REFINITIV

DELTA REPORT

10-Q

EPR PR G - EPR PROPERTIES

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

The following comparison report has been automatically generated

TOTAL DELTAS	1135
CHANGES	398
DELETIONS	378
ADDITIONS	359

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: 001-13561

EPR PROPERTIES
(Exact name of registrant as specified in its charter)

Maryland	**43-1790877**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
909 Walnut Street, Suite 200 Kansas City, Missouri	**64106**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code: (816) 472-1700

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 shares, par value $0.01 per share	EPR	New York Stock Exchange
5.75% Series C cumulative convertible preferred shares, par value $0.01 per share	EPR PrC	New York Stock Exchange
9.00% Series E cumulative convertible preferred shares, par value $0.01 per share	EPR PrE	New York Stock Exchange
5.75% Series G cumulative redeemable preferred shares, par value $0.01 per share	EPR PrG	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 (§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, a 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 in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

At October 25, 2023 May 1, 2024, there were 75,329,434 75,672,637 common shares outstanding.

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

With the exception of historical information, certain statements contained or incorporated by reference herein may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), such as those pertaining to the uncertain financial impact of the COVID-19 pandemic, our capital resources and liquidity, our expected pursuit of growth opportunities, our expected cash flows, the performance of our customers, our expected cash collections and our results of operations and financial condition. Forward-looking statements involve numerous risks and uncertainties, and you should not rely on them as predictions of actual events. There is no assurance that the events or circumstances reflected in the forward-looking statements will occur. You can identify forward-looking statements by use of words such as "will be," "intend," "continue," "believe," "may," "expect," "hope," "anticipate," "goal," "forecast," "pipeline," "estimates," "offers," "plans," "would" or other similar expressions or other comparable terms or discussions of strategy, plans or intentions in this Quarterly Report on Form 10-Q. In addition, references to our budgeted amounts and guidance are forward-looking statements.

Factors that could materially and adversely affect us include, but are not limited to, the factors listed below:

- Global economic uncertainty, disruptions in financial markets, and generally weakening economic conditions;
- Risks associated with the effects of the COVID-19, pandemic, or the future outbreak of any additional variants of COVID-19 or other highly infectious or contagious diseases;
- Global economic uncertainty, disruptions in financial markets, and generally weakening economic conditions;
- The impact of inflation on our customers and our results of operations;
- Reduction in discretionary spending by consumers;
- Covenants in our debt instruments that limit our ability to take certain actions;
- Adverse changes in our credit ratings;
- Rising interest rates;
- Defaults in the performance of lease terms by our tenants;
- Defaults by our customers and counterparties on their obligations owed to us;
- A borrower's bankruptcy or default;
- Risks associated with sales or divestitures of properties;
- Our ability to renew maturing leases on terms comparable to prior leases and/or our ability to locate substitute lessees for these properties on economically favorable terms or at all;
- Risks of operating in the experiential real estate industry (including the impact of labor strikes on the production, supply or supply theatrical release of motion pictures to our theatre tenants);
- Our ability to compete effectively;
- Risks associated with three tenants representing a substantial portion of our lease revenues;
- The ability of our build-to-suit tenants to achieve sufficient operating results within expected time-frames and therefore have capacity to pay their agreed-upon rent;
- Risks associated with our dependence on third-party managers to operate certain of our properties;
- Risks associated with our level of indebtedness;
- Risks associated with use of leverage to acquire properties;
- Financing arrangements that require lump-sum payments;
- Our ability to raise capital;
- The concentration of our investment portfolio;
- Our continued qualification as a real estate investment trust for U.S. federal income tax purposes and related tax matters;
- The ability of our subsidiaries to satisfy their obligations;
- Financing arrangements that expose us to funding and completion risks;
- Our reliance on a limited number of employees, the loss of which could harm operations;
- Risks associated with the employment of personnel by managers of certain of our properties;
- Risks associated with the gaming industry;
- Risks associated with gaming and other regulatory authorities;
- Delays or prohibitions of transfers of gaming properties due to required regulatory approvals;
- Risks associated with security breaches and other disruptions;
- Changes in accounting standards that may adversely affect our financial statements;

- Fluctuations in the value of real estate income and investments;
- Risks relating to real estate ownership, leasing and development, including local conditions such as an oversupply of space or a reduction in demand for real estate in the area, competition from other available space, whether tenants and users such as customers of our tenants consider a property attractive, changes in real estate taxes and other expenses, changes in market rental rates, the timing and costs associated with property improvements and rentals, changes in taxation or zoning laws or other governmental regulation, whether we are able to pass some or all of any increased operating costs through to tenants or other customers, and how well we manage our properties;
- Our ability to secure adequate insurance and risk of potential uninsured losses, including from natural disasters;
- Risks involved in joint ventures;
- Risks in leasing multi-tenant properties;
- Risks associated with litigation that could negatively impact our financial condition, cash flows, results of operations and the trading price of our shares;
- A failure to comply with the Americans with Disabilities Act or other laws;
- Risks of environmental liability;
- Risks associated with the relatively illiquid nature of our real estate investments;
- Risks with owning assets in foreign countries;
- Risks associated with owning, operating or financing properties for which the tenants', mortgagors' or our operations may be impacted by weather conditions, climate change and natural disasters;
- Risks associated with the development, redevelopment and expansion of properties and the acquisition of other real estate related companies;
- Our ability to pay dividends in cash or at current rates;
- Risks associated with the impact of inflation or market interest rates on the value of our shares;
- Fluctuations in the market prices for our shares;
- Certain limits on changes in control imposed under law and by our Declaration of Trust and Bylaws;
- Policy changes obtained without the approval of our shareholders;
- Equity issuances that could dilute the value of our shares;
- Future offerings of debt or equity securities, which may rank senior to our common shares;
- Risks associated with changes in foreign exchange rates; and
- Changes in laws and regulations, including tax laws and regulations.

Our forward-looking statements represent our intentions, plans, expectations and beliefs and are subject to numerous assumptions, risks and uncertainties. Many of the factors that will determine these items are beyond our ability to control or predict. For further discussion of these factors, see Item 1A - "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023 (the "2022 "2023 Annual Report") filed with the Securities and Exchange Commission ("SEC") on February 23, 2023, as supplemented by Item 1A - "Risk Factors" in this Quarterly Report on Form 10-Q. February 29, 2024.

For these statements, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. You are cautioned not to place undue reliance on our forward-looking statements, which speak only as of the date of this Quarterly Report on Form 10-Q or the date of any document incorporated by reference herein. All subsequent written and oral forward-looking statements attributable to us or any person acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. Except as required by law, we do not undertake any obligation to release publicly any revisions to our forward-looking statements to reflect events or circumstances after the date of this Quarterly Report on Form 10-Q.

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

EPR PROPERTIES
Consolidated Balance Sheets
(Dollars in thousands except share data)

		September 30, 2023	December 31, 2022	March 31, 2024	December 31, 2023
		(unaudited)			
	(unaudited)				
Assets	**Assets**				
Real estate investments, net of accumulated depreciation of $1,400,642 and $1,302,640 at September 30, 2023 and December 31, 2022, respectively		$4,571,514	$4,714,136		
Assets					
Assets					
Real estate investments, net of accumulated depreciation of $1,470,507 and $1,435,683 at March 31, 2024 and December 31, 2023, respectively					
Real estate investments, net of accumulated depreciation of $1,470,507 and $1,435,683 at March 31, 2024 and December 31, 2023, respectively					
Real estate investments, net of accumulated depreciation of $1,470,507 and $1,435,683 at March 31, 2024 and December 31, 2023, respectively					
Land held for development	Land held for development	20,168	20,168		

Property under development	Property under development	101,313	76,029
Operating lease right-of-use assets	Operating lease right-of-use assets	190,309	200,985
Mortgage notes and related accrued interest receivable, net	Mortgage notes and related accrued interest receivable, net	477,243	457,268
Investment in joint ventures			
Investment in joint ventures			
Investment in joint ventures	Investment in joint ventures	53,855	52,964
Cash and cash equivalents	Cash and cash equivalents	172,953	107,934
Restricted cash	Restricted cash	2,868	2,577
Accounts receivable	Accounts receivable	54,826	53,587
Accounts receivable			
Accounts receivable			
Other assets			
Other assets			
Other assets	Other assets	74,328	73,053
Total assets	Total assets	$5,719,377	$5,758,701
Liabilities and Equity	**Liabilities and Equity**		
Liabilities:	Liabilities:		
Liabilities:			
Liabilities:			
Accounts payable and accrued liabilities			
Accounts payable and accrued liabilities			
Accounts payable and accrued liabilities	Accounts payable and accrued liabilities	$ 82,804	$ 80,087
Operating lease liabilities	Operating lease liabilities	230,922	241,407
Common dividends payable	Common dividends payable	22,795	21,405
Preferred dividends payable	Preferred dividends payable	6,032	6,033
Unearned rents and interest	Unearned rents and interest	88,530	63,939
Debt	Debt	2,814,497	2,810,111
Total liabilities	Total liabilities	3,245,580	3,222,982
Equity:	Equity:		
Common Shares, $0.01 par value; 125,000,000 and 100,000,000 shares authorized at September 30, 2023 and December 31, 2022, respectively; and 82,959,404 and 82,545,501 shares issued at September 30, 2023 and December 31, 2022, respectively		829	825

Common Shares, $0.01 par value; 125,000,000 shares authorized at March 31, 2024 and December 31, 2023; and 83,553,611 and 82,964,231 shares issued at March 31, 2024 and December 31, 2023, respectively		
Common Shares, $0.01 par value; 125,000,000 shares authorized at March 31, 2024 and December 31, 2023; and 83,553,611 and 82,964,231 shares issued at March 31, 2024 and December 31, 2023, respectively		
Common Shares, $0.01 par value; 125,000,000 shares authorized at March 31, 2024 and December 31, 2023; and 83,553,611 and 82,964,231 shares issued at March 31, 2024 and December 31, 2023, respectively		
Preferred Shares, $0.01 par value; 25,000,000 shares authorized: Preferred Shares, $0.01 par value; 25,000,000 shares authorized:		
5,392,916 Series C convertible shares issued at September 30, 2023 and December 31, 2022; liquidation preference of $134,822,900	54	54
3,445,980 and 3,447,381 Series E convertible shares issued at September 30, 2023 and December 31, 2022, respectively; liquidation preference of $86,149,500	34	34
6,000,000 Series G shares issued at September 30, 2023 and December 31, 2022; liquidation preference of $150,000,000	60	60
5,392,916 Series C convertible shares issued at March 31, 2024 and December 31, 2023; liquidation preference of $134,822,900		
5,392,916 Series C convertible shares issued at March 31, 2024 and December 31, 2023; liquidation preference of $134,822,900		
5,392,916 Series C convertible shares issued at March 31, 2024 and December 31, 2023; liquidation preference of $134,822,900		
3,445,980 Series E convertible shares issued at March 31, 2024 and December 31, 2023; liquidation preference of $86,149,500		

6,000,000 Series G shares issued at March 31, 2024 and December 31, 2023; liquidation preference of $150,000,000			
Additional paid-in-capital	Additional paid-in-capital	3,919,885	3,899,732
Treasury shares at cost: 7,631,658 and 7,520,227 common shares at September 30, 2023 and December 31, 2022, respectively		(274,035)	(269,751)
Treasury shares at cost: 7,883,581 and 7,631,725 common shares at March 31, 2024 and December 31, 2023, respectively			
Accumulated other comprehensive income	Accumulated other comprehensive income	2,378	1,897
Distributions in excess of net income	Distributions in excess of net income	(1,175,408)	(1,097,132)
Total equity	Total equity	$2,473,797	$2,535,719
Total equity			
Total equity			
Total liabilities and equity	Total liabilities and equity	$5,719,377	$5,758,701

See accompanying notes to consolidated financial statements.

EPR PROPERTIES
Consolidated Statements of Income and Comprehensive Income
(Unaudited)
(Dollars in thousands except per share data)

		Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022
Rental revenue	Rental revenue	$ 163,940	$ 140,471	$ 467,401	$ 422,949
Rental revenue					
Rental revenue					
Other income					
Other income					
Other income	Other income	14,422	11,360	33,879	30,626
Mortgage and other financing income	Mortgage and other financing income	11,022	9,579	32,407	25,753
Mortgage and other financing income					
Mortgage and other financing income					
Total revenue					
Total revenue					

Total revenue	Total revenue	189,384	161,410	533,687	479,328
Property operating expense	Property operating expense	14,592	14,707	42,719	42,238
Property operating expense					
Property operating expense					
Other expense					
Other expense					
Other expense	Other expense	13,124	9,135	31,235	26,104
General and administrative expense	General and administrative expense	13,464	12,582	42,677	38,497
Severance expense		—	—	547	—
General and administrative expense					
General and administrative expense					
Retirement and severance expense					
Retirement and severance expense					
Retirement and severance expense					
Transaction costs					
Transaction costs					
Transaction costs	Transaction costs	847	148	1,153	3,540
Provision (benefit) for credit losses, net	Provision (benefit) for credit losses, net	(719)	241	(407)	9,447
Impairment charges		20,887	—	64,672	4,351
Provision (benefit) for credit losses, net					
Provision (benefit) for credit losses, net					
Depreciation and amortization					
Depreciation and amortization					
Depreciation and amortization	Depreciation and amortization	42,432	41,539	127,341	122,349
Total operating expenses	Total operating expenses	104,627	78,352	309,937	246,526
Gain on sale of real estate		2,550	304	1,415	304
Total operating expenses					
Total operating expenses					
Gain (loss) on sale of real estate					
Gain (loss) on sale of real estate					
Gain (loss) on sale of real estate					
Income from operations					
Income from operations					
Income from operations	Income from operations	87,307	83,362	225,165	233,106
Interest expense, net	Interest expense, net	31,208	32,747	94,521	99,296
Equity in (income) loss from joint ventures		(533)	(572)	2,067	(1,887)
Impairment charges on joint ventures		—	—	—	647
Interest expense, net					
Interest expense, net					
Equity in loss from joint ventures					
Equity in loss from joint ventures					
Equity in loss from joint ventures					
Income before income taxes	Income before income taxes	56,632	51,187	128,577	135,050
Income before income taxes					

Income before income taxes					
Income tax expense					
Income tax expense					
Income tax expense	Income tax expense	372	388	1,060	1,150
Net income	Net income	56,260	50,799	127,517	133,900
Net income					
Net income					
Preferred dividend requirements					
Preferred dividend requirements					
Preferred dividend requirements	Preferred dividend requirements	6,032	6,033	18,105	18,099
Net income available to common shareholders of EPR Properties	Net income available to common shareholders of EPR Properties	$ 50,228	$ 44,766	$ 109,412	$ 115,801
Net income available to common shareholders of EPR Properties					
Net income available to common shareholders of EPR Properties					
Net income available to common shareholders of EPR Properties per share:	Net income available to common shareholders of EPR Properties per share:				
Net income available to common shareholders of EPR Properties per share:					
Net income available to common shareholders of EPR Properties per share:					
Basic					
Basic					
Basic	Basic	$ 0.67	$ 0.60	$ 1.45	$ 1.55
Diluted	Diluted	$ 0.66	$ 0.60	$ 1.45	$ 1.54
Diluted					
Diluted					
Shares used for computation (in thousands):					
Shares used for computation (in thousands):					
Shares used for computation (in thousands):	Shares used for computation (in thousands):				
Basic	Basic	75,325	75,016	75,236	74,949
Basic					
Basic					
Diluted					
Diluted					
Diluted	Diluted	75,816	75,183	75,655	75,102
Other comprehensive income:	Other comprehensive income:				
Other comprehensive income:					
Other comprehensive income:					
Net income					
Net income					
Net income	Net income	$ 56,260	$ 50,799	$ 127,517	$ 133,900

Foreign currency translation adjustment	Foreign currency translation adjustment	(6,088)	(21,697)	535	(24,015)
Unrealized gain (loss) on derivatives, net	Unrealized gain (loss) on derivatives, net	4,856	12,119	(54)	15,157
Comprehensive income attributable to EPR Properties	Comprehensive income attributable to EPR Properties	$ 55,028	$ 41,221	$ 127,998	$ 125,042

Foreign currency translation adjustment
Foreign currency translation adjustment
Unrealized gain (loss) on derivatives, net
Unrealized gain (loss) on derivatives, net
Comprehensive income attributable to EPR Properties
Comprehensive income attributable to EPR Properties

See accompanying notes to consolidated financial statements.

EPR PROPERTIES
Consolidated Statements of Changes in Equity
(Unaudited)
(Dollars in thousands except per share data)

EPR Properties Shareholders' Equity
EPR Properties Shareholders' Equity
EPR Properties Shareholders' Equity
Common Stock **Preferred Stock** **Add pa ca**

		EPR Properties Shareholders' Equity								
		Common Stock		Preferred Stock						
		Shares	Par	Shares	Par	Additional paid-in capital	Treasury shares	Accumulated other comprehensive income	Distributions in excess of net income	Total
Balance at December 31, 2021		82,225,061	$822	14,840,297	$148	$3,876,817	$(264,817)	$9,955	$(1,004,886)	$2,618,039
Restricted share units issued to Trustees	Restricted share units issued to Trustees	2,794	—	—	—	—	—	—	—	—
Issuance of nonvested shares and performance shares, net of cancellations	Issuance of nonvested shares and performance shares, net of cancellations	243,286	3	—	—	4,496	(83)	—	—	4,416
Purchase of common shares for vesting	Purchase of common shares for vesting	—	—	—	—	—	(4,250)	—	—	(4,250)
Share-based compensation expense	Share-based compensation expense	—	—	—	—	4,245	—	—	—	4,245

Total
Shares
Balance at December 31, 2022
Balance at December 31, 2022
Balance at December 31, 2022

Foreign currency translation adjustment	Foreign currency translation adjustment	—	—	—	—	—	—	2,606	—	2,606
Foreign currency translation adjustment										
Foreign currency translation adjustment										
Change in unrealized loss on derivatives, net	Change in unrealized loss on derivatives, net	—	—	—	—	—	—	(2,090)	—	(2,090)
Change in unrealized loss on derivatives, net										
Change in unrealized loss on derivatives, net										
Net income										
Net income										
Net income	Net income	—	—	—	—	—	—	—	42,192	42,192
Issuances of common shares	Issuances of common shares	4,730	—	—	—	228	—	—	—	228
Conversion of Series E Convertible Preferred shares to common shares										
Conversion of Series E Convertible Preferred shares to common shares										
Conversion of Series E Convertible Preferred shares to common shares										
Stock option exercises, net		9,799	—	—	—	454	(458)	—	—	(4)
Dividend equivalents accrued on performance shares	Dividend equivalents accrued on performance shares	—	—	—	—	—	—	—	(136)	(136)
Dividends to common shareholders ($0.7750 per share)		—	—	—	—	—	—	—	(58,099)	(58,099)
Dividend equivalents accrued on performance shares										
Dividend equivalents accrued on performance shares										
Dividends to common shareholders ($0.8250 per share)										
Dividends to Series C preferred shareholders ($0.359375 per share)	Dividends to Series C preferred shareholders ($0.359375 per share)	—	—	—	—	—	—	—	(1,938)	(1,938)

Dividends to Series E preferred shareholders ($0.5625 per share)	—	—	—	—	—	—	—	(1,939)	(1,939)
Dividends to Series G preferred shareholders ($0.359375 per share)	—	—	—	—	—	—	—	(2,156)	(2,156)
Balance at March 31, 2022	82,485,670	$825	14,840,297	$148	$3,886,240	$(269,608)	$ 10,471	$ (1,026,962)	$2,601,114
Restricted share units issued to Trustees	38,605	—	—	—	—	—	—	—	—
Share-based compensation expense	—	—	—	—	4,169	—	—	—	4,169
Foreign currency translation adjustment	—	—	—	—	—	—	(4,924)	—	(4,924)
Change in unrealized gain on derivatives, net	—	—	—	—	—	—	5,128	—	5,128
Net income	—	—	—	—	—	—	—	40,909	40,909
Issuances of common shares	5,587	—	—	—	275	—	—	—	275
Balance at March 31, 2023									
Balance at March 31, 2023									
Balance at March 31, 2023									
Dividend equivalents accrued on performance shares	—	—	—	—	—	—	—	(188)	(188)
Dividends to common shareholders ($0.825 per share)	—	—	—	—	—	—	—	(61,873)	(61,873)
Dividends to Series C preferred shareholders ($0.359375 per share)	—	—	—	—	—	—	—	(1,938)	(1,938)
Dividends to Series E preferred shareholders ($0.5625 per share)	—	—	—	—	—	—	—	(1,939)	(1,939)
Dividends to Series G preferred shareholders ($0.359375 per share)	—	—	—	—	—	—	—	(2,156)	(2,156)
Balance at June 30, 2022	82,529,862	$825	14,840,297	$148	$3,890,684	$(269,608)	$ 10,675	$ (1,054,147)	$2,578,577

Continued on next page.

	EPR Properties Shareholders' Equity								
	Common Stock		Preferred Stock						
	Shares	Par	Shares	Par	Additional paid-in capital	Treasury shares	Accumulated other comprehensive income	Distributions in excess of net income	Total
Continued from previous page.									
Balance at June 30, 2022	82,529,862	$ 825	14,840,297	$ 148	$ 3,890,684	$ (269,608)	$ 10,675	$ (1,054,147)	$ 2,578,577
Share-based compensation expense	—	—	—	—	4,138	—	—	—	4,138
Foreign currency translation adjustment	—	—	—	—	—	—	(21,697)	—	(21,697)
Change in unrealized gain on derivatives	—	—	—	—	—	—	12,119	—	12,119
Net income	—	—	—	—	—	—	—	50,799	50,799
Issuances of common shares	6,117	—	—	—	296	—	—	—	296
Issuances of captive REIT preferred shares	—	—	—	—	107	—	—	—	107

Stock option exercises, net	2,760	—	—	—	129	(136)	—	—	(7)
Dividend equivalents accrued on performance shares	—	—	—	—	—	—	—	(263)	(263)
Dividends to common shareholders ($0.825 per share)	—	—	—	—	—	—	—	(61,889)	(61,889)
Dividends to Series C preferred shareholders ($0.359375 per share)	—	—	—	—	—	—	—	(1,938)	(1,938)
Dividends to Series E preferred shareholders ($0.5625 per share)	—	—	—	—	—	—	—	(1,939)	(1,939)
Dividends to Series G preferred shareholders ($0.359375 per share)	—	—	—	—	—	—	—	(2,156)	(2,156)
Balance at September 30, 2022	82,538,739	$ 825	14,840,297	$ 148	$ 3,895,354	$ (269,744)	$ 1,097	$ (1,071,533)	$ 2,556,147

Continued on next page.

	EPR Properties Shareholders' Equity								
	Common Stock		Preferred Stock						
	Shares	Par	Shares	Par	Additional paid-in capital	Treasury shares	Accumulated other comprehensive income	Distributions in excess of net income	Total
Continued from previous page.									
Balance at December 31, 2022	82,545,501	$ 825	14,840,297	$ 148	$ 3,899,732	$ (269,751)	$ 1,897	$ (1,097,132)	$ 2,535,719
Restricted share units issued to Trustees	1,449	—	—	—	—	—	—	—	—
Issuance of nonvested shares and performance shares, net of cancellations	352,090	4	—	—	5,956	(588)	—	—	5,372
Purchase of common shares for vesting	—	—	—	—	—	(3,565)	—	—	(3,565)
Share-based compensation expense	—	—	—	—	4,322	—	—	—	4,322
Foreign currency translation adjustment	—	—	—	—	—	—	230	—	230
Change in unrealized loss on derivatives, net	—	—	—	—	—	—	(304)	—	(304)
Net income	—	—	—	—	—	—	—	57,657	57,657
Issuances of common shares	5,557	—	—	—	225	—	—	—	225
Conversion of Series E Convertible Preferred shares to common shares	632	—	(1,311)	—	—	—	—	—	—
Dividend equivalents accrued on performance shares	—	—	—	—	—	—	—	(353)	(353)
Dividends to common shareholders ($0.825 per share)	—	—	—	—	—	—	—	(62,109)	(62,109)
Dividends to Series C preferred shareholders ($0.359375 per share)	—	—	—	—	—	—	—	(1,938)	(1,938)
Dividends to Series E preferred shareholders ($0.5625 per share)	—	—	—	—	—	—	—	(1,938)	(1,938)
Dividends to Series G preferred shareholders ($0.359375 per share)	—	—	—	—	—	—	—	(2,156)	(2,156)
Balance at March 31, 2023	82,905,229	$ 829	14,838,986	$ 148	$ 3,910,235	$ (273,904)	$ 1,823	$ (1,107,969)	$ 2,531,162
Restricted share units issued to Trustees	42,048	—	—	—	—	—	—	—	—
Purchase of common shares for vesting	—	—	—	—	—	(97)	—	—	(97)
Share-based compensation expense	—	—	—	—	4,477	—	—	—	4,477
Share-based compensation included in severance expense	—	—	—	—	304	—	—	—	304
Foreign currency translation adjustment	—	—	—	—	—	—	6,393	—	6,393
Change in unrealized loss on derivatives, net		—	—	—	—	—	(4,606)	—	(4,606)
Net income	—	—	—	—	—	—	—	13,600	13,600
Issuances of common shares	6,134	—	—	—	257	—	—	—	257
Conversion of Series E Convertible Preferred shares to common shares	42	—	(90)	—	—	—	—	—	—
Dividend equivalents accrued on performance shares	—	—	—	—	—	—	—	(450)	(450)
Dividend to captive REIT preferred shareholders	—	—	—	—	—	—	—	(8)	(8)
Dividends to common shareholders ($0.825 per share)	—	—	—	—	—	—	—	(62,129)	(62,129)
Dividends to Series C preferred shareholders ($0.359375 per share)	—	—	—	—	—	—	—	(1,938)	(1,938)
Dividends to Series E preferred shareholders ($0.5625 per share)	—	—	—	—	—	—	—	(1,938)	(1,938)
Dividends to Series G preferred shareholders ($0.359375 per share)	—	—	—	—	—	—	—	(2,156)	(2,156)
Balance at June 30, 2023	82,953,453	$ 829	14,838,896	$ 148	$ 3,915,273	$ (274,001)	$ 3,610	$ (1,162,988)	$ 2,482,871

Continued on next page.

