

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 June 30, 2021

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: 001-38903

POSTAL REALTY TRUST, INC.
(Exact name of registrant as specified in its charter)

Maryland

(State or other jurisdiction of
incorporation or organization)

83-2586114

(IRS Employer
Identification No.)

75 Columbia Avenue
Cedarhurst, NY 11516
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (516) 295-7820

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

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Class A Common Stock, par value \$0.01 per share	PSTL	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 ☒

As of August 11, 2021, the registrant had 13,657,529 shares of Class A common stock outstanding.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

POSTAL REALTY TRUST, INC. **CONSOLIDATED BALANCE SHEETS** *(In thousands, except par value and share data)*

	June 30, 2021 (Unaudited)	December 31, 2020
Assets		
Investments:		
Real estate properties, at cost:		
Land	\$ 55,108	\$ 46,303
Building and improvements	240,528	196,340
Tenant improvements	5,098	4,428
Total real estate properties, at cost	300,734	247,071
Less: Accumulated depreciation	(16,715)	(13,215)
Total real estate properties, net	284,019	233,856
Investment in financing lease, net	512	515
Total investments	284,531	234,371
Cash	4,936	2,212
Rent and other receivables	3,689	3,521
Prepaid expenses and other assets, net	4,790	4,434
Escrows and reserves	1,215	1,059
Deferred rent receivable	373	216
In-place lease intangibles, net	14,578	13,022
Above market leases, net	116	50
Total Assets	\$ 314,228	\$ 258,885
Liabilities and Equity		
Liabilities:		
Secured borrowings, net	\$ 33,031	\$ 46,629
Revolving credit facility	82,500	78,000
Accounts payable, accrued expenses and other	6,673	5,891
Below market leases, net	8,579	8,726
Total Liabilities	130,783	139,246
Commitments and Contingencies		
Equity:		
Class A common stock, par value \$0.01 per share; 500,000,000 shares authorized, 13,652,412 and 9,437,197 shares issued and outstanding as of June 30, 2021 and December 31, 2020, respectively	136	95
Class B common stock, par value \$0.01 per share; 27,206 shares authorized: 27,206 shares issued and outstanding as of June 30, 2021 and December 31, 2020	—	—
Additional paid-in capital	160,061	100,812
Accumulated deficit	(14,010)	(8,917)
Total Stockholders' Equity	146,187	91,990
Operating Partnership unitholders' non-controlling interests	37,258	27,649
Total Equity	183,445	119,639
Total Liabilities and Equity	\$ 314,228	\$ 258,885

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

POSTAL REALTY TRUST, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)
(in thousands, except share data)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2021	2020	2021	2020
Revenues:				
Rental income	\$ 8,977	\$ 5,293	\$ 17,464	\$ 10,195
Fee and other income	551	312	929	607
Total revenues	9,528	5,605	18,393	10,802
Operating expenses:				
Real estate taxes	1,163	697	2,252	1,339
Property operating expenses	815	394	1,725	801
General and administrative	2,716	1,917	5,285	4,218
Depreciation and amortization	3,219	2,162	6,388	4,197
Total operating expenses	7,913	5,170	15,650	10,555
Income from operations	1,615	435	2,743	247
Interest expense, net:				
Contractual interest expense	(621)	(546)	(1,266)	(1,273)
Write-off and amortization of deferred financing fees	(145)	(115)	(290)	(220)
Loss on early extinguishment of debt	—	—	(202)	—
Interest income	1	1	1	1
Total interest expense, net	(765)	(660)	(1,757)	(1,492)
Income (loss) before income tax expense	850	(225)	986	(1,245)
Income tax expense	(27)	(5)	(38)	(15)
Net income (loss)	823	(230)	948	(1,260)
Net (income) loss attributable to Operating Partnership unitholders' non-controlling interests	(152)	79	(176)	431
Net income (loss) attributable to common stockholders	\$ 671	\$ (151)	\$ 772	\$ (829)
Net income (loss) per share:				
Basic and Diluted	\$ 0.04	\$ (0.05)	\$ 0.04	\$ (0.19)
Weighted average common shares outstanding:				
Basic and Diluted	13,081,018	5,205,153	12,766,791	5,189,900

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

POSTAL REALTY TRUST, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (DEFICIT)
(UNAUDITED)
(in thousands, except share data)

	Number of shares of Common Stock	Common Stock	Additional Paid-in Capital	Accumulated Equity (Deficit)	Total Stockholders' equity	Operating Partnership unitholders' non-controlling interests	Total Equity
Balance - December 31, 2019	5,313,110	\$ 53	\$ 51,396	\$ (2,576)	\$ 48,873	\$ 20,950	\$ 69,823
Issuance of OP Units in connection with a transaction	—	—	—	—	—	7,922	7,922
Issuance and amortization of equity-based compensation	103,463	1	519	—	520	185	705
Issuance and amortization under ESPP	3,538	—	53	—	53	—	53
Dividends declared (\$0.17 per share)	—	—	—	(923)	(923)	(478)	(1,401)
Net loss	—	—	—	(677)	(677)	(352)	(1,029)
Reallocation of non-controlling interest	—	—	2,219	—	2,219	(2,219)	—
Balance - March 31, 2020	5,420,111	\$ 54	\$ 54,187	\$ (4,176)	\$ 50,065	\$ 26,008	\$ 76,073
Issuance and amortization of equity-based compensation	42,297	—	351	—	351	181	532
Amortization under ESPP	—	—	2	—	2	—	2
Restricted stock withholdings	(11,342)	—	(182)	—	(182)	—	(182)
Dividends declared (\$0.20 per share)	—	—	—	(1,089)	(1,089)	(566)	(1,655)
Net loss	—	—	—	(151)	(151)	(79)	(230)
Reallocation of non-controlling interest	—	—	(6)	—	(6)	6	—
Balance - June 30, 2020	5,451,066	\$ 54	\$ 54,352	\$ (5,416)	\$ 48,990	\$ 25,550	\$ 74,540
Balance - December 31, 2020	9,464,403	\$ 95	\$ 100,812	\$ (8,917)	\$ 91,990	\$ 27,649	\$ 119,639
Net proceeds from sale of common stock	3,737,500	37	53,203	—	53,240	—	53,240
Issuance and amortization of equity-based compensation	149,121	1	885	—	886	230	1,116
Issuance and amortization under ESPP	3,987	—	66	—	66	—	66
Restricted stock withholdings	(1,291)	—	(21)	—	(21)	—	(21)
Dividends declared (\$0.2175 per share)	—	—	—	(2,916)	(2,916)	(650)	(3,566)
Net income	—	—	—	103	103	23	126
Reallocation of non-controlling interest	—	—	(3,831)	—	(3,831)	3,831	—
Balance - March 31, 2021	13,353,720	\$ 133	\$ 151,114	\$ (11,730)	\$ 139,517	\$ 31,083	\$ 170,600

Net proceeds from sale of common stock	319,702	3	6,050	—	6,053	—	6,053
Issuance of OP Units in connection with transactions	—	—	—	—	—	9,021	9,021
Issuance and amortization of equity-based compensation	17,102	—	499	—	499	281	780
Amortization under ESPP	—	—	8	—	8	—	8
Restricted stock withholdings	(10,906)	—	(221)	—	(221)	—	(221)
Dividends declared (\$0.22 per share)	—	—	—	(2,951)	(2,951)	(668)	(3,619)
Net income	—	—	—	671	671	152	823
Reallocation of non-controlling interest	—	—	2,611	—	2,611	(2,611)	—
Balance – June 30, 2021	13,679,618	\$ 136	\$ 160,061	\$ (14,010)	\$ 146,187	\$ 37,258	\$ 183,445

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

POSTAL REALTY TRUST, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)
(in thousands)

	For the Six Months Ended June 30,	
	2021	2020
Cash flows from operating activities:		
Net income (loss)	\$ 948	\$ (1,260)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation	3,508	1,969
Amortization of in-place intangibles	2,880	2,227
Write-off and amortization of deferred financing costs	290	220
Amortization of above/below market leases	(760)	(610)
Amortization of intangible liability	(9)	(3)
Equity based compensation	1,916	1,248
Loss on extinguishment of debt	202	—
Deferred rent receivable	(157)	(54)
Deferred rent expense payable	—	10
Other	35	—
Non-cash lease expense	7	—
Changes in assets and liabilities:		
Rent and other receivables	(292)	(281)
Prepaid expenses and other assets	(233)	(362)
Accounts payable, accrued expenses and other	58	103
Net cash provided by operating activities	8,393	3,207
Cash flows from investing activities:		
Acquisition of real estate	(47,596)	(33,212)
Repayment of financing lease	3	—
Escrows for acquisition and construction deposits	(372)	(640)
Capital improvements	(783)	(341)
Insurance proceeds related to property damage claims	848	—
Other investing activities	(141)	(73)
Net cash used in investing activities	(48,041)	(34,266)
Cash flows from financing activities:		
Proceeds from secured borrowings	—	13,674
Repayments of secured borrowings	(13,810)	(54)
Proceeds from revolving credit facility	47,500	20,000
Repayments of revolving credit facility	(43,000)	(6,531)
Proceeds from other financing activity	—	557
Repayments from other financing activity	(53)	(192)
Net proceeds from issuance of shares	59,444	—
Debt issuance costs	(29)	(767)
Proceeds from issuance of ESPP shares	53	45
Shares withheld for payment of taxes on restricted share vesting	(242)	(182)
Distributions and dividends	(7,185)	(3,056)
Other financing activities	(150)	(9)
Net cash provided by financing activities	42,528	23,485
Net increase (decrease) in Cash and Escrows and Reserves	2,880	(7,574)
Cash and Escrows and Reserves at the beginning of period	3,271	13,184
Cash and Escrow and Reserves at the end of period	\$ 6,151	\$ 5,610

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

POSTAL REALTY TRUST, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Organization and Description of Business

Postal Realty Trust, Inc. (the “Company”) was organized in the state of Maryland on November 19, 2018. On May 17, 2019, the Company completed its initial public offering (“IPO”) of the Company’s Class A common stock, par value \$0.01 per share (the “Class A common stock”). The Company contributed the net proceeds from the IPO to Postal Realty LP, a Delaware limited partnership (the “Operating Partnership”), in exchange for common units of limited partnership interest in the Operating Partnership (each, an “OP Unit,” and collectively, the “OP Units”). Both the Company and the Operating Partnership commenced operations upon completion of the IPO and certain related formation transactions (the “Formation Transactions”). Prior to the completion of the IPO and the Formation Transactions, the Company had no operations.

The Company’s interest in the Operating Partnership entitles the Company to share in distributions from, and allocations of profits and losses of, the Operating Partnership in proportion to the Company’s percentage ownership of OP Units. As the sole general partner of the Operating Partnership, the Company has the exclusive power under the partnership agreement to manage and conduct the Operating Partnership’s business, subject to limited approval and voting rights of the limited partners. As of June 30, 2021, the Company held an approximately 79.7% interest in the Operating Partnership. As the sole general partner and the majority interest holder, the Company consolidates the financial position and results of operations of the Operating Partnership. The Operating Partnership is considered a variable interest entity (“VIE”) in which the Company is the primary beneficiary.

The Company’s predecessor (the “Predecessor”) was a combination of limited liability companies (the “LLCs”), one C-Corporation (“UPH”), one S-Corporation (“NPM”) and one limited partnership. The entities that comprised the Predecessor were majority owned and controlled by Mr. Spodek and his affiliates and were acquired by contribution to, or merger with, the Company and the Operating Partnership.

The Predecessor did not represent a legal entity. The Predecessor and its related assets and liabilities were under common control and were contributed to the Operating Partnership in connection with the Company’s IPO.

NPM was formed on November 17, 2004, for the purpose of managing commercial real estate properties.

As of June 30, 2021, the Company owned a portfolio of 852 postal properties located in 49 states. The Company’s properties are primarily leased to a single tenant, the United States Postal Service (the “USPS”).

In addition, through its taxable REIT subsidiary (“TRS”), Postal Realty Management TRS, LLC (“PRM”), the Company provides fee-based third party property management services for an additional 399 postal properties, which are owned by Mr. Spodek and his affiliates, his family members and their partners.

The Company, until May 15, 2019, was authorized to issue up to 600,000,000 shares of common stock, par value \$0.01 per share. On May 15, 2019, in connection with the IPO, the Company amended its articles of incorporation such that the Company is currently authorized to issue up to 500,000,000 shares of Class A common stock, 27,206 shares of Class B common stock, \$0.01 par value per share (the “Class B common stock” or “Voting Equivalency stock”), and up to 100,000,000 shares of preferred stock.

The Company believes it has been organized in conformity with, and has operated in a manner that has enabled it to meet the requirements for qualification as a real estate investment trust (“REIT”) under the Internal Revenue Code of 1986, as amended (the “Code”), and the Company elected to be taxed as a REIT under the Code commencing with the Company’s short taxable year ended December 31, 2019. As a REIT, the Company generally will not be subject to federal income tax to the extent that it distributes its REIT taxable income for each tax year to its stockholders. REITs are subject to a number of organizational and operational requirements.

Pursuant to the Jumpstart Our Business Startups Act (the “JOBS Act”), the Company qualifies as an emerging growth company (“EGC”). An EGC may choose, as the Company has done, to take advantage of the extended private company transition period provided for complying with new or revised accounting standards that may be issued by the Financial Accounting Standards Board (“FASB”) or the Securities and Exchange Commission (the “SEC”).

POSTAL REALTY TRUST, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

Note 2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying Consolidated Financial Statements include the financial position and results of operations of the Company, the Operating Partnership and its wholly owned subsidiaries.

The Company consolidates the Operating Partnership, a VIE in which the Company is considered the primary beneficiary. The primary beneficiary is the entity that has (i) the power to direct the activities that most significantly impact the entity's economic performance and (ii) the obligation to absorb losses of the VIE or the right to receive benefits from the VIE that could be significant to the VIE.

A non-controlling interest is defined as the portion of the equity in an entity not attributable, directly or indirectly, to the Company. Non-controlling interests are required to be presented as a separate component of equity in the Consolidated Balance Sheets. Accordingly, the presentation of net income (loss) reflects the income attributed to controlling and non-controlling interests.

The accompanying Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") for interim financial information and with the instructions to Form 10-Q and Article 8 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements.

This interim financial information should be read in conjunction with the Consolidated and Combined Financial Statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2020. Management believes that all adjustments of a normal, recurring nature considered necessary for a fair presentation have been included. This interim financial information does not necessarily represent or indicate what the operating results will be for the year ending December 31, 2021. All material intercompany accounts and transactions have been eliminated.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported amounts of revenues and expenses during the reporting period. Although management believes its estimates are reasonable, actual results could differ from those estimates.

Offering and Other Costs

Offering costs are recorded in "Total Stockholders' Equity" in the Consolidated Balance Sheets as a reduction of additional paid-in capital.

Deferred Costs

Financing costs related to the issuance of the Company's secured long-term debt are deferred and amortized as an increase to interest expense over the term of the related debt instrument using the effective-interest method and are reported as a reduction of the related debt balance on the Consolidated Balance Sheets. Deferred financing costs related to the Company's credit facility (the "2019 Credit Facility"), established under a credit agreement dated as of September 27, 2019, as amended (the "2019 Credit Agreement"), are deferred and amortized as an increase to interest expense over the term of the 2019 Credit Facility and are included in "Prepaid expenses and other assets, net" on the Consolidated Balance Sheets.

Reclassifications

Certain prior period amounts have been reclassified to conform to the current period's presentation.

POSTAL REALTY TRUST, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

Cash and Escrows and Reserves

Cash includes unrestricted cash with a maturity of three months or less. Escrows and reserves consist of restricted cash. The following table provides a reconciliation of cash and escrows and reserves reported within the Consolidated Balance Sheets and Consolidated Statements of Cash Flows:

	As of	
	June 30, 2021	December 31, 2020
	(in thousands)	
Cash	\$ 4,936	\$ 2,212
Escrows and reserves:		
Maintenance reserve	742	696
Real estate tax reserve	399	304
ESPP reserve	74	59
Cash and escrows and reserves	<u>\$ 6,151</u>	<u>\$ 3,271</u>

Revenue Recognition

The Company has operating lease agreements with tenants, some of which contain provisions for future rental increases. Rental income is recognized on a straight-line basis over the term of the lease. In addition, certain lease agreements provide for reimbursements from tenants for real estate taxes and other recoverable costs, which are recorded on an accrual basis as part of “Rental income” in the Consolidated Statement of Operations.

Fee and other income primarily consists of property management fees. These fees arise from contractual agreements with entities that are affiliated with the Company’s chief executive officer (the “CEO”). Management fee income is recognized as earned under the respective agreements.

Revenue from direct financing leases is recognized over the lease term using the effective interest rate method. At lease inception, the Company records an asset within investments in the Consolidated Balance Sheets, which represents the Company’s net investment in the direct financing lease. This initial net investment is determined by aggregating the total future minimum lease payments attributable to the direct financing lease and the estimated residual value of the property, if any, less unearned income. Over the lease term, the investment in the direct financing lease is reduced and income is recognized as revenue in “Fee and other income” in the Consolidated Statements of Operations and produces a constant periodic rate of return on the investment in direct financing lease, net.

Fair Value of Financial Instruments

The following disclosure of estimated fair value was determined by management using available market information and appropriate valuation methodologies. However, considerable judgment is necessary to interpret market data and develop estimated fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Company could realize on disposition of the assets and liabilities as of June 30, 2021 and December 31, 2020. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts. Cash, escrows and reserves, receivables, prepaid expenses, accounts payable and accrued expenses are carried at amounts which reasonably approximate their fair values as of June 30, 2021 and December 31, 2020 due to their short maturities.

