# POSTAL REALTY TRUST, INC.

NYSE: PSTL

Q4 2021 Supplemental

# Forward-Looking Cautionary Statements

This presentation regarding Postal Realty Trust, Inc. (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, the Company's ability to come to an agreement with the USPS regarding new leases or lease renewals, the solvency and financial health of the USPS, defaults on, early terminations of or non-renewal of leases or relocation of postal offices by the USPS, the competitive market in which the Company operates, changes in the availability of acquisition opportunities, the Company's inability to successfully complete real estate acquisitions or dispositions on the terms and timing it expects, or at all, the Company's failure to successfully operate developed and acquired properties, adverse economic or real estate developments, either nationally or in the markets in which the Company's properties are located, decreased rental rates or increased vacancy rates, change in the Company's business, financing or investment strategy or the markets in which it operates, fluctuations in interest 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 (including uncertainty regarding ongoing conflict between Russia and Ukraine and the related impact on macroeconomic conditions), financial market fluctuations, the Company's failure to generate sufficient cash flows to service its outstanding indebtedness, the Company's failure to obtain necessary outside financing on favorable terms or at all, failure to hedge effectively against interest rate changes, the Company's reliance on key personnel whose continued service is not guaranteed, the outcome of claims and litigation involving or affecting the Company, 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, uncertainties and risks related to adverse weather conditions, natural disasters and climate change, exposure to liability relating to environmental and health and safety matters, governmental approvals, actions and initiatives, including the need for compliance with environmental requirements, lack or insufficient amounts of insurance, limitations imposed on the Company's business in order to qualify and maintain its status as a REIT and the Company's 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 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**
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Investorrelations@postalrealtytrust.com
516-232-8900

**Corporate Counsel**
Hunton Andrews Kurth LLP
200 Park Avenue
New York, NY 10166
212-309-1000

**Transfer Agent**
American Stock Transfer and Trust
800-937-5449

**Independent Registered Public Accounting Firm**
BDO USA, LLP
100 Park Avenue
New York, NY 10017
212-885-8000

## Research Coverage

| Firm | Analyst | Phone | Firm | Analyst | Phone |
|---|---|---|---|---|---|
| BMO Capital Markets | John Kim | 212-885-4115 | Janney Montgomery Scott | Robert Stevenson | 646-840-3217 |
| BTIG | Michael Gorman | 212-738-6138 | Jefferies | Jonathan Petersen | 212-284-1705 |
| Colliers | Barry Oxford | 203-961-6573 | Stifel Nicolaus & Company, Inc. | Stephen Manaker | 212-271-3716 |
| Height Capital Markets | Ed Groshans | 202-629-0025 | Truist Securities | Ki Bin Kim | 212-303-4124 |