	EPR Properties Shareholders' Equity									
	Common Stock		Preferred Stock		Additional paid-in capital	Total	Treasury shares	Accumulated other comprehensive income	Distributions in excess of net income	Total
	Shares	Par	Shares	Par						
Continued from previous page.										
Balance at June 30, 2023	82,953,453	$829	14,838,896	$148	$3,915,273		$(274,001)	$ 3,610	$ (1,162,988)	$2,482,871
Balance at December 31, 2023										
Balance at December 31, 2023										
Balance at December 31, 2023										
Issuance of nonvested shares and performance shares, net of cancellations										
Issuance of nonvested shares and performance shares, net of cancellations										
Issuance of nonvested shares and performance shares, net of cancellations										
Purchase of common shares for vesting	—	—	—	—	—		(34)	—	—	(34)
Share-based compensation expense	—	—	—	—	4,354		—	—	—	4,354
Share-based compensation included in retirement and severance expense										
Foreign currency translation adjustment	—	—	—	—	—		—	(6,088)	—	(6,088)
Change in unrealized gain on derivatives. net	—	—	—	—	—		—	4,856	—	4,856
Change in unrealized gain on derivatives, net										
Change in unrealized gain on derivatives, net										
Change in unrealized gain on derivatives, net										
Net income										
Net income										
Net income	—	—	—	—	—		—	—	56,260	56,260
Issuances of common shares	5,951	—	—	—	258		—	—	—	258

Dividend equivalents accrued on performance shares										
Dividend equivalents accrued on performance shares	Dividend equivalents accrued on performance shares	—	—	—	—	—	—	—	(504)	(504)
Dividends to common shareholders ($0.825 per share)		—	—	—	—	—	—	—	(62,144)	(62,144)
Dividend equivalents accrued on performance shares										
Dividends to common shareholders ($0.835 per share)										
Dividends to Series C preferred shareholders ($0.359375 per share)	Dividends to Series C preferred shareholders ($0.359375 per share)	—	—	—	—	—	—	—	(1,938)	(1,938)
Dividends to Series E preferred shareholders ($0.5625 per share)	Dividends to Series E preferred shareholders ($0.5625 per share)	—	—	—	—	—	—	—	(1,938)	(1,938)
Dividends to Series G preferred shareholders ($0.359375 per share)	Dividends to Series G preferred shareholders ($0.359375 per share)	—	—	—	—	—	—	—	(2,156)	(2,156)
Balance at September 30, 2023		82,959,404	$829	14,838,896	$148	$3,919,885	$(274,035)	$ 2,378	$ (1,175,408)	$2,473,797
Balance at March 31, 2024										

See accompanying notes to consolidated financial statements.

EPR PROPERTIES
Consolidated Statements of Cash Flows
(Unaudited)
(Dollars in thousands)

		Nine Months Ended September 30,		Three Months Ended March 31,	
		2023	2022	2024	2023
Operating activities:	Operating activities:				
Net income	Net income	$127,517	$133,900		
Net income					
Net income					
Adjustments to reconcile net income to net cash provided by operating activities:	Adjustments to reconcile net income to net cash provided by operating activities:				
Impairment charges		64,672	4,351		

Impairment charges on joint ventures	—	647
Gain on sale of real estate	(1,415)	(304)
Gain on insurance recovery	—	(552)
(Gain) loss on sale of real estate		
(Gain) loss on sale of real estate		
(Gain) loss on sale of real estate		
Deferred income tax benefit		
Deferred income tax benefit		
Deferred income tax benefit Deferred income tax benefit	(258)	(37)
Equity in loss (income) from joint ventures	2,067	(1,887)
Distributions from joint ventures	1,300	780
Equity in loss from joint ventures		
Equity in loss from joint ventures		
Equity in loss from joint ventures		
Provision (benefit) for credit losses, net		
Provision (benefit) for credit losses, net		
Provision (benefit) for credit losses, net Provision (benefit) for credit losses, net	(407)	9,447
Depreciation and amortization Depreciation and amortization	127,341	122,349
Amortization of deferred financing costs Amortization of deferred financing costs	6,449	6,251
Amortization of above/below market leases and tenant allowances, net Amortization of above/below market leases and tenant allowances, net	(456)	(265)
Share-based compensation expense to management and Trustees Share-based compensation expense to management and Trustees	13,153	12,552
Share-based compensation expense included in severance expense	304	—

Share-based compensation expense included in retirement and severance expense			
Change in assets and liabilities:	Change in assets and liabilities:		
Operating lease assets and liabilities			
Operating lease assets and liabilities			
Operating lease assets and liabilities	Operating lease assets and liabilities	273	237
Mortgage notes accrued interest receivable	Mortgage notes accrued interest receivable	(497)	76
Accounts receivable	Accounts receivable	(1,311)	26,162
Other assets			
Other assets			
Other assets	Other assets	(4,588)	(1,090)
Accounts payable and accrued liabilities	Accounts payable and accrued liabilities	14,261	23,762
Unearned rents and interest	Unearned rents and interest	21,687	13,296
Net cash provided by operating activities	Net cash provided by operating activities	370,092	349,675
Net cash provided by operating activities			
Net cash provided by operating activities			
Investing activities:	Investing activities:		
Acquisition of and investments in real estate and other assets	Acquisition of and investments in real estate and other assets	(47,807)	(174,113)
Acquisition of and investments in real estate and other assets			

Acquisition of and investments in real estate and other assets			
Proceeds from sale of real estate	Proceeds from sale of real estate	34,957	9,995
Investment in unconsolidated joint ventures		(4,259)	(19,690)
Distributions from joint venture related to refinancing		—	6,695
Settlement of derivative		—	(3,830)
Investment in mortgage notes receivable			
Investment in mortgage notes receivable			
Investment in mortgage notes receivable	Investment in mortgage notes receivable	(17,563)	(37,706)
Proceeds from mortgage notes receivable paydowns	Proceeds from mortgage notes receivable paydowns	408	1,621
Investment in notes receivable	Investment in notes receivable	(3,025)	—
Proceeds from note receivable paydowns	Proceeds from note receivable paydowns	1,178	582
Proceeds from insurance recovery, net		—	3,700
Additions to properties under development	Additions to properties under development	(60,922)	(58,919)
Additions to properties under development			
Additions to properties under development			
Net cash used by investing activities			
Net cash used by investing activities			
Net cash used by investing activities	Net cash used by investing activities	(97,033)	(271,665)
Financing activities:	Financing activities:		
Deferred financing fees paid	Deferred financing fees paid	(369)	(328)
Deferred financing fees paid			
Deferred financing fees paid			

Net proceeds from issuance of common shares			
Net proceeds from issuance of common shares			
Net proceeds from issuance of common shares	Net proceeds from issuance of common shares	483	576
Impact of stock option exercises, net		—	(11)
Issuances of captive REIT preferred shares		—	107
Purchase of common shares for treasury for vesting			
Purchase of common shares for treasury for vesting			
Purchase of common shares for treasury for vesting	Purchase of common shares for treasury for vesting	(3,696)	(4,250)
Dividends paid to shareholders	Dividends paid to shareholders	(204,145)	(197,809)
Dividends paid to shareholders			
Dividends paid to shareholders			
Net cash used by financing activities			
Net cash used by financing activities			
Net cash used by financing activities	Net cash used by financing activities	(207,727)	(201,715)
Effect of exchange rate changes on cash	Effect of exchange rate changes on cash	(22)	(106)
Net change in cash and cash equivalents and restricted cash	Net change in cash and cash equivalents and restricted cash	65,310	(123,811)
Cash and cash equivalents and restricted cash at beginning of the period	Cash and cash equivalents and restricted cash at beginning of the period	110,511	289,901
Cash and cash equivalents and restricted cash at end of the period	Cash and cash equivalents and restricted cash at end of the period	$175,821	$166,090
Supplemental information continued on next page.	Supplemental information continued on next page.		

EPR PROPERTIES
Consolidated Statements of Cash Flows
(Unaudited)
(Dollars in thousands)

Continued from previous page Continued from previous page

	Nine Months Ended September 30,	
	2023	**2022**
	Three Months Ended March 31,	
	2024	**2023**
Reconciliation of cash and cash equivalents and restricted cash:		
Cash and cash equivalents at beginning of the period		
Cash and cash equivalents at beginning of the period		
Cash and cash equivalents at beginning of the period	$107,934	$288,822
Restricted cash at beginning of the period	2,577	1,079
Cash and cash equivalents and restricted cash at beginning of the period	$110,511	$289,901
Cash and cash equivalents at end of the period	$172,953	$160,838
Cash and cash equivalents at end of the period		
Cash and cash equivalents at end of the period		
Restricted cash at end of the period	2,868	5,252
Cash and cash equivalents and restricted cash at end of the period	$175,821	$166,090

Supplemental schedule of non-cash activity:	**Supplemental schedule of non-cash activity:**		

Supplemental schedule of non-cash activity:

Supplemental schedule of non-cash activity:

Transfer of property under development to real estate investments

Transfer of property under development to real estate investments

Transfer of property under development to real estate investments	Transfer of property under development to real estate investments	$ 30,340	$ 39,460
Transfer of real estate investments to mortgage note	Transfer of real estate investments to mortgage note	$ 1,321	$ —

Transfer of real estate investments to mortgage note

Transfer of real estate investments to mortgage note

Issuance of nonvested shares and restricted share units at fair value, including nonvested shares issued for payment of bonuses

Issuance of nonvested shares and restricted share units at fair value, including nonvested shares issued for payment of bonuses

Issuance of nonvested shares and restricted share units at fair value, including nonvested shares issued for payment of bonuses	Issuance of nonvested shares and restricted share units at fair value, including nonvested shares issued for payment of bonuses	$ 25,431	$ 21,751
Operating lease right-of-use asset and related operating lease liability recorded for new ground lease		$ —	$ 29,022

Supplemental disclosure of cash flow information:					
Supplemental disclosure of cash flow information:					
Supplemental disclosure of cash flow information:	**Supplemental disclosure of cash flow information:**				
Cash paid during the period for interest	Cash paid during the period for interest	$	80,144	$	80,948
Cash paid during the period for interest					
Cash paid during the period for interest					
Cash paid during the period for income taxes	Cash paid during the period for income taxes	$	1,228	$	1,011
Interest cost capitalized	Interest cost capitalized	$	2,486	$	606
Change in accrued capital expenditures	Change in accrued capital expenditures	$	(5,981)	$	(4,387)

See accompanying notes to consolidated financial statements.

EPR PROPERTIES
Notes to Consolidated Financial Statements (Unaudited)

1. Organization

Description of Business

EPR Properties (the Company) was formed on August 22, 1997 as a Maryland real estate investment trust (REIT), and an initial public offering of the Company's common shares of beneficial interest (common shares) was completed on November 18, 1997. Since that time, the Company has been a leading diversified Experiential experiential net lease REIT specializing in select enduring experiential properties. The Company's underwriting is centered on key industry and property cash flow criteria, as well as the credit metrics of the Company's tenants and customers. The Company's properties are located in the United States (U.S.) and Canada.

2. Summary of Significant Accounting Policies and Recently Issued Accounting Standards

Basis of Presentation

The accompanying unaudited consolidated financial statements of the Company have been prepared in accordance with U.S. generally accepted accounting principles (GAAP) for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. In preparing the consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the balance sheet and revenues and expenses for the period. Actual results could differ significantly from those estimates. In addition, operating results for the nine-month three-month period ended September 30, 2023 March 31, 2024 are not necessarily indicative of the results that may be expected for the year ending December 31, 2023 December 31, 2024. Amounts as of December 31, 2022 December 31, 2023 have been derived from the audited Consolidated Financial Statements as of that date and should be read in conjunction with the consolidated financial statements and footnotes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023 filed with the Securities and Exchange Commission (SEC) on February 23, 2023 February 29, 2024.

The Company consolidates certain entities when it is deemed to be the primary beneficiary in a variable interest entity (VIE) in which it has a controlling financial interest in accordance with the consolidation guidance of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). The equity method of accounting is applied to entities in which the Company is not the primary beneficiary as defined in the FASB ASC Topic on Consolidation (Topic 810) but can exercise influence over the entity with respect to its operations and major decisions.

The Company examines specific criteria and uses its judgment when determining if the Company is the primary beneficiary of a VIE. The primary beneficiary generally is defined as the party with the controlling financial interest. Consideration of various factors include, but are not limited to, the Company's ability to direct the activities that most significantly impact the entity's economic performance and its obligation to absorb losses from or right to receive benefits of the VIE that could potentially be significant to the VIE. As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the Company does not have any investments in consolidated VIEs.

Update on Impact of COVID-19 Pandemic

The COVID-19 pandemic severely impacted experiential real estate properties because such properties involve congregate social activity and discretionary spending. The Company's non-theatre properties have demonstrated strong recovery from the impacts of the pandemic. However, the Company's theatre customers were more severely impacted by the COVID-19 pandemic and have seen a slower recovery than its non-theatre customers due primarily to changes in the timing of film releases, production delays and experimentation with streaming. As a result, the Company continues to recognize revenue on a cash basis for certain tenants.

As of September 30, 2023, the Company had deferred amounts due from tenants of approximately $0.8 million that were booked as receivables as a result of the COVID-19 pandemic. Additionally, as of September 30, 2023, the Company had amounts due from customers that were not booked as receivables totaling approximately $12.7 million because the full amounts were not deemed probable of collection as a result of the COVID-19

pandemic. The amounts not booked as receivables remain obligations of the customers and will be recognized as revenue when any such amounts are received. See discussion below regarding changes to Regal Cinema's deferred amounts not booked as a receivable as a result of the Company's comprehensive restructuring agreement with them, which became effective upon their emergence from bankruptcy. During the three and nine months ended September 30, 2023 and 2022, the Company collected $19.3 million, $35.7 million, $5.2 million and $11.5 million, respectively, in deferred rent and interest from cash basis customers and from customers for which the deferred payments were not previously recognized as revenue. These amounts include collections related to the Regal bankruptcy as further discussed below, including stub rent and pre-petition rent related to September of 2022 and property operating expense reimbursements. In addition, during the three and nine months ended September 30, 2023 and 2022, the Company collected $0.2 million, $1.3 million, $4.5 million and $19.6 million, respectively, of deferred rent and interest from accrual basis customers that reduced related accounts and interest receivable. The repayment terms for all of these deferments vary by customer.

Regal Update

On September 7, 2022, Cineworld Group, plc, Regal Entertainment Group and the Company's other Regal theatre tenants (collectively, Regal) filed for protection under Chapter 11 of the U.S. Bankruptcy Code (the Code). Prior to such filing date and continuing throughout the Chapter 11 bankruptcy cases, Regal leased 57 theatres from the Company pursuant to two master leases and 28 single property leases (the Regal Leases). As a result of the filing, Regal did not pay its rent or monthly deferral payment for September 2022 but subsequently paid portions of this amount, totaling approximately $4.0 million, pursuant to an order of the bankruptcy court issued during the Chapter 11 bankruptcy cases. Regal resumed monthly rent and deferral payments for all Regal Leases commencing in October 2022 and continued making these payments through July 2023. The remainder of the September 2022 rent was paid, at the direction of the court, at the time Regal emerged from the Chapter 11 bankruptcy cases, as discussed below.

On June 27, 2023, the Company entered into a comprehensive restructuring agreement with Regal, evidenced by an Omnibus Lease Amendment Agreement (Omnibus Agreement), anchored by a new master lease (Master Lease) for 41 of the 57 properties previously leased to Regal (Master Lease Properties). On June 28, 2023, Regal's Plan of Reorganization (the Plan) was confirmed by the bankruptcy court. The Plan became effective on July 31, 2023 (the Effective Date) and Regal emerged from the Chapter 11 bankruptcy cases.

Pursuant to the Omnibus Agreement, the Master Lease and certain related agreements became effective upon the Effective Date. Material terms of the Omnibus Agreement, the Master Lease and related agreements include:

- Beginning on August 1, 2023, the total annual fixed rent for the Master Lease Properties (Annual Base Rent) is now $65.0 million, escalating by 10% every five years. The Master Lease is a triple-net lease, and therefore, Annual Base Rent does not include taxes, insurance, utilities, common area maintenance and ground lease rent, for which Regal will be responsible for paying separately. Due to Regal's expected significantly improved credit profile, continuing box office recovery and Regal's payment history, among other factors, the Company will recognize revenue related to the Master Lease on an accrual basis beginning on the Effective Date.

- Pursuant to the Master Lease, Regal will also pay annual percentage rent (Annual Percentage Rent) of 15% of annual gross sales exceeding $220.0 million and up to $270.0 million, and 12.5% of annual gross sales exceeding $270.0 million. These threshold amounts will increase every five years commensurate with escalations in Annual Base Rent.

- The Master Lease Properties have been divided into three tranches within the Master Lease, with the initial term of each tranche expiring annually on the 11th, 13th and 15th anniversaries from the Effective Date. Each tranche has three five-year renewal options. The average lease term for the Master Lease Properties as of the Effective Date increased by four years to 13 years.

- The Company has agreed to reimburse Regal for 50% of certain revenue-enhancing premises renovations to the Master Lease Properties, up to a maximum reimbursement of $32.5 million, provided that (a) Regal is

  not in default, (b) the maximum amount the Company will be required to reimburse in any calendar year will not exceed $10.0 million, and (c) reimbursable expenses have prior approval of the Company and relate to a project mobilized and physically commenced during the first five years of the Master Lease term.

- On the Effective Date, Regal surrendered to the Company the remaining 16 properties not included in the Master Lease (Surrendered Properties), together with all furniture, fixtures and equipment located at the Surrendered Properties. The Company has entered into management agreements whereby Cinemark is managing four of the Surrendered Properties and Phoenix Theatres is managing one of the Surrendered Properties. The Company sold one of the remaining 11 Surrendered Properties during the three months ended September 30, 2023. The Company plans to sell the remaining ten properties and deploy the proceeds to acquire non-theatre experiential properties. In conjunction with taking back the Surrendered Properties, the Company recorded a non-cash impairment charge on eight of these properties during the nine months ended September 30, 2023 of $42.4 million based on recently appraised values.

- As of July 31, 2023, Regal owed approximately $76.3 million of undiscounted deferred rent (the Deferred Rent Balance), of which the Deferred Rent Balance related to the Master Lease Properties was approximately $56.8 million (Master Lease Deferred Rent Balance) and the Deferred Rent Balance related to the Surrendered Properties was approximately $19.5 million (Surrendered Property Deferred Rent Balance). Of the Master Lease Deferred Rent Balance, approximately $50.1 million will be held in abeyance and will be forgiven in its entirety if Regal has no uncured events of default prior to the 15th anniversary of the Effective Date, and the remaining portion of the Master Lease Deferred Rent Balance will be waived and forgiven. If Regal has an uncured event of default at any time prior to the 15th anniversary of the Effective Date, the Master Lease Deferred Rent Balance held in abeyance will become due. The Surrendered Property Deferred Rent Balance will be included in the Company's claims for rejection damages in the Chapter 11 bankruptcy cases, which will be treated as general unsecured claims for which no material recovery is expected. The deferred rent was not previously recognized as accounts receivable by the Company because payments from Regal were recognized on a cash-basis prior to the Effective Date of the Master Lease. The deferred rent related to the Master Lease Properties held in abeyance will not be recognized on the balance sheet because it is a contingent receivable only due in the event of a default and payment is not deemed probable.

- Regal has provided the Company with a first lien security interest in all furniture, fixtures and equipment located at the Master Lease Properties. A parent entity of Regal has provided the Company a guaranty of Regal's obligations under the Master Lease.

- On or about the Effective Date, Regal paid the Company approximately $3.0 million representing the unpaid portion of post-petition September stub rent for all properties, and approximately $1.3 million representing the unpaid pre-petition September rent for the Master Lease Properties. Additionally, on or about the Effective Date, Regal reimbursed the Company $1.2 million for property operating expenses paid by the Company on Regal's behalf.

Deferred Financing Costs

Deferred financing costs are amortized over the terms of the related debt obligations, as applicable. Deferred financing costs of $26.7 million $23.5 million and $31.1 million $25.1 million as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively, are shown as a reduction of debt. The deferred financing costs related to the unsecured revolving credit facility of $4.7 million $3.6 million and $6.4 million $4.1 million as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively, are included in "Other assets" in the accompanying consolidated balance sheets.

Rental Revenue

The Company leases real estate to its tenants under leases classified as operating leases. The Company's leases generally provide for rent escalations throughout the lease terms. Rents that are fixed are recognized on a straight-line basis over the lease term. Base rent escalations that include a variable component are recognized upon the occurrence of the specified event as defined in the Company's lease agreements. Many of the Company's leasing

arrangements include options to extend the lease, which are not included in the minimum lease terms unless the

option is reasonably certain to be exercised. Straight-line rental revenue is subject to an evaluation for collectibility, and the Company records a direct write-off against rental revenue if collectibility of these future rents is not probable. During For the nine three months ended September 30, 2023 March 31, 2024 and 2022, 2023, the Company recognized straight-line write-offs totaling $0.6 $3.7 million and $0.2 million, respectively.For the nine months ended September 30, 2023 and 2022, the Company recognized $7.7 million and $4.7 $2.1 million, respectively, of straight-line rental revenue, net of write-offs. revenue. There were no straight-line write-offs recognized during the three months ended March 31, 2024 and 2023.

Most of the Company's lease contracts are triple-net leases, which require the tenants to make payments to third parties for lessor costs (such as property taxes and insurance) associated with the properties. In accordance with Topic 842, the Company does not include these lessee payments to third parties in rental revenue or property operating expenses. In certain situations, the Company pays these lessor costs directly to third parties and the tenants reimburse the Company. In accordance with Topic 842, these payments are presented on a gross basis in rental revenue and property operating expense. During the nine three months ended September 30, 2023 March 31, 2024 and 2022, 2023, the Company recognized $1.4 million $0.4 million and $1.8 $0.7 million, respectively, in tenant reimbursements related to the gross-up of these reimbursed expenses that are included in rental revenue.

Certain of the Company's leases, particularly at its entertainment districts, require the tenants to make payments to the Company for property-related expenses such as common area maintenance. The Company has elected to combine these non-lease components with the lease components in rental revenue. For the nine three months ended September 30, 2023 March 31, 2024 and 2022, 2023, the amounts due for non-lease components included in rental revenue totaled $14.8 million and $13.2 million, respectively. $4.7 million for both periods.

In addition, most of the Company's tenants are subject to additional rents (above base rents) if gross revenues of the properties exceed certain thresholds defined in the lease agreements (percentage rents). Percentage rents are recognized at the time when specific specified triggering events occur as provided by the lease agreement. Rental revenue included percentage rents of $6.0 $1.9 million and $5.4 $1.8 million for the nine three months ended September 30, 2023 March 31, 2024 and 2022, 2023, respectively.

The Company regularly evaluates the collectibility of its receivables on a lease-by-lease basis. The evaluation primarily consists of reviewing past due account balances and considering such factors as the credit quality of the Company's tenants, historical trends of the tenant, current economic conditions and changes in customer payment terms. When the collectibility of lease receivables or future lease payments are no longer probable, the Company records a direct write-off of the receivable to rental revenue and recognizes future rental revenue on a cash basis.

Mortgage Notes and Other Notes Receivable

Mortgage notes and other notes receivable, including related accrued interest receivable, consist of loans originated by the Company and the related accrued and unpaid interest income as of the balance sheet date. Mortgage notes and other notes receivable are initially recorded at the amount advanced to the borrower less allowance for credit loss. Interest income is recognized using the effective interest method over the estimated life of the note. Interest income includes both the stated interest and the amortization or accretion of premiums or discounts (if any).

The Company made an accounting policy election to not measure an allowance for credit losses for accrued interest receivables related to its mortgage notes and notes receivable. Accordingly, if accrued interest receivable is deemed to be uncollectible, the Company will record any necessary write-offs as a reversal of interest income. There were no accrued interest write-offs for the nine three months ended September 30, 2023. During the nine months ended September 30, 2022, the Company wrote off approximately $1.5 million of accrued interest March 31, 2024 and fees receivables against interest income related to one mortgage note receivable and two notes receivable. 2023. As of September 30, 2023 March 31, 2024, the Company believes that all outstanding accrued interest is collectible.

In the event the Company has a past due mortgage note or note receivable that the Company determines is collateral-dependent, the Company measures expected credit losses based on the fair value of the collateral. As of September 30, 2023 March 31, 2024, the Company does not have any mortgage notes or or notes receivable with past due principal balances. See See Note 6 5 for further discussion of mortgage notes and notes receivable for which the Company elected to apply the collateral-dependent practical expedient.

