FOR IMMEDIATE RELEASE

THE NECESSITY RETAIL REIT ANNOUNCES THIRD QUARTER 2022 RESULTS
Leased Over One Million Square Feet in Third Quarter
Company to Host Investor Webcast and Conference Call at 11:00 AM ET Tomorrow

New York, November 2, 2022 - The Necessity Retail REIT, Inc. (Nasdaq: RTL) ("RTL" or the "Company"), a real estate investment trust focused on acquiring and managing a diversified portfolio of primarily service-oriented and traditional retail and distribution related commercial real estate properties in the U.S., announced today its financial and operating results for the third quarter ended September 30, 2022.

Third Quarter 2022 and Subsequent Events Highlights

- Revenue grew 26.4% to $116.2 million from $91.9 million for the third quarter 2021
- Net loss attributable to common stockholders was $56.5 million as compared to net loss of $6.4 million for the third quarter 2021
- Cash net operating income ("Cash NOI") rose 12.3% to $85.0 million from $75.7 million for the third quarter 2021
- Funds from Operations ("FFO") was $0.22 per share, a decrease from $0.25 per share in the third quarter 2021 due to a $10.4 million lease buyout fee received in third quarter 2021
- Adjusted Funds from Operations ("AFFO") was $34.2 million, compared to $36.4 million in the prior year third quarter
- AFFO per share was $0.26 per share, an 18% increase compared to the fourth quarter 2021, the last period prior to the $1.3 billion open-air shopping center portfolio acquisition
- Paid dividends on common stock of $28.3 million or $0.21 per share
- Executed 41 new leases in multi-tenant portfolio that total over 500,000 square feet with $3.5 million of annualized straight-line rent
- Executed 42 lease renewals in multi-tenant portfolio that total over 550,000 square feet and $8.4 million in annualized straight-line rent
- Occupancy at open-air assets grew to 90.6% from 87.9% in the third quarter 2021 and Executed Occupancy and Leasing Pipeline[1] at open-air shopping centers grew to 92.8% compared to 89.4% in the prior quarter
- Acquired two properties for an aggregate contract purchase price of $76.1 million at a cash capitalization rate[2] of 6.6% and a weighted average capitalization rate[3] of 7.9%
- Dispositions of $331 million for the nine months ended September 30, 2022 and a disposition pipeline totaling $261 million in contract sales price
- High quality portfolio with 54% of the single tenant portfolio, and 61.9% of top 20 tenants, investment grade rated or implied investment grade rated[4]

"We had an excellent third quarter, highlighted by leasing over a million square feet, the highest level since our listing, and increasing our executed and pipeline occupancy to almost 93% in our multi-tenant portfolio," said Michael Weil, CEO of RTL. "We also completed the predominantly open-air portfolio acquisition while producing 18% growth in AFFO per share compared to the last full quarter before we began acquiring the large portfolio of shopping centers. Our results affirm our belief in necessity-based retail real estate, especially in the single-tenant and open-air shopping center spaces. We are pleased that we have been able to extract meaningful accretion from both our acquisitions and our leasing efforts across the portfolio. We look forward to unlocking additional value appreciation as we expect to benefit from our successful and ongoing efforts to drive cash flow, while continuing to pay a very compelling dividend to our shareholders."

Financial Results

(In thousands, except per share data)	Three Months Ended September 30, 2022	2021
Revenue from tenants	$ 116,176	$ 91,915
Net loss attributable to common stockholders	$ (56,466)	$ (6,406)
Net loss per common share [(a)]	$ (0.43)	$ (0.06)
FFO attributable to common stockholders	$ 29,351	$ 30,282
FFO per common share [(a)]	$ 0.22	$ 0.25
AFFO attributable to common stockholders	$ 34,160	$ 36,433
AFFO per common share [(a)]	$ 0.26	$ 0.31

(a) All per share data based on 133,115,729 and 118,862,852 diluted weighted-average shares outstanding for the three months ended September 30, 2022 and 2021, respectively.

Real Estate Portfolio

The Company's portfolio consisted of 1,050 net leased properties located in 47 states and the District of Columbia and comprised approximately 28.8 million rentable square feet as of September 30, 2022. Portfolio metrics include:

- 92.6% leased, with 7.0 years remaining weighted-average lease term[5]
- 63.9% of leases have weighted-average contractual rent increases of 0.9% based on annualized straight-line rent which increase the cash that is due under these leases over time
- 54% and 40% of annualized straight-line rent in the single-tenant portfolio and from multi-tenant anchor tenants, respectively, was derived from investment grade or implied investment grade tenants
- 91% retail properties, 8% distribution properties and 1% office properties (based on an annualized straight-line rent)
- 59% of the retail portfolio focused on either service[6] or experiential retail[7] giving the Company strong alignment with "e-commerce resistant" real estate

Property Acquisitions

During the three months ended September 30, 2022, the Company acquired two properties for an aggregate contract purchase price of $76.1 million at a cash capitalization rate of 6.6% and a weighted average capitalization rate of 7.9%.