As of June 30, 2021 and December 31, 2020, the Company had an investment in a direct financing lease with a carrying value of \$0.5 million and \$0.5 million, respectively, and an effective interest rate of 7.89% and 7.89%, respectively. The carrying value of the investment in a direct financing lease approximated the fair market value as of June 30, 2021 and December 31, 2020. The fair value of the Company’s direct financing lease was categorized as a Level 3 basis (as provided by ASC 820, Fair Value Measurements and Disclosures).

The fair value of the Company’s borrowings under its 2019 Credit Facility approximates carrying value. The fair value of the Company’s secured borrowings aggregated approximately \$33.3 million and \$47.1 million as compared to the principal balance of \$33.2 million and \$47.0 million as of June 30, 2021 and December 31, 2020, respectively. The fair value of the

POSTAL REALTY TRUST, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

Company's debt was categorized as a Level 3 basis (as provided by ASC 820, Fair Value Measurements and Disclosures). The fair value of these financial instruments was determined by using a discounted cash flow analysis based on the borrowing rates currently available to the Company for loans with similar terms and maturities. The fair value of the mortgage debt was determined by discounting the future contractual interest and principal payments by a market rate.

Disclosure about fair value of assets and liabilities is based on pertinent information available to management as of June 30, 2021 and December 31, 2020. Although management is not aware of any factors that would significantly affect the fair value amounts, such amounts have not been comprehensively revalued for purposes of these financial statements since June 30, 2021 and current estimates of fair value may differ significantly from the amounts presented herein.

Impairment

The carrying value of real estate investments and related intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment exists when the carrying amount of an asset exceeds the aggregate projected future cash flows over the anticipated holding period on an undiscounted basis. An impairment loss is measured based on the excess of the asset's carrying amount over its estimated fair value. Impairment analyses will be based on current plans, intended holding periods and available market information at the time the analyses are prepared. If estimates of the projected future cash flows, anticipated holding periods or market conditions change, the evaluation of impairment losses may be different and such differences may be material. The evaluation of anticipated cash flows is subjective and is based, in part, on assumptions regarding future occupancy, rental rates and capital requirements that could differ materially from actual results. No impairments were recorded during the three and six months ended June 30, 2021 and 2020.

Concentration of Credit Risks

As of June 30, 2021, the Company's properties were leased primarily to a single tenant, the USPS. For the six months ended June 30, 2021, 18.9% of the Company's total rental income, or \$17.5 million, was concentrated in Pennsylvania. For the six months ended June 30, 2020, no state had a concentration of rental income over 10% as a percentage of total rental income. The ability of the USPS to honor the terms of their leases is dependent upon regulatory, economic, environmental or competitive conditions in any of these areas and could have an effect on the Company's overall business results.

The Company has deposited cash and maintains its bank deposits with large financial institutions in amounts that exceed federally insured limits. The Company has not experienced any losses in such accounts.

Equity Based Compensation

The Company accounts for equity-based compensation in accordance with ASC Topic 718 Compensation – Stock Compensation, which requires the Company to recognize an expense for the grant date fair value of equity-based awards. Equity-classified stock awards granted to employees and non-employees that have a service condition and/or a market condition are measured at fair value at date of grant and remeasured at fair value only upon a modification of the award. The Company will record forfeitures as they occur.

The Company recognizes compensation expense on a straight-line basis over the requisite service period of each award, with the amount of compensation expense recognized at the end of a reporting period at least equal the portion of fair value of the respective award at grant date or modification date, as applicable, that has vested through that date. For awards with a market condition, compensation cost is not reversed if a market condition is not met so long as the requisite service has been rendered, as a market condition does not represent a vesting condition.

See Note 10. Stockholder's Equity for further details.

Insurance Accounting

The Company carries liability insurance to mitigate its exposure to certain losses, including those relating to property damage and business interruption. The Company records the estimated amount of expected insurance proceeds for property damage and other losses incurred as an asset (typically a receivable from the insurer) and income up to the amount of the losses incurred when the amount is determinable and approved by insurance company. Any amount of insurance recovery in excess of the amount of the losses incurred is considered a gain contingency and is not recorded in fee and other income until the amount

POSTAL REALTY TRUST, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

is determinable and approved by insurance company. Insurance recoveries for business interruption for lost revenue or profit are accounted for as gain contingencies in their entirety, and therefore are not recorded in income until the amount is determinable and approved by insurance company.

Earnings per Share

The Company calculates net income (loss) per share based upon the weighted average shares outstanding less issued and outstanding non-vested shares of Class A common stock for the period beginning May 17, 2019. Diluted earnings per share is calculated after giving effect to all potential dilutive shares outstanding during the period. There were 3,497,577 and 2,855,102 potential shares outstanding related to OP Units and long term incentive units of the Operating Partnership (each, an “LTIP Unit” and collectively, the “LTIP Units”), which are redeemable for cash, or at the Company’s option, shares of Class A common stock on a one-for-one basis, held by non-controlling interests as of June 30, 2021 and 2020, respectively. These OP Units and LTIP Units would not be dilutive and were not included in the diluted earnings per share for all periods presented.

Recently Adopted Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-2, Leases; in July 2018, the FASB issued ASU 2018-10, Codification Improvements to Topic 842, Leases, and ASU 2018-11, Leases — Targeted Improvements; and in December 2018, the FASB issued ASU 2018-20, Narrow-Scope Improvements for Lessors. This group of ASUs is collectively referred to as Topic 842. Topic 842 supersedes the existing standards for lease accounting (Topic 840, Leases). Topic 842 was effective for the Company on January 1, 2021 as a result of its classification as an EGC.

The Company elected to utilize the following practical expedients provided by Topic 842, including: the package of practical expedients that allows an entity not to reassess upon adoption (i) whether an expired or existing contract contains a lease, (ii) whether a lease classification related to expired or existing lease arrangements, and (iii) whether costs incurred on expired or existing leases qualify as initial direct costs, and as a lessor, the practical expedient not to separate certain non-lease components, such as common area maintenance, from the lease component if the timing and pattern of transfer are the same for the non-lease component and associated lease component, and the lease component would be classified as an operating lease if accounted for separately.

Topic 842 requires lessees to record most leases on their balance sheet through a right-of-use (“ROU”) model, in which a lessee records a ROU asset and a lease liability on their balance sheet. Leases that are less than 12 months do not need to be accounted for under the ROU model. Lessees will account for leases as financing or operating leases, with the classification affecting the timing and pattern of expense recognition in the income statement. Lease expense will be recognized based on the effective interest method for leases accounted for as finance leases and on a straight-line basis over the term of the lease for leases accounted for as operating leases.

The accounting by a lessor under Topic 842 is largely unchanged from that of Topic 840. Under Topic 842, lessors will continue to account for leases as a sales-type, direct-financing, or operating. A lease will be treated as a sale if it is considered to transfer control of the underlying asset to the lessee. A lease will be classified as direct-financing if risks and rewards are conveyed without the transfer of control. Otherwise, the lease is treated as an operating lease. Topic 842 requires accounting for a transaction as a financing in a sale leaseback in certain circumstances, including when the seller-lessee is provided an option to purchase the property from the landlord at the tenant’s option. The Company expects that this provision could change the accounting for these types of leases in the future. Topic 842 also requires the Company to assess the probability of collecting substantially all of its rental revenue and make direct adjustments to rental revenue for operating lease receivables that are not believed to be collectible. Topic 842 also includes the concept of separating lease and non-lease components. Under Topic 842, non-lease components, such as common area maintenance, would be accounted for under Topic 606 and separated from the lease payments. However, the Company elected the lessor practical expedient allowing the Company to not separate these components when certain conditions are met. With this election, the Company combined tenant reimbursements with rental income on its Consolidated Statements of Operations for the period beginning with the three months ended March 31, 2021. Upon adoption of the standard, the Company’s comparative statement of operations have been reclassified to conform to the new single component presentation of rental revenues and tenant reimbursements, classified within rental income in the Company’s consolidated statements of operations.

During the six months ended June 30, 2021, the Company recorded a right of use asset and a related operating lease liability, each totaling approximately \$1.2 million, related to one office lease and three ground leases. The right of use lease

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asset is included in “Prepaid expenses and other assets, net” and the operating lease liability is included in “Accounts payable, accrued expenses and other” on the Consolidated Balance Sheets.

Future Application of Accounting Standards

In September 2016, the FASB issued ASU No. 2016-13, *Financial Instruments-Credit Losses* (Topic 326): Measurement of Credit Losses on Financial Instruments and in November 2018 issued ASU No. 2018-19, *Codification Improvements to Topic 326, Financial Instruments - Credit Losses*. The guidance changes how entities will measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. The guidance replaces the current ‘incurred loss’ model with an ‘expected loss’ approach. The Company will also be required to disclose information about how it developed the allowances, including changes in the factors that influenced the Company’s estimate of expected credit losses and the reasons for those changes. ASU No. 2018-19 excludes operating lease receivables from the scope of this guidance. This guidance will be effective for the Company on January 1, 2023, as a result of its classification as an EGC. The Company is currently in the process of evaluating the impact the adoption of the guidance will have on its consolidated financial statements.

Note 3. Real Estate Acquisitions

The following tables summarizes the Company’s acquisitions for the six months ended June 30, 2021. The purchase prices including transaction costs were allocated to the separately identifiable tangible and intangible assets and liabilities based on their relative fair values at the date of acquisition. The total purchase price including transaction costs was allocated as follows (in thousands):

Six Months Ended	Number of Properties	Land	Building and Improvements	Tenant Improvements	In-place lease intangibles	Above-market leases	Below-market leases	Other ⁽¹⁾	Total ⁽²⁾
2021									
March 31, 2021 ⁽³⁾	54	\$ 3,493	\$ 19,793	\$ 428	\$ 2,201	\$ 51	\$ (474)	\$ 723	\$ 26,215
June 30, 2021 ⁽⁴⁾	71	\$ 5,364	\$ 23,550	\$ 268	\$ 2,207	\$ 28	\$ (156)	\$ (5)	\$ 31,256
Total	125	\$ 8,857	\$ 43,343	\$ 696	\$ 4,408	\$ 79	\$ (630)	\$ 718	\$ 57,471

Explanatory Notes:

- (1) Represents an insurance receivable related to a property in a small portfolio that was destroyed by arson prior to acquisition by the Company during the three months ended March 31, 2021. The Company is in the process of rebuilding such property which remains under lease to the USPS using the insurance proceeds assigned by the seller to the Company. The insurance proceeds were received in April 2021. Also includes an intangible liability related to an unfavorable operating lease on a property during the three months ended June 30, 2021 that is included in “Accounts payable, accrued expenses and other” on the Company’s Consolidated Balance Sheets.
- (2) Includes acquisition costs of \$0.5 million for the three months ended March 31, 2021 and \$0.9 million for the three months ended June 30, 2021.
- (3) Includes the acquisition of 54 postal properties in various states in individual or portfolio transactions for approximately \$26.2 million, including closing costs, which was funded with borrowings under the 2019 Credit Facility.
- (4) Includes the acquisition of 71 postal properties in various states in individual or portfolio transactions for a price of approximately \$31.3 million, including closing costs, which was funded with both the issuance of OP Units to the sellers as non-cash consideration (valued at approximately \$9.0 million using the share price of Class A common stock on the date of each issuance of such OP Units) and borrowings under the 2019 Credit Facility.

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Note 4. Intangible Assets and Liabilities

The following table summarizes the Company's intangible assets and liabilities as a result of the application of acquisition accounting:

As of	Gross Asset (Liability)	Accumulated (Amortization) /Accretion	Net Carrying Amount
	(in thousands)		
June 30, 2021:			
In-place lease intangibles	\$ 28,601	\$ (14,023)	\$ 14,578
Above-market leases	164	(48)	116
Below-market leases	(12,702)	4,123	(8,579)
December 31, 2020:			
In-place lease intangibles	\$ 24,165	\$ (11,143)	\$ 13,022
Above-market leases	85	(35)	50
Below-market leases	(12,076)	3,350	(8,726)

Amortization of in-place lease intangibles was \$1.5 million and \$2.9 million for the three and six months ended June 30, 2021, respectively, and \$1.1 million and \$2.2 million for the three and six months ended June 30, 2020, respectively. This amortization is included in "Depreciation and amortization" in the Consolidated Statements of Operations.

Amortization of acquired above market leases was \$0.01 million for each of the three and six months ended June 30, 2021 and \$3,576 and \$6,682 for the three and six months ended June 30, 2020, respectively, and is included in "Rental income" in the Consolidated Statements of Operations. Amortization of acquired below market leases was \$0.4 million and \$0.8 million for the three and six months ended June 30, 2021, respectively, and \$0.3 million and \$0.6 million for the three and six months ended June 30, 2020, respectively, and is included in "Rental income" in the Consolidated Statements of Operations.

Future amortization/accretion of these intangibles is below (in thousands):

Year Ending December 31,	In-place lease intangibles	Above-market leases	Below-market leases
2021-Remaining	\$ 3,110	\$ 16	\$ (822)
2022	4,288	30	(1,372)
2023	2,976	28	(1,186)
2024	2,091	25	(1,004)
2025	1,230	17	(830)
Thereafter	883	—	(3,365)
Total	\$ 14,578	\$ 116	\$ (8,579)

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Note 5. Debt

The following table summarizes the Company's indebtedness as of June 30, 2021 and December 31, 2020 (dollars in thousands):

	Outstanding Balance as of June 30, 2021	Outstanding Balance as of December 31, 2020	Interest Rate at June 30, 2021	Maturity Date
2019 Credit Facility ⁽¹⁾	\$ 82,500	\$ 78,000	LIBOR+170 bps ⁽²⁾	September 2023
Vision Bank ⁽³⁾	1,425	1,459	4.00 %	September 2036
First Oklahoma Bank ⁽⁴⁾	357	364	4.50 %	December 2037
Vision Bank – 2018 ⁽⁵⁾	852	869	5.00 %	January 2038
Seller Financing ⁽⁶⁾	366	445	6.00 %	January 2025
First Oklahoma Bank – April 2020 ⁽⁷⁾	—	4,522	4.25 %	April 2040
First Oklahoma Bank – June 2020 ⁽⁸⁾	—	9,152	4.25 %	June 2040
AIG – December 2020 ⁽⁹⁾	30,225	30,225	2.80 %	January 2031
Total Principal	115,725	125,036		
Unamortized deferred financing costs	(194)	(407)		
Total Debt	\$ 115,531	\$ 124,629		

Explanatory Notes:

(1) On September 27, 2019, the Company entered into the 2019 Credit Agreement, which provided for revolving commitments in an aggregate principal amount of \$100.0 million with an accordion feature (the "Accordion Feature") that permits the Company to borrow up to an additional \$100.0 million for an aggregate total of \$200.0 million, subject to customary terms and conditions, and a maturity date of September 27, 2023. On January 30, 2020, the Company amended the 2019 Credit Agreement in order to exercise a portion of the Accordion Feature to increase the maximum amount available under the 2019 Credit Facility to \$150.0 million, subject to the borrowing base properties identified therein remaining unencumbered and subject to an enforceable lease. On June 25, 2020, the Company further amended the 2019 Credit Agreement to revise, among other items, certain definitions and borrowing base calculations to increase available capacity, as well as the restrictive covenant pertaining to consolidated tangible net worth. On November 24, 2020, the Company further amended the 2019 Credit Agreement to revise, among other items, certain definitions and borrowing base calculations to allow leases other than the USPS as a real property subject to certain limitations.

On August 9, 2021, the Company entered into a \$150.0 million senior unsecured revolving credit facility and a \$50.0 million senior unsecured term loan facility (together, the "2021 Credit Facilities"). In connection with entering into the 2021 Credit Facilities, the Company terminated the 2019 Credit Facility and paid off the outstanding loans thereunder. See Note 12 – "Subsequent Events" for a description of the material terms of the 2021 Credit Facilities.

The interest rates applicable to loans under the 2019 Credit Facility were, at the Company's option, equal to either a base rate plus a margin ranging from 0.7% to 1.4% per annum or LIBOR plus a margin ranging from 1.7% to 2.4% per annum, each based on a consolidated leverage ratio. In addition, the Company paid, for the period through and including the three months ended March 31, 2020, an unused facility fee on the revolving commitments under the 2019 Credit Facility of 0.75% per annum for the first \$100.0 million and 0.25% per annum for the portion of revolving commitments exceeding \$100.0 million, and, for the periods thereafter, an unused facility fee of 0.25% per annum for the aggregate unused revolving commitments, with both periods utilizing calculations of daily unused commitments under the 2019 Credit Facility.

During the three and six months ended June 30, 2021, the Company incurred \$0.05 million and \$0.1 million, respectively, of unused facility fees related to the 2019 Credit Facility. During the three and six months ended June 30, 2020, the Company incurred \$0.1 million and \$0.2 million, respectively, of unused facility fees related to the 2019 Credit Facility. As of June 30, 2021, the Company was in compliance with all of the 2019 Credit Facility's debt covenants.