Concentrations of Risk

Regal, Topgolf USA (Topgolf) and, American-Multi Cinema, Inc. (AMC) and Regal Cinemas (Regal), a subsidiary of Cineworld Group, represented a significant portion of the Company's total revenue for the nine three months ended September 30, 2023 March 31, 2024 and 2022. 2023. The following is a summary of the Company's total revenue derived from rental or interest payments from Regal, Topgolf, AMC and AMC Regal (dollars in thousands):

	Nine Months Ended September 30,			
	2023		2022	
	Total Revenue	% of Company's Total Revenue	Total Revenue	% of Company's Total Revenue
Regal	$84,818	15.9 %	$63,477	13.2 %
Topgolf	72,227	13.5 %	69,464	14.5 %
AMC	70,915	13.3 %	71,017	14.8 %

	Three Months Ended March 31,			
	2024		2023	
	Total Revenue	% of Company's Total Revenue	Total Revenue	% of Company's Total Revenue
Topgolf	$24,723	14.8 14.8 %	$23,672	13.8 13.8 %
AMC	23,464	14.0 14.0 %	23,801	13.9 13.9 %
Regal	18,706	11.2 %	28,751	16.8 %

Impact of Recently Issued Accounting Standards

In March 2020, November 2023, the FASB issued ASU Accounting Standards Update (ASU) No. 2020-04, *Reference Rate Reform* *2023-07, Segment Reporting* (*Topic* *848).* 280): Improvements to Reportable Segment Disclosures. The ASU contains practical expedients for reference rate reform - related activities that impact debt, leases, derivatives and other contracts. is intended to improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. The guidance in ASU 2020-04 is optional effective for fiscal years beginning after December 31, 2023 and may be elected over time as reference rate reform activities occur. During the year ended December 31, 2020, the Company elected to apply the hedge accounting expedients related to probability and the assessments of effectiveness for future LIBOR-indexed cash flows to assume that the index upon which future hedged transactions will be based matches the index on the corresponding derivatives. Application of these expedients preserves the presentation of derivatives consistent with past presentation. On March 5, 2021, the Financial Conduct Authority (FCA) announced that the USD LIBOR will no longer be published interim periods within fiscal years beginning after June 30, 2023 December 15, 2024. In December 2022, the FASB issued ASU No. 2022-06, *Deferral of the Sunset Date of Topic 848.* The guidance in ASU 2022-06 deferred the sunset date to December 31, 2024. Early adoption is permitted. The Company has transitioned existing contracts to a replacement index. These ASUs are not anticipated to is currently evaluating the impact this guidance will have any significant impact on the Company's consolidated financial statements. statement disclosures.

3. Real Estate Investments

The following table summarizes the carrying amounts of real estate investments as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 (in thousands):

	September 30, 2023	December 31, 2022	March 31, 2024	December 31, 2023
Buildings and improvements	$4,605,397	$4,637,801		
Furniture, fixtures & equipment	115,133	115,677		
Land	1,223,173	1,236,358		

Leasehold interests	Leasehold interests	28,453	26,940
		5,972,156	6,016,776
	6,100,366		
Accumulated depreciation	Accumulated depreciation	(1,400,642)	(1,302,640)
Total	Total	$4,571,514	$4,714,136

Depreciation expense on real estate investments was $119.8 million $39.5 million and $118.7 million $40.0 million for the nine three months ended September 30, 2023 March 31, 2024 and 2022, 2023, respectively.

4. Impairment Charges

The Company reviews its properties for changes in circumstances that indicate that the carrying value of a property may not be recoverable based on an estimate of undiscounted future cash flows. During the nine months ended September 30, 2023, the Company reassessed the holding period of the Regal Surrendered Properties not included in the Master Lease, four other theatre properties that are part of a workout with a smaller theatre tenant and one early childhood education center property subject to a lease termination triggered by a casualty event. The Company determined that the estimated cash flows for eight of the Regal Surrendered Properties, two of the other theatre properties and the early childhood education center property were not sufficient to recover the carrying values and estimated the fair value of the real estate investments of these properties using independent appraisals. During the nine months ended September 30, 2023, the Company reduced the carrying value of the real estate investments, net to $33.0 million and recognized impairment charges of $64.7 million on real estate investments, which is the amount that the carrying values of the assets exceeded the estimated fair values.

5. Investments and Dispositions

The Company's investment spending during the nine three months ended September 30, 2023 March 31, 2024 totaled $135.5 million $85.7 million, and included $33.4 million for the acquisition of a fitness an attraction property in New York and wellness property $14.7 million for approximately $46.7 million the acquisition and financing of land for two build-to-suit eat & play developments in Kansas and Illinois, respectively. Investment spending on for the quarter also included experiential build-to-suit experiential development and redevelopment projects.

During the nine three months ended September 30, 2023 March 31, 2024, the Company completed the sales sale of two cultural properties and one vacant theatre properties, one vacant eat & play property three vacant early childhood education centers and a land parcel for net proceeds totaling $35.0 $46.2 million and recognized a net gain on sale totaling $1.4 $17.9 million. Additionally, during the nine months ended September 30, 2023, the Company, as lessee, terminated one ground lease that held one theatre property.

6. 5. Investment in Mortgage Notes and Notes Receivable

The Company measures expected credit losses on its mortgage notes and notes receivable on an individual basis because its financial instruments do not have similar risk characteristics. The Company uses a forward-looking commercial real estate loss forecasting tool to estimate its current expected credit losses (CECL) for each of its mortgage notes and notes receivable on a loan-by-loan basis. As of September 30, 2023 March 31, 2024, the Company did not anticipate any prepayments; therefore, prepayments. Therefore, the contractual terms of its mortgage notes and notes receivable were used for the calculation of the expected credit losses. The Company updates the model inputs at each reporting period to reflect, if applicable, any newly originated loans, changes to loan specific information on existing loans and current macroeconomic conditions. The CECL allowance is a valuation account that is deducted from the related mortgage note or note receivable. Effective January 1, 2023, the Company adopted ASU 2022-02, *Financial Instruments - Credit Losses (Topic 326), Troubled Debt Restructurings and Vintage Disclosures.*

Certain of the Company's mortgage notes and notes receivable include commitments to fund future incremental amounts to its borrowers. These future funding commitments are also subject to the CECL model. The allowance related to future funding is recorded as a liability and is included in "Accounts payable and accrued liabilities" in the accompanying consolidated balance sheets.

Investment in mortgage notes, including related accrued interest receivable, was $477.2 $578.9 million and $457.3 $569.8 million at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively.

During the nine months ended September 30, 2023, the Company amended a mortgage note receivable and note receivable secured by an eat & play investment with one borrower. The modified loan agreement consolidated all of the borrower's obligations into one mortgage note agreement, including land that was previously ground leased to the borrower. The maturity date of this mortgage note receivable was modified to be August 31, 2024 and was previously June 17, 2039. In connection with the modification, the Company forgave approximately $7.8 million of principal, which was fully reserved at December 31, 2022, and reduced the allowance for credit loss at March 31, 2023. The balance of this mortgage note receivable at September 30, 2023 was $10.8 million.

Although foreclosure was not deemed probable and the principal balance of the mortgage note receivable was not past due at September 30, 2023, based on the borrower's declining financial condition, the Company determined that the borrower continues to experience financial difficulty. The repayments are expected to be provided substantially through the sale or operation of the collateral, therefore, the Company elected to apply the collateral-dependent practical expedient. Expected credit losses are based on the fair value of the underlying collateral at the reporting date. The Company will continue to monitor and re-assess the borrower’s financial status at each reporting period and will continue to apply the practical expedient until the borrower is no longer experiencing financial difficulties or the repayment of the outstanding principal and interest is no longer in question. Income from this borrower is recognized on a cash basis. The Company received interest payments totaling $0.7 million from this borrower for the nine months ended September 30, 2023. During the nine months ended September 30, 2023, the borrower made all contractual interest payments according to the terms of the modified agreement.

Investment in notes receivable, including related accrued interest receivable, was $4.2 $3.7 million and $2.9 $3.9 million at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively, and is included in "Other assets" in the accompanying consolidated balance sheets.

At September 30, 2023 March 31, 2024, one of the Company's mortgage notes receivable and two of the Company's notes receivable are considered collateral-dependent and expected credit losses are based on the fair value of the underlying collateral at the reporting date. The Company assessed the fair value of the collateral as of September 30, 2023 March 31, 2024 on these notes the mortgage note receivable and the notes receivable. The mortgage note receivable has a carrying amount at March 31, 2024 of approximately $10.4 million net of an allowance for credit loss totaling $0.4 million. The notes receivable remain fully reserved with an allowance for credit loss totaling $7.6 million and $1.9 million, respectively, which represents the outstanding principal balance of the notes as of September 30, 2023 March 31, 2024. Income from these borrowers is recognized on a cash basis. During the nine three months ended September 30, 2023 March 31, 2024 and 2022, 2023, the Company received principal payments totaling $0.7 million and $0.3 million, respectively, and cash basis interest payments totaling $0.7 of $0.2 million and $1.2 million, respectively, for each period from one of these borrowers. the mortgage note receivable borrower.

At September 30, 2023 March 31, 2024, the Company's investment in one of the notes receivable was a variable interest investment and the underlying entity is a VIE. The Company is not the primary beneficiary of this VIE because the Company does not individually have the power to direct the activities that are most significant to the entity and, accordingly, this investment is not consolidated. The Company's maximum exposure to loss associated with this VIE is limited to the Company's outstanding note receivable in the amount of $7.6 million, which is fully reserved in the allowance for credit losses at September 30, 2023 March 31, 2024.

The following summarizes the activity within the allowance for credit losses related to mortgage notes, unfunded commitments and notes receivable for the nine three months ended September 30, 2023 March 31, 2024 (in thousands):

	Mortgage notes receivable	Unfunded commitments - mortgage notes receivable	Notes receivable	Unfunded commitments - notes receivable	Total
Allowance for credit losses at December 31, 2022	$ 8,999	$ 751	$ 11,952	$ —	$21,702
Mortgage notes receivable	Mortgage notes receivable	Unfunded commitments - mortgage notes receivable	Notes receivable	Unfunded commitments - notes receivable	Total
Allowance for credit losses at December 31, 2023					
Provision (benefit) for credit losses, net Provision (benefit) for credit losses, net	1,497	72	(1,976)	—	(407)
Charge-offs Charge-offs	(7,771)	—	(394)	—	(8,165)
Recoveries Recoveries	—	—	—	—	—
Allowance for credit losses at September 30, 2023	$ 2,725	$ 823	$ 9,582	$ —	$13,130
Allowance for credit losses at March 31, 2024					

7. 6. Accounts Receivable

The following table summarizes the carrying amounts of accounts receivable as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 (in thousands):

	September 30, 2023	December 31, 2022		
March 31, 2024			March 31, 2024	December 31, 2023
Receivable from tenants Receivable from tenants	$ 1,747	$ 7,595		

Receivable from non-tenants		732	1,006
Receivable from non-tenants (1)			
Straight-line rent receivable	Straight-line rent receivable	52,347	44,986
Straight-line rent receivable			
Straight-line rent receivable			
Total	Total	$ 54,826	$ 53,587
Total			
Total			

(1) Receivable from non-tenants includes a payment of $5.9 million made to the City of Kansas City, Missouri under protest related to an assessment of tax years ending December 31, 2018 through 2022. The City has denied the Company's necessary deduction for dividends paid for each of these years resulting in assessment of additional tax, penalties and interest. The Company has recorded this payment as a receivable as it intends to petition a court for review of the relevant facts and believes it is more likely than not the Company's position will be upheld by the court and the payment will be refunded.

As of September 30, 2023 March 31, 2024, receivable as a result of the COVID-19 pandemic, the Company continues to recognize revenue on a cash basis for AMC and two other tenants, one of which has deferred rent from tenants includes payments this period that is not booked as a receivable of approximately $0.8 million $11.5 million.The Company has collected all deferred receivables from accrual basis tenants that were deferred due to the COVID-19 pandemic pandemic. During the three months ended March 31, 2024 and determined to be collectible. Additionally, 2023, the Company has amounts due collected $0.6 million and $6.5 million, respectively, in deferred rent and interest from tenants that cash basis customers and from customers for which the deferred payments were not booked previously recognized as receivables totaling approximately $12.7 million because the full amounts were not deemed probable of collection as a result of the COVID-19 pandemic. While deferments for this and future periods delay rent payments, these deferments do not release tenants from the obligation to pay the deferred amounts in the future. revenue.

8. 7. Capital Markets and Dividends

During the three and nine months ended September 30, 2023 March 31, 2024, the Company declared cash dividends totaling $0.825 and $2.475 $0.835 per common share, respectively. share. Additionally, during the three and nine months ended September 30, 2023 March 31, 2024, the Board Company declared cash dividends of $0.359375 and $1.078125 per share on each of the Company's 5.75% Series C cumulative convertible preferred shares and the Company's 5.75% Series G cumulative redeemable preferred shares, and cash dividends of $0.5625 and $1.6875 per share on the Company's 9.00% Series E cumulative convertible preferred shares.

On February 17, 2023, the Company amended its Third Consolidated Credit Agreement, which governs its unsecured revolving credit facility, to modify the interest rate from LIBOR to SOFR. The facility bears interest at a floating rate of SOFR plus 1.30% (with a SOFR floor of zero), which was 6.62% at September 30, 2023, and has a facility fee of 0.25%.

9. 8. Unconsolidated Real Estate Joint Ventures

The following table summarizes the Company's investments in unconsolidated joint ventures as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 (in thousands):

				Investment as of		Income (Loss) for the Nine Months Ended					Investment as of		(Loss) Income for the Three Months Ended	
Property Type	Property Type	Location	Ownership Interest	September 30, 2023	December 31, 2022	September 30, 2023	September 30, 2022	Property Type	Location	Ownership Interest	March 31, 2024	December 31, 2023	March 31, 2024	March 31, 2023
Experiential lodging	Experiential lodging	St. Pete Beach, FL	65 % (1)	$ 16,576	$ 18,712	$ (835)	$ 1,807							
Experiential lodging	Experiential lodging	Warrens, WI	95 % (2)	11,165	10,865	300	(92)							
Experiential lodging	Experiential lodging	Breaux Bridge, LA	85 % (3)	19,957	17,080	(1,383)	233							

Experiential lodging	Experiential lodging	Harrisville, PA	62	% (4)	6,157	6,307	(149)	—
Theatres	Theatres	China	various		—	—	—	(61)
					$ 53,855	$ 52,964	$ (2,067)	$ 1,887
				$				

(1) The Company has equity investments in two unconsolidated real estate joint ventures, one that holds the investment in the real estate of the experiential lodging properties and the other that holds the lodging operations,

which are facilitated by a management agreement. The joint venture that holds the real property has a secured

mortgage loan of $105.0 million at September 30, 2023 March 31, 2024. The maturity date of this mortgage loan is May 18, 2025. The note can be extended for two additional one-year periods from the original maturity date upon the satisfaction of certain conditions. The mortgage loan bears interest at SOFR plus 3.65%, with monthly interest payments required. The joint venture has an interest rate cap agreement to limit the variable portion of the interest rate (SOFR) on this note to 3.5% from May 19, 2022 to June 1, 2024. The Company received distributions of $1.3 million from its investments in these joint ventures during the nine months ended September 30, 2023. No distributions were received from these investments during the nine months ended September 30, 2022.

(2) The Company has equity investments in two unconsolidated real estate joint ventures, one that holds the investment in the real estate of the experiential lodging property and the other that holds the lodging operations, which are facilitated by a management agreement. The joint venture that holds the real property has a secured mortgage loan of $23.7 $22.8 million at September 30, 2023 March 31, 2024 that provides for additional draws of approximately $0.5 $1.1 million to fund renovations. The maturity date of this mortgage loan is September 15, 2031. The loan bears interest at an annual fixed rate of 4.00% with monthly interest payments required. Additionally, the Company has guaranteed the completion of the renovations in the amount of approximately $14.2 million, with $2.6 $1.2 million remaining to fund at September 30, 2023 March 31, 2024.

(3) The Company has equity investments in two unconsolidated real estate joint ventures, one that holds the investment in the real estate of the experiential lodging property and the other that holds the lodging operations, which are facilitated by a management agreement. The joint venture that holds the real estate property has a secured senior mortgage loan of $38.5 million at September 30, 2023. March 31, 2024. The maturity date of this mortgage loan is March 8, 2034. The mortgage loan bears interest at an annual fixed rate of 3.85% through April 7, 2025 and increases to 4.25% from April 8, 2025 through maturity. Monthly interest payments are required. Additionally, the Company provided a subordinated loan to the joint venture for $11.3 million with a maturity date of March 8, 2034. The mortgage loan bears interest at an annual fixed rate of 7.25% through the sixth anniversary and increases to SOFR plus 7.20% with a cap of 8.00%, through maturity.

(4) The Company has a 92% equity investment in two separate unconsolidated real estate joint ventures, that through subsequent joint ventures (described below), hold the investments in the real estate of the experiential lodging property and the lodging operations, which are facilitated by a management agreement. The Company's investments in these two unconsolidated real estate joint ventures were considered to be variable interest investments and the Company's investment in the joint venture that holds the lodging operations is a VIE. The Company is not the primary beneficiary of the VIE because the Company does not individually have the power to direct the activities that are most important to the joint venture and, accordingly, this investment is not consolidated. Other than the guarantee described below, the Company's maximum exposure to loss is limited to its initial investment, which was nominal.

The Company's investments in the two unconsolidated real estate joint ventures (representing 92% of each joint venture's equity) have a 67% equity interest in two separate consolidated joint ventures, one that holds the investments in the real estate of the experiential lodging property and the other that holds the lodging operations, which are facilitated by a management agreement. The consolidated joint venture that holds the real estate property has a secured senior mortgage loan commitment of up to $22.5 million at September 30, 2023 March 31, 2024 in order to fund renovations, with $4.6 $13.0 million outstanding at September 30, 2023 March 31, 2024. The maturity date of this mortgage loan is November 1, 2029. The mortgage loan bears interest at an annual fixed rate of 6.38% with monthly interest payments required. The Company has guaranteed $10.0 million in principal on the secured mortgage loan, and, upon completion of construction and achieving a specified debt service coverage ratio, the principal guarantee will be reduced to $5.0 million. The guarantee will be removed completely upon achievement of specified debt service coverage for three consecutive calculation periods. Additionally, the Company has guaranteed the completion of the renovations in the amount of approximately $13.9 million, with $11.1 $5.8 million remaining to fund at September 30, 2023 March 31, 2024.

10. 9. Derivative Instruments

All derivatives are recognized at fair value in the consolidated balance sheets within the line items "Other assets" and "Accounts payable and accrued liabilities" as applicable. The Company has elected not to offset its derivative position for purposes of balance sheet presentation and disclosure. The Company had derivative assets of $11.7

$1.6 million and $11.4 $1.3 million at September 30, 2023 March 31, 2024 and December 31, 2022, 2023, respectively. The Company hadno derivative liabilities of $0.4 million and $4.9 millionat September 30, 2023 March 31, 2024 and December 31, 2022. December 31, 2023, respectively. The Company has not posted or received collateral with its derivative counterparties as of September 30, 2023 March 31, 2024 or December 31, 2022 December 31, 2023. See Note 11 10 for disclosures relating to the fair value of the derivative instruments.

Risk Management Objective of Using Derivatives

The Company is exposed to certain risk arising from both its business operations and economic conditions, including the effect of changes in foreign currency exchange rates on foreign currency transactions and interest rates on its SOFR-based borrowings. The Company manages this risk by following established risk management policies and procedures including the use of derivatives. The Company's objective in using derivatives is to add stability to reported earnings and to manage its exposure to foreign exchange and interest rate movements or other identified risks. To accomplish this objective, the Company primarily uses interest rate swaps, cross-currency swaps and foreign currency forwards.

Cash Flow Hedges of Interest Rate Risk

The Company uses interest rate swaps as its interest rate risk management strategy. Interest rate swaps designated as cash flow hedges involve the receipt or payment of variable-rate amounts from a counterparty, which results in the Company recording net interest expense that is fixed over the life of the agreements without exchange of the underlying notional amount.

At September 30, 2023 March 31, 2024, the Company had one interest rate swap agreement designated as a cash flow hedge of interest rate risk. The interest rate swap agreement outstanding as of September 30, 2023 March 31, 2024 is summarized below:

Fixed rate	Notional Amount (in millions)		Index	Maturity
2.5325%	$	25.0	USD SOFR	September 30, 2026

The change in the fair value of interest rate derivatives designated and that qualify as cash flow hedges is recorded in accumulated other comprehensive income (AOCI) and is subsequently reclassified into earnings in the period that the hedged forecasted transaction affects earnings within the same income statement line item as the earnings effect of the hedged transaction.

Amounts reported in AOCI related to derivatives will be reclassified to interest expense as interest payments are made on the Company's variable-rate debt. As of September 30, 2023 March 31, 2024, the Company estimates that during the twelve months ending September 30, 2024 March 31, 2025, $1.1 million $0.6 million of gains will be reclassified from AOCI to interest expense.

Cash Flow Hedges of Foreign Exchange Risk

The Company is exposed to foreign currency exchange risk against its functional currency, USD, on CAD denominated cash flow from its six Canadian properties. The Company uses cross-currency swaps to mitigate its exposure to fluctuations in the USD-CAD exchange rate on cash inflows associated with these properties, which should hedge a significant portion of the Company's expected CAD denominated cash flows. As of September 30, 2023 March 31, 2024, the Company had the following cross-currency swaps:

Fixed rate	Notional Amount (in millions, CAD)		Annual Cash Flow (in millions, CAD)		Maturity
$1.26 CAD per USD	$	150.0	$	10.8	October 1, 2024
$1.28 CAD per USD		200.0		4.5	October 1, 2024
$1.30 CAD per USD		90.0		8.1	December 1, 2024
	$	440.0	$	23.4	

The change in the fair value of foreign currency derivatives designated and that qualify as cash flow hedges of foreign exchange risk is recorded in AOCI and reclassified into earnings in the period that the hedged forecasted transaction affects earnings within the same income statement line item as the earnings effect of the hedged

transaction. As of September 30, 2023 March 31, 2024, the Company estimates that during the twelve months ending September 30, 2024 March 31, 2025, $0.9 million $0.5 million of gains will be reclassified from AOCI to other income.

Net Investment Hedges

The Company is exposed to fluctuations in the USD-CAD exchange rate on its net investments in Canada. As such, the Company uses currency forward agreements to manage its exposure to changes in foreign exchange rates on certain of its foreign net investments. As of September 30, 2023 March 31, 2024, the Company had the following foreign currency forwards designated as net investment hedges:

Fixed rate	Notional Amount (in millions, CAD)		Maturity
$1.28 1.35 CAD per USD	$	200.0	October 1, 2024 2025
$1.30 1.35 CAD per USD		90.0	December 2, 2024 1, 2025
Total	$	290.0	

For qualifying foreign currency derivatives designated as net investment hedges, the change in the fair value of the derivatives are is reported in AOCI as part of the cumulative translation adjustment. Amounts are reclassified out of AOCI into earnings when the hedged net investment is either sold or substantially liquidated. Gains and losses on the derivative representing hedge components excluded from the assessment of effectiveness are recognized over the life of the hedge on a systematic and rational basis, as documented at hedge inception in accordance with the Company's accounting policy election. The earnings recognition of excluded components are presented in other income.

Below is a summary of the effect of derivative instruments on the consolidated statements of changes in equity and income for the three and nine months ended September 30, 2023 March 31, 2024 and 2022.

2023.

Effect of Derivative Instruments on the Consolidated Statements of Changes in Equity and Comprehensive Income for the Three and Nine Months Ended September 30, 2023 March 31, 2024 and 2022 2023 (Dollars in thousands)

Description	Description	Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022

Description				
Description				
Cash Flow Hedges				
Cash Flow Hedges				
Cash Flow Hedges / **Cash Flow Hedges**				
Interest Rate Swaps / **Interest Rate Swaps**				
Amount of Gain Recognized in AOCI on Derivative	$ 218	$ 527	$ 436	$ 1,577
Amount of Income (Expense) Reclassified from AOCI into Earnings (1)	178	55	463	(58)
Interest Rate Swaps				
Interest Rate Swaps				
Amount of Gain (Loss) Recognized in AOCI on Derivative				
Amount of Gain (Loss) Recognized in AOCI on Derivative				
Amount of Gain (Loss) Recognized in AOCI on Derivative				
Amount of Income Reclassified from AOCI into Earnings (1)				
Amount of Income Reclassified from AOCI into Earnings (1)				
Amount of Income Reclassified from AOCI into Earnings (1)				
Cross-Currency Swaps				
Cross-Currency Swaps				
Cross-Currency Swaps / **Cross-Currency Swaps**				
Amount of Gain Recognized in AOCI on Derivative / Amount of Gain Recognized in AOCI on Derivative	467	2,072	11	2,245
Amount of Gain Recognized in AOCI on Derivative				
Amount of Gain Recognized in AOCI on Derivative				
Amount of Income Reclassified from AOCI into Earnings (2)				
Amount of Income Reclassified from AOCI into Earnings (2)				
Amount of Income Reclassified from AOCI into Earnings (2) / Amount of Income Reclassified from AOCI into Earnings (2)	196	128	637	29
Net Investment Hedges / **Net Investment Hedges**				
Cross-Currency Swaps				
Net Investment Hedges				
Net Investment Hedges				
Currency Forward Agreements				
Currency Forward Agreements				
Currency Forward Agreements				
Amount of Gain Recognized in AOCI on Derivative / Amount of Gain Recognized in AOCI on Derivative	—	—	—	665

Amount of Income Recognized in Earnings (2) (3)		—	—	—	170
Currency Forward Agreements					
Amount of Gain Recognized in AOCI on Derivative					
Amount of Gain Recognized in AOCI on Derivative	Amount of Gain Recognized in AOCI on Derivative	4,545	9,703	599	10,641
Total	**Total**				
Total					
Total					
Amount of Gain Recognized in AOCI on Derivatives	Amount of Gain Recognized in AOCI on Derivatives	$ 5,230	$ 12,302	$ 1,046	$ 15,128
Amount of Income (Expense) Reclassified from AOCI into Earnings		374	183	1,100	(29)
Amount of Income Recognized in Earnings		—	—	—	170
Amount of Gain Recognized in AOCI on Derivatives					
Amount of Gain Recognized in AOCI on Derivatives					
Amount of Income Reclassified from AOCI into Earnings					
Amount of Income Reclassified from AOCI into Earnings					
Amount of Income Reclassified from AOCI into Earnings					
Interest expense, net in accompanying consolidated statements of income and comprehensive income					
Interest expense, net in accompanying consolidated statements of income and comprehensive income					
Interest expense, net in accompanying consolidated statements of income and comprehensive income	Interest expense, net in accompanying consolidated statements of income and comprehensive income	$ 31,208	$ 32,747	$ 94,521	$ 99,296
Other income in accompanying consolidated statements of income and comprehensive income	Other income in accompanying consolidated statements of income and comprehensive income	$ 14,422	$ 11,360	$ 33,879	$ 30,626
Other income in accompanying consolidated statements of income and comprehensive income					
Other income in accompanying consolidated statements of income and comprehensive income					

(1) Included in "Interest expense, net" in the accompanying consolidated statements of income and comprehensive income for the three and nine months ended September 30, 2023 March 31, 2024 and 2022. 2023.