Property Dispositions

During the three months ended September 30, 2022, the Company disposed of eight properties, for an aggregate contract sales price of $35.4 million.

Capital Structure and Liquidity Resources

As of September 30, 2022, the Company had a total borrowing capacity under the credit facility of $517.9 million based on the value of the borrowing base under the credit facility, and, of this amount, $478.0 million was outstanding under the credit facility as of September 30, 2022 and $39.9 million remained available for future borrowings. Subsequent to quarter end, the Company borrowed additional funds under the credit facility to partially fund acquisitions. As of September 30, 2022, the Company had $41.2 million of cash and cash equivalents. The Company's net debt[8] to gross asset value[9] was 51.5%, with net debt of $2.8 billion.

The Company's percentage of fixed rate debt was 83.1% as of September 30, 2022. The Company's total combined debt had a weighted-average interest rate cost of 4.2%[10], resulting in an interest coverage ratio of 2.5 times[11].

Webcast and Conference Call

RTL will host a webcast and call on November 3, 2022 at 11:00 a.m. ET to discuss its financial and operating results. This webcast will be broadcast live over the Internet and can be accessed by all interested parties through the RTL website, www.necessityretailreit.com, in the “Investor Relations” section.

Dial-in instructions for the conference call and the replay are outlined below.

To listen to the live call, please go to RTL’s “Investor Relations” section of the website at least 15 minutes prior to the start of the call to register and download any necessary audio software. For those who are not able to listen to the live broadcast, a replay will be available shortly after the call on the RTL website at www.necessityretailreit.com.

Live Call
Dial-In (Toll Free): 1-877-407-0792
International Dial-In: 1-201-689-8263

*Conference Replay**
Domestic Dial-In (Toll Free): 1-844-512-2921
International Dial-In: 1-412-317-6671
Conference Number: 13730901
*Available from 2:00 p.m. ET on November 3, 2022 through February 3, 2023.

Footnotes/Definitions

1. Includes (i) all leases fully executed by both parties as of September 30, 2022 but where the tenant has yet to take possession as of September 30, 2022, (ii) all leases fully executed by both parties as of October 31, 2022, but after September 30, 2022 and (iii) all leases under negotiation with an executed nonbinding letter of intent ("LOI") by both parties as of October 31, 2022. There were six leases fully executed as of September 30, 2022 where the tenant had yet to take possession totaling approximately 104,100 square feet, one lease fully executed as of October 31, 2022, but after September 30, 2022 totaling approximately 2,300 square feet and 21 LOIs executed as of October 31, 2022 totaling approximately 262,000 square feet. There can be no assurance that LOIs will lead to definitive leases that will commence on their current terms, or at all. Leasing pipeline should not be considered an indication of future performance.

2. Cash capitalization rate is a rate of return on a real estate investment property based on the expected, annualized cash rental income during the first year of ownership that the property will generate under its existing lease or leases. Cash capitalization rate is calculated by dividing this annualized cash rental income the property will generate (before debt service and depreciation and after fixed costs and variable costs) by the purchase price of the property, excluding acquisition costs. The weighted-average cash capitalization rate is based upon square feet.

3. Capitalization rate is a rate of return on a real estate investment property based on the expected, annualized straight-line rental income that the property will generate under its existing lease or leases. Capitalization rate is calculated by dividing the annualized straight-line rental income the property will generate (before debt service and depreciation and after fixed costs and variable costs) by the purchase price of the property, excluding acquisition costs. The weighted-average capitalization rate is based upon square feet.

4. As used herein, investment grade includes both actual investment grade ratings of the tenant or guarantor, if available, or implied investment grade ratings. Implied investment grade ratings may include actual ratings of tenant parent or guarantor parent (regardless of whether or not the parent has guaranteed the tenant's obligation under the lease) or a proprietary Moody's analytical tool, which generates an implied rating by measuring a company's probability of default. The term "parent" for these purposes includes any entity, including any governmental entity, owning more than 50% of the voting stock in a tenant. Ratings information is as of September 30, 2022. Based on annualized straight-line rent as of September 30, 2022, single-tenant portfolio tenants were 39.9% actual investment grade rated and 14.4% implied investment grade rated, top 20 tenants were 52.4% actual investment-grade rated and 9.5% implied investment-grade rated and anchor tenants in the multi-tenant portfolio were 30.9% actual investment grade rated and 9.5% implied investment grade rated.