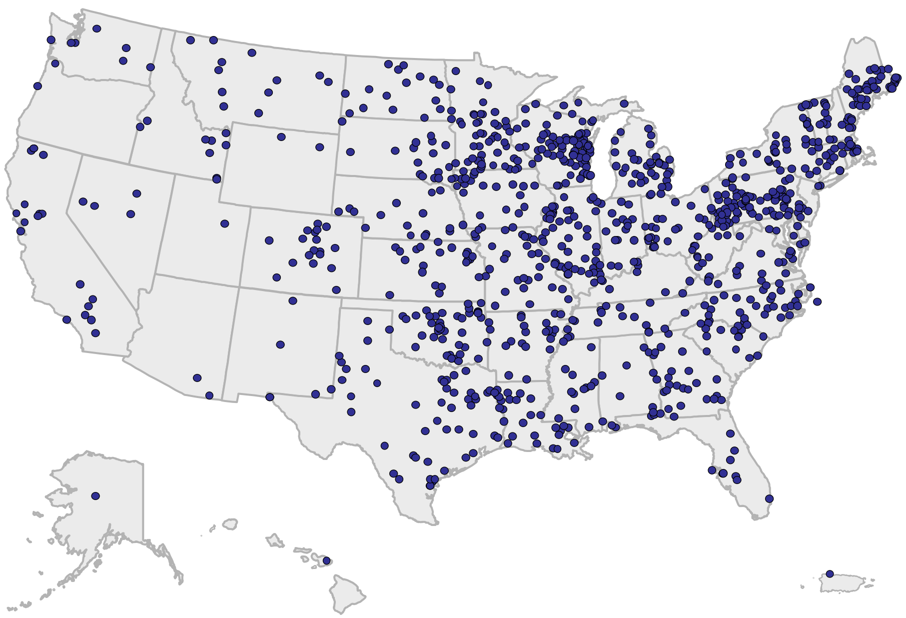
# Company Overview

Postal Realty Trust, Inc. (NYSE: PSTL) is an internally managed real estate investment trust that owns properties primarily leased to the United States Postal Service, or the USPS. PSTL 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 December 31, 2021, PSTL owned 966 properties (including two properties accounted for as financing leases) located in 49 states comprising approximately 4.5 million net leasable interior square feet. Subsequent to quarter-end and through March 7, 2022, PSTL closed on an additional 38 properties comprising approximately 92,000 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 3/7/2022

# Executive Summary

## Figures for the quarter ended December 31, 2021

| Price of Common Shares | |
|---|---|
| High closing price during period | $20.21 |
| Low closing price during period | $17.32 |
| End of period closing price | $19.80 |

| Outstanding Classes of Stock and Partnership Units | |
|---|---|
| Common shares | 18,564 |
| OP Units | 3,472 |
| LTIP Units | 375 |
| Restricted Stock Units | 43 |
| Voting equivalent shares | 27 |
| Total shares - fully diluted | 22,481 |

| Market Capitalization and Enterprise Value | |
|---|---|
| Total equity market capitalization - fully diluted (1) | $445,124 |
| Net debt | 89,259 |
| Enterprise value | $534,383 |

| Debt Ratios | |
|---|---|
| Net debt to enterprise value | 16.7% |
| Net debt to annualized adjusted EBITDA | 3.3x |
| Adjusted interest coverage ratio | 9.1x |
| Fixed charge coverage ratio | 9.1x |

| Earnings | |
|---|---|
| Net income attributable to common stockholders | $752 |
| Net income attributable to common stockholders per share | $0.04 |
| Funds From Operations ("FFO") | $4,792 |
| FFO per share - fully diluted basis | $0.24 |
| Adjusted Funds From Operations ("AFFO") | $4,872 |
| AFFO per share - fully diluted basis | $0.25 |
| Dividend per share | $0.2275 |
| Net Operating Income | $8,214 |

| Current Metrics (2) | |
|---|---|
| Annualized total owned rental revenue | $37,393 |
| Total owned square footage | 4,567 |
| Weighted average rent per square foot (3) | $8.22 |
| Total owned property count | 1,004 |
| Total managed property count | 397 |
| Owned portfolio occupancy | 99.7% |
| Total current net debt (4) | $104,256 |
| Total share count - fully diluted | 23,025 |

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 $19.80
(2) Based on 3/7/2022 figures
(3) Inclusive of owned and occupied square footage
(4) Total current net debt includes cash balance and escrow & reserves as of 12/31/2021

# Balance Sheet

| ($ in thousands) | Balance Sheet December 31, 2021 | Balance Sheet September 30, 2021 |
|---|---|---|
| **ASSETS** | | |
| Investments: | | |
| Real estate properties, at cost: | | |
| Land | $64,538 | $58,441 |
| Building and improvements | 278,396 | 256,562 |
| Tenant improvements | 5,431 | 5,245 |
| Total real estate properties, at cost | 348,365 | 320,248 |
| Less: Accumulated depreciation | (20,884) | (18,753) |
| Total real estate properties, net | 327,481 | 301,495 |
| Investment in financing leases, net | 16,213 | 511 |
| Total real estate investments | 343,694 | 302,006 |
| Cash | 5,857 | 3,997 |
| Escrows and reserves | 1,169 | 929 |
| Rent and other receivables | 4,172 | 3,945 |
| Prepaid expenses and other assets, net | 7,511 | 5,777 |
| Deferred rent receivable | 666 | 507 |
| In-place lease intangibles, net | 14,399 | 14,264 |
| Above market leases, net | 249 | 140 |
| **Total Assets** | $377,717 | $331,565 |
| **LIABILITIES AND EQUITY** | | |
| **Liabilities:** | | |
| Term loan, net | $49,359 | 49,328 |
| Revolving credit facility | 13,000 | 44,500 |
| Secured borrowings, net | 32,990 | 32,989 |
| Accounts payable, accrued expenses and other | 8,225 | 7,592 |
| Below market leases, net | 8,670 | 8,738 |
| **Total Liabilities** | 112,244 | 143,147 |
| **Equity:** | | |
| PSTL - Class A & Class B | $186 | $137 |
| Additional paid-in capital | 237,969 | 163,314 |
| Accumulated deficit | (18,879) | (16,533) |
| Accumlated other comprehensive income | 766 | 310 |
| **Total Stockholders' Equity** | 220,042 | 147,228 |
| Operating Partnership unitholders' noncontrolling interests | 45,431 | 41,190 |
| **Total Equity** | 265,473 | 188,418 |
| **Total Liabilities and Equity** | $377,717 | $331,565 |

