REFINITIV

DELTA REPORT

10-Q

NETSTREIT CORP.

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	1295
CHANGES	379
DELETIONS	426
ADDITIONS	490

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2023 March 31, 2024

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission File Number 001-39443

NETSTREIT Corp.

(Exact name of registrant as specified in its charter)

Maryland	**84-3356606**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
2021 McKinney Avenue Suite 1150 Dallas, Texas	**75201**
(Address of principal executive offices)	(Zip Code)

(972) 200-7100

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Common stock, par value $0.01 per share	**NTST**	**The New York Stock Exchange**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (Section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined by Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The number of shares of the issuer's common stock, par value $0.01, outstanding as of October 23, 2023 April 26, 2024 was 68,701,223. 73,366,371.

NETSTREIT CORP. AND SUBSIDIARIES

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PART I — FINANCIAL INFORMATION

Item 1. *Financial Statements (unaudited)*

NETSTREIT CORP. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands, except share and per share data)

(Unaudited)

		September 30, 2023	December 31, 2022		
	March 31, 2024			March 31, 2024	December 31, 2023
Assets	**Assets**				
Real estate, at cost:	Real estate, at cost:				
Real estate, at cost:					
Real estate, at cost:					
Land					
Land					
Land	Land	$ 449,718	$ 401,146		
Buildings and improvements	Buildings and improvements	1,081,427	907,084		

Total real estate, at cost	Total real estate, at cost	1,531,145	1,308,230	
Less accumulated depreciation	Less accumulated depreciation	(90,890)	(62,526)	
Property under development	Property under development	33,497	16,796	
Real estate held for investment, net	Real estate held for investment, net	1,473,752	1,262,500	
Assets held for sale	Assets held for sale	38,839	23,208	
Mortgage loans receivable, net	Mortgage loans receivable, net	109,091	46,378	
Cash, cash equivalents and restricted cash	Cash, cash equivalents and restricted cash	7,934	70,543	
Lease intangible assets, net	Lease intangible assets, net	163,824	151,006	
Other assets, net	Other assets, net	69,403	52,057	
Total assets	Total assets	$1,862,843	$1,605,692	
Liabilities and equity	**Liabilities and equity**			
Liabilities:	Liabilities:			
Liabilities:				
Liabilities:				
Term loans, net				
Term loans, net				
Term loans, net	Term loans, net	$ 521,613	$ 373,296	
Revolving credit facility	Revolving credit facility	42,000	113,000	
Mortgage note payable, net	Mortgage note payable, net	7,890	7,896	
Lease intangible liabilities, net	Lease intangible liabilities, net	26,699	30,131	
Liabilities related to assets held for sale	Liabilities related to assets held for sale	1,024	406	
Accounts payable, accrued expenses and other liabilities	Accounts payable, accrued expenses and other liabilities	33,727	22,540	
Total liabilities	Total liabilities	632,953	547,269	
Commitments and contingencies				
Commitments and contingencies (Note 12)				Commitments and contingencies (Note 12)
Equity:	Equity:			
Stockholders’ equity	Stockholders’ equity			
Common stock, $0.01 par value, 400,000,000 shares authorized; 68,701,223 and 58,031,879 shares issued and outstanding as of September 30, 2023 and December 31, 2022, respectively		687	580	
Stockholders’ equity				

Stockholders' equity			
Common stock, $0.01 par value, 400,000,000 shares authorized; 73,328,411 and 73,207,080 shares issued and outstanding as of March 31, 2024 and December 31, 2023, respectively			
Common stock, $0.01 par value, 400,000,000 shares authorized; 73,328,411 and 73,207,080 shares issued and outstanding as of March 31, 2024 and December 31, 2023, respectively			
Common stock, $0.01 par value, 400,000,000 shares authorized; 73,328,411 and 73,207,080 shares issued and outstanding as of March 31, 2024 and December 31, 2023, respectively			
Additional paid-in capital	Additional paid-in capital	1,289,810	1,091,514
Distributions in excess of retained earnings	Distributions in excess of retained earnings	(100,006)	(66,937)
Accumulated other comprehensive income	Accumulated other comprehensive income	30,494	23,673
Total stockholders' equity	Total stockholders' equity	1,220,985	1,048,830
Noncontrolling interests	Noncontrolling interests	8,905	9,593
Total equity	Total equity	1,229,890	1,058,423
Total liabilities and equity	Total liabilities and equity	$1,862,843	$1,605,692

The accompanying notes are an integral part of these condensed consolidated financial statements.

NETSTREIT CORP. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)

(In thousands, except share and per share data)

(Unaudited)

		Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022
	Three Months Ended March 31,				Three Months Ended March 31,
	2024			2024	2023
Revenues	**Revenues**				
Rental revenue (including reimbursable)	Rental revenue (including reimbursable)	$ 31,167	$ 24,339	$ 89,347	$ 67,309

Rental revenue (including reimbursable)					
Rental revenue (including reimbursable)					
Interest income on loans receivable	Interest income on loans receivable	2,244	674	5,145	1,671
Other revenue		550	—	550	—
Total revenues	Total revenues	33,961	25,013	95,042	68,980
Operating expenses	**Operating expenses**				
Property					
Property					
Property	Property	3,883	2,539	11,350	8,156
General and administrative	General and administrative	5,133	4,552	15,299	13,608
Depreciation and amortization	Depreciation and amortization	15,804	13,407	46,599	36,137
Provisions for impairment	Provisions for impairment	1,538	—	4,374	1,114
Transaction costs	Transaction costs	143	51	267	704
Total operating expenses	Total operating expenses	26,501	20,549	77,889	59,719
Other income (expense)					
Other (expense) income					
Interest expense, net	Interest expense, net	(3,946)	(3,017)	(13,412)	(5,708)
Gain on sales of real estate, net		373	143	669	2,162
Loss on debt extinguishment		—	—	(128)	—
Other income, net		367	—	586	36
Total other income (expense), net		(3,206)	(2,874)	(12,285)	(3,510)
Interest expense, net					
Interest expense, net					
Gain (loss) on sales of real estate, net					
Other (expense) income, net					
Total other (expense) income, net					

Net income before income taxes	Net income before income taxes	4,254	1,590	4,868	5,751
Income tax (expense) benefit	Income tax (expense) benefit	(15)	(171)	60	(356)
Net income	**Net income**	4,239	1,419	4,928	5,395
Net income attributable to noncontrolling interests	Net income attributable to noncontrolling interests	24	16	32	63
Net income attributable to common stockholders	**Net income attributable to common stockholders**	$ 4,215	$ 1,403	$ 4,896	$ 5,332
Amounts available to common stockholders per common share:	Amounts available to common stockholders per common share:				
Basic	Basic	$ 0.06	$ 0.03	$ 0.08	$ 0.11
Basic					
Basic					
Diluted	Diluted	$ 0.06	$ 0.03	$ 0.08	$ 0.11
Weighted average common shares:	Weighted average common shares:				
Basic					
Basic					
Basic	Basic	67,112,587	50,449,735	62,123,334	47,679,870
Diluted	Diluted	68,048,369	51,384,758	62,897,957	48,657,049
Other comprehensive income:	**Other comprehensive income:**				
Net income	Net income	$ 4,239	$ 1,419	$ 4,928	$ 5,395
Net income					
Net income					
Change in value on derivatives, net	Change in value on derivatives, net	6,466	13,887	6,875	21,436
Total comprehensive income		$ 10,705	$ 15,306	$ 11,803	$ 26,831
Comprehensive income attributable to noncontrolling interests		78	149	86	287
Comprehensive income attributable to common stockholders		$ 10,627	$ 15,157	$ 11,717	$ 26,544
Total comprehensive income (loss)					

Comprehensive income (loss) attributable to noncontrolling interests

Comprehensive income (loss) attributable to common stockholders

The accompanying notes are an integral part of these condensed consolidated financial statements.

NETSTREIT CORP. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In thousands, except share data)

(Unaudited)

	Common stock			
	Shares			
	Shares			
	Shares	Par Value	Additional Paid-in Capital	Distributio in Excess Retaine Earning
Balance at December 31, 2023				

	Common stock							
	Shares	**Par Value**	**Additional Paid-in Capital**	**Distributions in Excess of Retained Earnings**	**Accumulated Other Comprehensive Income**	**Total Stockholders' Equity**	**Noncontrolling Interests**	**Total Equity**
Balance at December 31, 2022	58,031,879	$580	$1,091,514	$ (66,937)	$ 23,673	$ 1,048,830	$ 9,593	$1,058,423
Issuance of common stock in public offering, net of issuance costs	2,759,481	28	52,875	—	—	52,903	—	52,903
OP Units converted to common stock OP Units converted to common stock	5,694	—	105	—	—	105	(105)	—
Dividends and distributions declared on common stock and OP Units	—	—	—	(11,650)	—	(11,650)	(101)	(11,751)
Dividends declared on restricted stock, net	—	—	—	(122)	—	(122)	—	(122)
Vesting of restricted stock units	83,428	1	(1)	—	—	—	—	—
Repurchase of common stock for tax withholding obligations	(18,016)	—	(360)	—	—	(360)	—	(360)
Stock-based compensation, net	—	—	1,027	—		1,027	—	1,027
Other comprehensive loss	—	—	—	—	(5,930)	(5,930)	(49)	(5,979)

Net income	—	—	—	1,472	—	1,472	9	1,481
Balance at March 31, 2023	60,862,466	$609	$1,145,160	$ (77,237)	$ 17,743	$ 1,086,275	$ 9,347	$1,095,622
Issuance of common stock in public offering, net of issuance costs	6,128,135	61	114,475	—	—	114,536	—	114,536
Dividends and distributions declared on common stock and OP Units	—	—	—	(12,173)	—	(12,173)	(102)	(12,275)
Dividends declared on restricted stock, net	—	—	—	(128)	—	(128)	—	(128)
Vesting of restricted stock units	1,416	—	—	—	—	—	—	—
Repurchase of common stock for tax withholding obligations	(420)	—	(8)	—	—	(8)	—	(8)
Stock-based compensation, net	—	—	1,252	—	—	1,252	—	1,252
Other comprehensive income	—	—	—	—	6,339	6,339	49	6,388
Net loss	—	—	—	(791)	—	(791)	(1)	(792)
Balance at June 30, 2023	66,991,597	$670	$1,260,879	$ (90,329)	$ 24,082	$ 1,195,302	$ 9,293	$1,204,595
Issuance of common stock in public offering, net of issuance costs	1,672,242	17	27,401	—	—	27,418	—	27,418
OP Units converted to common stock	19,932	—	362	—	—	362	(362)	—
Dividends and distributions declared on common stock and OP Units	—	—	—	(13,768)	—	(13,768)	(104)	(13,872)
OP Units converted to common stock								
Dividends and distributions declared on common stock and OP units								
Dividends declared on restricted stock, net	—	—	—	(126)	—	(126)	—	(126)
Vesting of restricted stock units	24,088	—	—	—	—	—	—	—
Repurchase of common stock for tax withholding obligations	(6,636)	—	(112)	—	—	(112)	—	(112)
Stock-based compensation, net	—	—	1,280	2	—	1,282	—	1,282
Other comprehensive income	—	—	—	—	6,412	6,412	54	6,466
Net income	—	—	—	4,215	—	4,215	24	4,239

	Shares	Par Value	Additional Paid-in Capital	Distributions in Excess of Retained Earnings	Accumulated Other Comprehensive Income	Total Stockholders' Equity	Noncontrolling Interests	Total Equity
Balance at September 30, 2023	68,701,223	$687	$1,289,810	$ (100,006)	$ 30,494	$ 1,220,985	$ 8,905	$1,229,890
Balance at March 31, 2024								

The accompanying notes are an integral part of these condensed consolidated financial statements.

NETSTREIT CORP. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In thousands, except share data)

(Unaudited)

	Common stock							
	Shares	**Par Value**	**Additional Paid-in Capital**	**Distributions in Excess of Retained Earnings**	**Accumulated Other Comprehensive Income**	**Total Stockholders' Equity**	**Noncontrolling Interests**	**Total Equity**
Balance at December 31, 2021	44,223,050	$442	$ 809,724	$ (35,119)	$ 4,123	$ 779,170	$ 10,645	$ 789,815
Issuance of common stock in public offering, net of issuance costs	3,604,736	36	75,461	—	—	75,497	—	75,497

	Common stock			
	Shares			
	Shares			
	Shares	**Par Value**	**Additional Paid-in Capital**	**Distributions in Excess of Retained Earnings**
Balance at December 31, 2022				
Issuance of common stock in public offerings, net of issuance costs				

		Shares	Par Value	Additional Paid-in Capital	Distributions in Excess of Retained Earnings	Accumulated Other Comprehensive Income	Total Stockholders' Equity	Noncontrolling Interests	Total Equity
OP Units converted to common stock	OP Units converted to common stock	25,629	—	484	—	—	484	(484)	—
Dividends and distributions declared on common stock and OP Units		—	—	—	(8,888)	—	(8,888)	(109)	(8,997)
Dividends and distributions declared on common stock and OP units									

Dividends declared on restricted stock, net	—	—	—	(128)	—	(128)	—	(128)
Vesting of restricted stock units	85,224	1	(1)	—	—	—	—	—
Repurchase of common stock for tax withholding obligations	(16,651)	—	(362)	—	—	(362)	—	(362)
Stock-based compensation, net	—	—	1,045	—	—	1,045	—	1,045
Other comprehensive income	—	—	—	—	6,135	6,135	76	6,211
Other comprehensive loss								
Net income	—	—	—	1,942	—	1,942	24	1,966
Balance at March 31, 2022	47,921,988	$479	$ 886,351	$ (42,193)	$ 10,258	$ 854,895	$ 10,152	$ 865,047
Issuance of common stock in public offering, net of issuance costs	2,397,035	24	49,976	—	—	50,000	—	50,000
OP Units converted to common stock	22,265	—	418	—	—	418	(418)	—
Dividends and distributions declared on common stock and OP Units	—	—	—	(9,588)	—	(9,588)	(104)	(9,692)
Dividends declared on restricted stock, net	—	—	—	(149)	—	(149)	—	(149)
Stock-based compensation, net	—	—	1,298	—	—	1,298	—	1,298
Other comprehensive income	—	—	—	—	1,323	1,323	15	1,338
Net income	—	—	—	1,987	—	1,987	23	2,010
Balance at June 30, 2022	50,341,288	$503	$ 938,043	$ (49,943)	$ 11,581	$ 900,184	$ 9,668	$ 909,852
Issuance of common stock in public offering, net of issuance costs	4,512,003	45	93,477	—	—	93,522	—	93,522
Dividends and distributions declared on common stock and OP Units	—	—	—	(10,073)	—	(10,073)	(103)	(10,176)
Dividends declared on restricted stock, net	—	—	—	(141)	—	(141)	—	(141)
Vesting of restricted stock units	31,865	1	(1)	—	—	—	—	—
Repurchase of common stock for tax withholding obligations	(8,861)	—	(187)	—	—	(187)	—	(187)
Stock-based compensation, net	—	—	1,302	7	—	1,309	—	1,309
Other comprehensive income	—	—	—	—	13,754	13,754	133	13,887
Net income	—	—	—	1,403	—	1,403	16	1,419
Balance at September 30, 2022	54,876,295	$549	$1,032,634	$ (58,747)	$ 25,335	$ 999,771	$ 9,714	$1,009,485

Balance at March 31, 2023

The accompanying notes are an integral part of these condensed consolidated financial statements.

NETSTREIT CORP. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

(Unaudited)

	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Cash flows from operating activities		
Net income	$ 4,928	$ 5,395
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	46,599	36,137
Amortization of deferred financing costs	1,165	553
Amortization of above/below-market assumed debt	86	—
Noncash revenue adjustments	(1,147)	(2,076)
Amortization of deferred gains on interest rate swaps	(1,134)	—
Stock-based compensation expense	3,559	3,646
Gain on sales of real estate, net	(669)	(2,162)
Provisions for impairment	4,374	1,114
Loss on debt extinguishment	128	—
Gain on involuntary conversion of building and improvements	(47)	—
Changes in assets and liabilities, net of assets acquired and liabilities assumed:		
Other assets, net	(4,803)	(3,641)
Accounts payable, accrued expenses and other liabilities	(71)	676
Lease incentive payments	(1,456)	(936)
Net cash provided by operating activities	51,512	38,706
Cash flows from investing activities		
Acquisitions of real estate	(254,745)	(328,986)
Real estate development and improvements	(47,692)	(15,492)
Investment in mortgage loans receivable	(65,513)	(46,466)
Earnest money deposits	(2,531)	(3,486)
Purchase of computer equipment and other corporate assets	(23)	(595)
Proceeds from sale of real estate	24,726	13,837
Proceeds from the settlement of property-related insurance claims	47	—
Net cash used in investing activities	(345,731)	(381,188)
Cash flows from financing activities		
Issuance of common stock in public offerings, net	194,857	219,019
Payment of common stock dividends	(37,591)	(28,549)
Payment of OP unit distributions	(307)	(316)
Payment of restricted stock dividends	(148)	(154)
Principal payments on mortgages payable	(99)	(12)
Proceeds under revolving credit facilities	288,000	365,000
Repayments under revolving credit facilities	(359,000)	(399,000)
Proceeds from term loans	150,000	200,000
Proceeds under property development incentives	—	605
Repurchase of common stock for tax withholding obligations	(480)	(549)

Deferred offering costs	(351)	(1,220)
Deferred financing costs	(3,271)	(3,755)
Net cash provided by financing activities	231,610	351,069
Net change in cash, cash equivalents and restricted cash	(62,609)	8,587
Cash, cash equivalents and restricted cash at beginning of the period	70,543	7,603
Cash, cash equivalents and restricted cash at end of the period	$ 7,934	$ 16,190
Supplemental disclosures of cash flow information:		
Cash paid for interest, net	$ 12,779	$ 4,345
Cash paid for income taxes	$ 575	$ 45
Supplemental disclosures of non-cash investing and financing activities:		
Dividends declared and unpaid on restricted stock	$ 375	$ 411
Deferred offering costs included in accounts payable, accrued expenses and other liabilities	$ 34	$ —
Cash flow hedge change in fair value	$ 8,009	$ 21,436
Mortgage loan receivable settled in exchange for acquisition of real estate	$ 4,673	$ —
Increase in mortgage loan receivable in exchange for disposition of real estate	$ 1,837	$ —
Refinancing of mortgage loan receivable	$ 1,327	$ —
Mortgage note assumed at fair value	$ —	$ 7,913
Accrued capital expenditures and real estate development and improvement costs	$ 9,834	$ 952
Accrued lease incentives	$ 23	$ 1,690

	Three Months Ended March 31,	
	2024	**2023**
Cash flows from operating activities		
Net income	$ 1,052	$ 1,481
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	17,541	14,949
Amortization of deferred financing costs	558	308
Amortization of above/below-market assumed debt	29	29
Noncash revenue adjustments	(583)	(509)
Amortization of deferred gains on interest rate swaps	(979)	—
Stock-based compensation expense	1,751	1,027
(Gain) loss on sales of real estate, net	(997)	319
Provisions for impairment	3,662	—
Loss (gain) on involuntary conversion of buildings and improvements	414	(12)
Changes in assets and liabilities, net of assets acquired and liabilities assumed:		
Other assets, net	(4,015)	(1,845)
Accounts payable, accrued expenses and other liabilities	(6,782)	(441)
Lease incentive payments	—	(500)
Net cash provided by operating activities	11,651	14,806
Cash flows from investing activities		
Acquisitions of real estate	(95,153)	(67,717)
Real estate development and improvements	(12,281)	(2,480)
Investment in mortgage loans receivable	(10,191)	(45,917)
Principal collections on mortgage loans receivable	7	—
Earnest money deposits	(42)	(1,773)
Purchase of computer equipment and other corporate assets	(8)	—
Proceeds from sale of real estate	20,466	15,463
Proceeds from the settlement of property-related insurance claims	—	12

Net cash used in investing activities	(97,202)	(102,412)
Cash flows from financing activities		
Issuance of common stock in public offerings, net	—	52,903
Payment of common stock dividends	(15,031)	(11,650)
Payment of OP unit distributions	(98)	(101)
Payment of restricted stock dividends	(384)	(92)
Principal payments on mortgages payable	(39)	(26)
Proceeds under revolving credit facilities	82,000	99,000
Repayments under revolving credit facilities	(87,000)	(116,000)
Proceeds from term loans	100,000	—
Repurchase of common stock for tax withholding obligations	(1,069)	(360)
Deferred offering costs	(423)	(15)
Net cash provided by financing activities	77,956	23,659
Net change in cash, cash equivalents and restricted cash	(7,595)	(63,947)
Cash, cash equivalents and restricted cash at beginning of the period	29,929	70,543
Cash, cash equivalents and restricted cash at end of the period	$ 22,334	$ 6,596
Supplemental disclosures of cash flow information:		
Cash paid for interest	$ 6,536	$ 3,641
Supplemental disclosures of non-cash investing and financing activities:		
Dividends declared and unpaid on restricted stock, net	$ 7	$ 122
Deferred offering costs included in accounts payable, accrued expenses and other liabilities	$ 107	$ —
Cash flow hedge change in fair value	$ 10,107	$ (5,979)
Accrued capital expenditures and real estate development and improvement costs	$ 1,110	$ 2,516

The accompanying notes are an integral part of these condensed consolidated financial statements.