5. The weighted-average is based on annualized straight-line rent as of September 30, 2022.

6. Service retail is defined as single-tenant retail properties leased to tenants in the retail banking, restaurant, grocery, pharmacy, gas/convenience, healthcare, and auto services sectors.

7. Experiential retail is defined as multi-tenant properties leased to tenants in the restaurant, discount retail, entertainment, salon/beauty, and grocery sectors, among others. The Company also refers to experiential retail as e-commerce defensive retail.

8. Total debt of $2.8 billion less cash and cash equivalents of $41.2 million as of September 30, 2022. Excludes the effect of deferred financing costs, net, mortgage premiums, net and includes the effect of cash and cash equivalents.

9. Defined as the carrying value of total assets plus accumulated depreciation and amortization as of September 30, 2022.

10. Weighted based on the outstanding principal balance of the debt.

11. The interest coverage ratio is calculated by dividing Adjusted EBITDA by cash paid for interest (interest expense less amortization of deferred financing costs, net, and amortization of mortgage premiums on borrowings, net) for the quarter ended September 30, 2022.

About The Necessity Retail REIT, Inc.

The Necessity Retail REIT (Nasdaq: RTL) is the preeminent publicly traded real estate investment trust (REIT) focused on "Where America Shops". RTL acquires and manages a diversified portfolio of primarily necessity-based retail single-tenant and open-air shopping center properties in the U.S. Additional information about RTL can be found on its website at www.necessityretailreit.com.

Supplemental Schedules

The Company will file supplemental information packages with the Securities and Exchange Commission (the "SEC") to provide additional disclosure and financial information. Once posted, the supplemental package can be found under the "Presentations" tab in the Investor Relations section of RTL's website at www.necessityretailreit.com and on the SEC website at www.sec.gov.

Important Notice

The statements in this press release that are not historical facts may be forward-looking statements. These forward-looking statements involve risks and uncertainties that could cause the outcome to be materially different. The words such as "may," "will," "seeks," "anticipates," "believes," "expects," "estimates," "projects," "plans," "intends," "should" and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. These forward-looking statements are subject to a number of risks, uncertainties and other factors, many of which are outside of RTL's control, which could cause actual results to differ materially from the results contemplated by the forward-looking statements. These risks and uncertainties include the potential adverse effects of (i) the ongoing global COVID-19 pandemic, including actions taken to contain or treat COVID-19, and (ii) the geopolitical instability due to the ongoing military conflict between Russia and Ukraine, including related sanctions and other penalties imposed by the U.S. and European Union, and the related impact on RTL, RTL's tenants and the global economy and financial markets, as well as those set forth in the Risk Factors section of RTL's most recent Annual Report on Form 10-K for the year ended December 31, 2021 filed on February 24, 2022, and all other filings with the SEC after that date, as such risks, uncertainties and other important factors may be updated from time to time in RTL's subsequent reports. Further, forward-looking statements speak only as of the date they are made, and RTL undertakes no obligation to update or revise any forward-looking statement to reflect changed assumptions, the occurrence of unanticipated events or changes to future operating results over time, unless required by law.

Accounting Treatment of Rent Deferrals/Abatements

The majority of the concessions granted to the Company's tenants as a result of the COVID-19 pandemic are rent deferrals or temporary rent abatements with the original lease term unchanged and collection of deferred rent deemed probable. The Company's revenue recognition policy requires that it must be probable that the Company will collect virtually all of the lease payments due and does not provide for partial reserves, or the ability to assume partial recovery. In light of the COVID-19 pandemic, the Financial Accounting Standards Board ("FASB") and SEC agreed that for leases where the total lease cash flows will remain substantially the same or less than those after the COVID-19 related effects, companies may choose to forgo the evaluation of the enforceable rights and obligations of the original lease contract as a practical expedient and account for rent concessions as if they were part of the enforceable rights and obligations of the parties under the existing lease contract. As a result, rental revenue used to calculate Net Income and National Association of Real Estate Investment Trusts ("NAREIT") FFO has not been, and the Company does not expect it to be, significantly impacted by these types of deferrals. In addition, since the Company currently believes that these deferral amounts are collectable, the Company has excluded from the increase in straight-line rent for AFFO purposes the amounts recognized under accounting principles generally accepted in the United States of America ("GAAP") relating to these types of rent deferrals. Conversely, for abatements where contractual rent has been reduced, the reduction in revenue is reflected over the remaining lease term for accounting purposes but represents a permanent reduction in revenue and the Company has, accordingly, reduced its AFFO.