Source: Company Filings

# Statement of Operations

| ($ in thousands) | Q4 2021 | Q3 2021 | Q2 2021 | Q1 2021 | Q4 2020 |
|---|---|---|---|---|---|
| **REVENUE** | | | | | |
| Rental income | $10,608 | $10,204 | $8,977 | $8,487 | $7,106 |
| Fee and other | 525 | 325 | 470 | 342 | 312 |
| Total revenues | 11,133 | 10,529 | 9,447 | 8,829 | 7,418 |
| | | | | | |
| **OPERATING EXPENSES** | | | | | |
| Real estate taxes | 1,522 | 1,625 | 1,163 | 1,089 | 959 |
| Property operating expenses | 1,279 | 983 | 815 | 910 | 663 |
| General and administrative | 2,762 | 2,596 | 2,716 | 2,569 | 1,984 |
| Depreciation and amortization | 3,859 | 3,743 | 3,219 | 3,169 | 2,572 |
| Total operating expenses | $9,422 | $8,947 | $7,913 | $7,737 | $6,178 |
| | | | | | |
| Income from operations | $1,711 | $1,582 | $1,534 | $1,092 | $1,240 |
| Other income | 125 | 159 | 81 | 36 | 158 |
| Interest expense, net | (867) | (1,028) | (765) | (991) | (716) |
| Income before income tax expense | $969 | $713 | $850 | $137 | $682 |
| Income tax expense | (36) | (37) | (27) | (11) | (44) |
| Net income | $933 | $676 | $823 | $126 | $638 |
| Net income attributable to Operating Partnership unitholders' non-controlling interests | (181) | (145) | (152) | (23) | (148) |
| Net income attributable to common stockholders | **$752** | **$531** | **$671** | **$103** | **$490** |

Source: Company Filings

# FFO & AFFO Reconciliation

| ($ in thousands, except per share / unit data) | FFO & AFFO | | | | |
|---|---|---|---|---|---|
| | Q4 2021 | Q3 2021 | Q2 2021 | Q1 2021 | Q4 2020 |
| **Net income** | **$933** | **$676** | **$823** | **$126** | **$638** |
| Depreciation and amortization | 3,859 | 3,743 | 3,219 | 3,169 | 2,572 |
| **Funds from operations (FFO)** | **$4,792** | **$4,419** | **$4,042** | **$3,295** | **$3,210** |
| Recurring capital expenditures | (409) | (138) | (125) | (189) | (341) |
| Write-off and amortization of deferred financing fees | 129 | 295 | 145 | 145 | 129 |
| Loss on early extinguishment of debt | - | - | - | 202 | - |
| Straight-line rent and other adjustments | (133) | (144) | (110) | 24 | 296 |
| Fair value lease adjustments | (425) | (414) | (383) | (377) | (330) |
| Acquisition related expenses | 75 | 55 | 60 | 71 | 71 |
| Income on insurance recoveries from casualties | (125) | (159) | (81) | (36) | (158) |
| Non-cash components of compensation expense | 968 | 836 | 787 | 1,129 | 538 |
| **Adjusted funds from operations (AFFO)** | **$4,872** | **$4,750** | **$4,335** | **$4,264** | **$3,414** |
| **FFO per common share and common unit outstanding** | **$0.24** | **$0.25** | **$0.25** | **$0.21** | **$0.26** |
| **AFFO per common share and common unit outstanding** | **$0.25** | **$0.27** | **$0.26** | **$0.27** | **$0.28** |
| Weighted average common shares and common units outstanding [1] | 19,868 | 17,467 | 16,496 | 15,709 | 12,343 |



