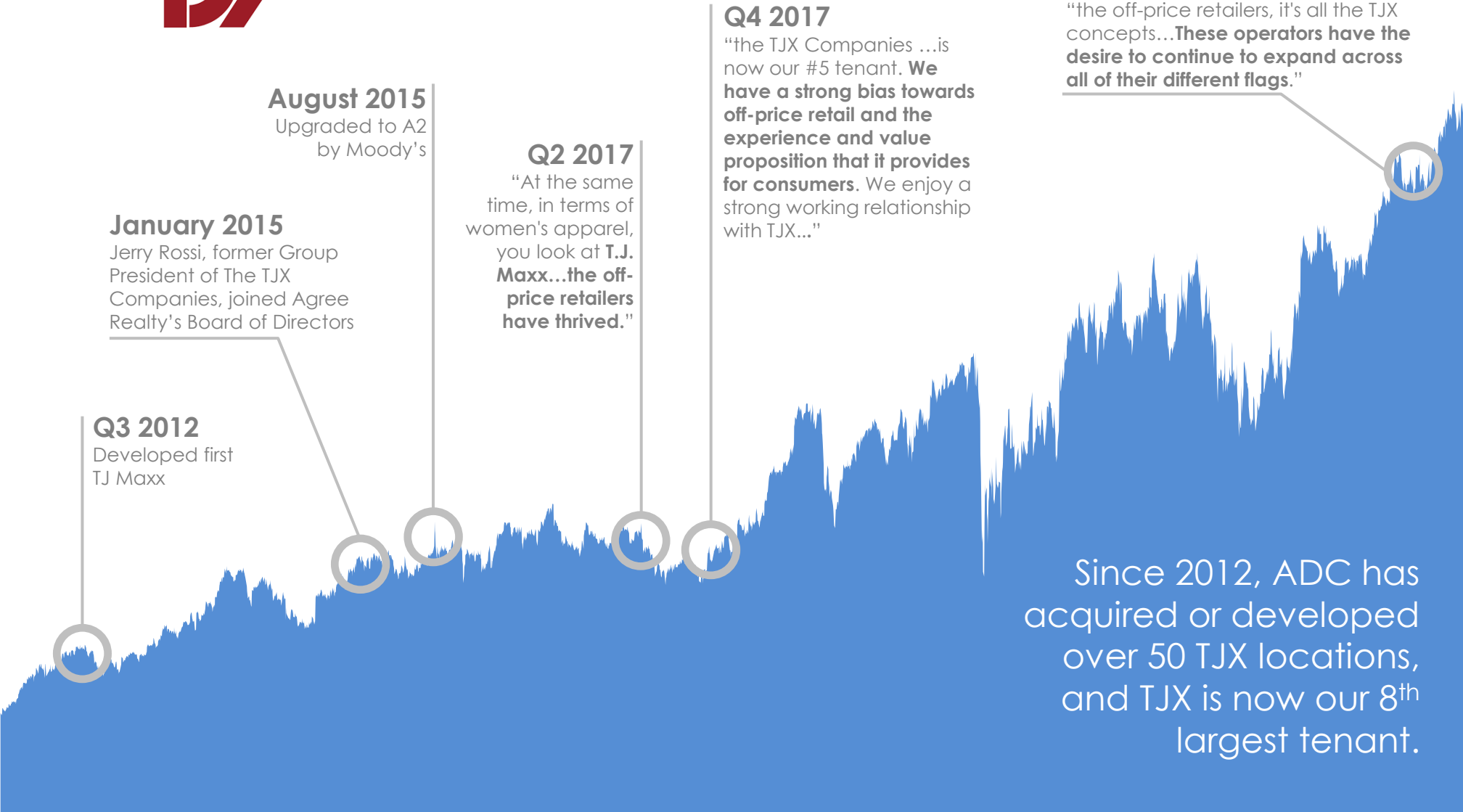


Leveraged all three external growth platforms to make Sunbelt Rentals our 13<sup>th</sup> largest tenant today with over 50 locations.

As of March 31, 2024. Exposure measured as a percentage of ABR.  
The quotes above reflect statements made by ADC management on the Company's quarterly earnings calls. The chart reflects Ashtead Group's market capitalization from 12/31/2014 to 3/31/2024.

# Investment Foresight

A DEEPER DIVE ON ADC'S THOUGHT LEADERSHIP & TRACK RECORD OF EXECUTION



## January 2015

Jerry Rossi, former Group President of The TJX Companies, joined Agree Realty's Board of Directors

## August 2015

Upgraded to A2 by Moody's

## Q2 2017

"At the same time, in terms of women's apparel, you look at T.J. Maxx...the off-price retailers have thrived."

## Q4 2017

"the TJX Companies ...is now our #5 tenant. We have a strong bias towards off-price retail and the experience and value proposition that it provides for consumers. We enjoy a strong working relationship with TJX..."

## Q4 2023

"the off-price retailers, it's all the TJX concepts...These operators have the desire to continue to expand across all of their different flags."

Since 2012, ADC has acquired or developed over 50 TJX locations, and TJX is now our 8<sup>th</sup> largest tenant.

As of March 31, 2024. Exposure measured as a percentage of ABR.

The quotes above reflect statements made by ADC management on the Company's quarterly earnings calls. The chart reflects The TJX Companies' market capitalization from 12/30/2011 to 3/31/2024.



# Investment Foresight

A DEEPER DIVE ON ADC'S THOUGHT LEADERSHIP & TRACK RECORD OF EXECUTION

## Walgreens

2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
30%	27%	22%	17%	12%	8%	5%	3%	2%	1%	1%	1%	1%

ADC reduced Walgreens exposure from 30% in 2012 to approximately 1% and reduced overall Pharmacy exposure to ~4%.

### Q2 2017

"our Walgreens concentration was down to 8.8% at quarter end, below our goal of sub-10% by year-end.."

### Q1 2019

"I think the pharmacy space, in general, really has some work to do on the front end predominantly of those stores. And we'd like to see some ingenuity and creativity driving traffic into those stores and driving margin as well as top line revenue to the front end of those stores."

### Q1 2021

"With this transaction, CVS has surpassed Walgreens as our largest pharmacy tenant...we continue to favor CVS as the sector leader, given their innovation and adaptation to consumer preferences and overall market dynamics in the pharmacy space."

### 2023

**Downgraded to Baa3** by Moody's in January.

**Downgraded to BBB-** by S&P in October.

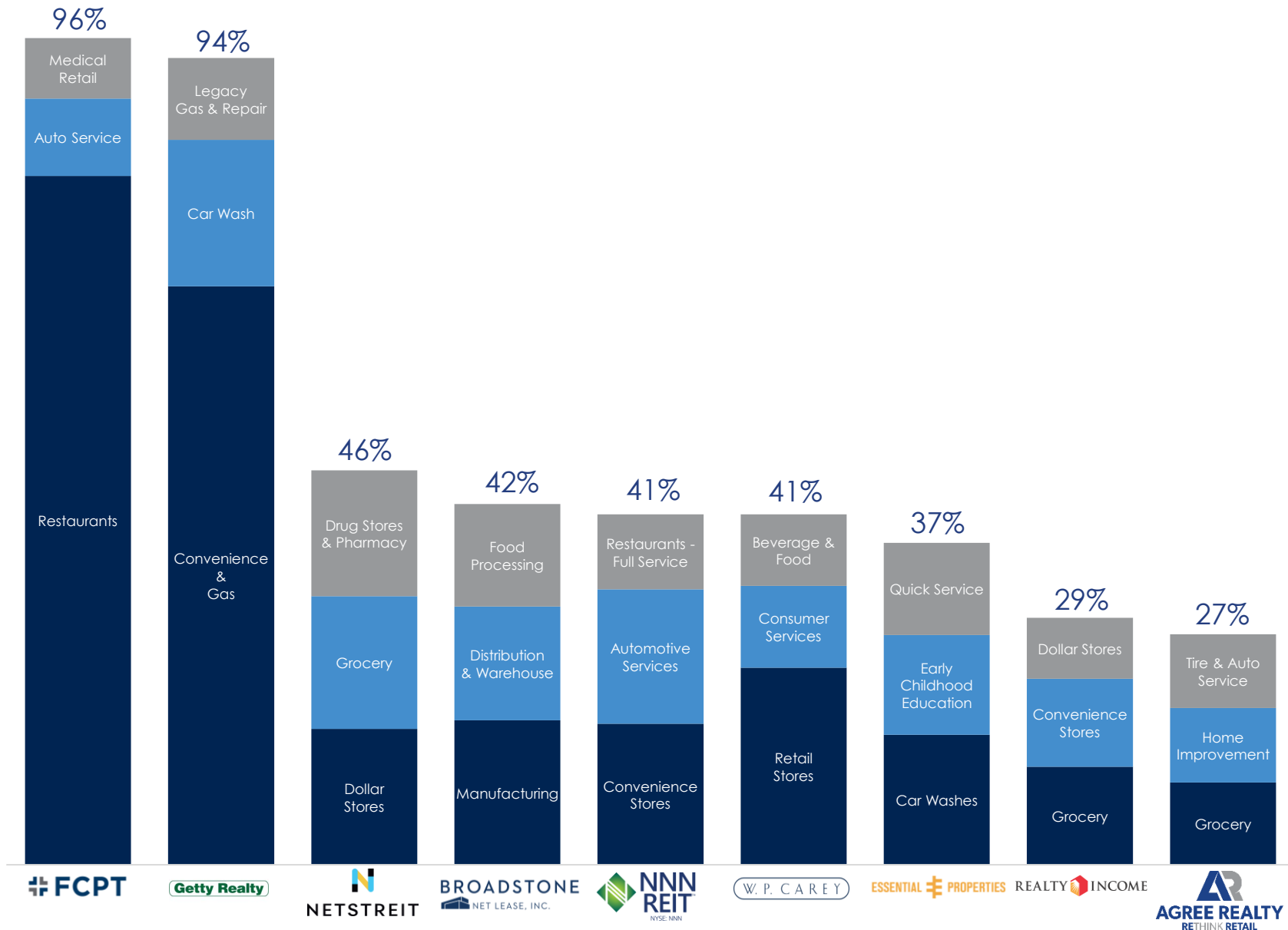
**Downgraded to Ba2** by Moody's in December.

As of March 31, 2024. Exposure is as of year-end 2012 through March 31, 2024 and is measured as a percentage of ABR. The quotes above reflect statements made by ADC management on the Company's quarterly earnings calls.

# Maintaining Our Discipline

LEADING PORTFOLIO WITH DIVERSE SECTORS

## Top 3 Sector Concentration



ADC data is as of March 31, 2024. Peer data is as of December 31, 2023. Peer data is from S&P Capital IQ and company filings. Top 3 Sector Concentration shown as a percentage of annualized base rent.



# Capital Markets Leader

INNOVATIVE BALANCE SHEET MANAGEMENT



ADC was the first net lease REIT to issue forward equity in March 2018



Since 2018, \$27B of forward equity has been raised in the net lease space



Lowest cost preferred equity issuance in net lease REIT history at 4.25%



Closed market-leading 5.5-year term loan at a fixed rate of 4.52% inclusive of prior hedging activity

***“We view the forward equity offering as a prudent way to further fortify our balance sheet and lock in an accretive cost of capital while mitigating external risks and market volatility.”***

**- JOEY AGREE Q3 2018 EARNINGS CALL**





***Forward equity accounted for ~87% of all net lease issuance since 2022***

As of March 31, 2024.