NETSTREIT CORP. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(unaudited) (Unaudited)

Note 1 – Organization and Description of Business

NETSTREIT Corp. (the "Company") was incorporated on October 11, 2019 as a Maryland corporation and commenced operations on December 23, 2019. The Company conducts its operations through NETSTREIT, L.P., a Delaware limited partnership (the "Operating Partnership"). NETSTREIT GP, LLC, a Delaware limited liability company and a wholly owned subsidiary of the Company, is the sole general partner of the Operating Partnership.

The Company elected to be treated and to qualify as a real estate investment trust ("REIT") for U.S. federal income tax purposes beginning with its short taxable year ended December 31, 2019. Additionally, the Operating Partnership formed NETSTREIT Management TRS, LLC ("NETSTREIT TRS"), which together with the Company jointly elected to be treated as a taxable REIT subsidiary under Section 856(a) of the Internal Revenue Code of 1986, as amended, (the "Code") for U.S. federal income tax purposes.

The Company is structured as an umbrella partnership real estate investment trust (commonly referred to as an "UPREIT") and is an internally managed real estate company that acquires, owns, invests in and manages a diversified portfolio of single-tenant, retail commercial real estate leased on a long-term basis to high credit quality tenants across the United States. The Company also invests in property developments and mortgage loans secured by real estate. As of September 30, 2023 March 31, 2024, the Company owned or had investments in 547 628 properties, located in 45 states, excluding 32 16 property developments where rent has yet to commence.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The accompanying interim condensed consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") and the rules and regulations of the U.S. Securities and Exchange Commission ("SEC"). The accompanying condensed consolidated financial statements include the accounts of the Company and subsidiaries in which the Company has a controlling financial interest. All intercompany accounts and transactions have been eliminated in consolidation and the Company's net income is reduced by the portion of net income attributable to noncontrolling interests.

Interim Unaudited Financial Information

The accompanying unaudited interim condensed consolidated financial statements have been prepared pursuant to the rules and regulations of the SEC. These unaudited interim condensed consolidated financial statements do not include all of the information and notes required by GAAP for complete financial statements, and should be read in conjunction with the Company's audited consolidated financial statements and notes thereto on the Annual Report on Form 10-K as of and for the year ended December 31, 2022December 31, 2023, which provide a more complete understanding of the Company's accounting policies, financial position, operating results, business properties, and other matters. In the opinion of management, all adjustments of a normal recurring nature necessary for a fair presentation have been included. The results of operations for the three and nine months ended September 30, 2023March 31, 2024 and 20222023 are not necessarily indicative of the results for the full year.

Use of Estimates

The preparation of the condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The Company's most significant assumptions and estimates relate to the useful lives of real estate assets, lease accounting, real estate impairment assessments, and allocation of fair value of purchase consideration. These estimates are based on historical experience and other assumptions which management believes are reasonable under the circumstances. The Company evaluates its estimates on an ongoing basis and makes revisions to these estimates and related disclosures as experience develops or new information becomes known. Actual results could differ from those estimates.

Impairment of Long-Lived Assets

Fair value measurement of an asset group occurs when events or changes in circumstances related to an asset indicate that the carrying amount of the asset is no longer recoverable. An example of an event or changed circumstance is a reduction in the expected holding period of a property. If indicators are present, the Company will prepare a projection of the undiscounted future cash flows of the property, excluding interest charges, and determine if the carrying amount of the asset group is recoverable. When a carrying amount is not recoverable, an impairment loss is recognized to the extent that the carrying amount of the asset group exceeds its fair market value. The Company estimates fair value using data such as operating income, estimated capitalization rates or multiples, leasing prospects, local market information, and discount rates, and with regard to assets held for sale, based on the estimated or negotiated selling price, less estimated costs of disposal. Based on these unobservable inputs, the Company determined that its valuations of impaired real estate and intangible assets fall within Level 2 and Level 3 of the fair value hierarchy under ASC Topic 820.

The following table summarizes the provision for impairment during the periods indicated below (in thousands):

		Three Months Ended September 30,		Nine Months Ended September 30,			
		2023	2022	2023	2022		
		Three Months Ended March 31,				Three Months Ended March 31,	
		2024				2024	2023
Total provision for impairment	Total provision for impairment	$1,538	$—	$4,374	$1,114		
Number of properties: (1)	Number of properties: (1)						
Classified as held for sale	Classified as held for sale	—	—	6	—		

Classified as held for sale								
Classified as held for sale							4	—
Disposed within the period	Disposed within the period	2	—	2	1	Disposed within the period	2	—

(1) Includes the number of properties that were either (i) impaired during the period on the held for sale classification date and remained as held for sale as of period-end or (ii) impaired and disposed of during the respective period. Excludes properties that did not have impairment recorded during the year. period. Of the total provision for impairment during the three and nine months ended September 30, 2023 March 31, 2024, the Company recorded $0.7 million $0.3 million of additional impairment expense on two properties that were classified as held for sale in prior periods. periods, and $2.2 million of impairment expense on four properties held for investment.

Cash, Cash Equivalents and Restricted Cash

The Company considers all cash balances, money market accounts and highly liquid investments with original maturities of three months or less to be cash and cash equivalents. Restricted cash includes cash restricted for property tenant improvements and cash proceeds from the sale of assets held by qualified intermediaries in anticipation of the acquisition of replacement properties in tax-free exchanges under Section 1031 of the Code. Restricted cash is included in cash, cash equivalents, and restricted cash in the condensed consolidated balance sheets. The Company had less than $0.1 million $0.7 million restricted cash as of March 31, 2024, and $11.5 million of restricted cash as of September 30, 2023, and $4.7 million of restricted cash as of December 31, 2022 December 31, 2023.

The Company's bank balances as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 included certain amounts over the Federal Deposit Insurance Corporation limits.

Fair Value Measurement

Companies Fair value measurements are utilized in the accounting of the Company's assets acquired and liabilities assumed in an asset acquisition and also affect the Company's accounting for certain of its financial assets and liabilities. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). The hierarchy described below prioritizes inputs to the valuation techniques used in measuring the fair value of assets and liabilities. This hierarchy maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring the most observable inputs to be used when available. The hierarchy is broken down into three levels based on the reliability of inputs as follows: Level 1 inputs, such as quoted prices in an active market; Level 2 inputs, which are observable inputs for similar assets; or Level 3 inputs, which are unobservable inputs.

The Company uses the following inputs in its fair value measurements:

– Level 2 and Level 3 inputs for its debt and derivative financial instrument fair value disclosures. See "Note 6 - Debt" and "Note 7 - Derivative Financial Instruments," respectively; and

– Level 2 and Level 3 inputs when assessing the fair value of assets and liabilities in connection with real estate acquisitions and impairment. See "Note 4 - Real Estate Investments."

Additionally, companies are required to disclose the estimated fair values of all financial instruments, even if they are not carried at their fair value. The fair values of the Company's financial instruments are estimates based on market conditions and perceived risks as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023. These estimates require management's judgement judgment and may not be indicative of the future fair values of the assets and liabilities.

The fair value of the Company's cash, cash equivalents and restricted cash (including money market accounts), other assets and accounts payable, accrued expenses and other liabilities approximate their carrying value because of the short-term nature of these instruments. Additionally, the Company believes the following financial instruments have carrying values that approximate their fair values as of September 30, 2023 March 31, 2024:

- Borrowings under the Company's Revolver (as defined in "Note 6 - Debt") approximate fair value based on their nature, terms and variable interest rates.
- Carrying values of the Company's mortgage loans receivable approximate fair values based on a number of factors, including either their short-term nature, the availability of market quotes for comparable instruments, and a discounted cash flow analysis using estimates of the amount and timing of future cash flows, market rates, and credit spreads.
- Carrying value of the Company's mortgage note payable approximates fair value based on a discounted cash flow analysis using estimates of the amount and timing of future cash flows, market rates, and credit spreads.

Provisions for impairment recognized during the three months ended March 31, 2024 partially related to assets held for sale where impairment was determined based on the estimated or negotiated selling price, less costs of disposal, compared to the carrying value of the property. Of the total provision for impairment during the three months ended March 31, 2024, the Company also recorded $2.2 million of impairment expense on four properties held for investment. These properties were accounted for at fair value on a nonrecurring basis using a cash flow model (Level 3 inputs) with adjusted carrying values ranging from $0.6 million to $1.6 million. The Company estimated the fair value using capitalization rates ranging from 9.0% to 12.1% which it believes is reasonable based on current market rates. As of December 31, 2023, there were two real estate assets held for investment accounted for at fair value. Of these properties, one was accounted for at fair value on a nonrecurring basis using a cash flow model (Level 3 inputs) with an adjusted carrying value of $1.5 million.

The following table discloses estimated fair value information for the Company's 2024 Term Loan, 2027 Term Loan, 2028 Term Loan, and 2029 Term Loan (each as defined in "Note 6 - Debt") which is derived based primarily on unobservable market inputs such as interest rates and discounted cash flow analysis using estimates of the amount and timing of future cash flows, market rates and credit spreads (in thousands):

	September 30, 2023		December 31, 2022	
	Carrying Value (1)	Estimated Fair Value	Carrying Value (1)	Estimated Fair Value
2024 Term Loan (2)	$ —	$ —	$174,532	$ 175,382
	March 31, 2024		December 31, 2023	
	Carrying Value (1)	Estimated Fair Value	Carrying Value (1)	Estimated Fair Value
2027 Term Loan	173,919	175,713	—	—
2028 Term Loan	198,945	201,465	198,764	201,108
2029 Term Loan	148,749	150,727	—	—

(1) The carrying value of the debt instruments are net of unamortized debt issuance and discount costs.

(2) On June 15, 2023, the Company amended and restated its 2024 Term Loan, providing for a $175.0 million senior unsecured term loan (the "2027 Term Loan").

Concentrations of Credit Risk

Financial instruments that potentially subject us the Company to significant concentrations of credit risk consist principally of cash and cash equivalents. The Company is exposed to credit risk with respect to cash held at various financial institutions, access to its credit facilities, amounts due under mortgage loans receivable, and amounts due or payable under derivative contracts. The credit risk exposure with regard to the Company's cash, credit facilities, and derivative instruments is spread among a diversified group of investment grade financial institutions.

During the three and nine months ended September 30, 2023 and 2022, March 31, 2024, one tenant, Dollar General, accounted for 10.43% of total revenues. During the three months ended March 31, 2023, there were no tenants or borrowers with rental revenue or interest income on loans receivable respectively, that exceeded 10% of total rental revenue.

Segment Reporting

ASC Topic 280, Segment Reporting, establishes standards for the manner in which companies report information about operating segments. Substantially all of the Company's investments, at acquisition, are comprised of real estate owned that is leased to tenants on a long-term basis or real estate that secures the Company's investment in mortgage loans receivable. The Company allocates resources and assesses operating performance based on individual investment and property needs. Therefore, the Company aggregates these investments for reporting purposes and operates in one reportable segment.

Recent Accounting Pronouncements Issued But Not Yet Adopted

In November 2023, the FASB issued ASU 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures ("ASU 2023-07"). ASU 2023-07 is intended to improve reportable segment disclosures by requiring disclosure of incremental segment information on an annual and interim basis such as, annual and interim disclosure of significant segment expenses that are regularly provided to the chief operating decision maker, interim disclosure of a reportable segment's profit or loss and assets, and the requirement that a public entity that has a single reportable segment provide all the disclosures required by ASU 2023-

07 and all existing segment disclosures in Topic 280. The amendments in ASU 2023-07 do not change how a public entity identifies its operating segments, aggregates those operating segments, or applies the quantitative thresholds to determine its reportable segments. The amendments in ASU 2023-07 are effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. The disclosures are applied retrospectively to all periods presented and early adoption is permitted. The Company has one reportable segment and continues to evaluate additional disclosures that may be required for entities with a single reportable segment.

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures ("ASU 2023-09"). ASU 2023-09 requires annual disclosure of specific categories in the rate reconciliation and provide additional information for reconciling items that meet a quantitative threshold within the rate reconciliation. In addition, the amendments require annual disclosure of income taxes paid disaggregated by federal, state and foreign jurisdictions as well as individual jurisdictions in which income taxes paid is equal to or greater than 5 percent of total income taxes paid. ASU 2023-09 is effective for annual periods beginning after December 15, 2024 on a prospective basis, however early adoption and retrospective application is permitted. The Company continues to evaluate the potential impact of the guidance and potential additional disclosures required.

Note 3 – Leases

Tenant Leases

The Company acquires, owns and manages commercial single-tenant lease properties, with the majority being long-term triple-net leases where the tenant is generally responsible for all improvements and contractually obligated to pay all operating costs (such as real estate taxes, utilities and repairs and maintenance costs). As of September 30, 2023March 31, 2024, exclusive of mortgage loans receivable, the Company's weighted average remaining lease term was 9.39.2 years.

The Company's property leases have been classified as operating leases and some have scheduled rent increases throughout the lease term. The Company's leases typically provide the tenant one or more multi-year renewal options to extend their leases, subject to generally the same terms and conditions, including rent increases, consistent with the initial lease term.

All lease-related income is reported as a single line item, rental revenue (including reimbursable), in the condensed consolidated statements of operations and comprehensive income (loss) and is presented net of any reserves, write-offs, or recoveries for uncollectible amounts. There were no material reserves for uncollectible amounts during the three and nine months ended September 30, 2023 and 2022.

Fixed lease income includes stated amounts per the lease contract, which include base rent, fixed common area maintenance charges, and straight-line lease adjustments.

Variable lease income primarily includes recoveries from tenants, which represent amounts that tenants are contractually obligated to reimburse the Company for, specific to their portion of actual recoverable costs incurred. Variable lease income also includes percentage rent, which represents amounts billable to tenants based on their actual sales volume in excess of levels specified in the lease contract.

The following table provides a disaggregation of lease income recognized under ASC 842 (in thousands):

		Three Months Ended September 30,		Nine Months Ended September 30,			
		2023	2022	2023	2022		
	Three Months Ended March 31,					Three Months Ended March 31,	
	2024					2024	2023
Rental revenue	Rental revenue						
Fixed lease income (1)							
Fixed lease income (1)							
Fixed lease income (1)	Fixed lease income (1)	$27,999	$21,940	$79,530	$59,661		
Variable lease income (2)	Variable lease income (2)	3,047	2,086	9,299	7,004		
Other rental revenue:	Other rental revenue:						

Above/below market lease amortization, net	Above/below market lease amortization, net	319	444	1,108	1,021
Above/below market lease amortization, net					
Above/below market lease amortization, net					
Lease incentives	Lease incentives	(198)	(131)	(590)	(377)
Rental revenue (including reimbursable)	Rental revenue (including reimbursable)	$31,167	$24,339	$89,347	$67,309

(1) Fixed lease income includes contractual rents under lease agreements with tenants recognized on a straight-line basis over the lease term.

(2) Variable lease income primarily includes tenant reimbursements for real estate taxes, insurance, common area maintenance, and lease termination fees, and the write-off of uncollectible amounts. There were immaterial no material reserves, write-offs, or recoveries of uncollectible amounts during the three and nine months ended September 30, 2023 March 31, 2024 and 2022. March 31, 2023.

Scheduled future minimum base rental payments (excluding base rental payments from properties classified as held for sale and straight-line rent adjustments for all properties) due to be received under the remaining non-cancelable term of the operating leases in place as of September 30, 2023 March 31, 2024 are as follows (in thousands):

		Future Minimum Base Rental Receipts
Remainder of 2023		$ 28,258
2024		113,546
	Future Minimum Base Rental Receipts	**Future Minimum Base Rental Receipts**
Remainder of 2024		
2025	2025	113,399
2026	2026	110,786
2027	2027	106,751
2028		
Thereafter	Thereafter	611,894
Total	Total	$1,084,634

Future minimum rentals exclude amounts that may be received from tenants for reimbursements of operating costs and property taxes. In addition, the future minimum rents do not include any contingent rents based on a percentage of the lessees' gross sales or lease escalations based on future changes in the Consumer Price Index ("CPI") or other stipulated reference rate.

Corporate Office Lease

In August 2021, the Company entered into a lease agreement on a new corporate office space, which commenced in October 2021 and is classified as an operating lease. The lease has a remaining noncancellable lease term of 8.8 years that expires on July 31, 2032, with a one-time option to terminate in 2029 exercisable by the Company.

The following table presents the lease expense components for the three and nine months ended September 30, 2023 and 2022 (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Operating lease cost	$ 135	$ 135	$ 406	$ 406
Variable lease cost	$ 83	$ 33	$ 217	$ 42

The Company recorded a right-of-use asset and operating lease liability of approximately $4.5 million at lease commencement. As of September 30, 2023, the right-of-use asset and operating lease liability was $4.0 million and $5.2 million, respectively. The right-of-use asset is included in other assets, net and the operating lease liability is included in accounts payable, accrued expenses and other liabilities in the accompanying condensed consolidated balance sheets.

The following table reflects the maturity analysis of payments due from the Company over the next five years and thereafter for the corporate office lease obligation as of September 30, 2023 (in thousands):

	Future Minimum Lease Payments
Remainder of 2023	$ 146
2024	617
2025	636
2026	653
2027	670
Thereafter	3,311
Total lease payments	6,033
Less: amount representing interest (1)	(825)
Present value of operating lease liabilities	$ 5,208

(1) Imputed interest was calculated using a discount rate of 3.25%. The discount rate is based on the estimated incremental borrowing rate, calculated as the treasury rate for the same period as the underlying lease term, plus a spread determined using factors including REIT industry performance.

Note 4 – Real Estate Investments

As of September 30, 2023 March 31, 2024, the Company owned or had investments in 547 628 properties, excluding 32 16 property developments where rent has yet to commence. The gross real estate investment portfolio, including properties under development, totaled approximately $1.8 billion $1.9 billion and consisted of the gross acquisition cost of land, buildings, improvements, and lease intangible assets and liabilities. liabilities, and property development costs. The investment portfolio is geographically dispersed throughout 45 states with gross real estate investments in Illinois and Texas representing 8.9% 9.4% and 8.8%, respectively, of the total gross real estate investment of the Company's investment portfolio.

Acquisitions

During the three months ended September 30, 2023 March 31, 2024, the Company acquired 21 28 properties for a total purchase price of $95.3 million $95.2 million, inclusive of $0.8 million of capitalized acquisition costs. During the nine months ended September 30, 2023, the Company acquired 69 properties for a total purchase price of $259.2 million, inclusive of $2.4 million $1.2 million of capitalized acquisition costs.

During the three months ended September 30, 2022 March 31, 2023, the Company acquired 26 20 properties for a total purchase price of $121.7 million $67.7 million, inclusive of $1.3 million of capitalized acquisition costs. During the nine months ended September 30, 2022, the Company acquired 82 properties for a total purchase price of $329.0 million, inclusive of $3.2 million $0.7 million of capitalized acquisition costs.

The acquisitions were all accounted for as asset acquisitions. An allocation of the purchase price and acquisition costs paid for the completed acquisitions is as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Land	$ 22,559	$ 35,175	$ 56,611	$ 84,248

Buildings	59,213	76,853	159,215	204,623
Site improvements	3,857	6,207	12,826	18,059
Tenant improvements	736	870	2,295	3,046
In-place lease intangible assets	8,467	12,616	26,276	35,021
Above-market lease intangible assets	479	2,323	2,022	2,676
	95,311	134,044	259,245	347,673
Liabilities assumed				
Below-market lease intangible liabilities	—	(4,418)	—	(10,734)
Mortgage note payable	—	(7,913)	—	(7,913)
Accounts payable, accrued expense and other liabilities	—	(16)	—	(40)
Purchase price (including acquisition costs)	$ 95,311	$ 121,697	$ 259,245	$ 328,986

	Three Months Ended March 31,	
	2024	2023
Land	$ 16,608	$ 14,304
Buildings	59,379	43,133
Site improvements	6,428	3,479
Tenant improvements	1,445	391
In-place lease intangible assets	11,293	6,410
Purchase price (including acquisition costs)	$ 95,153	$ 67,717

Development

As of September 30, 2023 March 31, 2024, the Company had 27 13 property developments under construction. During the three months ended September 30, 2023 March 31, 2024, the Company invested $33.2 million $11.0 million in property developments, including the land acquisition of 14 two new developments with a combined initial purchase price of $9.6 million $0.8 million. During the nine three months ended September 30, 2023, the Company invested $55.5 million in property developments, including the land acquisition of 34 new developments with a combined initial purchase price of $21.6 million. During the nine months ended September 30, 2023 March 31, 2024, the Company completed development on 12 seven projects and reclassified approximately $38.8 million $18.4 million from property under development to land, building, buildings and improvements, and other assets (leasing commissions) in the accompanying condensed consolidated balance sheets. Rent commenced for seven four of the 12 seven completed developments during in the nine months ended September 30, 2023, first quarter of 2024, while rent is expected to commence for the other five three completed developments in the fourth second quarter of 2023. 2024. The remaining 27 13 developments in progress are expected to be substantially completed with rent commencing at various points throughout the next twelve months. 2024. The purchase price, including acquisition costs, and subsequent development are included in property under development in the accompanying condensed consolidated balance sheets as of September 30, 2023 March 31, 2024.

