POSTAL REALTY TRUST, INC.

NYSE: PSTL

POSTAL REALTY TRUST

Q2 2021 Supplemental

Forward-Looking Cautionary Statements

This presentation regarding Postal Realty Trust, Inc. ("our", "us", "we" or the "Company") contains "forward-looking statements." Forward-looking statements include statements identified by words such as "could," "may," "might," "will," "likely," "anticipates," "intends," "plans," "seeks," "believes," "estimates," "expects," "continues," "projects" and similar references to future periods, or by the inclusion of forecasts or projections. Because forward-looking statements relate to the future, by their nature, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict. As a result, the Company's actual results may differ materially from those contemplated by the forward-looking statements. Important factors that could cause actual results to differ materially from those in the forward-looking statements include, among others, change in the status of the 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, our ability to come to an agreement with the USPS regarding new leases, 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 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 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 for or maintain such status, public health threats such as the COVID-19 pandemic, and other factors set forth under "Risk Factors" in the Company's filings with the Securities and Exchange Commission. Any forward-looking statement made in this presentation speaks only as of the date on which it is made. The Company undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future developments or otherwise. We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future developments or otherwise, except as may be required by applicable securities laws.

Corporate Information & Analyst Coverage

Key Management

Andrew Spodek	Chief Executive Officer
Jeremy Garber	President, Treasurer & Secretary
Robert Klein	Chief Financial Officer

Board of Directors	**Board Responsibilities**
Patrick Donahoe	Chair of the Board, Member - Audit Committee
Andrew Spodek	Chief Executive Officer, Director
Barry Lefkowitz	Chair of Audit Committee, Member - Corporate Governance & Compensation Committee
Anton Feingold	Chair of Corporate Governance & Compensation Committee, Member - Audit Committee
Jane Gural-Senders	Member - Corporate Governance & Compensation Committee

Corporate Information

Corporate Headquarters	**Corporate Counsel**	**Transfer Agent**	**Independent Registered Public Accounting Firm**
75 Columbia Avenue	Hunton Andrews Kurth LLP	American Stock Transfer and Trust	BDO USA, LLP
Cedarhurst, NY 11516	200 Park Avenue	800-937-5449	100 Park Avenue
www.postalrealtytrust.com	New York, NY 10166		New York, NY 10017
Investorrelations@postalrealtytrust.com	212-309-1000		212-885-8000
516-232-8900			

Research Coverage

Firm	Analyst	Phone	Firm	Analyst	Phone
BMO Capital Markets	Frank Lee	415-591-2129	Janney Montgomery Scott	Robert Stevenson	646-840-3217
BTIG	Michael Gorman	212-738-6138	Jefferies	Jonathan Petersen	212-284-1705
Compass Point	Merrill Ross	202-534-1392	Stifel Nicolaus & Company, Inc.	Stephen Manaker	212-271-3716
Height Capital Markets	Ed Groshan	202-629-0025			