# Disciplined Capital Allocator

CONSERVATIVE WACC CALCULATION DRIVES CONSISTENT & SUPERIOR EARNINGS GROWTH

## NET LEASE INVESTMENT SPREADS

-  150+ bps – **Pedal to the Metal!**
-  100 - 150 bps – Investments Generate Healthy Accretion
-  75 - 100 bps – Investments Generate Sufficient Accretion
-  <75 bps – Investments Not Sufficiently Accretive

- ✓ Cost of equity is based on forward 12-month consensus AFFO per share
- ✓ Cost of debt reflects anticipated rate for 10-year unsecured bond offering
- ✗ **Using short-term debt and adding unburdened free cash flow artificially improves cost of capital by ~130 bps**

## WACC CALCULATION COMPARISON

ADC WACC CALCULATION			PEER WACC CALCULATION		
WEIGHTING	FORM OF CAPITAL	COST	WEIGHTING	FORM OF CAPITAL	COST
75%	Equity <sup>(1)</sup>	6.7%	60%	Equity <sup>(1)</sup>	6.7%
25%	Long-Term Debt <sup>(2)</sup>	5.8%	20%	Five-Year Term Loan	5.3%
			20% <sup>(3)</sup>	Free Cash Flow After Dividend	0.0%
<b>WACC</b>		<b>6.4%</b>	<b>WACC</b>		<b>5.1%</b>

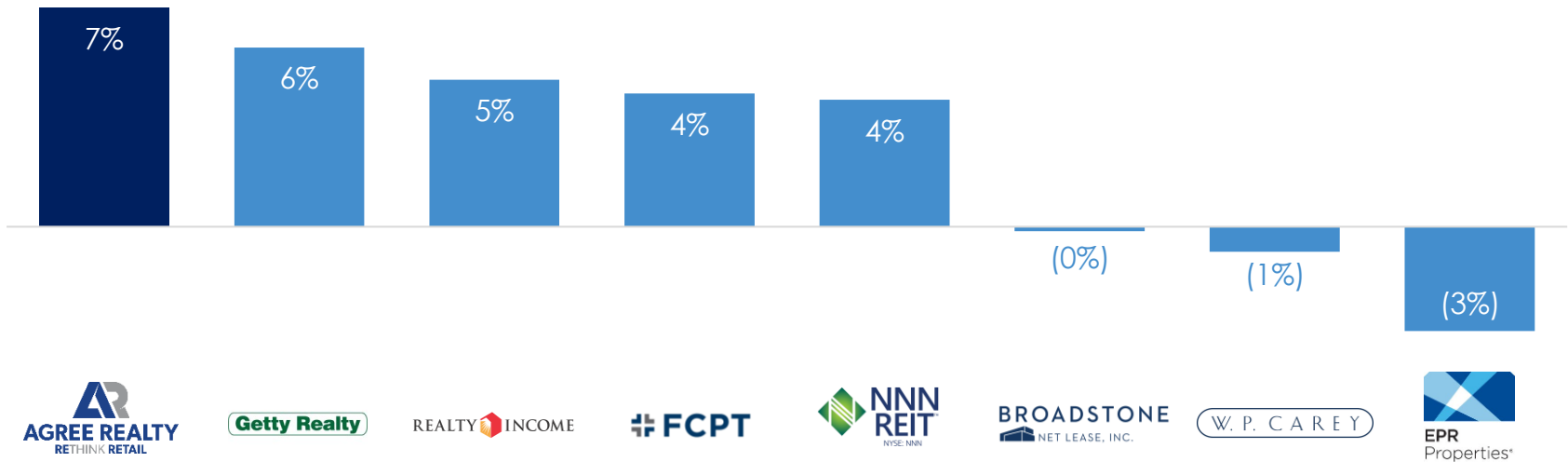
As of April 17, 2024. (1) The cost of equity is calculated using the net forward price of the Company's outstanding forward equity as of March 31, 2024, compared to consensus forward 12-month AFFO per share. (2) Long-term debt reflects anticipated rate for 10-year unsecured bond offering. (3) Assumes approximately \$100 million of free cash flow after the dividend and \$600 million of investment activity. Any differences are the result of rounding.



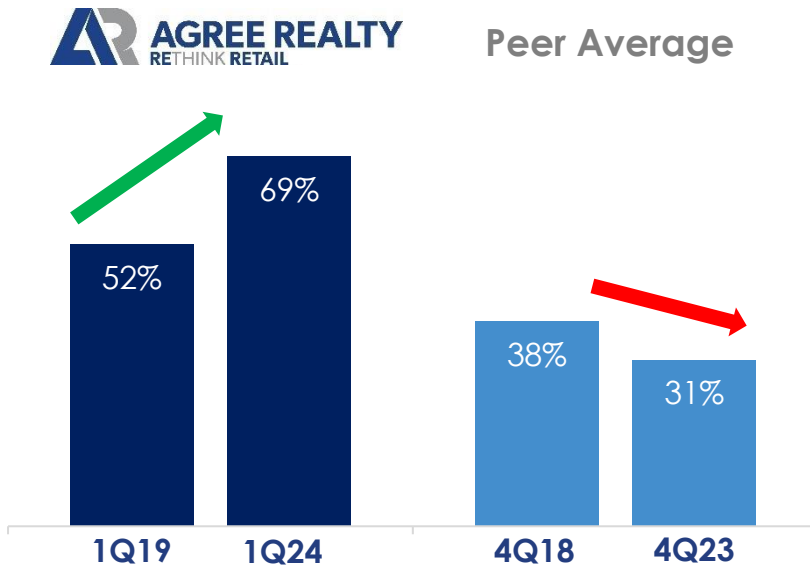
# Driving Results

PEER LEADING AFFO PER SHARE GROWTH WHILE STRENGTHENING PORTFOLIO & BALANCE SHEET

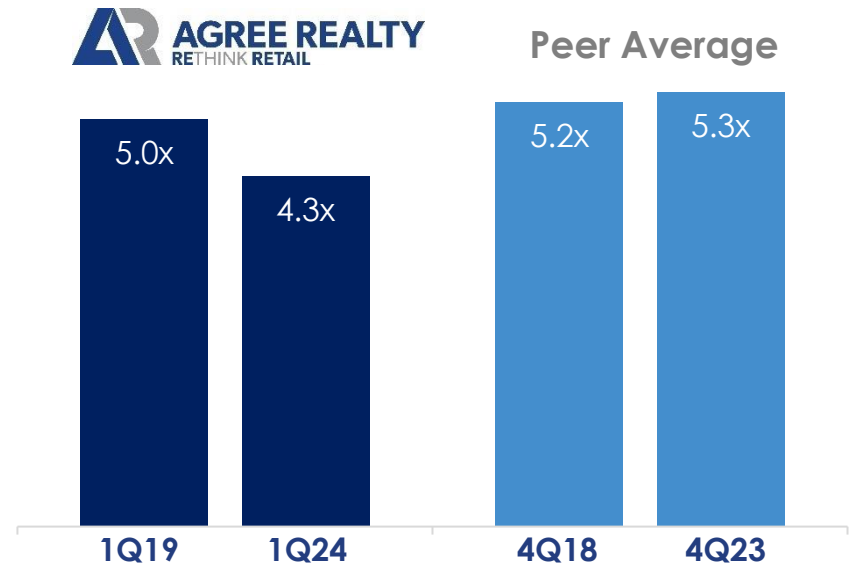
## Five-Year AFFO Per Share Growth CAGR



## Investment Grade Exposure



## Net Debt to EBITDA



ADC data is as of March 31, 2024. Peer data is as of December 31, 2023. Data is from S&P Capital IQ and company filings. For Investment Grade Tenant Exposure, the peer average includes: BNL, FCPT, NNN, O, and WPC. For Net Debt to EBITDA, the peer average includes: BNL, EPR, FCPT, GTY, NNN, O, and WPC. Net Debt to EBITDA is as reported by each company. If the company reported Net Debt to EBITDA proforma for the settlement of outstanding forward equity, the proforma metric was used.

# The Country's Leading Retail Portfolio





# Agree Realty Snapshot




















## Company Overview

Share Price <sup>(1)</sup>	\$55.18
Equity Market Capitalization <sup>(1)(2)</sup>	\$5.6 Billion
Property Count	2,161 properties
Net Debt to EBITDA	4.8x / 4.3x <sup>(3)</sup>
Investment Grade % <sup>(4)</sup>	68.8%

## Top Retail Sectors (\$ in millions)

TENANT SECTOR	ANNUALIZED BASE RENT	% OF TOTAL
Grocery Stores	\$54.9	9.7%
Home Improvement	49.3	8.7%
Tire & Auto Service	47.4	8.4%
Convenience Stores	46.1	8.2%
Dollar Stores	42.9	7.6%
Off-Price Retail	34.0	6.0%
General Merchandise	32.3	5.7%
Auto Parts	32.3	5.7%
Farm & Rural Supply	29.9	5.3%
Pharmacy	24.2	4.3%
Other	171.7	30.4%
<b>Total</b>	<b>\$565.0</b>	<b>100.0%</b>

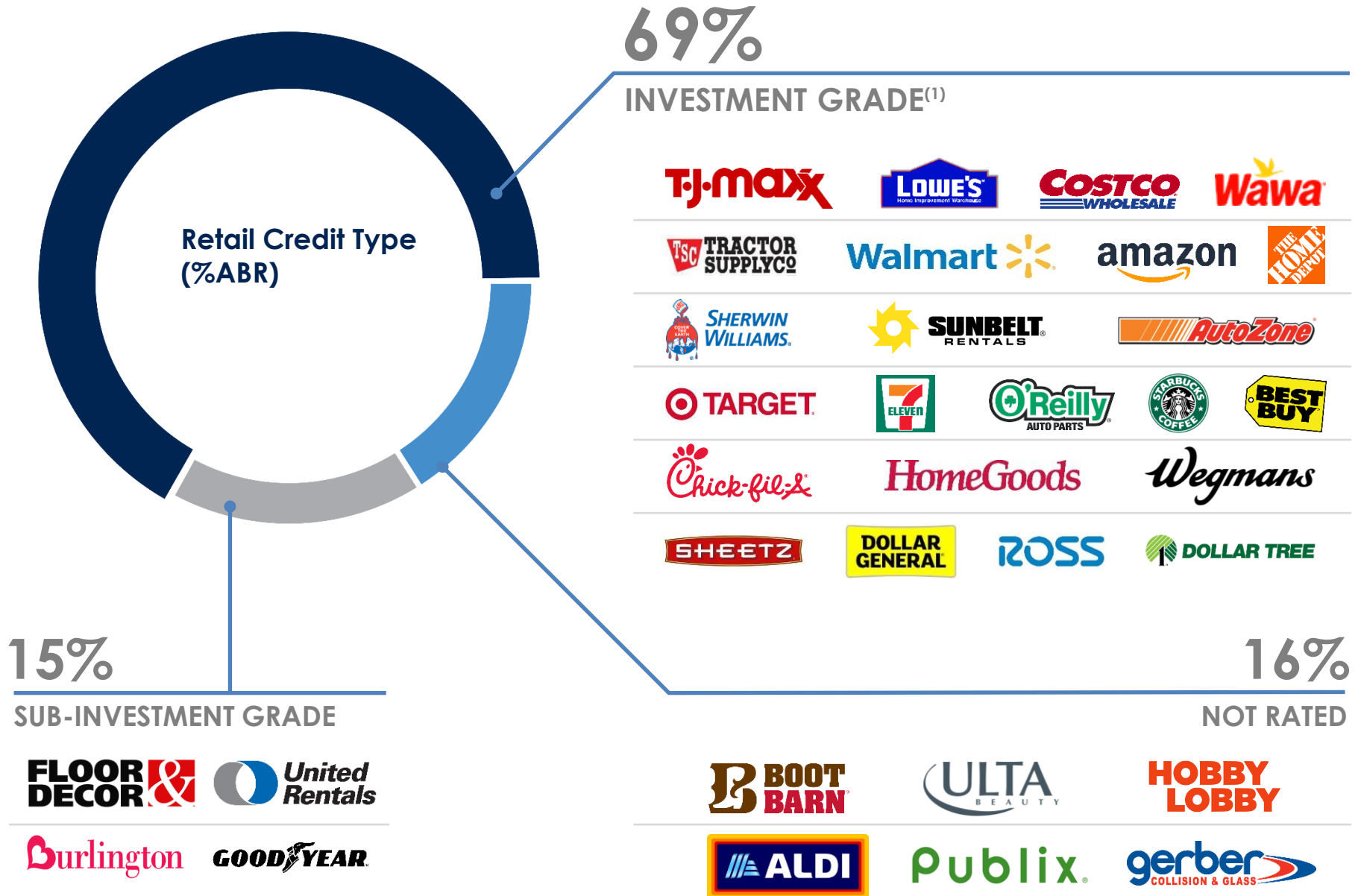
## Top Tenants (\$ in millions)