(2) Included in "Other income" in the accompanying consolidated statements of income and comprehensive income for the three and nine months ended September 30, 2023 March 31, 2024 and 2022.

(3) Amounts represent derivative gains excluded from the effectiveness testing. 2023.

Credit-risk-related Contingent Features

The Company has an agreement with its interest rate derivative counterparty that contains a provision where if the Company defaults on any of its obligations for borrowed money or credit in an amount exceeding $50.0 million and such default is not waived or cured within a specified period of time, including default where repayment of the indebtedness has not been accelerated by the lender, then the Company could also be declared in default on its interest rate derivative agreements.

As of September 30, 2023 March 31, 2024, the Company had no derivatives fair value of the Company's derivatives in a liability position related to these agreements was $0.4 million. If the Company breached any of the contractual provisions of these derivative contracts, it would be required to settle its obligations under the agreements. at their termination value of $0.3 million, after considering the right of offset. As of September 30, 2023 March 31, 2024, the Company had not posted any collateral related to these agreements and was not in breach of any provisions in these agreements.

11. 10. Fair Value Disclosures

The Company has certain financial instruments that are required to be measured under the FASB's Fair Value Measurement guidance. The Company currently does not have any non-financial assets and non-financial liabilities that are required to be measured at fair value on a recurring basis.

Derivative Financial Instruments

The Company 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 also use Level 3 inputs, such as estimates of current credit spreads, to evaluate the likelihood of default by itself and its counterparties. As of September 30, 2023 March 31, 2024, the Company assessed the significance of the impact of the credit valuation adjustments on the overall valuation of its derivative positions and determined that the credit valuation adjustments are not significant to the overall valuation of its derivatives and therefore, classified its derivatives as Level 2 within the fair value reporting hierarchy.

The table below presents the Company's financial assets and liabilities 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 are classified and by derivative type.

Assets and Liabilities Measured at Fair Value on a Recurring Basis at
September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023
(Dollars in thousands)

Description	Description	Quoted Prices in Active Markets for Identical Assets (Level I)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at end of period	Description	Quoted Prices in Active Markets for Identical Assets (Level I)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at end of period
September 30, 2023										
March 31, 2024										
Cross-Currency Swaps (1)	Cross-Currency Swaps (1)	$ —	$ 898	$ —	$ 898					
Currency Forward Agreements (1)		—	9,286	—	9,286					
Interest Rate Swap Agreements (1)		—	1,493	—	1,493					
December 31, 2022										
Cross-Currency Swaps (1)	Cross-Currency Swaps (1)	$ —	$ 1,523	$ —	$1,523					
Currency Forward Agreements (1)		—	8,686	—	8,686					
Cross-Currency Swaps (1)										
Currency Forward Agreements (2)										
Currency Forward Agreements (2)										
Currency Forward Agreements (2)										
Interest Rate Swap Agreements (1)										
December 31, 2023										

Cross-Currency Swaps (1)					
Cross-Currency Swaps (1)					
Cross-Currency Swaps (1)					
Currency Forward Agreements (2)					
Currency Forward Agreements (2)					
Currency Forward Agreements (2)					
Interest Rate Swap Agreements (1)	Interest Rate Swap Agreements (1)	—	1,240	—	1,240

(1) Included in "Other assets" in the accompanying consolidated balance sheets.
(2) Included in "Accounts payable and accrued liabilities" in the accompanying consolidated balance sheets.

Non-recurring fair value measurements

The table below presents the Company's assets measured at fair value on a non-recurring basis as of September 30, 2023 and December 31, 2022 December 31, 2023, aggregated by the level in the fair value hierarchy within which those measurements are classified.

Assets Measured at Fair Value on a Non-Recurring Basis at September 30, 2023 and December 31, 2022 2023
(Dollars in thousands)

Description	Quoted Prices in Active Markets for Identical Assets (Level I)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at end of period
September 30, 2023				
Real estate investments, net (1)	$ —	$ —	$ 33,010	$ 33,010
December 31, 2022				
Real estate investments, net	$ —	$ 4,700	$ 33,670	$ 38,370
Operating lease right-of-use asset	—	—	7,006	7,006
Mortgage notes and related accrued interest receivable, net	—	—	7,780	7,780
Investment in joint ventures	—	—	—	—
Other assets (2)	—	—	1,316	1,316

Description	Quoted Prices in Active Markets for Identical Assets (Level I)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at end of period
December 31, 2023				
Real estate investments, net	$ —	$ —	$ 39,150	$ 39,150

(1) As further discussed in Note 4, during During the nine months year ended September 30, 2023 December 31, 2023, the Company recorded an impairment charge of $64.7 $67.4 million related to real estate investments, net, on 11 12 properties. Management estimated the fair values of these investments taking into account various factors including independent appraisals, shortened hold periods and market conditions. The significant inputs and assumptions used in the real estate appraisals included market rents ranging from $4.50 per square foot to $20 $20.00 per square foot, discount rates ranging from 9.50% 8.50% to 11.50% and terminal capitalization rates ranging from 8.50% 7.75% to 10.25%. These measurements were classified within Level 3 of the fair value hierarchy because many of the assumptions were not observable.
(2) Includes collateral-dependent notes receivable, which are presented within "Other assets" in the accompanying consolidated balance sheets.
There were no assets or liabilities measured at fair value on a non-recurring basis at March 31, 2024.

Fair Value of Financial Instruments

The following methods and assumptions were used by the Company to estimate the fair value of each class of financial instruments at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023:

Mortgage notes receivable and related accrued interest receivable, net:

The fair value of the Company's mortgage notes and related accrued interest receivable, net, is estimated by discounting the future cash flows of each instrument using current market rates. At September 30, 2023 March 31, 2024, the Company had a carrying value of $477.2$578.9 million in fixed-rate mortgage notes receivable outstanding, including related accrued interest and allowance for credit losses, with a weighted average interest rate of approximately 8.90% 8.80%. The fixed-rate mortgage notes bear interest at rates of 6.50% to 12.32%. Discounting the future cash flows for fixed-rate mortgage notes receivable using rates of 6.50% to 10.65%, management estimates the fair value of the fixed-rate mortgage notes receivable to be approximately $618.0 million with an estimated weighted average market rate of 7.90% at March 31, 2024.

At December 31, 2023, the Company had a carrying value of $569.8 million in fixed-rate mortgage notes receivable outstanding, including related accrued interest and allowance for credit losses, with a weighted average interest rate of approximately 8.82%. The fixed-rate mortgage notes bear interest at rates of 6.99% to 12.32%. Discounting the future cash flows for fixed-rate mortgage notes receivable using rates of 7.50% 7.15% to 10.00% 10.25%, management estimates the fair value of the fixed-rate mortgage notes receivable to be approximately $515.2 million $611.2 million with an estimated weighted average market rate of 7.82% 7.84% at September 30, 2023 December 31, 2023.

At December 31, 2022, the Company had a carrying value of $457.3 million in fixed-rate mortgage notes receivable outstanding, including related accrued interest and allowance for credit losses, with a weighted average interest rate of approximately 8.92%. The fixed-rate mortgage notes bear interest at rates of 6.99% to 12.14%. Discounting the future cash flows for fixed-rate mortgage notes receivable using rates of 7.15% to 10.00%, management estimates the fair value of the fixed-rate mortgage notes receivable to be $500.0 million with an estimated weighted average market rate of 7.70% at December 31, 2022.

Derivative instruments:

Derivative instruments are carried at their fair value.

Debt instruments:

The fair value of the Company's debt is estimated by discounting the future cash flows of each instrument using current market rates. At September 30, 2023 March 31, 2024, the Company had a carrying value of $25.0 million in variable-rate debt outstanding with an average interest rate of approximately 5.47% 5.45%. The carrying value of the variable-rate debt outstanding approximated the fair value at September 30, 2023 March 31, 2024.

At December 31, 2022 December 31, 2023, the Company had a carrying value of $25.0 million in variable-rate debt outstanding with a weighted average an interest rate of approximately 4.43% 5.48%. The carrying value of the variable-rate debt outstanding approximated the fair value at December 31, 2022 December 31, 2023.

At both September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the $25.0 million of variable-rate debt outstanding, discussed above, had been effectively converted to a fixed rate by an interest rate swap agreement. See Note 10 9 for additional information related to the Company's interest rate swap agreement.

At September 30, 2023 March 31, 2024, the Company had a carrying value of $2.82 billion in fixed-rate long-term debt outstanding with a weighted average interest rate of approximately 4.34%. Discounting the future cash flows for fixed-rate debt using September 30, 2023 March 31, 2024 market rates of 7.11% 5.97% to 8.10% 6.41%, management estimates the fair value of the fixed rate debt to be approximately $2.44 billion $2.62 billion with an estimated weighted average market rate of 7.87% 6.24% at September 30, 2023 March 31, 2024.

At December 31, 2022 December 31, 2023, the Company had a carrying value of $2.82 billion in fixed-rate long-term debt outstanding with an a weighted average weighted interest rate of approximately 4.34%. Discounting the future cash flows for fixed-rate debt using December 31, 2022 December 31, 2023 market rates of 7.42% 6.46% to 8.35% 6.70%, management estimates the fair value of the fixed rate debt to be approximately $2.39 billion $2.58 billion with an estimated weighted average market rate of 7.94% 6.60% at December 31, 2022 December 31, 2023.

12. 11. Earnings Per Share

The following table summarizes the Company's computation of basic and diluted earnings per share (EPS) for the three and nine months ended September 30, 2023 March 31, 2024 and 2022 2023 (amounts in thousands except per share information):

		Three Months Ended September 30, 2023			Nine Months Ended September 30, 2023		
		Income (numerator)	Shares (denominator)	Per Share Amount	Income (numerator)	Shares (denominator)	Per Share Amount
Basic EPS:	**Basic EPS:**						
Basic EPS:							
Basic EPS:							
Net income	Net income	$ 56,260			$ 127,517		
Net income							
Net income							
Less: preferred dividend requirements							
Less: preferred dividend requirements							
Less: preferred dividend requirements	Less: preferred dividend requirements	(6,032)			(18,105)		

		Income (numerator)	Shares (denominator)	Per Share Amount	Income (numerator)	Shares (denominator)	Per Share Amount
Net income available to common shareholders	Net income available to common shareholders	$ 50,228	75,325	$ 0.67	$ 109,412	75,236	$ 1.45
Net income available to common shareholders							
Net income available to common shareholders							
Diluted EPS:							
Diluted EPS:							
Diluted EPS:	**Diluted EPS:**						
Net income available to common shareholders	Net income available to common shareholders	$ 50,228	75,325		$ 109,412	75,236	
Net income available to common shareholders							
Net income available to common shareholders							
Effect of dilutive securities:	Effect of dilutive securities:						
Effect of dilutive securities:							
Effect of dilutive securities:							
Performance shares							
Performance shares							
Performance shares	Performance shares	—	491		—	419	
Net income available to common shareholders	Net income available to common shareholders	$ 50,228	75,816	$ 0.66	$ 109,412	75,655	$ 1.45
Net income available to common shareholders							
Net income available to common shareholders							

		Three Months Ended September 30, 2022			Nine Months Ended September 30, 2022		
		Income (numerator)	Shares (denominator)	Per Share Amount	Income (numerator)	Shares (denominator)	Per Share Amount
Basic EPS:	**Basic EPS:**						
Basic EPS:							
Basic EPS:							
Net income	Net income	$ 50,799			$ 133,900		
Net income							
Net income							
Less: preferred dividend requirements							
Less: preferred dividend requirements							
Less: preferred dividend requirements	Less: preferred dividend requirements	(6,033)			(18,099)		

Net income available to common shareholders	Net income available to common shareholders	$ 44,766	75,016	$ 0.60	$ 115,801	74,949	$ 1.55
Net income available to common shareholders							
Net income available to common shareholders							
Diluted EPS:							
Diluted EPS:							
Diluted EPS:	**Diluted EPS:**						
Net income available to common shareholders	Net income available to common shareholders	$ 44,766	75,016		$ 115,801	74,949	
Net income available to common shareholders							
Net income available to common shareholders							
Effect of dilutive securities:	Effect of dilutive securities:						
Effect of dilutive securities:							
Effect of dilutive securities:							
Share options and performance shares							
Share options and performance shares							
Share options and performance shares	Share options and performance shares	—	167		—	153	
Net income available to common shareholders	Net income available to common shareholders	$ 44,766	75,183	$ 0.60	$ 115,801	75,102	$ 1.54
Net income available to common shareholders							
Net income available to common shareholders							

The effect of the potential common shares from the conversion of the Company's convertible preferred shares and from the exercise of share options are included in diluted earnings per share if the effect is dilutive. Potential common shares from the performance shares are included in diluted earnings per share upon the satisfaction of certain performance and market conditions. These conditions are evaluated at each reporting period and, if the conditions have been satisfied during the reporting period, the number of contingently issuable shares are included in the computation of diluted earnings per share.

The following shares have been excluded from the calculation of diluted earnings per share either because they are anti-dilutive, or in the case of contingently issuable performance shares, are not probable of issuance:

- The additional 2.3 million and 2.2 million common shares that would result from the conversion of the Company's 5.75% Series C cumulative convertible preferred shares and the corresponding add-back of the preferred dividends declared on those shares for both the three and nine months ended September 30, 2023 March 31, 2024 and 2022, respectively. 2023.
- The additional 1.7 million common shares that would result from the conversion of the Company's 9.0% Series E cumulative convertible preferred shares and the corresponding add-back of the preferred dividends declared on those shares for both the three and nine months ended September 30, 2023 March 31, 2024 and 2022. 2023.
- Outstanding options to purchase 82 thousand common shares at per share prices ranging from $44.44 to $76.63 for both the three and nine months ended September 30, 2023.
- Outstanding options to purchase 95 57 thousand and 89 83 thousand common shares at per share prices ranging from $44.44 to $76.63 for the three and nine months ended September 30, 2022 March 31, 2024 and March 31, 2023, respectively.
- The effect of 99 thousand contingently issuable performance shares granted during 2022 for both the three and nine months ended September 30, 2022 March 31, 2023.

- The effect of 56 112 thousand contingently issuable performance shares granted during 2020 2023 for both the three and nine months ended September 30, 2022 March 31, 2023.
- The effect of 116 thousand contingently issuable performance shares granted during 2024 for the three months ended March 31, 2024.

12. Retirement of Executive Vice President, General Counsel and Secretary

On March 1, 2024, the Company's Executive Vice President, General Counsel and Secretary, Craig Evans, retired from the Company. Details of Mr. Evans' retirement are included in the previously disclosed Retirement and Release Agreement entered into between the Company and Mr. Evans. The role of General Counsel and Secretary was assumed by Paul Turvey upon Mr. Evans' retirement. For the three months ended March 31, 2024, the Company recorded retirement and severance expense related to Mr. Evans' retirement, as well as the departure of another employee, totaling $1.8 million, which included cash payments totaling $0.2 million and accelerated vesting of nonvested shares totaling $1.6 million.

13. Equity Incentive Plans

All grants of common shares and options to purchase common shares were issued under the Company's 2007 Equity Incentive Plan prior to May 12, 2016, and under the 2016 Equity Incentive Plan on and after May 12, 2016. Under the 2016 Equity Incentive Plan, an aggregate of 3,950,000 common shares, options to purchase common shares and restricted share units, subject to adjustment in the event of certain capital events, may be granted. Additionally, the 2020 Long Term Incentive Plan (2020 LTIP) is a sub-plan under the Company's 2016 Equity Incentive Plan. Under the 2020 LTIP, the Company awards performance shares and restricted shares to the Company's executive officers. At September 30, 2023 March 31, 2024, there were 1,490,224 905,470 shares available for grant under the 2016 Equity Incentive Plan.

Nonvested Shares

A summary of the Company's nonvested share activity and related information is as follows:

	Number of shares	Weighted avg. grant date fair value	Weighted avg. life remaining
Outstanding at December 31, 2022	503,912	$ 50.38	
Granted	352,090	42.23	
Vested	(230,414)	54.01	
Forfeited	(13,809)	45.20	
Outstanding at September 30, 2023	611,779	$ 44.44	1.15

	Number of shares	Weighted avg. grant date fair value	Weighted avg. life remaining
Outstanding at December 31, 2023	609,228	$ 44.44	
Granted	290,271	41.96	
Vested	(284,885)	45.47	
Outstanding at March 31, 2024	614,614	$ 42.79	1.61

The holders of nonvested shares have voting rights and receive dividends from the date of grant. The fair value of the nonvested shares that vested was $8.7 million $13.7 million and $10.2 8.3 million for the nine three months ended September 30, 2023 March 31, 2024 and 2022, 2023, respectively. Expense recognized related to nonvested shares and included in "General and administrative expense" in the accompanying consolidated statements of income and comprehensive income was $5.7 $1.8 million and $5.9 $1.9 million for the nine three months ended September 30, 2023 March 31, 2024 and 2022, 2023, respectively. Expense related to nonvested shares and included in retirement and severance expense in the accompanying consolidated statements of income and comprehensive income was $0.4$0.7 million for the nine three months ended September 30, 2023 March 31, 2024. There was no expense related to nonvested shares included in retirement and severance expense for the nine three months ended September 30, 2022 March 31, 2023. At September 30, 2023 March 31, 2024, unamortized share-based compensation expense related to nonvested shares was $12.4 million $14.7 million.

Nonvested Performance Shares

A summary of the Company's nonvested performance share activity and related information is as follows:

	Target Number of Performance Shares
Outstanding at December 31, 2022	257,386
Granted	111,593
Vested (1)	(56,338)
Forfeited	—
Outstanding at September 30, 2023	312,641

	Target Number of Performance Shares	Weighted avg. grant date fair value (1)
Outstanding at December 31, 2023	312,641	$ 70.04
Granted	116,266	44.76
Vested (2)	(102,438)	75.14

Outstanding at March 31, 2024	326,469 $	59.44

(1) The grant date fair value was determined utilizing (i) a Monte Carlo simulation model to generate an estimate of the Company's future stock price over the three-year performance period for performance shares based on the Company's Total Shareholder Return (TSR) performance further described below and (ii) the Company's grant date fair value for performance shares based on the Company's estimated Compounded Annual Growth Rate (CAGR) in AFFO per share over the three-year performance period.
(2) The achievement of the performance conditions for the performance shares granted during the year ended December 31, 2020 were not achieved resulting December 31, 2021 resulted in no pay-out. a performance payout percentage of 250% for both the Company's TSR relative to the TSRs of the Company's peer group companies and the Company's TSR relative to the TSRs of companies in the MSCI US REIT Index and a payout percentage of 200% for the Company's CAGR in AFFO per share over the three-year performance period. The achievement of the performance conditions and the above payout percentages resulted in the issuance of 243,290 common shares and 49,574 common shares from dividend equivalents. The fair value of the performance shares and dividend equivalents that vested was $12.6 million.

The number of common shares issuable upon settlement of the performance shares granted during the nine three months ended September 30, 2023 March 31, 2024, 2022 2023 and 2021 2022 will be based upon the Company's achievement level relative to the following performance

measures at December 31, 2025 December 31, 2026, 2025 and 2024, respectively. The achievement level for the performance shares granted during the three months ended March 31, 2024 is 52.2% based upon the Company's TSR relative to the TSRs of the Company's peer group companies, 26.1% based upon the Company's TSR relative to the TSRs of companies in the MSCI US REIT Index and 2023, respectively: 21.7% based upon the Company's estimated CAGR in AFFO per share over the three-year performance period. The achievement level for the performance shares granted during the years ended December 31, 2023 and 2022 is 50% based upon the Company's Total Shareholder Return (TSR) relative to the TSRs of the Company's peer group companies, 25% based upon the Company's TSR relative to the TSRs of companies in the MSCI US REIT Index and 25% based upon the Company's Compounded Annual Growth Rate (CAGR) in AFFO per share share over the three-year performance period. The Company's achievement level relative to the performance measures is assigned a specific payout percentage, which is multiplied by a target number of performance shares.

The performance shares based on relative TSR performance have market conditions and are valued using a Monte Carlo simulation model on the grant date, which resulted in a grant date fair value of approximately $5.9 $4.1 million and $6.0 $5.9 million for the nine three months ended September 30, 2023 March 31, 2024 and 2022, 2023, respectively. The estimated fair value is amortized to expense over the three-year performance periods, which end on December 31, 2025 December 31, 2026, 2024 2025 and 2023 2024 for performance shares granted in 2024, 2023 2022 and 2021, 2022, respectively. The following assumptions were used in the Monte Carlo simulation for computing the grant date fair value of the performance shares with a market condition for the nine three months ended September 30, 2023 March 31, 2024: risk-free interest rate of 4.4% 4.5%, volatility factors in the expected market price of the Company's common shares of 52% 30% and an expected life of approximately three years.

The performance shares based on growth in AFFO per share have a performance condition. The probability of achieving the performance condition is assessed at each reporting period. If it is deemed probable that the performance condition will be met, compensation cost will be recognized based on the closing price per share of the Company's common stock on the date of the grant multiplied by the number of awards expected to be earned. If it is deemed that it is not probable that the performance condition will be met, the Company will discontinue the recognition of compensation cost and any compensation cost previously recorded will be reversed. At September 30, 2023 March 31, 2024, achievement of the performance condition was deemed probable for the performance shares granted during the nine three months ended September 30, 2023, March 31, 2023 and 2022 and 2021 with an expected payout percentage of 68.3%, 200% 52.3% and 200%, respectively, which resulted in a grant date fair value of approximately $0.8 million, $2.3 $0.6 million and $2.3 million, respectively. Achievement of the performance condition for the performance shares granted during the three months ended March 31, 2024 was deemed not probable at March 31, 2024.

Expense recognized related to performance shares and included in "General and administrative expense" in the accompanying consolidated statements of income and comprehensive income was $5.9 $1.5 million and $5.0 $2.0 million for the nine three months ended September 30, 2023 March 31, 2024 and 2022 2023, respectively. Expense related to performance shares and included in retirement and severance expense in the accompanying consolidated statements of income and comprehensive income was $0.9 million for the three months ended March 31, 2024. At September 30, 2023 March 31, 2024, unamortized share-based compensation expense related to nonvested performance shares was $9.2 million $8.9 million.

The performance shares accrue dividend equivalents that are paid only if common shares are issued upon settlement of the performance shares. During the nine three months ended September 30, 2023 March 31, 2024 and 2022, 2023, the Company accrued dividend equivalents expected to be paid on earned awards of $1.3 million $598 thousand and $587 $353 thousand, respectively.

Restricted Share Units

A summary of the Company’s restricted share unit activity and related information is as follows:

	Number of shares	Weighted avg. grant date fair value	Weighted avg. life remaining
Outstanding at December 31, 2022	38,605	$ 50.77	

Number of shares	Number of shares	Weighted avg. grant date fair value	Weighted avg. life remaining
Outstanding at December 31, 2023			
Granted			
Granted			

Granted	Granted	43,497	41.67	
Vested	Vested	(40,054)	50.44	
Outstanding at September 30, 2023		42,048	$ 41.67	0.67
Vested				
Vested				
Outstanding at March 31, 2024				
Outstanding at March 31, 2024				
Outstanding at March 31, 2024		42,048	$ 41.67	0.17

The holders of restricted share units receive dividend equivalents from the date of grant. Total expense recognized related to shares issued to non-employee Trustees and included in "General and administrative expense" in the accompanying consolidated statements of income and comprehensive income was $1.5 $0.4 million and $1.7 $0.5 million for the nine three months ended September 30, 2023 March 31, 2024 and 2022, 2023, respectively. At September 30, 2023 March 31, 2024, unamortized share-based compensation expense related to restricted share units was $1.2 million $0.3 million.

