



Earnings Release and Financial Supplement

Second Quarter 2018

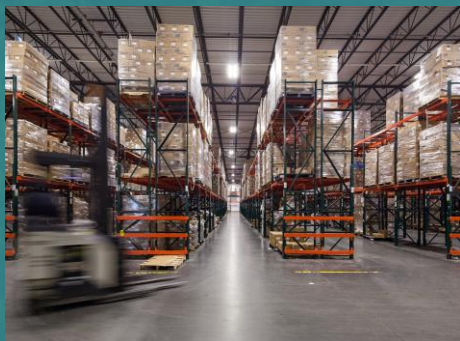


Table of Contents

Highlights	PAGE
Corporate Profile	3
Earnings Release	4
Selected Quarterly Financial Data	10
Financial Information	
Condensed Consolidated Balance Sheets	12
Condensed Consolidated Statements of Operations	13
Reconciliation of Net Earnings to NAREIT FFO, Core FFO, and AFFO	14
Reconciliation of Net Earnings to EBITDA and Core EBITDA	16
Reconciliation of Net Earnings to NAREIT EBITDA and Core EBITDA	17
Debt Detail and Maturities	18
Operations Overview	
Revenue and Contribution by Segment	19
Global Warehouse Physical Occupancy Trend	20
Global Warehouse Portfolio	21
Fixed Commitment and Lease Maturity Schedules	23
Recurring Maintenance Capital Expenditures and Repair and Maintenance Expenses	25
Total Global Warehouse Segment Financial and Operating Performance	
Global Warehouse Segment Financial Performance	26
Same-store Financial Performance	28
Same-store Key Operating Metrics	30
Current Growth and Development Projects	31
Notes and Definitions	32

Corporate Profile

We are the world's largest owner and operator of temperature-controlled warehouses. We are organized as a self-administered and self-managed REIT with proven operating, development and acquisition expertise. As of June 30, 2018, we operated a global network of 156 temperature-controlled warehouses encompassing approximately 924.1 million cubic feet, with 138 warehouses in the United States, six warehouses in Australia, seven warehouses in New Zealand, two warehouses in Argentina and three warehouses in Canada. In addition, we hold a minority interest in the China JV, as described in Note 3 of the Consolidated Financial Statements included in Item 8 of our 2017 Annual Report on Form 10-K, which owns or operates 13 temperature-controlled warehouses located in China.

Corporate Headquarters

10 Glenlake Parkway South Tower, Suite 600
 Atlanta, Georgia 30328
 Telephone: (678) 441-1400
 Website: www.americold.com

Senior Management

Fred W. Boehler: Chief Executive Officer, President and Trustee
 Marc J. Smernoff: Chief Financial Officer and Executive Vice President
 Andrea L. Darweesh: Chief Human Resources Officer and Executive Vice President
 Thomas B. Musgrave: Chief Information Officer and Executive Vice President
 James C. Snyder, Jr.: Chief Legal Officer and Executive Vice President
 Thomas C. Novosel: Chief Accounting Officer and Senior Vice President

Board Members

Jeffrey M. Gault, AIA: Chairman of the Board of Trustees
 James R. Heistand: Lead Independent Trustee
 Fred W. Boehler: Chief Executive Officer, President and Trustee
 George J. Alburger, Jr.: Trustee
 Ronald W. Burkle: Trustee
 Bradley J. Gross: Trustee
 Michelle M. MacKay: Trustee
 Mark R. Patterson: Trustee
 Andrew P. Power: Trustee

Investor Relations

To request more information or to be added to our e-mail distribution list, please visit our website: www.americold.com
 (Please proceed to the Investor Relations section)

Analyst Coverage

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Goldman Sachs	Andrew Rosivach	212-902-2796
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Raymond James	William A. Crow	727-567-2594
RBC	Michael Carroll	440-715-2649
SunTrust Robinson Humphrey	Ki Bin Kim	212-303-4124

Stock Listing Information

The stock of Americold Realty Trust is traded on the New York Stock Exchange under the symbol "COLD".

AMERICOLD REALTY TRUST ANNOUNCES SECOND QUARTER 2018 RESULTS

- **Global Warehouse Segment Revenue Growth of 2.1% and Contribution (NOI) Growth of 7.1% -**
- **Global Warehouse Segment Contribution (NOI) Margin Expands 150 Basis Points -**
- **Net Income of \$29.4 Million, Including \$8.4 Million Gain From Sale of Real Estate -**
- **Core FFO of \$0.29 and AFFO of \$0.27 Per Diluted Common Share -**

Atlanta, GA, August 9, 2018 - Americold Realty Trust (NYSE: COLD) (the "Company"), the world's largest owner and operator of temperature-controlled warehouses, today announced financial and operating results for the second quarter ended June 30, 2018.

"We are very pleased with our second quarter results, which demonstrate our ability to deliver consistent growth, with our Global Warehouse segment same store revenue and contribution (NOI) increases of 2.8% and 8.1%, respectively. We continue to benefit from a favorable customer mix as well as our work to increase our fixed commitment contracts and drive productivity improvements. From an external growth perspective, we recently achieved stabilization at our Clearfield, Utah facility and expect to deliver our Middleboro, MA build-to-suit facility by the end of the third quarter, both of which we expect will contribute positively to future earnings. As the only publicly traded REIT in the temperature-controlled infrastructure and supply chain industry, we believe that the combination of our size and scale, deep industry knowledge, longstanding customer relationships, and the attractive, stable industry fundamentals positions us to create meaningful shareholder value over the long-term" stated Fred Boehler, President and Chief Executive Officer of Americold Realty Trust.

Second Quarter 2018 Highlights

- Total revenue was \$394.7 million, a 4.0% increase over the same quarter last year; Global Warehouse segment revenue was \$287.7 million, a 2.1% increase over the same quarter last year
- Total contribution (NOI) was \$98.2 million, a 9.2% increase over the same quarter last year; Global Warehouse segment contribution (NOI) was \$90.8 million, a 7.1% increase over the same quarter last year
- Net income of \$29.4 million, or \$0.20 per diluted common share, compared to a net loss of \$8.4 million from the same quarter last year; excluding \$8.4 million in gains on the sale of the Company's Thomasville, GA facility, net income for the quarter would have been \$21.0 million or \$0.14 per diluted common share
- Core EBITDA of \$73.6 million, a 5.6% increase over the same quarter last year
- Core Funds from Operations ("Core FFO") of \$43.1 million, or \$0.29 per diluted common share
- Adjusted Funds from Operations ("AFFO") of \$39.8 million, or \$0.27 per diluted common share
- Global Warehouse segment same store revenue grew 2.8% to \$281.4 million, with segment contribution (NOI) improving 8.1% to \$90.5 million, both over the same quarter last year

Second Quarter 2018 Total Company Financial Results

Total revenue for the second quarter ended June 30, 2018 was \$394.7 million, a 4.0% increase from the same quarter of the prior year. This growth was largely driven by a more favorable customer mix, net new business, improvements in our commercial terms and contractual rate escalations within the Global Warehouse segment.

For the second quarter of 2018, the Company reported a net income of \$29.4 million, or \$0.20 per diluted share, compared to a net loss of \$8.4 million for the same quarter of the prior year.

Total contribution (NOI) for the second quarter ended June 30, 2018 increased 9.2% to \$98.2 million, compared to \$89.9 million for the same quarter of the prior year.

Core EBITDA was \$73.6 million for the second quarter of 2018, compared to \$69.8 million for the same quarter of the prior year. This reflects a 5.6% increase over prior year while absorbing approximately \$1.1 million of additional recurring public company expenses incurred in the second quarter of 2018.

For the second quarter of 2018, Core FFO was \$43.1 million, or \$0.29 per diluted share, compared to \$25.0 million for same quarter of the prior year.

For the second quarter of 2018, AFFO was \$39.8 million, or \$0.27 per diluted share, compared to \$19.7 million for same quarter of the prior year. AFFO excludes certain expenses and income items that do not represent core expenses and income streams.