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- (2) *As of June 30, 2021, the one-month LIBOR rate was 0.10%.*
- (3) *Five properties are collateralized under this loan with Mr. Spodek as the guarantor. On September 8, 2021 and every five years thereafter, the interest rate will reset at a variable annual rate of Wall Street Journal Prime Rate ("Prime") + 0.5%.*
- (4) *The loan is collateralized by first mortgage liens on four properties and a personal guarantee of payment by Mr. Spodek. Interest rate resets on December 31, 2022 to Prime + 0.25%.*
- (5) *The loan is collateralized by first mortgage liens on one property and a personal guarantee of payment by Mr. Spodek. Interest rate resets on January 31, 2023 to Prime + 0.5%.*
- (6) *In connection with the acquisition of a property, the Company obtained seller financing secured by the property in the amount of \$0.4 million requiring five annual payments of principal and interest of \$105,661 with the first installment due on January 2, 2021 based on a 6.0% interest rate per annum through January 2, 2025.*
- (7) *In connection with the purchase of a 13-property portfolio, the Company obtained \$4.5 million of mortgage financing, at a fixed interest rate of 4.25% with interest only for the first 18 months, which resets in November 2026 to the greater of Prime or 4.25%. On February 3, 2021, the Company fully repaid this mortgage financing and wrote off \$0.06 million of deferred financing to costs to loss on early extinguishment of debt for the three and six months ended June 30, 2021. See the Consolidated Statements of Operations.*
- (8) *The loan is collateralized by first mortgage liens on 22 properties. Interest rates resets in January 2027 to the greater of Prime or 4.25%. On February 3, 2021, the Company fully repaid this mortgage financing and wrote off \$0.15 million of deferred financing to costs to loss on early extinguishment of debt for the three and six months ended June 30, 2021. See the Consolidated Statements of Operations.*
- (9) *The loan is secured by a cross-collateralized and cross-defaulted first mortgage lien on an industrial property located in Warrendale, PA (the "Industrial Facility"). The loan has a fixed interest rate of 2.80% with interest-only payments for the first five years and fixed payments of principal and interest thereafter based on a 30-year amortization schedule.*

The weighted average maturity date for the Company's secured borrowing as of June 30, 2021 and December 31, 2020 was 4.5 years and 6.6 years, respectively.

The scheduled principal repayments of indebtedness as of June 30, 2021 are as follows (in thousands):

Year Ending December 31,	Amount
2021 - Remaining	\$ 59
2022	205
2023	82,718
2024	229
2025	241
Thereafter	32,273
Total	\$ 115,725

Note 6. Leases

Lessor Accounting

As of June 30, 2021, all of the Company's properties are 100% leased to the USPS with the exception of the multi-tenant Industrial Facility. Certain leases have expired and the balance expire at various dates through November 30, 2029. Certain leases contain renewal and termination options exercisable at the lessee's election. Therefore, such options are only recognized once they are deemed reasonably certain, typically at the time the option is exercised. All of the Company's leases

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are operating leases with the exception of one that is a direct financing lease. The Company's operating leases and direct financing lease are described below.

Rental income related to the Company's leases is recognized on a straight-line basis over the remaining lease term. The Company's total revenue includes fixed base rental payments provided under the lease and variable payments which principally consist of tenant expense reimbursements for certain property operating expenses, including real estate taxes. The Company elected the practical expedient to account for its lease and non-lease components as a single combined operating lease component under the new leasing standard. As a result, rental income and tenant reimbursements were aggregated into a single line within rental revenues in the consolidated statement of operations.

The following table represents rental revenue that the Company recognized related to its operating leases (in thousands):

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2021	2020	2021	2020
Fixed payments	\$ 7,823	\$ 4,640	\$ 15,168	\$ 8,941
Variable payments	1,154	653	2,296	1,254
	<u>\$ 8,977</u>	<u>\$ 5,293</u>	<u>\$ 17,464</u>	<u>\$ 10,195</u>

Future minimum lease payments to be received as of June 30, 2021 under non-cancellable operating leases for the next five years and thereafter are as follows:

Year Ending December 31,	Amount ⁽¹⁾ (in thousands)
2021 - Remaining ⁽²⁾⁽³⁾	\$ 15,210
2022	29,129
2023	26,675
2024	23,535
2025	17,547
Thereafter	18,600
Total	<u>\$ 130,696</u>

Explanatory Notes:

- (1) The above minimum lease payments to be received do not include reimbursements from tenants for real estate taxes and other reimbursed expenses.
- (2) As of June 30, 2021, the leases at 18 of the Company's properties were expired, and the USPS was occupying such properties as a holdover tenant. Holdover rent is typically paid as the greater of estimated market rent or the rent amount due under the expired lease.
- (3) The Company has received notice on one property which the USPS intends to vacate at the end of August 2021.

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Direct Financing Lease

As of June 30, 2021 and December 31, 2020, the Company has one direct financing lease agreement related to one of its postal properties. The components of the Company's net investment in financing lease as of June 30, 2021 and December 31, 2020 are summarized in the table below (in thousands):

	As of June 30, 2021	As of December 31, 2020
Total minimum lease payment receivable	\$ 987	\$ 1,010
Less: unearned income	(475)	(495)
Investment in financing lease, net	<u>\$ 512</u>	<u>\$ 515</u>

Future lease payments to be received under the Company's direct financing lease as of June 30, 2021 for the next five years and thereafter are as follows:

Year Ending December 31,	Amount
	(in thousands)
2021 – Remaining	\$ 22
2022	46
2023	46
2024	46
2025	46
Thereafter	781
Total	<u>\$ 987</u>

Lessee Accounting

As a lessee, the Company has ground and office leases which were classified as operating leases. On January 1, 2021 the Company adopted ASC 842 and recognized right-of-use assets of \$1.2 million and lease liabilities of \$1.2 million. The difference between the recorded right-of-use assets and lease liabilities is mainly due to the reclassification of the below market ground lease intangible asset which was included within the right-of-use assets recognized upon transition.

As of June 30, 2021, these leases had remaining terms, including renewal options, of 3 to 36 years and a weighted average remaining lease term of 20.3 years. Operating right-of-use assets and lease liabilities are included in "Prepaid expenses and other assets, net" and "Accounts payable, accrued expense and other" in the Consolidated Balance Sheets as follows (in thousands):

	As of June 30, 2021
Right-of-use asset – operating leases	\$ 1,124
Lease liability – operating leases	\$ 1,155

Operating lease liabilities are measured at the commencement date based on the present value of future lease payments. As most of the Company's leases do not provide an implicit rate, the Company uses its incremental borrowing rate based on the information available at the commencement date in determining the present value of future payments. The Company used a weighted average discount rate of 4.25% based on the yield of its current borrowings in determining its lease liabilities.

Lease expense for minimum lease payments is recognized on a straight-line basis over the lease term. The lease terms may include options to extend or terminate the lease if it is reasonably certain that the Company will exercise that option.

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Operating lease expense for each of the three and six months ended June 30, 2021 and 2020 was \$0.06 million and \$0.1 million, respectively.

Future minimum lease payments to be paid by the Company as a lessee for operating leases as of June 30, 2021 for the next five years and thereafter are as follows (in thousands):

2021 — Remaining	\$	112
2022		227
2023		233
2024		109
2025		35
Thereafter		1,171
Total future minimum lease payments		1,887
Interest discount		(732)
Total	\$	1,155

Future minimum ground lease payments under ASC 840 as of December 31, 2020 were as follows (in thousands):

Year Ending December 31,	Amount
2021	\$ 24
2022	24
2023	24
2024	24
2025	26
Thereafter	1,155
Total	\$ 1,277

Future minimum office lease payments under ASC 840 as of December 31, 2020 were as follows (in thousands):

Year Ending December 31,	Amount
2021	\$ 189
2022	195
2023	200
2024	76
Total	\$ 660

Impact of COVID-19

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) pandemic which has been ongoing. The resulting restrictions on travel and quarantines imposed have had a negative impact on the U.S. economy and business activity globally, the full impact of which is not yet known and may result in an adverse impact to the Company's tenant and operating results. For the six months ended June 30, 2021, the Company received 100% of its rents and the Company believes there was no material impact caused by COVID-19 on the Company.

Note 7. Income Taxes

TRS

In connection with the IPO, the Company and PRM jointly elected to treat PRM as a TRS. PRM performs management services, including for properties the Company does not own. PRM generates income, resulting in federal and state corporate income tax liability for PRM. For the three and six months ended June 30, 2021, income tax expense related to

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PRM was \$0.03 million and \$0.04 million, respectively. For the three and six months ended June 30, 2020, income tax expense related to PRM was \$0.02 million and \$0.03 million, respectively.

Other

In connection with the IPO, the indirect sole shareholder of UPH agreed to reimburse the Company for unrecognized tax benefits primarily related to the utilization of certain loss carryforwards at UPH. The Company recorded an indemnification asset in the same amount as the unrecognized tax benefits. The indirect sole shareholder of UPH will be responsible for all tax related matters related to UPH.

As of June 30, 2021 and December 31, 2020, the Company had unrecognized tax benefits of \$0.5 million and \$0.4 million, respectively, which is inclusive of interest and penalties and a corresponding indemnification asset which is recorded in prepaid expenses and other assets on the Consolidated Balance Sheets.

On March 27, 2020, the President signed into law the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”). The CARES Act was enacted to provide economic relief to companies and individuals in response to the COVID-19 pandemic. Included in the CARES Act are tax provisions which increase allowable interest expense deductions for 2019 and 2020 and increase the ability for taxpayers to use net operating losses. While the Company does not expect these provisions to have a material impact on the Company’s taxable income or tax liabilities, the Company will continue to analyze the provisions of the CARES Act and related guidance as it is published.

Note 8. Related Party Transactions

Management Fee Income

PRM recognized management fee income of \$0.4 million and \$0.7 million for the three and six months ended June 30, 2021, respectively, and \$0.2 million and \$0.5 million for the three and six months ended June 30, 2020, respectively, from various properties which were affiliated with the Company’s CEO. These amounts are included in “Fee and other income” in the Consolidated Statements of Operations. Accrued management fees receivable was \$0.4 million and \$0.3 million as of June 30, 2021 and December 31, 2020, respectively, are included in “Rents and other receivables” in the Consolidated Balance Sheets.

Related Party Lease

On October 1, 2018, the Predecessor entered into a lease for office space in Cedarhurst, New York with an entity affiliated with the Predecessor (the “Office Lease”). Pursuant to the Office Lease, the monthly rent was \$15,000 subject to escalations. The term of the Office Lease was five years commencing on October 1, 2018 (with rent commencing on January 1, 2019) and was set to expire on September 30, 2023. In connection with the IPO, the Office Lease was terminated. On May 17, 2019, the Company entered into a new lease for office space in Cedarhurst, New York with an entity affiliated with the Company’s CEO (the “New Lease”). Pursuant to the New Lease, the monthly rent is \$15,000 subject to escalations. The term of the New Lease is five years commencing on May 17, 2019 and will expire on May 16, 2024. Rental expenses associated with the office lease for the three and six months ended June 30, 2021 was \$0.05 million and \$0.1 million, respectively, and for the three and six months ended June 30, 2020 was \$0.05 million and \$0.1 million, respectively, and was recorded in “General and administrative expenses” in the Consolidated Statements of Operations. The Company determined this lease was an operating lease. For further detail see Note 6 – Leases.

Transfer of Real Property

On May 28, 2020, the Company completed the separation of deed and transfer of the real property attributable to a de minimis non-postal tenant that shares space in a building leased to the USPS. At the time of the IPO a property located in Milwaukee, WI, a portion of which is leased to the USPS, was contributed to the Company. It was intended that the non-postal portion of the property would revert back to an entity affiliated with Mr. Spodek once a separation of the deed was completed. The portion of the property leased to the USPS remains owned by a wholly owned subsidiary of the Operating Partnership. The independent members of the Company’s Board of Directors ratified the no consideration transfer.

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Guarantees

Mr. Spodek, the Company's CEO, has personally guaranteed the Company's loans with First Oklahoma Bank that were obtained prior to 2020 and Vision Bank, totaling \$2.6 million and \$2.7 million as of June 30, 2021 and December 31, 2020, respectively. As a guarantor, Mr. Spodek's interests with respect to the debt he is guaranteeing (and the terms of any repayment or default) may not align with the Company's interests and could result in a conflict of interest.

Note 9. Earnings Per Share

Earnings per share ("EPS") is calculated by dividing net income (loss) attributable to common stockholders by the weighted average number of shares outstanding for the period.

The following table presents a reconciliation of income (loss) from operations used in the basic and diluted EPS calculations (dollars in thousands, except share and per share data).

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2021	2020	2021	2020
Numerator for earnings per share – basic and diluted:				
Net income (loss) attributable to common stockholders	\$ 671	\$ (151)	\$ 772	\$ (829)
Less: Income attributable to participating securities	(179)	(89)	(324)	(161)
Numerator for earnings per share — basic and diluted	\$ 492	\$ (240)	\$ 448	\$ (990)
Denominator for earnings per share – basic and diluted ⁽¹⁾				
	13,081,018	5,205,153	12,766,791	5,189,900
Basic and diluted earnings per share	\$ 0.04	\$ (0.05)	\$ 0.04	\$ (0.19)

Explanatory Notes:

(1) OP Units and LTIP Units would not be dilutive and were not included in the computation of diluted earnings per share for all periods presented.

Note 10. Stockholder's Equity

On January 11, 2021, the Company priced a public offering of 3.25 million shares of its Class A common stock (the "January Follow-on Offering") at \$15.25 per share. On January 11, 2021, the underwriters purchased the full allotment of 487,500 shares pursuant to a 30-day option at \$15.25 per share (the "January Additional Shares"). The January Follow-on Offering, including the January Additional Shares, closed on January 14, 2021 resulting in \$57.0 million in gross proceeds, and approximately \$53.9 million in net proceeds after deducting approximately \$3.1 million in underwriting discounts and before giving effect to \$0.6 million in other expenses relating to the January Follow-on Offering.

ATM Program

On December 14, 2020, the Company entered into separate open market sale agreements for its at-the-market offering program (the "ATM Program") with each of Jefferies LLC, Stifel, Nicolaus & Company, Incorporated, BMO Capital Markets Corp., Janney Montgomery Scott LLC and D.A. Davidson & Co. ("D.A. Davidson"), pursuant to which the Company may offer and sell, from time to time, shares of the Company's Class A common stock having an aggregate sales price of up to \$50.0 million. On May 14, 2021, the Company delivered to D.A. Davidson a notice of termination of the open market sale agreement with D.A. Davidson, which termination became effective May 14, 2021.

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The following table summarizes the activity under the ATM Program for the period presented (dollars in thousands, except per share amounts). There was no activity under the ATM Program for the three months ended March 31, 2021. As of June 30, 2021, the Company had approximately \$43.6 million remaining that may be issued under the ATM Program.

	Three Months Ended June 30, 2021
Shares issued	319,702
Gross proceeds	\$ 6,400
Fees and issuance costs	347
Net proceeds	\$ 6,053
Average gross sales price per share	\$ 20.02

Dividends

During the three and six months ended June 30, 2021, the Board of Directors approved and the Company declared and paid dividends of \$3.6 million and \$7.2 million, respectively, to Class A common stockholders, Voting Equivalency stockholders, OP unitholders and LTIP unitholders, or \$0.22 per share and \$0.4375 per share, respectively, as shown in the table below.

Declaration Date	Record Date	Date Paid	Amount Per Share
January 29, 2021	February 12, 2021	February 26, 2021	\$ 0.2175
April 30, 2021	May 14, 2021	May 28, 2021	\$ 0.2200

Non-controlling Interests

Non-controlling interests in the Company represent OP Units held by the Predecessor's prior investors and certain sellers of properties to the Company and LTIP Units primarily issued to the Company's CEO and the Board of Directors in connection with the IPO and/or in lieu of their cash compensation. During the six months ended June 30, 2021, the Company issued 137,259 LTIP Units in February 2021 to the Company's CEO for his 2020 incentive bonus, his election to defer 100% of his 2021 annual salary and for long term incentive compensation and issued 28,997 LTIP Units in June 2021 to the Board of Directors for their annual retainers as compensation for their services as directors.

As of June 30, 2021 and December 31, 2020, non-controlling interests consisted of 3,122,312 OP Units and 375,265 LTIP Units and 2,640,795 OP Units and 209,009 LTIP Units, respectively. This represented approximately 20.3% and 23.1% of the outstanding Operating Partnership units as of June 30, 2021 and December 31, 2020, respectively. Operating Partnership units and shares of common stock generally have the same economic characteristics, as they share equally in the total net income or loss distributions of the Operating Partnership. Beginning on or after the date which is 12 months after the later of (i) the completion of the IPO or (ii) the date on which a person first became a holder of common units, each limited partner and assignees of limited partners will have the right, subject to the terms and conditions set forth in the partnership agreement to require the Operating Partnership to redeem all or a portion of the OP Units held by such limited partner or assignee in exchange for cash, or at the Company's sole discretion, in shares of the Class A common stock, on a one-for-one basis determined in accordance with and subject to adjustment under the partnership agreement.

The Operating Partnership unitholders are entitled to share in cash distributions from the Operating Partnership in proportion to their percentage ownership of OP Units.

Restricted Stock and Other Awards

Pursuant to the Company's 2019 Equity Incentive Plan (the "Plan"), the Company may grant equity incentive awards to its directors, officers, employees and consultants. The maximum number of shares of Class A common stock that were authorized for issuance under the Plan were 541,584. On April 27, 2020, the Board of Directors amended the Plan to increase the total number of shares of Class A common stock that may be issued under the Plan from 541,584 shares to 1,291,584 shares. The stockholders approved such amendment on June 26, 2020. On April 27, 2021, the Board of Directors further amended the Plan to provide for an automatic increase annually in the number of shares of Class A common stock available for

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issuance under the Plan (the “Plan Pool”), allowing the Plan Pool to equal to 10% of the Company’s fully diluted shares (including securities convertible into shares of the Class A common stock) outstanding on the last day of the immediately preceding fiscal year. The stockholders approved such amendment on June 18, 2021. As of June 30, 2021, the remaining shares available under the Plan for future issuance was 506,346. The Plan provides for grants of stock options, stock awards, stock appreciation rights, performance units, incentive awards, other equity-based awards (including LTIP Units) and dividend equivalents in connection with the grant of performance units and other equity-based awards.