Source: Company Filings
(1) Basic and diluted

# NOI Reconciliation

| ($ in thousands) | Net Operating Income | | | | |
|---|---|---|---|---|---|
| | Q4 2021 | Q3 2021 | Q2 2021 | Q1 2021 | Q4 2020 |
| **REVENUE** | | | | | |
| Rental income | $10,608 | $10,204 | $8,977 | $8,487 | $7,106 |
| Total revenues | $10,608 | $10,204 | $8,977 | $8,487 | $7,106 |
| **OPERATING EXPENSES** | | | | | |
| Real estate taxes | $1,522 | $1,625 | $1,163 | $1,089 | $959 |
| Property operating expenses [(1)] | 872 | 605 | 493 | 491 | 437 |
| Total operating expenses | $2,394 | $2,230 | $1,656 | $1,580 | $1,396 |
| Net Operating Income | $8,214 | $7,974 | $7,321 | $6,907 | $5,710 |


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 Q4 2021 | Q3 2021 | Q2 2021 | Q1 2021 | Q4 2020 |
|---|---|---|---|---|---|
| **Net income** | $933 | $676 | $823 | $126 | $638 |
| Contractual interest expense | 739 | 734 | 621 | 645 | 588 |
| Write-off and amortization of deferred financing fees | 129 | 295 | 145 | 145 | 129 |
| Loss on early extinguishment of debt | - | - | - | 202 | - |
| Income tax expense | 36 | 37 | 27 | 11 | 44 |
| Depreciation and amortization | 3,859 | 3,743 | 3,219 | 3,169 | 2,572 |
| **EBITDA** | $5,696 | $5,485 | $4,835 | $4,298 | $3,971 |
| Acquisition related expenses | 75 | 55 | 60 | 71 | 71 |
| Non-cash components of compensation expense | 968 | 836 | 787 | 1,129 | 538 |
| **Adjusted EBITDA** | $6,739 | $6,376 | $5,682 | $5,498 | $4,580 |



Source: Company Filings

# Debt Summary

## Debt Outstanding as of 12/31/2021

| Debt Breakdown | | | |
|---|---|---|---|
| Lender | Maturity Date | Effective Interest Rate[2] | Outstanding Balance |
| *($ in thousands)* | | | |
| 2021 Term Loan[1] | Jan-27 | 2.29% | $50,000 |
| AIG - December 2020 | Jan-31 | 2.80% | 30,225 |
| Vision Bank | Sep-41 | 3.69% | 1,409 |
| Vision Bank - 2018 | Sep-41 | 3.69% | 844 |
| Seller Financing | Jan-25 | 6.00% | 366 |
| First Oklahoma Bank | Dec-37 | 3.63% | 349 |
| **Fixed Rate Debt** | | | **$83,193** |
| 2021 Revolving Credit Facility[1] | Jan-26 | 1.60% | 13,000 |
| **Floating Rate Debt** | | | **$13,000** |
| **Total Principal** | | | **$96,193** |
| Unamortized Deferred Financing Costs | | | (844) |
| **Total Debt:** | | **2.41%** | **$95,349** |


Source: Company Filings

(1) During the quarter ended 9/30/2021, 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. The new credit facilities include an accordion feature permitting the Company to borrow up to an additional $150 million under the revolving credit facility and up to an additional $50 million under the term loan. 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.