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The Necessity Retail REIT, Inc.
Consolidated Balance Sheets
(In thousands. except share and per share data)

	September 30, 2022	December 31, 2021
	(Unaudited)	
ASSETS		
Real estate investments, at cost:		
Land	$ 1,009,048	$ 729,048
Buildings, fixtures and improvements	3,515,775	2,729,719
Acquired intangible lease assets	654,735	402,673
Total real estate investments, at cost	5,179,558	3,861,440
Less: accumulated depreciation and amortization	(744,265)	(654,667)
Total real estate investments, net	4,435,293	3,206,773
Cash and cash equivalents	41,150	214,853
Restricted cash	19,288	21,996
Deposits for real estate acquisitions	—	41,928
Deferred costs, net	22,176	25,587
Straight-line rent receivable	67,953	70,789
Operating lease right-of-use assets	17,964	18,194
Prepaid expenses and other assets	46,732	26,877
Assets held for sale	1,525	187,213
Total assets	$ 4,652,081	$ 3,814,210
LIABILITIES AND EQUITY		
Mortgage notes payable, net	$ 1,807,533	$ 1,464,930
Credit facility	478,000	—
Senior notes, net	491,983	491,015
Below market lease liabilities, net	140,241	78,073
Accounts payable and accrued expenses (including $2,864 and $1,016 due to related parties as of September 30, 2022 and December 31, 2021, respectively)	55,506	32,907
Operating lease liabilities	19,153	19,195
Derivative liabilities, at fair value	—	2,250
Deferred rent and other liabilities	7,919	9,524
Dividends payable	5,837	6,038
Total liabilities	3,006,172	2,103,932
7.50% Series A cumulative redeemable perpetual preferred stock, $0.01 par value, liquidation preference $25.00 per share, 12,796,000 shares authorized, 7,933,711 issued and outstanding as of September 30, 2022 and December 31, 2021	79	79
7.375% Series C cumulative redeemable perpetual preferred stock, $0.01 par value, liquidation preference $25.00 per share, 11,536,000 shares authorized, 4,595,175 and 4,594,498 issued and outstanding as of September 30, 2022 and December 31, 2021, respectively	46	46
Common stock, $0.01 par value per share, 300,000,000 shares authorized, 134,244,502 and 123,783,060 shares issued and outstanding as of September 30, 2022 and December 31, 2021, respectively	1,343	1,238
Additional paid-in capital	2,999,273	2,915,926
Distributions in excess of accumulated earnings	(1,374,378)	(1,217,435)
Total stockholders' equity	1,626,363	1,699,854
Non-controlling interests	19,546	10,424
Total equity	1,645,909	1,710,278
Total liabilities and equity	$ 4,652,081	$ 3,814,210

The Necessity Retail REIT, Inc.
Consolidated Statements of Operations (Unaudited)
(In thousands, except share and per share data)

	Three Months Ended September 30,	
	2022	**2021**
Revenue from tenants	$ 116,176	$ 91,915
Operating expenses:		
Asset management fees to related party	7,939	9,880
Property operating expense	28,051	13,384
Impairment of real estate investments	30,046	4,554
Acquisition, transaction and other costs	210	3,426
Equity-based compensation [1]	3,857	4,149
General and administrative	8,499	5,589
Depreciation and amortization	57,494	32,762
Total operating expenses	136,096	73,744
Operating (loss) income before gain on sale of real estate investments	(19,920)	18,171
Gain on sale of real estate investments	1,608	478
Operating (loss) income	(18,312)	18,649
Other (expense) income:		
Interest expense	(32,402)	(19,232)
Other income	25	18
Total other expense, net	(32,377)	(19,214)
Net loss	(50,689)	(565)
Net loss (income) attributable to non-controlling interests	60	(4)
Allocation for preferred stock	(5,837)	(5,837)
Net loss attributable to common stockholders	$ (56,466)	$ (6,406)
Basic and Diluted Net Loss Per Share:		
Net loss per share attributable to common stockholders — Basic and Diluted	$ (0.43)	$ (0.06)
Weighted-average shares outstanding — Basic	133,115,729	118,862,852
Weighted-average shares outstanding — Diluted	133,115,729	118,862,852

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[1] For the three months ended September 30, 2022 and 2021, includes expense related to the Company's restricted common shares of $0.7 million and $0.3 million, respectively.