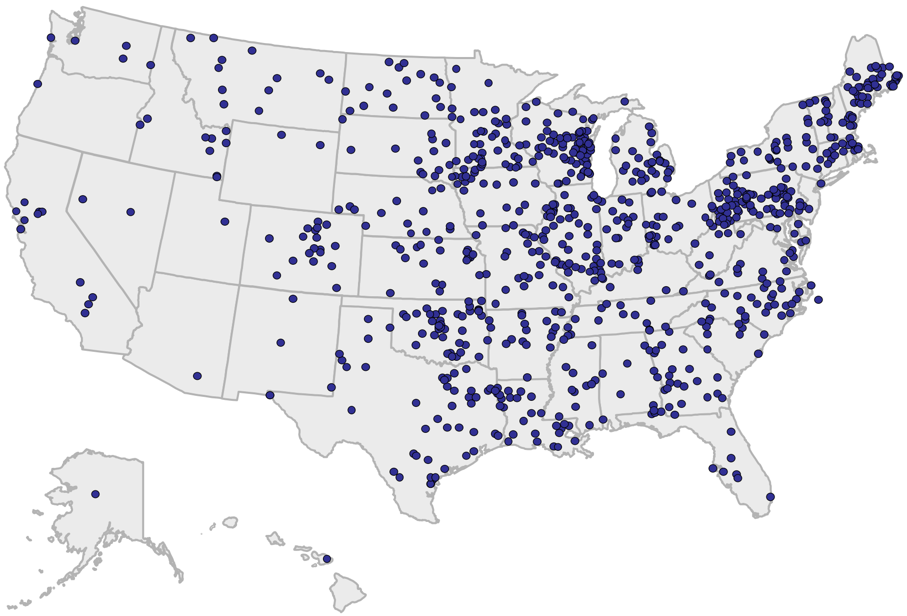
Company Overview

Postal Realty Trust, Inc. (NYSE: PSTL) is an internally managed real estate corporation that owns properties primarily leased to the United States Postal Service, or the USPS. Postal Realty Trust is focused on acquiring the network of USPS properties, which provide a critical element of the nation's logistics infrastructure that facilitates cost effective and efficient last-mile delivery solutions. At June 30, 2021, PSTL owned 852 postal properties (including a property accounted for as a financing lease) located in 49 states comprising approximately 3.6 million net leasable interior square feet. Subsequent to quarter-end and through August 3, 2021, the Company closed on an additional 32 properties comprising approximately 89,000 net leasable interior square feet.

PSTL believes its competitive strengths are:

- Extensive and Geographically Diverse Portfolio
- Experienced, Proven and Aligned Management Team with Extensive Seller Relationships
- Only Publicly Traded REIT Focused Exclusively on Properties Leased to the USPS

PSTL's Footprint of Owned Properties



Source: Company Filings
Note: Map as of 8/3/2021

Executive Summary

Figures for the quarter ended June 30, 2021

POSTAL REALTY TRUST

Price of Common Shares	
High closing price during period	$21.12
Low closing price during period	$17.10
End of period closing price	$18.24

Outstanding Classes of Stock and Partnership Units	
Common shares	13,652
OP Units	3,122
LTIP Units	375
Restricted Stock Units	43
Voting equivalent shares	27
Total shares - fully diluted	17,219

Market Capitalization	
Total equity market capitalization - fully diluted (1)	$314,075
Net debt	109,648
Enterprise value	$423,723

Debt Ratios	
Net debt to enterprise value	25.9%
Net debt to annualized adjusted EBITDA	4.8x
Adjusted interest coverage ratio	9.1x
Fixed charge coverage ratio	8.7x

Earnings	
Net income attributable to common stockholders	$671
Net income attributable to common stockholders per share	$0.04
Funds From Operations ("FFO")	$4,042
FFO per share - fully diluted basis	$0.25
Adjusted Funds From Operations ("AFFO")	$4,335
AFFO per share - fully diluted basis	$0.26
Dividend per share	$0.2225
Net Operating Income	$7,321

Current Metrics (2)	
Annualized total owned rental revenue	$32,301
Total owned square footage	3,690
Weighted average rent per square foot	$8.75
Total owned property count	884
Total managed property count	398
Portfolio occupancy	100.0%
Total current net debt (3)	$114,636
Total share count - fully diluted	17,508

Source: Company Filings

Note: Figures in thousands, except for per share, per square foot, and property count data

(1) Total equity market capitalization – fully diluted calculated with closing share price of $18.24
(2) Based on 8/3/2021 figures
(3) Total current net debt includes cash balance and escrow & reserves as of 6/30/2021

Balance Sheet

($ in thousands)	Balance Sheet June 30, 2021	Balance Sheet March 31, 2021
ASSETS		
Investments:		
Real estate properties, at cost:		
Land	$55,108	$49,745
Building and improvements	240,528	216,510
Tenant improvements	5,098	4,830
Total real estate properties, at cost	300,734	271,085
Less: Accumulated depreciation	(16,715)	(14,981)
Total real estate properties, net	284,019	256,104
Investment in financing lease, net	512	514
Total investments	284,531	256,618
Cash	4,936	3,314
Rent and other receivables	3,689	3,915
Prepaid expenses and other assets, net	4,790	4,428
Escrows and reserves	1,215	1,147
Deferred rent receivable	373	278
In-place lease intangibles, net	14,578	13,851
Above market leases, net	116	96
Total Assets	$314,228	$283,647
LIABILITIES AND EQUITY		
Liabilities:		
Secured borrowings, net	$33,031	$33,055
Revolving credit facility	82,500	64,500
Accounts payable, accrued expenses and other	6,673	6,678
Below market lease, net	8,579	8,814
Total Liabilities	130,783	113,047
Equity:		
PSTL - Class A & Class B	$136	$133
Additional paid-in capital	160,061	151,114
Accumulated deficit	(14,010)	(11,730)
Total Stockholders' Equity	146,187	139,517
Operating Partnership unitholders' noncontrolling interests	37,258	31,083
Total Equity	183,445	170,600
Total Liabilities and Equity	$314,228	$283,647