TENANT / CONCEPT	ANNUALIZED BASE RENT	% OF TOTAL
 Walmart	\$33.9	6.0%
 TRACTOR SUPPLY CO	28.2	5.0%
 DOLLAR GENERAL	26.8	4.7%
 BEST BUY	19.6	3.5%
 CVS pharmacy	17.8	3.2%
 DOLLAR TREE	17.6	3.1%
 Kroger	16.8	3.0%
 TJX	16.8	3.0%
 O'Reilly AUTO PARTS	16.4	2.9%
 HOBBY LOBBY	14.7	2.6%
 LOWE'S	14.0	2.5%
 Burlington	13.1	2.3%
 SUNBELT RENTALS	12.8	2.3%
 7-ELEVEN	12.4	2.2%
 gerber COLLISION & GLASS	11.7	2.1%
 SHERWIN-WILLIAMS	11.4	2.0%
 Wawa	9.9	1.8%
 THE HOME DEPOT	9.6	1.7%
 BJ'S	8.7	1.5%
Other	252.8	44.6%
<b>Total</b>	<b>\$565.0</b>	<b>100.0%</b>

As of March 31, 2024, unless otherwise noted. Any differences are a result of rounding. (1) As of April 17, 2024. (2) Reflects common shares and OP units outstanding multiplied by the closing price as of April 17, 2024. (3) Proforma for the settlement of the Company's outstanding forward equity as of March 31, 2024. (4) Refer to footnote 1 on slide 17 for the Company's definition of Investment Grade.

# Strong Investment Grade Portfolio

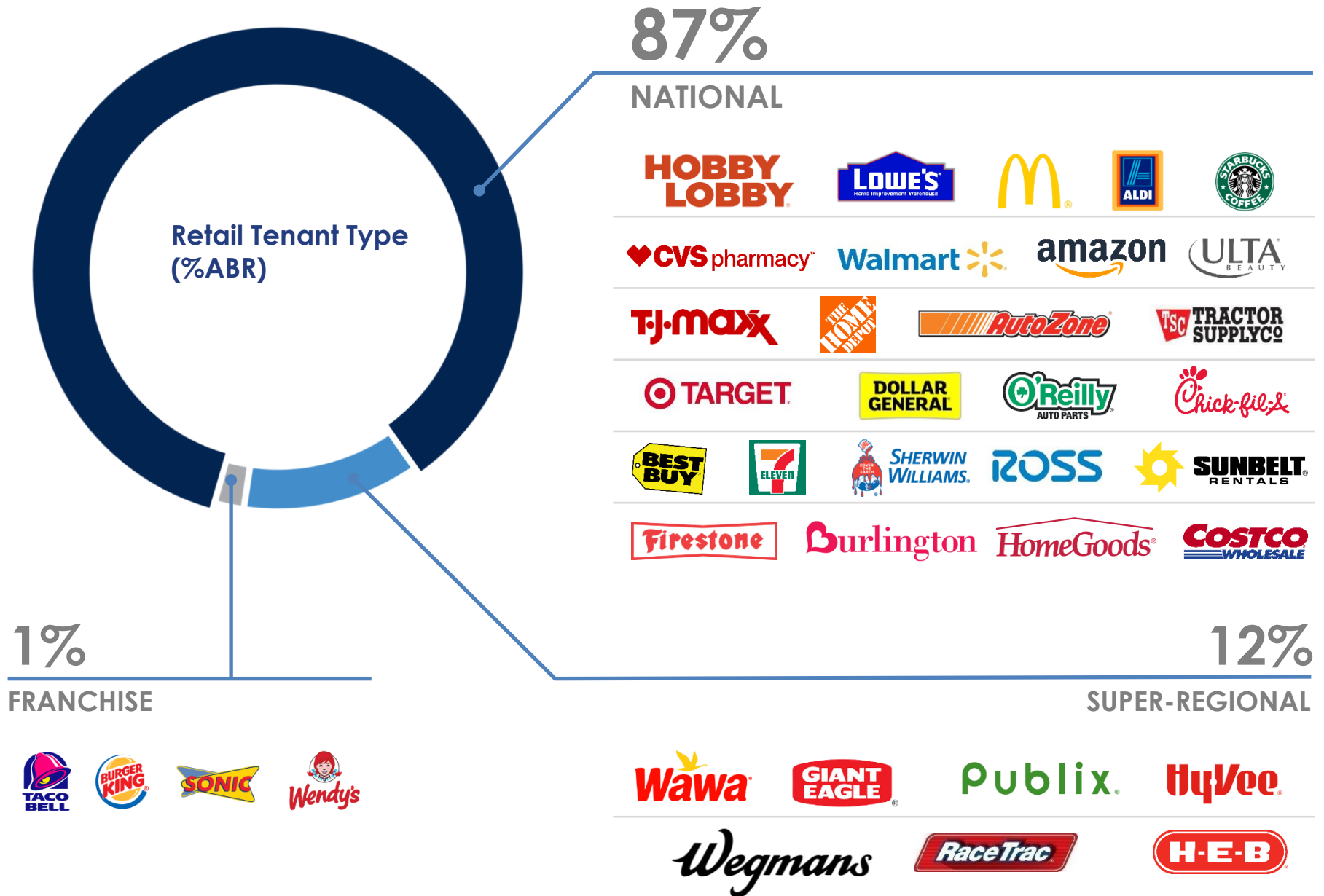
BEST-IN-CLASS RETAILERS WITH CONSERVATIVE BALANCE SHEETS



As of March 31, 2024. Any differences are a result of rounding. (1) Based on ABR derived from tenants, or parent entities thereof, with an investment grade credit rating from S&P Global Ratings, Moody's Investors Service, Fitch Ratings, or the National Association of Insurance Commissioners.

# National and Super-Regional Retailers

INDUSTRY-LEADERS OPERATING IN E-COMMERCE RESISTANT SECTORS



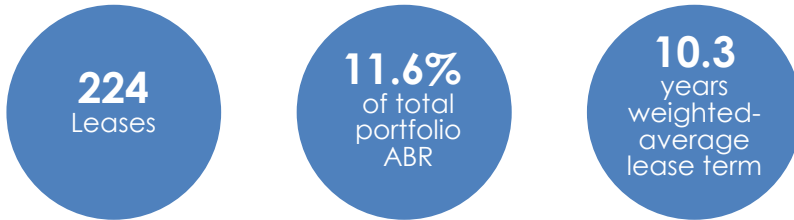
As of March 31, 2024. Any differences are a result of rounding.



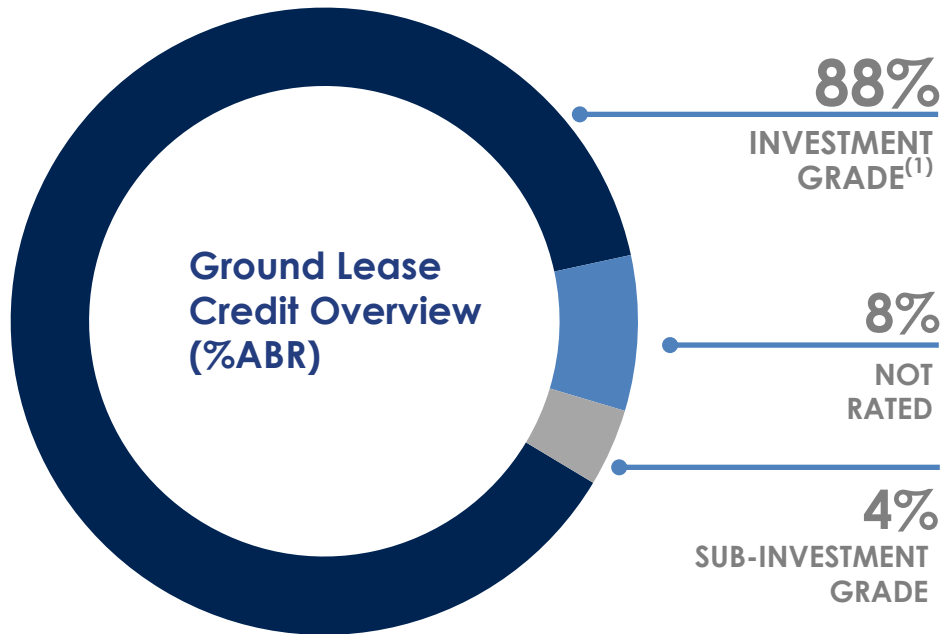
# Ground Lease Portfolio Breakdown

FEE SIMPLE OWNERSHIP + SIGNIFICANT TENANT INVESTMENT

## Ground Lease Portfolio Overview



## Top Ground Lease Tenants (% ABR)



As of March 31, 2024. (1) Refer to footnote 1 on slide 17 for the Company's definition of Investment Grade. Any differences are a result of rounding.

# Ground Lease Value Creation

FIRST EXPIRATION HIGHLIGHTS EMBEDDED VALUE WITH 159% RECAPTURE RATE

## Chase Bank - Stockbridge, GA



### Prior Lease

Rent Per Square Foot	\$29.26
Remaining Lease Term <sup>(1)</sup>	0.1 years
Rental Increases	None Remaining
Options	None Remaining
Annualized Base Rent	\$110,007

### New Lease

Rent Per Square Foot	\$46.54
New Lease Term	15 Years
Rental Increases	10% Every 5 Years
Options	3 x 5 Years x 10%
Annualized Base Rent	\$193,083

Note: Recapture rate reflects current rent per square foot vs. prior rent per square foot. (1) Reflects remaining lease term at the time the lease extension was executed.