During the three months ended September 30, 2022 March 31, 2023, the Company invested $4.7 $4.5 million in property developments.

During the nine three months ended September 30, 2022 March 31, 2023, the Company invested $14.3 million in property developments, including the land acquisition of one new development with an initial purchase price of $1.0 million. During this period, the Company completed development on four two projects and reclassified approximately $14.7 million $14.8 million from property under development to land, building, buildings and improvements in the accompanying condensed consolidated balance sheets. Rent commenced for the completed developments in the first quarter of 2023. The purchase price, including acquisitions costs, and subsequent development are included in property under development in the accompanying condensed consolidated balance sheets as of March 31, 2023.

Additionally, during the three months ended September 30, 2023 March 31, 2024 and 2022, 2023, the Company capitalized approximately $0.4 million and $0.1 million, respectively, of interest expense associated with properties under development. During the nine months ended September 30, 2023 and 2022, the Company capitalized approximately $0.7 million and $0.2 million, respectively, of interest expense associated with properties under development.

Dispositions

During the three months ended September 30, 2023 March 31, 2024, the Company sold four 12 properties for a total sales price, net of disposal costs, of $7.2 million $20.5 million, recognizing a net gain of $0.4 million $1.0 million.

During the nine three months ended September 30, 2023 March 31, 2023, the Company sold fourteen eight properties for a total sales price, net of disposal costs, of $26.5 million $15.5 million, recognizing a gain net loss of $0.7 million.

During the three months ended September 30, 2022, the Company sold one property for a total sales price, net of disposal costs, of $1.7 million, recognizing a gain of $0.1 million. During the nine months ended September 30, 2022, the Company sold four properties for a total sales price, net of disposal costs, of $13.8 million, recognizing a gain of $2.2 million $0.3 million.

Investment in Mortgage Loans Receivable

The Company's mortgage loans receivable portfolio as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 is summarized below (in thousands):

Loan Type	Loan Type	Number of Secured Properties	Effective Interest Rate (4)	Stated Interest Rate	Maturity Date	September 30, 2023	December 31, 2022	Loan Type	Monthly Payment (1)	Number of Secured Properties	Effective Interest Rate (2)	Stated Interest Rate	Maturity Date	March 31, 2024	December 31, 2023
Mortgage (3) (4) (5)															
Mortgage (1) (4)	Mortgage (1) (4)	1	6.46%	7.00%	4/8/2024	$ 43,612	$ 40,316								
Mortgage		2	6.57%	7.00%	6/30/2023	—	6,000								
Mortgage		46	9.55%	9.55%	3/10/2026	41,940	—								
Mortgage (4) (6)															
Mortgage (3) (4) (6)															
Mortgage (2)	Mortgage (2)	3	8.10%	6.89%	4/10/2026	4,132	—								
Mortgage (2) (3)	Mortgage (2) (3)	10	7.57%	7.57%	6/10/2025	15,505	—								
Mortgage		1	8.50%	8.50%	3/21/2024	660	—								
Mortgage (1) (3)		1	7.50%	7.50%	3/8/2024	3,246	—								
Mortgage (3) (4) (8)															
Mortgage (3) (4)															
Total	Total					109,095	46,316								
Unamortized loan origination costs						124	62								
Unamortized loan origination costs and fees, net															
Unamortized discount	Unamortized discount					(128)	—								
Total mortgage loans receivable, net	Total mortgage loans receivable, net					$ 109,091	$ 46,378								

(1) I/O: Interest Only; P+I: Principal and Interest.

(2) Includes amortization of discount and loan origination costs, as applicable.

(3) The Company has the right, subject to certain terms and conditions, to purchase acquire all or a portion of the underlying collateralized property.

(2) The stated interest rate is variable up to 15.0% and is calculated based on contractual rent for existing collateralized properties subject to the loan agreement.

(3) Requires monthly payments of both interest and principal. properties.

(4) Includes amortization of discount and loan origination costs, as applicable.

All of the Company's mortgage loans receivable, excluding the $3.2 million mortgage loan with a maturity of March 8, 2024 noted above, Loans require monthly payments of interest only with principal payments occurring as borrower disposes of underlying properties, limited to the Company's allocated investment by property. Any remaining principal balance will be repaid at or before the maturity date.

(5) The $43.6 million mortgage note receivable was scheduled to mature on April 8, 2024, however, the Company executed an amendment in April 2024 that extended the maturity date to January 8, 2025.

(6) The stated interest rate is variable up to 15.0% and is calculated based on contractual rent for existing collateralized properties subject to the loan agreement.

(7) Payments of both interest and principal are due at maturity.

(8) The collateralized properties are in process developments with varying maturity dates dependent upon initial funding. Maturity dates range from December 5, 2024 to March 19, 2025.

Assets Held for Sale

As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, there were fifteen and eleven 23 properties respectively, classified as held for sale.

Provisions for Impairment

The Company recorded provisions for impairment of $1.5 million $3.7 million on seven 12 properties for the three months ended September 30, 2023, and provisions for impairment of $4.4 million on ten properties for the nine months ended September 30, 2023 March 31, 2024. The Company recorded no provisions for impairment for the three months ended September 30, 2022, and provisions for impairment of $1.1 million on one property for the nine months ended September 30, 2022 March 31, 2023.

Note 5 – Intangible Assets and Liabilities

Intangible assets and liabilities consisted of the following (in thousands):

		September 30, 2023			December 31, 2022		
		Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
	March 31, 2024						
	Gross Carrying Amount						
		March 31, 2024			December 31, 2023		
		Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Assets:	Assets:						
In-place leases	In-place leases	$178,506	$ (40,726)	$137,780	$154,876	$ (28,472)	$126,404
In-place leases							
In-place leases							
Above-market leases	Above-market leases	21,988	(3,999)	17,989	20,091	(2,892)	17,199
Assembled workforce		873	(873)	—	873	(873)	—
Lease incentives	Lease incentives	9,220	(1,165)	8,055	8,021	(618)	7,403
Total intangible assets	Total intangible assets	$210,587	$ (46,763)	$163,824	$183,861	$ (32,855)	$151,006
Liabilities:	Liabilities:						
Liabilities:							
Liabilities:							

Below-market leases	Below-market leases	$ 33,959	$ (7,260)	$ 26,699	$ 35,596	$ (5,465)	$ 30,131

The remaining weighted average amortization period for the Company's intangible assets and liabilities as of September 30, 2023 March 31, 2024 and as of December 31, 2022 December 31, 2023 by category were as follows:

		Years Remaining			Years Remaining	
		September 30, 2023	December 31, 2022		March 31, 2024	December 31, 2023
In-place leases	In-place leases	9.1	9.4	In-place leases	8.9	8.8
Above-market leases	Above-market leases	12.4	13.0	Above-market leases	12.0	12.2
Below-market leases	Below-market leases	11.2	11.6	Below-market leases	10.7	10.9
Lease incentives	Lease incentives	11.3	11.8	Lease incentives	10.8	11.1

The Company records amortization of in-place lease assets and assembled workforce intangible assets to amortization expense, and records net amortization of above-market and below-market lease intangibles as well as amortization of lease incentives to rental revenue. The following amounts in the accompanying condensed consolidated statements of operations and comprehensive income (loss) related to the amortization of intangible assets and liabilities for all property and ground leases (in thousands):

		Three Months Ended September 30,		Nine Months Ended September 30,		Three Months Ended March 31,	
		2023	2022	2023	2022	2024	2023
Amortization:	Amortization:						
Amortization of in-place leases	Amortization of in-place leases	$4,641	$4,201	$14,120	$11,489		
Amortization of in-place leases							
Amortization of in-place leases							
Amortization of assembled workforce	Amortization of assembled workforce	—	73	—	220		
		$4,641	$4,274	$14,120	$11,709		
	$						
Net adjustment to rental revenue:	Net adjustment to rental revenue:						
Net adjustment to rental revenue:							

Net adjustment to rental revenue:					
Above-market lease assets					
Above-market lease assets					
Above-market lease assets	Above-market lease assets	(398)	(343)	(1,159)	(1,003)
Below-market lease liabilities	Below-market lease liabilities	717	787	2,266	2,024
Lease incentives	Lease incentives	(198)	(131)	(590)	(377)
		$ 121	$ 313	$ 517	$ 644
	$				

The following table provides the projected amortization of in-place lease assets to amortization expense and the net amortization of above-market, below-market, and lease incentive lease intangibles intangible assets and liabilities to rental revenue as of September 30, 2023 March 31, 2024, for the next five years and thereafter (in thousands):

		Remainder of 2023	2024	2025	2026	2027	Thereafter	Total	
	Remainder of 2024								Remainder of 2024 2025 2026 2027 2028 Thereafter Total
In-place leases	In-place leases	$ 4,901	$19,475	$18,901	$17,658	$15,400	$ 61,445	$137,780	
Above-market lease assets									
Above-market lease assets									
Above-market lease assets	Above-market lease assets	(425)	(1,696)	(1,695)	(1,657)	(1,569)	(10,947)	(17,989)	
Below-market lease liabilities	Below-market lease liabilities	715	2,854	2,832	2,740	2,668	14,890	26,699	
Lease incentives	Lease incentives	(198)	(794)	(794)	(794)	(738)	(4,737)	(8,055)	
Net adjustment to rental revenue	Net adjustment to rental revenue	$ 92	$ 364	$ 343	$ 289	$ 361	$ (794)	$ 655	

Note 6 – Debt

Debt consists of the following (in thousands):

				Amounts Outstanding as of	
	Contractual Maturity Date	Fully Extended Maturity Date (1)	Interest Rate	September 30, 2023	December 31, 2022

					Amounts Outstanding as of	Amounts Outstanding as of
		Contractual Maturity Date Contractual Maturity Date	Fully Extended Maturity Date (1)	Interest Rate (2)	March 31, 2024	December 31, 2023
Debt:	Debt:					
2024 Term Loan (2)		December 23, 2024	—	1.37%	$ —	$175,000
2027 Term Loan (3)	2027 Term Loan (3)	January 15, 2026	January 15, 2027	1.37%	175,000	—
2027 Term Loan (3)						
2027 Term Loan (3)						
2028 Term Loan (4)						
2029 Term Loan (5)						
Revolver (4) (6)	Revolver (4) (6)	August 11, 2026	August 11, 2027	6.42%	42,000	113,000
2028 Term Loan (5)		February 11, 2028	—	3.88%	200,000	200,000
Mortgage Note	Mortgage Note	November 1, 2027	—	4.53%	8,399	8,498
2029 Term Loan (6)		July 3, 2026	January 3, 2029	4.89%	150,000	—
Total debt	Total debt				575,399	496,498
Unamortized discount and debt issuance costs	Unamortized discount and debt issuance costs				(3,896)	(2,306)
Unamortized deferred financing costs, net (7)	Unamortized deferred financing costs, net (7)				(2,128)	(2,684)
Total debt, net	Total debt, net				$ 569,375	$ 491,508

(1) Date represents the fully extended maturity date available to the Company, subject to certain conditions, under each related debt instrument.

(2) On June 15, 2023, Rate represents the Company amended effective interest rate as of March 31, 2024 and restated its 2024 Term Loan, providing for a $175.0 million senior unsecured term loan (the “2027 Term Loan”). includes the effect of interest rate swap agreements, as described further in “Note 6 - Debt” and “Note 7 - Derivative Financial Instruments.”

(3) Loan is a floating-rate loan which resets daily at daily SOFR plus a SOFR adjustment of 0.10% plus the applicable margin which was 1.15% as of September 30, 2023 March 31, 2024. The Company has entered into five interest rate swap agreements that effectively convert the floating rate to a fixed rate. The hedged fixed rate will reset effective November 27, 2023 to 1.87% and will reset again effective December 23, 2024 to 2.40%.

(4) The annual interest rate of the Revolver assumes daily SOFR as of September 30, 2023 of 5.32% plus a SOFR adjustment of 0.10% plus the applicable margin which was 1.00% as of September 30, 2023.

(5) Loan is a floating-rate loan which resets monthly at one-month term SOFR plus a SOFR adjustment of 0.10% plus the applicable margin which was 1.15% as of September 30, 2023 March 31, 2024. The Company has entered into three interest rate swap agreements that effectively convert the floating rate to a fixed rate.

(6) (5) Loan is a floating-rate loan which resets daily at daily SOFR plus a SOFR adjustment of 0.10% plus the applicable margin which was 1.15% as of September 30, 2023 March 31, 2024. The Company has entered into four interest rate swap agreements that effectively convert the floating rate to a fixed rate.

(6) The annual interest rate of the Revolver assumes daily SOFR as of March 31, 2024 of 5.32% plus a SOFR adjustment of 0.10% plus the applicable margin which was 1.00% as of March 31, 2024.

(7) The Company records deferred financing costs associated with the Revolver and in other assets, net on its condensed consolidated balance sheets. The Company reclassed the net amount of loan commitment fees associated with the 2029 Term Loan in from other assets, net on its condensed consolidated balance sheets. to debt issuance costs upon the $100.0 million draw under the 2029 Term Loan.

2029 Term Loan

On July 3, 2023, the Company entered into an agreement (the “2029 Term Loan Agreement”) related to a $250.0 million sustainability-linked senior unsecured term loan (the “2029 Term Loan”) which may, subject to the terms of the 2029 Term Loan Agreement, be increased to an amount of up to $400.0 million at the Company’s request. The 2029 Term Loan contains a 12-month delayed draw feature and $150.0 million was drawn on July 3, 2023. The 2029 Term Loan is prepayable at the Company’s option in whole or in part without premium or penalty. The 2029 Term Loan matures on July 3, 2026, subject to extension options at the Company’s election on two occasions, by one year and, on one occasion, by six months (subject to certain conditions). Subject to the terms of the 2029 Term Loan Agreement, the Company drew an additional $100.0 million under the 2029 Term Loan on March 1, 2024.

The interest rate applicable to the 2029 Term Loan is determined by the Company’s Investment Grade Rating (as defined in the 2029 Term Loan Agreement). Prior to the date the Company obtains an Investment Grade Rating, interest shall accrue at either

(i) SOFR, plus a margin ranging from 1.15% to 1.60% or (ii) Base Rate (as defined in the 2029 Term Loan Agreement), plus a margin ranging from 0.15% to 0.60%, in each case based on the Company’s consolidated total leverage ratio. After the date the Company obtains an Investment Grade Rating, interest shall accrue at either (i) SOFR, plus a margin ranging from 0.80% to

1.60% or (ii) Base Rate, plus a margin ranging from 0.00% to 0.60%, in each case based on the Company’s Investment Grade Rating.

The Company has hedged the entire $250.0 million of the 2029 Term Loan at an all-in fixed interest rate of 4.99%, through January 2029, which consists of the a fixed rate SOFR swap rate of 3.74%, plus a credit spread adjustment of 0.10% and, at current leverage levels, a borrowing spread of 1.15%. Interest is payable monthly or at the end of the applicable interest period in arrears on any outstanding borrowings.

The 2029 Term Loan also contains sustainability-linked pricing component pursuant to which the Company will receive interest rate reductions up to 0.025% based on its performance against a sustainability performance target focused on the portion of the Company’s annualized based rent attributable to tenants with commitments or quantifiable targets for reduced GHG emission is in accordance with the standards of the Science Based Targets initiative (“SBTi”).

In connection with the 2029 Term Loan, the Company incurred $1.4 million of deferred financing costs. Additionally, the Company incurred $0.9 million of loan commitment fees associated with the 2029 Term Loan, which has been were capitalized to other assets, net on the condensed consolidated balance sheets. The deferred sheets and subsequently reclassed to debt issuance costs upon the $100.0 million draw under the 2029 Term Loan. Deferred financing costs and capitalized loan commitment fees are both amortized over the term of the loan and are included in interest expense, net on the Company’s condensed consolidated statements of operations and comprehensive income. income (loss).

Credit Facility

On August 11, 2022, the Company entered into a sustainability-linked senior unsecured credit facility consisting of (i) a $200.0 million senior unsecured term loan (the “2028 Term Loan”) and (ii) a $400.0 million senior unsecured revolving credit facility (the “Revolver”, and together with the 2028 Term Loan, the “Credit Facility”). The Credit Facility may be increased by $400.0 million in the aggregate for total availability of up to $800.0 million.

The 2028 Term Loan matures on February 11, 2028. The Revolver matures on August 11, 2026, subject to a one year extension option at the Company’s election (subject to certain conditions) to August 11, 2027. Borrowings under the Credit Facility are repayable at the Company’s option in whole or in part without premium or penalty. Borrowings under the Revolver may be repaid and reborrowed from time to time prior to the maturity date.

Prior to the date the Company obtains an Investment Grade Rating (as defined in the credit agreement governing the Credit Facility (the “Credit Agreement”)), interest rates are based on the Company’s consolidated total leverage ratio, and are determined by (A) in the case of the 2028 Term Loan either (i) SOFR, plus a SOFR adjustment of 0.10%, plus a margin ranging from 1.15% to 1.60%, based on the Company’s consolidated total leverage ratio, or (ii) a Base Rate (as defined in the Credit Agreement), plus a margin ranging from 0.15% to 0.60%, based on the Company’s consolidated total leverage ratio and (B) in the case of the Revolver either (i) SOFR, plus a SOFR adjustment of 0.10%, plus a margin ranging from 1.00% to 1.45%, based on the Company’s consolidated total leverage ratio, or (ii) a Base Rate (as defined in the Credit Agreement), plus a margin ranging from 0.00% to 0.45%, based on the Company’s consolidated total leverage ratio.

After the date the Company obtains an Investment Grade Rating, interest rates are based on the Company’s Investment Grade Rating, and are determined by (A) in the case of the 2028 Term Loan either (i) SOFR, plus a SOFR adjustment of 0.10%, plus a margin ranging from 0.80% to 1.60%, based on the Company’s Investment Grade Rating, or (ii) a Base Rate (as defined in the Credit Agreement), plus a margin ranging from 0.00% to 0.60%, based on the Company’s Investment Grade Rating and (B) in the case of the Revolver either (i) SOFR, plus a SOFR adjustment of 0.10%, plus a margin ranging from 0.725% to 1.40%, based on the Company’s Investment Grade Rating, or (ii) a Base Rate (as defined in the Credit Agreement), plus a margin ranging from 0.00% to 0.40%, based on the Company’s Investment Grade Rating.

Additionally, the Company will incur a facility fee based on the total commitment amount of $400.0 million under the Revolver. Prior to the date the Company obtains an Investment Grade Rating, the applicable facility fee will range from 0.15% to 0.30% based on the Company’s consolidated total leverage ratio. After the date the

Company obtains an Investment Grade Rating, the applicable facility fee will range from 0.125% to 0.30% based on the Company's Investment Grade Rating.

The Credit Facility also contains a sustainability-linked pricing component pursuant to which the Company will receive interest rate reductions up to 0.025% based on its performance against a sustainability performance target focused on the portion of the

Company's annualized base rent attributable to tenants with commitments or quantifiable targets for reduced greenhouse gas emission in accordance with the standards of the SBTi.

The Company has fully hedged the 2028 Term Loan with an all-in interest rate of 3.88%. Interest is payable monthly or at the end of the applicable interest period in arrears on any outstanding borrowings. The interest rate hedge is further described in "Note 7 – Derivative Financial Instruments."

In connection with the Credit Facility, the Company incurred $3.8 million approximately $3.8 million of deferred financing costs which were allocated between the Revolver and 2028 Term Loan in the amounts of $2.4 million $2.4 million and $1.3 million, $1.3 million, respectively. Additionally, $0.5 million $0.5 million of unamortized deferred financing costs associated with the Company's previous revolving credit facility were reclassed to the Revolver. Deferred financing costs are amortized over the remaining terms of each respective borrowing and are included in interest expense, net in the Company's condensed consolidated statements of operations and comprehensive income. income (loss).

2027 Term Loan

In December 2019, the Company entered into an agreement governing a $175.0 million senior unsecured term loan that was scheduled to mature in December 2024 (the "2024 Term Loan"). On June 15, 2023, the Company amended and restated the agreement governing the 2024 Term Loan to provide for a $175.0 million senior unsecured term loan with a maturity date of January 15, 2026 that is subject to a one year extension option at the Company's election (subject to certain conditions) (the "2027 Term Loan"). The 2027 Term Loan is repayable at the Company's option in whole or in part without premium or penalty.