The Necessity Retail REIT, Inc.
Quarterly Reconciliation of Non-GAAP Measures (Unaudited)
(In thousands)

	Three Months Ended September 30,	
	2022	**2021**
Adjusted EBITDA		
Net loss	$ (50,689)	$ (565)
Depreciation and amortization	57,494	32,762
Interest expense	32,402	19,232
Impairment of real estate investments	30,046	4,554
Acquisition, transaction and other costs	210	3,426
Equity-based compensation [1]	3,857	4,149
Gain on sale of real estate investments	(1,608)	(478)
Other income	(25)	(18)
Adjusted EBITDA	**71,687**	**63,062**
Asset management fees to related party	7,939	9,880
General and administrative	8,499	5,589
NOI	**88,125**	**78,531**
Amortization of market lease and other intangibles, net	(574)	(1,474)
Straight-line rent	(2,586)	(1,392)
Cash NOI	**$ 84,965**	**$ 75,665**
Cash Paid for Interest:		
Interest expense	$ 32,402	$ 19,232
Amortization of deferred financing costs, net	(3,474)	(2,620)
Amortization of mortgage premiums and (discounts) on borrowings, net	(454)	328
Total cash paid for interest	**$ 28,474**	**$ 16,940**

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[1] For the three months ended September 30, 2022 and 2021, includes expense related to the Company's restricted common shares of $0.7 million and $0.3 million, respectively.

The Necessity Retail REIT, Inc.
Quarterly Reconciliation of Non-GAAP Measures (Unaudited)
(In thousands)

	Three Months Ended September 30,		Three Months Ended December 31,
	2022	**2021**	**2021**
Net loss attributable to common stockholders (in accordance with GAAP)	$ (56,466)	$ (6,406)	$ (40,219)
Impairment of real estate investments	30,046	4,554	28,616
Depreciation and amortization	57,494	32,762	32,955
Gain on sale of real estate investments	(1,608)	(478)	(3,982)
Proportionate share of adjustments for non-controlling interest to arrive at FFO	(115)	(150)	53
FFO attributable to common stockholders [1]	**29,351**	**30,282**	**17,423**
Acquisition, transaction and other costs [2]	210	3,426	774
Legal fees and expenses — COVID-19 lease disputes [3]	7	44	200
Amortization of market lease and other intangibles, net	(574)	(1,474)	(1,175)
Straight-line rent	(2,586)	(1,392)	(1,897)
Straight-line rent (rent deferral agreements) [4]	(27)	(876)	(694)
Amortization of mortgage (premiums) and discounts on borrowings, net	454	(328)	4
Loss on non-designated derivatives [5]	—	—	3,950
Equity-based compensation [6]	3,857	4,149	3,485
Amortization of deferred financing costs, net [7]	3,474	2,620	4,743
Proportionate share of adjustments for non-controlling interest to arrive at AFFO	(6)	(18)	3
AFFO attributable to common stockholders [1]	**$ 34,160**	**$ 36,433**	**$ 26,816**

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[1] FFO and AFFO for the three months ended September 30, 2021 include income from lease termination fees of $10.4 million, which is recorded in Revenue from tenants in the consolidated statements of operations.

[2] Primarily includes prepayment costs incurred in connection with early debt extinguishment as well as litigation costs related to the merger with American Realty Capital-Retail Centers of America, Inc. in February 2017.

[3] Reflects legal costs incurred related to disputes with tenants due to store closures or other challenges resulting from COVID-19. The tenants involved in these disputes had not recently defaulted on their rent and, prior to the second and third quarters of 2020, had recently exhibited a pattern of regular payment. Based on the tenants involved in these matters, their history of rent payments, and the impact of the pandemic on current economic conditions, the Company views these costs as COVID-19-related and separable from our ordinary general and administrative expenses related to tenant defaults. The Company engaged counsel in connection with these issues separate and distinct from counsel the Company typically engages for tenant defaults. The amount reflects what the Company believes to be only those incremental legal costs above what the Company typically incurs for tenant-related dispute issues. The Company may continue to incur these COVID-19 related legal costs in the future.

[4] Represents amounts related to deferred rent pursuant to lease negotiations which qualify for FASB relief for which rent was deferred but not reduced. These amounts are included in the straight-line rent receivable on the Company's consolidated balance sheets but are considered to be earned revenue attributed to the current period for rent that was deferred for purposes of AFFO as they are expected to be collected. Accordingly, when the deferred amounts are collected, the amounts reduce AFFO. For rent abatements (including those qualified for FASB relief), where contractual rent has been reduced, the reduction in revenue is reflected over the remaining lease term for accounting purposes but represents a permanent reduction in revenue and the Company has, accordingly reduced its AFFO.

