

## ESSENTIAL INCOME REIT CLASS I

## 1st Quarter 2024 Report

April, 2024

Dear Essential Income REIT Class I Investor,

The Essential Income REIT continued its solid performance during Q1 2024, and your regular monthly distribution was processed on April 15. If you have participated in the REIT's Dividend Reinvestment Program, your dividend was automatically reinvested on your behalf.

ExchangeRight received 100% of scheduled rent across all REIT and net-leased DST portfolios in Q1 2024. ExchangeRight continues to maintain an unbroken track record of timely investor distributions meeting or exceeding cash flow targets across the REIT and all DST portfolios. This stable performance is supported by our tenants' strong balance sheets and historically recession-resilient industries, as distributions remain fully covered by adjusted funds from operations.

As reported earlier this quarter, the tax-equivalent yield of the Essential Income REIT's Class I shares on 2023 distributions was 10.54%, assuming an investment was made for the full year at the offering price as of December 31, 2023, and based on a 37% federal income tax rate, an 8% state income tax rate, and a 3.8% Medicare surtax. The Essential Income REIT's 2023 distributions to investors were reported as a 57.24% non-taxable return of capital for federal income tax purposes (1099-DIV), meaning that only 42.76% of the 2023 distributions that investors received from the Essential Income REIT were subject to federal or state income tax. The Section 199A deduction for REITs further decreased the federal income tax for 2023 by 20% of the taxable amount.

During the quarter, ExchangeRight also passed a milestone of serving more than 8,000 investors with investments that have consistently generated capital preservation and reliable returns regardless of historic economic volatility. We are honored to have provided every ExchangeRight investor with monthly distributions that have met or exceeded initial projections from inception-to-date across all 93 of our past and current offerings. Past performance does not guarantee future results.

## CASH FLOW AND VALUE DIVERSIFIED BY



PROPERTY



LOCATION



TENANT



INDUSTRY



LEASE TERM



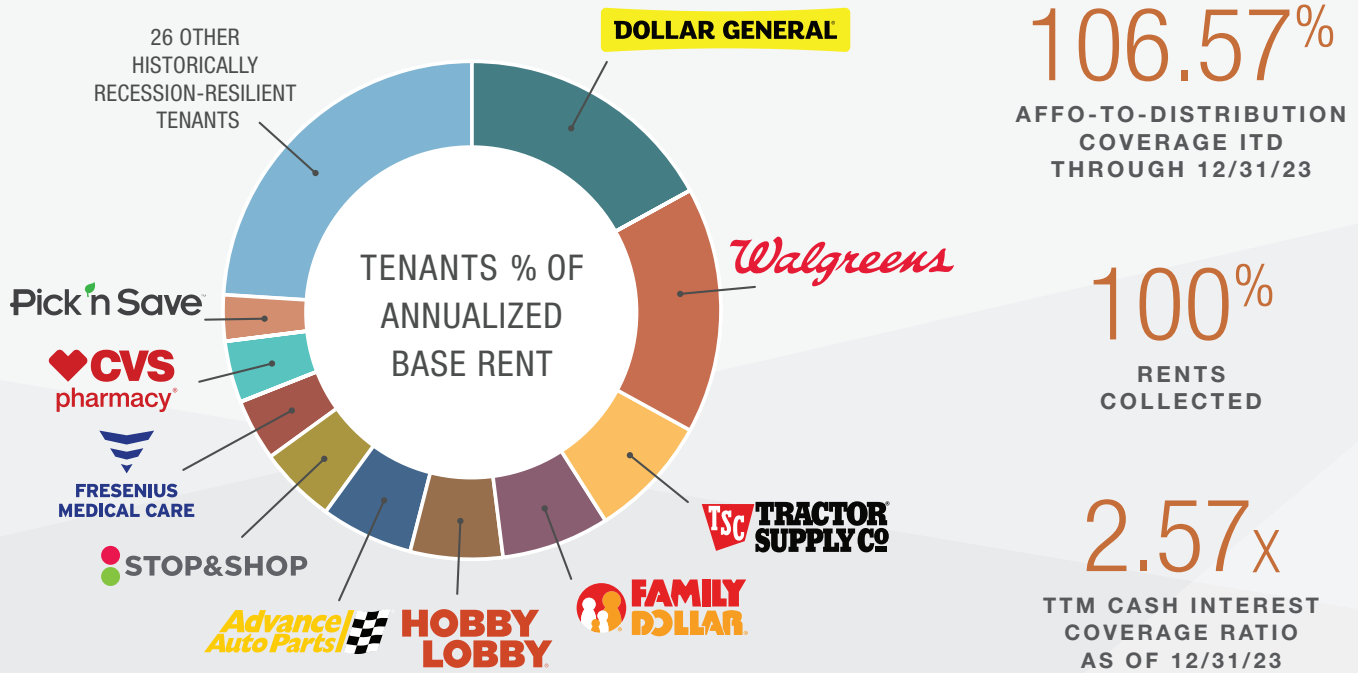
DEBT TERM

[WWW.EXCHANGERIGHT.COM](http://WWW.EXCHANGERIGHT.COM)

1055 E. COLORADO BLVD., STE. 310, PASADENA, CA 91106

PHONE: (855) 379-8172 | FAX: (877) 711-4047 | [INVESTORS@EXCHANGERIGHT.COM](mailto:INVESTORS@EXCHANGERIGHT.COM)

CURRENT PORTFOLIO PROPERTIES



Portfolio Update

The Net Asset Value (“NAV”) of the Essential Income REIT has been declared at \$27.14 per share, representing growth over last quarter’s NAV based on the midpoint of the range of values of the REIT’s real estate from our independent valuation firm combined with the other REIT assets and liabilities as of March 31, 2024.

The Essential Income REIT’s aggregation strategy features proposed acquisitions of a pre-identified and vetted portfolio of net-leased properties intended to provide investors with enhanced diversification, additional risk mitigation, access to additional capital sources, and enhanced return potential. The REIT’s identified portfolio, including current properties and proposed acquisitions, includes 943 properties diversified across 55 tenants and 627 markets, as of March 31, 2024. The majority of the potential acquisitions benefit from long-term financing fixed significantly below current market rates.

Should you have any questions, please contact our Investor Relations department at (855) 379-8172 or [investors@exchangeright.com](mailto:investors@exchangeright.com). To optimize the timely processing of checks and investor documents, our Investor Relations department now has a new mailing address: 9215 Northpark Drive, Johnston, IA 50131. Our Investor Relations department's operating hours are Monday through Friday, 9 a.m. to 5 p.m. CT.

Best regards,

ExchangeRight Real Estate



**Joshua Ungerecht**  
*Managing Partner*



**Warren Thomas**  
*Managing Partner*



**David Fisher**  
*Managing Partner*