The following table presents a summary of restricted stock, LTIP Units and RSUs. The balance as of June 30, 2021 represents unvested shares of restricted stock and LTIP Units and RSUs that are outstanding, whether vested or not:

	Restricted Shares ⁽¹⁾⁽²⁾	LTIP Units ⁽³⁾	Restricted Stock Units ("RSUs") ⁽⁴⁾	Total Shares	Weighted Average Grant Date Fair Value
Outstanding, as of January 1, 2021	218,613	209,008	62,096	489,717	\$ 15.33
Granted	156,754	166,256	76,828	399,838	\$ 15.19
Vesting of restricted shares ⁽⁵⁾	(68,589)	—	—	(68,589)	\$ 16.59
Forfeited	(700)	—	—	(700)	\$ 16.60
Outstanding, as of June 30, 2021	306,078	375,264	138,924	820,266	\$ 15.70

Explanatory Notes:

- (1) Represents restricted shares awards included in Class A common stock.
- (2) The time-based restricted share awards granted to the Company’s officers and employees typically vest in three annual installments or cliff vest at the end of eight years. The time-based restricted share awards granted to the Company’s directors vest over three years.
- (3) Includes 346,268 LTIP Units to the Company’s CEO that vest over eight years and 28,997 LTIP Units to the Company’s independent directors that vest over three years or cliff vest at the end of three years.
- (4) During the six months ended June 30, 2021, 46,714 RSUs was granted to certain officers and employees of the Company subject to the achievement of a service condition and a market condition. Such RSUs are market-based awards and are subject to the achievement of hurdles relating to the Company’s absolute total stockholder return and continued employment with the Company over the approximately three-year period from the grant date through December 31, 2023. The number of market-based RSUs is based on the number of shares issuable upon achievement of the market-based metric at target. Also, includes 26,997 time-based RSUs issued for 2020 incentive bonuses to certain employees that vested fully on February 11, 2021, the date of grant, and 3,117 time-based RSUs granted to an employee for their election to defer a portion of their 2021 salary that will vest on December 31, 2021. RSUs reflect the right to receive shares of Class A common stock, subject to the applicable vesting criteria.
- (5) Includes 34,566 of restricted shares that vested and 12,197 shares of restricted shares that were withheld to satisfy minimum statutory withholding requirements.

During the three months ended June 30, 2021 and 2020, the Company recognized compensation expense of \$0.8 million and \$0.5 million, respectively, related to all awards. During the six months ended June 30, 2021 and 2020, the Company recognized compensation expense of \$1.9 million and \$1.2 million, respectively, related to all awards.

As of June 30, 2021, there was \$9.9 million of total unrecognized compensation cost related to unvested awards, which is expected to be recognized over a weighted average period of 4.8 years.

Employee Stock Purchase Plan

In connection with the IPO, the Company established the Postal Realty Trust, Inc. 2019 Qualified Employee Stock Purchase Plan (“ESPP”), which allows the Company’s employees to purchase shares of the Class A common stock at a

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discount. A total of 100,000 shares of Class A common stock was reserved for sale and authorized for issuance under the ESPP. The Code permits the Company to provide up to a 15% discount on the lesser of the fair market value of such shares of Class A common stock at the beginning of the offering period and the close of the offering period. As of June 30, 2021 and December 31, 2020, 11,176 and 7,189 shares have been issued under the ESPP since commencement, respectively. During each of the three months ended June 30, 2021 and 2020, the Company recognized compensation expense of \$0.01 million. During the six months ended June 30, 2021 and 2020, the Company recognized compensation expense of \$0.02 million and \$0.01 million, respectively.

Note 11. Commitments and Contingencies

As of June 30, 2021, the Company was not involved in any litigation nor to its knowledge is any litigation threatened against the Predecessor or the Company, as applicable, that, in management's opinion, would result in any material adverse effect on the Company's financial position, or which is not covered by insurance.

In the ordinary course of the Company's business, the Company enters into non-binding (except with regard to exclusivity and confidentiality) letters of intent indicating a willingness to negotiate for acquisitions. There can be no assurance that definitive contracts will be entered into with respect to any matter covered by letters of intent, that the Company will close the transactions contemplated by such contracts on time, or that the Company will consummate any transaction contemplated by any definitive contract.

Note 12. Subsequent Events

The Company has evaluated subsequent events through the date on which this Form 10-Q was filed, the date on which these financial statements were issued.

On July 26, 2021, the Company's Board of Directors approved, and the Company declared a second quarter common stock dividend of \$0.2225 per share which is payable on August 27, 2021 to stockholders of record as August 13, 2021.

On August 3, 2021, the Company amended its loan with the First Oklahoma Bank to reduce its interest rate to 3.625% fixed for five years then adjusting annually to Prime with a minimum annual rate of 3.625%.

On August 9, 2021, the Company terminated the 2019 Credit Facility and entered into the 2021 Credit Facilities, which include a \$150.0 million senior unsecured revolving credit facility (the "Revolving Facility") and a \$50.0 million senior unsecured term loan facility (the "Term Loan"). The 2021 Credit Facilities include an accordion feature which will permit the Company to borrow up to an additional \$150.0 million under the Revolving Facility and up to an additional \$50.0 million under the Term Loan, in each case subject to customary terms and conditions. The Revolving Facility matures in January 2026, which may be extended for two six-month periods subject to customary conditions, and the Term Loan matures in January 2027. Borrowings under the 2021 Credit Facilities carry an interest rate of, (i) in the case of the Revolving Facility, either a base rate plus a margin ranging from 0.5% to 1.0% per annum or LIBOR plus a margin ranging from 1.5% to 2.0% per annum, or (ii) in the case of the Term Loan, either a base rate plus a margin ranging from 0.45% to 0.95% per annum or LIBOR plus a margin ranging from 1.45% to 1.95% per annum, in each case depending on the Company's consolidated leverage ratio. With respect to the Revolving Facility, the Company will pay, if the usage is equal to or less than 50%, an unused facility fee of 0.20% per annum, or if the usage is greater than 50%, an unused facility fee of 0.15% per annum, in each case on the average daily unused commitments under the Revolving Facility. The 2021 Credit Facilities contain a number of customary financial and non-financial covenants. As of August 11, 2021, management of the Company believed that the Company was in compliance with all of the financial and non-financial covenants contained in the 2021 Credit Facilities. In addition, on August 9, 2021, the Company entered into an interest rate swap that effectively fixed the LIBOR component of the interest rate on \$50.0 million portion of the 2021 Credit Facilities through January 2027. The interest rate swap initially applied to the \$50.0 million Term Loan, fixing the interest rate for the Term Loan at 2.291% as of the date of this report.

As of the date of this report, the Company had \$92.5 million drawn on the 2021 Credit Facilities, with \$50.0 million drawn on the Term Loan and \$42.5 million drawn on the Revolving Facility.

As of August 11, 2021, the Company closed on the acquisitions of 37 postal properties for approximately \$12.1 million, excluding closing costs, during the period subsequent to June 30, 2021, some of which include OP Units as part of the consideration.

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As of August 11, 2021, the Company had entered into definitive agreements to acquire 25 postal properties for approximately \$7.4 million, some of which include OP Units as part of the consideration. The majority of these transactions are anticipated to close during the third and fourth quarters of 2021, subject to the satisfaction of customary closing conditions. However, the Company can provide no assurances that the properties will be consummated on the terms of timeframe described herein, or at all.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis is based on, and should be read in conjunction with, the unaudited Consolidated Financial Statements and the related notes thereto of Postal Realty Trust, Inc. contained in this Quarterly Report on Form 10-Q and our Annual Report on Form 10-K for the year ended December 31, 2020.

As used in this section, unless the context otherwise requires, references to "we," "our," "us," and "our company" refer to Postal Realty Trust, Inc., a Maryland corporation, together with our consolidated subsidiaries, including Postal Realty LP, a Delaware limited partnership, of which we are the sole general partner and which we refer to in this section as our Operating Partnership.

Prior to the closing of our initial public offering (our "IPO") on May 17, 2019, Andrew Spodek, our chief executive officer and a member of our Board of Directors, directly or indirectly controlled 190 properties owned by the Predecessor that were contributed as part of the Formation Transactions (as defined below). Of these 190 properties, 140 were held indirectly by our Predecessor through a series of holding companies, which we refer to collectively as "UPH." The remaining 50 properties were owned by Mr. Spodek through 12 limited liability companies and one limited partnership, which we refer to collectively as the "Spodek LLCs." References to our "Predecessor" consist of UPH, the Spodek LLCs and Nationwide Postal Management, Inc., a property management company whose management business we acquired in the Formation Transactions, collectively.

Forward-Looking Statements

We make statements in this Quarterly Report that are forward-looking statements within the meaning of the federal securities laws. In particular, statements pertaining to our capital resources, property performance and results of operations contain forward-looking statements. Likewise, all of our statements regarding anticipated growth in our funds from operations and anticipated market conditions, demographics and results of operations are forward-looking statements. You can identify forward-looking statements by the use of forward-looking terminology such as "believes," "expects," "may," "will," "should," "seeks," "approximately," "intends," "plans," "pro forma," "estimates" or "anticipates" or the negative of these words and phrases or similar words or phrases which are predictions of or indicate future events or trends and which do not relate solely to historical matters. You can also identify forward-looking statements by discussions of strategy, plans or intentions.

Forward-looking statements involve numerous risks and uncertainties and you should not rely on them as predictions of future events. Forward-looking statements depend on assumptions, data or methods which may be incorrect or imprecise and we may not be able to realize them. We do not guarantee that the transactions and events described will happen as described (or that they will happen at all). The following factors, among others, could cause actual results and future events to differ materially from those set forth or contemplated in the forward-looking statements:

- change in the status of the United States Postal Service ("USPS") as an independent agency of the executive branch of the U.S. federal government;
- change in the demand for postal services delivered by the USPS;
- the solvency and financial health of the USPS;
- defaults on, early terminations of or non-renewal of leases by the USPS;
- the competitive market in which we operate;
- changes in the availability of acquisition opportunities;
- our inability to successfully complete real estate acquisitions or dispositions on the terms and timing we expect, or at all;
- our failure to successfully operate developed and acquired properties;
- adverse economic or real estate developments, either nationally or in the markets in which our properties are located;

- decreased rental rates or increased vacancy rates;
- change in our business, financing or investment strategy or the markets in which we operate;
- fluctuations in mortgage rates and increased operating costs;
- changes in the method pursuant to which reference rates are determined and the elimination of the London Interbank Offered Rate (“LIBOR”) after June 2023;
- general economic conditions;
- financial market fluctuations;
- our failure to generate sufficient cash flows to service our outstanding indebtedness;
- our failure to obtain necessary outside financing on favorable terms or at all;
- failure to hedge effectively against interest rate changes;
- our reliance on key personnel whose continued service is not guaranteed;
- the outcome of claims and litigation involving or affecting us;
- changes in real estate, taxation, zoning laws and other legislation and government activity and changes to real property tax rates and the taxation of real estate investment trusts (“REITs”) in general;
- operations through joint ventures and reliance on or disputes with co-venturers;
- cybersecurity threats;
- environmental uncertainties and risks related to adverse weather conditions and natural disasters;
- governmental approvals, actions and initiatives, including the need for compliance with environmental requirements;
- lack or insufficient amounts of insurance;
- limitations imposed on our business in order to qualify and maintain our status as a REIT and our failure to qualify or maintain such status;
- public health threats such as the coronavirus (COVID-19) pandemic; and
- our ability to come to an agreement with the USPS regarding new leases.

While forward-looking statements reflect our good faith beliefs, they are not guarantees of future performance. We disclaim any obligation to publicly update or revise any forward-looking statement to reflect changes in underlying assumptions or factors, of new information, data or methods, future events or other changes after the date of this Quarterly Report on Form 10-Q, except as required by applicable law. You should not place undue reliance on any forward-looking statements that are based on information currently available to us or the third parties making the forward-looking statements. For a further discussion of these and other factors that could impact our future results, performance or transactions, you should carefully review and consider (i) the information contained under Item 1A titled “Risk Factors” herein and in our Annual Report on Form 10-K and (ii) such similar information as may be contained in our other reports and filings that we make with the Securities and Exchange Commission (the “SEC”).

Overview

Company

We were formed as a Maryland corporation on November 19, 2018 and commenced operations upon completion of our IPO and the related formation transactions (the “Formation Transactions”). We conduct our business through a traditional UPREIT structure in which our properties are owned by our Operating Partnership directly or through limited partnerships, limited liability companies or other subsidiaries. For the six months ended June 30, 2021, we acquired 125 postal properties leased to the USPS for approximately \$57.5 million, including closing costs. As of June 30, 2021, our portfolio consists of 852 owned postal properties, located in 49 states and comprising approximately 3.6 million net leasable interior square feet.

We are the sole general partner of our Operating Partnership through which our postal properties are directly or indirectly owned. As of June 30, 2021, we owned approximately 79.7% of our outstanding common units of limited partnership interest in our Operating Partnership (each, an “OP Unit,” and collectively, the “OP Units”), including long term incentive units of our Operating Partnership (each, a “LTIP Unit” and collectively, the “LTIP Units”). Our Board of Directors oversees our business and affairs.

ATM Program and Follow-on Offering

On December 14, 2020, we entered into separate open market sale agreements for its at-the-market offering program (the “ATM Program”) with each of Jefferies LLC, Stifel, Nicolaus & Company, Incorporated, BMO Capital Markets Corp., Janney Montgomery Scott LLC and D.A. Davidson & Co. (“D.A. Davidson”), pursuant to which we may offer and sell, from time to time, shares of our Class A common stock having an aggregate sales price of up to \$50.0 million. On May 14, 2021, we delivered to D.A. Davidson a notice of termination of the open market sale agreement with D.A. Davidson, which termination became effective May 14, 2021. 319,702 shares were issued under the ATM Program during the six months ended June 30, 2021. As of June 30, 2021, we had approximately \$43.6 million of availability remaining under the ATM Program.

On January 11, 2021, we priced a public offering of 3.25 million shares of our Class A common stock (the “January Follow-on Offering”) at \$15.25 per share. On January 11, 2021, the underwriters purchased the full allotment of 487,500 shares pursuant to a 30-day option at \$15.25 per share (the “January Additional Shares”). The January Follow-on Offering, including the January Additional Shares, closed on January 14, 2021 resulting in \$57.0 million in gross proceeds, and approximately \$53.9 million in net proceeds after deducting approximately \$3.1 million in underwriting discounts and before giving effect to \$0.6 million in other expenses relating to the January Follow-on Offering.

Executive Overview

We are an internally managed REIT with a focus on acquiring and managing properties primarily leased to the USPS, ranging from last mile post offices to larger industrial facilities. We believe the overall opportunity for consolidation that exists within the postal logistics network is very attractive. We continue to execute our strategy to acquire and consolidate postal properties that will generate strong earnings for our shareholders.

Geographic Concentration

As of June 30, 2021, we owned a portfolio of 852 postal properties located in 49 states leased primarily to the USPS. For the six months ended June 30, 2021, 18.9% of our total of rental income was concentrated in Pennsylvania. Such geographical concentration could expose us to certain downturns in the economies of those states or other changes in such states’ respective real estate market conditions. Any material changes in the current payments programs or regulatory, economic, environmental or competitive conditions in any of these areas could have an effect on our overall business results. In the event of negative economic or other changes in any of these markets, our business, financial condition and results of operations, our ability to make distributions to our shareholders and the trading price of our common shares may be adversely affected.

Emerging Growth Company

We are an “emerging growth company,” as defined in the Jumpstart Our Business Startups Act of 2012 (the “JOBS Act”), and we are eligible to take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not “emerging growth companies,” including not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002, reduced disclosure obligations regarding executive

compensation in our periodic reports and proxy statements and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved.

In addition, the JOBS Act also provides that an “emerging growth company” can take advantage of the extended transition period provided in the Securities Act of 1933, as amended (the “Securities Act”), for complying with new or revised accounting standards. In other words, an emerging growth company can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have availed ourselves of these exemptions; although, subject to certain restrictions, we may elect to stop availing ourselves of these exemptions in the future even while we remain an “emerging growth company.”

We will remain an “emerging growth company” until the earliest to occur of (i) the last day of the fiscal year during which our total annual revenue equals or exceeds \$1.07 billion (subject to periodic adjustment for inflation), (ii) the last day of the fiscal year following the fifth anniversary of our IPO, (iii) the date on which we have, during the previous three-year period, issued more than \$1.0 billion in non-convertible debt or (iv) the date on which we are deemed to be a “large accelerated filer” under the Securities Exchange Act of 1934, as amended (the “Exchange Act”).

We are also a “smaller reporting company” as defined in Regulation S-K under the Securities Act and have elected to take advantage of certain scaled disclosures available to smaller reporting companies. We may continue to be a smaller reporting company even after we are no longer an “emerging growth company.”

We elected to be treated as a REIT under the Internal Revenue Code of 1986, as amended (the “Code”), beginning with our short taxable year ending December 31, 2019. As long as we qualify as a REIT, we generally will not be subject to federal income tax to the extent that we distribute our taxable income for each tax year to our stockholders.

Factors That May Influence Future Results of Operations

The USPS

We are dependent on the USPS’s financial and operational stability. The USPS is currently facing a variety of circumstances that are threatening its ability to fund its operations and other obligations as currently conducted without intervention by the federal government. The USPS is constrained by laws and regulations that restrict revenue sources and pricing, mandate certain expenses and cap its borrowing capacity. As a result, among other consequences, the USPS is unable to fund its mandated expenses and continues to be subject to mandated payments to its retirement system and health benefits. While the USPS has undertaken, and proposes to undertake, a number of operational reforms and cost reduction measures, including those outlined in its ten-year plan entitled *Delivering for America: Our Vision and Ten-Year Plan to Achieve Financial Sustainability and Service Excellence*, the USPS has taken the position such measures alone will not be sufficient to maintain its ability to meet all of its existing obligations when due or allow it to make the critical infrastructure investments that have been deferred in recent years. The ongoing COVID-19 pandemic (including new or mutated variants of COVID-19) and measures being taken to prevent its spread also continue to have a material and unpredictable effect on the USPS’ operations and liquidity, including volatility in demand for mail services, significant changes in the mix of mail and packages processed through the USPS’ network and significant additional operating expenses caused by pandemic-related disruptions. Further, although the USPS received a \$10.0 billion loan under the Coronavirus Aid, Relief, and Economic Security (CARES) Act, as amended by Public Law 116-260, the Consolidated Appropriations Act, 2021, there can be no assurances that this financing will be sufficient to sustain USPS operations in light of current shortfalls. If the USPS becomes unable to meet its financial obligations or its revenue declines due to reduced demand for its services, the USPS may reduce its demand for leasing postal properties, which would have a material adverse effect on our business and operations. For additional information regarding the risks associated with the USPS, see the section entitled “Risk Factors - Risks Related to the USPS” under Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2020.