[5] In the fourth quarter and year ended December 31, 2021, the Company recognized a charge $4.0 million for the change in value of an embedded derivative (a 7.5% collar on the price of stock/units to be issued in connection with the CIM Portfolio Acquisition). Management does not consider this non-cash charge for an embedded derivative fair value adjustment in connection with this transaction to be capital in nature and it is not part of recurring operations. Accordingly, such charges are excluded for AFFO purposes.

[6] Includes expense related to the amortization of the Company's restricted common shares and LTIP Units related to its multi-year outperformance agreements for all periods presented.

[7] The Company issued $500.0 million in Senior Notes in October 2021. The Senior Notes pay semiannual interest which the Company accrues interest over time for GAAP purposes. Accordingly, to better reflect the Company’s operating performance, beginning with the year ended December 31, 2021 and for all periods thereafter, the Company has elected to remove the impact of the change in accrued interest from the calculation of AFFO, which was previously included in this line item. The impact to AFFO for the removal of the change in accrued interest included in this line item for the three months ended September 30, 2021 was an increase to AFFO of $428,000.

The Necessity Retail REIT, Inc.
Quarterly Reconciliation of Non-GAAP Measures (Unaudited)
(In thousands)

(In thousands)	Same Store		Acquisitions		Disposals		Non-Property Specific	Total
	Single-Tenant	Multi-Tenant	Single-Tenant	Multi-Tenant	Single-Tenant	Multi-Tenant		
Net income (loss) attributable to common stockholders (in accordance with GAAP)	$ 3,367	$ (21,666)	$ 1,686	$ (5,015)	$ 1,927	$ (587)	$ (36,178)	$ (56,466)
Asset management fees to related party	—	—	—	—	—	—	7,939	7,939
Impairment of real estate investments	2,390	25,624	—	2,032	—	—	—	30,046
Acquisition, transaction and other costs	13	44	—	42	—	—	111	210
Equity-based compensation	—	—	—	—	—	—	3,857	3,857
General and administrative	81	712	—	98	—	3	7,605	8,499
Depreciation and amortization	18,623	10,823	1,386	26,501	103	58	—	57,494
Interest expense	17,133	2,055	—	2,325	—	—	10,889	32,402
Gain on sale of real estate investments	(34)	—	—	—	(2,111)	537	—	(1,608)
Other income	(17)	(8)	—	—	—	—	—	(25)
Allocation for preferred stock	—	—	—	—	—	—	5,837	5,837
Net income attributable to non-controlling interests	—	—	—	—	—	—	(60)	(60)
NOI	**$ 41,556**	**$ 17,584**	**$ 3,072**	**$ 25,983**	**$ (81)**	**$ 11**	**$ —**	**$ 88,125**

Non-GAAP Financial Measures

This release discusses the non-GAAP financial measures we use to evaluate our performance, including FFO, AFFO, Adjusted Earnings before Interest, Taxes, Depreciation and Amortization ("Adjusted EBITDA"), Net Operating Income ("NOI") and Cash NOI. While NOI is a property-level measure, AFFO is based on our total performance and therefore reflects the impact of other items not specifically associated with NOI such as, interest expense, general and administrative expenses and operating fees to related parties. Additionally, NOI as defined herein, does not reflect an adjustment for straight-line rent but AFFO does include this adjustment. A description of these non-GAAP measures and reconciliations to the most directly comparable GAAP measure, which is net income (loss), is provided below. Adjustments for unconsolidated partnerships and joint ventures are calculated to exclude the proportionate share of the non-controlling interest to arrive at FFO, AFFO and NOI attributable to stockholders.

Caution on Use of Non-GAAP Measures

FFO, AFFO, Adjusted EBITDA, NOI and Cash NOI should not be construed to be more relevant or accurate than the current GAAP methodology in calculating net income or in its applicability in evaluating our operating performance. The method utilized to evaluate the value and performance of real estate under GAAP should be construed as a more relevant measure of operational performance and considered more prominently than the non-GAAP measures.

Other REITs may not define FFO in accordance with the current NAREIT, an industry trade group, definition (as we do), or may interpret the current NAREIT definition differently than we do, or may calculate AFFO differently than we do. Consequently, our presentation of FFO and AFFO may not be comparable to other similarly titled measures presented by other REITs.