(2) Interest rates as of December 31, 2021, reflect the interest rate hedge in effect during the period

# Debt Statistics

| Debt Statistics | |
|---|---|
| *($ in thousands)* | Q4 2021 |
| **Market Capitalization** | |
| Debt Principal | $96,193 |
| Cash | 5,857 |
| Escrow & Reserves | 1,077 |
| Net Debt | 89,259 |
| Market Value of Common Equity (1) | 445,124 |
| Total Enterprise Value | 534,383 |
| Net Debt to Enterprise Value | 16.7% |
| **Leverage** | |
| Net Debt | $89,259 |
| Annualized Adjusted EBITDA | 26,956 |
| Net Debt / Annualized Adjusted EBITDA | 3.3x |
| **Adjusted Interest Coverage Ratio** | |
| Contractual Interest Expense | $739 |
| Adjusted EBITDA | 6,739 |
| Adjusted Interest Coverage Ratio | 9.1x |
| **Fixed Charge Coverage Ratio** | |
| Contractual Interest Expense | $739 |
| Debt Amortization | 4 |
| Total Fixed Charges | 743 |
| Adjusted EBITDA | 6,739 |
| Fixed Charge Coverage Ratio | 9.1x |


Source: Company Filings

(1) Calculated using the closing share price of $19.80 as of 12/31/2021

# Acquisition Summary by Region

## Acquisition Summary as of 3/7/2022

| Acquisition Summary | | | | | |
|---|---|---|---|---|---|
| Acquisitions By Property Type | Property Count | Purchase Price[1] | Interior Square Feet | Purchase Price per Int. Sq Ft | Annualized Rent[2] |
| **Q4 2021 Acquisitions[3]** | | | | | |
| Last Mile | 31 Properties | $4,710,415 | 35,613 | $132.27 | $422,124 |
| Flex | 23 Properties | $23,095,137 | 119,712 | 192.92 | 1,506,555 |
| Industrial | 1 Property | $15,000,000 | 575,253 | 26.08 | 1,091,850 |
| **Q4 2021 Totals** | **55 Properties** | **$42,805,552** | **730,578** | **$58.59** | **$3,020,529** |
| **2021 Acquisitions[3]** | | | | | |
| Last Mile | 148 Properties | $21,660,189 | 204,107 | $106.12 | $2,213,304 |
| Flex | 87 Properties | $66,811,524 | 451,667 | 147.92 | 5,307,716 |
| Industrial | 4 Properties | $29,650,000 | 1,151,041 | 25.76 | 2,587,058 |
| **2021 Totals** | **239 Properties** | **$118,121,713** | **1,806,815** | **$65.38** | **$10,108,078** |
| **Q1 2022 Acquisitions[4]** | | | | | |
| Last Mile | 26 Properties | $4,302,186 | 35,621 | $120.78 | $366,451 |
| Flex | 12 Properties | $7,472,963 | 56,383 | 132.54 | 578,021 |
| Industrial | - | - | - | - | - |
| **Q1 2022 Totals** | **38 Properties** | **$11,775,149** | **92,004** | **$127.99** | **$944,472** |

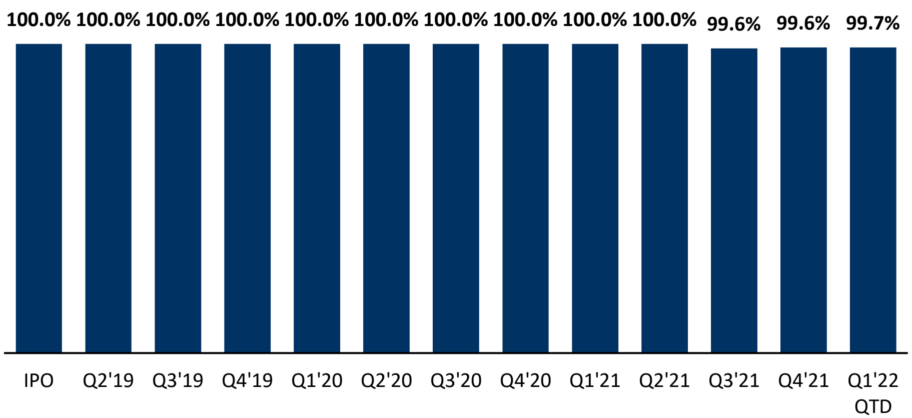


Source: Company Filings
(1) Purchase price defined by GAAP, excluding closing costs
(2) Annualized contractually specified cash base rent in effect on March 7, 2022, for all of our leases (including those accounted for as direct financing leases)
(3) Includes one property accounted for as a financing lease
(4) Representative of Q1 2022 acquisitions as of 3/7/2022