Revenues

We derive revenues primarily from rent and tenant reimbursements under leases with the USPS for our properties, and fee and other income under the management agreements with respect to the postal properties owned by Mr. Spodek, his family members and their partners managed by Postal Realty Management TRS, LLC (“PRM”), our taxable REIT subsidiary (“TRS”). Rental income represents the lease revenue recognized under leases with the USPS which includes the impact of above and below market lease intangibles as well as tenant reimbursements for payments made by the USPS under the leases to reimburse us for the majority of real estate taxes paid at each property. Fee and other income principally represent revenue PRM receives from postal properties owned by Mr. Spodek, his family members and their partners pursuant to the management agreements and is a percentage of the lease revenue for the managed properties. As of June 30, 2021, properties leased to our tenants had an average remaining lease term of approximately 4.0 years. Factors that could affect our rental income, tenant reimbursement and

fee and other income in the future include, but are not limited to: (i) our ability to renew or replace expiring leases and management agreements; (ii) local, regional or national economic conditions; (iii) an oversupply of, or a reduction in demand for, postal space; (iv) changes in market rental rates; (v) changes to the USPS's current property leasing program or form of lease; and (vi) our ability to provide adequate services and maintenance at our properties and managed properties.

Operating Expenses

We lease our properties primarily to the USPS. The majority of our leases are modified double-net leases, whereby the USPS is responsible for utilities, routine maintenance and the reimbursement of property taxes and the landlord is responsible for insurance and roof and structure. Thus, an increase in costs related to the landlord's responsibilities under these leases could negatively influence our operating results. Refer to "Lease Renewal" below for further discussion.

Operating expenses generally consist of real estate taxes, property operating expenses, which consist of insurance, repairs and maintenance (other than those for which the tenant is responsible), property maintenance-related payroll and depreciation and amortization. Factors that may affect our ability to control these operating costs include but are not limited to: the cost of periodic repair, renovation costs, the cost of re-leasing space and the potential for liability under applicable laws. Recoveries from the tenant are recognized as revenue on an accrual basis over the periods in which the related expenditures are incurred. Tenant reimbursements and operating expenses are recognized on a gross basis, because (i) generally, we are the primary obligor with respect to the real estate taxes and (ii) we bear the credit risk in the event the tenant does not reimburse the real estate taxes.

The expenses of owning and operating a property are not necessarily reduced when circumstances, such as market factors and competition, cause a reduction in income from the property. If revenues drop, we may not be able to reduce our expenses accordingly. Costs associated with real estate investments generally will not be materially reduced even if a property is not fully occupied or other circumstances cause our revenues to decrease. As a result, if revenues decrease in the future, static operating costs may adversely affect our future cash flow and results of operations.

General and Administrative

General and administrative expense represents personnel costs, professional fees, legal fees, insurance, consulting fees, portfolio servicing costs and other expenses related to corporate governance, filing reports with the SEC and the New York Stock Exchange, and other compliance matters. While we expect that our general and administrative expenses will continue to rise as our portfolio grows, we expect that such expenses as a percentage of our revenues will decrease over time due to efficiencies and economies of scale.

Equity-Based Compensation Expense

All equity-based compensation expense is recognized in our consolidated statements of operations as components of general and administrative expense and property operating expenses. We issue share-based awards to align our employees' interests with those of our investors.

Depreciation and Amortization

Depreciation and amortization expense relates primarily to depreciation on our properties and capital improvements to such properties and the amortization of certain lease intangibles.

Indebtedness and Interest Expense

On September 27, 2019, we entered into a credit agreement, as amended (the "2019 Credit Agreement"), which provided for a senior revolving credit facility (the "2019 Credit Facility") with revolving commitments in an aggregate principal amount of \$100.0 million and, subject to customary conditions, the option to increase the aggregate lending commitments under the agreement by up to \$100.0 million (the "Accordion Feature"). On January 30, 2020, we amended the 2019 Credit Agreement in order to exercise a portion of the Accordion Feature to increase the maximum amount available under the 2019 Credit Facility to \$150.0 million, subject to the borrowing base properties identified therein remaining unencumbered and subject to an executed lease. On June 25, 2020, we further amended the 2019 Credit Agreement to revise, among other items, certain definitions and borrowing base calculations to increase available capacity, as well as the restrictive covenant pertaining to consolidated tangible net worth. On November 24, 2020, we amended the 2019 Credit Agreement to revise, among other items, certain definitions and borrowing base calculations to allow leases to parties other than the USPS at a real property subject to certain limitations. On August 9, 2021, we entered into a \$150.0 million senior unsecured revolving credit facility

and a \$50.0 million senior unsecured term loan facility (together, the “2021 Credit Facilities”). In connection with entering into the 2021 Credit Facilities, we terminated the 2019 Credit Facility and paid off the outstanding loans thereunder.

We intend to use the 2021 Credit Facilities for working capital purposes, which may include repayment of mortgage indebtedness, property acquisitions and other general corporate purposes. We amortize on a non-cash basis the deferred financing costs associated with its debt to interest expense using the straight-line method, which approximates the effective interest rate method over the terms of the related loans. Any changes to the debt structure, including debt financing associated with property acquisitions, could materially influence the operating results depending on the terms of any such indebtedness.

Income Tax Benefit (Expense)

As a REIT, we generally will not be subject to federal income tax on our net taxable income that we distribute currently to our stockholders. Under the Code, REITs are subject to numerous organizational and operational requirements, including a requirement that they distribute each year at least 90% of their REIT taxable income, determined without regard to the deduction for dividends paid and excluding any net capital gains. If we fail to qualify for taxation as a REIT in any taxable year and do not qualify for certain statutory relief provisions, our income for that year will be taxed at regular corporate rates, and we would be disqualified from taxation as a REIT for the four taxable years following the year during which we ceased to qualify as a REIT. Even though we qualify as a REIT for federal income tax purposes, we may still be subject to state and local taxes on our income and assets and to federal income and excise taxes on our undistributed income. Additionally, any income earned by PRM and any other TRS we form in the future, will be subject to federal, state and local corporate income tax.

Lease Renewal

As of August 10, 2021, the leases at 28 of our properties were expired and the USPS was occupying such properties as a holdover tenant, representing approximately 59,000 net leasable interior square feet and \$0.6 million in annual contractual rental revenue. As of the date of this report, the USPS had not vacated or notified us of its intention to vacate any of these properties. When a lease expires, the USPS becomes a holdover tenant on a month-to-month basis typically paying the greater of estimated market rent or the rent amount under the expired lease.

As of the date of this report, we agreed in letters of intent to preliminary terms on rental rates for 59 properties that had expired or were scheduled to expire in 2021. However, we had not entered into any definitive documentation with respect to the rental rates or leases for the 28 properties at which the USPS is a holdover tenant, and there can be no guarantee that any new leases that we enter into with the USPS will reflect our expectations with respect to terms or timing.

We might not be successful in renewing the leases that are in holdover status or that are expiring in 2021, or obtaining positive rent renewal spreads, or even renewing the leases on terms comparable to those of the expiring leases. If we are not successful, we will likely experience reduced occupancy, traffic, rental revenue and net operating income, which could have a material adverse effect on our financial condition, results of operations and ability to make distributions to shareholders.

Results of Operations

Comparison of the three months ended June 30, 2021 and June 30, 2020

	For the Three Months Ended June 30,			
	2021	2020	\$ Change	% Change
Revenues				
Rental income	\$ 8,977	\$ 5,293	\$ 3,684	69.6 %
Fee and other income	551	312	239	76.6 %
Total revenues	9,528	5,605	3,923	70.0 %
Operating expenses				
Real estate taxes	1,163	697	466	66.9 %
Property operating expenses	815	394	421	106.9 %
General and administrative	2,716	1,917	799	41.7 %
Depreciation and amortization	3,219	2,162	1,057	48.9 %
Total operating expenses	7,913	5,170	2,743	53.1 %
Income from operations	1,615	435	1,180	271.3 %
Interest expense, net				
Contractual interest expense	(621)	(546)	(75)	13.7 %
Write-off and amortization of deferred financing fees	(145)	(115)	(30)	26.1 %
Interest income	1	1	0	0.0 %
Total interest expense, net	(765)	(660)	(105)	15.9 %
Income (loss) before income tax expense	850	(225)	1,075	(477.8)%
Income tax expense	(27)	(5)	(22)	440.0 %
Net income (loss)	\$ 823	\$ (230)	\$ 1,053	(457.8)%

Revenues

Total revenues increased by \$3.9 million for the three months ended June 30, 2021 compared to the three months ended June 30, 2020. The increase in revenue is attributable to the full impact of the 261 properties that we acquired in 2020 and the 125 properties that we acquired during the six months ended June 30, 2021.

Rental income – Rental income includes net rental income as well as the recovery of certain operating costs and property taxes from tenants. Rental income increased \$3.7 million quarter over quarter primarily due to full impact of the 261 properties that we acquired in 2020 and the 125 properties that we acquired during the six months ended June 30, 2021.

Fee and other income. Other revenue increased by \$0.2 million to \$0.6 million for the three months ended June 30, 2021 compared to the three months ended June 30, 2020 primarily due to higher management fee and miscellaneous income.

Operating Expense

Real estate taxes – Real estate taxes increased by \$0.5 million for the three months ended June 30, 2021 compared to the three months ended June 30, 2020 as a result of the full impact of the 261 properties that we acquired in 2020 and the 125 properties that we acquired during the six months ended June 30, 2021.

Property operating expenses – Property operating expenses increased by \$0.4 million to \$0.8 million for June 30, 2021 from \$0.4 million for the three months ended June 30, 2020. Property management expenses are included within property

operating expenses and increased by \$0.1 million to \$0.3 million for the three months ended June 30, 2021 from \$0.2 million for the three months ended June 30, 2020. The remainder of the increase of \$0.3 million is related to expenses for repairs and maintenance and insurance in connection with the full impact of the 261 properties that we acquired in 2020 and the 125 properties that we acquired during the six months ended June 30, 2021.

General and administrative – General and administrative expenses increased by \$0.8 million to \$2.7 million for the three months ended June 30, 2021 from \$1.9 million for the three months ended June 30, 2020, primarily due to higher equity-based compensation expense related to awards that have been granted throughout 2020 and 2021.

Depreciation and amortization – Depreciation and amortization expense increased by \$1.1 million to \$3.2 million for the three months ended June 30, 2021 from \$2.2 million for three months ended June 30, 2020, and is primarily related to the full impact of the 261 properties that we acquired in 2020 and the 125 properties that we acquired during the six months ended June 30, 2021.

Total Interest Expense, Net

During the three months ended June 30, 2021, we incurred total interest expense, net of \$0.8 million compared to \$0.7 million for the three months ended June 30, 2020. The increase in interest expense is primarily related to higher amount of borrowings under the 2019 Credit Facility.

Income Tax Expense

During the three months ended June 30, 2021, income tax expense increased by \$0.02 million to \$0.03 million from \$0.01 million for the three months ended June 30, 2020 and was primarily attributable to an increase in income tax expense related to PRM for the three months ended June 30, 2021.

Comparison of the six months ended June 30, 2021 and June 30, 2020

	For the Six Months Ended June 30,			
	2021	2020	\$ Change	% Change
Revenues				
Rental income	\$ 17,464	\$ 10,195	\$ 7,269	71.3
Fee and other income	929	607	322	53.0
Total revenues	18,393	10,802	7,591	70.3
Operating expenses				
Real estate taxes	2,252	1,339	913	68.2
Property operating expenses	1,725	801	924	115.4
General and administrative	5,285	4,218	1,067	25.3
Depreciation and amortization	6,388	4,197	2,191	52.2
Total operating expenses	15,650	10,555	5,095	48.3
Income from operations	2,743	247	2,496	1,010.5
Interest expense, net				
Contractual interest expense	(1,266)	(1,273)	7	(0.5)
Write-off and amortization of deferred financing fees	(290)	(220)	(70)	31.8
Loss on early extinguishment of debt	(202)	—	(202)	100.0
Interest income	1	1	0	0.0
Total interest expense, net	(1,757)	(1,492)	(265)	17.8
Income (loss) before income tax expense	986	(1,245)	2,231	(179.2)
Income tax expense	(38)	(15)	(23)	153.3
Net income (loss)	\$ 948	\$ (1,260)	\$ 2,208	(175.2)

Revenues

Total revenues increased by \$7.6 million for the six months ended June 30, 2021 compared to the six months ended June 30, 2020. The increase in revenue is attributable to the full impact of the 261 properties that we acquired in 2020 and the 125 properties that we acquired during the six months ended June 30, 2021.

Rental income – Rental income includes net rental income as well as the recovery of certain operating costs and property taxes from tenants. Rental income increased \$7.3 million primarily due to the full impact of the 261 properties that we acquired in 2020 and the 125 properties that we acquired during the six months ended June 30, 2021.

Fee and other income. Other revenue increased by \$0.3 million to \$0.9 million for the six months ended June 30, 2021 compared to the six months ended June 30, 2020 primarily due to a higher management fee and miscellaneous income.

Operating Expense

Real estate taxes – Real estate taxes increased by \$0.9 million for the six months ended June 30, 2021 compared to the six months ended June 30, 2020 as a result of the full impact of the 261 properties that we acquired in 2020 and the 125 properties that we acquired during the six months ended June 30, 2021.

Property operating expenses – Property operating expenses increased by \$0.9 million to \$1.7 million for the six months ended June 30, 2021 from \$0.8 million for the six months ended June 30, 2020. Property management expenses are

included within property operating expenses and increased by \$0.3 million to \$0.7 million for the six months ended June 30, 2021 from \$0.4 million for the six months ended June 30, 2020. The remainder of the increase of \$0.6 million is related to expenses for repairs and maintenance and insurance in connection with the full impact of the 261 properties that we acquired in 2020 and the 125 properties that we acquired during the six months ended June 30, 2021.

General and administrative – General and administrative expenses increased by \$1.1 million to \$5.3 million for the six months ended June 30, 2021 from \$4.2 million for the six months ended June 30, 2020, primarily due to higher equity-based compensation expense related to awards that have been granted throughout 2020 and 2021.

Depreciation and amortization – Depreciation and amortization expense increased by \$2.2 million to \$6.4 million for the six months ended June 30, 2021 from \$4.2 million for the six months ended June 30, 2020, and is primarily related to the full impact of the 261 properties that we acquired in 2020 and the 125 properties that we acquired during the six months ended June 30, 2021.

Total Interest Expense, Net

During the six months ended June 30, 2021, we incurred total interest expense, net of \$1.8 million compared to \$1.5 million for the six months ended June 30, 2020. The increase in interest expense is primarily related to the loss on early extinguishment of debt of \$0.2 million incurred in connection with the pay down of two mortgage financings during the six months ended June 30, 2021.

Income Tax Expense

During the six months ended June 30, 2021, income tax expense increased by \$0.02 million to \$0.03 million from \$0.01 million for the six months ended June 30, 2020 and was primarily attributable to an increase in expense related to PRM for the six months ended June 30, 2021.

Cash Flows

Comparison of the six months ended June 30, 2021 and the six months ended June 30, 2020

We had \$4.9 million of cash and \$1.2 million of escrows and reserves as of June 30, 2021 compared to \$4.9 million of cash and \$0.7 million of escrows and reserves as of June 30, 2020.

Cash flow from operating activities – Net cash provided by operating activities increased by \$5.2 million to \$8.4 million for the six months ended June 30, 2021 compared to \$3.2 million for the same period in 2020. The increase is primarily due to the addition of postal properties that were acquired in 2020 and the six months ended June 30, 2021, all of which have generated additional rental income and related changes in working capital.

Cash flow to investing activities – Net cash used in investing activities increased by \$13.7 million to \$48.0 million for the six months ended June 30, 2021 compared to \$34.3 million for the same period in 2020. The increase was related to the purchase of postal properties that were acquired during the six months ended June 30, 2021.

Cash flow from financing activities – Net cash provided by financing activities increased by \$19.0 million to \$42.5 million for the six months ended June 30, 2021 compared to \$23.5 million provided by the same period in 2020. The increase was primarily related to proceeds received from our January Follow-on Offering and ATM Program offset by the pay down of two mortgage financings, reduced net borrowings on our 2019 Credit Facility during the six months ended June 30, 2021 and an increase in payment of dividends.

Liquidity and Capital Resources

Analysis of Liquidity and Capital Resources

We had approximately \$4.9 million of cash and \$1.2 million of escrows and reserves as of June 30, 2021.

As of June 30, 2021, we had \$82.5 million outstanding under the 2019 Credit Facility. On January 30, 2020, we exercised the Accordion Feature to increase permitted borrowings to \$150.0 million from \$100.0 million subject to the borrowing base properties identified therein remaining unencumbered and subject to an executed lease. On June 25, 2020, we

further amended the 2019 Credit Agreement to revise, among other items, certain definitions and borrowing base calculations to increase available capacity, as well as the restrictive covenant pertaining to consolidated tangible net worth. On November 24, 2020, we amended the 2019 Credit Agreement to revise, among other items, certain definitions and borrowing base calculations to allow leases other than the USPS at a real property subject to certain limitations.