Please see the Company's supplemental financial information for the definitions and reconciliations of non-GAAP financial measures to the most comparable GAAP financial measures.

Second Quarter 2018 Global Warehouse Segment Results

For the second quarter of 2018, Global Warehouse segment revenues were \$287.7 million, an increase of \$6.0 million, or 2.1%, compared to \$281.7 million for the second quarter of 2017. This growth was primarily driven by a more favorable customer mix, a shift to a greater number of fixed commitment storage contracts, and contractual rate escalations.

Warehouse segment contribution (NOI) was \$90.8 million, or 31.6% of segment revenue for the second quarter of 2018, compared to \$84.8 million, or 30.1% of revenue, for the prior year. This represents a 7.1% improvement in segment profitability over the second quarter of 2017 and an expansion of 150 basis points in segment margin period-over-period. The year-over-year profit growth was driven primarily by a more favorable customer mix, net new business, a shift to a greater number of fixed commitment storage contracts, continued leveraging of fixed expenses, and labor and other productivity improvements. The Company continues to generate productivity improvements with its ongoing focus on continuous improvement initiatives driven in part by further progression of its Americold Operating System ("AOS").

The Company ended the second quarter of 2018 with 144 total facilities in its Global Warehouse segment portfolio. Of the 144 total facilities, 137 meet the Company's definition of facilities with at least 24 months of consecutive "normalized operations" and are reported as "same store." The remaining seven facilities are in various stages of operations and are classified as "non-same store."

The following tables summarize the second quarter 2018 Global Warehouse full segment and same store metrics compared to the same period a year ago:

Global Warehouse - Total

<i>Dollars in thousands</i>	Three Months Ended June 30,			Six Months Ended June 30,		
	2018	2017	Change	2018	2017	Change
Global Warehouse revenues:						
Rent and storage	\$ 125,333	\$ 122,423	2.4 %	\$ 251,060	\$ 242,090	3.7 %
Warehouse services	162,379	159,240	2.0 %	323,169	315,381	2.5 %
Total Warehouse revenues	\$ 287,712	\$ 281,663	2.1 %	\$ 574,229	\$ 557,471	3.0 %
Global Warehouse contribution (NOI)	\$ 90,835	\$ 84,804	7.1 %	\$ 180,405	\$ 168,325	7.2 %
Global Warehouse margin	31.6%	30.1%	150 bps	31.4%	30.2%	120 bps

*Units in thousands except per pallet data***Global Warehouse rent and storage:**

Occupancy

Average occupied pallets	2,382	2,448	(2.7)%	2,414	2,458	(1.8)%
Average physical pallet positions	3,211	3,239	(0.9)%	3,212	3,211	— %
Occupancy percentage	74.2%	75.6%	-140 bps	75.2%	76.6%	-140 bps
Total rent and storage revenues per occupied pallet	\$ 52.62	\$ 50.02	5.2 %	\$ 103.99	\$ 98.48	5.6 %

Global Warehouse services:

Throughput pallets	6,612	6,910	(4.3)%	13,257	13,709	(3.3)%
Total warehouse services revenues per throughput pallet	\$ 24.56	\$ 23.04	6.6 %	\$ 24.38	\$ 23.00	6.0 %

Global Warehouse - Same Store

<i>Dollars in thousands</i>	Three Months Ended June 30,			Six Months Ended June 30,		
	2018	2017	Change	2018	2017	Change
Global Warehouse same store revenues:						
Rent and storage	\$ 122,492	\$ 118,308	3.5 %	\$ 245,236	\$ 234,737	4.5 %
Warehouse services	158,937	155,538	2.2 %	316,208	308,394	2.5 %
Total same store revenues	\$ 281,429	\$ 273,846	2.8 %	\$ 561,444	\$ 543,131	3.4 %
Global Warehouse same store contribution (NOI)	\$ 90,532	\$ 83,780	8.1 %	\$ 179,580	\$ 167,478	7.2 %
Global Warehouse same store margin	32.2%	30.6%	160 bps	32.0%	30.8%	120 bps

*Units in thousands except per pallet data***Global Warehouse same store rent and storage:**

Occupancy

Average occupied pallets	2,312	2,354	(1.8)%	2,341	2,382	(1.7)%
Average physical pallet positions	3,089	3,091	(0.1)%	3,088	3,081	0.2 %
Occupancy percentage	74.8%	76.2%	-140 bps	75.8%	77.3%	-150 bps
Same store rent and storage revenues per occupied pallet	\$ 52.99	\$ 50.27	5.4 %	\$ 104.75	\$ 98.56	6.3 %

Global Warehouse same store services:

Throughput pallets	6,445	6,740	(4.4)%	12,935	13,391	(3.4)%
Same store warehouse services revenues per throughput pallet	\$ 24.66	\$ 23.08	6.8 %	\$ 24.45	\$ 23.03	6.2 %

Fixed Commitment Rent and Storage Revenue

Annualized committed rent and storage revenue was \$202.6 million, which represented 39.7% of total Warehouse segment rent and storage revenue for the quarter ended June 30, 2018 on a trailing twelve-month basis. On an absolute dollar basis, fixed commitment rent and storage revenue increased \$4.9 million from the first quarter 2018.

Real Estate Portfolio

During the second quarter of 2018, the Company sold its 5.6 million cubic foot facility located in Thomasville, GA for \$18.0 million and recorded a gain on the sale of \$8.4 million. The Company also exited its 4.3 million cubic foot leased facility located in Vernon, CA.

Balance Sheet Activity and Liquidity

At June 30, 2018, the Company had total liquidity of approximately \$569.6 million, including cash and capacity on its revolving credit facility. Total debt outstanding was \$1.56 billion (including \$159.2 million of capital leases/sale leasebacks), with a weighted average term of 4.2 years. The Company has no material debt maturities during the remainder of 2018 and all of 2019. At June 30, 2018, 64% of the Company's total debt outstanding was at a fixed rate and on a trailing twelve-month basis, its net debt to Core EBITDA was approximately 4.8x. The Company's weighted average effective interest rate on outstanding indebtedness was 5.43%.

Dividend

On June 8, 2018, the Company's Board of Trustees declared a dividend of \$0.1875 per share for the second quarter of 2018, which was paid on July 16, 2018 to common shareholders of record on June 29, 2018.

Investor Webcast and Conference Call

The Company will hold a webcast and conference call on Thursday, August 9, 2018 at 5:00 p.m. Eastern Time to discuss second quarter 2018 results. A live webcast of the call will be available via the Investors section of Americold Realty Trust's website at www.americold.com. To listen to the live webcast, please go to the site at least five minutes prior to the scheduled start time in order to register, download and install any necessary audio software. Shortly after the call, a replay of the webcast will be available for 90 days on the Company's website.

The conference call can also be accessed by dialing 1-877-407-4018 or 1-201-689-8471. The telephone replay can be accessed by dialing 1-844-512-2921 or 1-412-317-6671 and providing the conference ID# 13681436. The telephone replay will be available starting shortly after the call until August 23, 2018.

The Company's supplemental package will be available prior to the conference call in the Investor Relations section of the Company's website at <http://ir.americold.com>.

About the Company

Americold is the world's largest owner and operator of temperature-controlled warehouses. Based in Atlanta, Georgia, Americold owns and operates 156 temperature-controlled warehouses, with approximately 924 million refrigerated cubic feet of storage, in the United States, Australia, New Zealand, Canada, and Argentina. Americold's facilities are an integral component of the supply chain connecting food producers, processors, distributors and retailers to consumers. Americold serves approximately 2,400 customers and employs approximately 11,000 associates worldwide.

Non-GAAP Financial Measures

This press release contains non-GAAP financial measures, including FFO, core FFO, AFFO, EBITDAre, Core EBITDA and same store segment revenue and contribution. A reconciliation from U.S. GAAP net income available to common stockholders to FFO, a reconciliation from FFO to core FFO and AFFO, and definitions of FFO, and core FFO are included within the supplemental. A reconciliation from U.S. GAAP net income available to common stockholders to EBITDAre and Core EBITDA, a definition of Core EBITDA and definitions of net debt to Core EBITDA are included within the supplemental.