Source: Company Filings

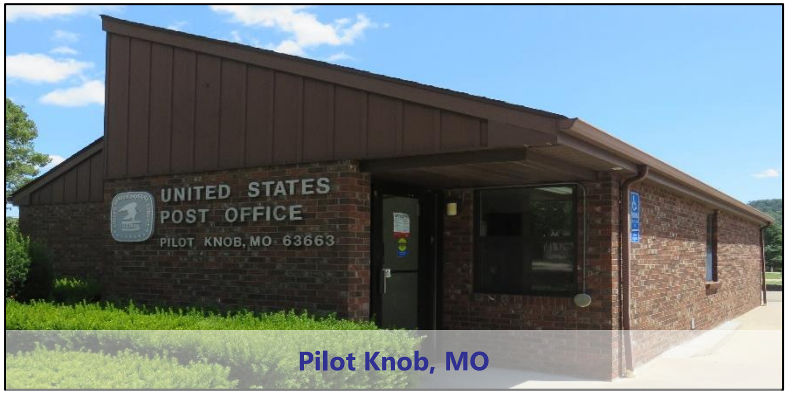
Statement of Operations

($ in thousands)	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020
REVENUE					
Rental income	$8,977	$8,487	$7,106	$6,014	$5,293
Fee and other income	551	378	471	283	312
Total revenues	9,528	8,865	7,577	6,296	5,605
OPERATING EXPENSES					
Real estate taxes	1,163	1,089	959	798	697
Property operating expenses	815	910	663	460	394
General and administrative	2,716	2,569	1,984	2,027	1,917
Depreciation and amortization	3,219	3,169	2,572	2,394	2,162
Total operating expenses	$7,913	$7,737	$6,177	$5,680	$5,170
Income from operations	$1,615	$1,128	$1,399	$617	$435
Interest expense, net	(765)	(991)	(716)	(607)	(660)
Income (loss) before income tax expense	$850	$137	$683	$10	$(225)
Income tax expense	(27)	(11)	(44)	(30)	(5)
Net income (loss)	$823	$126	$639	$(20)	$(230)
Net (income) loss attributable to Operating Partnership unitholders' non-controlling interests	(152)	(23)	(148)	5	79
Net income (loss) attributable to common stockholders	**$671**	**$103**	**$491**	**$(15)**	**$(151)**

Source: Company Filings

FFO & AFFO Reconciliation

($ in thousands, except per share / unit data)	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020
	FFO & AFFO				
Net income (loss)	**$823**	**$126**	**$639**	**$(20)**	**$(230)**
Depreciation and amortization	3,219	3,169	2,572	2,394	2,162
Funds from operations (FFO)	**$4,042**	**$3,295**	**$3,211**	**$2,374**	**$1,932**
Recurring capital expenditures	(125)	(189)	(341)	(51)	(123)
Amortization of deferred financing fees	145	145	129	124	115
Loss on extinguishment of debt	-	202	-	-	-
Straight-line rent and other adjustments	(110)	24	296	(48)	(36)
Fair value lease and other adjustments	(383)	(377)	(330)	(323)	(293)
Acquisition related expenses	60	71	71	119	51
Income on insurance recoveries from casualties	(81)	(36)	(158)	(7)	(44)
Non-cash components of compensation expense	787	1,129	538	570	535
Adjusted funds from operations (AFFO)	**$4,335**	**$4,264**	**$3,415**	**$2,758**	**$2,137**
FFO per common share and common unit outstanding	**$0.25**	**$0.21**	**$0.26**	**$0.21**	**$0.23**
AFFO per common share and common unit outstanding	**$0.26**	**$0.27**	**$0.28**	**$0.24**	**$0.26**
Weighted average common shares and common units outstanding (1)	16,496	15,709	12,343	11,524	8,250