# Portfolio Fundamentals

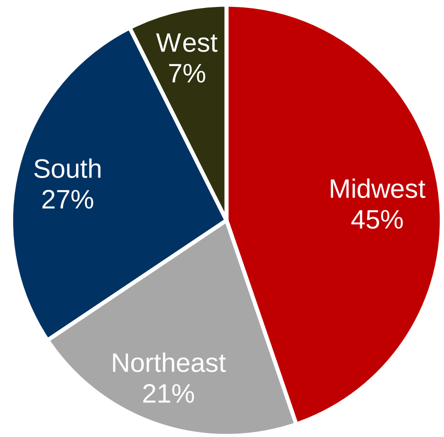
## Diversified Portfolio with High Historic Occupancy

### Historic Occupancy Rate Since IPO(1)



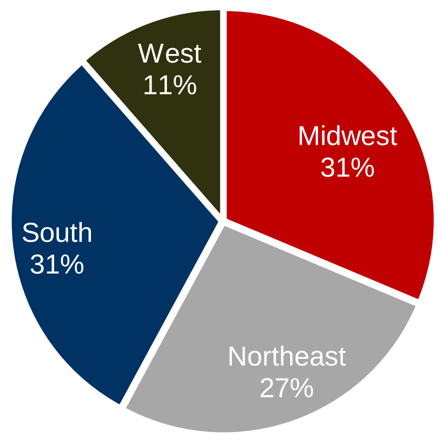


### Portfolio By % of Aggregate Interior Sq Ft




| Region | Sq Ft |
|---|---|
| Midwest | 2,045,440 |
| South(2) | 1,230,613 |
| Northeast | 954,368 |
| West | 336,573 |
| **Total** | **4,566,994** |

### Portfolio By % of Annualized Gross Rent(3)




| Region | Rent |
|---|---|
| Midwest | $11,711,565 |
| South(2) | 11,478,778 |
| Northeast | 9,929,361 |
| West | 4,272,930 |
| **Total** | **$37,392,634** |

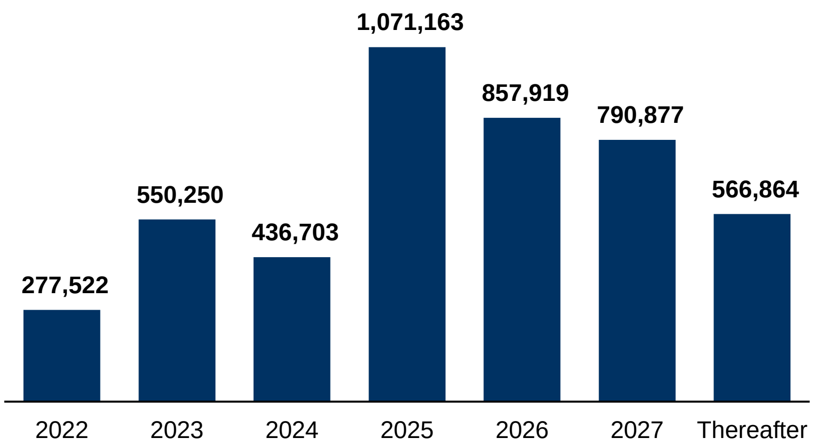
Source: Company Filings
Note: Portfolio statistics as of 3/7/2022
(1) Reflects historical occupancy of REIT owned properties since IPO
(2) South region includes one property located in Puerto Rico
(3) Annualized contractually specified cash base rent in effect on March 7, 2022, for all of our leases (including those accounted for as direct financing leases)