# Disciplined Investment Strategy & Active Portfolio Management





# Our Investment Strategy

Agree leverages its three distinct investment platforms to target industry-leading retailers in e-commerce and recession resistant sectors



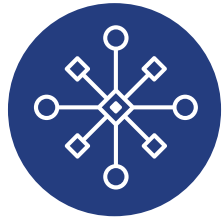
**RETAILER RELATIONSHIPS**

Engage in consistent dialogue to understand store performance and tenant sustainability  
Leverage relationships to identify the best risk-adjusted opportunities



# What Has ADC Been Investing In?

The retail landscape continues to dynamically evolve as market forces cause disruption and change. To mitigate risk in a period of continued disruption, the Company adheres to a number of investment criteria, with a **focus on four core principles**:



## OMNI-CHANNEL CRITICAL

(E-COMMERCE RESISTANCE)

Focus on leading operators that have matured in omni-channel structure or those in e-commerce resistant sectors



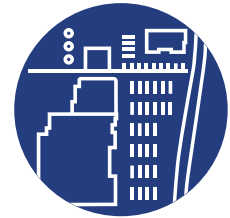
## RECESSION RESISTANCE

Emphasize a balanced portfolio with exposure to counter-cyclical sectors and retailers with strong credit profiles



## AVOIDANCE OF PRIVATE EQUITY SPONSORSHIP

Strong emphasis on leading operators with strong balance sheets and avoidance of private equity sponsored retailers



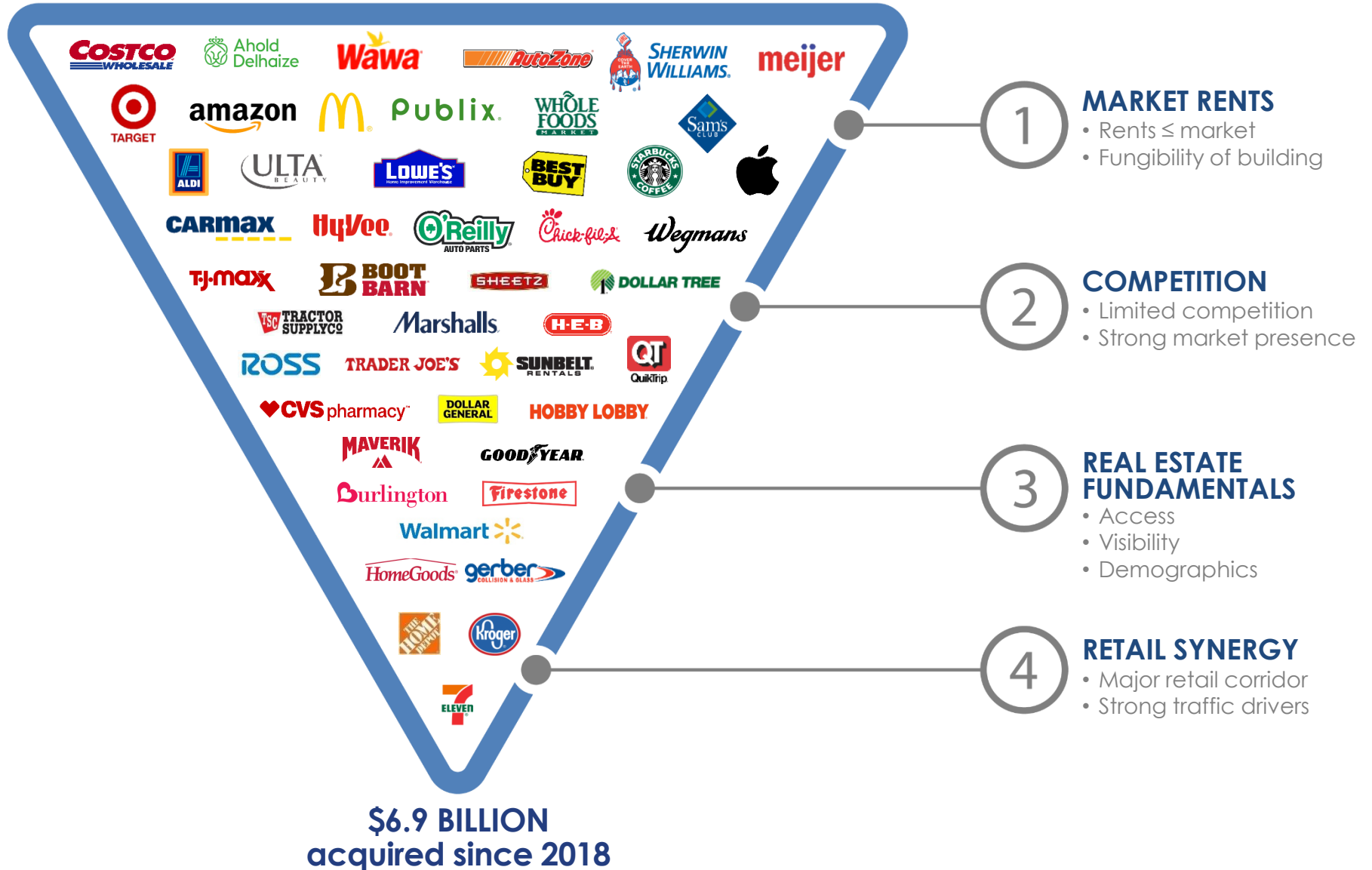
## STRONG REAL ESTATE FUNDAMENTALS & FUNGIBLE BUILDINGS

Protects against unforeseen changes to our top-down investment philosophy

# Large & Fragmented Opportunity Set

TOP-DOWN FOCUS ON LEADING RETAILERS IN THE U.S. PAIRED WITH A BOTTOMS-UP REAL ESTATE ANALYSIS

ADC reviewed over \$84 billion of opportunities since 2018



As of March 31, 2024.



# Sandbox Offers Runway for Growth

165,000+ NET LEASE OPPORTUNITIES AND GROWING WITH BEST-IN-CLASS RETAILERS

10,800+  
Grocery  
Stores



8,700+  
Home  
Improvement Stores



7,200+  
Tire & Auto  
Service Stores



36,700+  
Dollar  
Stores



24,000+  
Convenience  
Stores



7,000+  
General  
Merchandise Stores



23,500+  
Auto Parts  
Stores



6,300+  
Off-Price  
Retail Stores



2,400+  
Farm & Rural  
Supply Stores



1,200+  
Consumer  
Electronics Stores



1,000+  
Crafts &  
Novelties Stores



1,400+  
Warehouse  
Clubs



1,100+  
Equipment  
Rental Stores



32,900+  
Quick-Service  
Restaurants



400+  
Dealerships



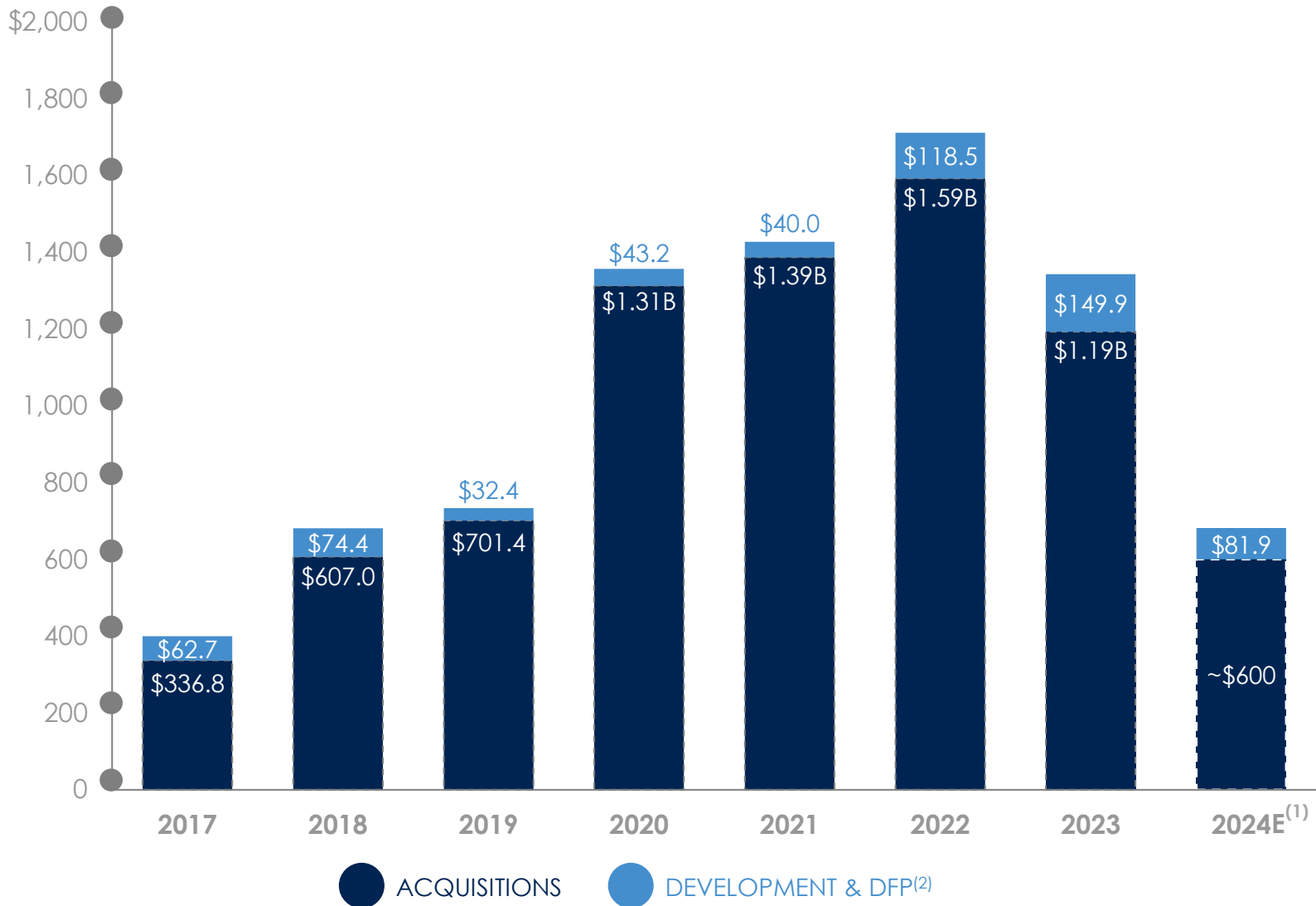
As of April 15, 2024. Store counts include both leased and owned locations and were obtained from company filings and third-party sources including CS News, CSP Daily News, CT Insider, and Progressive Grocer. Table is representative and does not include all retailers.

# Track Record of Execution

ADC HAS INVESTED \$8.9 BILLION IN HIGH-QUALITY RETAIL NET LEASE PROPERTIES SINCE 2010

## Investment Activity

(\$ in millions)

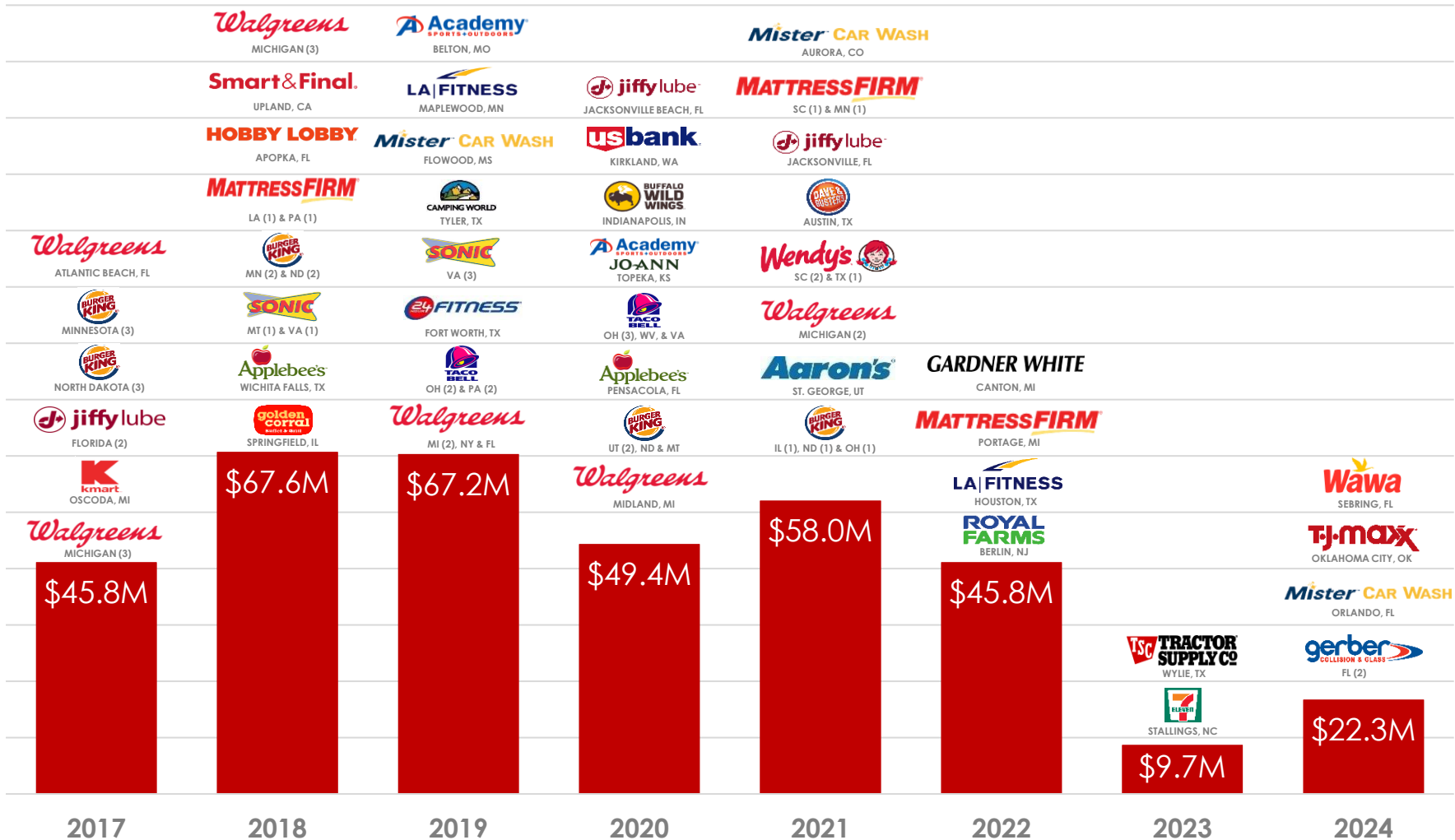


As of March 31, 2024. (1) Reflects acquisition guidance provided by the Company on April 23, 2024. (2) Represents development & Developer Funding Platform ("DFP") activity, completed or commenced.