The interest rate applicable to the 2027 Term Loan is determined by the Company's Investment Grade Rating (as defined in the 2027 Term Loan). Prior to the date the Company obtains an Investment Grade Rating, interest shall accrue at either (i) SOFR, plus a margin ranging from 1.15% to 1.60% or (ii) Base Rate (as defined in the 2027 Term Loan), plus a margin ranging from 0.15% to 0.60%, in each case based on the Company's consolidated total leverage ratio. After the date the Company obtains an Investment Grade Rating, interest shall accrue at either (i) SOFR, plus a margin ranging from 0.80% to 1.60% or (ii) Base Rate, plus a margin ranging from 0.00% to 0.60%, in each case based on the Company's Investment Grade Rating.

Interest is payable monthly or at the end of the applicable interest period in arrears. The Company has fully hedged the 2027 Term Loan. The interest rate hedges are described in "Note 7 – Derivative Financial Instruments."

Mortgage Note Payable

As of September 30, 2023 March 31, 2024, the Company had total gross mortgage indebtedness of $8.4 $8.3 million, which was collateralized by related real estate and a tenant's lease with an aggregate net book value of $12.7 million. $12.5 million. The Company incurred debt issuance costs of less than $0.1 million $0.1 million and recorded a debt discount of $0.6 million, $0.6 million, both of which are recorded as a reduction of the principal balance in mortgage note payable, net in the Company's condensed consolidated balance sheets. The mortgage note matures on November 1, 2027, but may be repaid in full beginning August 2027.

Debt Maturities

Payments on the 2027 Term Loan, 2028 Term Loan, and 2029 Term Loan are interest only through maturity. As of September 30, 2023 March 31, 2024, scheduled debt maturities, including balloon payments, are as follows (in thousands):

	Scheduled Principal	Balloon Payment (1)	Total
Remainder of 2023	$ 39	$ —	$ 39
2024	162	—	162

	Scheduled Principal	Scheduled Principal	Balloon Payment (1)	Total
Remainder of 2024				

2025	2025	170	—	170
2026	2026	178	367,000	367,178
2027	2027	170	7,663	7,833
Thereafter		—	200,000	200,000
2028				
Total	Total	$ 719	$574,663	$575,382
Total				
Total				

(1) Does not assume the exercise of any extension options available to the Company.

Interest Interest Expense

The following table is a summary of the components of interest expense related to the Company's borrowings (in thousands):

		Three Months Ended September 30,		Nine Months Ended September 30,			
		2023	**2022**	**2023**	**2022**		
		Three Months Ended March 31,					**Three Months Ended March 31,**
		2024				**2024**	**2023**
Revolving credit facilities (1)	Revolving credit facilities (1)	$ 380	$1,222	$ 4,096	$2,518		
Term loans (2)	Term loans (2)	4,428	1,670	9,597	2,854		
Mortgage note payable	Mortgage note payable	97	1	290	1		
Non-cash:	Non-cash:						
Amortization of deferred financing costs	Amortization of deferred financing costs	264	153	635	354		
Amortization of deferred financing costs							
Amortization of deferred financing costs							
Amortization of debt discount and debt issuance costs, net	Amortization of debt discount and debt issuance costs, net	315	86	616	199		
Amortization of deferred gains on interest rate swaps	Amortization of deferred gains on interest rate swaps	(1,134)	—	(1,134)	—		
Capitalized interest	Capitalized interest	(404)	(115)	(688)	(218)		

Total interest expense, net	Total interest expense, net	$ 3,946	$3,017	$13,412	$5,708

(1)Includes facility fees and non-utilization fees of approximately $0.2 million and $0.1 million $0.2 million for both the three months ended September 30, 2023 March 31, 2024 and 2022, respectively, and facility fees of $0.5 million and $0.2 million for the nine months ended September 30, 2023 and 2022, respectively. 2023.

(2) Includes the effects of interest rate hedges in place as of such date.

Deferred financing, discount, and debt issuance costs are amortized over the remaining terms of each respective borrowing and are included in interest expense, net in the Company's condensed consolidated statements of operations and comprehensive income. income (loss).

During the threemonths ended September 30, 2023 March 31, 2024 and 2022, the 2023, term loans had a weighted average interest rate, exclusive of amortization of deferred financing costs and the effects of interest rate hedges, of 6.53% 6.69% and 3.53% 5.77%, respectively. During the nine months ended September 30, 2023 and 2022, term loans had a weighted average interest rate, exclusive of amortization of deferred financing costs and the effects of interest rate hedges, of 5.09% and 2.49%, respectively.

During the threemonths ended September 30, 2023 March 31, 2024 and 2022, 2023, the Company incurred interest expense on revolving credit facilities with a weighted average interest rate, exclusive of amortization of deferred financing costs and facility fees, of 7.05% 6.54% and 3.28% 5.86%, respectively. During the nine months ended September 30, 2023 and 2022, the Company incurred interest expense on revolving credit facilities with a weighted average interest rate, exclusive of amortization of deferred financing costs and facility fees, of 5.98% and 2.29%, respectively.

The estimated fair values of the Company's term loans have been derived based on market observable inputs such as interest rates and discounted cash flow analysis using estimates of the amount and timing of future cash flows. These measurements are classified as Level 2 within the fair value hierarchy. Refer to "Note 2 - Summary of Significant Accounting Policies" for additional detail on fair value measurements.

The Company was in compliance with all of its debt covenants as of September 30, 2023 March 31, 2024 and expects to be in compliance for the twelve-month period ending December 31, 2023 December 31, 2024.

Note 7 – Derivative Financial Instruments

The Company uses interest rate derivative contracts to manage its exposure to changes in interest rates on its variable rate debt. These derivatives are considered cash flow hedges and are recorded on a gross basis at fair value. Assessments of hedge effectiveness are performed quarterly using either a qualitative or quantitative approach. The Company recognizes the entire change in the fair value in Accumulated Other Comprehensive Income ("AOCI") and the change is reflected as cash flow hedge changes in fair value in the supplemental disclosures of non-cash investing and financing activities in the condensed consolidated statements of cash flows.

Effective July 3, 2023, such derivatives were initiated to hedge the variable cash flows associated with the 2029 Term Loan. The interest rate for the variable rate 2029 Term Loan is based on the hedged fixed rate of 3.64% 3.74% compared to the variable 2029 Term Loan daily SOFR rate as of September 30, 2023 March 31, 2024 of 5.32%, plus a SOFR adjustment of 0.10% and applicable margin of 1.15%. The maturity dates of the interest rate swaps coincide with the fully extended maturity date of the 2029 Term Loan.

Effective September 1, 2022, such derivatives were initiated to hedge the variable cash flows associated with the 2028 Term Loan. The interest rate for the variable rate 2028 Term Loan is based on the hedged fixed rate of 2.63% compared to the variable 2028 Term Loan one-month SOFR rate as of September 30, 2023 March 31, 2024 of 5.33%, plus a SOFR adjustment of 0.10% and applicable margin of 1.15%. The maturity dates of the interest rate swaps coincide with the maturity date of the 2028 Term Loan.

Effective January 27, 2023, the Company converted its four existing LIBOR swap agreements associated with the 2024 Term Loan into four new SOFR swaps that convert the SOFR variable rate to a fixed rate of 0.12% and on June 15, 2023, the Company amended and restated its 2024 Term Loan, providing for a $175.0 million senior unsecured term loan (the "2027 Term Loan"). The interest rate on the variable 2027 Term Loan includes a daily SOFR rate as of September 30, 2023 of 5.30%, plus a SOFR adjustment of 0.10% and applicable margin of 1.15%. Loan. In anticipation of the amendment and restatement of the 2024 Term Loan, additional derivatives, effective November 27, 2023 and December 23, 2024 at hedged fixed rates of 1.87% and 2.40%, respectively, were initiated to hedge the variable cash flows associated with the 2027 Term Loan through the fully extended maturity date. The interest rate on the variable 2027 Term Loan includes a daily SOFR rate as of March 31, 2024 of 5.31%, plus a SOFR adjustment of 0.10% and applicable margin of 1.15%.

Amounts will subsequently be reclassified to earnings when the hedged item affects earnings. The Company does not enter into derivative contracts for speculative or trading purposes and does not have derivative netting arrangements.

The Company is exposed to credit risk in the event of non-performance by its derivative counterparties. The Company evaluates counterparty credit risk through monitoring the creditworthiness of counterparties, which includes review of debt ratings and financial performance. To mitigate credit risk, the Company enters into agreements with counterparties it considers credit-worthy, such as large financial institutions with favorable credit ratings.

The Company had the following outstanding interest rate derivatives that were designated as cash flow hedges of interest rate risk (in thousands, except number of instruments):

Interest Rate Derivatives	Number of Instruments		Notional	
	September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022
Interest rate swaps	12	7	$ 650,000	$ 375,000

Interest Rate Derivatives	Number of Instruments		Notional	
	March 31, 2024	December 31, 2023	March 31, 2024	December 31, 2023

The following table presents the fair value of the Company's derivative financial instruments as well as their classification on the condensed consolidated balance sheets as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 (in thousands):

Derivatives Designated as Hedging Instruments:	Balance Sheet Location	Derivative Assets Fair Value at September 30, 2023	Derivative Assets Fair Value at December 31, 2022
Interest rate swaps	Other assets, net	$ 32,077	$ 24,067

Derivatives Designated as Hedging Instruments:	Balance Sheet Location	Derivative Assets Fair Value as of March 31, 2024	Derivative Assets Fair Value as of March 31, 2023

Derivatives Designated as Hedging Instruments:	Balance Sheet Location	Derivative Liabilities Fair Value as of March 31, 2024	Derivative Liabilities Fair Value as of March 31, 2023
Interest rate swaps	Accounts payable, accrued expenses and other liabilities	$ —	$ 3,073

The following table presents the effect of the Company's interest rate swaps on the condensed consolidated statements of operations and comprehensive income (loss) for the three and nine months ended September 30, 2023 March 31, 2024 and 2022 2023 (in thousands):

Derivatives in Cash Flow Hedging Relationships	Amount of Gain (Loss) Recognized in OCI on Derivative (Effective Portion) 2023	Amount of Gain (Loss) Recognized in OCI on Derivative (Effective Portion) 2022	Location of Gain (Loss) Reclassified from Accumulated OCI into Income (Effective Portion)	Amount of Gain (Loss) Reclassified from Accumulated OCI into Income (Effective Portion) 2023	Amount of Gain (Loss) Reclassified from Accumulated OCI into Income (Effective Portion) 2022
For the Three Months Ended September 30					
Derivatives in Cash Flow Hedging Relationships					

Derivatives in Cash Flow Hedging Relationships									2024	2023		2024	2023
Interest Rate Products	Interest Rate Products	$11,814	$14,761	Interest expense, net	$	5,218	$	874					
For the Nine Months Ended September 30													
Interest Rate Products		$18,388	$22,539	Interest expense, net	$	11,513	$	1,103					

The Company did not exclude any amounts from the assessment of hedge effectiveness for the three and nine months ended September 30, 2023 March 31, 2024 and 2022. 2023. During the next twelve months, the Company estimates that an additional $25.6 million $14.5 million will be reclassified as a decrease to interest expense.

The valuation of these instruments is determined using widely accepted valuation techniques including discounted cash flow analysis on the expected cash flows of each derivative. This analysis reflects the contractual terms of the derivatives, including the period to maturity, and uses observable market-based inputs, including interest rate curves.

To comply with the provisions of ASC 820, the Company incorporates credit valuation adjustments to appropriately reflect both its own nonperformance risk and the respective counterparty's nonperformance risk in the fair value measurements. In adjusting the fair value of its derivative contracts for the effect of nonperformance risk, the Company has considered the impact of netting and any applicable credit enhancements, such as collateral postings, thresholds, mutual puts, and guarantees.

Although the Company has determined that the majority of the inputs used to value its derivatives fall within Level 2 of the fair value hierarchy, the credit valuation adjustments associated with its derivatives utilize Level 3 inputs, such as estimates of current credit spreads to evaluate the likelihood of default by itself and its counterparties. However, as of September 30, 2023 March 31, 2024, the Company has assessed the significance of the impact of the credit valuation adjustments on the overall valuation of its derivative positions and has determined that the credit valuation adjustments are not significant to the overall valuation of its derivatives. As a result, the Company has determined that its derivative valuations in their entirety are classified in Level 2 of the fair value hierarchy.

The table below presents the Company's derivative assets measured at fair value on a recurring basis as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, aggregated by the level in the fair value hierarchy within which those measurements fall (in thousands):

		Fair Value Hierarchy Level							
		Fair Value Hierarchy Level							
Description	**Description**	**Level 1**	**Level 2**	**Level 3**	**Total Fair Value**				
September 30, 2023									
Description									
Description						**Level 1**	**Level 2**	**Level 3**	**Total Fair Value**
March 31, 2024									
Derivative assets									
Derivative assets									
Derivative assets	Derivative assets	$ —	$32,077	$ —	$32,077				
December 31, 2022									
December 31, 2023									
December 31, 2023									
December 31, 2023									

Derivative assets	Derivative assets	$ —	$24,067	$ —	$24,067
Derivative assets					
Derivative assets					
Derivative liabilities					

Note 8 – Supplemental Detail for Certain Components of the Condensed Consolidated Balance Sheets

Other assets, net consist of the following (in thousands):

		September 30, 2023	December 31, 2022
March 31, 2024		March 31, 2024	December 31, 2023
Accounts receivable, net	Accounts receivable, net	$ 9,195	$ 7,167
Deferred rent receivable	Deferred rent receivable	7,192	5,629
Prepaid assets	Prepaid assets	4,058	3,864
Earnest money deposits	Earnest money deposits	2,716	185
Fair value of interest rate swaps	Fair value of interest rate swaps	32,077	24,067
Deferred offering costs	Deferred offering costs	664	796
Deferred financing costs, net	Deferred financing costs, net	2,988	2,685
Right-of-use asset	Right-of-use asset	3,959	4,235
Leasehold improvements and other corporate assets, net	Leasehold improvements and other corporate assets, net	1,781	1,969
Interest receivable	Interest receivable	766	256
Other assets, net	Other assets, net	4,007	1,204
		$ 69,403	$ 52,057
	$		

Accounts payable, accrued expenses and other liabilities consists of the following (in thousands):

	September 30, 2023	December 31, 2022
March 31, 2024	March 31, 2024	December 31, 2023

Accrued expenses	Accrued expenses	$ 11,221	$ 5,745
Accrued bonus	Accrued bonus	1,890	1,305
Prepaid rent	Prepaid rent	3,929	2,937
Operating lease liability	Operating lease liability	5,208	5,464
Accrued interest	Accrued interest	2,436	1,782
Deferred rent	Deferred rent	2,882	1,756
Accounts payable	Accounts payable	3,968	1,394
Fair value of interest rate swaps			
Other liabilities	Other liabilities	2,193	2,157
		$ 33,727	$ 22,540
	$		

Note 9 – Shareholders’ Equity, Partners’ Capital and Preferred Equity

ATM Program

On September 1, 2021, the Company entered into a $250.0 million$250.0 million at-the-market equity program (the “ATM“2021 ATM Program”) through which, from time to time, it may sell shares of its common stock in registered transactions. The Company has issued or committed to issue shares of common stock in connection with the ATM Program for the periods presented as follows:

- On September 14, 2023, the Company entered into a forward confirmation with respect to 7,500,000 shares of its common stock under the ATM Program. On September 28, 2023, the Company partially physically settled 1,516,289 shares of common stock at a price of $16.49 per share under such forward confirmation for net proceeds of approximately $24.8 million, net of sales commissions and offering costs of $0.2 million. The Company contributed the net proceeds to the Operating Partnership in exchange for 1,516,289 Class A OP Units. 5,983,711 shares remain unsettled under the forward confirmation as of September 30, 2023.

- In September 2023, the Company issued 46,228 shares of common stock at a weighted average price of $17.09 per share for net proceeds of approximately $0.8 million, net of sales commissions and offering costs of less than $0.1 million. The Company contributed the net proceeds to the Operating Partnership in exchange for 46,228 Class A OP Units.

- In August 2023, the Company issued 109,725 shares of common stock at a weighted average price of $17.18 per share for net proceeds of approximately $1.8 million, net of sales commissions and offering costs of $0.1 million. The Company contributed the net proceeds to the Operating Partnership in exchange for 109,725 Class A OP Units.

- In June 2023, the Company issued 1,364,815 shares of common stock at a weighted average price of $17.53 per share for net proceeds of approximately $23.4 million, net of sales commissions and offering costs of $0.3 million. The Company contributed the net proceeds to the Operating Partnership in exchange for 1,364,815 Class A OP Units.

- In March 2023, the Company issued 146,745 shares of common stock under the 2021 ATM Program at a weighted average price of $20.22 per share for net proceeds of approximately $2.9 million, net of sales commissions and offering costs of less than $0.1 million. The Company contributed the net proceeds to the Operating Partnership in exchange for 146,745 Class A OP Units.

• In March 2022, On October 25, 2023, the Company issued 163,774 entered into a $300.0 million at-the-market equity program (the "2023 ATM Program") through which, from time to time, it may sell shares of its common stock in registered transactions. Effective October 24, 2023, in connection with the establishment of the new at-the-market offering program, the 2021 ATM Program was terminated.

On March 28, 2024, the Company entered into a forward confirmation with respect to 107,500 shares of its common stock under the 2023 ATM Program, at a public offering price of $18.29 per share. 107,500 shares remain unsettled under the forward confirmation as of March 31, 2024. The Company may physically settle this forward confirmation (by the delivery of shares of common stock) and receive proceeds from the sale of those shares on one or more forward settlement dates, which shall occur no later than April 12, 2025.

The following table presents information about the 2023 ATM Program and the 2021 ATM Program (in thousands):

Program Name	Date Established	Date Terminated	Maximum Sales Authorization	Gross Sales through March 31, 2024
2021 ATM Program (1)	September 2021	October 2023	$ 250,000	$ 150,391
2023 ATM Program (2)	October 2023	— 0	$ 300,000	$ 77,323

(1) Includes 1,516,289 shares of common stock partially physically settled at a weighted average price of $22.08 $16.49 per share for net proceeds of approximately $3.5 million, net of sales commissions and offering costs of less than $0.1 million. The Company contributed under the net proceeds forward confirmation with respect to the Operating Partnership in exchange for 163,774 Class A OP Units. 2021 ATM Program. 5,983,711 shares remain unsettled under the forward confirmation as of March 31, 2024 at the available net settlement price of $16.46.

(2) 107,500 shares remain unsettled under the forward confirmation as of March 31, 2024 at the available net settlement price of $18.12.

As of September 30, 2023, the Company has $99.6 million remaining gross proceeds available for future issuances of shares of common stock under the ATM Program, inclusive of 5,983,711 shares remaining unsettled under the outstanding forward confirmation.

August 2022 January 2024 Follow-On Offering

On August 8, 2022, In January 2024, the Company completed a registered public offering of 9,000,000 11,040,000 shares of its common stock at a public offering price of $20.20 per share, which excluded an over-allotment option to the underwriters to purchase up to an additional 1,350,000 shares, which was exercised in full on August 10, 2022. In connection with the offering, the Company entered into forward sale agreements for 10,350,000 shares of its common stock. As of June 30, 2023, the Company had fully physically settled the forward sale agreements (by the delivery of shares of common stock).

January 2022 Follow-On Offering

On January 13, 2022, the Company completed a registered public offering of 10,350,000 shares of its common stock at a public offering price of $22.25 $18.00 per share. In connection with the offering, the Company entered into forward sale agreements for 10,350,000 11,040,000 shares of its common stock. As The Company did not initially receive any proceeds from the sale of September 30, 2022, shares of common stock by the forward purchasers. The Company had fully expects to physically settled settle the forward sale agreements (by the delivery of shares of common stock) and receive proceeds from the sale of those shares upon one or more forward settlement dates, which shall occur no later than January 9, 2025. The Company may also elect to cash settle or net share settle all or a portion of its obligations under a forward sale agreement if it concludes it is in its best interest to do so. If the Company elects to cash settle a forward sale agreement, it may not receive any proceeds and it may owe cash to the relevant forward counterparty in certain circumstances. As of March 31, 2024, 11,040,000 shares remain unsettled under the January 2024 forward sale agreements.

Surrendered Shares on Vested Stock Unit Awards

During the nine three months ended September 30, 2023 March 31, 2024 and 2022, 2023, portions of restricted stock unit awards ("RSUs") granted to certain of the Company's officers, directors, and employees vested. The vesting of these awards, granted pursuant to the NETSTREIT Corp. 2019 Omnibus Incentive Plan (the "Omnibus Incentive Plan"), resulted in federal and state income tax liabilities for the recipients. During the nine three months ended September 30, 2023 March 31, 2024 and 2022, 2023, as permitted by the terms of the Omnibus Incentive Plan and the award grants, certain executive officers and employees elected to surrender a an approximate total of 25 62 thousand and 26 18 thousand RSUs, respectively, both valued at approximately $0.5 million $1.1 million and $0.4 million, respectively, solely to pay the associated statutory tax withholding. The surrendered RSUs are included in the row entitled "repurchase of shares of common stock" on stock for tax withholding obligations" in the condensed consolidated statements of cash flows.