Pilot Knob, MO

Black Hawk, SD

Source: Company Filings
(1) Basic and diluted

NOI Reconciliation

($ in thousands)	Net Operating Income				
	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020
REVENUE					
Rental income	$8,977	$8,487	$7,106	$6,014	$5,293
Total revenues	$8,977	$8,487	$7,106	$6,014	$5,293
OPERATING EXPENSES					
Real estate taxes	$1,163	$1,089	$959	$798	$697
Property operating expenses[(1)]	493	491	437	258	205
Total operating expenses	$1,656	$1,580	$1,396	$1,056	$902
Net Operating Income	$7,321	$6,907	$5,710	$4,958	$4,391

Woodbury, TN


Sharon, MA

Source: Company Filings
(1) Property operating expenses excludes property management expenses; reference Net Operating Income definition on page 19 for further detail

EBITDA Reconciliation

($ in thousands)	EBITDA				
	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020
Net income (loss)	$823	$126	$639	$(20)	$(230)
Contractual interest expense	621	645	588	484	546
Amortization of deferred financing fees	145	145	129	124	115
Loss on extinguishment of debt	-	202	-	-	-
Income tax expense	27	11	44	30	5
Depreciation and amortization	3,219	3,169	2,572	2,394	2,162
EBITDA	$4,835	$4,298	$3,972	$3,012	$2,598
Acquisition related expenses	60	71	71	119	51
Non-cash components of compensation expense	787	1,129	538	570	535
Adjusted EBITDA	$5,682	$5,498	$4,581	$3,700	$3,184

Divide, CO

Jamestown, CO

Source: Company Filings

Debt Summary

Debt Outstanding as of 6/30/2021

Debt Breakdown			
Lender	Maturity Date	Interest Rate	Outstanding Balance
($ in thousands)			
Vision Bank	Sep-36	4.00%	$1,425
First Oklahoma Bank[(1)]	Dec-37	4.50%	357
Vision Bank - 2018	Jan-38	5.00%	852
Seller Financing	Jan-25	6.00%	366
AIG - December 2020	Jan-31	2.80%	30,225
Fixed Rate Debt			**$33,225**
2019 Revolving Credit Facility[(2)]	Sep-23	1.80%	82,500
Total Principal			$115,725
Unamortized Deferred Financing Costs			(194)
Total Debt:		**2.13%**	**$115,531**

Cedar Bluff, AL

Source: Company Filings

(1) Subsequent to 6/30/2021, the Company executed an amendment to reduce the interest rate on the First Oklahoma Bank loan from 4.5% to 3.625%

(2) Subsequent to 6/30/2021, the 2019 Revolving Credit Facility was terminated and repaid. On August 9, 2021, the Company entered into a new $150 million senior unsecured revolving credit facility and a $50 million senior unsecured term loan with maturity dates in January 2026, and January 2027, respectively. Concurrently, the Company entered into an interest rate swap having a notional amount of $50 million that fixed the LIBOR component of the interest rate on a portion of the new credit facilities through January 2027. As of 8/10/2021, the Company had $42.5 million outstanding under the 2021 revolving credit facility and $50.0 million outstanding under a term loan.

Debt Statistics

Debt Statistics	
($ in thousands)	Q2 2021
Market Capitalization	
Debt Principal	$115,725
Cash	4,936
Escrow & Reserves	1,141
Net Debt	109,648
Market Value of Common Equity[(1)]	314,111
Total Enterprise Value	423,759
Net Debt to Enterprise Value	25.9%
Leverage	
Net Debt	$109,648
Annualized Adjusted EBITDA	22,728
Net Debt / Annualized Adjusted EBITDA	4.8x
Adjusted Interest Coverage Ratio	
Contractual Interest Expense	$621
Adjusted EBITDA	5,682
Adjusted Interest Coverage Ratio	9.1x
Fixed Charge Coverage Ratio	
Contractual Interest Expense	$621
Debt Amortization	28
Total Fixed Charges	649
Adjusted EBITDA	5,682
Fixed Charge Coverage Ratio	8.7x


Warrendale, PA

Satsuma, FL

Source: Company Filings
(1) Calculated using the closing share price of $18.24 as of 6/30/2021