14. Operating Leases

The Company's real estate investments are leased under operating leases. In addition to its lessor arrangements on its real estate investments, as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the Company was lessee in 51 and 52 operating ground leases, respectively. leases. The Company's tenants, who are generally sub-tenants under these ground leases, are responsible for paying the rent under these ground leases. As of September 30, 2023 March 31, 2024, rental revenue from two one of the Company's tenants, who are also sub-tenants under the ground leases, is being recognized on a cash basis. In most cases, the ground lease sub-tenants have continued to pay the rent under these ground leases, however, one of these properties does not currently have a sub-tenant. In the event the tenant fails to pay the ground lease rent or if the property does not have a sub-tenant, the Company is primarily responsible for the payment, assuming the Company does not sell or re-tenant the property. The Company is also the lessee in an operating lease of its executive office.

The following table summarizes rental revenue, including sublease arrangements and lease costs, for the three and nine months ended September 30, 2023 March 31, 2024 and 2022 2023 (in thousands):

			Three Months Ended September 30,		Nine Months Ended September 30,	
		Classification	2023	2022	2023	2022
			Three Months Ended March 31,			
			Three Months Ended March 31,			
			Three Months Ended March 31,			
		Classification				
		Classification				
		Classification				
Operating leases	Operating leases	Rental revenue	$ 155,689	$ 134,316	$ 446,454	$ 405,062
Operating leases						
Operating leases						
Sublease income - operating ground leases						
Sublease income - operating ground leases						
Sublease income - operating ground leases	Sublease income - operating ground leases	Rental revenue	8,251	6,155	20,947	17,887
Lease costs	**Lease costs**					
Lease costs						
Lease costs						
Operating ground lease cost						
Operating ground lease cost						

Operating ground lease cost	Operating ground lease cost	Property operating expense	$	6,571	$	6,602	$	19,735	$	18,707
Operating office lease cost	Operating office lease cost	General and administrative expense		224		226		672		678
Operating office lease cost										
Operating office lease cost										

15. Segment Information

The Company groups its investments into two reportable operating segments: Experiential and Education.

The financial information summarized below is presented by reportable operating segment (in thousands):

Balance Sheet Data:

		As of September 30, 2023			
		Experiential	Education	Corporate/Unallocated	Consolidated
Total Assets	Total Assets	$5,102,759	$444,751	$ 171,867	$ 5,719,377

	As of March 31, 2024				
	Experiential	Experiential	Education	Corporate/Unallocated	Consolidated

		As of December 31, 2022			
		Experiential	Education	Corporate/Unallocated	Consolidated
Total Assets	Total Assets	$5,164,710	$473,580	$ 120,411	$ 5,758,701

	As of December 31, 2023				
	As of December 31, 2023				
	As of December 31, 2023				
	Experiential	Experiential	Education	Corporate/Unallocated	Consolidated

Operating Data: **Operating Data:**

		Three Months Ended September 30, 2023			
		Experiential	Education	Corporate/Unallocated	Consolidated
Rental revenue	Rental revenue	$ 153,953	$ 9,987	$ —	$ 163,940
Other income	Other income	14,275	—	147	14,422
Mortgage and other financing income	Mortgage and other financing income	10,810	212	—	11,022
Total revenue	Total revenue	179,038	10,199	147	189,384
Property operating expense	Property operating expense	14,144	156	292	14,592
Property operating expense					
Property operating expense					
Other expense	Other expense	13,124	—	—	13,124
Total investment expenses	Total investment expenses	27,268	156	292	27,716

	Three Months Ended March 31, 2024				
	Three Months Ended March 31, 2024				
	Three Months Ended March 31, 2024				
	Experiential	Experiential	Education	Corporate/Unallocated	Consolidated

Net operating income - before unallocated items	Net operating income - before unallocated items	151,770	10,043		(145)	161,668
						Reconciliation to Consolidated Statements of Income and Comprehensive Income:
Reconciliation to Consolidated Statements of Income and Comprehensive Income:						
Reconciliation to Consolidated Statements of Income and Comprehensive Income:						
General and administrative expense	General and administrative expense					(13,464)
Retirement and severance expense						
Transaction costs	Transaction costs					(847)
Transaction costs						
Transaction costs						
(Provision) benefit for credit losses, net	(Provision) benefit for credit losses, net					719
Impairment charges						(20,887)
Depreciation and amortization						
Depreciation and amortization						
Depreciation and amortization	Depreciation and amortization					(42,432)
Gain on sale of real estate	Gain on sale of real estate					2,550
Interest expense, net	Interest expense, net					(31,208)
Equity in income from joint ventures						533
Equity in loss from joint ventures						
Income tax expense						
Income tax expense						
Income tax expense	Income tax expense					(372)
Net income	Net income					56,260
Net income						
Net income						
Preferred dividend requirements						
Preferred dividend requirements						
Preferred dividend requirements	Preferred dividend requirements					(6,032)
Net income available to common shareholders of EPR Properties	Net income available to common shareholders of EPR Properties					$ 50,228
Operating Data:	**Operating Data:**					

		Three Months Ended September 30, 2022			
		Experiential	Education	Corporate/Unallocated	Consolidated
		Three Months Ended March 31, 2023			
		Three Months Ended March 31, 2023			
		Three Months Ended March 31, 2023			
	Experiential		Experiential	Education	Corporate/Unallocated	Consolidated
Rental revenue	Rental revenue	$ 130,588	$ 9,883	$ —	$ 140,471
Other income	Other income	11,200	—	160	11,360
Mortgage and other financing income	Mortgage and other financing income	9,353	226	—	9,579
Total revenue	Total revenue	151,141	10,109	160	161,410
Property operating expense	Property operating expense	14,707	—	—	14,707
Property operating expense					
Property operating expense					
Other expense	Other expense	9,135	—	—	9,135
Total investment expenses	Total investment expenses	23,842	—	—	23,842
Net operating income - before unallocated items	Net operating income - before unallocated items	127,299	10,109	160	137,568
Reconciliation to Consolidated Statements of Income and Comprehensive Income:					
Reconciliation to Consolidated Statements of Income and Comprehensive Income:					
Reconciliation to Consolidated Statements of Income and Comprehensive Income:					
General and administrative expense	General and administrative expense				(12,582)
Transaction costs	Transaction costs				(148)
Transaction costs					
Transaction costs					
(Provision) benefit for credit losses, net	(Provision) benefit for credit losses, net				(241)
Depreciation and amortization	Depreciation and amortization				(41,539)
Gain on sale of real estate					304
Depreciation and amortization					
Depreciation and amortization					
Loss on sale of real estate					
Interest expense, net	Interest expense, net				(32,747)
Equity in income from joint ventures					572
Interest expense, net					
Interest expense, net					
Equity in loss from joint ventures					

Income tax expense

Income tax expense

Income tax expense	Income tax expense	(388)
Net income	Net income	50,799

Net income

Net income

Preferred dividend requirements	Preferred dividend requirements	(6,033)
Net income available to common shareholders of EPR Properties	Net income available to common shareholders of EPR Properties	$ 44,766

Operating Data:

	Nine Months Ended September 30, 2023			
	Experiential	Education	Corporate/Unallocated	Consolidated
Rental revenue	$ 438,074	$ 29,327	$ —	$ 467,401
Other income	33,208	1	670	33,879
Mortgage and other financing income	31,753	654	—	32,407
Total revenue	503,035	29,982	670	533,687
Property operating expense	42,065	156	498	42,719
Other expense	31,235	—	—	31,235
Total investment expenses	73,300	156	498	73,954
Net operating income - before unallocated items	429,735	29,826	172	459,733
Reconciliation to Consolidated Statements of Income and Comprehensive Income:				
General and administrative expense				(42,677)
Severance expense				(547)
Transaction costs				(1,153)
(Provision) benefit for credit losses, net				407
Impairment charges				(64,672)
Depreciation and amortization				(127,341)
Gain on sale of real estate				1,415
Interest expense, net				(94,521)
Equity in loss from joint ventures				(2,067)
Income tax expense				(1,060)
Net income				127,517
Preferred dividend requirements				(18,105)
Net income available to common shareholders of EPR Properties				$ 109,412

Operating Data:

	Nine Months Ended September 30, 2022			
	Experiential	Education	Corporate/Unallocated	Consolidated
Rental revenue	$ 392,622	$ 30,327	$ —	$ 422,949
Other income	28,095	—	2,531	30,626
Mortgage and other financing income	25,069	684	—	25,753
Total revenue	445,786	31,011	2,531	479,328
Property operating expense	41,758	(7)	487	42,238
Other expense	26,104	—	—	26,104

Total investment expenses	67,862	(7)	487	68,342
Net operating income - before unallocated items	377,924	31,018	2,044	410,986
Reconciliation to Consolidated Statements of Income and Comprehensive Income:				
General and administrative expense				(38,497)
Transaction costs				(3,540)
(Provision) benefit for credit losses, net				(9,447)
Impairment charges				(4,351)
Depreciation and amortization				(122,349)
Gain on sale of real estate				304
Interest expense, net				(99,296)
Equity in income from joint ventures				1,887
Impairment charges on joint ventures				(647)
Income tax expense				(1,150)
Net income				133,900
Preferred dividend requirements				(18,099)
Net income available to common shareholders of EPR Properties				$ 115,801

16. Other Commitments and Contingencies

As of September 30, 2023 March 31, 2024, the Company had 16 13 development projects with commitments to fund an aggregate of approximately $199.1 million $158.6 million. Development The Company advances development costs are advanced by the Company in periodic draws. If the Company determines that construction is not being completed in accordance with the terms of the development agreement, it can discontinue funding construction draws. The Company has agreed to lease the properties to the operators at pre-determined rates upon completion of construction.

The Company has certain commitments related to its mortgage notes investments that it may be required to fund in the future. The Company is generally obligated to fund these commitments at the request of the borrower or upon the occurrence of events outside of its direct control. As of September 30, 2023 March 31, 2024, the Company had four five mortgage notes with commitments totaling approximately $73.5 million $99.9 million. If commitments are funded in the future, interest will be charged at rates consistent with the existing investments.

In connection with construction of the Company's development projects and related infrastructure, certain public agencies require posting of surety bonds to guarantee that the Company's obligations are will be satisfied. These bonds expire upon the completion of the improvements or infrastructure. As of September 30, 2023 March 31, 2024, the Company had three four surety bonds outstanding totaling $2.6 million $2.1 million.

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

The following discussion should be read in conjunction with the consolidated financial statements and notes thereto included in this Quarterly Report on Form 10-Q of EPR Properties (the "Company", "EPR", "we" or "us"). The forward-looking statements included in this discussion and elsewhere in this Quarterly Report on Form 10-Q involve risks and uncertainties, including anticipated financial performance, anticipated liquidity and capital resources, business prospects, industry trends, shareholder returns, performance of leases by tenants, performance on loans to customers and other matters, which reflect management's best judgment based on factors currently known. See "Cautionary Statement Concerning Forward-Looking Statements," which is incorporated herein by reference. Actual results and experience could differ materially from the anticipated results and other expectations expressed in our forward-looking statements as a result of a number of factors, including but not limited to those discussed in Item 1A - "Risk Factors" in our 2022 2023 Annual Report, as supplemented by Item 1A - "Risk Factors" in this Quarterly Report on Form 10-Q. Report.

Overview

Business

Our principal business objective is to enhance shareholder value by achieving predictable and increasing Funds From Operations As Adjusted ("FFOAA") and dividends per share. Our strategy is to focus on long-term investments in the Experiential sector that benefit from our depth of knowledge and relationships, and which we believe offer sustained performance throughout most economic cycles.

Our investment portfolio includes ownership of and long-term mortgages on Experiential and Education properties. Substantially all of our owned single-tenant properties are leased pursuant to long-term, triple-net leases, under which the tenants typically pay all operating expenses of the property. Tenants at our owned multi-tenant properties are typically required to pay common area maintenance charges to reimburse us for their pro-rata portion of these costs. We also own certain experiential lodging assets structured using traditional REIT lodging structures.

It has been our strategy to structure leases and financings to ensure a positive spread between our cost of capital and the rentals or interest paid by our tenants. We have primarily acquired or developed new properties that are pre-leased to a single tenant or multi-tenant properties that have with a high occupancy rate. We have also entered into certain joint ventures and we have provided mortgage note financing. We intend to continue entering into some or all of these types of arrangements in the foreseeable future.

Historically, our primary challenges had been locating suitable properties, negotiating favorable lease or financing terms (on new or existing properties), and managing our portfolio as we continued to grow. We believe our management's knowledge and industry relationships have facilitated opportunities for us to acquire, finance and lease properties. More recently, and as further discussed below, the challenging economic environment and a theatre tenant's bankruptcy have increased our cost of capital, which has negatively impacted our ability to make investments in the near-term. Our business is subject to a number of risks and uncertainties, including those described in Item 1A - "Risk Factors" in our 2022 2023 Annual Report, as supplemented by Item 1A - "Risk Factors" in this Quarterly Report on Form 10-Q. Report.

As of September 30, 2023 March 31, 2024, our total assets were approximately $5.7 billion (after accumulated depreciation of approximately $1.4 billion $1.5 billion) with properties located in 44 states, Ontario and Quebec, Canada. Our total investments (a non-GAAP financial measure) were approximately $6.7 billion $6.9 billion at September 30, 2023 March 31, 2024. See "Non-GAAP Financial Measures" for the reconciliation of "Total assets" in the consolidated balance sheet to total investments at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023. We group our investments into two reportable segments, Experiential and Education. As of September 30, 2023 March 31, 2024, our Experiential investments comprised $6.2 billion $6.4 billion, or 92% 93%, and our Education investments comprised $0.5 billion, or 8% 7%, of our total investments.

As of September 30, 2023 March 31, 2024, our Experiential portfolio (excluding property under development and undeveloped land inventory) consisted of the following property types (owned or financed):

- 169 165 theatre properties;
- 57 58 eat & play properties (including seven theatres located in entertainment districts);
- 24 attraction properties;
- 11 ski properties;
- seven experiential lodging properties;
- 16 21 fitness & wellness properties;
- one gaming property; and
- three one cultural properties. property.

As of September 30, 2023 March 31, 2024, our owned Experiential real estate portfolio consisted of approximately 19.9 million 19.7 million square feet, which includes 0.5 million square feet of properties we intend to sell. The Experiential portfolio, excluding the properties we intend to sell, was 99% leased and included $101.3 million $36.1 million in property under development and $20.2 million in undeveloped land inventory.

As of September 30, 2023 March 31, 2024, our Education portfolio consisted of the following property types (owned or financed):

- 62 61 early childhood education center properties; and
- nine private school properties.

As of September 30, 2023 March 31, 2024, our owned Education real estate portfolio consisted of approximately 1.3 million square feet, which includes 0.1 million 39 thousand square feet of properties we intend to sell. The Education portfolio, excluding the properties we intend to sell, was 100% leased.

The combined owned portfolio consisted of 21.3 million 21.0 million square feet and was 99% leased excluding the 0.6 million 0.5 million square feet of properties we intend to sell.

Update on Impact of COVID-19 Pandemic

The COVID-19 pandemic severely impacted experiential real estate properties because such properties involve congregate social activity and discretionary spending. Our non-theatre properties have demonstrated strong recovery from the impacts of the pandemic. However, our theatre customers were more severely impacted by the COVID-19 pandemic and have seen a slower recovery than our non-theatre customers due primarily to changes in the timing of film releases, production delays and experimentation with streaming. As a result, we continue to recognize revenue on a cash basis for certain tenants. We began recognizing revenue on a cash basis for American-Multi Cinema, Inc. ("AMC") at the end of the first quarter of 2020 and for our Regal Cinemas tenants, subsidiaries of Cineworld Group, plc, at the end of the third quarter of 2020. With the emergence of Regal Cinemas from bankruptcy (discussed below), we began recognizing revenue on an accrual basis for the Regal Cinemas tenants. Although the box office continues to recover post-pandemic, the recent writers and actors strikes could delay the production and supply of motion pictures thereby negatively affecting this recovery in future periods. Going forward, we intend to increase the diversity of our experiential property types, thereby significantly reducing our exposure to theatres. We expect that to occur as we strictly limit new investments in theatres, grow other target experiential property types and pursue opportunistic dispositions of theatre property types.

As of September 30, 2023, we had deferred amounts due from tenants of approximately $0.8 million that were booked as receivables as a result of the COVID-19 pandemic. Additionally, as of September 30, 2023, we had amounts due from customers that were not booked as receivables totaling approximately $12.7 million because the full amounts were not deemed probable of collection as a result of the COVID-19 pandemic. The amounts not booked as receivables remain obligations of the customers and will be recognized as revenue when any such amounts are received. See discussion below regarding changes to Regal Cinema's deferred amounts not booked as a receivable as a result of our comprehensive restructuring agreement with them which became effective upon their emergence from bankruptcy. During the three and nine months ended September 30, 2023 and 2022, we collected $19.3 million, $35.7 million, $5.2 million and $11.5 million, respectively, in deferred rent from cash basis customers and from customers for which the deferred payments were not previously recognized as revenue. These amounts include collections related to the Regal bankruptcy as further discussed below, including stub rent and pre-petition rent related to September of 2022 and property operating expense reimbursements. In addition, during the three and nine months ended September 30, 2023 and 2022, we collected $0.2 million, $1.3 million, $4.5 million and $19.6 million, respectively, of deferred rent from accrual basis customers that reduced related accounts and interest receivable. The repayment terms for all of these deferments vary by customer.

Regal Update

On September 7, 2022, Cineworld Group, plc, Regal Entertainment Group and our other Regal theatre tenants (collectively, "Regal") filed for protection under Chapter 11 of the U.S. Bankruptcy Code (the "Code"). Prior to such filing date and continuing throughout the Chapter 11 bankruptcy cases, Regal leased 57 theatres from us pursuant to two master leases and 28 single property leases (the "Regal Leases"). As a result of the filing, Regal did not pay its rent or monthly deferral payment for September 2022 but subsequently paid portions of this amount, totaling approximately $4.0 million, pursuant to an order of the bankruptcy court issued during the Chapter 11 bankruptcy cases. Regal resumed monthly rent and deferral payments for all Regal Leases commencing in October 2022 and continued making these payments through July 2023. The remainder of the September 2022 rent was paid, at the direction of the court, at the time Regal emerged from the Chapter 11 bankruptcy cases, as discussed below.

On June 27, 2023, we entered into a comprehensive restructuring agreement with Regal, evidenced by an Omnibus Lease Amendment Agreement ("Omnibus Agreement"), anchored by a new master lease ("Master Lease") for 41 of the 57 properties previously leased to Regal (Master Lease Properties). On June 28, 2023, Regal's Plan of Reorganization (the "Plan") was confirmed by the bankruptcy court. The Plan became effective on July 31, 2023 (the "Effective Date") and Regal emerged from the Chapter 11 bankruptcy cases.

Pursuant to the Omnibus Agreement, the Master Lease and certain related agreements became effective upon the Effective Date. Material terms of the Omnibus Agreement, the Master Lease and related agreements include

- Beginning on August 1, 2023, the total annual fixed rent for the Master Lease Properties ("Annual Base Rent") is now $65.0 million, escalating by 10% every five years. The Master Lease is a triple-net lease, and

  therefore, Annual Base Rent does not include taxes, insurance, utilities, common area maintenance and ground lease rent, for which Regal will be responsible for paying separately. Due to Regal's expected significantly improved credit profile, continuing box office recovery and Regal's payment history, among other factors, we will recognize revenue related to the Master Lease on an accrual basis beginning on the Effective Date.

- Pursuant to the Master Lease, Regal will also pay annual percentage rent ("Annual Percentage Rent") of 15% of annual gross sales exceeding $220.0 million and up to $270.0 million, and 12.5% of annual gross sales exceeding $270.0 million. These threshold amounts will increase every five years commensurate with escalations in Annual Base Rent.

- The Master Lease Properties have been divided into three tranches within the Master Lease, with the initial term of each tranche expiring annually on the 11th, 13th and 15th anniversaries from the Effective Date. Each tranche has three five-year renewal options. The average lease term for the Master Lease Properties as of the Effective Date increased by four years to 13 years.

- We have agreed to reimburse Regal for 50% of certain revenue-enhancing premises renovations to the Master Lease Properties, up to a maximum reimbursement of $32.5 million, provided that (a) Regal is not in default, (b) the maximum amount we will be required to reimburse in any calendar year will not exceed $10.0 million, and (c) reimbursable expenses must receive our prior approval and relate to a project mobilized and physically commenced during the first five years of the Master Lease term.

- On the Effective Date, Regal surrendered to the Company the remaining 16 properties not included in the Master Lease ("Surrendered Properties"), together with all furniture, fixtures and equipment located at the Surrendered Properties. We have entered into management agreements whereby Cinemark is managing four of the Surrendered Properties and Phoenix Theatres is managing one of the Surrendered Properties. We sold one of the remaining 11 Surrendered Properties during the three months ended September 30, 2023. We plan to sell the remaining ten properties and deploy the proceeds to acquire non-theatre experiential properties. In conjunction with taking back the Surrendered Properties, we recorded a non-cash impairment charge on eight of these properties during the nine months ended September 30, 2023 of $42.4 million based on recently appraised values.

- As of July 31, 2023, Regal owed approximately $76.3 million of undiscounted deferred rent (the "Deferred Rent Balance"), of which the Deferred Rent Balance related to the Master Lease Properties was approximately $56.8 million ("Master Lease Deferred Rent Balance") and the Deferred Rent Balance related to the Surrendered Properties was approximately $19.5 million ("Surrendered Property Deferred Rent Balance"). Of the Master Lease Deferred Rent Balance, approximately $50.1 million will be held in abeyance and will be forgiven in its entirety if Regal has no uncured events of default prior to the 15th anniversary of the Effective Date, and the remaining portion of the Master Lease Deferred Rent Balance will be waived and forgiven. If Regal has an uncured event of default at any time prior to the 15th anniversary of the Effective Date, the Master Lease Deferred Rent Balance held in abeyance will become due. The Surrendered Property Deferred Rent Balance will be included in our claims for rejection damages in the Chapter 11 bankruptcy cases, which will be treated as general unsecured claims for which no material recovery is expected. The deferred rent was not previously recognized as accounts receivable because payments from Regal were recognized on a cash-basis prior to the Effective Date of the Master Lease. The deferred rent related to the Master Lease Properties held in abeyance will not be recognized on the balance sheet because it is a contingent receivable only due in the event of a default and payment is not deemed probable.

- Regal has provided us with a first lien security interest in all furniture, fixtures and equipment located at the Master Lease Properties. A parent entity of Regal has provided us a guaranty of Regal's obligations under the Master Lease.

- On or about the Effective Date, Regal paid us approximately $3.0 million representing the unpaid portion of post-petition September stub rent for all properties, and approximately $1.3 million representing the unpaid pre-petition September rent for the Master Lease Properties. Additionally, on or about the Effective Date, Regal reimbursed us $1.2 million for property operating expenses we paid on Regal's behalf.

Challenging Economic Environment

REITSREITs are generally experiencing heightened risks and uncertainties resulting from current challenging economic conditions, including significant volatility and negative pressure in financial and capital markets, increasing higher cost of capital, high inflation and other risks and uncertainties associated with a recessionary the current economic environment. Our business has been more acutely affected by these risks and uncertainties because of Regal's the bankruptcy as discussed above. of Regal Cinemas ("Regal"), a subsidiary of Cineworld Group. Although we intend to continue making future investments, we expect that our levels of investment spending will to be reduced in the near term near-term due to elevated costs of capital, and that these near-term investments will be funded primarily from cash on hand, excess cash flow, disposition proceeds and borrowing availability under our unsecured revolving credit facility, subject to maintaining our leverage levels

consistent with past practice. As a result, we intend to continue to be more selective in making future investments and acquisitions until such time as economic conditions improve and our cost of capital improves.

As of March 31, 2024, as a result of the COVID-19 pandemic, we continue to recognize revenue on a cash basis for AMC and two other tenants, one of which has deferred rent from this period that is not booked as a receivable of approximately $11.5 million.We collected all deferred receivables from accrual basis tenants that were deferred due to the COVID-19 pandemic. During the three months ended March 31, 2024 and 2023, we collected $0.6 million and $6.5 million, respectively, in deferred rent and interest from cash basis customers and from customers for which the deferred payments were not previously recognized as revenue.

Operating Results

Our total revenue, net income available to common shareholders per diluted share and Funds From Operations As Adjusted ("FFOAA") per diluted share (a non-GAAP financial measure) are detailed below for the three and nine months ended September 30, 2023 March 31, 2024 and 2022 2023 (in millions, except per share information):

		Three Months Ended September 30,				Change		Nine Months Ended September 30,				Change	
		2023		2022				2023		2022			
		Three Months Ended March 31,											
		Three Months Ended March 31,											
		Three Months Ended March 31,											
		2024											
		2024											
		2024											
Total revenue													
Total revenue													
Total revenue	Total revenue	$	189.4	$	161.4	17	%	$	533.7	$	479.3	11	%
Net income available to common shareholders per diluted share	Net income available to common shareholders per diluted share	$	0.66	$	0.60	10	%	$	1.45	$	1.54	(6)	%
Net income available to common shareholders per diluted share													
Net income available to common shareholders per diluted share													
FFOAA per diluted share	FFOAA per diluted share	$	1.47	$	1.16	27	%	$	4.00	$	3.44	16	%
FFOAA per diluted share													
FFOAA per diluted share													

The major factors impacting our results for the three and nine months ended September 30, 2023 March 31, 2024, as compared to the three and nine months ended September 30, 2022 March 31, 2023 were as follows:

- The increase decrease in rental revenue due to an increase in contractual a comprehensive restructuring agreement with Regal and higher deferred rental payments from cash basis tenants; tenants received in 2023;
- The effect of property acquisitions and dispositions that occurred in 2023 2024 and 2022; 2023;
- The increase in other income and other expense related to additional operating properties;
- The decrease in interest expense due to an increase in capitalized interest and interest income on short-term investments; and
- The increase in impairment charges, general and administrative expense and loss from joint ventures offset by an increase in gain on sale of real estate, a decrease in transaction costs and provision (benefit) for credit losses, net. net, and equity in loss from joint ventures.