# Active Portfolio Management

FOCUSED ON NON-CORE ASSET SALES & CAPITAL RECYCLING

## Total Dispositions 2010-2024: \$481 million



As of March 31, 2024. Graph is representative and does not include all dispositions.

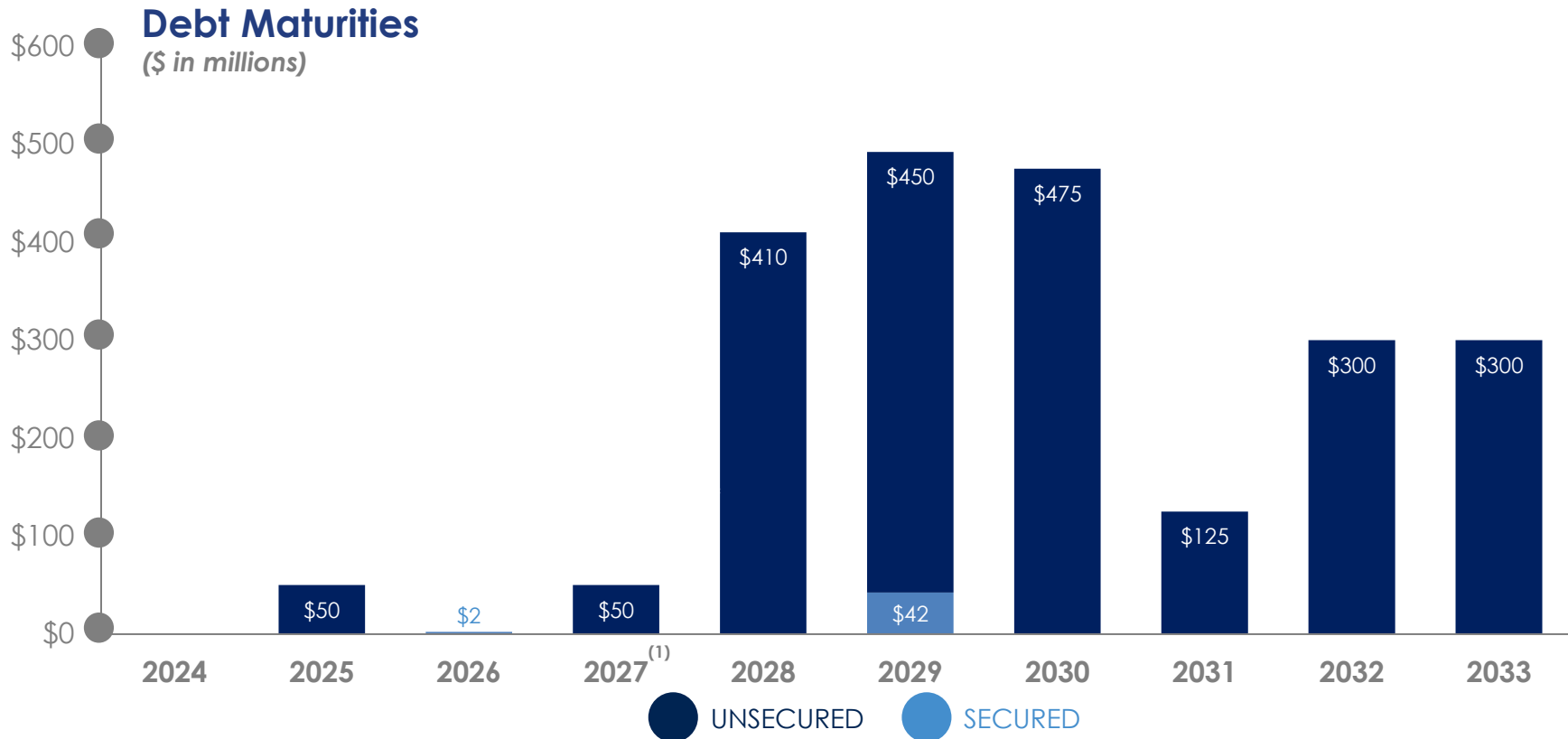


# Fortified Balance Sheet



# Leading With Our “Fortress” Balance Sheet

NO MATERIAL DEBT MATURITIES UNTIL 2028



CAPITALIZATION STATISTICS	
Equity Market Capitalization <sup>(2)</sup>	\$5.6 Billion
Enterprise Value <sup>(2)(3)</sup>	\$8.3 Billion
Total Debt to Enterprise Value	30.0%

CREDIT METRICS	
Fixed Charge Coverage Ratio	4.9x
Net Debt to Recurring EBITDA <sup>(4)</sup>	4.8x / 4.3x <sup>(5)</sup>
Issuer Ratings	Baa1 / BBB
Ratings Outlooks	Stable / Positive

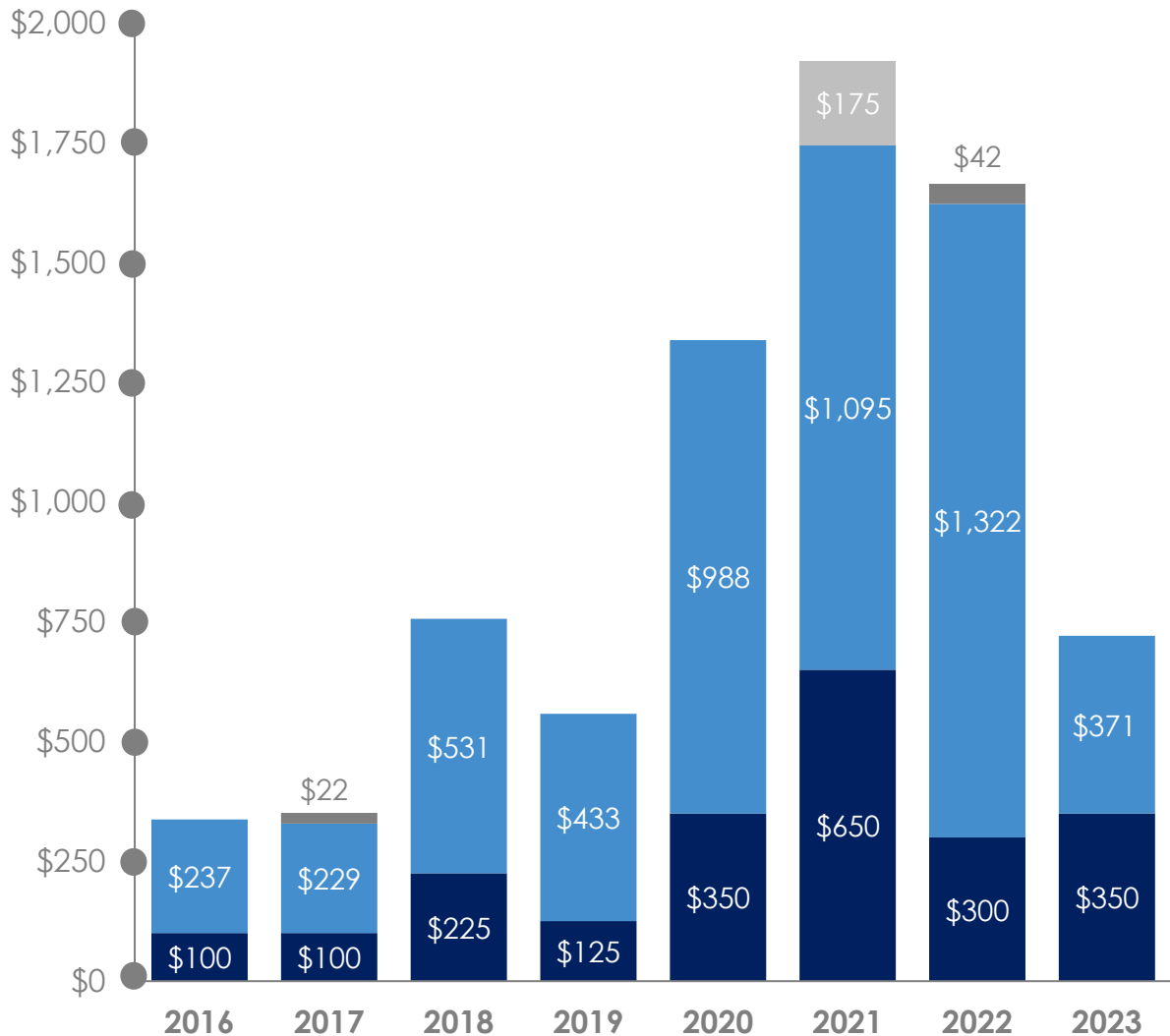
As of March 31, 2024, unless otherwise noted. (1) Excludes \$330.0 million of outstanding borrowings on the Company's \$1.0 billion Revolving Credit Facility as of March 31, 2024; assumes two 6-month extension options are exercised. (2) As of April 17, 2024. (3) Enterprise value is calculated as the sum of net debt, the liquidation value of preferred equity and equity market capitalization. (4) Reflects net debt to annualized Q1 2024 recurring EBITDA. (5) Proforma for the settlement of the Company's outstanding forward equity as of March 31, 2024.