Dividends

During the nine three months ended September 30, 2023 March 31, 2024, the Company declared and paid the following common stock dividends (in thousands, except per share data):

Nine Months Ended September 30, 2023				
Declaration Date	Dividend Per Share	Record Date	Total Amount	Payment Date

February 21, 2023	$	0.200	March 15, 2023	$	11,650	March 30, 2023
April 25, 2023		0.200	June 1, 2023		12,173	June 15, 2023
July 24, 2023		0.205	September 1, 2023		13,768	September 15, 2023
	$	0.605		$	37,591	

Three Months Ended March 31, 2024						
Declaration Date	Dividend Per Share		Record Date	Total Amount		Payment Date
February 13, 2024	$	0.205	March 15, 2024	$	15,031	March 28, 2024

During the nine three months ended September 30, 2022 March 31, 2023, the Company declared and paid the following common stock dividends (in thousands, except per share data):

Nine Months Ended September 30, 2022						
Declaration Date	Dividend Per Share		Record Date	Total Amount		Payment Date
February 22, 2022	$	0.200	March 15, 2022	$	8,888	March 30, 2022
April 26, 2022		0.200	June 1, 2022		9,588	June 15, 2022
July 26, 2022		0.200	September 1, 2022		10,073	September 15, 2022
	$	0.600		$	28,549	

Three Months Ended March 31, 2023						
Declaration Date	Dividend Per Share		Record Date	Total Amount		Payment Date
February 21, 2023	$	0.200	March 15, 2023	$	11,650	March 30, 2023

The holders of OP Units are entitled to an equal distribution per each OP Unit held as of each record date. Accordingly, during each of the nine three months ended September 30, 2023 March 31, 2024 and 2022, 2023, the Operating Partnership paid distributions of $0.3 million and $0.3 million, respectively, $0.1 million to holders of OP Units.

Noncontrolling Interests

Noncontrolling interests represent noncontrolling holders of OP Units in the Operating Partnership. OP Units are convertible into common stock as the OP Units may be redeemed for cash or, at the Company's election, exchanged for shares of the Company's common stock on a one-for-one basis. As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, noncontrolling interests represented 0.7% 0.6% and 0.9% 0.7%, respectively, of OP Units. During the three months ended September 30, 2023, March 31, 2024 and 2023, OP Unit holders redeemed 19,932 7,119 and 5,694 and OP Units into shares of common stock on a one-for-one basis and during the three months ended September 30, 2022, no OP Units were converted. During the nine months ended September 30, 2023 and 2022, OP Unit holders redeemed 25,626 and 47,894 OP Units, units, respectively, into shares of common stock on a one-for-one basis.

Note 10 – Stock-Based Compensation

Under the Omnibus Incentive Plan, 2,094,976 shares of common stock are reserved for issuance. The Omnibus Incentive Plan provides for the grant of stock options, stock appreciation rights, restricted shares, RSUs, long-term incentive plan units, dividend equivalent rights, and other share-based, share-related or cash-based awards, including performance-based awards, to employees, directors and consultants, with each grant evidenced by an award agreement providing the terms of the award. The Omnibus Incentive Plan is administered by the Compensation Committee of the Board of Directors.

As of September 30, 2023 March 31, 2024, the only stock-based compensation granted by the Company were RSUs. The total amount of stock-based compensation costs recognized in general and administrative expense in the accompanying condensed consolidated statements of operations and comprehensive income (loss) was $1.3 million $1.8 million and $1.0 for both the three months ended September 30, 2023 March 31, 2024 and 2022. Stock-based compensation expense was $3.6 million for both the nine months ended September 30, 2023 and 2022. 2023, respectively. All awards of unvested restricted stock units are expected to fully vest over the next one to five years.

Performance-Based RSUs (effectiveness of Initial Public Offering)

Pursuant to the Omnibus Incentive Plan, the Company made performance-based RSUs to certain employees and non-employee directors. The performance condition required the Company to effectively file a shelf resale registration statement. Up until the point of filing the registration statement, performance was not deemed probable and accordingly, no RSUs had the capability of vesting and no stock-based compensation expense was recorded. As a result of the Company's initial public offering in August 2020, the performance condition was satisfied and the Company recorded a stock-based compensation expense catch-up adjustment of $1.4 million. The vesting terms of these grants are specific to the individual grant and are expected to fully vest in equal annual installments over during the next two years. current year.

The following table summarizes performance-based RSU activity for the period ended September 30, 2023 March 31, 2024:

	Shares	Weighted Average Grant Date Fair Value per Share
Unvested RSU grants outstanding as of December 31, 2022	61,391	$ 19.75
Vested during the period	(632)	19.75
Unvested RSU grants outstanding as of September 30, 2023	60,759	$ 19.75

	Shares	Weighted Average Grant Date Fair Value per Share
Unvested RSU grants outstanding as of December 31, 2023	30,379	$ 19.75
Granted during the period	—	—
Forfeited during the period	—	—
Vested during the period	—	—
Unvested RSU grants outstanding as of March 31, 2024	30,379	$ 19.75

For the three and nine months ended September 30, 2023 March 31, 2024, the Company recognized less than $0.1 million and $0.2 million, respectively, in stock-based compensation expense associated with performance-based RSUs. As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the remaining unamortized stock-based compensation expense totaled $0.2 million $0.1 million and $0.4 million $0.1 million, respectively, and as of September 30, 2023 March 31, 2024, these awards are expected to be recognized over a remaining weighted average period of 1.0 year. 0.7 years. These units are subject to graded vesting and stock-based compensation expense is recognized ratably over the requisite service period for each vesting tranche in the award.

The grant date fair value of unvested RSUs is calculated as the per share price in the private offering that closed on December 23, 2019.

Service-Based RSUs

Pursuant to the Omnibus Incentive Plan, the Company has made service-based RSU grants to certain employees and non-employee directors. The vesting terms of these grants are specific to the individual grant and vest in equal annual installments over the next one to three five years.

The following table summarizes service-based RSU activity for the period ended September 30, 2023 March 31, 2024:

	Shares	Weighted Average Grant Date Fair Value per Share
Unvested RSU grants outstanding as of December 31, 2022	247,079	$ 19.86

Shares	Shares	Weighted Average Grant Date Fair Value per Share

Unvested RSU grants outstanding as of December 31, 2023			
Granted during the period	Granted during the period	161,757	19.79
Forfeited during the period	Forfeited during the period	(1,627)	20.17
Vested during the period	Vested during the period	(108,300)	19.93
Unvested RSU grants outstanding as of September 30, 2023		298,909	$ 19.79
Unvested RSU grants outstanding as of March 31, 2024			

For the three and nine months ended September 30, 2023 March 31, 2024, the Company recognized $0.7 million and $2.0 million, respectively, $1.0 million in stock-based compensation expense associated with service-based RSUs. As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the remaining unamortized stock-based compensation expense totaled $4.1 million $5.4 million and $3.0 million $3.4 million, respectively, and as of September 30, 2023 March 31, 2024, these awards are expected to be recognized over a remaining weighted average period of 2.0 2.2 years. Stock-based compensation expense is recognized on a straight-line basis over the total requisite service period for the entire award.

The grant date fair value of service-based unvested RSUs is calculated as the per share price determined in the initial public offering for awards granted in 2020, and as the per share price of the Company's stock on the date of grant for those granted in years subsequent to 2020.

Performance-Based RSUs (total shareholder return)

Pursuant to the Omnibus Incentive Plan, the Company has made market-based RSU grants to certain employees. These grants are subject to the participant's continued service over a three year period with 40% of the award based on the Company's total shareholder return ("TSR") as compared to the TSR of identified peer companies and 60% of the award based on total absolute TSR over the cumulative three-year three year period. The performance period of these grants runs through March 8, 2024 February 28, 2025, February 28, 2025 February 28, 2026, and February 28, 2026 December 31, 2026. Grant date fair value of the market-based share awards was calculated using the Monte Carlo simulation model, which incorporated stock price volatility of the Company and each of the Company's peers and other variables over the performance period. Significant inputs for the current period calculation were expected volatility of the Company of 29.0% 24.9% and expected volatility of the Company's peers, ranging from 32.2% 19.9% to 102.8% 49.4%, with an average volatility of 46.7% 27.1% and a risk-free interest rate of 4.46% 4.41%. The fair value per share on the grant date specific to the target TSR relative to the Company's peers was $24.13 $18.03 and the target absolute TSR was $20.15 $14.56 for a weighted average grant date fair value of $21.57 $15.77 per share. Stock-based compensation expense associated with unvested market-based share awards is recognized on a straight-line basis over the minimum required service period, which is three years.

The following table summarizes market-based RSU activity for the period ended September 30, 2023 March 31, 2024:

		Shares	Weighted Average Grant Date Fair Value per Share
Unvested RSU grants outstanding as of December 31, 2022		177,350	$ 19.83
Shares		Shares	Weighted Average Grant Date Fair Value per Share
Unvested RSU grants outstanding as of December 31, 2023			
Granted during the period	Granted during the period	81,751	21.57
Forfeited during the period	Forfeited during the period	(543)	19.36
Unvested RSU grants outstanding as of September 30, 2023		258,558	$ 20.38
Vested during the period			
Unvested RSU grants outstanding as of March 31, 2024			

For the three and nine months ended September 30, 2023 March 31, 2024, the Company recognized $0.4 million and $1.2 million, respectively, $0.6 million in stock-based compensation expense associated with market-based RSUs. As of September 30, 2023 and December 31, 2022 March 31, 2024, the remaining unamortized stock-based compensation expense totaled $2.5 million and $2.0 million, respectively, $4.0 million and as of September 30, 2023 March 31, 2024, these awards are expected to be recognized over a remaining weighted average period of 1.9 2.4 years.

Alignment of Interest Program

During March 2021, the Company adopted the Alignment of Interest Program (the "Program"), which allows employees to elect to receive a portion of their annual bonus in unvested RSUs in the first quarter of the following year, that would then vest vests from one to four years based on the terms of the grant agreement. Stock-based compensation expense is recognized on a straight-line basis over a four-year the total requisite service period beginning for the entire award, which begins in the period that the bonus relates. The Program is deemed to be a liability-classified award (accounted for as an equity-classified award as the service date precedes the grant date and the award would otherwise be classified as equity on grant date), which will be fair-valued and accrued over the applicable service period. The total estimated fair value of the elections made for 2023 2024 under the Program was approximately $0.5 million. $1.7 million. The award will be remeasured to fair value each reporting period until the unvested RSUs are granted. For both the three and nine months ended September 30, 2023 March 31, 2024, the Company recognized approximately $0.1 million in stock-based compensation expense associated with these awards. Previous awards under the Program that have been granted are included within service-based RSUs above.

Note 11 – Earnings Per Share

Net income per common share has been computed pursuant to the guidance in the FASB ASC Topic 260, Earnings per Share. Basic earnings per share is computed by dividing net income attributable to common stockholders by the weighted-average number of common shares outstanding for the period. Diluted earnings per share is similarly calculated except that the denominator is increased by using the treasury stock method to determine the potential dilutive effect of the Company's outstanding unvested RSUs and unsettled shares under open forward equity contracts and using the if-converted method to determine the potential dilutive effect of the OP Units. The Company has noncontrolling interests in the form of OP Units which are convertible into common stock and represent potentially dilutive securities, as the OP Units may be redeemed for cash or, at the Company's election, exchanged for shares of the Company's common stock on a one-for-one basis.

The following table is a reconciliation of the numerator and denominator used in the computation of basic and diluted net income per common share for the three and nine months ended September 30, 2023 March 31, 2024 and 2022. 2023.

		Three Months Ended September 30,		Nine Months Ended September 30,				
	Three Months Ended March 31,						Three Months Ended March 31,	
(In thousands, except share and per share data)	(In thousands, except share and per share data)	2023	2022	2023	2022	(In thousands, except share and per share data)	2024	2023
Numerator:	**Numerator:**							
Net income	Net income	$ 4,239	$ 1,419	$ 4,928	$ 5,395			
Net income attributable to noncontrolling interest		(24)	(16)	(32)	(63)			
Net income								
Net income								
Net (income) attributable to noncontrolling interest								
Net income attributable to common shares, basic	Net income attributable to common shares, basic	4,215	1,403	4,896	5,332			
Net income attributable to noncontrolling interest	Net income attributable to noncontrolling interest	24	16	32	63			
Net income attributable to common shares, diluted	Net income attributable to common shares, diluted	$ 4,239	$ 1,419	$ 4,928	$ 5,395			
Denominator:	**Denominator:**							
Denominator:								
Denominator:								
Weighted average common shares outstanding, basic								
Weighted average common shares outstanding, basic								
Weighted average common shares outstanding, basic	Weighted average common shares outstanding, basic	67,112,587	50,449,735	62,123,334	47,679,870			

Effect of dilutive shares for diluted net income per common share:	Effect of dilutive shares for diluted net income per common share:				
OP Units					
OP Units					
OP Units	OP Units	501,987	514,890	507,014	530,940
Unvested RSUs	Unvested RSUs	173,001	255,613	167,215	261,727
Unsettled shares under open forward equity contracts	Unsettled shares under open forward equity contracts	260,794	164,520	100,394	184,512
Weighted average common shares outstanding, diluted	Weighted average common shares outstanding, diluted	68,048,369	51,384,758	62,897,957	48,657,049
Net income available to common stockholders per common share, basic	Net income available to common stockholders per common share, basic	$ 0.06	$ 0.03	$ 0.08	$ 0.11
Net income available to common stockholders per common share, basic					
Net income available to common stockholders per common share, basic					
Net income available to common stockholders per common share, diluted	Net income available to common stockholders per common share, diluted	$ 0.06	$ 0.03	$ 0.08	$ 0.11

As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, there were 487,841 472,179 and 513,467 479,298 of OP Units outstanding, respectively.

Note 12 – Commitments and Contingencies

Litigation and Regulatory Matters

In the ordinary course of business, from time to time, the Company may be subject to litigation, claims and regulatory matters, none of which are currently outstanding, which the Company believes could have, individually or in the aggregate, a material adverse effect on its business, financial condition or results of operations, liquidity or cash flows.

Environmental Matters

The Company is subject to environmental regulations related to the ownership of real estate. The cost of complying with the environmental regulations was not material to the Company's results of operations for any of the periods presented. The Company is not aware of any environmental condition on any of its properties that is likely to have a material adverse effect on the condensed consolidated financial statements when the fair value of such liability can be reasonably estimated and is required to be recognized.

Commitments

In the normal course of business, the Company enters into various types of commitments to purchase real estate properties, or fund development projects. projects, or extend funds under mortgage notes receivable. These commitments are generally subject to the Company's customary due diligence process and, accordingly, a number of specific conditions must be met before the Company is obligated or receives an option to purchase the properties. or extend funding. As of September 30, 2023 March 31, 2024, the Company had tenant improvement allowance commitments totaling approximately $4.1 million, all of which is expected to be funded over the next two years. Additionally, as of September 30, 2023 March 31, 2024, the Company had commitments to fund 27 13 properties under development totaling $37.9 million $25.0 million, all of which is expected to be funded over throughout the next two years. remainder of 2024. The Company also had commitments to extend funds under mortgage notes receivable of $12.4 million as of March 31, 2024, which is expected to occur throughout 2024.

In August 2021, the Company entered into a lease agreement on a new corporate office space, which is classified as an operating lease. The Company began operating out of the new office in February 2022. The lease has a remaining noncancellable term of 8.8 8.3 years that expires on July 31, 2032 and is renewable at the Company's option for two additional periods of five years. Future minimum base rental payments under the lease are outlined in "Note 3 – Leases." Annual rent expense, excluding operating expenses, is approximately $0.5 million $0.5 million during the initial term.

As of September 30, 2023 March 31, 2024, the Company did not have any other material commitments for re-leasing costs, recurring capital expenditures, non-recurring building improvements, or similar types of costs.

Note 13 – Subsequent Events

The Company has evaluated all events that occurred subsequent to September 30, 2023 March 31, 2024 through the date on which these condensed consolidated financial statements were issued to determine whether any of these events required disclosure in the financial statements.

Common Stock Dividend

On October 24, 2023 April 23, 2024, the Company's Board of Directors declared a cash dividend of $0.205 per share for the fourth second quarter of 2023 which 2024. The dividend will be paid on December 15, 2023 June 14, 2024 to shareholders stockholders of record on December 1, 2023 June 3, 2024.

Revolver Activity

In October 2023, April 2024, the Company borrowed $35.0 million paid $12.0 million, net of borrowings, on the 2026 Revolver.

2023 ATM Program

In April 2024, the Company entered into forward sale agreements with respect to an aggregate 1,635,600 shares of its common stock under the Revolver 2023 ATM Program at a weighted average price of $17.63 per share. The Company did not initially receive any proceeds from the sale of shares of common stock by the forward purchaser. The Company expects to physically settle the forward sale agreements (by delivery of shares of common stock) and receive proceeds from the sale of those shares upon one or more forward settlement dates, which will be used for general corporate purposes, including shall occur no later than April 12, 2025. The Company may also elect to cash settle or net share settle all or a portion of its obligations under a forward sale agreement if it concludes it is in its best interest to do so. If the acquisition of properties Company elects to cash settle a forward sale agreement, it may not receive any proceeds and it may owe cash to the relevant forward counterparty in certain circumstances. No physical settlement has occurred through the Company's pipeline. date on which these consolidated financial statements were issued.

Item 2. ***Management's Discussion and Analysis of Financial Condition and Results of Operations***

Special Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Such forward-looking statements include, without limitation, statements concerning our business and growth strategies, investment, financing and leasing activities and trends in our business, including trends in the market for single-tenant, retail commercial real estate. Words such as "expects," "anticipates," "intends," "plans," "likely," "will," "believes," "seeks," "estimates," and variations of such words and similar expressions are intended to identify such forward-looking statements. Such statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from the results of operations or plans expressed or implied by such forward-looking statements. Although we believe that the assumptions underlying the forward-looking statements contained herein are reasonable, any of the assumptions could be inaccurate, and therefore such statements included in this Quarterly Report on Form 10-Q may not prove to be accurate. In light of the significant uncertainties inherent in the forward-looking statements included herein, the inclusion of such information should not be regarded as a representation by us or any other person that the results or conditions described in such statements or our objectives and plans will be achieved. For a further discussion of these and other factors that could impact future results, performance or transactions, see the information under the heading "Risk Factors" Part I, Item

1A. in our Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023, filed with the Securities and Exchange Commission (the "SEC") on February 23, 2023 February 14, 2024, and other reports filed with the Securities and Exchange Commission from time to time.

Forward-looking statements and such risks, uncertainties and other factors speak only as of the date of this Quarterly Report on Form 10-Q. New risks and uncertainties may arise over time and it is not possible for us to predict those events or how they may affect us. Many of the risks identified have been and will continue to be heightened as a result of the ongoing numerous adverse effects arising from the novel coronavirus and instability in macroeconomic conditions. We expressly disclaim any obligation or undertaking to update or revise any forward-looking statement contained herein, to reflect any change in our expectations with regard thereto, or any other change in events, conditions or circumstances on which any such statement is based, except to the extent otherwise required by law.

Business Overview

We are an internally managed real estate company that acquires, owns, invests in and manages a diversified portfolio of single-tenant, retail commercial real estate subject to long-term net leases with high credit quality tenants across the United States. We also invest in property developments and mortgage loans secured by real estate. As of September 30, 2023 March 31, 2024, we owned or had investments in 547 628 single-tenant retail net leased properties that were diversified by tenant, industry and geography, including 85 88 different tenants, across 26 retail sectors in 45 states. This excludes 32 16 property developments where rent has yet to commence. We focus on tenants in industries where a physical location is critical to the generation of sales and profits, with a focus on necessity goods and essential services in the retail sector, including home improvement, auto parts, drug stores and pharmacies, general retail, grocers, convenience stores, discount stores, and quick-service restaurants, all of which we refer to as defensive retail industries. As of September 30, 2023 March 31, 2024, our investments generated ABR[1] of $124.3 $140.3 million. Approximately 69% 71% of our ABR is from investment grade[2] credit rated tenants and an additional 15% 13% of our ABR is derived from tenants with an investment grade profile[3]. Exclusive of mortgage loans receivable, our portfolio was 100% occupied with a weighted average remaining lease term ("WALT") of 9.3 9.2 years, which we believe provides us with a strong stable source of recurring cash flow from our portfolio.

January Follow-On Offering

In January 2024, we completed a registered public offering of 11,040,000 shares of our common stock at a public offering price of $18.00 per share. In connection with the offering, we entered into forward sale agreements for 11,040,000 shares of our common stock. We did not initially receive any proceeds from the sale of shares of common stock by the forward purchasers. We expect to physically settle the forward sale agreements (by delivery of shares of common stock) and receive proceeds from the sale of those shares upon one or more forward settlement dates, which shall occur no later than January 9, 2025. We may also elect to cash settle or net share settle all or a portion of our obligations under a forward sale agreement if we conclude it is in our best interest to do so. If we elect to cash settle a forward sale agreement, we may not receive any proceeds and we may owe cash to the relevant counterparty in certain circumstances. No physical settlement has occurred under the January 2024 forward sale agreements through March 31, 2024.