On August 9, 2021, we entered into the 2021 Credit Facilities with Bank of Montreal, as administrative agent, and BMO Capital Markets Corp., People's United Bank, National Association, JPMorgan Chase Bank, N.A. and Truist Securities, Inc. as joint lead arrangers and joint book runners. Additional participants in the 2021 Credit Facilities include Stifel Bank & Trust and TriState Capital Bank. In connection with entering into the 2021 Credit Facilities, we terminated the 2019 Credit Facility and paid off the outstanding loans thereunder. The 2021 Credit Facilities include an accordion feature which will permit us to borrow up to an additional \$150.0 million under the Revolving Facility and up to an additional \$50.0 million under the Term Loan, in each case subject to customary terms and conditions. The Revolving Facility matures in January 2026, which may be extended for two six-month periods subject to customary conditions, and the Term Loan matures in January 2027. Borrowings under the 2021 Credit Facilities carry an interest rate of, (i) in the case of the Revolving Facility, either a base rate plus a margin ranging from 0.5% to 1.0% per annum or LIBOR plus a margin ranging from 1.5% to 2.0% per annum, or (ii) in the case of the Term Loan, either a base rate plus a margin ranging from 0.45% to 0.95% per annum or LIBOR plus a margin ranging from 1.45% to 1.95% per annum, in each case depending on a consolidated leverage ratio. With respect to the Revolving Facility, we will pay, if the usage is equal to or less than 50%, an unused facility fee of 0.20% per annum, or if the usage is greater than 50%, an unused facility fee of 0.15% per annum, in each case on the average daily unused commitments under the Revolving Facility.

The 2021 Credit Facilities are guaranteed, jointly and severally, by us and certain of our indirect subsidiaries and contains customary covenants that, among other things, restrict, subject to certain exceptions, our ability to incur indebtedness, grant liens on assets, make certain types of investments, engage in acquisitions, mergers or consolidations, sell assets, enter into certain transactions with affiliates and pay dividends or make distributions. The 2021 Credit Facilities require compliance with consolidated financial maintenance covenants to be tested quarterly, including a minimum fixed charge coverage ratio, maximum total leverage ratio, minimum tangible net worth, maximum secured leverage ratio, maximum unsecured leverage ratio, minimum unsecured debt service coverage ratio and maximum secured recourse leverage ratio. The 2021 Credit Facilities also contain certain customary events of default, including the failure to make timely payments under the 2021 Credit Facilities, any event or condition that makes other material indebtedness due prior to its scheduled maturity, the failure to satisfy certain covenants and specified events of bankruptcy and insolvency. As of August 11, 2021, management believed that we were in compliance with all of the financial and non-financial covenants contained in the 2021 Credit Facilities.

In addition, on August 9, 2021, we entered into an interest rate swap that effectively fixed the LIBOR component of the interest rate on \$50.0 million portion of the 2021 Credit Facilities through January 2027. The interest rate swap initially applied to the \$50.0 million Term Loan, fixing the interest rate for the Term Loan at 2.291%.

On March 5, 2021, the Financial Conduct Authority announced that USD LIBOR will no longer be published after June 30, 2023. This announcement has several implications, including setting the spread that may be used to automatically convert contracts from LIBOR to the Secured Overnight Financing Rate ("SOFR"). The 2021 Credit Facilities provide that, on or about the LIBOR cessation date (subject to an early opt-in election), LIBOR shall be replaced as a benchmark rate in the 2021 Credit Facilities with a new benchmark rate, with such adjustments as set forth in the 2021 Credit Facilities. We are not able to predict when LIBOR will cease to be available or when there will be enough liquidity in the SOFR markets.

Our short-term liquidity requirements primarily consist of operating expenses and other expenditures associated with our properties, distributions to our limited partners and distributions to our stockholders required to qualify for REIT status, capital expenditures and, potentially, acquisitions. We expect to meet our short-term liquidity requirements through net cash provided by operations, cash, borrowings under the 2021 Credit Facilities and the potential issuance of securities.

Our long-term liquidity requirements primarily consist of funds necessary for the repayment of debt at maturity, property acquisitions and non-recurring capital improvements. We expect to meet our long-term liquidity requirements with net cash from operations, long-term indebtedness including the 2021 Credit Facilities and mortgage financing, the issuance of equity and debt securities and proceeds from select sales of our properties. We also may fund property acquisitions and non-recurring capital improvements using the 2021 Credit Facilities pending permanent property-level financing.

We believe we have access to multiple sources of capital to fund our long-term liquidity requirements, including the incurrence of additional debt and the issuance of additional equity securities. However, in the future, there may be a number of factors that could have a material and adverse effect on our ability to access these capital sources, including unfavorable conditions in the overall equity and credit markets, our degree of leverage, our unencumbered asset base, borrowing restrictions imposed by our lenders, general market conditions for REITs, our operating performance, liquidity and market perceptions about us. The success of our business strategy will depend, to a significant degree, on our ability to access these various capital

sources. In addition, we continuously evaluate possible acquisitions of postal properties, which largely depend on, among other things, the market for owning and leasing postal properties and the terms on which the USPS will enter into new or renewed leases.

To maintain our qualification as a REIT, we must make distributions to our stockholders aggregating annually at least 90% of our REIT taxable income determined without regard to the deduction for dividends paid and excluding capital gains. As a result of this requirement, we cannot rely on retained earnings to fund our business needs to the same extent as other entities that are not REITs. If we do not have sufficient funds available to us from our operations to fund our business needs, we will need to find alternative ways to fund those needs. Such alternatives may include, among other things, divesting ourselves of properties (whether or not the sales price is optimal or otherwise meets our strategic long-term objectives), incurring indebtedness or issuing equity securities in public or private transactions, the availability and attractiveness of the terms of which cannot be assured.

Consolidated Indebtedness

As of June 30, 2021, we had approximately \$115.7 million of outstanding consolidated principal indebtedness. The following table sets forth information as of June 30, 2021 with respect to our outstanding indebtedness (in thousands):

	Outstanding Balance as of June 30, 2021	Interest Rate at June 30, 2021	Maturity Date
2019 Credit Facility ⁽¹⁾	\$ 82,500	LIBOR+170bps ⁽²⁾	September 2023
Vision Bank ⁽³⁾	1,425	4.00 %	September 2036
First Oklahoma Bank ⁽⁴⁾	357	4.50 %	December 2037
Vision Bank – 2018 ⁽⁵⁾	852	5.00 %	January 2038
Seller Financing ⁽⁶⁾	366	6.00 %	January 2025
AIG – December 2020 ⁽⁷⁾	30,225	2.80 %	January 2031
Total Principal	\$ 115,725		

Explanatory Notes:

(1) The 2019 Credit Agreement provides for revolving commitments in an aggregate principal amount of \$100.0 million with Accordion Feature that permits us to borrow up to an additional \$100.0 million for an aggregate total of \$200.0 million, subject to customary terms and conditions, and a maturity date of September 27, 2023. On January 30, 2020, we amended the 2019 Credit Agreement in order to exercise a portion of the Accordion Feature to increase the maximum amount available under the 2019 Credit Facility to \$150.0 million, subject to the borrowing base properties identified therein remaining unencumbered and subject to an enforceable lease. On June 25, 2020, we further amended the 2019 Credit Agreement to revise, among other items, certain definitions and borrowing base calculations to increase available capacity, as well as the restrictive covenant pertaining to consolidated tangible net worth. On November 24, 2020, we further amended the 2019 Credit Agreement to revise, among other items, certain definitions and borrowing base calculations to allow leases to parties other than the USPS as a real property subject to certain limitations. On August 9, 2021, in connection with entering into the 2021 Credit Facilities, we terminated the 2019 Credit Facility and paid off the outstanding loans thereunder.

The interest rates applicable to loans under the 2019 Credit Facility were, at our option, equal to either a base rate plus a margin ranging from 0.7% to 1.4% per annum or LIBOR plus a margin ranging from 1.7% to 2.4% per annum, each based on a consolidated leverage ratio. In addition, we paid, for the period through and including the three months ended March 31, 2020, an unused facility fee on the revolving commitments under the 2019 Credit Facility of 0.75% per annum for the first \$100 million and 0.25% per annum for the portion of revolving commitments exceeding \$100.0 million, and, for the period thereafter, an unused facility fee of 0.25% per annum for the aggregate unused revolving commitments, with both periods utilizing calculations of daily unused commitments under the 2019 Credit Facility.

During the three and six months ended June 30, 2021, we incurred \$0.05 million and \$0.1 million, respectively, of unused facility fees related to the 2019 Credit Facility. During the three and six months ended June 30, 2020, we incurred \$0.1 million and \$0.2 million, respectively, of unused facility fees related to the 2019 Credit Facility. As of June 30, 2021, we were in compliance with all of the 2019 Credit Facility's debt covenants.

- (2) *As of June 30, 2021, the one-month LIBOR rate was 0.10%.*
- (3) *Five properties are collateralized under this loan with Mr. Spodek as the guarantor. On September 8, 2021 and every five years thereafter, the interest rate will reset at a variable annual rate of Wall Street Journal Prime Rate ("Prime") + 0.5%.*
- (4) *The loan is collateralized by first mortgage liens on four properties and a personal guarantee of payment by Mr. Spodek. Interest rate resets on December 31, 2022 to Prime + 0.25%. On August 3, 2021, we amended the loan with First Oklahoma Bank to reduce its interest rate to 3.625% fixed for five years then adjusting annually to Prime with a minimum annual rate of 3.625%.*
- (5) *The loan is collateralized by first mortgage liens on one property and a personal guarantee of payment by Mr. Spodek. Interest rate resets on January 31, 2023 to Prime + 0.5%.*
- (6) *In connection with the acquisition of a property, we obtained seller financing secured by the property in the amount of \$0.4 million requiring five annual payments of principal and interest of \$105,661 with the first installment due on January 2, 2021 based on a 6.0% interest rate per annum through January 2, 2025.*
- (7) *The loan is secured by a cross-collateralized and cross-defaulted first mortgage lien on the industrial property located in Warrendale, PA. The loan has a fixed interest rate of 2.80% with interest-only payments for the first five years and fixed payments of principal and interest thereafter based on a 30-year amortization schedule.*

Secured Borrowings as of June 30, 2021

As of June 30, 2021, we had approximately \$33.2 million of secured borrowings outstanding, all of which is fixed rate debt with a weighted average interest rate of 2.96% per annum. During the six months ended June 30, 2021, we repaid two mortgage loans in the aggregate amount of \$13.7 million. On August 3, 2021, we also amended the secured loan with First Oklahoma Bank to reduce its interest rate to 3.625% fixed for five years then adjusting annually to Prime with a minimum annual rate of 3.625%.

Dividends

To maintain our qualification as a REIT, we are required to pay dividends to stockholders at least equal to 90% of our REIT taxable income determined without regard to the deduction for dividends paid and excluding net capital gains. During the three months and six months ended June 30, 2021, we paid cash dividends of \$0.22 per share and \$0.4375 per share, respectively. On July 26, 2021, our Board of Directors approved and we declared a second quarter common stock dividend of \$0.2225 per share which will be paid on August 27, 2021 to stockholders of record on August 13, 2021.

Subsequent Real Estate Acquisitions

Subsequent to June 30, 2021, we have acquired 37 postal properties in individual or small portfolio transactions for an aggregate of approximately \$12.1 million, excluding closing costs, some of which include OP Units as part of the consideration.

Off-Balance Sheet Arrangements

As of June 30, 2021, we did not have any off-balance sheet arrangements.

Critical Accounting Policies and Estimates

Refer to the heading titled "Critical Accounting Policies and Estimates" in our Annual Report on Form 10-K for the year ended December 31, 2020 for a discussion of the critical accounting policies and estimates of the Predecessor and us, as applicable.

New Accounting Pronouncements

For a discussion of our adoption of new accounting pronouncements, please see Note 2 of our Consolidated Financial Statements included herein.

Inflation

Because most of our leases provide for fixed annual rental payments without annual rent escalations, our rental revenues are fixed while our property operating expenses are subject to inflationary increases. A majority of our leases provide for tenant reimbursement of real estate taxes and thus the tenant must reimburse us for real estate taxes. We believe that if inflation increases expenses over time, increases in lease renewal rates will materially offset such increase.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk is the risk of loss from adverse changes in market prices and interest rates. Our future earnings, cash flows and fair values relevant to financial instruments are dependent upon prevailing market interest rates. Our primary market risk results from our indebtedness, which bears interest at both fixed and variable rates. As of June 30, 2021, our indebtedness was approximately \$115.7 million, consisting of approximately \$82.5 million of variable-rate debt and approximately \$33.2 million of fixed rate debt. Assuming no increase in the amount of our outstanding variable-rate indebtedness, if the one-month LIBOR were to increase or decrease by 0.50%, our cash flows would decrease or increase by approximately \$0.4 million on an annualized basis.

Subject to maintaining our status as a REIT for federal income tax purposes, we manage our market risk on variable rate debt through the use of interest rate swaps that fix the rate on all or a portion of our variable rate debt for varying periods up to maturity. On August 9, 2021, in connection with entering into the 2021 Credit Facilities (see “Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Analysis of Liquidity and Capital Resources”), we entered into an interest rate swap that effectively fixed the LIBOR component of the interest rate on \$50.0 million portion of the 2021 Credit Facilities through January 2027. In the future, we may use other derivative instruments such as interest cap agreements to, in effect, cap the interest rate on all or a portion of the debt for varying periods up to maturity. This in turn, reduces the risks of variability of cash flows created by variable rate debt and mitigates the risk of increases in interest rates. Our objective when undertaking such arrangements will be to reduce our floating rate exposure. However, we provide no assurance that our efforts to manage interest rate volatility will successfully mitigate the risks of such volatility in our portfolio and we do not intend to enter into hedging arrangements for speculative purposes. We may utilize swap arrangements in the future.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures (as such term is defined in Rule 13a-15(e) and 15d-15(e) under the Exchange Act that are designed to ensure that information required to be disclosed in our reports under the Exchange Act is processed, recorded, summarized and reported within the time periods specified in the rules and regulations of the SEC and that such information is accumulated and communicated to management, including our Chief Executive Officer (Principal Executive Officer) and Chief Financial Officer (Principal Financial Officer), as appropriate, to allow for timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

We have carried out an evaluation, under the supervision and with the participation of management, including our Principal Executive Officer and Principal Financial Officer, regarding the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report. Based on the foregoing, our Principal Executive Officer and Principal Financial Officer have concluded, as of the end of the period covered by this report, that our disclosure controls and procedures were effective in ensuring that information required to be disclosed by us in reports filed or submitted under the Exchange Act (i) is processed, recorded, summarized and reported within the time periods specified in the SEC’s rules and forms and (ii) is accumulated and communicated to our management, including our Principal Executive Officer and our Principal Financial Officer, as appropriate to allow for timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

There was no change in our internal control over financial reporting that occurred during our most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

From time to time, we may in the future be party to various claims and routine litigation arising in the ordinary course of business. Our management does not believe that any such litigation will materially affect our financial position or operations.

Item 1A. Risk Factors

There have been no material changes from the risk factors disclosed in the section entitled “Risk Factors” under Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2020.

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

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

Exhibit	Exhibit Description
10.1	Indemnification Agreement, dated as of January 1, 2021, by and between the Company and Robert B. Klein.*
10.2	Amendment No. 2 to the Postal Realty Trust, Inc. 2019 Equity Incentive Plan, effective as of June 18, 2021 (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on June 21, 2021).†
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
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.*
32.2	Certification of Chief Financial Officer furnished pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*
101.INS	INSTANCE DOCUMENT**
101.SCH	SCHEMA DOCUMENT**
101.CAL	CALCULATION LINKBASE DOCUMENT**
101.LAB	LABELS LINKBASE DOCUMENT**
101.PRE	PRESENTATION LINKBASE DOCUMENT**
101.DEF	DEFINITION LINKBASE DOCUMENT**
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Exhibits filed with this report.

† Compensatory plan or arrangement.

** Submitted electronically herewith. Attached as Exhibit 101 to this report are the following documents formatted in XBRL (eXtensible Business Reporting Language): (i) Consolidated Balance Sheets; (ii) Consolidated Statements of Operations; (iii) Consolidated Statements of Equity; (iv) Consolidated Statements of Cash Flows; and (v) Notes to Consolidated Financial Statements.

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.

POSTAL REALTY TRUST, INC.

Date: August 12, 2021

By: /s/ Andrew Spodek
Andrew Spodek
Chief Executive Officer
(Principal Executive Officer)

Date: August 12, 2021

By: /s/ Robert Klein
Robert Klein
Chief Financial Officer
(Principal Financial Officer)

INDEMNIFICATION AGREEMENT

THIS INDEMNIFICATION AGREEMENT ("Agreement") is made and entered into as of the 1st day of January 2021, by and between Postal Realty Trust, Inc., a Maryland corporation (the "Company"), and Robert B. Klein ("Indemnatee").

WHEREAS, at the request of the Company, Indemnatee currently serves as an officer of the Company and may, therefore, be subjected to claims, suits or proceedings arising as a result of such service;

WHEREAS, as an inducement to Indemnatee to serve or continue to serve in such capacity, the Company has agreed to indemnify Indemnatee and to advance expenses and costs incurred by Indemnatee in connection with any such claims, suits or proceedings, to the maximum extent permitted by law; and

WHEREAS, the parties by this Agreement desire to set forth their agreement regarding indemnification and advance of expenses;

NOW, THEREFORE, in consideration of the premises and the covenants contained herein, the Company and Indemnatee do hereby covenant and agree as follows:

Section 1. **Definitions.** For purposes of this Agreement:

(a) "Change in Control" means a change in control of the Company occurring after the Effective Date of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A (or in response to any similar item on any similar schedule or form) promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), whether or not the Company is then subject to such reporting requirement; provided, however, that, without limitation, such a Change in Control shall be deemed to have occurred if, after the Effective Date (i) any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 35% or more of the combined voting power of all of the Company's then-outstanding securities entitled to vote generally in the election of directors without the prior approval of at least two-thirds of the members of the Board of Directors in office immediately prior to such person's attaining such percentage interest; (ii) the Company is a party to a merger, consolidation, sale of assets, plan of liquidation or other reorganization not approved by at least two-thirds of the members of the Board of Directors then in office, as a consequence of which members of the Board of Directors in office immediately prior to such transaction or event constitute less than a majority of the Board of Directors thereafter; or (iii) at any time, a majority of the members of the Board of Directors are not individuals (A) who were directors as of the Effective Date or (B) whose election by the Board of Directors or nomination for election by the Company's stockholders was approved by the affirmative vote of at least two-thirds of the directors then in office who were directors as of the Effective Date or whose election or nomination for election was previously so approved.