Acquisition Summary by Region

Acquisition Summary as of 8/3/2021

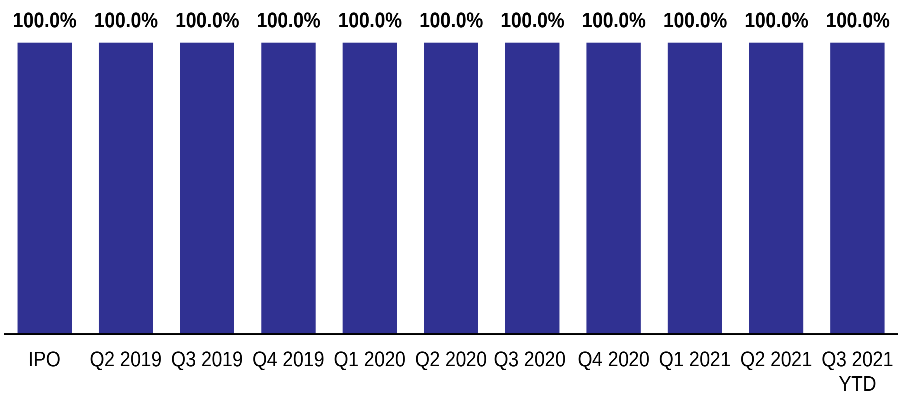
Acquisition Summary					
Acquisitions By Property Type	Property Count	Purchase Price[1]	Interior Square Feet	Purchase Price per Int. Sq Ft	Annualized Rent[2]
Q1 2021 Acquisitions					
Last Mile	36 Properties	$5,018,933	52,009	$96.50	$562,818
Flex	15 Properties	6,089,336	58,348	104.36	629,592
Industrial	3 Properties	14,650,000	575,788	25.44	1,495,208
Q1 2021 Totals	**54 Properties**	**$25,758,269**	**686,145**	**$37.54**	**$2,687,618**
Q2 2021 Acquisitions					
Last Mile	42 Properties	$6,516,200	61,462	$106.02	$641,292
Flex	29 Properties	24,235,130	184,404	131.42	1,941,597
Industrial	0 Properties	0	0	0.00	0
Q2 2021 Totals	**71 Properties**	**$30,751,330**	**245,866**	**$125.07**	**$2,582,889**
Q3 2021 Acquisitions[3]					
Last Mile	22 Properties	$3,712,978	34,593	$107.33	$358,010
Flex	10 Properties	7,720,000	54,792	140.90	652,354
Industrial	0 Properties	0	0	0.00	0
Q3 2021 Totals	**32 Properties**	**$11,432,978**	**89,385**	**$127.91**	**$1,010,364**
2021 Totals	**157 Properties**	**$67,942,577**	**1,021,396**	**$66.52**	**$6,280,871**

Source: Company Filings
(1) Purchase price excludes closing costs
(2) Annualized contractually specified cash base rent in effect on August 3, 2021 for all of our leases (including those accounted for as direct financing leases)
(3) Representative of Q3 2021 acquisitions as of 8/3/2021

Portfolio Fundamentals

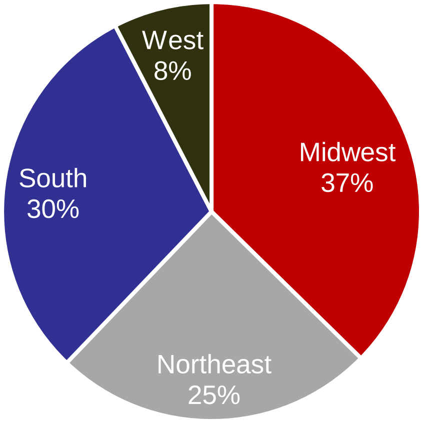
Diversified Portfolio with High Historic Lease Retention

Historic Lease Retention Rate Since IPO



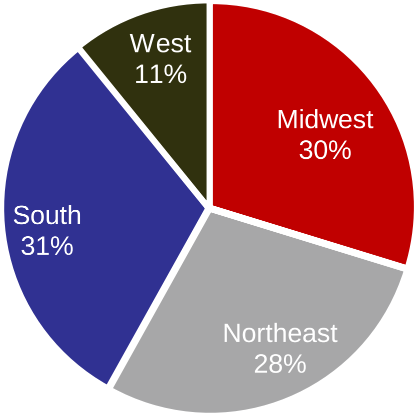
Pelahatchie, MS

Portfolio By % of Aggregate Interior Sq Ft



Region	Sq Ft
Midwest	1,378,073
South	1,115,487
Northeast	915,045
West	280,966
Total	**3,689,571**