2023 ATM Program

On September 1, 2021 October 25, 2023, we entered into a $250.0 million $300.0 million at-the-market equity program (the "ATM "2023 ATM Program") through which, from time to time, we may sell shares of our common stock in registered transactions. We have issued or committed to issue shares of common stock in connection with the ATM Program for the periods presented as follows:

- On September 14, 2023 March 28, 2024, we entered into a forward confirmation with respect to 7,500,000 sale agreement for 107,500 shares of our common stock under the 2023 ATM Program. On September 28, 2023 Program at a public offering price of $18.29 per share. As of March 31, 2024, we partially physically settled 1,516,289 shares of common stock at a price of $16.49 per share under such forward confirmation for net proceeds of approximately $24.8 million, net of sales commissions and offering costs of $0.2 million. We contributed the net proceeds to the Operating Partnership had $222.7 million in exchange for 1,516,289 Class A OP Units. 5,983,711 shares remain unsettled under the forward confirmation as of September 30, 2023.

- In September 2023, we issued 46,228 shares of common stock at a weighted average price of $17.09 per share for net proceeds of approximately $0.8 million, net of sales commissions and offering costs of less than $0.1 million.

- In August 2023, we issued 109,725 shares of common stock at a weighted average price of $17.18 per share for net proceeds of approximately $1.8 million, net of sales commissions and offering costs of $0.1 million.

As of September 30, 2023, we have $99.6 million remaining gross proceeds available for future issuances of shares of our common stock under the 2023 ATM Program, inclusive of 5,983,711 unsettled shares remaining unsettled under the outstanding forward confirmation. .

2029 Term Loan

On July 3, 2023, we entered into an agreement ("2029 (the "2029 Term Loan Agreement") related to a $250.0 million $250.0 million sustainability-linked senior unsecured term loan (the "2029 Term Loan") which may, subject to the terms of the 2029 Term Loan Agreement, be increased to an amount of up to

$400.0 million $400.0 million at our request. The We drew an additional $100.0 million under the 2029 Term Loan contains a 12-month delayed draw feature and $150.0 million was drawn on July 3, 2023 March 1, 2024. The 2029 Term Loan is prepayable at our option in whole or in part without premium or penalty. The 2029 Term Loan matures on July 3, 2026, subject to extension options at our election on two occasions, by one year and, on one occasion, by six months (subject to certain conditions).

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1 Annualized base rent ("ABR") is annualized base rent as of September 30, 2023, for all leases that commenced, and annualized cash interest on mortgage loans receivable in place as of that date.

2 We define "investment grade" tenants as tenants, or tenants that are subsidiaries of a parent entity, with a credit rating of BBB- (S&P/Fitch), Baa3 (Moody's) or NAIC2 (National Association of Insurance Commissioners) or higher.

3 We define "investment grade profile" tenants as tenants with metrics of more than $1.0 billion in annual sales and a debt to adjusted EBITDA ratio of less than 2.0x but do not carry a published rating from S&P, Moody's or NAIC.

We have hedged the entire $250.0 million $250.0 million of the 2029 Term Loan at an all-in fixed interest rate of 4.99%, through January 2029, which consists of the fixed rate SOFR swap of 3.74%, plus a credit spread adjustment of 0.10% and, at current leverage levels, a borrowing spread of 1.15%. Interest is payable monthly or at the end of the applicable interest period in arrears on any outstanding borrowings. See further discussion of our debt, interest rate, and interest rate hedges included in "Note 6 - Debt. Debt" in "Item 1 - Financial Statements (unaudited)."

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(1) Annualized base rent ("ABR") is annualized base rent as of March 31, 2024, for all leases that commenced, and annualized cash interest on mortgage loans receivable in place as of that date.

(2) We define "investment grade" tenants as tenants, or tenants that are subsidiaries of a parent entity, with a credit rating of BBB- (S&P/Fitch), Baa3 (Moody's) or NAIC2 (National Association of Insurance Commissioners) or higher.

(3) We define "investment grade profile" tenants as tenants with metrics of more than $1.0 billion in annual sales and a debt to adjusted EBITDA ratio of less than 2.0x but do not carry a published rating from S&P, Moody's or NAIC.

Results of Operations

Overall

We continued to grow our assets during the nine months ended September 30, 2023 first quarter of 2024 through the acquisition of properties, property developments, and investment in mortgage loans receivable. This growth was financed through the settlement of shares of common stock through a $100.0 million draw on our forward sale agreements in an amount of $141.1 million, the issuance of common stock under the ATM Program in an amount of $53.7 million, the execution of the 2029 Term Loan, Agreement and receipt the usage of proceeds existing cash balances as a result of $150.0 million under the 2029 Term Loan, net borrowings on our $400.0 million senior unsecured revolving credit facility (the "Revolver"), Revolver, the usage of existing restricted cash balances as a result of tax-free exchanges under Section 1031 of the Internal Revenue Code of 1986, and cash flows from operations during nine the three months ended September 30, 2023 March 31, 2024.

Acquisitions

During the three months ended September 30, 2023 March 31, 2024, we acquired 21 28 properties for a total purchase price of $95.3 million $95.2 million, inclusive of $0.8 million $1.2 million of capitalized acquisition costs. The acquisitions were all accounted for as asset acquisitions. These properties are located in 10 16 states with a WALT of approximately 10.0 years. The underwritten weighted-average capitalization rate on our third quarter acquisitions was approximately 7.0%.

During the nine months ended September 30, 2023, we acquired 69 properties for a total purchase price of $259.2 million, inclusive of $2.4 million of capitalized acquisition costs. The acquisitions were all accounted for as asset acquisitions. These properties are located in 21 states with a WALT of approximately 10.4 10.6 years. The underwritten weighted-average capitalization rate on our year to date acquisitions was approximately 6.9% 7.3%.

Development

As of September 30, 2023 March 31, 2024, we had 27 13 property developments under construction. During the three months ended September 30, 2023 March 31, 2024, we invested $33.2 million $11.0 million in property developments, including the land acquisition of 14 two new developments with a combined initial purchase price of $9.6 million $0.8 million. During the nine three months ended September 30, 2023, we invested $55.5 million in property developments, including the land acquisition of 34 new developments with a combined initial purchase price of $21.6 million. During the nine months ended September 30, 2023 March 31, 2024, we completed development on 12 seven projects and reclassified approximately $38.8 million $18.4 million from property under development to land, building, buildings and improvements, and other assets (leasing commissions) in the accompanying condensed consolidated balance sheets. Rent commenced for seven four of the 12 seven completed developments during in the nine months ended September 30, 2023, first quarter of 2024, while rent is expected to commence for the other five three completed developments in the fourth second quarter of 2023. 2024. The remaining 27 13 developments in progress are expected to be substantially completed with rent commencing at various points throughout the next twelve months. 2024. The purchase price, including acquisition costs, and subsequent development are included in property under development in the accompanying condensed consolidated balance sheets as of September 30, 2023 March 31, 2024.

Dispositions

During the three months ended September 30, 2023 March 31, 2024, we sold four 12 properties for a total sales price, net of disposal costs, of $7.2 million $20.5 million, recognizing a gain net loss of $0.4 million. During the nine months ended September 30, 2023, we sold fourteen properties for a total sales price, net of disposal costs of $26.5 million, recognizing a gain of $0.7 million $1.0 million.

Investment in Mortgage Loans Receivable

During the three months ended September 30, 2023 March 31, 2024, we invested $7.2 million an additional $10.2 million in fully collateralized mortgage loans receivable with stated interest rates ranging from 7.00% to 8.50%. During the nine months ended September 30, 2023, we invested $68.8 million in fully collateralized mortgage loans receivable with stated interest rates ranging from 6.89% to 9.55% of 10.25%. The mortgage loans receivable are collateralized by real estate. estate, primarily leased by investment grade credit rated tenants. The funds provided under the loans, in addition to discount and loan origination costs, net of $0.1 million and loan origination fees of less than $0.1 million, respectively, are included in mortgage loans receivable, net in the accompanying condensed consolidated balance sheets as of September 30, 2023 March 31, 2024. See “Note 4 - Real Estate Investments” in “Item 1 - Financial Statements (unaudited)” for further discussion on our mortgage loans receivable portfolio.

Economic and Financial Environment

The average inflation rate for the nine three months ended September 30, 2023 March 31, 2024 was 4.4%. 3.5% as compared to 5.0% for the prior year period. While the Federal Reserve has had been raising interest rates in an effort to lower inflation throughout 2022 and the pace at which it may continue first half of 2023, there continues to do so is unclear be uncertainty entering into 2024 as to whether rates will be maintained or potentially cut, and the timing of potential cuts, leading to uncertainties in the financing market and a volatile economy.

In the commercial real estate market, property prices generally continue to fluctuate which may impact our investment capitalization rates and operating costs. Likewise, during certain periods, including the current market, the credit markets have experienced significant price volatility, dislocations, and liquidity disruptions, which may impact our access to and cost of capital. We continually monitor the commercial real estate and credit markets carefully and, if required, will make decisions to adjust our business strategy accordingly.

Three Months Ended September 30, 2023 March 31, 2024 Compared with Three Months Ended September 30, 2022 March 31, 2023

The following table sets forth our operating results for the periods indicated (in thousands):

		Three Months Ended September 30, 2023	Three Months Ended September 30, 2022
	Three Months Ended March 31, 2024		
	Three Months Ended March 31, 2024		Three Months Ended March 31, 2023
Revenues	Revenues		
Rental revenue (including reimbursable)	Rental revenue (including reimbursable)	$31,167	$24,339
Rental revenue (including reimbursable)			
Rental revenue (including reimbursable)			
Interest income on loans receivable	Interest income on loans receivable	2,244	674
Other revenue		550	—

Total revenues	Total revenues	33,961	25,013
Operating expenses	**Operating expenses**		
Property			
Property			
Property	Property	3,883	2,539
General and administrative	General and administrative	5,133	4,552
Depreciation and amortization	Depreciation and amortization	15,804	13,407
Provisions for impairment	Provisions for impairment	1,538	—
Transaction costs	Transaction costs	143	51
Total operating expenses	Total operating expenses	26,501	20,549
Other income (expense)			
Other (expense) income			
Interest expense, net	Interest expense, net	(3,946)	(3,017)
Gain on sales of real estate, net		373	143
Other income, net		367	—
Total other income (expense), net		(3,206)	(2,874)
Interest expense, net			
Interest expense, net			
Gain (loss) on sales of real estate, net			
Other (expense) income, net			
Total other (expense) income, net			
Net income before income taxes	Net income before income taxes	4,254	1,590
Income tax (expense) benefit	Income tax (expense) benefit	(15)	(171)
Net income	**Net income**	$ 4,239	$ 1,419

Revenue. Revenue for the three months ended September 30, 2023 March 31, 2024 increased by $9.0 million $8.2 million to $34.0 $37.7 million from $25.0 $29.5 million for the three months ended September 30, 2022, March 31, 2023 which is attributed to an increase in the number of our operating leases and properties securing our mortgage loans. The increase includes additional cash rental receipts of $6.1 $6.9 million, combined with net increases of property expense reimbursements of $1.1 million $0.1 million, an increase of $1.6 million $1.5 million related to interest income on mortgage loans receivable, and an increase in straight-line rental revenue of $0.6 million in other revenue related to the receipt of legal settlement proceeds associated with a lease termination. $0.2 million. The increase in revenue is offset by a $0.1 million $0.2 million decrease in straight-line rental revenue, a $0.1 million increase in reserves for uncollectible amounts, above/below market lease adjustments and a $0.1 million $0.3 million decrease in amortization of above- and below-market lease related intangible assets. to prior year recoveries.

Total Operating Expenses. Total expenses increased by $6.0 million $7.2 million to $26.5 million $31.1 million for the three months ended September 30, 2023 March 31, 2024 as compared to $20.5 $23.9 million for the three months ended September 30, 2022 March 31, 2023. The increase is primarily attributed to an increase in the number of operating properties, with the most significant increases being depreciation and amortization expense, provisions for impairment, property-specific reimbursable expenses, and payroll and severance costs. Total operating expenses include the following:

- *Property Expenses.* Property expenses increased $1.4 $0.2 million to $3.9 $4.1 million for the three months ended September 30, 2023 March 31, 2024 from $2.5 million $3.9 million for the three months ended September 30, 2022 March 31, 2023. The increase is primarily attributed to an the increase in the number of operating properties, including combined net increases of reimbursable property expenses, including $0.3 million of $1.3 million, of which $0.7 million, $0.5 million, and $0.1 million were related to reimbursable property taxes, offset by a decrease of $0.3 million of reimbursable common area maintenance costs, and reimbursable insurance costs, respectively. costs. Additionally, non-reimbursable expenses increased by $0.1 million, primarily consisting of roof repairs.

- *General and Administrative Expenses.* General and administrative expenses increased $0.5 $0.8 million to $5.1 million $5.7 million for the three months ended September 30, 2023 March 31, 2024 from $4.6 million $4.9 million for the three months ended September 30, 2022 March 31, 2023. The increase is primarily due to an increase in bonus expenses employee severance of $0.8 million, including cash severance of $0.5 million and the expense associated with the accelerated vesting of stock-based compensation of $0.3 million, an increase of $0.4 million and an increase in of stock-based compensation, offset by a decrease of $0.2 million of payroll expenses, and other combined net decreases of $0.1 million $0.2 million. While our general and administrative expenses will continue to rise in some measure as our portfolio grows, we expect that such expenses as a percentage of our portfolio will decrease over time due to efficiencies and economies of scale.

- *Depreciation and Amortization.* Depreciation and amortization expense increased $2.4 million $2.6 million to $15.8 million $17.5 million for the three months ended September 30, 2023 March 31, 2024 from $13.4 million $14.9 million for the three months ended September 30, 2022 March 31, 2023. The increase in depreciation and amortization is proportionate to the increase in the size of the portfolio over the comparable period with associated increases in building depreciation expense of $1.5 million $1.7 million, building improvements depreciation expense of $0.5 million, and in-place lease amortization expense of $0.4 million $0.2 million, and leasing commissions amortization expense of $0.2 million.

- *Provisions for Impairment. impairment.* For the three months ended September 30, 2023 March 31, 2024, we recorded provisions for impairment of $1.5 million $3.7 million on seven 12 properties, the majority of which were either previously classified as held-for-sale, newly classified as held-for-sale or disposed of during three months ended March 31, 2024. Four of the properties are held for investment as of the three months ended September 30, 2023 March 31, 2024. For the three months ended September 30, 2022 March 31, 2023, we recorded no provisions for impairment. For the three months ended September 30, 2023 March 31, 2024, we sold two properties that were impaired. These disposals relate to management's continuous assessment of the Company's portfolio in an effort to improve returns and manage risk exposure.

- *Transaction costs.* Transaction costs increased by less than $0.1 million for the three months ended September 30, 2023 from less than $0.1 million for the three months ended September 30, 2022, which primarily relates to an increase in costs incurred for abandoned acquisitions.

Interest Expense. Interest expense increased by $0.9 million $2.3 million to $3.9 $6.2 million for the three months ended September 30, 2023 March 31, 2024 from $3.0 million $3.9 million for the three months ended September 30, 2022 March 31, 2023. The increase is primarily attributed to an increase of $0.7 million of interest incurred under our $200.0 million senior unsecured term loan (the "2028 Term Loan"), an increase of $2.2 million $2.3 million of interest incurred under the 2029 Term Loan and executed on July 3, 2023, an increase of $0.8 million of interest incurred under the 2027 Term Loan (amendment and restatement of the 2024 Term Loan on June 15, 2023), offset by a net decrease of less than $0.1 million under the Revolver as a result of a decrease in average borrowings outstanding which was offset by higher interest rates. An additional increase of $0.3 million in was attributable to increased loan fee amortization. This is offset by $1.1 million $1.0 million in amortization of deferred gains on interest rate swaps $0.3 million and $0.2 million of increased capitalized interest on our property developments, and a net decrease of $0.9 million under the Revolver primarily due to a decrease in average borrowings outstanding during the respective periods. developments.

Gain (loss) on sales of real estate, net. Net gain on sales of real estate increased by $0.3 million $1.3 million to a net gain of $0.4 million $1.0 million for the three months ended September 30, 2023 March 31, 2024 from a $0.3 million net gain of $0.1 million loss for the three months ended September 30, 2022. The table below summarizes the properties sold for the periods indicated (dollars in thousands):

	Three Months Ended September 30,

	2023	2022
Number of properties sold	4	1
Sales price, net of disposal costs	$ 7,224	$ 1,660
Gain on sales of real estate, net	$ 373	$ 143

Other income, net. Other income increased by $0.4 million for the three months ended September 30, 2023. The increase relates to $0.4 million of interest income earned on our cash, cash equivalents and restricted cash balances as presented in the condensed consolidated balance sheets.

Income tax (expense) benefit. Income tax expense decreased by $0.2 million for the three months ended September 30, 2023. The decrease relates to lower provisions for federal and state income taxes on the financial results of our taxable REIT subsidiary ("TRS").

Net income. Net income increased $2.8 million to $4.2 million for the three months ended September 30, 2023 from $1.4 million for the three months ended September 30, 2022. Net income increased primarily due to increases in rental revenues due to the growth in the size of our real estate investment portfolio, including interest income associated with our mortgage loans receivable. This is offset by increases in depreciation and amortization expense, interest expense, reimbursable property expenses, and provisions for impairment as set forth above.

Nine Months Ended September 30, 2023 Compared with Nine Months Ended September 30, 2022

The following table sets forth our operating results for the periods indicated (in thousands):

	Nine Months Ended September 30,	
	2023	2022
Revenues		
Rental revenue (including reimbursable)	$ 89,347	$ 67,309
Interest income on loans receivable	5,145	1,671
Other revenue	550	—
Total revenues	95,042	68,980
Operating expenses		
Property	11,350	8,156
General and administrative	15,299	13,608
Depreciation and amortization	46,599	36,137
Provisions for impairment	4,374	1,114
Transaction costs	267	704
Total operating expenses	77,889	59,719
Other income (expense)		
Interest expense, net	(13,412)	(5,708)
Gain on sales of real estate, net	669	2,162
Loss on debt extinguishment	(128)	—
Other income, net	586	36
Total other income (expense), net	(12,285)	(3,510)
Net income before income taxes	4,868	5,751
Income tax (expense) benefit	60	(356)
Net income	$ 4,928	$ 5,395

Revenue. Revenue for the nine months ended September 30, 2023 increased by $26.0 million to $95.0 million from $69.0 million for the nine months ended September 30, 2022, which is attributed to an increase in the number of our operating leases and properties securing our mortgage loans. The increase includes additional cash rental receipts of $20.5 million, combined with net increases of property expense reimbursements of $2.8 million, an increase of $3.5 million related to interest income on mortgage loans receivable, and an increase of $0.6 million in other revenue related to the receipt of legal settlement proceeds associated with a lease termination. The increase in revenue is offset by a $0.8 million decrease in straight-line rental revenue and a $0.4 million increase in reserves for uncollectible amounts.

Total Operating Expenses. Total expenses increased by $18.2 million to $77.9 million for the nine months ended September 30, 2023 from $59.7 million for the nine months ended September 30, 2022. The increase is primarily attributed to an increase in the number of operating properties, with the most significant increases being depreciation and amortization expense, provisions for impairment, property-specific reimbursable expenses, and payroll costs. Total operating expenses include the following:

- *Property Expenses.* Property expenses increased $3.2 million to $11.4 million for the nine months ended September 30, 2023 from $8.2 million for the nine months ended September 30, 2022. The increase is primarily attributed to an increase in the number of operating properties, including combined net increases of reimbursable property expenses of $3.1 million, of which $1.3 million, $1.2 million, and $0.6 million were related to reimbursable property taxes, reimbursable common area maintenance costs, and reimbursable insurance costs, respectively.

- *General and Administrative Expenses.* General and administrative expenses increased $1.7 million to $15.3 million for the nine months ended September 30, 2023 from $13.6 million for the nine months ended September 30, 2022. The increase is primarily due to increased payroll expenses of $0.8 million, bonus expenses of $0.7 million, franchise taxes of $0.2 million, corporate office lease expenses of $0.2 million, and executive severance and transition costs of $0.2 million. This is offset by decreased corporate insurance of $0.3 million and accounting service and consulting fees of $0.3 million. While our general and administrative expenses will continue to rise in some measure as our portfolio grows, we expect that such expenses as a percentage of our portfolio will decrease over time due to efficiencies and economies of scale.

- *Depreciation and Amortization.* Depreciation and amortization expense increased $10.5 million to $46.6 million for the nine months ended September 30, 2023 from $36.1 million for the nine months ended September 30, 2022. The increase in depreciation and amortization is proportionate to the increase in the size of the portfolio over the comparable period with associated increases in building depreciation expense of $5.8 million, in-place lease amortization expense of $2.6 million, building improvements depreciation expense of $2.0 million, and leasehold improvements depreciation expense of $0.2 million. This is offset by a decrease in assembled workforce amortization expense of $0.2 million.