# Lease Rollover Drives Significant Upside

## Upcoming Lease Expirations Provide Organic Growth Opportunity

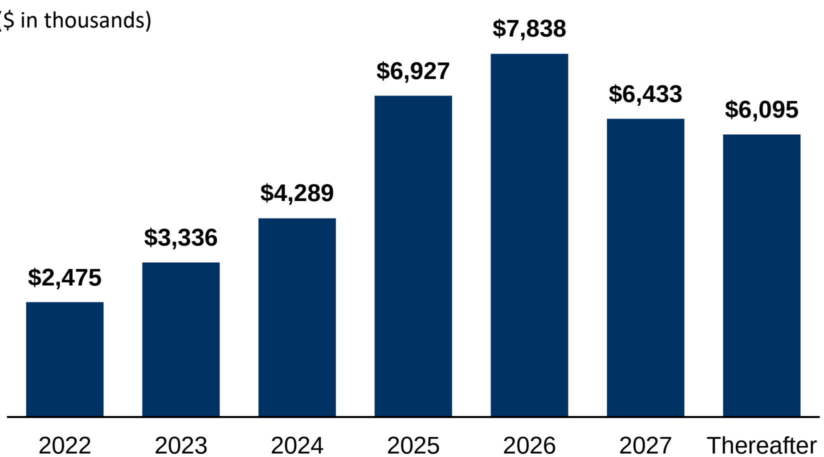
| Year | Number of Leases | Square Feet | Annual Rent(1) | % of Total Rent(1) |
|---|---|---|---|---|
| 2022 | 85 | 277,522 | $2,474,537 | 6.6% |
| 2023 | 70 | 550,250 | $3,335,883 | 8.9% |
| 2024 | 78 | 436,703 | $4,288,675 | 11.5% |
| 2025 | 159 | 1,071,163 | $6,927,353 | 18.5% |
| 2026 | 192 | 857,919 | $7,837,920 | 21.0% |
| 2027 | 242 | 790,877 | $6,432,886 | 17.2% |
| Thereafter | 180 | 566,864 | $6,095,380 | 16.3% |
| **Total** | **1,006** | **4,551,298** | **$37,392,634** | **100.0%** |

### Lease Expirations (by Square Feet)




### Lease Expirations (by Annual Rent)(1)

($ in thousands)




Source: Company Filings
Note: As of 3/7/2022; excludes any vacant property
(1) Annualized contractually specified cash base rent in effect on March 7, 2022, for all of our leases (including those accounted for as direct financing leases). Assumes tenants do not exercise any existing renewal, termination or purchase options.

# Property Breakdown by Location

| Property Breakdown by Location | | | | | | |
|---|---|---|---|---|---|---|
| Location | Gross Rent | % Gross Rent | Square Footage | % Square Footage | Property Count[1] | % Property Count |
| Pennsylvania | 5,566,661 | 14.89% | 677,665 | 14.84% | 77 | 7.68% |
| Wisconsin | 3,195,563 | 8.55% | 805,845 | 17.64% | 71 | 7.07% |
| Texas | 1,757,701 | 4.70% | 163,539 | 3.58% | 58 | 5.78% |
| North Carolina | 1,723,628 | 4.61% | 165,534 | 3.62% | 32 | 3.19% |
| California | 1,451,567 | 3.89% | 139,909 | 3.06% | 20 | 1.99% |
| Michigan | 1,372,539 | 3.67% | 162,272 | 3.55% | 46 | 4.58% |
| New York | 1,361,190 | 3.64% | 89,446 | 1.96% | 38 | 3.78% |
| Massachusetts | 1,308,536 | 3.50% | 66,593 | 1.46% | 15 | 1.49% |
| Kansas | 1,288,124 | 3.44% | 435,356 | 9.53% | 25 | 2.50% |
| Ohio | 1,265,555 | 3.38% | 138,620 | 3.04% | 25 | 2.49% |
| Colorado | 1,182,189 | 3.16% | 74,337 | 1.63% | 18 | 1.79% |
| Oklahoma | 975,295 | 2.61% | 106,285 | 2.33% | 41 | 4.08% |
| Alabama | 943,836 | 2.52% | 214,588 | 4.70% | 12 | 1.20% |
| Louisiana | 894,232 | 2.39% | 79,069 | 1.73% | 27 | 2.69% |
| Minnesota | 888,313 | 2.38% | 95,113 | 2.08% | 46 | 4.58% |
| Illinois | 864,490 | 2.31% | 105,407 | 2.31% | 48 | 4.78% |
| Florida | 837,072 | 2.24% | 67,860 | 1.49% | 15 | 1.49% |
| Missouri | 768,306 | 2.05% | 85,583 | 1.87% | 32 | 3.19% |
| Indiana | 741,045 | 1.98% | 73,563 | 1.61% | 21 | 2.09% |
| Tennessee | 664,783 | 1.78% | 80,094 | 1.75% | 15 | 1.49% |
| South Carolina | 606,030 | 1.62% | 50,924 | 1.12% | 16 | 1.59% |
| Maine | 602,115 | 1.61% | 50,796 | 1.11% | 40 | 3.98% |
| Arkansas | 600,438 | 1.61% | 63,961 | 1.40% | 23 | 2.29% |
| Iowa | 594,374 | 1.59% | 70,084 | 1.53% | 24 | 2.39% |
| West Virginia | 528,637 | 1.41% | 51,032 | 1.12% | 19 | 1.89% |