Portfolio By % of Annualized Gross Rent[(1)]



Region	Rent
South	$10,035,918
Midwest	9,609,097
Northeast	9,151,903
West	3,503,688
Total	**$32,300,606**

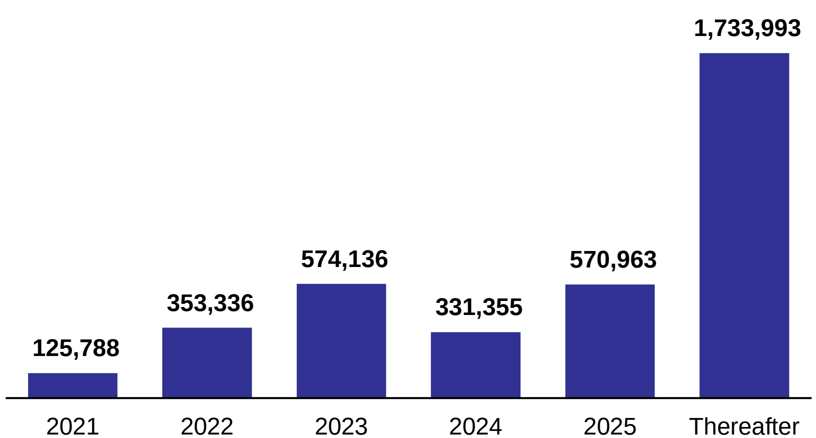
Source: Company Filings
Note: Portfolio statistics as of 8/3/2021
(1) Annualized contractually specified cash base rent in effect on August 3, 2021 for all of our leases (including those accounted for as direct financing leases)

Lease Rollover Drives Significant Upside

Upcoming Lease Expirations Provide Organic Growth Opportunity

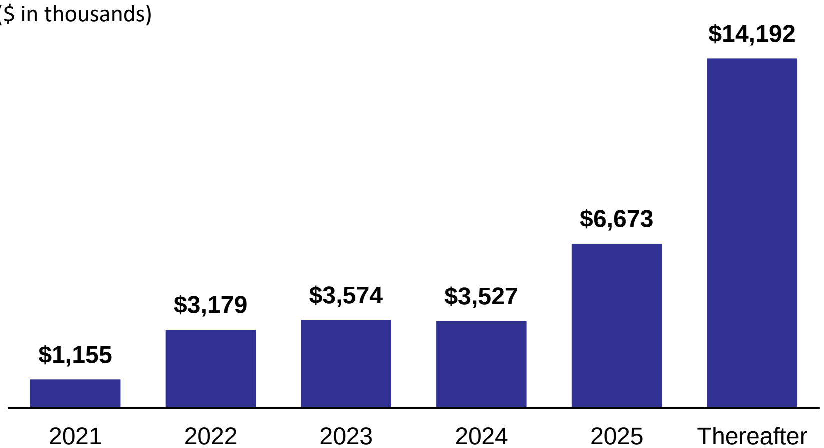
Year	Number of Leases	Square Feet	Annual Rent[2]	% of Total Rent[2]
2021	59[1]	125,788	$1,154,591	3.6%
2022	77	353,336	$3,179,481	9.8%
2023	69	574,136	$3,573,664	11.1%
2024	85	331,355	$3,527,193	10.9%
2025	175	570,963	$6,673,480	20.7%
Thereafter	422	1,733,993	$14,192,197	43.9%
Total	**887**	**3,689,571**	**$32,300,606**	**100.0%**

Lease Expirations (by Square Feet)



Lease Expirations (by Annual Rent)[2]

($ in thousands)



Source: Company Filings
Note: As of 8/3/2021
(1) Executed letter of intent in place to renew 55 leases with 2021 expirations
(2) Annualized contractually specified cash base rent in effect on August 3, 2021 for all of our leases (including those accounted for as direct financing leases)