- *Provision for Impairment.* For the nine months ended September 30, 2023, we recorded provisions for impairment of $4.4 million on 10 properties, which were either previously classified as held-for-sale, newly classified as held-for-sale or disposed of during the nine months ended September 30, 2023. For the nine months ended September 30, 2022, we recorded provisions for impairment of $1.1 million on one property. For the nine months ended September 30, 2023, we sold two properties that were impaired. These disposals relate to management's continuous assessment of the Company's portfolio in an effort to improve returns and manage risk exposure.

- *Transaction costs.* Transaction costs decreased by $0.4 million to $0.3 million for the nine months ended September 30, 2023 from $0.7 million for the nine months ended September 30, 2022, which primarily relates to a decrease in costs incurred for abandoned acquisitions.

Interest Expense. Interest expense increased by $7.7 million to $13.4 million for the nine months ended September 30, 2023 from $5.7 million for the nine months ended September 30, 2022. The increase is primarily attributed to an increase of $4.7 million of interest incurred under the 2028 Term Loan, an increase of $2.2 million of interest incurred under the 2029 Term Loan, and a net increase of $1.3 million under the Revolver as a result of higher interest rates driving an increase of $2.2 million offset by a decrease in average borrowings outstanding during the respective periods. Additional increases of $0.4 million and $0.6 million are attributed to increased facility fees and increased loan fee amortization, respectively. This is offset by $1.1 million in amortization of deferred gains on interest rate swaps, $0.5 million of increased capitalized interest on our property developments.

Gain on sales of real estate, net. Net gain on sales of real estate decreased by $1.5 million to a net gain of $0.7 million for the nine months ended September 30, 2023 from a net gain of $2.2 million for the nine months ended September 30, 2022March 31, 2023. The table below summarizes the properties sold for the periods indicated (in thousands):

	Nine Months Ended September 30,	
	2023	2022
Number of properties sold	14	4

	Three Months Ended March 31,	Three Months Ended March 31,
	2024	2023
Number of properties sold	12	8

Sales price, net of disposal costs	Sales price, net of disposal costs	$26,523	$13,837
Gain on sales of real estate, net		$ 669	$ 2,162
Gain (loss) on sales of real estate, net			

Other (expense) income, net. Other (expense) income, increased by $0.6 million for the nine months ended September 30, 2023. The increase relates to $0.6 million of interest income earned on the Company's cash, cash equivalents and restricted cash balances as presented in the condensed consolidated balance sheets.

Income tax (expense) benefit. Income tax expense net decreased by $0.5 million to an income tax benefit of $0.1 million for the nine months ended September 30, 2023 from an income tax expense of $0.4 million for the nine three months ended September 30, 2022. The decrease relates March 31, 2024 primarily due to lower provisions for federal and state income taxes a $0.4 million loss recorded on the financial results one property as a result of our TRS. foundation issues in 2024.

Net income. Net income decreased $0.5 million $0.4 million to $4.9 million $1.1 million for the nine three months ended September 30, 2023 March 31, 2024 from a net income of $5.4 million $1.5 million for the nine three months ended September 30, 2022 March 31, 2023. Net income decreased primarily due to increases in provisions for impairment, interest expense, and depreciation and amortization expenses, provisions for impairment, payroll expense, as well as a decrease offset by increases in net gains on sales of real estate as set forth above. This is offset primarily by increases in and additional rental revenues primarily due to the growth in the size of our real estate investment portfolio, including interest income associated with our mortgage loans receivable.

Liquidity and Capital Resources

Our primary capital requirements are to fund property acquisitions and development and developments, fund investments in mortgage loans receivable and required interest payments, as well as and fund working capital needs, operating expenses, and capital expenditures. Our capital resources primarily consist of cash from operations, sales of equity securities and available borrowing facilities. As of September 30, 2023 March 31, 2024, we had $175.0 million outstanding principal amount of under the senior unsecured term loan (the "2027 Term Loan"), $200.0 million outstanding principal amount of under the 2028 senior unsecured term loan (the "2028 Term Loan, $150.0 million Loan"), $250.0 million outstanding principal amount of under the 2029 Term Loan, and $42.0 million $75.0 million of borrowings outstanding under our Revolver. $400.0 million senior unsecured revolving credit facility (the "Revolver"). Additionally, as of September 30, 2023 March 31, 2024, we had $99.6 million $98.5 million and $1.9 million of unsettled forward equity under the 2021 ATM Program and 2023 ATM Program, respectively. As of March 31, 2024, $222.7 million of remaining gross proceeds were available for future issuances of shares of our common stock under the 2023 ATM Program, inclusive of 5,983,711 unsettled shares remaining under forward confirmation. Lastly, we had $190.5 million of unsettled forward equity under the outstanding January 2024 forward confirmation. sale agreements as of March 31, 2024.

We believe that the availability of proceeds from the settlement of unsettled outstanding forward confirmations, future issuances of shares of our common stock under the current 2023 ATM Program or subsequent at-the-market sale programs, coupled with as well as our cash flows from operations and available borrowing capacity under the Revolver, and 2029 Term Loan, will be adequate to support our ongoing operations and to fund our debt service requirements, capital expenditures and working capital requirements for at least the next 12 months. We anticipate funding our long-term capital needs through cash provided from operations, borrowings under our Revolver, 2029 Term Loan and issuances of common stock.

Contractual Obligations and Commitments

As of September 30, 2023 March 31, 2024, our contractual debt obligations primarily include the maturity of our 2027 Term Loan with the scheduled principal payment due on January 15, 2026, the maturity of our 2028 Term Loan with the scheduled principal payment due on February 11, 2028, the maturity of our 2029 Term Loan with the scheduled principal payment due on July 3, 2026, and repayment of borrowings on our Revolver with a maturity of August 11, 2026. During the nine three months ended September 30, 2023 March 31, 2024, we borrowed $288.0 million $82.0 million at a weighted average interest rate of 5.98% 6.54% and also repaid $359.0 million $87.0 million on our revolving credit facilities.

The following table provides information with respect to our commitments as of September 30, 2023 March 31, 2024 (in thousands):

Contractual Obligations	Total	From October 1, 2023 to December 31, 2023	2024 – 2025	2026 – 2027	Thereafter
		Payment Due by Period			
2027 Term Loan – Principal	$ 175,000	$ —	$ —	$175,000	$ —
2027 Term Loan – Variable interest (1)	13,024	889	11,873	262	—
Revolver – Borrowings	42,000	—	—	42,000	—
Revolver – Variable interest	7,714	674	5,393	1,647	—
Facility Fee (2)	1,717	150	1,200	367	—
2028 Term Loan – Principal	200,000	—	—	—	200,000
2028 Term Loan – Variable interest (3)	33,873	1,940	15,521	15,521	891
2029 Term Loan – Principal	150,000	—	—	150,000	—
2029 Term Loan – Variable interest (4)	20,192	1,833	14,663	3,696	—

Payment Due by Period

Contractual Obligations	Total	From Apr 2024 t Decemb 31, 202	
2027 Term Loan – Principal	$175,000	$ —	$
2027 Term Loan – Variable interest (1)	10,775	4,132	
2028 Term Loan – Principal	200,000	—	
2028 Term Loan – Variable Interest (2)	29,992	5,820	
2029 Term Loan – Principal	250,000	—	
2029 Term Loan – Variable interest (3)	28,096	9,348	
Revolver – Borrowings	75,000	—	
Revolver – Variable interest	11,368	3,611	
Facility Fee (4)	1,417	450	

Mortgage Note – Principal	Mortgage Note – Principal	8,382	39	332	8,011	—	Mortgage Note – Principal	8,322		123		
Mortgage Note – Interest	Mortgage Note – Interest	1,518	95	742	681	—	Mortgage Note – Interest	1,328		280		
Property developments under contract		37,946	37,946	—	—	—						
Tenant Improvement Allowances		4,089	—	4,089	—	—						
Property development under contract							Property development under contract		24,961			
Additional principal under mortgage notes receivable							Additional principal under mortgage notes receivable		12,371			
Tenant improvement allowances							Tenant improvement allowances		4,089			
Corporate office lease obligations	Corporate office lease obligations	6,033	146	1,253	1,323	3,311	Corporate office lease obligations	5,736		466		
Total	Total	$ 701,488	$ 43,712	$ 55,066	$398,508	$ 204,202	Total	$838,455		$ 65,651		$

(1) We entered into five interest rate hedges to fix the base interest rate (daily SOFR) on our 2027 Term Loan. The hedged fixed rate will reset effective November 27, 2023 to 1.87% and will reset December 23, 2024 to 2.40%. Accordingly, the projected interest rate obligations for the variable rate 2027 Term Loan are based on the hedged fixed rates rate of 0.12% through November 27, 2023, 1.87% through December 23, 2024, and 2.40% thereafter, compared to the variable 2027 Term Loan daily SOFR rate as of September 30, 2023 March 31, 2024 of 5.30% 5.31%, plus a SOFR adjustment of 0.10% and applicable margin of 1.15% based on the $175.0 million $175.0 million 2027 Term Loan outstanding through the contractual maturity date of January 15, 2026.

(2) We are subject to a facility fee of 0.15% on our Revolver.

(3) We entered into three interest rate hedges to fix the base interest rate (one-month SOFR) on our 2028 Term Loan. Accordingly, the projected interest rate obligations for the variable rate 2028 Term Loan are based on the hedged fixed rate of 2.63% compared to the variable 2028 Term Loan one-month SOFR rate as of September 30, 2023 March 31, 2024 of 5.33%, plus a SOFR adjustment of 0.10% and applicable margin of 1.15% based on the $200.0 million 2028 Term Loan outstanding through the maturity date of February 11, 2028.

(4) (3) We entered into four interest rate hedges to fix the base interest rate (daily SOFR) on our 2029 Term Loan. Accordingly, the projected interest rate obligations for the variable rate 2029 Term Loan are based on the hedged fixed rate of 3.64% 3.74% compared to the variable 2029 Term Loan daily SOFR rate as of September 30, 2023 March 31, 2024 of 5.32%, plus a SOFR adjustment of 0.10% and applicable margin of 1.15% based on the $150.0 million $150.0 million of the 2029 Term Loan outstanding through the contractual maturity date of July 3, 2026.

(4) We are subject to a facility fee of 0.15% on our Revolver.

In August 2021, we entered into a lease agreement on a new corporate office space, which is classified as an operating lease. We began operating out of the new office in February 2022. The lease has a remaining noncancellable term of 8.8 8.3 years that expires on July 31, 2032 and is renewable at our option for two additional periods of five years. Future minimum base rental payments under the lease are outlined in “Note 3 – Leases.” Annual rent expense, excluding operating expenses, is approximately $0.5 million during the initial term.

Additionally, in the normal course of business, we enter into various types of commitments to purchase real estate properties, or fund development projects. projects, or extend funds under mortgage notes receivable. These commitments are generally subject to our customary due diligence process and, accordingly, a number of specific conditions must be met before we are obligated or receive an option to purchase the properties. or extend funding. As of September 30, 2023 March 31, 2024, we had commitments to fund properties under development and extend funds under mortgage notes receivable totaling $37.9 million $25.0 million and $12.4 million, respectively, all of which is expected to be funded over the next two years. throughout 2024.

Credit Facilities Debt

See discussion of our debt and interest rate hedges included in “Note 6 - Debt” and “Note 7 - Derivative Financial Instruments” of our condensed consolidated financial statements, included in Part I, Item “Item 1 of this Quarterly Report on Form 10-Q.

As of September 30, 2023 and December 31, 2022, we did not have any off-balance sheet arrangements that have had or are reasonably likely to have a material effect on our financial condition, revenues or expenses, results of operations, liquidity, capital resources or capital expenditures. – Financial Statements (unaudited).”

Historical Cash Flow Information

Nine Three Months Ended September 30, 2023 March 31, 2024 Compared with Nine Three Months Ended September 30, 2022 March 31, 2023

		Nine Months Ended September 30,			
		2023	**2022**		
	Three Months Ended March 31,				**Three Months Ended March 31,**
	2024			**2024**	**2023**
(In thousands)	**(In thousands)**	**(Unaudited)**	**(In thousands)**	**(Unaudited)**	
Net cash provided by (used in):	Net cash provided by (used in):				
Operating activities	Operating activities	$ 51,512	$ 38,706		
Operating activities					
Operating activities					
Investing activities	Investing activities	(345,731)	(381,188)		
Financing activities	Financing activities	231,610	351,069		

Cash Flows Provided By Operating Activities. Net cash provided by operating activities increased decreased by $12.8 million $3.1 million for the nine three months ended September 30, 2023 March 31, 2024 compared to the nine three months ended September 30, 2022 March 31, 2023. The increase decrease was largely attributed to the increase in timing of corporate and property related vendor payments and changes to other working capital accounts, including the size payment of the Company’s real estate investment portfolio our annual insurance policies, payments of employee severance and bonus, and increased interest payments along with an increase in rental receipts of $20.5 million, offset primarily by other net increases in operating and general and administrative expenses paid associated with our larger portfolio. This was offset by an increase in rental receipts of $6.9 million and an increase in mortgage loan receivable interest of $1.5 million.

Cash Flows Used In Investing Activities. Net cash used in investing activities decreased by $35.5 million $5.2 million for the nine three months ended September 30, 2023 March 31, 2024 compared to the nine three months ended September 30, 2022 March 31, 2023. The decrease was primarily due to a decrease in cash spent on acquisitions of real estate of $74.3 million, offset by increases decreases in cash spent on investments in mortgage loans receivable of $19.0 million $35.7 million and $1.8 million less in earnest money deposits made, offset by increases in cash spent on acquisitions of real estate development and real estate developments and improvements of $32.2 million. $27.5 million and $9.8 million, respectively. The remaining decrease is primarily related to proceeds from the sale of real estate, which increased $10.9 million $5.0 million compared to the prior period.

Cash Flows Provided By Financing Activities. Net cash provided by financing activities decreased increased by $119.5 million $54.3 million for the nine three months ended September 30, 2023 March 31, 2024 compared to the nine three months ended September 30, 2022 March 31, 2023. The decrease increase was primarily attributed to a reduction $100.0 million draw on our 2029 Term Loan during the three months ended March 31, 2024 and an increase in net borrowings of $37.0 million $12.0 million under our revolving credit facilities, a reduction in term loan proceeds of $50.0 million, Revolver. The increase was offset by a decrease of proceeds $52.9 million from issuances the issuance of our common stock, in connection with our ATM Program of $24.1 million, further offset by an increase in payments of common stock dividends of $9.1 million, $3.3 million and a decrease increases in proceeds under property development incentives the repurchase of $0.6 million during the nine months ended September 30, 2023. The decrease was offset by decreases in deferred offering costs and deferred financing costs common stock for tax withholding obligations of $0.8 million and $0.5 million, respectively, during the nine months ended September 30, 2023 $0.7 million.

Income Taxes

The Company elected to be treated and qualify as a REIT for U.S. federal income tax purposes beginning with its short taxable year ended December 31, 2019. To qualify as a REIT, the Company must meet certain organizational, income, asset and distribution tests. Accordingly, the Company will generally not be subject to corporate U.S. federal or state income tax to the extent that it makes qualifying distributions of all of its taxable income to its stockholders and provided it satisfies on a continuing basis, through actual investment and operating results, the REIT requirements, including certain asset, income, distribution and share ownership tests. The Company intends to make sufficient distributions during 2023 2024 to receive a full dividends paid deduction.

We maintain a TRS taxable REIT subsidiary ("TRS") which may be subject to U.S. federal, state, and local income taxes on its taxable income. In general, our TRS may perform services for tenants of the Company, hold assets that the Company cannot hold directly and may engage in any real estate or non-real estate-related business.

During the three Recent Accounting Pronouncements

A discussion of recent accounting pronouncements and nine months ended September 30, 2023, the Company recognized franchise and other state and local tax expenses which are included in general and administrative and recognized state and federal income tax expense which their possible effects on our condensed consolidated financial statements is included in income tax expense "Note 2 – Summary of Significant Accounting Policies" in the accompanying condensed consolidated statements of operations and comprehensive income. "Item 1 – Financial Statements (unaudited)."

Critical Accounting Policies and Estimates

Our accounting policies have been established to conform with U.S. GAAP. The preparation of financial statements in conformity with U.S. GAAP requires us to use judgment in the application of accounting policies, including making estimates and assumptions. These judgments affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Management believes that we have made these estimates and assumptions in an appropriate manner and in a way that accurately reflects our financial condition. We continually test and evaluate these estimates and assumptions using our historical knowledge of the business, as well as other factors, to ensure that they are reasonable for reporting purposes. However, actual results may differ from these estimates and assumptions. If our judgment or interpretation of the facts and circumstances relating to the various transactions had been different, it is possible that different accounting policies would have been applied, thus resulting in a different presentation of the financial statements. Additionally, other companies may utilize different estimates that may impact comparability of our results of operations to those of companies in similar businesses. A summary of our critical accounting policies is included in the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023, which is accessible on the SEC's website at www.sec.gov. There have been no material changes to these policies during the periods covered by this quarterly report.

Non-GAAP Financial Measures

Our reported results are presented in accordance with GAAP. We also disclose the following non-GAAP financial measures: Funds From Operations ("FFO"), Core FFO, Adjusted FFO ("AFFO"), earnings before interest expense, income tax expense, and depreciation and amortization ("EBITDA"), EBITDA further adjusted to exclude gains (or losses) from the sales of depreciable property and real estate impairment losses ("EBITDAre" EBITDA*re*"), Adjusted EBITDAre, EBITDA*re*, Annualized Adjusted EBITDAre, EBITDA*re*, Net Debt, Adjusted Net Debt, property-level net operating income ("Property-Level NOI"), property-level cash net operating income ("Property-Level Cash NOI"), property-level cash net operating income estimated run rate ("Property-Level Cash NOI Estimated Run Rate"), and total property-level cash net operating income estimated run rate ("Total Property-Level Cash NOI Estimated Run Rate"), all of which are detailed below. We believe these non-GAAP financial measures are industry measures used by analysts and investors to compare the operating performance of REITs.

FFO, Core FFO and AFFO

The National Association of Real Estate Investment Trusts ("NAREIT"), an industry trade group, has promulgated a widely accepted non-GAAP financial measure of operating performance known as FFO. Our FFO is net income in accordance with GAAP, excluding gains (or losses) resulting from dispositions of properties, plus depreciation and amortization and impairment charges on depreciable real property.

Core FFO is a non-GAAP financial measure defined as FFO adjusted to remove the effect of unusual and non-recurring items that are not expected to impact our operating performance or operations on an ongoing basis. These include non-recurring executive transition costs, severance and related charges, gain on insurance proceeds, other loss (gain), net, and loss on debt extinguishments and other related costs.

AFFO is a non-GAAP financial measure defined as Core FFO adjusted for GAAP net income related to non-cash revenues and expenses, such as straight-line rent, amortization of above- and below-market lease-related intangibles, amortization of lease incentives, capitalized interest expense and earned development interest, non-cash interest expense, non-cash compensation expense, amortization of deferred financing costs, amortization of above/below-market assumed debt, and amortization of loan origination costs.

Historical cost accounting for real estate assets implicitly assumes that the value of real estate assets diminishes predictably over time. In fact, real estate values historically have risen or fallen with market conditions. FFO is intended to be a standard supplemental measure of operating performance that excludes historical cost depreciation and valuation adjustments from net income. We consider FFO to be useful in evaluating potential property acquisitions and measuring operating performance.

We further consider FFO, Core FFO and AFFO to be useful in determining funds available for payment of distributions. FFO, Core FFO and AFFO do not represent net income or cash flows from operations as defined by GAAP. You should not consider FFO, Core FFO and AFFO to be alternatives to net income as a reliable measure of our operating performance nor should you consider FFO, Core FFO and AFFO to be alternatives to cash flows from operating, investing or financing activities (as defined by GAAP) as measures of liquidity.

FFO, Core FFO and AFFO do not measure whether cash flow is sufficient to fund our cash needs, including principal amortization, capital improvements and distributions to stockholders. FFO, Core FFO and AFFO do not represent cash flows from operating, investing or financing activities as defined by GAAP. Further, FFO, Core FFO and AFFO as disclosed by other REITs might not be comparable to our calculations of FFO, Core FFO and AFFO.