For further detail on items impacting our operating results, see section below titled "Results of Operations". FFOAA is a non-GAAP financial measure. For the definitions and further details on the calculations of FFOAA and certain other non-GAAP financial measures, see the section below titled "Non-GAAP Financial Measures."

Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States (“GAAP”) requires management to make estimates and assumptions in certain circumstances that affect amounts reported in the accompanying consolidated financial statements and related notes. In preparing these financial statements, management has made its best estimates and assumptions that affect the reported assets and liabilities and the reported amounts of revenues and expenses during the reporting period. The most significant assumptions and estimates relate to the valuation of real estate, accounting for real estate acquisitions, assessing the collectibility of receivables and the credit loss related to mortgage and other notes receivable. Application of these assumptions requires the exercise of judgment as to future uncertainties and, as a result, actual results could differ from these estimates. A summary of critical accounting policies and estimates is included in our 2022 2023 Annual Report. For the nine three months ended September 30, 2023 March 31, 2024, there were no changes to critical accounting policies.

Recent Developments

Investment Spending

Our investment spending during the nine three months ended September 30, 2023 March 31, 2024 and 2022 totaled $135.5 million 2023 totaled $85.7 million and $321.3 million $66.5 million, respectively, and is detailed below (in thousands):

Nine Months Ended September 30, 2023

Three Months Ended March 31, 2024

Operating Segment	Operating Segment	Total Investment Spending	New Development	Re-development	Asset Acquisition	Mortgage Notes or Notes Receivable	Investment in Joint Ventures
Experiential:	**Experiential:**						
Theatres							
Theatres							
Theatres	Theatres	$ 2,787	$ —	$ 2,787	$ —	$ —	$ —
Eat & Play	Eat & Play	19,769	18,607	1,162	—	—	—
Attractions	Attractions	17,411	—	3,610	—	13,801	—
Ski	Ski	3,762	—	—	—	3,762	—
Experiential Lodging	Experiential Lodging	13,152	—	—	—	—	13,152
Fitness & Wellness	Fitness & Wellness	73,813	25,561	1,457	43,770	3,025	—
Cultural	Cultural	4,801	—	4,801	—	—	—
Cultural							
Cultural							
Total Experiential	**Total Experiential**	135,495	44,168	13,817	43,770	20,588	13,152
Education:							
Education:							
Education:	**Education:**						
Total Education	**Total Education**	—	—	—	—	—	—
Total Education							
Total Education							
Total Investment Spending							
Total Investment Spending							
Total Investment Spending	**Total Investment Spending**	$ 135,495	$ 44,168	$ 13,817	$ 43,770	$ 20,588	$ 13,152

Operating Segment	Total Investment Spending	New Development	Re-development	Asset Acquisition	Mortgage Notes or Notes Receivable	Investm in Join Venture

Nine Months Ended September 30, 2022

Three Months Ended March 31, 2023

Operating Segment	Operating Segment	Total Investment Spending	New Development	Re-development	Asset Acquisition	Mortgage Notes or Notes Receivable	Investment in Joint Ventures
Experiential:	**Experiential:**						
Theatres		$ 622	$ 5	$ 617	$ —	$ —	$ —

Operating Segment	Total Investment Spending	New Development	Re-development	Asset Acquisition	Mortgage Notes or Notes Receivable	Investm in Join Venture

Eat & Play							
Eat & Play							
Eat & Play	Eat & Play	17,412	16,787	625	—	—	—
Attractions	Attractions	144,324	—	1,559	142,765	—	—
Ski	Ski	26,400	—	—	—	26,400	—
Experiential Lodging	Experiential Lodging	68,722	4,354	—	—	11,305	53,063
Fitness & Wellness	Fitness & Wellness	63,760	43,557	345	19,858	—	—
Cultural	Cultural	23	—	23	—	—	—
Cultural							
Cultural							
Total Experiential	**Total Experiential**	321,263	64,703	3,169	162,623	37,705	53,063
Education:							
Education:							
Education:	**Education:**						
Total Education	**Total Education**	—	—	—	—	—	—
Total Education							
Total Education							
Total Investment Spending	**Total Investment Spending**	$ 321,263	$ 64,703	$ 3,169	$ 162,623	$ 37,705	$ 53,063
Total Investment Spending							
Total Investment Spending							

The above amounts include $2.5 million $1.0 million and $0.6 million $0.8 million in capitalized interest for the nine three months ended September 30, 2023 March 31, 2024 and 2022, 2023, respectively, and $0.1 million $60 thousand and $0.3 million $59 thousand in capitalized other general and administrative direct project costs for the nine three months ended September 30, 2023 March 31, 2024 and 2022, 2023, respectively. Excluded from the table above is approximately $7.1 million $1.4 million and $1.8 million $2.1 million of maintenance capital expenditures and other spending for the nine three months ended September 30, 2023 March 31, 2024 and 2022, 2023, respectively.

Dispositions

During the nine three months ended September 30, 2023 March 31, 2024, we completed the sales of two cultural properties and one vacant theatre properties, one vacant eat & play property three vacant early childhood education centers and a land parcel for net proceeds totaling $35.0 $46.2 million. In connection with these sales, we recognized a net gain on sale of $1.4 totaling $17.9 million. Additionally, during the nine months ended September 30, 2023, we, as lessee, terminated one ground lease that held one theatre property.

Impairment Charges

During the nine months ended September 30, 2023 Retirement and Severance Expense

On March 1, 2024, we reassessed the holding period our Executive Vice President, General Counsel and Secretary, Craig Evans, retired. Details of the Regal Surrendered Properties not Mr. Evans' retirement are included in the Master Lease, four other theatre properties that are part previously disclosed Retirement and Release Agreement entered into between us and Mr. Evans. The role of a workout with a smaller theatre tenant General Counsel and one early childhood education center property subject to a lease termination triggered Secretary was assumed by a casualty event. We determined that the estimated cash flows for eight of the Regal Surrendered Properties, two of the other theatre properties and the early childhood education center property were not sufficient to recover the carrying values and estimated the fair value of the real estate investments of these properties using independent appraisals. Accordingly, we recognized impairment charges totaling $64.7 million for the nine months ended September 30, 2023.

Theatre Tenant Update

On July 17, 2023, Santikos Theaters, LLC ("Santikos") acquired VSS-Southern Theatres ("Southern") through an asset purchase agreement. We have investments in ten theatre properties that were previously operated by Southern and located in six states. We continue to hold these investments and there are no structural changes to existing lease terms. In conjunction with the transaction, Southern paid its deferred rent receivable of $11.6 million in full, which was recognized as rental revenue during Paul Turvey upon Mr. Evans' retirement. For the three months ended September 30, 2023. March 31, 2024, we recorded retirement and severance expense related to Mr. Evans' retirement, as well as the departure of another employee, totaling $1.8 million which included cash payments totaling $0.2 million and accelerated vesting of nonvested shares totaling $1.6 million.

Results of Operations

Three and nine months ended September 30, 2023 March 31, 2024 compared to the three and nine months ended September 30, 2022 March 31, 2023

Analysis of Revenue

The following table summarizes our total revenue (dollars in thousands):

		Three Months Ended September 30,			Nine Months Ended September 30,		
		2023	2022	Change	2023	2022	Change
		Three Months Ended March 31,					
		Three Months Ended March 31,					
		Three Months Ended March 31,					
		2024					
		2024					
		2024					
Minimum rent (1)							
Minimum rent (1)							
Minimum rent (1)	Minimum rent (1)	$ 151,080	$ 131,642	$ 19,438	$ 436,284	$ 396,834	$ 39,450
Percentage rent	Percentage rent	2,096	1,453	643	6,032	5,415	617
Percentage rent							
Percentage rent							
Straight-line rent (2)							
Straight-line rent (2)							
Straight-line rent (2)	Straight-line rent (2)	4,407	2,374	2,033	7,661	4,702	2,959
Tenant reimbursements	Tenant reimbursements	5,987	4,652	1,335	16,237	15,001	1,236
Tenant reimbursements							
Tenant reimbursements							
Other rental revenue	Other rental revenue	370	350	20	1,187	997	190
Other rental revenue							
Other rental revenue							
Total Rental Revenue							
Total Rental Revenue							
Total Rental Revenue	Total Rental Revenue	$ 163,940	$ 140,471	$ 23,469	$ 467,401	$ 422,949	$ 44,452
Other income (3)	Other income (3)	14,422	11,360	3,062	33,879	30,626	3,253
Other income (3)							
Other income (3)							
Mortgage and other financing income (4)							
Mortgage and other financing income (4)							
Mortgage and other financing income (4)	Mortgage and other financing income (4)	11,022	9,579	1,443	32,407	25,753	6,654
Total revenue	Total revenue	$ 189,384	$ 161,410	$ 27,974	$ 533,687	$ 479,328	$ 54,359
Total revenue							
Total revenue							

(1) For the three months ended September 30, 2023 March 31, 2024 compared to the three months ended September 30, 2022 March 31, 2023, the increase decrease in minimum rent resulted primarily from an increase a decrease of $17.9 million $6.2 million related to the comprehensive restructuring agreement with Regal entered into on June 27, 2023, a $5.9 million decrease in deferred rental revenue on existing properties, including improved collections of rent being recognized on a repayments from cash basis. In addition, there basis tenants, $1.4 million from property dispositions and $0.5 million in vacant properties. This decrease was partially offset by an increase in minimum rent rental revenue of $1.5 million $2.2 million related to property acquisitions and developments completed in 2024 and 2023 and 2022.

For the nine months ended September 30, 2023 compared to the nine months ended September 30, 2022, the an increase in minimum rent resulted primarily from an increase of $29.9 million related to rental revenue on existing properties including improved collections of rent being recognized on a cash basis. In addition, there was an increase in minimum rent of $10.0 million related to property acquisitions and developments completed in 2023 and 2022. This was partially offset by a decrease in rental revenue of $0.4 million from property dispositions. $1.2 million.

During the three and nine months ended September 30, 2023 March 31, 2024, we renewed one lease agreement on approximately 62 65 thousand square feet and experienced a decrease an increase of approximately 11.5% 2.9% in rental rates and paid no leasing commissions with respect to this lease renewal.

(2) The increase in straight-line rent for the three and nine months ended September 30, 2023 March 31, 2024 compared to the three and nine months ended September 30, 2022 March 31, 2023 was due primarily to $2.1 million of additional straight-line rent revenue related primarily to recording a straight-line rent receivable for Regal ground leases recognized during the three months ended March 31, 2024 in connection with reestablishing accrual basis accounting for Regal at August 1, 2023. Additionally, property acquisitions and developments completed in 2023 2024 and 2022 2023 contributed to the increase.

(3) The increase in other income for the three and nine months ended September 30, 2023 March 31, 2024 compared to the three and nine months ended September 30, 2022 March 31, 2023 related primarily to an increase in operating income from two theatre properties over prior year and the addition of five operating income from five new theatre properties. properties in the third quarter of 2023 that were previously leased by Regal.

(4) The increase in mortgage and other financing income during the three and nine months ended September 30, 2023 March 31, 2024 compared to the three and nine months ended September 30, 2022 March 31, 2023 related to interest income from additional investments on an existing mortgage note receivable and interest on new mortgage notes funded in 2024 and 2023 and 2022. In addition, during the nine months ended September 30, 2022, $1.5 million of accrued interest and fees receivable was written off against interest income related to one from additional investments on existing mortgage note receivable and two notes receivable. receivables.

Analysis of Expenses and Other Line Items

The following table summarizes our expenses and other line items (dollars in thousands):

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2023	2022	Change	2023	2022	Change
Property operating expense	$ 14,592	$ 14,707	$ (115)	$ 42,719	$ 42,238	$ 481
Other expense (1)	13,124	9,135	3,989	31,235	26,104	5,131
General and administrative expense (2)	13,464	12,582	882	42,677	38,497	4,180
Severance expense	—	—	—	547	—	547
Transaction costs	847	148	699	1,153	3,540	(2,387)
Provision (benefit) for credit losses, net (3)	(719)	241	(960)	(407)	9,447	(9,854)
Impairment charges (4)	20,887	—	20,887	64,672	4,351	60,321
Depreciation and amortization (5)	42,432	41,539	893	127,341	122,349	4,992
Gain on sale of real estate (6)	2,550	304	2,246	1,415	304	1,111
Interest expense, net (7)	31,208	32,747	(1,539)	94,521	99,296	(4,775)
Equity in (income) loss from joint ventures (8)	(533)	(572)	39	2,067	(1,887)	3,954
Impairment charges on joint ventures	—	—	—	—	647	(647)
Income tax expense	372	388	(16)	1,060	1,150	(90)
Preferred dividend requirements	6,032	6,033	(1)	18,105	18,099	6

	Three Months Ended March 31,		
	2024	2023	Change
Property operating expense	$ 14,920	$ 14,155	$ 765
Other expense (1)	12,976	8,950	4,026
General and administrative expense	13,908	13,965	(57)
Retirement and severance expense (2)	1,836	—	1,836
Transaction costs	1	270	(269)
Provision (benefit) for credit losses, net (3)	2,737	587	2,150
Depreciation and amortization	40,469	41,204	(735)
Gain (loss) on sale of real estate (4)	17,949	(560)	18,509
Interest expense, net	31,651	31,722	(71)
Equity in loss from joint ventures (5)	3,627	1,985	1,642
Income tax expense	347	341	6
Preferred dividend requirements	6,032	6,033	(1)

(1) The increase in other expense for the three and nine months ended September 30, 2023 March 31, 2024 compared to the three and nine months ended September 30, 2022 March 31, 2023 related primarily to an increase in operating expense from two theatre properties over the prior year and the addition of operating expense from five new theatre properties. Higher expenses at the Kartrite Resort properties that were previously leased by Regal.

(2) Retirement and severance expense for the three and nine months ended September 30, 2023 also attributed March 31, 2024 related primarily to the increase.

(2) The increase in general retirement of our former Executive Vice President, General Counsel and administrative Secretary. There was no retirement and severance expense for the nine three months ended September 30, 2023 compared to the nine months ended September 30, 2022 related primarily to an increase in payroll and benefit costs and an increase in professional fees, including those related to the comprehensive restructuring agreement with Regal. March 31, 2023.

(3) The change in provision (benefit) for credit losses, net 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 was due primarily to a credit loss expense of $6.8 million related to one new mortgage note receivable notes funded in 2024 and $3.1 million related to two 2023 and from additional investments on existing mortgage notes receivable recorded during the nine months ended September 30, 2022. receivables.

(4) Impairment charges recognized during the three months ended September 30, 2023 related to two theatre properties that are part of a workout with a smaller theatre tenant. Impairment charges recognized during the nine months ended September 30, 2023 primarily related to these two theatre properties and eight of the Regal Surrendered Properties not included in the Master Lease. Impairment charges recognized during the nine months ended September 30, 2022 related to a vacant property that was sold during the year ended December 31, 2022.

(5) The increase in depreciation and amortization expense for the three and nine months ended September 30, 2023 compared to the nine months ended September 30, 2022 resulted from acquisitions and developments completed in 2023 and 2022 and accelerated amortization of in-place leases related to Regal leases that were terminated. This was partially offset by property dispositions that occurred during 2023 and 2022.

(6) The gain on sale of real estate for the three months ended September 30, 2023 March 31, 2024 related to the sales of two cultural properties and one vacant theatre properties and two early childhood education centers. property. The gain loss on sale of real estate for the three months ended September 30, 2022 March 31, 2023 related to the sale of two one vacant theatre properties eat & play property and a land parcel.

(7) The decrease in interest expense, net, for the three and nine months ended September 30, 2023 compared to the three and nine months ended September 30, 2022, resulted primarily from an increase in interest income recognized on short term investments and an increase in capitalized interest.

(8) (5) The increase in equity in loss from joint ventures 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 related primarily to government incentives received at our experiential lodging properties located in St. Petersburg, Florida during the three and six months ended June 30, 2022 lower revenues and higher interest expenses including depreciation expense at these our joint ventures for the nine three months ended September 30, 2023 March 31, 2024.

Liquidity and Capital Resources

Cash and cash equivalents were $173.0 million $59.5 million at September 30, 2023 March 31, 2024. As of September 30, 2023 March 31, 2024, we had no uninsured deposits. In addition, we had restricted cash of $2.9 million at September 30, 2023 March 31, 2024, which related primarily to escrow deposits required for property management and debt agreements or held for potential acquisitions and redevelopments.

Mortgage Debt, Senior Notes and Unsecured Revolving Credit Facility

At September 30, 2023 March 31, 2024, we had total debt outstanding of $2.8 billion, of which 99% was unsecured.

At September 30, 2023 March 31, 2024, we had outstanding $2.5 billion in aggregate principal amount of unsecured senior notes (excluding the private placement notes discussed below) ranging in interest rates from 3.60% to 4.95%. The notes contain various covenants, including: (i) a limitation on incurrence of any debt that would cause the ratio of our debt

to adjusted total assets to exceed 60%; (ii) a limitation on incurrence of any secured debt that would cause the ratio of secured debt to adjusted total assets to exceed 40%; (iii) a limitation on incurrence of any debt that would cause our debt service coverage ratio to be less than 1.5 times; and (iv) the maintenance at all times of our total

unencumbered assets such that they are not less than 150% of our outstanding unsecured debt. Interest payments on our unsecured senior notes are due semiannually.

At September 30, 2023 March 31, 2024, we had no outstanding balance under our $1.0 billion unsecured revolving credit facility. Our unsecured revolving credit facility is governed by the terms of a Third Amended, Restated and Consolidated Credit Agreement, dated as of October 6, 2021 (the "Third Consolidated Credit Agreement"). The facility will mature on October 6, 2025. We have two options to extend the maturity date of the facility by an additional six months each (for a total of 12 months), subject to paying additional fees and the absence of any default. The facility provides for an initial maximum principal amount of borrowing availability of $1.0 billion with an "accordion" feature under which we may increase the total maximum principal amount available by $1.0 billion, to a total of $2.0 billion, subject to lender consent. The unsecured revolving credit facility bears interest at a floating rate of SOFR plus 1.30% (based on our unsecured debt ratings and with a SOFR floor of zero), which was 6.62% 6.63% at September 30, 2023 March 31, 2024. Additionally, the facility fee on the revolving credit facility is 0.25%.

At September 30, 2023 March 31, 2024, we had outstanding $316.2 million of senior unsecured notes that were issued in a private placement transaction. The private placement notes were issued in two tranches, and $136.8 million is with $136.6 million due August 22, 2024, and $179.6 million is due August 22, 2026. At September 30, 2023 March 31, 2024, the interest rates for the private placement notes were 4.35% and 4.56% for the Series A notes due 2024 and the Series B notes due 2026, respectively.

Our unsecured revolving credit facility and the private placement notes contain financial covenants or restrictions that limit our levels of consolidated debt, secured debt, investments outside certain categories, stock repurchases and dividend distributions and require us to maintain a minimum consolidated tangible net worth and meet certain coverage levels for fixed charges and debt service. Additionally, these debt instruments contain cross-default provisions if we default under other indebtedness exceeding certain amounts. Those cross-default thresholds vary from $50.0 million to $75.0 million, depending upon the debt instrument. We were in compliance with all financial and other covenants under our debt instruments at September 30, 2023 March 31, 2024.

Our principal investing activities are acquiring, developing and financing Experiential properties. These investing activities have generally been financed with senior unsecured notes and the proceeds from equity offerings. Our unsecured revolving credit facility and cash from operations are also used to finance the acquisition or development of properties, and to provide mortgage financing. We have and expect to continue to issue debt securities in public or private offerings. We have and may in the future assume mortgage debt in connection with property acquisitions or incur new mortgage debt on existing properties. We may also issue equity securities in connection with acquisitions. Continued growth of our real estate investments and mortgage financing portfolios will depend in part on our continued ability to access funds through additional borrowings and securities offerings and, to a lesser extent, our ability to assume debt in connection with property acquisitions. We may also fund investments with the proceeds from asset dispositions. As discussed above, due to our current elevated cost of capital, we intend to fund our investments in the near term primarily from cash on hand, excess cash flow, disposition proceeds and borrowing availability under our unsecured revolving credit facility, subject to maintaining our leverage levels consistent with past practice.

Liquidity Requirements

Short-term liquidity requirements consist primarily of normal recurring corporate operating expenses, debt service requirements and distributions to shareholders. We have historically met these requirements primarily through cash provided by operating activities. The table below summarizes our cash flows (dollars in thousands):

		Nine Months Ended September 30,			
		2023	2022		
		Three Months Ended March 31,		Three Months Ended March 31,	
		2024		2024	2023
Net cash provided by operating activities	Net cash provided by operating activities	$ 370,092	$349,675		
Net cash used by investing activities	Net cash used by investing activities	(97,033)	(271,665)		
Net cash used by financing activities	Net cash used by financing activities	(207,727)	(201,715)		

Commitments

As of September 30, 2023 March 31, 2024, we had 16 13 development projects with commitments to fund an aggregate of approximately $199.1 million $158.6 million, of which approximately $36.2 $59.4 million is expected to be funded in 2023. the remainder of 2024. Development costs are advanced by us in periodic draws. If we determine that construction is not being completed in accordance with the terms of the development agreement, we can may discontinue funding construction draws. We have agreed to lease the properties to the operators at pre-determined rates upon completion of construction.

We have certain commitments related to our mortgage notes investments that we may be required to fund in the future. We are generally obligated to fund these commitments at the request of the borrower or upon the occurrence of events outside of our direct control. As of September 30, 2023 March 31, 2024, we had four five mortgage notes with commitments totaling approximately $73.5 million $99.9 million, of which $26.5 million $49.2 million is expected to be funded in 2023. the remainder of 2024. If commitments are funded in the future, interest will be charged at rates consistent with the existing investments.

In connection with construction of our development projects and related infrastructure, certain public agencies require posting of surety bonds to guarantee that our obligations are will be satisfied. These bonds expire upon the completion of the improvements or infrastructure. As of September 30, 2023 March 31, 2024, we had three four surety bonds outstanding totaling $2.6 million $2.1 million.

Liquidity Analysis

We currently anticipate that our cash on hand, cash from operations, funds available under our unsecured revolving credit facility and proceeds from asset dispositions will provide adequate liquidity to meet our financial commitments, including the amounts needed to fund our operations, make recurring debt service payments, and allow distributions to our shareholders and avoid corporate level federal income or excise tax in accordance with REIT Internal Revenue Code requirements.

Long-term liquidity requirements consist primarily of debt maturities. We have no scheduled $136.6 million of debt payments maturities due in 2023 and $136.6 million due in August 2024. We currently believe that we will be able to repay, extend, refinance or otherwise settle our debt maturities as the debt comes due and that we will be able to fund our remaining commitments, as necessary. However, there can be no assurance that additional financing or capital will be available, or that terms will be acceptable or advantageous to us, particularly in light of the impact of the challenging economic environment and our elevated cost of capital.

Our primary use of cash after paying operating expenses, debt service, distributions to shareholders and funding existing commitments is in growing our investment portfolio through the acquisition, development acquiring, developing and financing of additional properties. We expect to finance these investments with borrowings under our unsecured revolving credit facility as well as debt and equity financing alternatives or proceeds from asset dispositions. If we borrow the maximum amount available under our unsecured revolving credit facility, there can be no assurance that we will be able to obtain additional or substitute investment financing. We may also assume mortgage debt in connection with property acquisitions. The availability and terms of any such financing or sales will depend upon market and other conditions.

The challenging economic environment has increased our cost of capital, which has negatively impacted our ability to make investments in the near-term. As a result, we intend to continue to be more selective in making investments, and acquisitions, utilizing cash on hand, excess cash flow and borrowings under our line of credit until such time as economic conditions improve and our cost of capital returns to acceptable levels.

Capital Structure

We believe that our shareholders are best served by a conservative capital structure. Therefore, we seek to maintain a conservative debt level on our balance sheet as measured primarily by our our net debt to adjusted EBITDAre ratio (see(see "Non-GAAP Financial Measures" for definitions). Because adjusted EBITDAre, as defined, does not include the annualization of investments put in service, acquired or disposed of during the quarter, or the potential earnings on property under development, the annualization of percentage rent and adjustments for other items, we also look at an additional ratio that reflects these adjustments. We also seek to maintain conservative interest, fixed charge, debt service coverage and net debt to gross asset ratios. As of September 30, 2023, our debt to total assets ratio was 49%, our net debt to adjusted EBITDAre ratio was 4.4x and our net debt to gross assets ratio was 38% atios (see "Non-GAAP Financial Measures" for calculation) calculations).

Non-GAAP Financial Measures

Funds From Operations (FFO), Funds From Operations As Adjusted (FFOAA) and Adjusted Funds From Operations (AFFO)

The National Association of Real Estate Investment Trusts ("NAREIT") developed FFO as a relative non-GAAP financial measure of performance of an equity REIT in order to recognize that income-producing real estate historically has not depreciated on the basis determined under GAAP. Pursuant to the definition of FFO by the Board of Governors of NAREIT, we calculate FFO as net income available to common shareholders, computed in accordance with GAAP, excluding gains and losses from disposition of real estate and impairment losses on real estate, plus real estate related depreciation and amortization, and after adjustments for unconsolidated partnerships, joint ventures and other affiliates. Adjustments for unconsolidated partnerships, joint ventures and other affiliates are calculated to reflect FFO on the same basis. We have calculated FFO for all periods presented in accordance with this definition.