Property Breakdown by State

Property Breakdown by State						
State	Gross Rent	% Gross Rent	Square Footage	% Square Footage	Property Count	% Property Count
Pennsylvania	5,432,847	16.82%	669,576	18.15%	74	8.38%
Wisconsin	1,949,943	6.05%	217,629	5.90%	62	7.02%
North Carolina	1,613,800	5.01%	156,293	4.24%	28	3.17%
Texas	1,610,816	4.99%	148,197	4.02%	51	5.77%
Ohio	1,384,781	4.30%	135,038	3.66%	23	2.61%
Kansas	1,266,994	3.93%	433,184	11.74%	23	2.60%
Massachusetts	1,162,530	3.60%	61,130	1.66%	14	1.58%
Colorado	1,160,505	3.59%	74,337	2.01%	18	2.04%
New York	1,066,381	3.30%	74,419	2.02%	31	3.51%
California	1,034,070	3.20%	104,891	2.84%	13(1)	1.47%
Michigan	999,703	3.09%	136,873	3.71%	37	4.19%
Oklahoma	933,049	2.89%	104,885	2.84%	40	4.52%
Louisiana	875,813	2.71%	79,069	2.14%	27	3.05%
Alabama	837,424	2.59%	207,964	5.64%	10	1.13%
Illinois	801,132	2.48%	103,348	2.80%	47	5.32%
Indiana	718,828	2.23%	72,603	1.97%	20	2.26%
Minnesota	710,913	2.20%	77,872	2.11%	36	4.07%
Florida	687,285	2.13%	58,172	1.58%	13	1.47%
Maine	592,555	1.83%	50,796	1.38%	40	4.52%
Tennessee	579,460	1.79%	75,501	2.05%	13	1.47%
Iowa	564,708	1.75%	67,779	1.84%	22	2.49%
Arkansas	556,138	1.72%	60,690	1.64%	20	2.26%
Missouri	537,016	1.66%	63,637	1.72%	27	3.05%
Mississippi	500,192	1.55%	53,210	1.44%	14	1.58%
Georgia	485,212	1.50%	45,367	1.23%	23	2.60%
South Carolina	440,638	1.36%	38,420	1.04%	10	1.13%

Note: As of 8/3/2021

(1) Includes one property accounted for as a financing lease

Property Breakdown by State (continued)

Property Breakdown by State						
State	Gross Rent	% Gross Rent	Square Footage	% Square Footage	Property Count	% Property Count
Montana	353,273	1.09%	33,038	0.90%	12	1.36%
Virginia	338,531	1.05%	39,673	1.08%	13	1.47%
Connecticut	298,898	0.93%	22,657	0.61%	4	0.45%
Vermont	280,288	0.87%	15,730	0.43%	10	1.13%
Hawaii	247,701	0.77%	9,705	0.26%	1	0.11%
South Dakota	240,127	0.74%	22,492	0.61%	14	1.58%
North Dakota	233,087	0.72%	23,307	0.63%	18	2.04%
West Virginia	220,587	0.68%	19,213	0.52%	13	1.47%
Nebraska	201,865	0.62%	24,311	0.66%	15	1.70%
Maryland	200,250	0.62%	14,638	0.40%	6	0.68%
New Hampshire	170,494	0.53%	10,744	0.29%	7	0.79%
Kentucky	156,722	0.49%	14,195	0.38%	6	0.68%
Oregon	139,858	0.43%	7,685	0.21%	1	0.11%
Washington	124,033	0.38%	10,180	0.28%	5	0.57%
Idaho	104,873	0.32%	13,983	0.38%	9	1.02%
New Mexico	95,741	0.30%	7,987	0.22%	3	0.34%
New Jersey	95,109	0.29%	6,933	0.19%	3	0.34%
Utah	87,141	0.27%	4,425	0.12%	1	0.11%
Arizona	82,267	0.25%	5,071	0.14%	1	0.11%
Delaware	52,800	0.16%	3,060	0.08%	1	0.11%
Nevada	40,320	0.12%	3,803	0.10%	2	0.23%
Wyoming	22,808	0.07%	3,041	0.08%	2	0.23%
Alaska	11,100	0.03%	2,820	0.08%	1	0.11%
Total:	**$32,300,606**	**100.00%**	**3,689,571**	**100.00%**	**884**	**100.00%**

Note: As of 8/3/2021

Definitions

Non-GAAP Financial Measures

Funds from Operation (FFO)

The Company calculates FFO in accordance with the current National Association of Real Estate Investment Trusts (“NAREIT”) definition. NAREIT currently defines FFO as follows: net income (loss) (computed in accordance with GAAP) excluding depreciation and amortization related to real estate, gains and losses from the sale of certain real estate assets, gains and losses from change in control, and impairment write-downs of certain real estate assets and investments in entities when the impairment is directly attributable to decreases in the value of depreciable real estate held by an entity. Other REITs may not define FFO in accordance with the NAREIT definition or may interpret the current NAREIT definition differently than the Company does and therefore the Company’s computation of FFO may not be comparable to such other REITs.