# Capital Markets Track Record

STRONG CAPITAL MARKETS EXECUTION HAS PROVIDED AMPLE LIQUIDITY; \$8.2 BILLION OF ACTIVITY SINCE 2010

## Capital Markets Activity

(\$ in millions)



SECURED DEBT
  UNSECURED DEBT
  COMMON EQUITY
  PREFERRED EQUITY

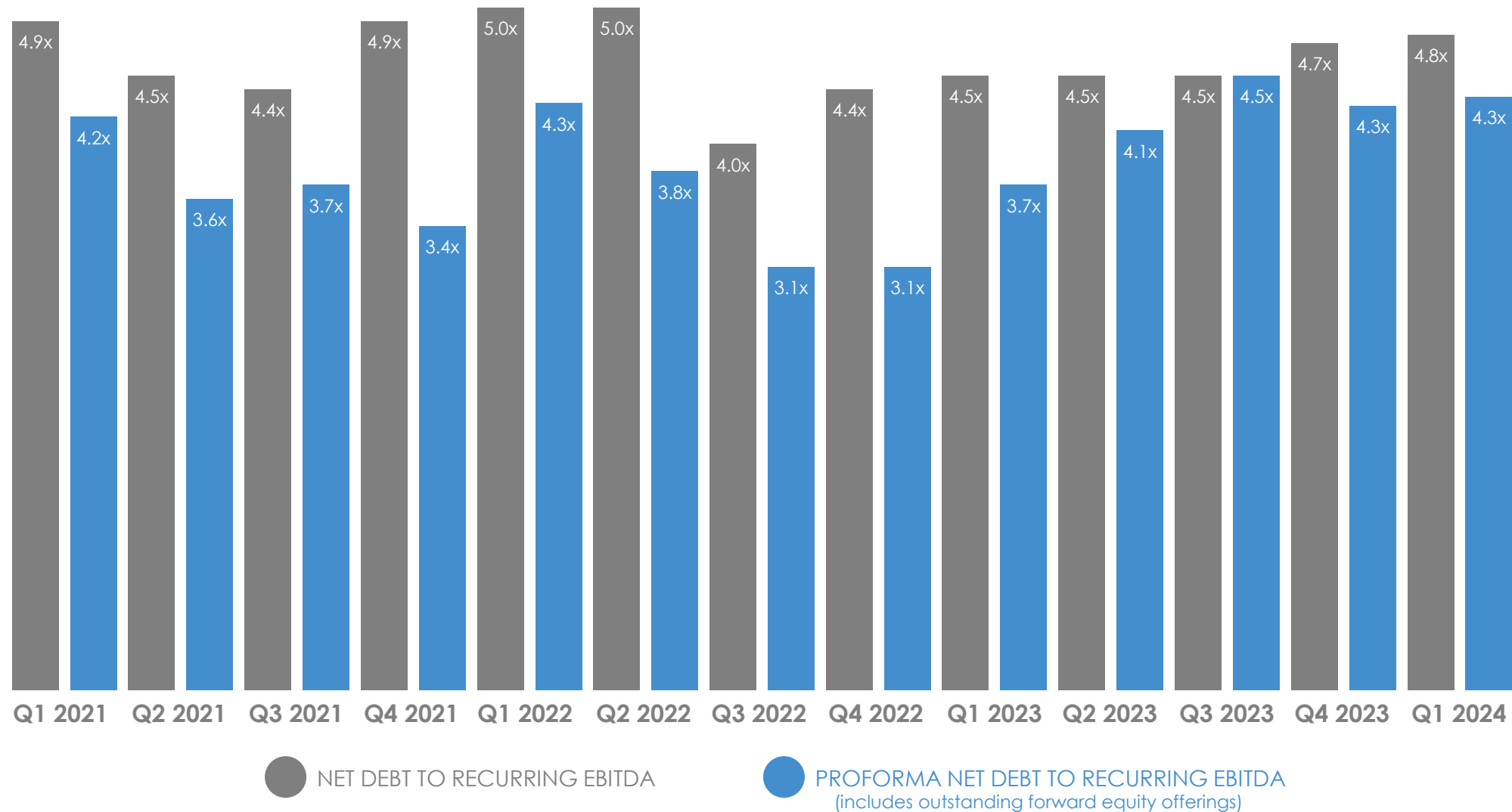


Reflects gross proceeds for equity and long-term debt raised through March 31, 2024, excluding approximately \$1.3 million of forward equity raised in Q1 2024. Forward equity offerings are shown in the year they were raised, rather than settled.



# Low Leverage = Strong Positioning

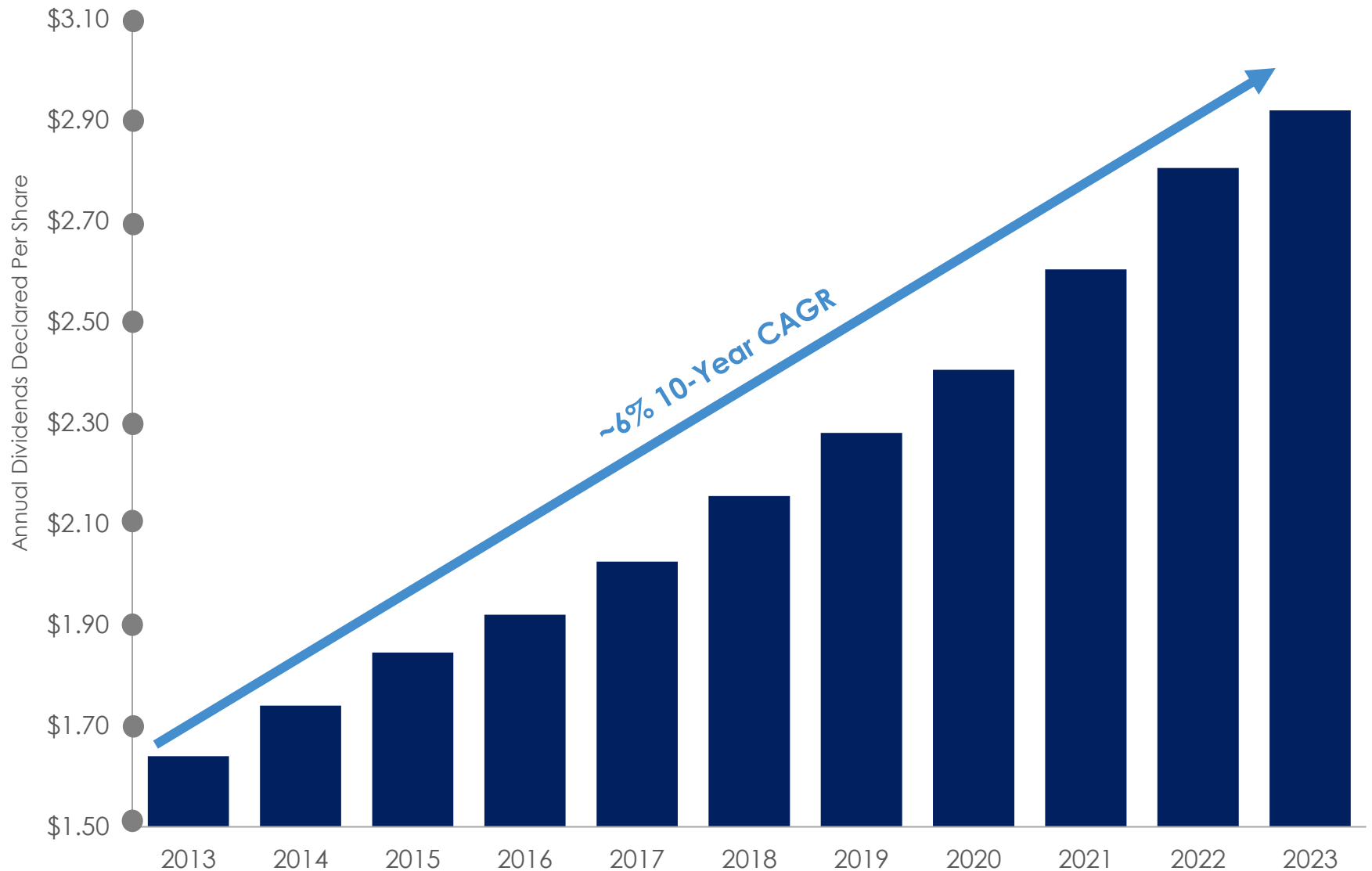
ADC HAS BEEN AT OR BELOW 4.5X PROFORMA NET DEBT TO RECURRING EBITDA SINCE 2018



As of March 31, 2024. Proforma Net Debt to Recurring EBITDA deducts the Company's outstanding forward equity offerings for each period from the Company's net debt for each period.

# Growing, Well-Covered Monthly Dividend

146 CONSECUTIVE COMMON DIVIDENDS PAID; AVERAGE AFFO PAYOUT RATIO OF 76% OVER PAST 10 YEARS



As of April 15, 2024. Reflects common dividends per share declared in each year, rounded to two decimals.

# Agree Realty's ESG Practices

DEDICATED TO SUSTAINABILITY AND GOOD CORPORATE CITIZENSHIP



## ENVIRONMENTAL PRACTICES

Focus on industry leading, national & super-regional retailers provides for a relationship with some of the most environmentally conscientious retailers in the world

The Company anticipates its new headquarters will achieve LEED certification, with features including EV charging stations, motion activated lighting and high-quality building materials

Executed multiple green leases with tenants, resulting in Gold recognition from Green Lease Leaders for the second consecutive year



As of April 4, 2024.



## SOCIAL RESPONSIBILITY

The Agree Wellness program focuses on Health Wellness & Financial Wellness to enhance employee well-being

Ongoing professional development is offered to help all team members advance their careers

The Company has recently sponsored charities including CARE House of Oakland County, Michigan Veteran's Foundation and Leader Dogs for the Blind

ADC has received awards from Globe St, Crain's Detroit Business, and Best and Brightest in Wellness recognizing its outstanding corporate culture and wellness initiatives



## CORPORATE GOVERNANCE

ADC's Board has 10 directors, eight of whom are independent; six new independent directors added since 2018

The Board recently added a third female Director, appointing Linglong He effective January 1<sup>st</sup>

The Nominating & Governance Committee has formal oversight responsibility for the Company's ESG program

The Company adopted the Sustainability Accounting Standards Board and the Task Force on Climate-related Financial Disclosures frameworks to align our disclosures with the issues most relevant to our stakeholders





# Investment Summary Highlights

FORTIFIED  
BALANCE SHEET

Robust  
growth  
trajectory

Well-covered  
& consistent  
dividend

**HIGHEST-QUALITY RETAIL REAL ESTATE**

**MULTI-YEAR  
TRACK RECORD  
OF EXECUTION**

**INVESTMENT GRADE  
ISSUER RATINGS**

# APPENDIX

## Earnings Guidance

	2024 Guidance
AFFO per share <sup>(1)</sup>	\$4.10 to \$4.13
General and administrative expense (% of adjusted revenue) <sup>(2)</sup>	5.7% to 6.0%
Non-reimbursable real estate expenses (% of adjusted revenue) <sup>(2)</sup>	1.0% to 1.5%
Income and other tax expense	\$4 to \$5 million
Acquisition volume	Approximately \$600 million
Disposition volume	\$50 to \$100 million

Reflects full-year 2024 guidance provided by the Company on April 23, 2024. The Company's 2024 guidance is subject to risks and uncertainties more fully described in this presentation and in the Company's filings with the Securities and Exchange Commission. (1) The Company does not provide guidance with respect to the most directly comparable GAAP financial measure or provide reconciliations to GAAP from its forward-looking non-GAAP financial measure of AFFO per share guidance due to the inherent difficulty of forecasting the effect, timing and significance of certain amounts in the reconciliation that would be required by Item 10(e)(1)(i)(B) of Regulation S-K. Examples of these amounts include impairments of assets, gains and losses from sales of assets, and depreciation and amortization from new acquisitions or developments. In addition, certain non-recurring items may also significantly affect net income but are generally adjusted for in AFFO. Based on our historical experience, the dollar amounts of these items could be significant, and could have a material impact on the Company's GAAP results for the guidance period. (2) Adjusted revenue excludes the impact of the amortization of above and below market lease intangibles.