Forward-Looking Statements

This document contains statements about future events and expectations that constitute forward-looking statements. Forward-looking statements are based on our beliefs, assumptions and expectations of our future financial and operating performance and growth plans, taking into account the information currently available to us. These statements are not statements of historical fact. Forward-looking statements involve risks and uncertainties that may cause our actual results to differ materially from the expectations of future results we express or imply in any forward-looking statements, and you should not place undue reliance on such statements. Factors that could contribute to these differences include adverse economic or real estate developments in our geographic markets or the temperature-controlled warehouse industry; general economic conditions; risks associated with the ownership of real estate and temperature-controlled warehouses in particular; defaults or non-renewals of contracts with customers; potential bankruptcy or insolvency of our customers; uncertainty of revenues, given the nature of our customer contracts; increased interest rates and operating costs; our failure to obtain necessary outside financing; risks related to, or restrictions contained in, our debt financing; decreased storage rates or increased vacancy rates; difficulties in identifying properties to be acquired and completing acquisitions; risks related to expansions of existing properties and developments of new properties, including failure to meet budgeted or stabilized returns in respect thereof; acquisition risks, including the failure of such acquisitions to perform in accordance with projections; difficulties in expanding our operations into new markets, including international markets; our failure to maintain our status as a REIT; uncertainties and risks related to natural disasters and global climate change; possible environmental liabilities, including costs, fines or penalties that may be incurred due to necessary remediation of contamination of properties presently or previously owned by us; financial market fluctuations; actions by our competitors and their increasing ability to compete with us; labor and power costs; changes in real estate and zoning laws and increases in real property tax rates; the competitive environment in which we operate; our relationship with our employees, including the occurrence of any work stoppages or any disputes under our collective bargaining agreements; liabilities as a result of our participation in multi-employer pension plans; the cost and time requirements as a result of our operation as a publicly traded REIT; the concentration of ownership by funds affiliated with The Yucaipa Companies, The Goldman Sachs Group, Inc., and Fortress Investment Group, LLC; changes in foreign currency exchange rates; and the impact of anti-takeover provisions in our constituent documents and under Maryland law, which could make an acquisition of us more difficult, limit attempts by our shareholders to replace our trustees and affect the price of our common shares.

Words such as “anticipates,” “believes,” “continues,” “estimates,” “expects,” “goal,” “objectives,” “intends,” “may,” “opportunity,” “plans,” “potential,” “near-term,” “long-term,” “projections,” “assumptions,” “projects,” “guidance,” “forecasts,” “outlook,” “target,” “trends,” “should,” “could,” “would,” “will” and similar expressions are intended to identify such forward-looking statements. Examples of forward-looking statements included in this documents include, among others, statements about our expected expansion and development pipeline and our targeted return on invested capital on expansion and development

opportunities. We qualify any forward-looking statements entirely by these cautionary factors. Other risks, uncertainties and factors, including those discussed under “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2017 and our other reports filed with the Securities and Exchange Commission, could cause our actual results to differ materially from those projected in any forward-looking statements we make. We assume no obligation to update or revise these forward-looking statements for any reason, or to update the reasons actual results could differ materially from those anticipated in these forward-looking statements, even if new information becomes available in the future.

Contacts:

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Investor Relations

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Selected Quarterly Financial Data*In thousands, except per share amounts - unaudited*

	Post-IPO		Pre-IPO		
	June 30, 2018	March 31, 2018	As of		
			December 31, 2017	September 30, 2017	June 30, 2017
Capitalization					
Fully diluted common shares outstanding at quarter end (1)	147,506	147,133	n/a	n/a	n/a
Common stock share price at quarter end	\$22.02	\$19.08	n/a	n/a	n/a
Market value of common equity	\$3,248,082	\$2,807,298	n/a	n/a	n/a
Gross debt (2)	\$1,559,565	\$1,571,151	\$1,933,265	n/a	n/a
Less: cash and cash equivalents	153,200	193,868	48,873	n/a	n/a
Net debt	\$1,406,365	\$1,377,283	\$1,884,392	n/a	n/a
Enterprise Value	\$4,654,447	\$4,184,581	n/a	n/a	n/a
Gross debt / enterprise value	33.5%	37.5%	n/a	n/a	n/a
Net Debt to Core EBITDA (2)	4.76x	4.72x	6.56x	n/a	n/a

	Post-IPO		Pre-IPO		
	Three Months Ended		December 31, 2017	September 30, 2017	June 30, 2017
	June 30, 2018	March 31, 2018			
Selected Operation Data					
Warehouse segment revenues	\$287,712	\$286,517	\$297,598	\$290,593	\$281,663
Total revenues	394,667	391,141	401,720	389,501	379,451
Operating income (3)	40,920	35,932	43,267	26,896	28,708
Net income (loss)	29,406	(8,639)	8,000	(4,607)	(8,385)
Total warehouse segment contribution (NOI) (4)	90,835	89,570	93,930	86,074	84,804
Total segment contribution (NOI) (4)	98,200	97,287	100,367	92,831	89,940

Selected Other Data

Core EBITDA (5)	73,632	71,656	78,710	71,377	69,752
Core funds from operations (1)	43,118	34,765	32,693	25,695	25,046
Adjusted funds from operations (1)	39,805	39,876	24,012	24,089	19,747

Earnings Measurements

Net income (loss) per share - basic	\$0.20	\$(0.08)	n/a	n/a	n/a
Net income (loss) per share - diluted	\$0.20	\$(0.08)	n/a	n/a	n/a
Core FFO per diluted share (1)	\$0.29	\$0.27	n/a	n/a	n/a
AFFO per diluted share (1)	\$0.27	\$0.31			
Dividend distributions declared per common share (6)	\$0.19	\$0.15	n/a	n/a	n/a
Diluted AFFO payout ratio (7)	70.4%	48.4%	n/a	n/a	n/a

Portfolio Statistics

Total global warehouses	156	158	158	160	160
Ending physical occupancy	74.2%	76.2%	81.5%	77.4%	75.6%

(1) See "Reconciliation of Net Earnings to NAREIT FFO, Core FFO and AFFO"

(2) Net Debt to Core EBITDA Computation	June 30, 2018	December 31, 2017
Total debt	\$1,544,861	\$1,901,090
Discount and deferred financing costs	14,704	32,175
Gross debt	1,559,565	1,933,265
Adjustments:		
Less: cash and cash equivalents	153,200	48,873
Net debt	<u>\$1,406,365</u>	<u>\$1,884,392</u>
Core EBITDA - Twelve Months Ended (see page 16)	\$ 295,375	\$ 287,145
Net Debt to Core EBITDA	4.76x	6.56x

(3) Certain prior period amounts have been reclassified to conform to the current period presentation.

(4) Reconciliation of segment contribution (NOI)	Three Months Ended				
	June 30, 2018	March 31, 2018	December 31, 2017	September 30, 2017	June 30, 2017
Warehouse segment contribution (NOI)	\$ 90,835	\$ 89,570	\$ 93,930	\$ 86,074	\$ 84,804
Third-party managed segment contribution (NOI)	3,859	3,777	3,143	3,211	3,483
Transportation segment contribution (NOI)	3,586	3,594	3,217	3,090	3,089
Quarry segment contribution (NOI)	(80)	346	77	456	(1,436)
Total segment contribution (NOI)	\$ 98,200	\$ 97,287	\$ 100,367	\$ 92,831	\$ 89,940
Depreciation, depletion and amortization	(29,051)	(29,408)	(29,545)	(28,875)	(28,913)
Corporate-level selling, general and administrative expenses (3)	(27,482)	(31,947)	(26,855)	(27,894)	(23,546)
Impairment of long-lived assets	(747)	—	(700)	—	(8,773)
Multi-Employer pension plan withdrawal expense	—	—	—	(9,167)	—
U.S. GAAP operating income	<u>\$ 40,920</u>	<u>\$ 35,932</u>	<u>\$ 43,267</u>	<u>\$ 26,895</u>	<u>\$ 28,708</u>