Note: As of 3/7/2022

(1) Includes properties accounted for as direct financing leases

# Property Breakdown by Location (continued)

POSTAL REALTY TRUST

| Property Breakdown by Location | | | | | | |
|---|---|---|---|---|---|---|
| Location | Gross Rent | % Gross Rent | Square Footage | % Square Footage | Property Count[1] | % Property Count |
| Mississippi | 526,341 | 1.41% | 55,066 | 1.21% | 15 | 1.49% |
| Georgia | 511,461 | 1.37% | 48,575 | 1.06% | 25 | 2.49% |
| Virginia | 493,487 | 1.32% | 51,529 | 1.13% | 17 | 1.69% |
| Vermont | 374,754 | 1.00% | 21,569 | 0.47% | 14 | 1.39% |
| Connecticut | 371,530 | 0.99% | 26,394 | 0.58% | 6 | 0.60% |
| Montana | 355,746 | 0.95% | 33,038 | 0.72% | 12 | 1.20% |
| South Dakota | 261,852 | 0.70% | 24,314 | 0.53% | 17 | 1.69% |
| Hawaii | 247,701 | 0.66% | 9,705 | 0.21% | 1 | 0.10% |
| North Dakota | 244,371 | 0.65% | 23,307 | 0.51% | 18 | 1.79% |
| Nebraska | 227,034 | 0.61% | 25,976 | 0.57% | 17 | 1.69% |
| Nevada | 221,536 | 0.59% | 14,047 | 0.31% | 4 | 0.40% |
| Maryland | 208,475 | 0.56% | 14,638 | 0.32% | 6 | 0.60% |
| Oregon | 194,060 | 0.52% | 11,742 | 0.26% | 2 | 0.20% |
| Washington | 186,820 | 0.50% | 14,677 | 0.32% | 7 | 0.70% |
| New Hampshire | 173,310 | 0.46% | 10,744 | 0.24% | 7 | 0.70% |
| Kentucky | 167,672 | 0.45% | 14,979 | 0.33% | 7 | 0.70% |
| New Jersey | 118,463 | 0.32% | 8,101 | 0.18% | 4 | 0.40% |
| Idaho | 111,864 | 0.30% | 13,983 | 0.31% | 9 | 0.90% |
| New Mexico | 109,862 | 0.29% | 8,812 | 0.19% | 4 | 0.40% |
| Arizona | 89,017 | 0.24% | 6,037 | 0.13% | 2 | 0.20% |
| Utah | 87,141 | 0.23% | 4,425 | 0.10% | 1 | 0.10% |
| Delaware | 52,800 | 0.14% | 3,060 | 0.07% | 1 | 0.10% |
| Puerto Rico | 39,690 | 0.11% | 2,940 | 0.06% | 1 | 0.10% |
| Wyoming | 24,328 | 0.07% | 3,041 | 0.07% | 2 | 0.20% |
| Alaska | 11,100 | 0.03% | 2,820 | 0.06% | 1 | 0.10% |
| **Total:** | **$37,392,634** | **100.00%** | **4,566,994** | **100.00%** | **1,004** | **100.00%** |

Note: As of 3/7/2022

(1) Includes properties accounted for as direct financing leases

# Definitions

**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: loss on early 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)

**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)* | **Q4 2021** | **Q3 2021** | **Q2 2021** | **Q1 2021** | **Q4 2020** |
|---|---|---|---|---|---|
| Property Management Expense | $407 | $378 | $322 | $419 | $226 |

**Occupancy**

The Company calculates occupancy by dividing the amount of the Company's owned portfolio's total net leasable interior square feet currently under lease agreements, regardless of the actual use or occupation by the tenant of the area being leased, by the Company's owned portfolio's total net leasable interior square feet.