## Debt Summary

	All-in Interest Rate	Maturity	Total Debt Outstanding as of March 31, 2024
<b>Senior Unsecured Revolving Credit Facility</b>			
Revolving Credit Facility <sup>(1)</sup>	6.19%	January 2026	\$330,000
<b>Total Credit Facility</b>	<b>6.19%</b>		<b>\$330,000</b>
<b>Unsecured Term Loans</b>			
2029 Unsecured Term Loan <sup>(2)</sup>	4.52%	January 2029	\$350,000
<b>Total Unsecured Term Loan</b>	<b>4.52%</b>		<b>\$350,000</b>
<b>Senior Unsecured Notes<sup>(3)</sup></b>			
2025 Senior Unsecured Notes	4.16%	May 2025	\$50,000
2027 Senior Unsecured Notes	4.26%	May 2027	50,000
2028 Senior Unsecured Public Notes <sup>(4)</sup>	2.11%	June 2028	350,000
2028 Senior Unsecured Notes	4.42%	July 2028	60,000
2029 Senior Unsecured Notes	4.19%	September 2029	100,000
2030 Senior Unsecured Notes	4.32%	September 2030	125,000
2030 Senior Unsecured Public Notes <sup>(4)</sup>	3.49%	October 2030	350,000
2031 Senior Unsecured Notes	4.42%	October 2031	125,000
2032 Senior Unsecured Public Notes <sup>(4)</sup>	3.96%	October 2032	300,000
2033 Senior Unsecured Public Notes <sup>(4)</sup>	2.13%	June 2033	300,000
<b>Total Senior Unsecured Notes</b>	<b>3.31%</b>		<b>\$1,810,000</b>
<b>Mortgage Notes Payable</b>			
Portfolio Credit Tenant Lease	6.27%	July 2026	2,382
Four Asset Mortgage Loan	3.63%	December 2029	42,250
<b>Total Mortgage Notes Payable</b>	<b>3.77%</b>		<b>\$44,632</b>
<b>Total Fixed Rate Debt<sup>(5)</sup></b>	<b>3.51%</b>		<b>\$2,204,632</b>
<b>Total Debt</b>	<b>3.86%</b>		<b>\$2,534,632</b>

As of March 31, 2024. Dollars are in thousands. (1) The interest rate of the Revolving Credit Facility assumes SOFR as of March 31, 2024 of 5.32%. (2) The interest rate of the Unsecured Term Loan reflects the credit spread of 85 basis points, plus a 10-basis point SOFR adjustment and the impact of the interest rate swaps which convert \$350.0 million of SOFR based interest to a fixed interest rate of 3.57%. (3) All-in interest rate for Senior Unsecured Notes reflects the straight-line amortization of the terminated swap agreements, as applicable. (4) The principal amounts outstanding are presented excluding their original issue discounts. (5) Excludes Revolving Credit Facility.

# Reconciliation of Non-GAAP Financial Measures

	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024
Mortgage notes payable, net	\$32,953	\$32,782	\$32,607	\$32,429	\$32,249	\$71,824	\$71,721	\$47,971	\$47,842	\$47,701	\$42,952	\$42,811	\$42,666
Unsecured term loan, net	237,955	-	-	-	-	-	-	-	-	-	346,639	346,798	346,947
Senior unsecured notes, net	855,454	1,494,399	1,494,747	1,495,200	1,495,650	1,496,101	1,791,492	1,792,047	1,792,611	1,793,198	1,793,777	1,794,312	1,794,874
Unsecured revolving credit facility	238,000	-	-	160,000	320,000	370,000	-	100,000	196,000	303,000	49,000	227,000	330,000
<b>Total Debt per the Consolidated Balance Sheet</b>	<b>\$1,364,362</b>	<b>\$1,527,181</b>	<b>\$1,527,354</b>	<b>\$1,687,629</b>	<b>\$1,847,899</b>	<b>\$1,937,925</b>	<b>\$1,863,213</b>	<b>\$1,940,018</b>	<b>\$2,036,453</b>	<b>\$2,143,899</b>	<b>\$2,232,368</b>	<b>\$2,410,921</b>	<b>\$2,514,487</b>
Unamortized debt issuance costs and discounts, net	6,876	15,859	15,485	15,006	14,529	16,542	21,040	20,377	19,720	19,050	21,731	20,947	20,145
<b>Total Debt</b>	<b>\$1,371,238</b>	<b>\$1,543,040</b>	<b>\$1,542,839</b>	<b>\$1,702,635</b>	<b>\$1,862,428</b>	<b>\$1,954,467</b>	<b>\$1,884,253</b>	<b>\$1,960,395</b>	<b>\$2,056,173</b>	<b>\$2,162,949</b>	<b>\$2,254,099</b>	<b>\$2,431,868</b>	<b>\$2,534,632</b>
Cash and cash equivalents	(\$7,369)	(\$177,046)	(\$91,881)	(\$43,252)	(\$24,888)	(\$26,267)	(\$250,487)	(\$27,763)	(\$11,809)	(\$8,068)	(\$6,384)	(\$10,907)	(\$6,314)
Cash held in escrows	-	(11,335)	(10,927)	(1,998)	(878)	(840)	(1,027)	(1,146)	(1,131)	(4,179)	(3)	(3,617)	(9,120)
<b>Net Debt</b>	<b>\$1,363,869</b>	<b>\$1,354,659</b>	<b>\$1,440,031</b>	<b>\$1,657,385</b>	<b>\$1,836,662</b>	<b>\$1,927,360</b>	<b>\$1,632,739</b>	<b>\$1,931,486</b>	<b>\$2,043,233</b>	<b>\$2,150,702</b>	<b>\$2,247,712</b>	<b>\$2,417,344</b>	<b>\$2,519,198</b>
Anticipated Net Proceeds from ATM Forward Offerings	(189,577)	(258,749)	(226,455)	(519,183)	(262,940)	(475,768)	(381,708)	(557,364)	(362,125)	(202,026)	0	(235,619)	(236,769)
<b>Proforma Net Debt</b>	<b>\$1,174,291</b>	<b>\$1,095,909</b>	<b>\$1,213,576</b>	<b>\$1,138,202</b>	<b>\$1,573,722</b>	<b>\$1,451,592</b>	<b>\$1,251,031</b>	<b>\$1,374,122</b>	<b>\$1,681,108</b>	<b>\$1,948,676</b>	<b>\$2,247,712</b>	<b>\$2,181,725</b>	<b>\$2,282,429</b>
Net Income	\$30,278	\$22,461	\$36,830	\$33,306	\$36,289	\$36,130	\$39,577	\$41,039	\$41,774	\$41,015	\$41,657	\$46,101	\$45,014
Interest expense, net	11,653	12,549	13,066	13,111	13,931	15,512	17,149	16,843	17,998	19,948	20,803	22,371	24,451
Income and other tax expense	1,009	485	390	517	719	698	720	723	783	709	709	709	1,149
Depreciation of rental real estate assets	15,292	16,127	17,019	18,293	19,470	21,299	23,073	24,843	26,584	28,145	29,769	31,119	31,966
Amortization of lease intangibles - in-place leases and leasing costs	6,050	6,905	7,310	8,116	8,924	10,550	11,836	12,800	13,770	14,328	15,258	15,611	15,996
Non-real estate depreciation	147	156	159	156	167	101	248	261	292	277	598	527	501
Provision for impairment	0	0	0	1,919	1,015	0	0	0	0	1,315	3,195	2,665	4,530
(Gain) loss on sale or involuntary conversion of assets, net	(3,062)	(6,753)	(3,470)	(1,826)	(2,285)	8	(2,885)	(97)	0	(319)	20	(1,550)	(2,041)
<b>EBITDAre</b>	<b>\$61,367</b>	<b>\$51,930</b>	<b>\$71,304</b>	<b>\$73,592</b>	<b>\$78,230</b>	<b>\$84,298</b>	<b>\$89,718</b>	<b>\$96,412</b>	<b>\$101,201</b>	<b>\$105,418</b>	<b>\$112,009</b>	<b>\$117,553</b>	<b>\$121,566</b>
Run-Rate Impact of Investment, Disposition & Leasing Activity	\$4,175	\$3,939	\$3,491	\$3,372	\$4,654	\$4,104	\$4,217	\$4,742	\$4,147	\$4,276	\$5,207	\$2,344	\$1,376
Amortization of above (below) market lease intangibles, net	4,756	5,260	6,615	7,654	8,178	8,311	8,374	8,474	8,611	8,711	8,293	7,481	8,295
Other expense (income)	0	14,614	0	0	0	0	0	0	0	0	0	0	0
<b>Recurring EBITDA</b>	<b>\$70,298</b>	<b>\$75,743</b>	<b>\$81,410</b>	<b>\$84,618</b>	<b>\$91,062</b>	<b>\$96,713</b>	<b>\$102,309</b>	<b>\$109,628</b>	<b>\$113,959</b>	<b>\$118,405</b>	<b>\$125,509</b>	<b>\$127,378</b>	<b>\$131,237</b>
<b>Annualized Recurring EBITDA</b>	<b>\$281,192</b>	<b>\$302,972</b>	<b>\$325,640</b>	<b>\$338,472</b>	<b>\$364,248</b>	<b>\$386,852</b>	<b>\$409,236</b>	<b>\$438,512</b>	<b>\$455,836</b>	<b>\$473,620</b>	<b>\$502,036</b>	<b>\$509,512</b>	<b>\$524,948</b>
<b>Total Debt per the Consolidated Balance Sheet to Annualized Net Income</b>	<b>11.3x</b>	<b>17.0x</b>	<b>10.4x</b>	<b>12.7x</b>	<b>12.7x</b>	<b>13.4x</b>	<b>11.8x</b>	<b>11.8x</b>	<b>12.2x</b>	<b>13.1x</b>	<b>13.4x</b>	<b>13.1x</b>	<b>14.0x</b>
<b>Net Debt to Recurring EBITDA</b>	<b>4.9x</b>	<b>4.5x</b>	<b>4.4x</b>	<b>4.9x</b>	<b>5.0x</b>	<b>5.0x</b>	<b>4.0x</b>	<b>4.4x</b>	<b>4.5x</b>	<b>4.5x</b>	<b>4.5x</b>	<b>4.7x</b>	<b>4.8x</b>
<b>Proforma Net Debt to Recurring EBITDA</b>	<b>4.2x</b>	<b>3.6x</b>	<b>3.7x</b>	<b>3.4x</b>	<b>4.3x</b>	<b>3.8x</b>	<b>3.1x</b>	<b>3.1x</b>	<b>3.7x</b>	<b>4.1x</b>	<b>4.5x</b>	<b>4.3x</b>	<b>4.3x</b>

## Reconciliation of Net Income to FFO, Core FFO and AFFO

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Net Income	\$20,190	\$18,913	\$39,762	\$45,797	\$58,790	\$58,798	\$80,763	\$91,972	\$122,876	\$153,035	\$170,547
Series A Preferred Stock Dividends	0	0	0	0	0	0	0	0	(2,148)	(7,437)	(7,437)
<b>Net Income attributable to OP Common Unitholders</b>	<b>\$20,190</b>	<b>\$18,913</b>	<b>\$39,762</b>	<b>\$45,797</b>	<b>\$58,790</b>	<b>\$58,798</b>	<b>\$80,763</b>	<b>\$91,972</b>	<b>\$120,728</b>	<b>\$145,598</b>	<b>\$163,110</b>
Depreciation of rental real estate assets	\$6,930	\$8,362	\$11,466	\$15,200	\$19,507	\$24,553	\$34,349	\$48,367	\$66,732	\$88,685	\$115,617
Amortization of lease intangibles - in-place leases and leasing costs	1,747	2,616	4,957	8,135	7,076	8,271	11,071	17,882	28,379	44,107	58,967
Provision for impairment	450	3,020	0	0	0	2,319	1,609	4,137	1,919	1,015	7,175
(Gain) loss on sale or involuntary conversion of assets, net	(946)	405	(12,135)	(9,964)	(14,193)	(11,180)	(13,306)	(8,004)	(15,111)	(5,258)	(1,849)
<b>Funds from Operations - OP Common Unitholders</b>	<b>\$28,370</b>	<b>\$33,316</b>	<b>\$44,050</b>	<b>\$59,168</b>	<b>\$71,180</b>	<b>\$82,761</b>	<b>\$114,486</b>	<b>\$154,354</b>	<b>\$202,647</b>	<b>\$274,147</b>	<b>\$343,020</b>
Loss on extinguishment of debt & settlement of related hedges	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$14,614	\$0	\$0
Amortization of above (below) market lease intangibles	0	0	0	0	5,091	10,668	13,501	15,885	24,284	33,563	33,430
<b>Core Funds from Operations - OP Common Unitholders</b>	<b>\$28,370</b>	<b>\$33,316</b>	<b>\$44,050</b>	<b>\$59,168</b>	<b>\$76,271</b>	<b>\$93,429</b>	<b>\$127,987</b>	<b>\$170,239</b>	<b>\$241,545</b>	<b>\$307,710</b>	<b>\$376,450</b>
Straight-line accrued rent	(\$1,148)	(\$1,416)	(\$2,450)	(\$3,582)	(\$3,548)	(\$4,648)	(\$7,093)	(\$7,818)	(\$11,857)	(\$13,176)	(\$12,142)
Stock based compensation expense	1,813	1,987	1,992	2,441	2,589	3,227	4,106	4,995	5,467	6,464	8,338
Amortization of financing costs	326	398	494	516	574	578	706	826	1,197	3,141	4,403
Loss on extinguishment of debt	0	0	180	333	0	0	0	0	0	0	0
Non-real estate depreciation	67	123	62	72	78	146	283	509	618	778	1,693
Other	(463)	(463)	(463)	(541)	(230)	0	(475)	0	0	0	0
<b>Adjusted Funds from Operations - OP Common Unitholders</b>	<b>\$28,964</b>	<b>\$33,945</b>	<b>\$43,865</b>	<b>\$58,407</b>	<b>\$75,734</b>	<b>\$92,732</b>	<b>\$125,514</b>	<b>\$168,751</b>	<b>\$236,970</b>	<b>\$304,917</b>	<b>\$378,742</b>
FFO Per Common Share and OP Unit - Diluted	\$2.10	\$2.18	\$2.39	\$2.54	\$2.54	\$2.53	\$2.75	\$2.93	\$3.00	\$3.45	\$3.58
Core FFO Per Common Share and OP Unit - Diluted	\$2.10	\$2.18	\$2.39	\$2.54	\$2.72	\$2.85	\$3.08	\$3.23	\$3.58	\$3.87	\$3.93
Adjusted FFO Per Common Share and OP Unit - Diluted	\$2.14	\$2.22	\$2.38	\$2.51	\$2.70	\$2.83	\$3.02	\$3.20	\$3.51	\$3.83	\$3.95
Weighted Average Number of Common Shares and OP Units Outstanding - Diluted	13,505,124	15,314,514	18,413,034	23,307,418	28,047,966	32,748,741	41,571,233	52,744,353	67,486,698	79,512,005	95,785,031