(5) See "Reconciliation of Net Earnings to EBITDA and Core EBITDA"**(6) Distributions per common share**

	June 30, 2018	March 31, 2018
Distributions declared on common shares during the quarter	\$ 27,250	\$ 21,436
Common shares outstanding at quarter end	143,459	142,513
Distributions declared per common share of beneficial interest	<u>\$ 0.19</u>	<u>\$ 0.15</u>

(7) Calculated as distributions declared on common shares divided by AFFO per fully diluted share.

n/a = not applicable or not meaningful

Condensed Consolidated Balance Sheets
(In thousands, except shares and per share amounts)

	June 30, 2018	December 31, 2017
	<u>Unaudited</u>	
Assets		
Property, plant, and equipment:		
Land	\$ 385,713	\$ 389,443
Buildings and improvements	1,894,824	1,865,727
Machinery and equipment	549,083	555,453
	2,829,620	2,810,623
Accumulated depreciation and depletion	(1,044,371)	(1,010,903)
Property, plant, and equipment – net	1,785,249	1,799,720
Capitalized leases:		
Buildings and improvements	16,827	16,827
Machinery and equipment	63,832	59,389
	80,659	76,216
Accumulated depreciation	(44,181)	(41,051)
Capitalized leases – net	36,478	35,165
Cash and cash equivalents	153,200	48,873
Restricted cash	37,575	21,090
Accounts receivable – net of allowance of \$5,505 and \$5,309 at June 30, 2018 and December 31, 2017, respectively	182,517	200,006
Identifiable intangible assets – net	25,839	26,645
Goodwill	186,890	188,169
Investments in partially owned entities	16,289	15,942
Other assets	51,438	59,287
Total assets	<u>\$ 2,475,475</u>	<u>\$ 2,394,897</u>
Liabilities, Series B Preferred Shares and shareholders' equity (deficit)		
Liabilities:		
Borrowings under revolving line of credit	\$ —	\$ —
Accounts payable and accrued expenses	224,749	241,259
Construction loan - net of deferred financing costs of \$179 at December 31, 2017	—	19,492
Mortgage notes and term loans - net of unamortized discount and deferred financing costs of \$14,704 and \$31,997, in the aggregate, at June 30, 2018 and December 31, 2017, respectively	1,385,682	1,721,958
Sale-leaseback financing obligations	120,289	121,516
Capitalized lease obligations	38,890	38,124
Unearned revenue	20,145	18,848
Pension and postretirement benefits	15,392	16,756
Deferred tax liability - net	18,474	21,940
Multi-Employer pension plan withdrawal liability	9,037	9,134
Total liabilities	1,832,658	2,209,027
Commitments and Contingencies		
Preferred shares of beneficial interest, \$0.01 par value – authorized 375,000 Series B Cumulative Convertible Voting and Participating Preferred Shares; aggregate liquidation preference of \$375,000; zero and 375,000 shares issued and outstanding at June 30, 2018 and December 31, 2017, respectively	—	372,794
Shareholders' equity (deficit):		
Preferred shares of beneficial interest, \$0.01 par value – authorized 1,000 Series A Cumulative Non-Voting Preferred Shares; aggregate liquidation preference of \$125; zero and 125 shares issued and outstanding at June 30, 2018 and December 31, 2017, respectively	—	—
Common shares of beneficial interest, \$0.01 par value – authorized 250,000,000 shares; 143,459,052 and 69,370,609 shares issued and outstanding at June 30, 2018 and December 31, 2017, respectively	1,435	694
Paid-in capital	1,257,779	394,082
Accumulated deficit and distributions in excess of net earnings	(611,208)	(581,470)
Accumulated other comprehensive loss	(5,189)	(230)
Total shareholders' equity (deficit)	642,817	(186,924)
Total liabilities, Series B Preferred Shares and shareholders' equity (deficit)	<u>\$ 2,475,475</u>	<u>\$ 2,394,897</u>

Condensed Consolidated Statements of Operations (Unaudited)

(In thousands, except per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Revenues:				
Rent, storage, and warehouse services revenues	\$ 287,712	\$ 281,663	\$ 574,229	\$ 557,471
Third-party managed services	65,755	59,638	129,632	118,005
Transportation services	38,889	35,796	77,234	71,977
Other revenues	2,311	2,354	4,714	4,913
Total revenues	394,667	379,451	785,809	752,366
Operating expenses:				
Rent, storage, and warehouse services cost of operations	196,877	196,859	393,824	389,146
Third-party managed services cost of operations	61,896	56,155	121,995	111,534
Transportation services cost of operations	35,303	32,707	70,054	65,335
Cost of operations related to other revenues	2,391	3,790	4,448	5,445
Depreciation, depletion, and amortization	29,051	28,913	58,459	58,320
Selling, general and administrative	27,482	23,546	59,431	48,303
Impairment of long-lived assets	747	8,773	747	8,773
Total operating expenses	353,747	350,743	708,958	686,856
Operating income	40,920	28,708	76,851	65,510
Other income (expense):				
Income (loss) from investments in partially owned entities	252	(1,324)	112	(1,351)
Impairment of investments in partially owned entities	—	(6,496)	—	(6,496)
Interest expense	(22,929)	(28,288)	(47,424)	(56,015)
Interest income	1,109	310	1,733	567
Loss on debt extinguishment and modification	—	(430)	(21,385)	(600)
Foreign currency exchange gain (loss)	1,511	(52)	2,191	(2,825)
Other income (expense), net	33	(728)	89	(1,212)
Income (loss) before income tax and gain from sale of real estate, net of tax	20,896	(8,300)	12,167	(2,422)
Income tax benefit (expense):				
Current	(1,323)	(3,368)	(2,390)	(5,610)
Deferred	1,449	3,283	2,605	4,031
Total income tax benefit (expense)	126	(85)	215	(1,579)
Gain from sale of real estate, net of tax	8,384	—	8,384	—
Net income (loss)	\$ 29,406	\$ (8,385)	\$ 20,766	\$ (4,001)
Less distributions on preferred shares of beneficial interest - Series A	—	(8)	(1)	(8)
Less distributions on preferred shares of beneficial interest - Series B	—	(7,108)	(1,817)	(14,218)
Less accretion on preferred shares of beneficial interest - Series B	—	(218)	—	(438)
Net income (loss) attributable to common shares of beneficial interest	\$ 29,406	\$ (15,719)	\$ 18,948	\$ (18,665)
Weighted average common shares outstanding – basic	143,499	70,049	133,965	69,990
Weighted average common shares outstanding – diluted	146,474	70,049	136,737	69,990
Net income (loss) per common share of beneficial interest - basic	\$ 0.20	\$ (0.22)	\$ 0.13	\$ (0.27)
Net income (loss) per common share of beneficial interest - diluted	\$ 0.20	\$ (0.22)	\$ 0.14	\$ (0.27)
Distributions declared per common share of beneficial interest	\$ 0.19	\$ 0.07	\$ 0.36	\$ 0.14

Reconciliation of Net Earnings to NAREIT FFO, Core FFO and AFFO

(In thousands except per share amounts)

