

ESSENTIAL INCOME REIT CLASS I

2nd Quarter 2024 Report

July, 2024

Dear Essential Income REIT Class I Investor,

The Essential Income REIT produced strong results during Q2 2024, and your regular monthly distribution was processed on July 15. If you have participated in the REIT's Dividend Reinvestment Program, your dividend was automatically reinvested into additional shares on your behalf.

Our tenants continued to demonstrate strength and economic resilience in the face of a slowing economy, and ExchangeRight continues to maintain an unbroken track record of timely investor distributions meeting or exceeding cash flow targets across all of our offerings since our inception. Our stable performance is supported by our tenants' strong balance sheets and historically recession-resilient businesses within necessity-based industries.

Our distributions continue to remain fully covered by adjusted funds from operations as they have been since the REIT's launch in 2019. As of the end of Q1, we are the only non-traded REIT in our peer group that fully covers our distributions from adjusted funds from operations based on a third-party report from Blue Vault that regularly analyzes key performance metrics in our industry.

In Q2, the REIT entered into a new Credit Facility with Wells Fargo. This Credit Facility initially provides an unsecured line of credit up to \$75 million to the REIT, which may be increased to \$400 million, subject to receipt of commitments for the increased amount. Securing this Credit Facility with Wells Fargo on behalf of the REIT powerfully advances the execution of our aggregation strategy by enhancing our financing capacity, flexibility, and operational resilience. This facility positions us to optimize the REIT's balance sheet with long-term fixed-rate corporate bond financing, providing us with greater control to lengthen and ladder our debt maturities at favorable rates once the time is right. We are grateful for the relationship with Wells Fargo and for their thoughtful due diligence on the quality of the Essential Income REIT's current portfolio, and we are pleased to take this next step in the execution of our aggregation strategy.

CASH FLOW AND VALUE DIVERSIFIED BY



PROPERTY



LOCATION



TENANT



INDUSTRY



LEASE TERM



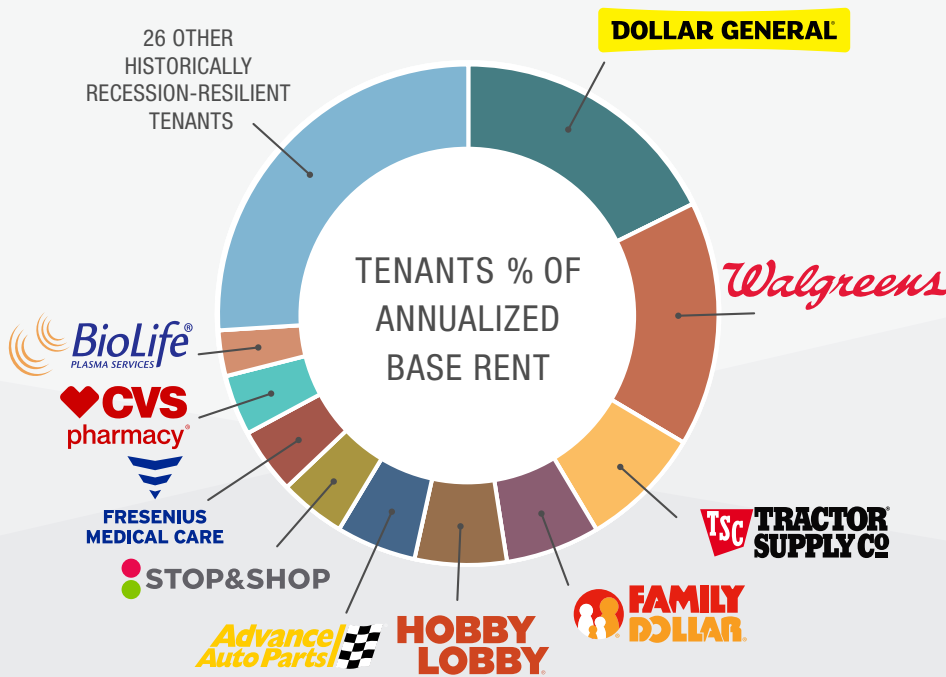
DEBT TERM

WWW.EXCHANGERIGHT.COM

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

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

CURRENT PORTFOLIO PROPERTIES



105.95%
AFFO-TO-DISTRIBUTION
COVERAGE ITD
THROUGH 3/31/24

100%
RENTS
COLLECTED

2.56x
TTM CASH INTEREST
COVERAGE RATIO
AS OF 3/31/24

In accordance with the ongoing execution of our aggregation strategy, we were excited to recently announce the intent for the REIT to acquire another diversified net-leased portfolio. In addition to providing the REIT with another accretive acquisition of 23 net-leased assets, this acquisition will also provide the REIT with a significant investment of long-term capital from DST investors who choose to complete a 721 exchange into the REIT. This acquisition will mark our 22nd successful full-cycle event for our net lease platform and our 34th successful full-cycle event overall for ExchangeRight across all of our platforms.

Lastly, we are also excited to announce that ExchangeRight surpassed \$6.0 billion in assets under management this quarter. We are honored by the trust that you have placed in us to provide you with capital preservation, consistent cash flow, and enhanced value and estate planning benefits regardless of economic and market volatility and will continue to work diligently to accomplish these goals.

Portfolio Update

The Net Asset Value (“NAV”) of the Essential Income REIT has been declared at \$27.26 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 June 30, 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 June 30, 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. 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