Adjusted Funds from Operations (AFFO)

The Company calculates AFFO by starting with FFO and adjusting for recurring capital expenditures (defined as all capital expenditures and, beginning with the three months ended September 30, 2020, leasing costs that are recurring in nature, excluding beginning with the three months ended June 30, 2020, as a policy change, all capital improvements that are planned at the acquisition of a property or obtaining a lease or lease renewal) and acquisition related expenses (defined as acquisition-related expenses that are incurred for investment purposes and do not correlate with the ongoing operations of the Company’s existing portfolio, including due diligence costs for acquisitions not consummated and certain auditing and accounting fees incurred that were directly related to completed acquisitions or dispositions) that are not capitalized and then adding back non-cash items including: non-real estate depreciation, loss on extinguishment of debt, write-off and amortization of deferred financing fees, straight-line rent and other adjustments (beginning with the quarter ended September 30, 2020, including lump sum catch up payments for increased rents), fair value lease adjustments, income on insurance recoveries from casualties (beginning with the three months ended December 31, 2020) and non-cash components of compensation expense. AFFO is a non-GAAP financial measure and should not be viewed as an alternative to net income calculated in accordance with GAAP as a measurement of the Company’s operating performance. The Company believes that AFFO is widely-used by other REITs and is helpful to investors as a meaningful additional measure of the Company’s ability to make capital investments. Other REITs may not define AFFO in the same manner as the Company does and therefore its calculation of AFFO may not be comparable to such other REITs.

Earnings before Interest Tax and Depreciation and Amortization (EBITDA) and Adjusted EBITDA

The Company computes EBITDA as earnings before interest, income taxes, depreciation and amortization. The Company presents EBITDA as it is a measure commonly used in its industry and the Company believes that this measure is useful to investors and analysts because they provide important supplemental information concerning its operating performance, exclusive of certain non-cash items and other costs. The Company uses EBITDA as a measure of its operating performance and not as a measure of liquidity. The Company computes Adjusted EBITDA by starting with EBITDA and adjusting for acquisition related expenses (as defined above) and non-cash components of compensation expense.

EBITDA and Adjusted EBITDA are not measures of financial performance under GAAP. You should not consider EBITDA or Adjusted EBITDA as alternatives to net income or cash flows from operating activities determined in accordance with GAAP. Additionally, the Company’s computations of EBITDA and Adjusted EBITDA may differ from the methodology for calculating these metrics used by other equity REITs and, therefore, may not be comparable to similarly titled measures reported by other equity REITs.

Definitions (continued)

Non-GAAP Financial Measures

Net Debt

The Company calculates its net debt as gross debt (defined as total debt plus net deferred financing costs on its secured borrowings) less cash and cash equivalents and property-related escrow and reserves. The Company believes excluding cash and cash equivalents and restricted cash deposits held for the benefit of lenders from gross debt, all of which could be used to repay debt, provides an estimate of the net contractual amount of borrowed capital to be repaid, which it believes is a beneficial disclosure to investors and analysts.

Net Operating Income (NOI)

The Company computes NOI as rental and tenant reimbursements less real estate taxes and property operating expenses (excluding property management expenses). NOI excludes all other items of expense and income included in the financial statements in calculating net income or loss. The Company believes NOI provides useful and relevant information because it reflects only those revenue and expense items that are incurred at the property level and present such items on an unlevered basis. NOI is not a measure of financial performance under GAAP. You should not consider the Company’s NOI as an alternative to net income or cash flows from operating activities determined in accordance with GAAP. Additionally, the Company’s computation of NOI may differ from the methodology for calculating these metrics used by other equity REITs, and, therefore, may not be comparable to similarly titled measures reported by other equity REITs. Below are the property management expenses excluded from NOI.

($ in thousands)	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020
Property Management Expense	$322	$419	$226	$202	$189