	Three Months Ended				
	June 30, 2018	March 31, 2018	December 31, 2017	September 30, 2017	June 30, 2017
Net income (loss)	\$ 29,406	\$ (8,639)	\$ 8,000	\$ (4,607)	\$ (8,385)
Adjustments:					
Real estate related depreciation and depletion	21,764	22,174	22,041	21,530	21,474
Net (gain) loss on sale of depreciable real estate	(8,384)	—	(126)	83	—
Impairment charges on certain real estate assets	747	—	700	—	8,773
Real estate depreciation on China JV	242	270	302	326	288
NAREIT Funds from operations	43,775	13,805	30,917	17,332	22,150
Less distributions on preferred shares of beneficial interest	—	(1,818)	(7,118)	(7,109)	(7,117)
NAREIT Funds from operations attributable to common	\$ 43,775	\$ 11,987	\$ 23,799	\$ 10,223	\$ 15,033
Adjustments:					
Net gain on sale of non-real estate assets	(387)	(148)	(168)	(236)	(96)
Non-offering related IPO expenses (a)	—	1,242	—	—	—
Non-recurring public company implementation costs (b)	162	—	—	—	—
Acquisition, diligence and other pursuit costs	48	3	—	—	—
Stock-based compensation expense, IPO grants	965	965	—	—	—
Severance and reduction in workforce costs (c)	—	11	534	(18)	—
Terminated site operations costs (d)	66	—	53	2,506	121
Strategic alternative costs	—	—	3,770	2,622	902
Impairment of investments in partially owned entities (e)	—	—	—	—	6,496
Loss on debt extinguishment and modification	—	21,385	—	386	430
Inventory asset impairment	—	—	—	—	2,108
Foreign currency exchange (gain) loss	(1,511)	(680)	(279)	1,045	52
Excise tax settlement	—	—	4,984	—	—
Multi-Employer pension plan withdrawal expense	—	—	—	9,167	—
Core FFO applicable to common shareholders	\$ 43,118	\$ 34,765	\$ 32,693	\$ 25,695	\$ 25,046
Adjustments:					
Amortization of deferred financing costs and debt discount	1,556	1,674	2,215	2,203	2,163
Amortization of below/above market leases	38	38	37	38	38
Straight-line net rent	(26)	(5)	3	33	77
Deferred income taxes (benefit) expense	(1,449)	(1,156)	721	(349)	(3,283)
Stock-based compensation expense, excluding IPO grants	701	3,553	598	587	587
Non-real estate depreciation and amortization	7,287	7,234	7,505	7,345	7,439
Non-real estate depreciation and amortization on China JV	143	156	155	156	147
Recurring maintenance capital expenditures (f)	(11,563)	(6,383)	(19,915)	(11,619)	(12,467)
Adjusted FFO applicable to common shareholders	\$ 39,805	\$ 39,876	\$ 24,012	\$ 24,089	\$ 19,747
Reconciliation of weighted average and fully diluted shares:					
Weighted average basic shares for net income calculation	143,499	124,433	n/a	n/a	n/a
Dilutive stock options and unvested restricted stock units	2,975	2,668	n/a	n/a	n/a
Weighted average dilutive shares for net income calculation	146,474	127,101	n/a	n/a	n/a
Common shares equivalents (g)	1,032	20,032	n/a	n/a	n/a
Fully diluted common shares outstanding at quarter-end (h)	147,506	147,133	n/a	n/a	n/a
NAREIT FFO - basic per share	\$ 0.31	\$ 0.10	n/a	n/a	n/a
NAREIT FFO - diluted per share	\$ 0.30	\$ 0.09	n/a	n/a	n/a
NAREIT FFO - fully diluted per share at quarter end (h)	\$ 0.30	\$ 0.08	n/a	n/a	n/a
Core FFO - basic per share	\$ 0.30	\$ 0.28	n/a	n/a	n/a
Core FFO - diluted per share	\$ 0.29	\$ 0.27	n/a	n/a	n/a
Core FFO - fully diluted per share at quarter end (h)	\$ 0.29	\$ 0.24	n/a	n/a	n/a
Adjusted FFO - basic per share	\$ 0.28	\$ 0.32	n/a	n/a	n/a
Adjusted FFO - diluted per share	\$ 0.27	\$ 0.31	n/a	n/a	n/a
Adjusted FFO - fully diluted per share at quarter end (h)	\$ 0.27	\$ 0.27	n/a	n/a	n/a

- (a) Represents one-time costs and professional fees associated with becoming a public company.
- (b) Represents one-time costs associated with the implementation of financial reporting systems and processes needed to convert the organization to a public company.
- (c) Represents one-time severance from prior management team and reduction in workforce costs associated with exiting or selling non-strategic warehouses.
- (d) Represents repair expenses incurred to return leased sites to their original physical state at lease inception in connection with the termination of the applicable underlying lease. These terminations were part of our strategic efforts to exit or sell non-strategic warehouses as opposed to ordinary course lease expirations. Repair and maintenance expenses associated with our ordinary course operations are reflected as operating expenses on our statement of operations.
- (e) Represents an impairment charge related to our investment in the China JV based on a determination that the recorded investment was no longer recoverable from the projected future cash distributions we expect to receive from the China JV. We did not receive any cash distributions from the China JV since the formation of the joint venture.
- (f) Recurring maintenance capital expenditures include capital expenditures made to extend the life of, and provide future economic benefit from, our existing temperature-controlled warehouse network and its existing supporting personal property and information technology.
- (g) Fully diluted common share equivalents outstanding at June 30, 2018.
- (h) Assumes i) all post-IPO commons shares were outstanding for the entire quarter, and ii) the exercise of all outstanding stock options and conversion of all outstanding restricted stock units at the beginning of the quarter.

Reconciliation of Net Earnings to EBITDA and Core EBITDA

(In thousands)

	Twelve Months Ended		Three Months Ended				
	June 30, 2018	December 31, 2017	June 30, 2018	March 31, 2018	December 31, 2017	September 30, 2017	June 30, 2017
Net income (loss)	\$ 24,160	\$ (608)	\$ 29,406	\$ (8,639)	\$ 8,000	\$ (4,607)	\$ (8,385)
Adjustments:							
Depreciation, depletion and amortization	116,879	116,741	29,051	29,408	29,545	28,875	28,913
Interest expense	106,307	114,898	22,929	24,495	29,665	29,218	28,288
Income tax (benefit) expense	7,599	9,393	(126)	(89)	6,038	1,776	85
EBITDA	\$ 254,945	\$ 240,424	\$ 81,260	\$ 45,175	\$ 73,248	\$ 55,262	\$ 48,901
Adjustments:							
Severance and reduction in workforce costs ^(a)	527	516	—	11	534	(18)	—
Terminated site operations cost ^(b)	2,625	2,677	66	—	53	2,506	121
Non-offering related IPO expenses ^(c)	1,242	—	—	1,242	—	—	—
Non-recurring public company implementation costs ^(d)	162	—	162	—	—	—	—
Acquisition, diligence, and other pursuit costs	51	—	48	3	—	—	—
Strategic alternative costs ^(e)	6,392	8,136	—	—	3,770	2,622	902
(Income) loss from investments in partially owned entities	(101)	1,363	(252)	139	21	(9)	1,324
Impairment of investments in partially owned entities ^(f)	—	6,496	—	—	—	—	6,496
Impairment of inventory and long-lived assets	1,447	11,581	747	—	700	—	10,881
(Gain) loss on foreign currency exchange	(1,425)	3,591	(1,511)	(680)	(279)	1,045	52
Stock-based compensation expense	7,369	2,358	1,666	4,518	598	587	587
Loss on debt extinguishment and modification	21,771	986	—	21,385	—	386	430
(Gain) loss on real estate and other asset disposals	(8,797)	(150)	(8,554)	(137)	65	(171)	58
Multi-Employer pension plan withdrawal expense	9,167	9,167	—	—	—	9,167	—
Core EBITDA	\$ 295,375	\$ 287,145	\$ 73,632	\$ 71,656	\$ 78,710	\$ 71,377	\$ 69,752

(a) Represents one-time severance from prior management team and reduction in workforce costs associated with exiting or selling non-strategic warehouses.

(b) Represents repair expenses incurred to return leased sites to their original physical state at lease inception in connection with the termination of the applicable underlying lease. These terminations were part of our strategic efforts to exit or sell non-strategic warehouses as opposed to ordinary course lease expirations. Repair and maintenance expenses associated with our ordinary course operations are reflected as operating expenses on our statement of operations.

(c) Represents one-time costs and professional fees associated with becoming a public company.

(d) Represents one-time costs associated with the implementation of financial reporting systems and processes needed to convert the organization to a public company.

(e) Represents one-time operating costs associated with our review of strategic alternatives prior to the IPO.