We consider FFO and AFFO useful indicators of our performance. Because FFO and AFFO calculations exclude such factors as depreciation and amortization of real estate assets and gains or losses from sales of operating real estate assets (which can vary among owners of identical assets in similar conditions based on historical cost accounting and useful-life estimates), FFO and AFFO presentations facilitate comparisons of operating performance between periods and between other REITs in our peer group.

As a result, we believe that the use of FFO and AFFO, together with the required GAAP presentations, provide a more complete understanding of our performance, including relative to our peers and a more informed and appropriate basis on which to make decisions involving operating, financing, and investing activities. However, FFO and AFFO are not indicative of cash available to fund ongoing cash needs, including the ability to pay cash dividends. Investors are cautioned that FFO and AFFO should only be used to assess the sustainability of our operating performance excluding these activities, as they exclude certain costs that have a negative effect on our operating performance during the periods in which these costs are incurred.

Funds from Operations and Adjusted Funds from Operations

Funds from Operations

Due to certain unique operating characteristics of real estate companies, as discussed below, the NAREIT, an industry trade group, has promulgated a performance measure known as FFO, which we believe to be an appropriate supplemental measure to reflect the operating performance of a REIT. FFO is not equivalent to net income or loss as determined under GAAP.

We calculate FFO, a non-GAAP measure, consistent with the standards established over time by the Board of Governors of NAREIT, as restated in a White Paper and approved by the Board of Governors of NAREIT effective in December 2018 (the "White Paper"). The White Paper defines FFO as net income or loss computed in accordance with GAAP, excluding depreciation and amortization related to real estate, gains and losses from sales 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 the entity. Adjustments for consolidated partially-owned entities (including our Operating Partnership) and equity in earnings of unconsolidated affiliates are made to arrive at our proportionate share of FFO attributable to our stockholders. Our FFO calculation complies with NAREIT's definition.

The historical accounting convention used for real estate assets requires straight-line depreciation of buildings and improvements, and straight-line amortization of intangibles, which implies that the value of a real estate asset diminishes predictably over time. We believe that, because real estate values historically rise and fall with market conditions, including inflation, interest rates, unemployment and consumer spending, presentations of operating results for a REIT using historical accounting for depreciation and certain other items may be less informative. Historical accounting for real estate involves the use of GAAP. Any other method of accounting for real estate such as the fair value method cannot be construed to be any more accurate or relevant than the comparable methodologies of real estate valuation found in GAAP. Nevertheless, we believe that the use of FFO, which excludes the impact of real estate related depreciation and amortization, among other things, provides a more complete understanding of our performance to investors and to management, and when compared year over year, reflects the impact on our operations from trends in occupancy rates, rental rates, operating costs, general and administrative expenses, and interest costs, which may not be immediately apparent from net income.

Adjusted Funds from Operations

In calculating AFFO, we start with FFO, then we exclude certain income or expense items from AFFO that we consider to be more reflective of investing activities, such as non-cash income and expense items and the income and expense effects of other activities that are not a fundamental attribute of our day to day operating business plan, such as amounts related to litigation arising out of the merger with American Realty Capital-Retail Centers of America, Inc. in February 2017 (the "Merger"). These amounts include legal costs incurred as a result of the litigation, portions of which have been and may in the future be reimbursed under insurance policies maintained by us. Insurance reimbursements are deducted from AFFO in the period of reimbursement. We believe that excluding the litigation costs and subsequent insurance reimbursements related to litigation arising out of the Merger helps to provide a better understanding of the operating performance of our business. Other income and expense items also include early extinguishment of debt and unrealized gains and losses, which may not ultimately be realized, such as gains or losses on derivative instruments and gains and losses on investments. In addition, by excluding non-cash income and expense items such as amortization of above-market and below-market lease intangibles, amortization of deferred financing costs, straight-line rent, and share-based compensation related to restricted shares, the 2018 multi-year outperformance agreement with the Advisor and the 2021 multi-year outperformance agreement with the Advisor from AFFO, we believe we provide useful information regarding those income and expense items which have a direct impact on our ongoing operating performance.