(b) "Corporate Status" means the status of a person as a present or former director, officer, employee or agent of the Company or as a director, trustee, officer, partner, manager, managing member, fiduciary, employee or agent of any other foreign or domestic corporation, real estate investment trust, partnership, limited liability company, joint venture, trust, employee benefit plan or other enterprise that such person is or was serving in such capacity at the request of the Company. As a clarification and without limiting the circumstances in which Indemnatee may be serving at the request of the Company, service by Indemnatee shall be deemed to be at the request of the Company: (i) if Indemnatee serves or served as a director, trustee, officer, partner, manager, managing member, fiduciary, employee or agent of any corporation, partnership, limited liability company, joint venture, trust or other enterprise (1) of which a majority of the voting power or equity interest is or was owned directly or indirectly by the Company or (2) the management of which is controlled directly or indirectly by the Company and (ii) if, as a result of Indemnatee's service to the Company or any of its affiliated entities, Indemnatee is subject to duties to, or required to perform services for, an employee benefit plan or its participants or beneficiaries, including as a deemed fiduciary thereof.

(c) “Disinterested Director” means a director of the Company who is not and was not a party to the Proceeding in respect of which indemnification and/or advance of Expenses is sought by Indemnatee and has no financial stake in the outcome of the Proceeding or determination referred to in Section 10 hereof.

(d) “Effective Date” means the date set forth in the first paragraph of this Agreement.

(e) “Expenses” means any and all reasonable and out-of-pocket attorneys’ fees and costs, retainers, court costs, arbitration and mediation costs, transcript costs, fees of experts, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, federal, state, local or foreign taxes imposed on Indemnatee as a result of the actual or deemed receipt of any payments under this Agreement, ERISA excise taxes and penalties and any other disbursements or expenses incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, being or preparing to be a witness in or otherwise participating in a Proceeding. Expenses shall also include Expenses incurred in connection with any appeal resulting from any Proceeding, including, without limitation, the premium for, security for and other costs relating to any cost bond, supersedeas bond or other appeal bond or its equivalent and any expenses incurred establishing a right of indemnification.

(f) “Independent Counsel” means a law firm, or a member of a law firm, that is experienced in matters of corporation law and neither is, nor in the past five years has been, retained to represent: (i) the Company or Indemnatee (or any major shareholder thereof) or any affiliate of either such party in any matter material to either such party (other than with respect to matters concerning Indemnatee under this Agreement or of other indemnitees under similar indemnification agreements), or (ii) any other party to or participant or witness in the Proceeding giving rise to a claim for indemnification or advance of Expenses hereunder. Notwithstanding the foregoing, the term “Independent Counsel” shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnatee in an action to determine Indemnatee’s rights under this Agreement. The Company agrees to pay fees and expenses of Independent Counsel.

(g) “Proceeding” means any threatened, pending or completed action, suit, arbitration, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing, claim, demand or discovery request or any other actual, threatened or completed proceeding, whether brought by or in the right of the Company or otherwise and whether of a civil (including intentional or unintentional tort claims), criminal, administrative or investigative (formal or informal) nature, including any appeal therefrom, except one pending or completed on or before the Effective Date, unless otherwise specifically agreed in writing by the Company and Indemnatee. If Indemnatee reasonably believes that a given situation may lead to or culminate in the institution of a Proceeding, such situation shall also be considered a Proceeding.

Section 2. Services by Indemnatee. Indemnatee serves or will serve in the capacity or capacities set forth in the first WHEREAS clause above. However, this Agreement shall not impose any independent obligation on Indemnatee or the Company to continue Indemnatee’s service to the Company. This Agreement shall not be deemed an employment contract between the Company (or any other entity) and Indemnatee.

Section 3. General. The Company shall indemnify, and advance Expenses to, Indemnatee (a) as provided in this Agreement and (b) otherwise to the maximum extent permitted by Maryland law in effect on the Effective Date and as amended from time to time; provided, however, that no change in Maryland law shall have the effect of reducing the benefits available to Indemnatee hereunder based on Maryland law as in effect on the Effective Date. The rights of Indemnatee provided in this Section 3 shall include, without limitation, the rights set forth in the other sections of this Agreement, including any additional indemnification permitted by the Maryland General Corporation Law (the “MGCL”), including, without limitation, Section 2-418 of the MGCL.

Section 4. Standard for Indemnification. If, by reason of Indemnatee’s Corporate Status, Indemnatee is, or is threatened to be, made a party to any Proceeding, the Company shall indemnify Indemnatee against all judgments, penalties, fines and amounts paid in settlement and all Expenses actually and reasonably incurred by Indemnatee or on Indemnatee’s behalf in connection with any such Proceeding unless it is established that (a) the act

or omission of Indemnitee was material to the matter giving rise to the Proceeding and (i) was committed in bad faith or (ii) was the result of active and deliberate dishonesty, (b) Indemnitee actually received an improper personal benefit in money, property or services or (c) in the case of any criminal Proceeding, Indemnitee had reasonable cause to believe that Indemnitee's conduct was unlawful.

Section 5. Certain Limits on Indemnification. Notwithstanding any other provision of this Agreement (other than Section 6), Indemnitee shall not be entitled to:

(a) indemnification hereunder if the Proceeding was one by or in the right of the Company and Indemnitee is adjudged, in a final adjudication of the Proceeding not subject to further appeal, to be liable to the Company;

(b) indemnification hereunder if Indemnitee is adjudged, in a final adjudication of the Proceeding not subject to further appeal, to be liable on the basis that personal benefit in money, property or services was improperly received in any Proceeding charging improper personal benefit to Indemnitee, whether or not involving action in Indemnitee's Corporate Status; or

(c) indemnification or advance of Expenses hereunder if the Proceeding was brought by Indemnitee, unless: (i) the Proceeding was brought to enforce indemnification under this Agreement, and then only to the extent in accordance with and as authorized by Section 12 of this Agreement, or (ii) the Company's charter or Bylaws, a resolution of the stockholders entitled to vote generally in the election of directors or of the Board of Directors or an agreement approved by the Board of Directors to which the Company is a party expressly provide otherwise.

Section 6. Court-Ordered Indemnification. Notwithstanding any other provision of this Agreement, a court of appropriate jurisdiction, upon application of Indemnitee and such notice as the court shall require, may order indemnification of Indemnitee by the Company in the following circumstances:

(a) if such court determines that Indemnitee is entitled to reimbursement under Section 2-418(d)(1) of the MGCL, the court shall order indemnification, in which case Indemnitee shall be entitled to recover the Expenses of securing such reimbursement; or

(b) if such court determines that Indemnitee is fairly and reasonably entitled to indemnification in view of all the relevant circumstances, whether or not Indemnitee (i) has met the standards of conduct set forth in Section 2-418(b) of the MGCL or (ii) has been adjudged liable for receipt of an improper personal benefit under Section 2-418(c) of the MGCL, the court may order such indemnification as the court shall deem proper without regard to any limitation on such court-ordered indemnification contemplated by Section 2-418(d)(2)(ii) of the MGCL.

Section 7. Indemnification for Expenses of an Indemnitee Who is Wholly or Partially Successful. Notwithstanding any other provision of this Agreement, and without limiting any such provision, to the extent that Indemnitee was or is, by reason of Indemnitee's Corporate Status, made a party to (or otherwise becomes a participant in) any Proceeding and is successful, on the merits or otherwise, in the defense of such Proceeding, the Company shall indemnify Indemnitee for all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection therewith. If Indemnitee is not wholly successful in such Proceeding but is successful, on the merits or otherwise, as to one or more but less than all claims, issues or matters in such Proceeding, the Company shall indemnify Indemnitee under this Section 7 for all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection with each such claim, issue or matter, allocated on a reasonable and proportionate basis. For purposes of this Section 7 and without limitation, the termination of any claim, issue or matter in such a Proceeding by dismissal, with or without prejudice, shall be deemed to be a successful result as to such claim, issue or matter.

Section 8. Advance of Expenses for Indemnitee. If, by reason of Indemnitee's Corporate Status, Indemnitee is, or is threatened to be, made a party to any Proceeding, the Company shall, without requiring a preliminary determination of Indemnitee's ultimate entitlement to indemnification hereunder, advance all Expenses

incurred by or on behalf of Indemnatee in connection with such Proceeding. The Company shall make such advance of incurred Expenses within ten days after the receipt by the Company of a statement or statements requesting such advance from time to time, whether prior to or after final disposition of such Proceeding, which advance may be in the form of, in the reasonable discretion of Indemnatee (but without duplication), (a) payment of such Expenses directly to third parties on behalf of Indemnatee, (b) advance of funds to Indemnatee in an amount sufficient to pay such Expenses or (c) reimbursement to Indemnatee for Indemnatee's payment of such Expenses. Such statement or statements shall reasonably evidence the Expenses incurred by Indemnatee and shall include or be preceded or accompanied by a written affirmation by Indemnatee and a written undertaking by or on behalf of Indemnatee, in substantially the form attached hereto as Exhibit A or in such form as may be required under applicable law as in effect at the time of the execution thereof. To the extent that Expenses advanced to Indemnatee do not relate to a specific claim, issue or matter in the Proceeding, such Expenses shall be allocated on a reasonable and proportionate basis. The undertaking required by this Section 8 shall be an unlimited general obligation by or on behalf of Indemnatee and shall be accepted without reference to Indemnatee's financial ability to repay such advanced Expenses and without any requirement to post security therefor.

Section 9. Indemnification and Advance of Expenses as a Witness or Other Participant. Notwithstanding any other provision of this Agreement, to the extent that Indemnatee is or may be, by reason of Indemnatee's Corporate Status, made a witness or otherwise asked to participate in any Proceeding, whether instituted by the Company or any other person, and to which Indemnatee is not a party, Indemnatee shall be advanced and indemnified against all Expenses actually and reasonably incurred by Indemnatee or on Indemnatee's behalf in connection therewith within ten days after the receipt by the Company of a statement or statements requesting any such advance or indemnification from time to time, whether prior to or after final disposition of such Proceeding. Such statement or statements shall reasonably evidence the Expenses incurred by Indemnatee. In connection with any such advance of Expenses, the Company may require Indemnatee to provide an undertaking and affirmation substantially in the form attached hereto as Exhibit A or in such form as may be required under applicable law as in effect at the time of execution thereof.

Section 10. Procedure for Determination of Entitlement to Indemnification.

(a) To obtain indemnification under this Agreement, Indemnatee shall submit to the Company a written request, including therein or therewith such documentation and information as is reasonably available to Indemnatee and is reasonably necessary or appropriate to determine whether and to what extent Indemnatee is entitled to indemnification. Indemnatee may submit one or more such requests from time to time and at such time(s) as Indemnatee deems appropriate in Indemnatee's sole discretion. The officer of the Company receiving any such request from Indemnatee shall, promptly upon receipt of such a request for indemnification, advise the Board of Directors in writing that Indemnatee has requested indemnification.

(b) Upon written request by Indemnatee for indemnification pursuant to Section 10(a) above, a determination, if required by applicable law, with respect to Indemnatee's entitlement thereto shall promptly be made in the specific case: (i) if a Change in Control has occurred, by Independent Counsel, in a written opinion to the Board of Directors, a copy of which shall be delivered to Indemnatee, which Independent Counsel shall be selected by Indemnatee and approved by the Board of Directors in accordance with Section 2-418(e)(2)(ii) of the MGCL, which approval shall not be unreasonably withheld; or (ii) if a Change in Control has not occurred, (A) by a majority vote of the Disinterested Directors or by the majority vote of a group of Disinterested Directors designated by the Disinterested Directors to make the determination, (B) if Independent Counsel has been selected by the Board of Directors in accordance with Section 2-418(e)(2)(ii) of the MGCL and approved by Indemnatee, which approval shall not be unreasonably withheld or delayed, by Independent Counsel, in a written opinion to the Board of Directors, a copy of which shall be delivered to Indemnatee or (C) if so directed by the Board of Directors, by the stockholders of the Company, other than directors or officers who are parties to the Proceeding. If it is so determined that Indemnatee is entitled to indemnification, the Company shall make payment to Indemnatee within ten days after such determination. Indemnatee shall cooperate with the person, persons or entity making such determination with respect to Indemnatee's entitlement to indemnification, including providing to such person, persons or entity upon reasonable advance request any documentation or information which is not privileged or otherwise protected from disclosure and which is reasonably available to Indemnatee and reasonably necessary or

appropriate to such determination in the discretion of the Board of Directors or Independent Counsel if retained pursuant to clause (ii)(B) of this Section 10(b). Any Expenses incurred by Indemnitee in so cooperating with the person, persons or entity making such determination shall be borne by the Company (irrespective of the determination as to Indemnitee's entitlement to indemnification) and the Company shall indemnify and hold Indemnitee harmless therefrom.

- (c) The Company shall pay the reasonable fees and expenses of Independent Counsel, if one is appointed.

Section 11. Presumptions and Effect of Certain Proceedings.

(a) In making any determination with respect to entitlement to indemnification hereunder, the person or persons (including any court having jurisdiction over the matter) making such determination shall presume that Indemnitee is entitled to indemnification under this Agreement if Indemnitee has submitted a request for indemnification in accordance with Section 10(a) of this Agreement, and the Company shall have the burden of overcoming that presumption in connection with the making of any determination contrary to that presumption.

(b) The termination of any Proceeding or of any claim, issue or matter therein, by judgment, order, settlement or conviction, upon a plea of *nolo contendere* or its equivalent, or entry of an order of probation prior to judgment, does not create a presumption that Indemnitee did not meet the requisite standard of conduct described herein for indemnification.

(c) The knowledge and/or actions, or failure to act, of any other director, officer, employee or agent of the Company or any other director, trustee, officer, partner, manager, managing member, fiduciary, employee or agent of any other foreign or domestic corporation, real estate investment trust, partnership, limited liability company, joint venture, trust, employee benefit plan or other enterprise shall not be imputed to Indemnitee for purposes of determining any other right to indemnification under this Agreement.

Section 12. Remedies of Indemnitee.

(a) If (i) a determination is made pursuant to Section 10(b) of this Agreement that Indemnitee is not entitled to indemnification under this Agreement, (ii) advance of Expenses is not timely made pursuant to Sections 8 or 9 of this Agreement, (iii) no determination of entitlement to indemnification shall have been made pursuant to Section 10(b) of this Agreement within 60 days after receipt by the Company of the request for indemnification, (iv) payment of indemnification is not made pursuant to Sections 7 or 9 of this Agreement within ten days after receipt by the Company of a written request therefor, or (v) payment of indemnification pursuant to any other section of this Agreement or the charter or Bylaws of the Company is not made within ten days after a determination has been made that Indemnitee is entitled to indemnification, Indemnitee shall be entitled to an adjudication in an appropriate court located in the State of Maryland, or in any other court of competent jurisdiction, or, at Indemnitee's option, in an arbitration conducted by a single arbitrator pursuant to the Commercial Arbitration Rules of the American Arbitration Association (provided, however, that the Company and the Indemnitee agree to use reasonable efforts to ensure that the arbitrator makes a ruling in any such arbitration under this Section 12(a) within 60 days of the commencement of such arbitration), of Indemnitee's entitlement to indemnification or advance of Expenses. Indemnitee shall commence a proceeding seeking an adjudication or an award in arbitration within 180 days following the date on which Indemnitee first has the right to commence such proceeding pursuant to this Section 12(a); provided, however, that the foregoing clause shall not apply to a proceeding brought by Indemnitee to enforce Indemnitee's rights under Section 7 of this Agreement. Except as set forth herein, the provisions of Maryland law (without regard to its conflicts of laws rules) shall apply to any such arbitration. The Company shall not oppose Indemnitee's right to seek any such adjudication or award in arbitration.

(b) In any judicial proceeding or arbitration commenced pursuant to this Section 12, Indemnitee shall be presumed to be entitled to indemnification or advance of Expenses, as the case may be, under this Agreement and the Company shall have the burden of proving that Indemnitee is not entitled to indemnification or advance of Expenses, as the case may be. If Indemnitee commences a judicial proceeding or arbitration pursuant to this

Section 12, Indemnatee shall not be required to reimburse the Company for any advances pursuant to Section 8 of this Agreement until a final determination is made with respect to Indemnatee's entitlement to indemnification (as to which all rights of appeal have been exhausted or lapsed). The Company shall, to the fullest extent not prohibited by law, be precluded from asserting in any judicial proceeding or arbitration commenced pursuant to this Section 12 that the procedures and presumptions of this Agreement are not valid, binding and enforceable and shall stipulate in any such court or before any such arbitrator that the Company is bound by all of the provisions of this Agreement.

(c) If a determination shall have been made pursuant to Section 10(b) of this Agreement that Indemnatee is entitled to indemnification, the Company shall be bound by such determination in any judicial proceeding or arbitration commenced pursuant to this Section 12, absent a misstatement by Indemnatee of a material fact, or an omission of a material fact necessary to make Indemnatee's statement not materially misleading, in connection with the request for indemnification that was not disclosed in connection with the determination.