(f) Represents an impairment charge related to our investment in the China JV based on a determination that the recorded investment was no longer recoverable from the projected future cash distributions we expect to receive from the China JV. We have not received any cash distributions from the China JV since the formation of the joint venture.

Reconciliation of Net Earnings to NAREIT EBITDAre and Core EBITDA

(In thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Net income (loss)	\$ 29,406	\$ (8,385)	\$ 20,766	\$ (4,001)
Adjustments:				
Depreciation, depletion and amortization	29,051	28,913	58,459	58,320
Interest expense	22,929	28,288	47,424	56,015
Income tax expense	(126)	85	(215)	1,579
Gain on disposal of depreciated property	(8,384)	—	(8,384)	—
Adjustment to reflect share of EBITDAre of partially owned entities (a)	592	625	1,149	1,196
NAREIT EBITDAre	<u>\$ 73,468</u>	<u>\$ 49,526</u>	<u>\$ 119,199</u>	<u>\$ 113,109</u>
Adjustments:				
Severance and reduction in workforce costs	—	—	11	—
Terminated site operations cost	66	121	66	118
Non-offering related IPO expenses	—	—	1,242	—
Non-recurring public company implementation costs	162	—	162	—
Acquisition, diligence, and other pursuit costs	48	—	51	—
Strategic alternative costs	—	902	—	1,744
(Income) loss from investments in partially owned entities	(252)	1,324	(112)	1,351
Non-recurring impairment of investments in partially owned entities	—	6,496	—	6,496
Impairment of inventory and long-lived assets	747	10,881	747	10,881
(Gain) loss on foreign currency exchange	(1,511)	52	(2,191)	2,825
Stock-based compensation expense	1,666	587	6,184	1,173
Loss on debt extinguishment and modification	—	430	21,385	600
(Gain) loss on other asset disposals	(170)	58	(307)	(43)
Reduction In EBITDAre from partially owned entities	(592)	(625)	(1,149)	(1,196)
Core EBITDA	<u>\$ 73,632</u>	<u>\$ 69,752</u>	<u>\$ 145,288</u>	<u>\$ 137,058</u>

- (a) Refers to EBITDA for Real Estate in accordance with the standards established by the Board of Governors of NAREIT adopted in the first quarter of 2018.

Debt Detail and Maturities

	Stated maturity date	Contractual interest rate ⁵	Effective interest rate ⁽⁶⁾ as of June 30, 2018	Outstanding principal amount at	
				June 30, 2018	December 31, 2017
2010 Mortgage Loans					
cross-collateralized and cross-defaulted by 46 warehouses:				(In thousands)	
Component A-1	1/2021	3.86%	4.40%	\$ 48,287	\$ 56,941
Component A-2-FX	1/2021	4.96%	5.38%	150,334	150,334
Component A-2-FL ⁽¹⁾	1/2021	L+1.51%	3.96%	48,654	48,654
Component B	1/2021	6.04%	6.48%	60,000	60,000
Component C	1/2021	6.82%	7.28%	62,400	62,400
Component D	1/2021	7.45%	7.92%	82,600	82,600
2013 Mortgage Loans					
cross-collateralized and cross-defaulted by 15 warehouses:					
Senior note	5/2023	3.81%	4.14%	191,110	194,223
Mezzanine A	5/2023	7.38%	7.55%	70,000	70,000
Mezzanine B	5/2023	11.50%	11.75%	32,000	32,000
ANZ Term Loans secured by mortgages in properties owned by relevant subsidiaries:					
Australian Term Loan ^{(2), (4)}	6/2020	BBSY+1.40%	4.63%	150,200	158,645
New Zealand Term Loan ^{(3), (4)}	6/2020	BKBM+1.40%	5.21%	29,801	31,240
2018 Senior Secured Term A Facility ⁽⁴⁾ secured by stock pledge in qualified subsidiaries	1/2023	L+2.35%	4.95%	475,000	—
2015 Senior Secured Term Loan B Facility ⁽⁴⁾	12/2022	L+3.75%	5.79%	—	806,918
Total principal amount of mortgage notes and term loans				\$ 1,400,386	\$ 1,753,955
Less deferred financing costs				(14,395)	(25,712)
Less debt discount				(309)	(6,285)
Total mortgage notes and term loans, net of deferred financing costs and debt discount				\$ 1,385,682	\$ 1,721,958
2018 Senior Secured Revolving Credit Facility ^{(4), (5)}					
	1/2021	L+2.35%	n/a	\$ —	\$ —
Construction Loan:					
Warehouse Clearfield, UT secured by mortgage ⁽⁴⁾	2/2019	L+3.25%	5.18%	\$ —	\$ 19,671
Less deferred financing costs				—	(179)
				\$ —	\$ 19,492

- (1) Component A-2-FL of the 2010 Mortgage Loans has a variable interest rate equal to one-month LIBOR plus 1.51%, with one-month-LIBOR subject to a floor of 1.00% per annum. In addition, we maintain an interest rate cap on the variable rate tranche that caps one-month LIBOR at 6.0%. The variable interest rate at June 30, 2018 was 3.50% per annum.
- (2) As of June 30, 2018, the outstanding balance was AUD\$203.0 million and the variable interest rate was 3.30% per annum (1.90% BBSY plus 1.40% margin) of which 75% is fixed via an interest rate swap at 4.06% per annum (2.66% BBSY plus 1.40% margin).
- (3) As of June 30, 2018, the outstanding balance was NZD\$44.0 million and the variable interest rate was 3.34% per annum (1.94% BKBM plus 1.40% margin), of which 75% is fixed via an interest rate swap at 4.93% per annum (3.53% BKBM plus 1.40% margin).
- (4) References in this table to LIBOR are references to one-month LIBOR and references to BBSY and BKBM are to Australian Bank Bill Swap Bid Rate and New Zealand Bank Bill Reference Rate, respectively.
- (5) Unused line, letter of credit and financing fees increase the stated interest rate.
- (6) The effective interest rate includes effects of amortization of the deferred financing costs and debt discount. The weighted average effective interest rate for total debt was 5.43% and 5.68% as of June 30, 2018 and December 31, 2017, respectively.

Operations Overview

Revenue and Contribution by Segment (Unaudited)

(In thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Segment revenues:				
Warehouse	\$ 287,712	\$ 281,663	\$ 574,229	\$ 557,471
Third-Party Managed	65,755	59,638	129,632	118,005
Transportation	38,889	35,796	77,234	71,977
Quarry	2,311	2,354	4,714	4,913
Total revenues	394,667	379,451	785,809	752,366
Segment contribution:				
Warehouse	90,835	84,804	180,405	168,325
Third-Party Managed	3,859	3,483	7,637	6,471
Transportation	3,586	3,089	7,180	6,642
Quarry	(80)	(1,436)	266	(532)
Total segment contribution	98,200	89,940	195,488	180,906
Reconciling items:				
Depreciation, depletion, and amortization	(29,051)	(28,913)	(58,459)	(58,320)
Selling, general and administrative	(27,482)	(23,546)	(59,431)	(48,303)
Impairment of long-lived assets	(747)	(8,773)	(747)	(8,773)
Income (loss) from investments in partially owned entities	252	(1,324)	112	(1,351)
Impairment of investments in partially owned entities	—	(6,496)	—	(6,496)
Interest expense	(22,929)	(28,288)	(47,424)	(56,015)
Interest income	1,109	310	1,733	567
Loss on debt extinguishment and modification	—	(430)	(21,385)	(600)
Foreign currency exchange gain (loss)	1,511	(52)	2,191	(2,825)
Other income (expense), net	33	(728)	89	(1,212)
Income (loss) before income tax and gain from sale of real estate, net of tax	\$ 20,896	\$ (8,300)	\$ 12,167	\$ (2,422)