Note: The Company began reporting Core FFO in 2018.



# Forward-Looking Statements

This presentation contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act") and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The Company intends such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995 and includes this statement for purposes of complying with these safe harbor provisions. Forward-looking statements are generally identifiable by use of forward-looking terminology such as "may," "can," "will," "should," "potential," "intend," "expect," "seek," "anticipate," "estimate," "approximately," "believe," "could," "project," "predict," "forecast," "continue," "assume," "plan," references to "outlook" or other similar words or expressions. Forward-looking statements, including statements regarding our 2024 guidance, are based on certain assumptions and can include future expectations, future economic, competitive and market conditions, future plans and strategies, financial and operating projections and forecasts and other forward-looking information and estimates. These forward-looking statements are subject to various risks and uncertainties, many of which are beyond the Company's control, which could cause actual results to differ materially from such statements. Certain factors could occur that might cause actual results to vary, including the potential adverse effect of ongoing worldwide economic uncertainties, disruptions in the banking system and financial markets, and increased inflation on the financial condition, results of operations, cash flows and performance of the Company and its tenants, the real estate market and the global economy and financial markets, the general deterioration in national economic conditions, tenant financial health, property acquisitions and the timing of these investments and acquisitions, weakening of real estate markets, decreases in the availability of credit, increases in interest rates, adverse changes in the retail industry, the Company's continuing ability to qualify as a REIT and other risks and uncertainties as described in greater detail in the Company's filings with the Securities and Exchange Commission (the "SEC"), including, without limitation, the Company's Annual Report on Form 10-K and subsequent quarterly reports. Except as required by law, the Company disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise.

For further information about the Company's business and financial results, please refer to the "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Risk Factors" sections of the Company's SEC filings, including, but not limited to, its Annual Report on Form 10-K and Quarterly Reports on Form 10-Q, copies of which may be obtained at the Investors section of the Company's website at [www.agreerealty.com](http://www.agreerealty.com).

All information in this presentation is as of March 31, 2024, unless otherwise noted. The Company undertakes no duty to update the statements in this presentation to conform the statements to actual results or changes in the Company's expectations.

# Non-GAAP Financial Measures

This presentation includes a non-GAAP financial measure, Net Debt to Recurring EBITDA, which is presented on an actual and proforma basis. A reconciliation of this non-GAAP financial measure to the most directly comparable GAAP measure is included in the following pages. The components of this ratio and their use and utility to management are described further in the section below.

## Components of Net Debt to Recurring EBITDA

**EBITDAre** is defined by Nareit to mean net income computed in accordance with GAAP, plus interest expense, income tax expense, depreciation and amortization, any gains (or losses) from sales of real estate assets and/or changes in control, any impairment charges on depreciable real estate assets, and after adjustments for unconsolidated partnerships and joint ventures. The Company considers the non-GAAP measure of EBITDAre to be a key supplemental measure of the Company's performance and should be considered along with, but not as an alternative to, net income or loss as a measure of the Company's operating performance. The Company considers EBITDAre a key supplemental measure of the Company's operating performance because it provides an additional supplemental measure of the Company's performance and operating cash flow that is widely known by industry analysts, lenders and investors. The Company's calculation of EBITDAre may not be comparable to EBITDAre reported by other REITs that interpret the Nareit definition differently than the Company.

**Recurring EBITDA** The Company defines Recurring EBITDA as EBITDAre with the addback of noncash amortization of above- and below-market lease intangibles, and after adjustments for the run-rate impact of the Company's investment and disposition activity for the period presented, as well as adjustments for non-recurring benefits or expenses. The Company considers the non-GAAP measure of Recurring EBITDA to be a key supplemental measure of the Company's performance and should be considered along with, but not as an alternative to, net income or loss as a measure of the Company's operating performance. The Company considers Recurring EBITDA a key supplemental measure of the Company's operating performance because it represents the Company's earnings run rate for the period presented and because it is widely followed by industry analysts, lenders and investors. Our Recurring EBITDA may not be comparable to Recurring EBITDA reported by other companies that have a different interpretation of the definition of Recurring EBITDA. Our ratio of net debt to Recurring EBITDA is used by management as a measure of leverage and may be useful to investors in understanding the Company's ability to service its debt, as well as assess the borrowing capacity of the Company. Our ratio of net debt to Recurring EBITDA is calculated by taking annualized Recurring EBITDA and dividing it by our net debt per the consolidated balance sheet.

**Total Debt and Net Debt** The Company defines Total Debt as debt per the consolidated balance sheet excluding unamortized debt issuance costs, original issue discounts and debt discounts. Net Debt is defined as Total Debt less cash, cash equivalents and cash held in escrows. The Company considers the non-GAAP measures of Total Debt and Net Debt to be key supplemental measures of the Company's overall liquidity, capital structure and leverage because they provide industry analysts, lenders and investors useful information in understanding our financial condition. The Company's calculation of Total Debt and Net Debt may not be comparable to Total Debt and Net Debt reported by other REITs that interpret the definitions differently than the Company. The Company presents Net Debt on both an actual and proforma basis, assuming the net proceeds of the Forward Offerings (see below) are used to pay down debt. The Company believes the proforma measure may be useful to investors in understanding the potential effect of the Forward Offerings on the Company's capital structure, its future borrowing capacity, and its ability to service its debt.

**Anticipated Net Proceeds from Outstanding Forwards** Since the first quarter of 2018, the Company has utilized forward sale agreements to sell shares of common stock. Selling common stock through forward sale agreements enables the Company to set the price of such shares upon pricing the offering (subject to certain adjustments) while delaying the issuance of such shares and the receipt of the net proceeds by the Company. Given the Company's frequent use of forward sale agreements, the Company considers the non-GAAP measure of Anticipated Net Proceeds from Outstanding Forwards to be a key supplemental measure of the Company's overall liquidity, capital structure and leverage. The Company defines Anticipated Net Proceeds from Outstanding Forwards as the number of shares outstanding under forward sale agreements at the end of each quarter, multiplied by the applicable forward sale price for each agreement, respectively.

# Non-GAAP Financial Measures

This presentation also includes the non-GAAP measures of Annualized Base Rent (“ABR”), Annualized Net Income, Weighted-Average Capitalization Rate, Funds From Operations (“FFO” or “Nareit FFO”), Core Funds From Operations (“Core FFO”) and Adjusted Funds From Operations (“AFFO”). FFO, Core FFO and AFFO are reconciled to the most directly comparable GAAP measure in the following pages.

**Annualized Base Rent (“ABR”)** ABR represents the annualized amount of contractual minimum rent required by tenant lease agreements, computed on a straight-line basis. ABR is not, and is not intended to be, a presentation in accordance with GAAP. The Company believes annualized contractual minimum rent is useful to management, investors, and other interested parties in analyzing concentrations and leasing activity.

**Annualized Net Income** represents Net Income for the respective quarter, on an annualized basis.

**Weighted-Average Capitalization Rate** The Company defines the “weighted-average capitalization rate” for acquisitions and dispositions as the sum of contractual fixed annual rents computed on a straight-line basis over the primary lease terms and anticipated annual net tenant recoveries, divided by the purchase and sale prices for occupied properties.

## Components of Funds from Operations, Core Funds from Operations, and Adjusted Funds from Operations

**Funds from Operations (“FFO” or “Nareit FFO”)** is defined by the National Association of Real Estate Investment Trusts, Inc. (“Nareit”) to mean net income computed in accordance with GAAP, excluding gains (or losses) from sales of real estate assets and/or changes in control, plus real estate related depreciation and amortization and any impairment charges on depreciable real estate assets, and after adjustments for unconsolidated partnerships and joint ventures. Historical cost accounting for real estate assets in accordance with GAAP implicitly assumes that the value of real estate assets diminishes predictably over time. Since real estate values instead have historically risen or fallen with market conditions, most real estate industry investors consider FFO to be helpful in evaluating a real estate company’s operations. FFO should not be considered an alternative to net income as the primary indicator of the Company’s operating performance, or as an alternative to cash flow as a measure of liquidity. Further, while the Company adheres to the Nareit definition of FFO, its presentation of FFO is not necessarily comparable to similarly titled measures of other REITs due to the fact that all REITs may not use the same definition.

**Core Funds from Operations (“Core FFO”)** The Company defines Core FFO as Nareit FFO with the addback of (i) noncash amortization of acquisition purchase price related to above- and below- market lease intangibles and discount on assumed debt and (ii) certain infrequently occurring items that reduce or increase net income in accordance with GAAP. Management believes that its measure of Core FFO facilitates useful comparison of performance to its peers who predominantly transact in sale-leaseback transactions and are thereby not required by GAAP to allocate purchase price to lease intangibles. Unlike many of its peers, the Company has acquired the substantial majority of its net-leased properties through acquisitions of properties from third parties or in connection with the acquisitions of ground leases from third parties. Core FFO should not be considered an alternative to net income as the primary indicator of the Company’s operating performance, or as an alternative to cash flow as a measure of liquidity. Further, the Company’s presentation of Core FFO is not necessarily comparable to similarly titled measures of other REITs due to the fact that all REITs may not use the same definition.

**Adjusted Funds from Operations (“AFFO”)** is a non-GAAP financial measure of operating performance used by many companies in the REIT industry. AFFO further adjusts FFO and Core FFO for certain non-cash items that reduce or increase net income computed in accordance with GAAP. Management considers AFFO a useful supplemental measure of the Company’s performance, however, AFFO should not be considered an alternative to net income as an indication of its performance, or to cash flow as a measure of liquidity or ability to make distributions. The Company’s computation of AFFO may differ from the methodology for calculating AFFO used by other equity REITs, and therefore may not be comparable to such other REITs.

## CONTACT

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