In addition to FFO, we present FFOAA and AFFO. FFOAA is presented by adding to FFO retirement and severance expense, transaction costs, provision (benefit) for credit losses, net, costs associated with loan refinancing or payoff, preferred share redemption costs and impairment of operating lease right-of-use assets and subtracting sale participation income, gain on insurance recovery and deferred income tax (benefit) expense. AFFO is presented by adding to FFOAA non-real estate depreciation and amortization, deferred financing fees amortization and share-based compensation expense to management and Trustees, and subtracting amortization of above and below market leases, net and tenant allowances; and subtracting allowances, maintenance capital expenditures (including second generation tenant improvements and leasing commissions), straight-lined rental revenue (removing the impact of straight-line ground sublease expense), and the non-cash portion of mortgage and other financing income.

FFO, FFOAA and AFFO are widely used measures of the operating performance of real estate companies and are provided here as supplemental measures to GAAP net income available to common shareholders and earnings per share, and management provides FFO, FFOAA and AFFO herein because it believes this information is useful to investors in this regard. FFO, FFOAA and AFFO are non-GAAP financial measures. FFO, FFOAA and AFFO do not represent cash flows from operations as defined by GAAP and are not indicative that cash flows are adequate to fund all cash needs and are not to be considered alternatives to net income or any other GAAP measure as a measurement of the results of our operations or our cash flows or liquidity as defined by GAAP. It should also be noted that not all REITs calculate FFO, FFOAA and AFFO the same way so comparisons with other REITs may not be meaningful.

The following table summarizes our FFO, FFOAA and AFFO including per share amounts for FFO and FFOAA, for the three and nine months ended September 30, 2023 March 31, 2024 and 2022 2023 and reconciles such measures to net income available to common shareholders, the most directly comparable GAAP measure (unaudited, in thousands, except per share information):

		Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022
FFO:	**FFO:**				
FFO:					
FFO:					
Net income available to common shareholders of EPR Properties	Net income available to common shareholders of EPR Properties	$ 50,228	$ 44,766	$ 109,412	$ 115,801
Gain on sale of real estate		(2,550)	(304)	(1,415)	(304)
Net income available to common shareholders of EPR Properties					
Net income available to common shareholders of EPR Properties					
(Gain) loss on sale of real estate					
(Gain) loss on sale of real estate					
(Gain) loss on sale of real estate					
Impairment of real estate investments, net		20,887	—	64,672	4,351
Real estate depreciation and amortization					
Real estate depreciation and amortization					

Real estate depreciation and amortization	Real estate depreciation and amortization	42,224	41,331	126,718	121,721
Allocated share of joint venture depreciation	Allocated share of joint venture depreciation	2,315	2,093	6,532	5,576
Impairment charges on joint ventures		—	—	—	647
Allocated share of joint venture depreciation					
Allocated share of joint venture depreciation					
FFO available to common shareholders of EPR Properties	FFO available to common shareholders of EPR Properties	$ 113,104	$ 87,886	$ 305,919	$ 247,792
FFO available to common shareholders of EPR Properties					
FFO available to common shareholders of EPR Properties					
FFO available to common shareholders of EPR Properties					
FFO available to common shareholders of EPR Properties					
FFO available to common shareholders of EPR Properties					
Add: Preferred dividends for Series C preferred shares					
Add: Preferred dividends for Series C preferred shares					
Add: Preferred dividends for Series C preferred shares					
Add: Preferred dividends for Series E preferred shares					
Add: Preferred dividends for Series E preferred shares					
Add: Preferred dividends for Series E preferred shares					
Diluted FFO available to common shareholders of EPR Properties					
Diluted FFO available to common shareholders of EPR Properties					
Diluted FFO available to common shareholders of EPR Properties					
FFOAA:					
FFOAA:					
FFOAA:					
FFO available to common shareholders of EPR Properties					
FFO available to common shareholders of EPR Properties					
FFO available to common shareholders of EPR Properties					
Retirement and severance expense					
Retirement and severance expense					
Retirement and severance expense					
Transaction costs					
Transaction costs					
Transaction costs					

Provision (benefit) for credit losses, net
Provision (benefit) for credit losses, net
Provision (benefit) for credit losses, net
Deferred income tax benefit
Deferred income tax benefit
Deferred income tax benefit
FFOAA available to common shareholders of EPR Properties
FFOAA available to common shareholders of EPR Properties
FFOAA available to common shareholders of EPR Properties
FFOAA available to common shareholders of EPR Properties
FFOAA available to common shareholders of EPR Properties
FFOAA available to common shareholders of EPR Properties
Add: Preferred dividends for Series C preferred shares
Add: Preferred dividends for Series C preferred shares
Add: Preferred dividends for Series C preferred shares
Add: Preferred dividends for Series E preferred shares
Add: Preferred dividends for Series E preferred shares
Add: Preferred dividends for Series E preferred shares
Diluted FFOAA available to common shareholders of EPR Properties
Diluted FFOAA available to common shareholders of EPR Properties
Diluted FFOAA available to common shareholders of EPR Properties
AFFO:
AFFO:
AFFO:
FFOAA available to common shareholders of EPR Properties
FFOAA available to common shareholders of EPR Properties
FFOAA available to common shareholders of EPR Properties
Non-real estate depreciation and amortization
Non-real estate depreciation and amortization
Non-real estate depreciation and amortization
Deferred financing fees amortization
Deferred financing fees amortization
Deferred financing fees amortization
Share-based compensation expense to management and trustees

Share-based compensation expense to management and trustees
Share-based compensation expense to management and trustees
Amortization of above and below market leases, net and tenant allowances
Amortization of above and below market leases, net and tenant allowances
Amortization of above and below market leases, net and tenant allowances
Maintenance capital expenditures (1)
Maintenance capital expenditures (1)
Maintenance capital expenditures (1)
Straight-lined rental revenue
Straight-lined rental revenue
Straight-lined rental revenue
Straight-lined ground sublease expense
Straight-lined ground sublease expense
Straight-lined ground sublease expense
Non-cash portion of mortgage and other financing income
Non-cash portion of mortgage and other financing income
Non-cash portion of mortgage and other financing income
AFFO available to common shareholders of EPR Properties
AFFO available to common shareholders of EPR Properties
AFFO available to common shareholders of EPR Properties
AFFO available to common shareholders of EPR Properties
AFFO available to common shareholders of EPR Properties
AFFO available to common shareholders of EPR Properties
Add: Preferred dividends for Series C preferred shares
Add: Preferred dividends for Series C preferred shares
Add: Preferred dividends for Series C preferred shares
Add: Preferred dividends for Series E preferred shares
Add: Preferred dividends for Series E preferred shares
Add: Preferred dividends for Series E preferred shares
Diluted AFFO available to common shareholders of EPR Properties
Diluted AFFO available to common shareholders of EPR Properties
Diluted AFFO available to common shareholders of EPR Properties

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
FFO available to common shareholders of EPR Properties	$ 113,104	$ 87,886	$ 305,919	$ 247,792
Add: Preferred dividends for Series C preferred shares	1,938	1,938	5,814	5,814
Add: Preferred dividends for Series E preferred shares	1,938	1,939	5,814	5,817
Diluted FFO available to common shareholders of EPR Properties	$ 116,980	$ 91,763	$ 317,547	$ 259,423
FFOAA:				
FFO available to common shareholders of EPR Properties	$ 113,104	$ 87,886	$ 305,919	$ 247,792
Severance expense	—	—	547	—
Transaction costs	847	148	1,153	3,540
Provision (benefit) for credit losses, net	(719)	241	(407)	9,447
Gain on insurance recovery (included in other income)	—	—	—	(552)
Deferred income tax benefit	(76)	(37)	(258)	(37)
FFOAA available to common shareholders of EPR Properties	$ 113,156	$ 88,238	$ 306,954	$ 260,190
FFOAA available to common shareholders of EPR Properties	$ 113,156	$ 88,238	$ 306,954	$ 260,190
Add: Preferred dividends for Series C preferred shares	1,938	1,938	5,814	5,814
Add: Preferred dividends for Series E preferred shares	1,938	1,939	5,814	5,817
Diluted FFOAA available to common shareholders of EPR Properties	$ 117,032	$ 92,115	$ 318,582	$ 271,821
AFFO:				
FFOAA available to common shareholders of EPR Properties	$ 113,156	$ 88,238	$ 306,954	$ 260,190
Non-real estate depreciation and amortization	208	208	623	628
Deferred financing fees amortization	2,170	2,090	6,449	6,251
Share-based compensation expense to management and trustees	4,354	4,138	13,153	12,552
Amortization of above and below market leases, net and tenant allowances	(182)	(89)	(456)	(265)
Maintenance capital expenditures (1)	(1,753)	(386)	(7,384)	(1,871)
Straight-lined rental revenue	(4,407)	(2,374)	(7,661)	(4,702)
Straight-lined ground sublease expense	77	602	1,043	1,111
Non-cash portion of mortgage and other financing income	(290)	(119)	(553)	(353)
AFFO available to common shareholders of EPR Properties	$ 113,333	$ 92,308	$ 312,168	$ 273,541
AFFO available to common shareholders of EPR Properties	$ 113,333	$ 92,308	$ 312,168	$ 273,541
Add: Preferred dividends for Series C preferred shares	1,938	1,938	5,814	5,814
Add: Preferred dividends for Series E preferred shares	1,938	1,939	5,814	5,817
Diluted AFFO available to common shareholders of EPR Properties	$ 117,209	$ 96,185	$ 323,796	$ 285,172

		Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022
FFO per common share:	FFO per common share:				
FFO per common share:					
FFO per common share:					
Basic					
Basic					
Basic	Basic	$ 1.50	$ 1.17	$ 4.07	$ 3.31
Diluted	Diluted	1.47	1.16	3.99	3.28
Diluted					
Diluted					
FFOAA per common share:					
FFOAA per common share:					

FFOAA per common share:	FFOAA per common share:				
Basic	Basic	$ 1.50	$ 1.18	$ 4.08	$ 3.47
Basic					
Basic					
Diluted					
Diluted					
Diluted	Diluted	1.47	1.16	4.00	3.44
Shares used for computation (in thousands):	Shares used for computation (in thousands):				
Shares used for computation (in thousands):					
Shares used for computation (in thousands):					
Basic	Basic	75,325	75,016	75,236	74,949
Basic					
Basic					
Diluted					
Diluted					
Diluted	Diluted	75,816	75,183	75,655	75,102
Weighted average shares outstanding-diluted EPS	Weighted average shares outstanding-diluted EPS	75,816	75,183	75,655	75,102
Weighted average shares outstanding-diluted EPS					
Weighted average shares outstanding-diluted EPS					
Effect of dilutive Series C preferred shares					
Effect of dilutive Series C preferred shares					
Effect of dilutive Series C preferred shares	Effect of dilutive Series C preferred shares	2,287	2,250	2,279	2,245
Effect of dilutive Series E preferred shares	Effect of dilutive Series E preferred shares	1,663	1,664	1,663	1,664
Effect of dilutive Series E preferred shares					
Effect of dilutive Series E preferred shares					
Adjusted weighted average shares outstanding-diluted Series C and Series E					
Adjusted weighted average shares outstanding-diluted Series C and Series E					
Adjusted weighted average shares outstanding-diluted Series C and Series E	Adjusted weighted average shares outstanding-diluted Series C and Series E	79,766	79,097	79,597	79,011
Other financial information:	**Other financial information:**				
Other financial information:					
Other financial information:					
Dividends per common share					
Dividends per common share					
Dividends per common share	Dividends per common share	$ 0.825	$ 0.825	$ 2.475	$ 2.425

(1) Includes maintenance capital expenditures and certain second-generation tenant improvements and leasing commissions.

The effect of the conversion of our convertible preferred shares is calculated using the if-converted method and the conversion, which results in the most dilution is included in the computation of per share amounts. The conversion of the 5.75% Series C cumulative convertible preferred shares and the 9.00% Series E cumulative convertible preferred shares would be dilutive to FFO, FFOAA and AFFO per share for the three and nine months ended September 30, 2023 March 31, 2024 and September 30, 2022. 2023. Therefore, the additional common shares that would result from the conversion and the corresponding add-back of the preferred dividends declared on those shares are included in the calculation of diluted FFO and FFOAA per share and would be included in a calculation of AFFO per share.

Net Debt

Net Debt represents debt (reported in accordance with GAAP) adjusted to exclude deferred financing costs, net and reduced for cash and cash equivalents. By excluding deferred financing costs, net, and reducing debt for cash and cash equivalents on hand, the result provides an estimate of the contractual amount of borrowed capital to be repaid, net of cash available to repay it. We believe this calculation constitutes a beneficial supplemental non-GAAP financial disclosure to investors in understanding our financial condition. Our method of calculating Net Debt may be different from methods used by other REITs and, accordingly, may not be comparable to such other REITs.

Gross Assets

Gross Assets represents total assets (reported in accordance with GAAP) adjusted to exclude accumulated depreciation and reduced for cash and cash equivalents. By excluding accumulated depreciation and reducing cash and cash equivalents, the result provides an estimate of the investment made by us. We believe that investors commonly use versions of this calculation in a similar manner. Our method of calculating Gross Assets may be different from methods used by other REITs and, accordingly, may not be comparable to such other REITs.

Net Debt to Gross Assets Ratio

Net Debt to Gross Assets Ratio is a supplemental measure derived from non-GAAP financial measures that we use to evaluate capital structure and the magnitude of debt to gross assets. We believe that investors commonly use versions of this ratio in a similar manner. Our method of calculating the Net Debt to Gross Assets Ratio may be different from methods used by other REITs and, accordingly, may not be comparable to such other REITs.

EBITDAre

NAREIT developed EBITDAre as a relative non-GAAP financial measure of REITs, independent of a company's capital structure, to provide a uniform basis to measure the enterprise value of a company. Pursuant to the definition of EBITDAre by the Board of Governors of NAREIT, we calculate EBITDAre as net income, computed in accordance with GAAP, excluding interest expense (net), income tax (benefit) expense, depreciation and amortization, gains and losses from disposition of real estate, impairment losses on real estate, costs associated with loan refinancing or payoff and adjustments for unconsolidated partnerships, joint ventures and other affiliates.

Management provides EBITDAre herein because it believes this information is useful to investors as a supplemental performance measure because it can help facilitate comparisons of operating performance between periods and with other REITs. Our method of calculating EBITDAre may be different from methods used by other REITs and, accordingly, may not be comparable to such other REITs. EBITDAre is not a measure of performance under GAAP, does not represent cash generated from operations as defined by GAAP and is not indicative of cash available to fund all cash needs, including distributions. This measure should not be considered an alternative to net income or any other GAAP measure as a measurement of the results of our operations or cash flows or liquidity as defined by GAAP.

Adjusted EBITDAre

Management uses Adjusted EBITDAre in its analysis of the performance of the business and operations of the Company. Management believes Adjusted EBITDAre is useful to investors because it excludes various items that management believes are not indicative of operating performance, and because it is an informative measure to use in computing various financial ratios to evaluate the Company. We define Adjusted EBITDAre as EBITDAre (defined above) for the quarter excluding sale participation income, gain on insurance recovery, retirement and severance expense, transaction costs, provision (benefit) for credit losses, net, impairment losses on operating lease right-of-use assets and prepayment fees.

Our method of calculating Adjusted EBITDAre may be different from methods used by other REITs and, accordingly, may not be comparable to such other REITs. Adjusted EBITDAre is not a measure of performance under GAAP, does not represent cash generated from operations as defined by GAAP and is not indicative of cash available to fund all cash needs, including distributions. This measure should not be considered as an alternative to net income or any other GAAP measure as a measurement of the results of our operations or cash flows or liquidity as defined by GAAP.

Net Debt to Adjusted EBITDAre Ratio

Net Debt to Adjusted EBITDAre Ratio is a supplemental measure derived from non-GAAP financial measures that we use to evaluate our capital structure and the magnitude of our debt against our operating performance. We believe that investors commonly use versions of this ratio in a similar manner. In addition, financial institutions use versions of this ratio in connection with debt agreements to set pricing and covenant limitations. Our method of calculating the Net Debt to Adjusted EBITDAre Ratio may be different from methods used by other REITs and, accordingly, may not be comparable to such other REITs.

Reconciliations of debt, total assets and net income (all reported in accordance with GAAP) to Net Debt, Gross Assets, Ratio, Net Debt to Gross Assets Ratio, EBITDAre, Adjusted EBITDAre and Net Debt to Adjusted EBITDAre Ratio (each of which is a non-GAAP financial measure), as applicable, are included in the following tables (unaudited, in thousands):

		September 30,			March 31,	
		2023	2022			
	March 31,					
	2024				2024	2023
Net Debt:	**Net Debt:**					
Debt						
Debt						
Debt	Debt	$2,814,497	$2,808,587			

Deferred financing costs, net	Deferred financing costs, net	26,732	32,642			
Cash and cash equivalents	Cash and cash equivalents	(172,953)	(160,838)			
Net Debt	Net Debt	$2,668,276	$2,680,391			
Gross Assets:	**Gross Assets:**					
Gross Assets:						
Gross Assets:						
Total Assets						
Total Assets						
Total Assets	Total Assets	$5,719,377	$5,792,759			
Accumulated depreciation	Accumulated depreciation	1,400,642	1,278,427			
Cash and cash equivalents	Cash and cash equivalents	(172,953)	(160,838)			
Gross Assets	Gross Assets	$6,947,066	$6,910,348			
Debt to Total Assets Ratio	Debt to Total Assets Ratio	49 %	48 %			
Debt to Total Assets Ratio						
Debt to Total Assets Ratio					49 %	49 %
Net Debt to Gross Assets Ratio	Net Debt to Gross Assets Ratio	38 %	39 %	Net Debt to Gross Assets Ratio	39 %	39 %
		Three Months Ended September 30,				
		2023	**2022**			
		Three Months Ended March 31,				
		Three Months Ended March 31,				
		Three Months Ended March 31,				
	2024				**2024**	**2023**
EBITDAre and Adjusted EBITDAre:	**EBITDAre and Adjusted EBITDAre:**					
Net income						
Net income						
Net income	Net income	$ 56,260	$ 50,799			
Interest expense, net	Interest expense, net	31,208	32,747			
Income tax expense	Income tax expense	372	388			
Depreciation and amortization	Depreciation and amortization	42,432	41,539			
Gain on sale of real estate		(2,550)	(304)			
(Gain) loss on sale of real estate						
Impairment of real estate investments, net		20,887	—			
Allocated share of joint venture depreciation						
Allocated share of joint venture depreciation						
Allocated share of joint venture depreciation	Allocated share of joint venture depreciation	2,315	2,093			

Allocated share of joint venture interest expense	Allocated share of joint venture interest expense	2,164	1,822
EBITDAre	EBITDAre	$ 153,088	$ 129,084
EBITDAre			
EBITDAre			
Retirement and severance expense			
Retirement and severance expense			
Retirement and severance expense			
Transaction costs	Transaction costs	847	148
Provision (benefit) for credit losses, net			
Provision (benefit) for credit losses, net			
Provision (benefit) for credit losses, net	Provision (benefit) for credit losses, net	(719)	241
Adjusted EBITDAre (for the quarter)	Adjusted EBITDAre (for the quarter)	$ 153,216	$ 129,473
Adjusted EBITDAre (for the quarter)			
Adjusted EBITDAre (for the quarter)			
Adjusted EBITDAre (annualized) (1)			
Adjusted EBITDAre (annualized) (1)			
Adjusted EBITDAre (annualized) (1)	Adjusted EBITDAre (annualized) (1)	$ 612,864	$ 517,892
Net Debt/Adjusted EBITDAre Ratio			
Net Debt/Adjusted EBITDAre Ratio			
Net Debt/Adjusted EBITDAre Ratio	Net Debt/Adjusted EBITDAre Ratio	4.4	5.2

(1) Adjusted EBITDA for the quarter is multiplied by four to calculate an annual amount.

(1) Adjusted EBITDA for the quarter is multiplied by four to calculate an annual amount but does not include the annualization of investments put in service, acquired or disposed of during the quarter, as well as the potential earnings on property under development, the annualization of percent rent and adjustments for other items.

(1) Adjusted EBITDA for the quarter is multiplied by four to calculate an annual amount but does not include the annualization of investments put in service, acquired or disposed of during the quarter, as well as the potential earnings on property under development, the annualization of percent rent and adjustments for other items.

(1) Adjusted EBITDA for the quarter is multiplied by four to calculate an annual amount but does not include the annualization of investments put in service, acquired or disposed of during the quarter, as well as the potential earnings on property under development, the annualization of percent rent and adjustments for other items.

Total Investments

Total investments is a non-GAAP financial measure defined as the sum of the carrying values of real estate investments (before accumulated depreciation), land held for development, property under development, mortgage notes receivable and related accrued interest receivable, net, investment in joint ventures, intangible assets, gross (before accumulated amortization and included in other assets) and notes receivable and related accrued interest receivable, net (included in other assets). Total investments is a useful measure for management and investors as it illustrates across which asset categories the Company's funds have been invested. Our method of calculating total investments may be different from methods used by other REITs and, accordingly, may not be comparable to such other REITs. A reconciliation of total assets (computed in accordance with GAAP) to total investments is included in the following table (unaudited, in thousands):

	March 31, 2024		March 31, 2024	December 31, 2023
		September 30, 2023	December 31, 2022	
Total assets				
Total assets				
Total assets	Total assets	$5,719,377	$5,758,701	
Operating lease right-of-use assets	Operating lease right-of-use assets	(190,309)	(200,985)	
Cash and cash equivalents	Cash and cash equivalents	(172,953)	(107,934)	
Restricted cash	Restricted cash	(2,868)	(2,577)	
Accounts receivable	Accounts receivable	(54,826)	(53,587)	
Add: accumulated depreciation on real estate investments	Add: accumulated depreciation on real estate investments	1,400,642	1,302,640	
Add: accumulated amortization on intangible assets (1)	Add: accumulated amortization on intangible assets (1)	29,893	23,487	
Prepaid expenses and other current assets (1)	Prepaid expenses and other current assets (1)	(35,893)	(33,559)	
Total investments	Total investments	$6,693,063	$6,686,186	
Total Investments:	Total Investments:			
Total Investments:				
Total Investments:				
Real estate investments, net of accumulated depreciation				
Real estate investments, net of accumulated depreciation				
Real estate investments, net of accumulated depreciation	Real estate investments, net of accumulated depreciation	$4,571,514	$4,714,136	

Add back accumulated depreciation on real estate investments	Add back accumulated depreciation on real estate investments	1,400,642	1,302,640
Land held for development	Land held for development	20,168	20,168
Property under development	Property under development	101,313	76,029
Mortgage notes and related accrued interest receivable, net	Mortgage notes and related accrued interest receivable, net	477,243	457,268
Investment in joint ventures			
Investment in joint ventures			
Investment in joint ventures	Investment in joint ventures	53,855	52,964
Intangible assets, gross (1)	Intangible assets, gross (1)	64,156	60,109
Notes receivable and related accrued interest receivable, net (1)	Notes receivable and related accrued interest receivable, net (1)	4,172	2,872
Total investments	Total investments	$6,693,063	$6,686,186

(1) Included in "Other assets" in the accompanying consolidated balance sheet. Other assets include the following:

(1) Included in "Other assets" in the accompanying consolidated balance sheet. Other assets include the following:

		September 30, 2023	December 31, 2022

(1) Included in "Other assets" in the accompanying consolidated balance sheet. Other assets include the following:

		March 31, 2024		
		March 31, 2024		
		March 31, 2024		December 31, 2023
Intangible assets, gross	Intangible assets, gross	$ 64,156	$ 60,109	

Less: accumulated amortization on intangible assets	Less: accumulated amortization on intangible assets	(29,893)	(23,487)
Notes receivable and related accrued interest receivable, net	Notes receivable and related accrued interest receivable, net	4,172	2,872
Prepaid expenses and other current assets	Prepaid expenses and other current assets	35,893	33,559
Total other assets	Total other assets	$ 74,328	$ 73,053

Impact of Recently Issued Accounting Standards

See Note 2 to the consolidated financial statements included in this Quarterly Report on Form 10-Q for additional information on the impact of recently issued accounting standards on our business.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to market risks, primarily relating to potential losses due to changes in interest rates and foreign currency exchange rates. We seek to mitigate the effects of fluctuations in interest rates by matching the term of new investments with new long-term fixed rate borrowings whenever possible. As of September 30, 2023 March 31, 2024, we had a $1.0 billion unsecured revolving credit facility with no outstanding balance. We also had a $25.0 million bond that bears interest at a floating rate but has been fixed through an interest rate swap agreement.

As of September 30, 2023 March 31, 2024, we had a 65% investment interest in two unconsolidated real estate joint ventures related to two experiential lodging properties located in St. Petersburg Beach, Florida. At September 30, 2023 March 31, 2024, the joint ventures had a secured mortgage loan with an outstanding balance of $105.0 million. The mortgage loan bears interest at SOFR plus 3.65%, with monthly interest payments required. The joint venture has includes an interest rate cap agreement to limit the variable portion of the interest rate (SOFR) on this note to 3.5% from May 19, 2022 to June 1, 2024.