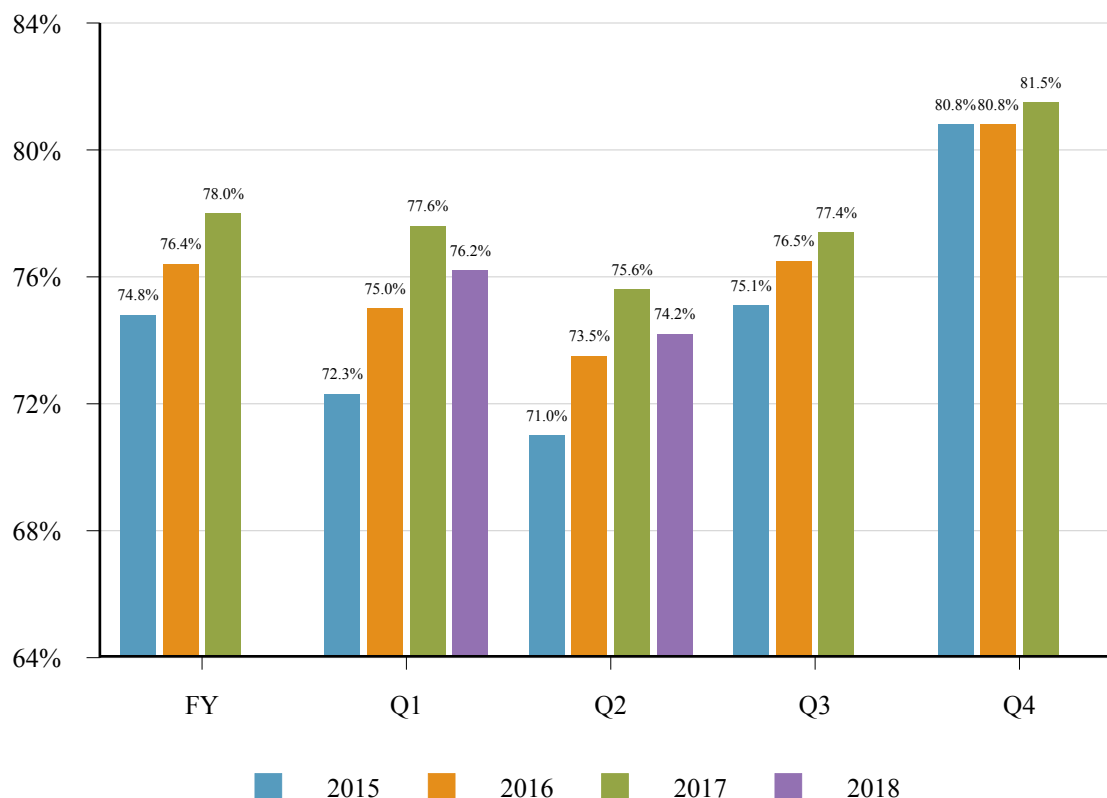
We view and manage our business through three primary business segments—warehouse, third-party managed and transportation. Our core business is our warehouse segment, where we provide temperature-controlled warehouse storage and related handling and other warehouse services. In our warehouse segment, we collect rent and storage fees from customers to store their frozen and perishable food and other products within our real estate portfolio. We also provide our customers with handling and other warehouse services related to the products stored in our buildings that are designed to optimize their movement through the cold chain, such as the placement of food products for storage and preservation, the retrieval of products from storage upon customer request, blast freezing, case-picking, kitting and repackaging and other recurring handling services.

Under our third-party managed segment, we manage warehouses on behalf of third parties and provide warehouse management services to several leading food retailers and manufacturers in customer-owned facilities, including some of our largest and longest-standing customers. We believe using our third-party management services allows our customers to increase efficiency, reduce costs, reduce supply-chain risks and focus on their core businesses. We also believe that providing third-party management services to many of our key customers underscores our ability to offer a complete and integrated suite of services across the cold chain.

In our transportation segment, we broker and manage transportation of frozen and perishable food and other products for our customers. Our transportation services include consolidation services (*i.e.*, consolidating a customer's products with those of other customers for more efficient shipment), freight under management services (*i.e.*, arranging for and overseeing transportation of customer inventory) and dedicated transportation services, each designed to improve efficiency and reduce transportation and logistics costs to our customers. We provide these transportation services at cost plus a service fee or, in the case of our consolidation services, we charge a fixed fee.

We also operate a limestone quarry on the land we own around our Carthage, Missouri warehouse, which contains substantial limestone deposits. We do not view the operation of the quarry as an integral part of our business.

Global Warehouse Physical Occupancy Trend



Average Physical Occupancy⁽¹⁾

- (1) We define average physical occupancy as the average number of occupied pallets divided by the estimated number of average physical pallet positions in our warehouses for the applicable period. We estimate the number of physical pallet positions by taking into account actual racked space and by estimating unracked space on an as-if racked basis. We base this estimate on the total cubic feet of each room within the warehouse that is unracked divided by the volume of an assumed rack space that is consistent with the characteristics of the relevant warehouse. On a warehouse by warehouse basis, rack space generally ranges from three to four feet depending upon the type of facility and the nature of the customer goods stored therein. The number of our pallet positions is reviewed and updated quarterly, taking into account changes in racking configurations and room utilization.

Historically, providers of temperature-controlled warehouse space have offered storage services to customers on an as-utilized, on-demand basis. We have entered into fixed storage commitments with certain customers which give us, among other things, additional clarity around the expected occupancy of our warehouses. As of June 30, 2018, we had entered into contracts featuring fixed storage commitments or leases with 94 of our customers in our warehouse segment. Customers with fixed storage provisions commit to occupy a certain number of pallets at a designated storage rate for the applicable portion of their contractual term, whether the customer elects to physically store goods in a warehouse or not. As a result, certain pallets in our warehouses may generate storage revenue pursuant to fixed storage commitments despite not being physically occupied. We refer to economic occupancy as the aggregate number of physically occupied pallets and any additional pallets otherwise contractually committed for a given period. To the extent that a customer with a fixed storage provision elects not to utilize all of its committed pallets in a particular warehouse, we have the flexibility to deploy those pallets to facilitate shorter-term customers that desire space on an as-utilized, on demand basis.

Global Warehouse Portfolio

Country / Region	# of warehouses	Cubic feet (in millions)	% of total cubic feet	Pallet positions (in thousands)	Average physical occupancy ⁽¹⁾	Revenues ⁽²⁾ (in millions)	Applicable segment contribution (NOI) ⁽²⁾⁽³⁾ (in millions)	Total customers ⁽⁴⁾
Owned / Leased ⁽⁵⁾								
United States								
Central	34	220.6	25 %	875.7	76 %	\$ 118.6	\$ 43.8	818
East	23	165.9	19 %	535.1	75 %	121.3	36.0	728
Southeast	36	170.9	20 %	573.1	75 %	104.8	31.7	640
West	37	230.8	27 %	992.5	72 %	129.0	49.2	729
United States Total / Average	130	788.1	91%	2,977.1	74%	\$ 473.6	\$ 160.7	2,251
International								
Australia	5	47.6	5 %	140.9	86 %	\$ 79.7	\$ 15.0	59
New Zealand	7	22.8	3 %	72.8	91 %	16.0	4.2	74
Argentina	2	9.7	1 %	21.6	72 %	4.9	0.5	36
International Total / Average	14	80.2	9%	235.3	86%	\$ 100.6	\$ 19.7	161
Owned / Leased Total / Average	144	868.3	100%	3,212.4	75%	\$ 574.2	\$ 180.4	2,343
Third-Party Managed								
United States	8	41.5	74 %			\$ 113.7	\$ 4.9	4
Australia ⁽⁶⁾	1		— %			6.6	1.6	1
Canada	3	14.3	26 %			9.3	1.1	2
Third-Party Managed Total / Average	12	55.8	100%			\$ 129.6	\$ 7.6	6
Portfolio Total / Average	156	924.1	100%	3,212.4	75%	\$ 703.9	\$ 188.0	2,344

(1) We define average physical occupancy as the average number of occupied pallets divided by the estimated number of average physical pallet positions in our warehouses for the six months ended June 30, 2018. We estimate the number of physical pallet positions by taking into account actual racked space and by estimating unracked space on an as-if racked basis. We base this estimate on the total cubic feet of each room within the warehouse that is unracked divided by the volume of an assumed rack space that is consistent with the characteristics of the relevant warehouse. On a warehouse by warehouse basis, rack space generally ranges from three to four feet depending upon the type of facility and the nature of the customer goods stored therein. The number of our pallet positions is reviewed and updated quarterly, taking into account changes in racking configurations and room utilization.