The following table sets forth a reconciliation of FFO, Core FFO and AFFO for the periods presented to net income before allocation to noncontrolling interests, as computed in accordance with GAAP (in thousands):

		Three Months Ended September 30,		Nine Months Ended September 30,			
		2023	2022	2023	2022		
		(Unaudited)		(Unaudited)			
	Three Months Ended March 31,						Three Months Ended March 31,
	2024					2024	2023
	(Unaudited)						(Unaudited)
Net income	Net income	$ 4,239	$ 1,419	$ 4,928	$ 5,395		
Depreciation and amortization of real estate	Depreciation and amortization of real estate	15,726	13,241	46,379	35,701		
Provisions for impairment	Provisions for impairment	1,538	—	4,374	1,114		
Gain on sales of real estate, net		(373)	(143)	(669)	(2,162)		
(Gain) loss on sales of real estate, net							
FFO	FFO	$21,130	$14,517	$55,012	$40,048		
Adjustments:	Adjustments:						
Non-recurring executive transition costs, severance and related charges	Non-recurring executive transition costs, severance and related charges	62	—	276	—		
Loss on debt extinguishment and other related costs		—	—	223	—		
Gain on insurance proceeds		(1)	—	(47)	(36)		
Non-recurring executive transition costs, severance and related charges							

Non-recurring executive transition costs, severance and related charges					
Non-recurring other loss (gain), net					
Core FFO	Core FFO	$21,191	$14,517	$55,464	$40,012
Adjustments:	Adjustments:				
Straight-line rent adjustments	Straight-line rent adjustments	(245)	(272)	(707)	(1,144)
Straight-line rent adjustments					
Straight-line rent adjustments					
Amortization of deferred financing costs	Amortization of deferred financing costs	578	239	1,165	553
Amortization of above/below-market assumed debt	Amortization of above/below-market assumed debt	29	—	86	—
Amortization of loan origination costs		26	28	83	59
Amortization of loan origination costs and discounts					
Amortization of lease-related intangibles	Amortization of lease-related intangibles	(121)	(313)	(517)	(644)
Earned development interest	Earned development interest	189	—	189	—
Capitalized interest expense	Capitalized interest expense	(404)	(115)	(688)	(218)
Non-cash interest expense	Non-cash interest expense	(1,134)	—	(1,134)	—
Non-cash compensation expense	Non-cash compensation expense	1,280	1,302	3,559	3,645
AFFO	AFFO	$21,389	$15,386	$57,500	$42,263

EBITDA, EBITDAre, Adjusted EBITDAre and Annualized Adjusted EBITDAre

We compute EBITDA as earnings before interest expense, income tax expense, and depreciation and amortization. In 2017, NAREIT issued a white paper recommending that companies that report EBITDA also report EBITDA*re*. We compute EBITDA*re* in accordance with the definition adopted by NAREIT. NAREIT defines EBITDA*re* as EBITDA (as defined above) excluding gains (or losses) from the sales of depreciable property and impairment charges on depreciable real property.

Adjusted EBITDA*re* is a non-GAAP financial measure defined as EBITDA*re* further adjusted to exclude straight-line rent, non-cash compensation expense, non-recurring executive transition costs, severance and related charges, loss on debt extinguishment and other related costs, gain on insurance proceeds, other loss (gain), net, other non-recurring expenses (income), lease termination fees, adjustment for construction in process, and adjustment for intraquarter activities. Annualized Adjusted EBITDA*re*is Adjusted EBITDA*re*multiplied by four.

We present EBITDA, EBITDA*re*, Adjusted EBITDA*re*and Annualized Adjusted EBITDA*re* as they are measures commonly used in our industry. We believe that these measures are useful to investors and analysts because they provide supplemental information concerning our operating performance, exclusive of certain non-cash items and other costs. We use EBITDA, EBITDA*re*, Adjusted EBITDA*re*and Annualized Adjusted EBITDA*re* as measures of our operating performance and not as measures of liquidity.

EBITDA, EBITDA*re*, Adjusted EBITDA*re*and Annualized Adjusted EBITDA*re* do not include all items of revenue and expense included in net income, they do not represent cash generated from operating activities and they are not necessarily indicative of cash available to fund cash requirements; accordingly, they should not be considered alternatives to net income as a performance measure or cash flows from operations as a liquidity measure and should be considered in addition to, and not in lieu of, GAAP financial measures. Additionally, our computation of EBITDA, EBITDA*re*, Adjusted EBITDA*re*and Annualized Adjusted EBITDA*re* may differ from the methodology for calculating these metrics used by other equity REITs and, therefore, may not be comparable to similarly titled measures reported by other equity REITs.

The following table sets forth a reconciliation of EBITDA EBITDA*re*, Adjusted and EBITDA*re* and Annualized Adjusted EBITDA*re* for the periods presented to net income before allocation to noncontrolling interests, as computed in accordance with GAAP (in thousands):

	Three Months Ended September 30,	
	2023	**2022**
	(Unaudited)	
Net income	$ 4,239	$ 1,419
Depreciation and amortization of real estate	15,726	13,241
Amortization of lease-related intangibles	(121)	(313)
Non-real estate depreciation and amortization	78	166
Interest expense, net	3,946	3,017
Income tax expense (benefit)	15	171
Amortization of loan origination costs	26	28
EBITDA	23,909	17,729
Adjustments:		
Provision for impairments	1,538	—
Gain on sales of real estate, net	(373)	(143)
EBITDAre	25,074	17,586
Adjustments:		
Straight-line rent adjustments	(245)	(272)
Non-recurring executive transition costs, severance and related charges	62	—
Gain on insurance proceeds	(1)	—
Non-cash compensation expense	1,280	1,302
Lease termination fees	(550)	—
Adjustment for construction in process (1)	720	263
Adjustment for intraquarter investment activities (2)	1,341	1,182
Adjusted EBITDA*re*	$ 27,681	$ 20,061
Annualized Adjusted EBITDA*re* (3)	$ 110,724	
Net Debt Adjusted for Outstanding Forward Equity / Annualized Adjusted EBITDA*re*	4.2	

	Three Months Ended March 31,

	2024	2023
	(Unaudited)	
Net income	$ 1,052	$ 1,481
Depreciation and amortization of real estate	17,462	14,884
Amortization of lease-related intangibles	(95)	(213)
Non-real estate depreciation and amortization	79	65
Interest expense, net	6,180	3,944
Income tax expense (benefit)	17	(43)
Amortization of loan origination costs	39	28
EBITDA	24,734	20,146
Adjustments:		
Provisions for impairments	3,662	—
(Gain) loss on sales of real estate, net	(997)	319
EBITDA*re*	27,399	20,465

The following table sets forth a reconciliation of EBITDA, EBITDAre, Adjusted EBITDAre and Annualized Adjusted EBITDAre for the period presented to net income before allocation to noncontrolling interests, as computed in accordance with GAAP (in thousands):

	Three Months Ended March 31, 2024
Net income	$ 1,052
Depreciation and amortization of real estate	17,462
Amortization of lease-related intangibles	(95)
Non-real estate depreciation and amortization	79
Interest expense, net	6,180
Income tax expense (benefit)	17
Amortization of loan origination costs	39
EBITDA	24,734
Adjustments:	
Provisions for impairments	3,662
(Gain) loss on sales of real estate, net	(997)
EBITDA*re*	27,399
Adjustments:	
Straight-line rent adjustments	(542)
Non-recurring executive transition costs, severance and related charges	857
Non-recurring other loss (gain), net	414
Other non-recurring expenses, net	158
Non-cash compensation expense	1,424
Adjustment for construction in process (1)	497
Adjustment for intraquarter investment activities (2)	1,469
Adjusted EBITDA*re*	$ 31,676
Annualized Adjusted EBITDA*re*(3)	$ 126,704
Adjusted Net Debt / Annualized Adjusted EBITDA*re*	3.1

(1) Adjustment reflects the estimated cash yield on developments in process balances as of period end. March 31, 2024.

(2) Adjustment assumes all re-leasing activity, investments in and dispositions of real estate, including developments and interest earning loan activity completed during the three months ended September 30, 2023 and 2022March 31, 2024 had occurred on July 1, 2023 and July 1, 2022, respectively. January 1, 2024.

(3) We calculate Annualized Adjusted EBITDA*re* by multiplying Adjusted EBITDA*re* by four.

Net Debt and Adjusted Net Debt Adjusted for Outstanding Forward Equity

We calculate our Net Debt as our principal amount of total debt outstanding excluding deferred financing costs, net discounts and debt issuance costs less cash, cash equivalents and restricted cash available for future investment.

We further adjust Net Debt by the net value of outstanding unsettled forward equity as of period end to derive Adjusted Net Debt Adjusted for Outstanding Forward Equity. Debt. We believe excluding cash, cash equivalents and restricted cash available for future investment from our principal amount in addition to excluding the net value of outstanding unsettled forward equity, all of which could be used to repay debt, provides an estimate of the net contractual amount of borrowed capital to be repaid. We believe these adjustments are additional beneficial disclosures to investors and analysts.

The following table reconciles the principal amount of total debt to Net Debt and Adjusted for Outstanding Forward Equity: Net Debt:

		As of September 30, 2023 March 31, 2024
Principal amount of total debt	$	575,399 708,322
Less: Cash, cash equivalents and restricted cash		(7,934) (22,334)
Net Debt		567,465 685,988
Less: Value of outstanding unsettled forward equity (1)		(98,671) (290,908)
Adjusted Net Debt Adjusted for Outstanding Forward Equity	$	468,794 395,080

(1) There were 5,983,711 17,131,211 unsettled shares under forward equity contracts under the ATM Program as of September 30, 2023 March 31, 2024 at the available weighted-average net settlement price of $16.49. $16.98.

Property-Level NOI, Property-Level Cash NOI, Property-Level Cash NOI - Estimated Run Rate, and Total Cash NOI - Estimated Run Rate

Property-Level NOI, Property-Level Cash NOI, Property-Level Cash NOI - Estimated Run Rate, and Total Cash NOI - Estimated Run Rate are non-GAAP financial measures which we use to assess our operating results. We compute Property-Level NOI as net income (computed in accordance with GAAP), excluding general and administrative expenses, interest expense (or income), income tax expense, transaction costs, depreciation and amortization, gains (or losses) on sales of depreciable property, real estate impairment losses, interest income on mortgage loans receivable, loss on debt extinguishment, lease termination fees and other income (or expense). expense (income), net. We further adjust Property-Level NOI for non-cash revenue components of straight-line rent and amortization of lease-intangibles to derive Property-Level Cash NOI. We further adjust Property-Level Cash NOI for intraquarter acquisitions, dispositions and completed development to derive Property-Level Cash NOI - Estimated Run Rate. We further adjust Property-Level Cash NOI - Estimated Run Rate for interest income on mortgage loans receivable and intraquarter mortgage loan activity to derive Total Cash NOI - Estimated Run Rate. We believe Property-Level NOI, Property-Level Cash NOI, Property-Level Cash NOI - Estimated Run Rate, and Total Cash NOI - Estimated Run Rate provide useful and relevant information because they reflect only those income and expense items that are incurred at the property level and present such items on an unlevered basis.

Property-Level NOI, Property-Level Cash NOI, Property-Level Cash NOI - Estimated Run Rate, and Total Cash NOI - Estimated Run Rate are not measurements of financial performance under GAAP, and may not be comparable to similarly titled measures of other companies. You should not consider our measures as alternatives to net income or cash flows from operating activities determined in accordance with GAAP.

The following table sets forth a reconciliation of Property-Level NOI and Property-Level Cash NOI for the periods presented (in thousands):

	Three Months Ended March 31,			
	2024		2023	
	(Unaudited)			
Net income	$	1,052	$	1,481
General and administrative		5,707		4,909
Depreciation and amortization		17,541		14,949
Provisions for impairment		3,662		—
Transaction costs		129		109

Interest expense, net	6,180	3,944
(Gain) loss on sales of real estate, net	(997)	319
Income tax expense (benefit)	17	(43)
Interest income on mortgage loans receivable	(2,484)	(978)
Other expense (income), net	280	(152)
Property-Level NOI	31,087	24,538
Straight-line rent adjustments	(542)	(311)
Amortization of lease-related intangibles	(95)	(213)
Property-Level Cash NOI	$ 30,450	$ 24,014

The following table sets forth a reconciliation of Property-Level NOI, Property-Level Cash NOI, Property-Level Cash NOI - Estimated Run Rate, and Total Cash NOI - Estimated Run Rate for the periods period presented (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(Unaudited)		(Unaudited)	
Net income	$ 4,239	$ 1,419	$ 4,928	$ 5,395
General and administrative	5,133	4,552	15,299	13,608
Depreciation and amortization	15,804	13,407	46,599	36,137
Provisions for impairment	1,538	—	4,374	1,114
Transaction costs	143	51	267	704
Interest expense, net	3,946	3,017	13,412	5,708
Gain on sales of real estate, net	(373)	(143)	(669)	(2,162)
Income tax expense (benefit)	15	171	(60)	356
Loss on debt extinguishment	—	—	128	—
Interest income on mortgage loans receivable	(2,244)	(674)	(5,145)	(1,671)
Lease termination fees	(550)	—	(550)	—
Other income, net	(367)	—	(586)	(36)
Property-Level NOI	27,284	21,800	77,997	59,153
Straight-line rent adjustments	(245)	(272)	(707)	(1,144)
Amortization of lease-related intangibles	(121)	(313)	(517)	(644)
Property-Level Cash NOI	$ 26,918	$ 21,215	$ 76,773	$ 57,365
Adjustment for intraquarter acquisitions, dispositions and completed development (1)	1,320			
Property-Level Cash NOI Estimated Run Rate	28,238			
Interest income on mortgage loans receivable	2,244			
Adjustments for intraquarter mortgage loan activity (2)	21			
Total Cash NOI - Estimated Run Rate	$ 30,503			

	Three Months Ended March 31, 2024	
Net income	$	1,052
General and administrative		5,707
Depreciation and amortization		17,541
Provisions for impairment		3,662
Transaction costs		129
Interest expense, net		6,180
(Gain) loss on sales of real estate, net		(997)
Gain on forfeited earnest money deposit		—
Income tax expense (benefit)		17
Interest income on mortgage loans receivable		(2,484)
Other expense (income), net		280
Property-Level NOI		31,087
Straight-line rent adjustments		(542)
Amortization of lease-related intangibles		(95)
Property-Level Cash NOI	$	30,450
Adjustment for intraquarter acquisitions, dispositions and interest earning development (1)		1,358
Property-Level Cash NOI Estimated Run Rate		31,808
Interest income on mortgage loans receivable		2,484
Adjustments for intraquarter mortgage loan activity (2)		111
Total Cash NOI - Estimated Run Rate	$	34,403

(1) Adjustment assumes all re-leasing activity, investments in and dispositions of real estate, including developments completed during the three months ended September 30, 2023 March 31, 2024 had occurred on July 1, 2023 January 1, 2024.

(2) Adjustment assumes all loan activity completed during the three months ended September 30, 2023 March 31, 2024 had occurred on July 1, 2023 January 1, 2024.

Item 3. ***Quantitative and Qualitative Disclosures About Market Risk***

Our future income, cash flows and fair value relevant to our financial instruments depend upon prevailing market interest rates. Market risk refers to the risk of loss from adverse changes in market prices and interest rates. Based upon the nature of our operations, the principal market risk to which we are exposed is the risk related to interest rate fluctuations. As of September 30, 2023 March 31, 2024, we had total indebtedness of approximately $175.0 million under the 2027 Term Loan, $200.0 million under the 2028 Term Loan, $150.0 million $250.0 million under the 2029 Term Loan, and $42.0 million $75.0 million of borrowings under the Revolver, all of which are floating rate debt with a variable interest rate. For the three and nine months ended September 30, 2023 March 31, 2024, we had average daily outstanding borrowings on our Revolver of $12.8 million and $81.4 million, respectively. $59.6 million.

Effective through the maturity dates of January 15, 2027, February 11, 2028, and January 3, 2029, respectively, we entered into interest rate derivative contracts in order to hedge our market interest risk associated with the 2027 Term Loan, 2028 Term Loan, and 2029 Term Loan, respectively. The interest rate derivative contracts convert the variable rate debt on the term loans to a fixed interest rate (as further described in “Note 6 - Debt” in our condensed consolidated financial statements).

Additionally, we will occasionally fund acquisitions through the use of our Revolver which bears an interest rate determined by either (i) SOFR, plus a SOFR adjustment of 0.10%, plus a margin ranging from 1.00% to 1.45%, based on our consolidated total leverage ratio, or (ii) a Base Rate (as defined in the New Credit Facility), plus a margin ranging from 0.00% to 0.45%, based on our consolidated total leverage ratio. Many factors, including governmental monetary and tax policies, domestic and international economic and political considerations, and other factors that are beyond our control contribute to our interest rate risk. Based on the results of our sensitivity analysis and daily outstanding borrowings on the Revolver during 2023, 2024, which assumes a 1% adverse change in the interest rate as of September 30, 2023 March 31, 2024, the estimated market risk exposure was approximately $0.8 million. $0.6 million.

Item 4. ***Controls and Procedures***

Disclosure Controls and Procedures.

At the end of the period covered by this report, the Company conducted an evaluation, under the supervision and with the participation of its principal executive officer and principal financial officer, of its disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act). Based on this evaluation, the Company's principal executive officer and principal financial officer concluded that its disclosure controls and procedures are effective to ensure that information required to be disclosed by us in reports that the Company files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms.

Changes in Internal Control over Financial Reporting.

During the period covered by this report, there have been no changes in our the Company's internal control over financial reporting identified in connection with the evaluation described above that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

Item 1. *Legal Proceedings*

From time to time, we may be party to various lawsuits, claims and other legal proceedings that arise in the ordinary course of our business. We are not currently subject to any lawsuits, claims, or other legal proceedings.

Item 1A. *Risk Factors*

For a discussion of the most significant factors that may adversely affect us, see the information under the heading "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023, which is accessible on the SEC's website at www.sec.gov. There have been no material changes to the risk factors disclosed in the Annual Report. These risk factors may not describe every risk facing us. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition, and results of operations.

Item 2. *Unregistered Sales of Equity Securities and Use of Proceeds*

Unregistered Sales of Equity Securities and Use of Proceeds

None.

Company Stock Repurchases

None.

Item 3. *Defaults Upon Senior Securities*

Not applicable.

Item 4. *Mine Safety Disclosures*

Not applicable.

Item 5. *Other Information*

Not applicable.

Item 6. *Exhibits*

Exhibit No.	Description
3.1	Conformed Articles of Amendment and Restatement of NETSTREIT Corp. (incorporated by reference to Exhibit 3.1 to the Registrant's Annual Report on Form 10-K filed on February 23, 2023 for the year ended December 31, 2022).
3.2	Amended and Restated Bylaws of NETSTREIT Corp. (incorporated by reference to Exhibit 3.2 to the Registrant's Current Registrant's Annual Report on Form 8-K filed on August 21, 2020).10-K for the year ended December 31, 2022).
31.1*	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2*	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS**	XBRL Instance Document.
101.SCH***	XBRL Taxonomy Extension Schema Document.
101.CAL***	XBRL Taxonomy Extension Calculation Linkbase Document.
101.LAB***	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE***	XBRL Taxonomy Extension Presentation Linkbase Document.
101.DEF***	XBRL Taxonomy Extension Definition Linkbase Document.
104**	Cover Page Interactive Data File.

*	Filed herewith.
**	The XBRL Instance Document and Cover Page Interactive Data File do not appear in the Interactive Data File because their XBRL tags are embedded within the Inline XBRL document.
***	Submitted electronically with the report.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

	NETSTREIT Corp.
October 25, 2023 April 29, 2024	/s/ MARK MANHEIMER
Date	Mark Manheimer President, Chief Executive Officer, Secretary and Director (Principal Executive Officer)
October 25, 2023 April 29, 2024	/s/ DANIEL DONLAN
Date	Daniel Donlan Chief Financial Officer and Treasurer (Principal Financial Officer)
October 25, 2023 April 29, 2024	/s/ PATRICIA GIBBS
Date	Patricia Gibbs Senior Vice President and Chief Accounting Officer (Principal Accounting Officer)

Exhibit 31.1

CERTIFICATION

I, Mark Manheimer, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of NETSTREIT Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date:	October 25, 2023 April 29, 2024	By:	/s/ MARK MANHEIMER
			Mark Manheimer
			President, Chief Executive Officer, and Secretary

Exhibit 31.2

CERTIFICATION

I, Daniel Donlan, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of NETSTREIT Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date:	October 25, 2023 April 29, 2024	By:	/s/ DANIEL DONLAN
			Daniel Donlan
			Chief Financial Officer and Treasurer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with this Quarterly Report on Form 10-Q of NETSTREIT Corp. (the "Company") for the period ended September 30, 2023 March 31, 2024, as filed with the Securities and Exchange Commission (the "Report"), the undersigned, as the President, and Chief Executive Officer, Secretary and Director of the Company, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

1. The Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: October 25, 2023 April 29, 2024 Signed: /s/ MARK MANHEIMER

Mark Manheimer

President, Chief Executive Officer, and Secretary

This certification accompanies the Report to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any of the Company's filings under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Form 10-Q), irrespective of any general incorporation language contained in such filing.

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with this Quarterly Report on Form 10-Q of NETSTREIT Corp. (the "Company") for the period ended September 30, 2023 March 31, 2024, as filed with the Securities and Exchange Commission (the "Report"), the undersigned, as the Chief Financial Officer Treasurer and SecretaryTreasurer of the Company, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

1. The Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: October 25, 2023 April 29, 2024 Signed: /s/ DANIEL DONLAN

Daniel Donlan

Chief Financial Officer and Treasurer

This certification accompanies the Report to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any of the Company's filings under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Form 10-Q), irrespective of any general incorporation language contained in such filing.