We are subject to risks associated with debt financing, including the risk that existing indebtedness may not be refinanced or that the terms of such refinancing may not be as favorable as the terms of current indebtedness. The majority of our borrowings are subject to contractual agreements or mortgages, which limit the amount of indebtedness we may incur. Accordingly, if we are unable to raise additional equity or borrow money due to these limitations or otherwise, our ability to make additional real estate investments may be limited.

We are exposed to foreign currency risk against our functional currency, the U.S. dollar, on our six Canadian properties and the rents received from tenants of the properties are payable in CAD. In order to To hedge our CAD denominated cash flows and our net investment in our six Canadian properties, we entered into cross-currency swaps designated as cash flow hedges and foreign currency forwards designated as net investment hedges as further described below.

Cash Flow Hedges of Interest Rate Risk

In order to To hedge our interest rate risk, we entered into an interest rate swap agreement on our variable rate secured bonds with a notional amount of $25.0 million. The interest rate cap agreement limits the variable portion of the interest rate (SOFR) on this bond to 2.5325% until September 30, 2026.

Cash Flow Hedges of Foreign Exchange Risk-Cross Currency Swaps

We entered into three USD-CAD cross-currency swaps that became effective July 1, 2022, mature on October 1, 2024, and have a total fixed original notional value of $150.0 million CAD and $118.7 million USD. The net effect of these swaps is to lock in an provides a fixed exchange rate of $1.26 CAD per USD on approximately $10.8 million annual CAD denominated cash flows.

We entered into two USD-CAD cross-currency swaps that became effective May 1, 2022, mature on October 1, 2024 and have a total fixed notional value of $200.0 million CAD and $156.0 million USD. The net effect of these swaps is to lock in an provides a fixed exchange rate of $1.28 CAD per USD on approximately $4.5 million of annual CAD denominated cash flows.

We entered into three USD-CAD cross-currency swaps that became effective June 1, 2022, mature on December 1, 2024 and have a total fixed notional value of $90.0 million CAD and $69.5 million USD. The net effect of these swaps is to lock in an provides a fixed exchange rate of $1.30 CAD per USD on approximately $8.1 million of annual CAD denominated cash flows.

Net Investment Hedges - Foreign Currency Forwards Forward Contracts

We entered into two forward contracts that became effective April 29, 2022 December 13, 2023 with a fixed notional value of $200.0 million CAD and $155.9 $148.3 million USD with a settlement date of October 1, 2024 October 1, 2025. The exchange rate of these forward contracts is approximately $1.28 $1.35 CAD per USD.

We entered into a forward contract that became effective June 14, 2022 December 13, 2023 with a fixed notional value of $90.0 million CAD and $69.2 million $66.8 million USD with a settlement date of December 2, 2024 December 1, 2025. The exchange rate of this forward contract is approximately $1.30 $1.35 CAD per USD.

For foreign currency derivatives designated as net investment hedges, the change in the fair value of the derivatives are reported in AOCI as part of the cumulative translation adjustment. Amounts are reclassified out of AOCI into earnings when the hedged net investment is either sold or substantially liquidated.

See Note 10 9 to the consolidated financial statements included in this Quarterly Report on Form 10-Q for additional information on our derivative financial instruments and hedging activities.

Item 4. Controls and Procedures

Evaluation of disclosures controls and procedures

As of September 30, 2023 March 31, 2024, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures, as such term is defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act. Based upon and as of the date of that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed by us in reports we file or submit under the Exchange Act is (1) recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms, and (2) accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Limitations on the effectiveness of controls

Our disclosure controls were designed to provide reasonable assurance that the controls and procedures would meet their objectives. Our management, including the Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls will prevent all error and all fraud. A control system, no matter how well designed and operated, can provide only reasonable assurance of achieving the designed control objectives and management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusions of two or more people, or by management override of the control. Because of the inherent limitations in a cost-effective, maturing control system, misstatements due to error or fraud may occur and not be detected.

Change in internal controls

There have not been any changes in the Company's internal control over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act) during the quarter of the fiscal year to which this report relates that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

We are subject to certain claims and lawsuits in the ordinary course of business, the outcome of which cannot be determined at this time. In the opinion of management, any liability we might incur upon the resolution of these claims and lawsuits will not, in the aggregate, have a material adverse effect on our consolidated financial position or results of operations.

Item 1A. Risk Factors

There are many risks and uncertainties that can affect have been no material changes to the risk factors associated with our current or future business operating results, financial performance or share price. The following discussion describes certain important factors that could adversely affect our current or future business, operating results, financial condition or share price, and supplements the factors set forth under previously disclosed in Item 1A - "Risk Factors" in our 2022 Annual Report. This discussion includes a number of forward-looking statements. See "Cautionary Statement Concerning Forward-Looking Statements." The following risk factor replaces and supersedes Report on Form 10-K for the risk factor fiscal year ended December 31, 2023 filed with the same title set forth under Item 1A - "Risk Factors" in our 2022 Annual Report. SEC on February 29, 2024.

Operating risks in the experiential real estate industry may affect the ability of our customers to perform under their leases or mortgages.

The ability of our customers to operate successfully in the experiential real estate industry and remain current on their obligations depends on a number of factors, including, with respect to theatres, the availability and popularity of motion pictures, the performance of those pictures in tenants' markets, the allocation of popular pictures to tenants, the release window (the time that elapses from the date of a motion picture's theatrical release to the date it is available on other mediums) and the terms on which the motion pictures are licensed. In addition, motion picture production is highly dependent on labor that is subject to various collective bargaining agreements. The Writers Guild of America strike that began on May 2, 2023 and ended on September 27, 2023 halted motion picture production and may delay or otherwise affect the supply of certain motion pictures. The Screen Actors Guild – American Federation of Television and Radio Artists strike that began on July 14, 2023 has also had a similar effect on the production and supply of motion pictures.Studios are party to collective bargaining agreements with a number of other labor unions, and failure to reach timely agreements or renewals of existing agreements may further affect the production and supply of motion pictures. Neither we nor our customers control the operations of studios or motion picture distributors. During the COVID-19 pandemic, motion picture distributors increasingly relied upon content streaming as a method of delivering products and continue to do so for certain film releases. There can be no assurances that motion picture distributors will continue to rely on theatres as the primary means of distributing first-run films and motion picture distributors have, and may in the future, consider alternative film delivery methods. In addition, in August 2020, a U.S. District Court granted the U.S. Department of Justice's request to terminate the Paramount Consent Decrees, which prohibit movie studios from owning theatres or utilizing "block booking," a practice whereby movie studios sell multiple films as a package to theatres, in addition to other restrictions. There can be no assurances as to the effects of this regulatory action or whether this regulatory action will materially adversely affect our theatre customers' operations and, in turn, their ability to perform under their leases.

Our other experiential customers are exposed to the risk of adverse economic conditions that can affect experiential activities. Eat & play, ski, attraction, experiential lodging, gaming, fitness & wellness and cultural properties are discretionary activities that can entail a relatively high cost of participation and may be adversely affected by an economic slowdown or recession. Economic conditions, including increasing interest rates and inflation, high unemployment and erosion of consumer confidence, may potentially have negative effects on our customers and on their results of operations. The reduced economic activity resulting from the COVID-19 pandemic severely impacted our customers' businesses, financial condition and liquidity. The ultimate extent to which the COVID-19 pandemic, as well as generally weakening economic conditions, impacts the operations of our customers will depend on future developments, which, as discussed above, are highly uncertain and cannot be predicted with confidence. We cannot predict what impact these uncertainties may have on overall guest visitation, guest spending or other related trends and the ultimate impact it will have on our customers' operations and, in turn, their ability to perform under their respective leases or mortgages.

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

Issuer Purchases of Equity Securities

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs
July 1 through July 31, 2023 common shares	—	$ —	—	$ —
August 1 through August 31, 2023 common shares	781 (1)	43.50	—	—
September 1 through September 30, 2023 common shares	—	—	—	—
Total	781	$ 43.50	—	$ —

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs
January 1 through January 31, 2024 common shares	106,172 (1)	$ 48.45	—	$ —
February 1 through February 29, 2024 common shares	132,610 (1)	42.87	—	—
March 1 through March 31, 2024 common shares	13,074 (1)	41.76	—	—
Total	251,856	$ 45.16	—	$ —

(1) The repurchases of equity securities during August 2023 January, February and March 2024 were completed in conjunction with the vesting of employee nonvested shares. shares and performance share units. These repurchases were not made pursuant to a publicly announced plan or program.

Item 3. Defaults Upon Senior Securities

There were no reportable events during the quarter ended September 30, 2023 March 31, 2024.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

On September 20, 2023, Tonya L. Mater, our Senior Vice President and Chief Accounting Officer, adopted a Rule 10b5-1 trading arrangement for the sale of up to 4,000 Common Shares that is intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) under the Exchange Act. The duration of the Rule 10b5-1 trading arrangement is until September 30, 2024, or earlier if all transactions under the trading arrangement are completed.

During the three months ended September 30, 2023 March 31, 2024, no other trustee or officer of the Company, as defined in Rule 16a-1(f) of the Exchange Act, adopted, modified, or terminated any "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K, was adopted or terminated by any trustee or officer (as defined in Rule 16a-1(f) under the Exchange Act) of the Company. S-K. There were no reportable events during the quarter ended September 30, 2023 March 31, 2024 otherwise reportable under this Item 5.

Item 6. Exhibits

10.1	Retirement and Release Agreement, dated as of February 26, 2023, by and between the Company and Craig L. Evans, is attached hereto as Exhibit 10.1.
31.1*	Certification of Gregory K. Silvers pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, is attached hereto as Exhibit 31.1.
31.2*	Certification of Mark A. Peterson pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, is attached hereto as Exhibit 31.2.
32.1**	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, is attached hereto as Exhibit 32.1.
32.2**	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, is attached hereto as Exhibit 32.2.
101.INS*	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH*	Inline XBRL Taxonomy Extension Schema
101.CAL*	Inline XBRL Extension Calculation Linkbase
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase
104*	Cover Page Interactive Data File (formatted in Inline XBRL and contained in Exhibit 101)

* Filed herewith.
** Furnished herewith.

SIGNATURES

Pursuant to the requirements 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.

		EPR Properties
Dated: October 26, 2023 May 2, 2024	By	/s/ Gregory K. Silvers
		Gregory K. Silvers, Chairman, President and Chief Executive Officer (Principal Executive Officer)
Dated: October 26, 2023 May 2, 2024	By	/s/ Tonya L. Mater
		Tonya L. Mater, Senior Vice President and Chief Accounting Officer (Principal Accounting Officer)

Exhibit 10.1

RETIREMENT AND RELEASE AGREEMENT

This RETIREMENT AND RELEASE AGREEMENT ("Agreement"), dated as of February 26, 2023, is by and between EPR Properties, a Maryland real estate investment trust (the "Company") and Craig L. Evans ("Evans").

WHEREAS, Evans is employed by the Company in the position of Executive Vice President, General Counsel and Secretary;

WHEREAS, Evans has announced his retirement from the Company; and

WHEREAS, the Company and Evans desire to compromise and settle any and all claims which might arise out of or in any manner be related to Evans' employment with the Company up to and including the date of this Agreement, in consideration for certain benefits to which Evans would not otherwise be entitled.

NOW, THEREFORE, in consideration of the mutual promises and agreements set forth herein, the parties agree as follows:

Consideration

1. The Company will provide the following consideration.

a. The Company and Evans agree that Evans' employment will terminate at the close of business on March 1, 2024 (the "Retirement Date"). The Company will compensate Evans for his services through the Retirement Date, at the same level of wages and benefits he earned as of the date hereof.

b. Subject to Evans executing (and not revoking) this Agreement, the Company will pay to Evans, or on his behalf:

i. Payment for one unused PTO day in the amount of $1,701.73; and
ii. The gross amount of $59,154.96, which is equivalent to the pro-rated annual incentive bonus that Evans would have received under the Company's annual incentive program for 2024 with the achievement of "at target" performance level, less deductions required by law.
iii. The gross amount of $49,246.50, which is equivalent to the pro-rated Time-Based Restricted Shares portion of the Company's long term incentive plan that Evans would have received under such plan for 2024 with the achievement of "at target" performance level, less deductions required by law.
iv. 2,589 performance share units under a 2024 Performance Share Award Agreement which is equivalent to the performance share portion of the pro-rated long term incentive bonus that Evans would have received under the Company's long term incentive program for 2024, less deductions required by law.

c. The amounts set forth in this Section will be less applicable payroll withholdings. The performance share units in Section 1.b.iv will be issued pursuant to a 2024 Award Agreement at the time performance share units are issued to other Company executives (in the ordinary course) pursuant to the Company's long term incentive plan. The amounts set forth in Sections 1.b.i, 1.b.ii and 1.b.iii will be paid in a lump sum promptly after the later of (1) the expiration of the seven-day waiting period described in Section 11 of this Agreement, or (2) the Retirement Date.

d. All unvested restricted common shares of the Company held by Evans will become vested upon the close of business on the later of (1) the expiration of the seven-day waiting period described in Section 11 of this Agreement, or (2) the Retirement Date. Further, any Performance Share Award Agreements entered into by and between Company and Evans will remain in place and continue in full force and effect.

All Compensation Received

2. Evans acknowledges and agrees that upon receipt of the consideration set forth in Section 1.b of this Agreement he will have received any and all wages or other compensation to which he is entitled because of his work performed for the Company or otherwise due from the Company.

3. Evans understands and acknowledges that all employee benefits paid to him or on his behalf shall cease effective the Retirement Date, or on such later date as specified in the applicable plan, and the parties specifically understand and agree that this Agreement does not affect and shall not diminish Evans' rights to: (a) elect continued coverage for medical, dental and/or vision insurance pursuant to COBRA, (b) vested 401(k) benefits, (c) vested restricted common shares, and (d) any shares of EPR stock that Evans owns. All vested 401(k) benefits and vested restricted common shares will continue to be governed by their respective applicable plans and agreements.

Release of All Claims

4. Evans releases the Company and all of its parents, subsidiaries, joint venturers, affiliates, assigns and successors, and all of its past, present and future owners/shareholders, officers, directors, agents, employees, trustees, representatives, insurers and attorneys (referred to in this document as the "Released Parties") from any and all claims, damages, lawsuits, injuries, liabilities and causes of action that he may have, whether known to him or not. Notwithstanding this Section 4, nothing in this Agreement is intended to release any claims that cannot be released as a matter of law.

Release of All Employment Law Claims

5. Evans understands and agrees that he is releasing the Released Parties from any and all claims, damages, lawsuits, injuries, liabilities and causes of action that he may have under any express or implied contract, or any city ordinance or state, federal or common law meant to protect workers in their employment relationships including, without limitation, claims under Title VII of the Civil Rights Act of 1964, as amended, the Age Discrimination in Employment Act, the Older Workers Benefit Protection Act, the Missouri Human Rights Act, the Kansas Act Against Discrimination, the Americans with Disabilities Act, the Equal Pay Act, 42 U.S.C. §§ 1981, 1983 and 1985, 18 U.S.C. § 1514A, the Family and Medical Leave Act, the Employee Retirement Income Security Act, the Fair Labor Standards Act, the Missouri Service Letter statute, the Labor Management Relations Act, and under which he may have rights and claims, whether known to him or not, arising, directly or indirectly out of Evans' employment by the Company and/or the separation of his employment with the Company. Notwithstanding this Section 5, nothing in this Agreement is intended to release any claims that cannot be released as a matter of law.

Release of Any Age Discrimination Claims

6. Evans understands and agrees that he is releasing the Released Parties from any and all claims, damages, lawsuits, injuries, liabilities and causes of action that he may have, under the Age Discrimination in Employment Act, the Missouri Human Rights Act, the Kansas Age Discrimination in Employment Act, and any other federal, state or local laws prohibiting age discrimination in employment, whether known to him or not, past or present, suspected or unsuspected, arising, directly or indirectly out of Evans' employment by the Company or the separation of his employment with the Company or any statements or actions of the Released Parties. Notwithstanding this Section 6, nothing in this Agreement is intended to release any claims that cannot be released as a matter of law.

Will Not File Claims

7. Evans understands and represents that he intends this Agreement to be complete and not subject to any claim of mistake, and that the release herein expresses a full and complete release of all claims known and unknown, suspected or unsuspected, and that he intends the release set forth herein to be final and complete. Evans further agrees that he will not prosecute or allow to be prosecuted on his behalf, in any administrative agency or court, whether state or federal, or in any arbitration proceeding, any claim or demand of any type related to the matters released above, it being Evans' intention that, with the execution of this Agreement, Released Parties will be absolutely, unconditionally and forever discharged of and from all obligations to him that exist as of the date of this Agreement. Evans understands that nothing in this Agreement shall preclude him from filing

a charge of discrimination, or participating in an investigation, with the Equal Employment Opportunity Commission or comparable agency. However, Evans further agrees that he cannot and will not seek or accept any personal benefit from the Company, whether in monetary or other form, as part of or related to any proceeding initiated by any other person, agency or other governmental body of the United States or any other jurisdiction. Furthermore, nothing in this Agreement prohibits Evans from reporting possible violations of federal law or regulation to any government agency or entity, or making other disclosures that are protected under the whistleblower provisions of law. Notwithstanding

any of the provisions of this Agreement, Evans is not releasing any rights that he may have that cannot be released pursuant to applicable law.

Notwithstanding Evans' releases under Sections 4, 5 and 6 above, and his obligations under this Section 7, Evans retains all rights to be indemnified, defended and held harmless, with advancement of expenses, that, before entering into this Agreement, he enjoys under applicable state laws, indemnification agreements or the organic documents of the Company. Evans' obligations under Sections 4 through 7 shall be subject to the Company's full and timely performance of its payment obligations under this Agreement.

Future Consulting

8. To the extent requested and upon a rate to be mutually agreed, Evans agrees to provide future consulting services to the Company. Any such future services rendered by Evans shall be not be legal in nature and in all circumstances shall not constitute legal advice.

Non-Disparagement

9. From and after the date of this Agreement, Evans warrants and agrees that he will not make any disparaging comment in any format, whether written, electronic (including but limited to social media), or oral, to any customer, vendor, prospective employer, Company employee, the media, or any other individual or entity regarding the Company and/or the Released Parties which relates to the Company's business or related activities, or the relationship between the Company, Released Parties and Evans.

Consequences of Breach of Non-Disparagement Obligations

10. Evans understands and agrees that his obligations set forth in Section 9 of this Agreement is a material inducement to the Company in making this Agreement. Accordingly, the Company shall be entitled to injunctive or specific relief from a court of competent jurisdiction against any breach or threatened breach by Evans, his agents or any persons acting with him, of the covenants in Section 9 of this Agreement without the necessity of posting bond or proving lack of an adequate remedy at law, and without limitation of other remedies that may be available to the Company at law or in equity.

Time to Consider this Separation Agreement and Release and 7-Day Revocation Period

11. Evans acknowledges that he has been given the option to consider this Agreement for up to twenty-one (21) days before signing it. Evans further acknowledges that he has been advised to consult with an attorney prior to signing this Agreement. Evans understands that after signing this Agreement, he has seven (7) days in which to consider it and, if desired, to revoke it by giving written notice of such revocation to the Company in care of Liz Grace, Sr. Vice President – Human Resources and Administration, 909 Walnut, Suite 200, Kansas City, MO 64106, lizg@eprkc.com, prior to the expiration of the 7-day revocation period, but that upon such revocation, Evans shall forfeit any and all rights to all consideration otherwise to be provided to him under the terms of this Agreement. Evans also understands that this Agreement shall not become effective or enforceable until the expiration of the 7-day revocation period.

Return of All Company Property

12. Evans agrees that he will return any and all property (including, but not limited to, his Company-provided computer, personal computing devices, keys, security and parking cards or fobs, tools, credit cards and Company files and documents and all copies thereof, whether in hard copy or stored electronically) of the Company, its parents, subsidiaries or affiliates in his possession.

Non-Admission of Liability

13. Evans understands and agrees that the Released Parties deny that he has any legally cognizable claims against them but that the Released Parties desire to amicably settle any and all disputes they now may have with him, Evans further understands and agrees that neither this Agreement nor any action taken hereunder is to be construed as an admission by the Released Parties of violation of any local, state, federal, or common law - in fact, Evans understands that the Released Parties expressly deny any such violation.

Section 409A Savings Clause

14. This Agreement is intended to comply with the provisions of Section 409A of the Internal Revenue Code, Title 26 of the United States Code (the "Code"), including the exceptions for short-term deferrals, separation pay arrangements, reimbursements and in-kind distributions, and must be administered and interpreted in accordance with such intent. Without limiting the generality of the foregoing, any term or provision that is determined to have an ambiguous definition shall be interpreted, to the extent reasonable, to comply with Section 409A of the Code. Each installment payment under this Agreement is treated as a separate payment for purposes of Section 409A of the Code. All reimbursements provided under this Agreement that constitute deferred compensation within the meaning of Section 409A of the Code must be made or provided in accordance with the requirements of Section 409A of the Code.

Resignation

15. On and as of the Retirement Date, Evans will deliver to the Company a letter of resignation in substantially the form attached hereto as Exhibit A.

Taxation

16. Evans understands and agrees that none of the Released Parties, including their attorneys, have made any express or implied representations to him with respect to the tax implications of any payment made herein.

Missouri Law Applies

17. Evans and the Company understand and agree that this Agreement shall be governed by the laws of the State of Missouri.

Use of Headings

18. Evans and the Company understand and agree that the headings in this Agreement have been inserted for convenience of reference only and do not in any way restrict or modify any of its terms or provisions.

Agreement May Not Be Modified

19. Evans and the Company understand and agree that no provision of this Agreement may be waived, modified, altered or amended except upon the express written consent of the Company and Evans.

Full Agreement

20. Evans and the Company understand this Agreement sets forth the entire terms of the agreement between the Company and Evans.

Invalidity of Any Provision Affects Only that Provision

21. Evans and the Company understand and agree that if, for any reason, any term or provision of this Agreement is construed to be unenforceable or void, the balance of it will yet be effective and enforceable.

Have Read, Understand and Have Voluntarily Signed Agreement

22. Evans and the Company have each read this Agreement, and each understands its contents. Evans and the Company have each signed this Agreement voluntarily and knowingly.

IN WITNESS WHERE OF, the parties have executed this Release Agreement.

/s/ Craig L. Evans
CRAIG L. EVANS

EPR PROPERTIES

By:	/s/ Greg Silvers
Name:	Greg Silvers
Its:	Chairman and Chief Executive Officer

EXHIBIT A

Letter of Resignation

Craig L. Evans
30 High Street

Camden, Maine 04843

March 1, 2024

EPR Properties
909 Walnut Street, Suite 200
Kansas City, Missouri 64106
Attn: Secretary

Dear Secretary:

I hereby resign my offices of Executive Vice President, General Counsel and Secretary of EPR Properties, a Maryland real estate investment trust (the “Company”), and any and all other positions as an officer, director, trustee or employee of any direct or indirect subsidiary or benefit plan or trust of the Company, effective as of the close of business on the date hereof.

/s/ Craig L. Evans

Craig L. Evans

EXHIBIT 31.1

CERTIFICATION

PURSUANT TO RULE 13a-14(a) OR 15d-14(a) OF THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002.

I, Gregory K. Silvers, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of EPR Properties;

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(s) 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(s) 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 26, 2023 May 2, 2024

/s/ Gregory K. Silvers

Gregory K. Silvers

Chairman, President and Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 31.2

CERTIFICATION

PURSUANT TO RULE 13a-14(a) OR 15d-14(a) OF THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002.

I, Mark A. Peterson, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of EPR Properties;

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(s) 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(s) 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 26, 2023 May 2, 2024

/s/ Mark A. Peterson

Mark. A. Peterson

Executive Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

EXHIBIT 32.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

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

I, Gregory K. Silvers, President and Chief Executive Officer of EPR Properties (the “Issuer”), have executed this certification for furnishing to the Securities and Exchange Commission in connection with the filing with the Commission of the registrant’s Quarterly Report on Form 10-Q for the period ended September 30, 2023 March 31, 2024 (the “Report”). I hereby certify that, to the best of my knowledge and belief:

(1) the Report fully complies with the requirements of Section 13(a) or 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 Issuer.

/s/ Gregory K. Silvers

Gregory K. Silvers
Chairman, President and Chief Executive Officer
(Principal Executive Officer)

Date: October 26, 2023 May 2, 2024

EXHIBIT 32.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

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

I, Mark A. Peterson, Executive Vice President and Chief Financial Officer of EPR Properties (the “Issuer”), have executed this certification for furnishing to the Securities and Exchange Commission in connection with the filing with the Commission of the registrant’s Quarterly Report on Form 10-Q for the period ended September 30, 2023 March 31, 2024 (the “Report”). I hereby certify that, to the best of my knowledge and belief:

(1) the Report fully complies with the requirements of Section 13(a) or 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 Issuer.

/s/ Mark A. Peterson

Mark A. Peterson
Executive Vice President, Chief Financial Officer
and Treasurer (Principal Financial
Officer)

Date: October 26, 2023 May 2, 2024

DISCLAIMER

THE INFORMATION CONTAINED IN THE REFINITIV CORPORATE DISCLOSURES DELTA REPORT™ IS A COMPARISON OF TWO FINANCIALS PERIODIC REPORTS. THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORT INCLUDING THE TEXT AND THE COMPARISON DATA AND TABLES. IN NO WAY DOES REFINITIV OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED IN THIS REPORT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S ACTUAL SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.

REFINITIV