(d) In the event that Indemnatee is successful in seeking, pursuant to this Section 12, a judicial adjudication of or an award in arbitration to enforce Indemnatee's rights under, or to recover damages for breach of, this Agreement, Indemnatee shall be entitled to recover from the Company, and shall be indemnified by the Company for, any and all Expenses actually and reasonably incurred by Indemnatee in such judicial adjudication or arbitration. If it shall be determined in such judicial adjudication or arbitration that Indemnatee is entitled to receive part but not all of the indemnification or advance of Expenses sought, the Expenses incurred by Indemnatee in connection with such judicial adjudication or arbitration shall be appropriately prorated.

(e) Interest shall be paid by the Company to Indemnatee at the maximum rate allowed to be charged for judgments under the Courts and Judicial Proceedings Article of the Annotated Code of Maryland for amounts which the Company pays or is obligated to pay for the period (i) commencing with either the tenth day after the date on which the Company was requested to advance Expenses in accordance with Sections 8 or 9 of this Agreement or the 60th day after the date on which the Company was requested to make the determination of entitlement to indemnification under Section 10(b) of this Agreement, as applicable, and (ii) ending on the date such payment is made to Indemnatee by the Company.

Section 13. Defense of the Underlying Proceeding.

(a) Indemnatee shall notify the Company promptly in writing upon being served with any summons, citation, subpoena, complaint, indictment, request or other document relating to any Proceeding which may result in the right to indemnification or the advance of Expenses hereunder and shall include with such notice a description of the nature of the Proceeding and a summary of the facts underlying the Proceeding. The failure to give any such notice shall not disqualify Indemnatee from the right, or otherwise affect in any manner any right of Indemnatee, to indemnification or the advance of Expenses under this Agreement unless the Company's ability to defend in such Proceeding or to obtain proceeds under any insurance policy is materially and adversely prejudiced thereby, and then only to the extent the Company is thereby actually so prejudiced.

(b) Subject to the provisions of the last sentence of this Section 13(b) and of Section 13(c) below, the Company shall have the right to defend Indemnatee in any Proceeding which may give rise to indemnification hereunder; provided, however, that the Company shall notify Indemnatee of any such decision to defend within 15 days following receipt of notice of any such Proceeding under Section 13(a) above. The Company shall not, without the prior written consent of Indemnatee, which shall not be unreasonably withheld or delayed, consent to the entry of any judgment against Indemnatee or enter into any settlement or compromise with respect to Indemnatee which (i) includes an admission of fault of Indemnatee, (ii) does not include, as an unconditional term thereof, the full release of Indemnatee from all liability in respect of such Proceeding, which release shall be in form and substance reasonably satisfactory to Indemnatee, or (iii) would impose any Expense, judgment, fine, penalty or limitation on Indemnatee. This Section 13(b) shall not apply to a Proceeding brought by Indemnatee under Section 12 of this Agreement.

(c) Notwithstanding the provisions of Section 13(b) above, if in a Proceeding to which Indemnatee is a party by reason of Indemnatee's Corporate Status, (i) Indemnatee reasonably concludes, based upon an opinion of

counsel approved by the Company, which approval shall not be unreasonably withheld or delayed, that Indemnitee may have separate defenses or counterclaims to assert with respect to any issue which may not be consistent with other defendants in such Proceeding, (ii) Indemnitee reasonably concludes, based upon an opinion of counsel approved by the Company, which approval shall not be unreasonably withheld or delayed, that an actual or apparent conflict of interest or potential conflict of interest exists between Indemnitee and the Company, or (iii) if the Company fails to assume the defense of such Proceeding in a timely manner, Indemnitee shall be entitled to be represented by separate legal counsel of Indemnitee's choice, subject to the prior approval of the Company, which approval shall not be unreasonably withheld or delayed, at the expense of the Company. In addition, if the Company fails to comply with any of its obligations under this Agreement or in the event that the Company or any other person takes any action to declare this Agreement void or unenforceable, or institutes any Proceeding to deny or to recover from Indemnitee the benefits intended to be provided to Indemnitee hereunder, Indemnitee shall have the right to retain counsel of Indemnitee's choice, subject to the prior approval of the Company, which approval shall not be unreasonably withheld or delayed, at the expense of the Company (subject to Section 12(d) of this Agreement), to represent Indemnitee in connection with any such matter.

Section 14. Non-Exclusivity; Survival of Rights; Subrogation.

(a) The rights of indemnification and advance of Expenses as provided by this Agreement shall not be deemed exclusive of any other rights to which Indemnitee may at any time be entitled under applicable law, the charter or Bylaws of the Company, any agreement or a resolution of the stockholders entitled to vote generally in the election of directors or of the Board of Directors, or otherwise. Unless consented to in writing by Indemnitee, no amendment, alteration or repeal of the charter or Bylaws of the Company, this Agreement or of any provision hereof shall limit or restrict any right of Indemnitee under this Agreement in respect of any action taken or omitted by such Indemnitee in Indemnitee's Corporate Status prior to such amendment, alteration or repeal, regardless of whether a claim with respect to such action or inaction is raised prior or subsequent to such amendment, alteration or repeal. No right or remedy herein conferred is intended to be exclusive of any other right or remedy, and every other right or remedy shall be cumulative and in addition to every other right or remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion of any right or remedy hereunder, or otherwise, shall not prohibit the concurrent assertion or employment of any other right or remedy.

(b) In the event of any payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who shall execute all papers required and take all action necessary to secure such rights, including execution of such documents as are necessary to enable the Company to bring suit to enforce such rights.

Section 15. Insurance.

(a) The Company will use its reasonable best efforts to acquire directors and officers liability insurance, on terms and conditions deemed appropriate by the Board of Directors, with the advice of counsel, covering Indemnitee or any claim made against Indemnitee by reason of Indemnitee's Corporate Status and covering the Company for any indemnification or advance of Expenses made by the Company to Indemnitee for any claims made against Indemnitee by reason of Indemnitee's Corporate Status. In the event of a Change in Control, the Company shall maintain in force any and all directors and officers liability insurance policies that were maintained by the Company immediately prior to the Change in Control for a period of six years with the insurance carrier or carriers and through the insurance broker in place at the time of the Change in Control; provided, however, (i) if the carriers will not offer the same policy and an expiring policy needs to be replaced, a policy substantially comparable in scope and amount shall be obtained and (ii) if any replacement insurance carrier is necessary to obtain a policy substantially comparable in scope and amount, such insurance carrier shall have an AM Best rating that is the same or better than the AM Best rating of the existing insurance carrier; provided, further, however, in no event shall the Company be required to expend in the aggregate in excess of 250% of the annual premium or premiums paid by the Company for directors and officers liability insurance in effect on the date of the Change in Control. In the event that 250% of the annual premium paid by the Company for such existing directors and officers liability insurance is insufficient for such coverage, the Company shall spend up to that amount to purchase such lesser coverage as may be obtained with such amount.

(b) Without in any way limiting any other obligation under this Agreement, the Company shall indemnify Indemnatee for any payment by Indemnatee which would otherwise be indemnifiable hereunder arising out of the amount of any deductible or retention and the amount of any excess of the aggregate of all judgments, penalties, fines, settlements and Expenses incurred by Indemnatee in connection with a Proceeding over the coverage of any insurance referred to in Section 15(a). The purchase, establishment and maintenance of any such insurance shall not in any way limit or affect the rights or obligations of the Company or Indemnatee under this Agreement except as expressly provided herein, and the execution and delivery of this Agreement by the Company and Indemnatee shall not in any way limit or affect the rights or obligations of the Company under any such insurance policies. If, at the time the Company receives notice from any source of a Proceeding to which Indemnatee is a party or a participant (as a witness or otherwise) the Company has director and officer liability insurance in effect, the Company shall give prompt notice of such Proceeding to the insurers in accordance with the procedures set forth in the respective policies.

(c) The Indemnatee shall cooperate with the Company or any insurance carrier of the Company with respect to any Proceeding.

Section 16. Coordination of Payments. The Company shall not be liable under this Agreement to make any payment of amounts otherwise indemnifiable or payable or reimbursable as Expenses hereunder if and to the extent that Indemnatee has otherwise actually received such payment under any insurance policy, contract, agreement or otherwise.

Section 17. Contribution. If the indemnification provided in this Agreement is unavailable in whole or in part and may not be paid to Indemnatee for any reason, other than for failure to satisfy the standard of conduct set forth in Section 4 or due to the provisions of Section 5, then, with respect to any Proceeding in which the Company is jointly liable with Indemnatee (or would be if joined in such Proceeding), to the fullest extent permissible under applicable law, the Company, in lieu of indemnifying and holding harmless Indemnatee, shall pay, in the first instance, the entire amount incurred by Indemnatee, whether for Expenses, judgments, penalties, and/or amounts paid or to be paid in settlement, in connection with any Proceeding without requiring Indemnatee to contribute to such payment, and the Company hereby waives and relinquishes any right of contribution it may have at any time against Indemnatee.

Section 18. Reports to Stockholders. To the extent required by the MGCL, the Company shall report in writing to its stockholders the payment of any amounts for indemnification of, or advance of Expenses to, Indemnatee under this Agreement arising out of a Proceeding by or in the right of the Company with the notice of the meeting of stockholders of the Company next following the date of the payment of any such indemnification or advance of Expenses or prior to such meeting.

Section 19. Duration of Agreement; Binding Effect.

(a) This Agreement shall continue until and terminate on the later of (i) the date that Indemnatee shall have ceased to serve as a director, officer, employee or agent of the Company or as a director, trustee, officer, partner, manager, managing member, fiduciary, employee or agent of any other foreign or domestic corporation, real estate investment trust, partnership, limited liability company, joint venture, trust, employee benefit plan or other enterprise that such person is or was serving in such capacity at the request of the Company and (ii) the date that Indemnatee is no longer subject to any actual or possible Proceeding (including any rights of appeal thereto and any Proceeding commenced by Indemnatee pursuant to Section 12 of this Agreement).

(b) The indemnification and advance of Expenses provided by, or granted pursuant to, this Agreement shall be binding upon and be enforceable by the parties hereto and their respective successors and assigns (including any direct or indirect successor by purchase, merger, consolidation or otherwise to all or substantially all of the business or assets of the Company), shall continue as to an Indemnatee who has ceased to be a director, officer, employee or agent of the Company or a director, trustee, officer, partner, manager, managing member, fiduciary, employee or agent of any other foreign or domestic corporation, real estate investment trust, partnership, limited liability company, joint venture, trust, employee benefit plan or other enterprise that such person is or was serving in

such capacity at the request of the Company, and shall inure to the benefit of Indemnatee and Indemnatee's spouse, assigns, heirs, devisees, executors and administrators and other legal representatives.

(c) The Company shall require and cause any successor (whether direct or indirect by purchase, merger, consolidation or otherwise) to all, substantially all or a substantial part, of the business and/or assets of the Company, by written agreement in form and substance satisfactory to Indemnatee, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place.

(d) The Company and Indemnatee agree that a monetary remedy for breach of this Agreement, at some later date, may be inadequate, impracticable and difficult to ascertain, and further agree that such breach may cause Indemnatee irreparable harm. Accordingly, the parties hereto agree that Indemnatee may enforce this Agreement by seeking injunctive relief and/or specific performance hereof, without any necessity of showing actual damage or irreparable harm and that by seeking injunctive relief and/or specific performance, Indemnatee shall not be precluded from seeking or obtaining any other relief to which Indemnatee may be entitled. Indemnatee shall further be entitled to such specific performance and injunctive relief, including temporary restraining orders, preliminary injunctions and permanent injunctions, without the necessity of posting bonds or other undertakings in connection therewith. The Company acknowledges that, in the absence of a waiver, a bond or undertaking may be required of Indemnatee by a court, and the Company hereby waives any such requirement of such a bond or undertaking.

Section 20. Severability. If any provision or provisions of this Agreement shall be held to be invalid, void, illegal or otherwise unenforceable for any reason whatsoever: (a) the validity, legality and enforceability of the remaining provisions of this Agreement (including, without limitation, each portion of any Section, paragraph or sentence of this Agreement containing any such provision held to be invalid, void, illegal or otherwise unenforceable that is not itself invalid, void, illegal or otherwise unenforceable) shall not in any way be affected or impaired thereby and shall remain enforceable to the fullest extent permitted by law; (b) such provision or provisions shall be deemed reformed to the extent necessary to conform to applicable law and to give the maximum effect to the intent of the parties hereto; and (c) to the fullest extent possible, the provisions of this Agreement (including, without limitation, each portion of any Section, paragraph or sentence of this Agreement containing any such provision held to be invalid, void, illegal or otherwise unenforceable, that is not itself invalid, void, illegal or otherwise unenforceable) shall be construed so as to give effect to the intent manifested thereby.

Section 21. Counterparts. This Agreement may be executed in one or more counterparts, (delivery of which may be by facsimile, or via e-mail as a portable document format (.pdf) or other electronic format), each of which will be deemed to be an original, and it will not be necessary in making proof of this Agreement or the terms of this Agreement to produce or account for more than one such counterpart. One such counterpart signed by the party against whom enforceability is sought shall be sufficient to evidence the existence of this Agreement.

Section 22. Headings. The headings of the paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction thereof.

Section 23. Modification and Waiver. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by both of the parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions hereof (whether or not similar) nor, unless otherwise expressly stated, shall such waiver constitute a continuing waiver.

Section 24. Notices. All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given if (i) delivered by hand and receipted for by the party to whom said notice or other communication shall have been directed, on the day of such delivery, or (ii) mailed by certified or registered mail with postage prepaid, on the third business day after the date on which it is so mailed:

(a) If to Indemnatee, to the address set forth on the signature page hereto.

(b) If to the Company, to:

Postal Realty Trust, Inc.
75 Columbia Avenue
Cedarhurst, NY 11516

or to such other address as may have been furnished in writing to Indemnitee by the Company or to the Company by Indemnitee, as the case may be.

Section 25. Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Maryland, without regard to its conflicts of laws rules.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

POSTAL REALTY TRUST, INC.

By: /s/ Jeremy Garber

Name: Jeremy Garber
Title: President, Treasurer and Secretary

/s/ Robert B. Klein

Name: Robert B. Klein
Address: 75 Columbia Ave, Cedarhurst, NY 11516

EXHIBIT A

AFFIRMATION AND UNDERTAKING TO REPAY EXPENSES ADVANCED

To: The Board of Directors of Postal Realty Trust, Inc.

Re: Affirmation and Undertaking

Ladies and Gentlemen:

This Affirmation and Undertaking is being provided pursuant to that certain Indemnification Agreement dated the ____ day of _____, 20____, by and between Postal Realty Trust, Inc., a Maryland corporation (the "Company"), and the undersigned Indemnatee (the "Indemnification Agreement"), pursuant to which I am entitled to advance of Expenses in connection with **[Description of Proceeding]** (the "Proceeding").

Terms used herein and not otherwise defined shall have the meanings specified in the Indemnification Agreement.

I am subject to the Proceeding by reason of my Corporate Status or by reason of alleged actions or omissions by me in such capacity. I hereby affirm my good faith belief that at all times, insofar as I was involved as **[a director]** **[and]** **[an officer]** of the Company, in any of the facts or events giving rise to the Proceeding, I (1) did not act with bad faith or active or deliberate dishonesty, (2) did not receive any improper personal benefit in money, property or services and (3) in the case of any criminal proceeding, had no reasonable cause to believe that any act or omission by me was unlawful.

In consideration of the advance by the Company for Expenses incurred by me in connection with the Proceeding (the "Advanced Expenses"), I hereby agree that if, in connection with the Proceeding, it is established that (1) an act or omission by me was material to the matter giving rise to the Proceeding and (a) was committed in bad faith or (b) was the result of active and deliberate dishonesty or (2) I actually received an improper personal benefit in money, property or services or (3) in the case of any criminal proceeding, I had reasonable cause to believe that the act or omission was unlawful, then I shall promptly reimburse the portion of the Advanced Expenses relating to the claims, issues or matters in the Proceeding as to which the foregoing findings have been established.

IN WITNESS WHEREOF, I have executed this Affirmation and Undertaking on this ____ day of _____, 20____.

Name: _____

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO RULE 13a-14(a) OF THE EXCHANGE ACT, AS AMENDED,
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Andrew Spodek, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Postal Realty Trust, Inc. (the “registrant”) for the period ended June 30, 2021;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal controls over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: August 12, 2021

/s/ Andrew Spodek

Andrew Spodek,
Chief Executive Officer
(Principal Executive Officer)
Postal Realty Trust, Inc.

**CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO RULE 13a-14(a) OF THE EXCHANGE ACT, AS AMENDED,
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Robert B. Klein, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Postal Realty Trust, Inc. (the “registrant”) for the period ended June 30, 2021;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal controls over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: August 12, 2021

/s/ Robert B. Klein

Robert B. Klein
Chief Financial Officer
(Principal Financial Officer)
Postal Realty Trust, Inc.

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002
Certificate of Principal Executive Officer**

In connection with the Quarterly Report of Postal Realty Trust, Inc. (the "Company") on Form 10-Q for the period ended June 30, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Andrew Spodek, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company at the dates and for the periods presented.

POSTAL REALTY TRUST, INC.

Date: August 12, 2021

By: /s/ Andrew Spodek
Andrew Spodek
Chief Executive Officer and Director
(Principal Executive Officer)

This written report is being furnished to the Securities and Exchange Commission as an exhibit to the Report. A signed original of this written statement required by Section 906 has been provided to Postal Realty Trust, Inc. and will be retained by Postal Realty Trust, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002
Certificate of Chief Financial Officer**

In connection with the Quarterly Report of Postal Realty Trust, Inc. (the "Company") on Form 10-Q for the period ended June 30, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Robert B. Klein, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company at the dates and for the periods presented.

POSTAL REALTY TRUST, INC.

Date: August 12, 2021

By: /s/ Robert B. Klein
Robert B. Klein
Chief Financial Officer
(Principal Financial Officer)

This written report is being furnished to the Securities and Exchange Commission as an exhibit to the Report. A signed original of this written statement required by Section 906 has been provided to Postal Realty Trust, Inc. and will be retained by Postal Realty Trust, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.