In calculating AFFO, we exclude certain expenses which under GAAP are characterized as operating expenses in determining operating net income (loss). All paid and accrued merger, acquisition and transaction related fees and certain other expenses negatively impact our operating performance during the period in which expenses are incurred or properties are acquired and will also have negative effects on returns to investors but are not reflective of our on-going performance. In addition, legal fees and expense associated with COVID-19-related lease disputes involving certain tenants negatively impact our operating performance but are not reflective of our on-going performance. Further, under GAAP, certain contemplated non-cash fair value and other non-cash adjustments are considered operating non-cash adjustments to net income (loss). In addition, as discussed above, we view gains and losses from fair value adjustments as items which are unrealized and may not ultimately be realized and not reflective of ongoing operations and are therefore typically adjusted for when assessing operating performance. Excluding income and expense items detailed above from our calculation of AFFO provides information consistent with management's analysis of our operating performance. Additionally, fair value adjustments, which are based on the impact of current market fluctuations and underlying assessments of general market conditions but can also result from operational factors such as rental and occupancy rates, may not be directly related or attributable to our current operating performance. By excluding such changes that may reflect anticipated and unrealized gains or losses, we believe AFFO provides useful supplemental information. By providing AFFO, we believe we are presenting useful information that can be used, among other things, to assess our performance without the impact of transactions or other items that are not related to our portfolio of properties. AFFO presented by us may not be comparable to AFFO reported by other REITs that define AFFO differently. Furthermore, we believe that in order to facilitate a clear understanding of our operating results, AFFO should be examined in conjunction with net income (loss) calculated in accordance with GAAP and presented in our consolidated financial statements. AFFO should not be considered as an alternative to net income (loss) as an indication of our performance or to cash flows as a measure of our liquidity or ability to pay dividends. FFO and AFFO may include income from lease termination fees, which is recorded in revenue from tenants in our consolidated statements of operations.

Adjusted Earnings before Interest, Taxes, Depreciation and Amortization, Net Operating Income and Cash Net Operating Income.

We believe that Adjusted EBITDA, which is defined as earnings before interest, taxes, depreciation and amortization adjusted for acquisition and transaction-related expenses, other non-cash items such as expense related to our multi-year outperformance agreement with the Advisor and including our pro-rata share from unconsolidated joint ventures, is an appropriate measure of our ability to incur and service debt. Adjusted EBITDA should not be considered as an alternative to cash flows from operating activities, as a measure of our liquidity or as an alternative to net income (loss) as an indicator of our operating activities. Other REITs may calculate Adjusted EBITDA differently and our calculation should not be compared to that of other REITs.

NOI is a non-GAAP financial measure used by us to evaluate the operating performance of our real estate. NOI is equal to total revenues, excluding contingent purchase price consideration, less property operating and maintenance expense. NOI excludes all other items of expense and income included in the financial statements in calculating net income (loss). We believe NOI provides useful and relevant information because it reflects only those income and expense items that are incurred at the property level and presents such items on an unleveraged basis. We use NOI to assess and compare property level performance and to make decisions concerning the operations of the properties. Further, we believe NOI is useful to investors as a performance measure because, when compared across periods, NOI reflects the impact on operations from trends in occupancy rates, rental rates, operating expenses and acquisition activity on an unleveraged basis, providing perspective not immediately apparent from net income (loss). NOI excludes certain items included in calculating net income (loss) in order to provide results that are more closely related to a property's results of operations. For example, interest expense is not necessarily linked to the operating performance of a real estate asset. In addition, depreciation and amortization, because of historical cost accounting and useful life estimates, may distort operating performance at the property level. NOI presented by us may not be comparable to NOI reported by other REITs that define NOI differently. We believe that in order to facilitate a clear understanding of our operating results, NOI should be examined in conjunction with net income (loss) as presented in our consolidated financial statements. NOI should not be considered as an alternative to net income (loss) as an indication of our performance or to cash flows as a measure of our liquidity or our ability to pay dividends.

Cash NOI is a non-GAAP financial measure that is intended to reflect the performance of our properties. We define Cash NOI as NOI excluding amortization of above/below market lease intangibles and straight-line adjustments that are included in GAAP lease revenues. We believe that Cash NOI is a helpful measure that both investors and management can use to evaluate the current financial performance of our properties and it allows for comparison of our operating performance between periods and to other REITs. Cash NOI should not be considered as an alternative to net income (loss), as an indication of our financial performance, or to cash flows as a measure of liquidity or our ability to fund all needs. The method by which we calculate and present Cash NOI may not be directly comparable to the way other REITs calculate and present Cash NOI.

Cash Paid for Interest is calculated based on the interest expense less non-cash portion of interest expense and amortization of mortgage (discount) premium, net. Management believes that Cash Paid for Interest provides useful information to investors to assess our overall solvency and financial flexibility. Cash Paid for Interest should not be considered as an alternative to interest expense as determined in accordance with GAAP or any other GAAP financial measures and should only be considered together with and as a supplement to our financial information prepared in accordance with GAAP.