(2) Six months ended June 30, 2018.

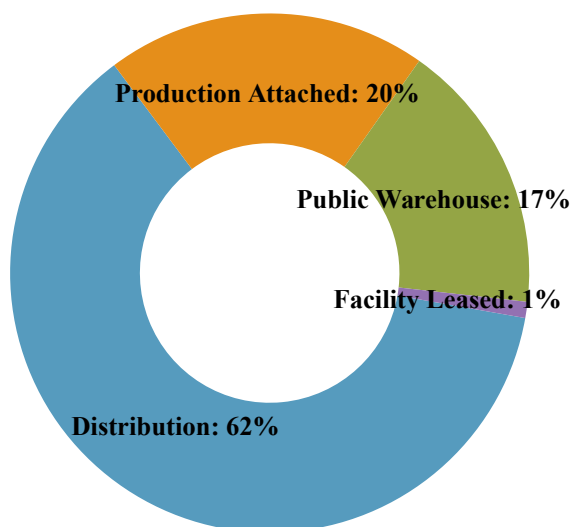
(3) We use the term “segment contribution (NOI)” to mean a segment’s revenues less its cost of operations (excluding any depreciation, depletion and amortization, impairment charges and corporate-level selling, general and administrative expenses). The applicable segment contribution (NOI) from our owned and leased warehouses and our third-party managed warehouses is included in our warehouse segment contribution (NOI) and third-party managed segment contribution (NOI), respectively.

(4) We serve some of our customers in multiple geographic regions and in multiple facilities within geographic regions. As a result, the total number of customers that we serve is less than the total number of customers reflected in the table above that we serve in each geographic region.

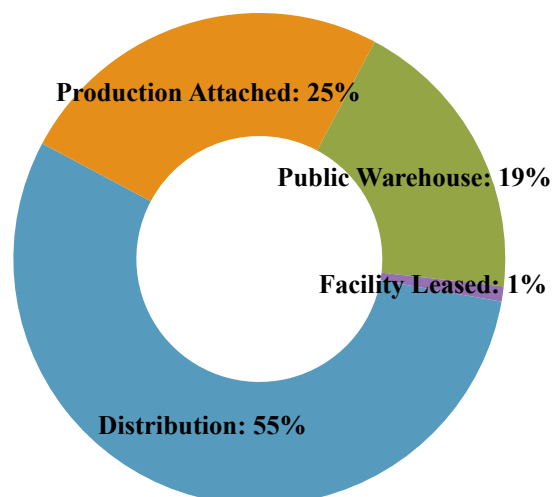
(5) As of June 30, 2018, we owned 109 of our U.S. warehouses and ten of our international warehouses, and we leased 21 of our U.S. warehouses and four of our international warehouses. As of June 30, 2018, seven of our owned facilities were located on land that we lease pursuant to long-term ground leases.

(6) Constitutes non-refrigerated, or “ambient,” warehouse space. This facility contains 330,527 square feet of ambient space.

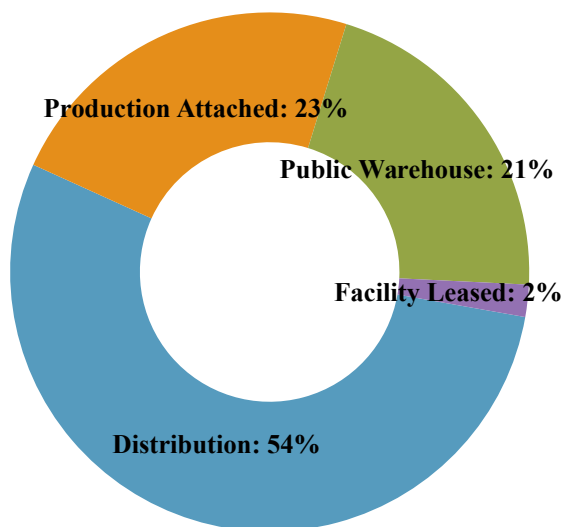
Warehouse Segment Revenues by Warehouse Type
 (Last Twelve Months Ended June 30, 2018)



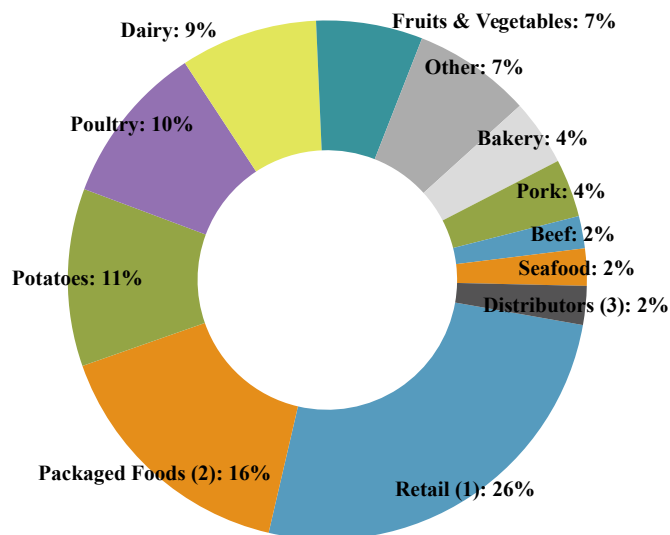
Warehouse Segment Contribution (NOI) by Warehouse Type
 (Last Twelve Months Ended June 30, 2018)



Warehouse Segment Cubic Ft by Warehouse Type
 (At June 30, 2018)



Warehouse Segment by Product Type
 (Last Twelve Months Ended June 30, 2018)



- (1) Retail reflects a broad variety of product types from retail customers.
- (2) Packaged foods reflects a broad variety of temperature-controlled meals and foodstuffs.
- (3) Distributors reflects a broad variety of product types from distributor customers.

Fixed Commitment and Lease Maturity Schedules

The following table sets forth a summary schedule of the expirations for any defined contracts featuring fixed storage commitments and leases in effect as of June 30, 2018. The information set forth in the table assumes no exercise of extension options under these contracts and leases.

Contract Expiration Year	Number of Contracts	Annualized Committed Rent & Storage Revenue(1) (in thousands)	% of Total Warehouse Rent & Storage Segment Revenue for the Twelve Months Ended June 30, 2018	Total Warehouse Segment Revenue Generated by Contracts with Fixed Commitments & Leases for the Twelve Months Ended June 30, 2018 (in thousands)	Annualized Committed Rent & Storage Revenue at Expiration(2) (in thousands)
Month-to-Month	42	\$ 31,852	6.2 %	\$ 72,938	\$ 31,852
2018	23	19,867	3.9 %	44,466	18,898
2019	29	38,352	7.5 %	87,095	38,721
2020	31	33,293	6.5 %	121,449	33,700
2021	10	13,861	2.7 %	60,379	14,372
2022	17	35,101	6.9 %	65,574	37,186
2023	4	9,612	1.9 %	18,015	10,083
2024	1	424	0.1 %	710	463
2025	—	—	— %	—	—
2026	2	7,273	1.4 %	10,381	7,510
2027	2	4,605	1.0 %	7,317	4,992
2028	—	—	— %	—	—
2029	3	8,320	1.6 %	21,396	14,003
Total	164	\$ 202,560	39.7%	\$ 509,720	\$ 211,780

- (1) Represents monthly fixed storage commitments and lease rental payments under the relevant expiring defined contract and lease as of June 30, 2018, plus the weighted average monthly warehouse services revenues attributable to these contracts and leases for the twelve months ended June 30, 2018, multiplied by 12.
- (2) Represents annualized monthly revenues from fixed storage commitments and lease rental payments under the defined contracts and relevant expiring leases as of June 30, 2018 based upon the monthly revenues attributable thereto in the last month prior to expiration, multiplied by 12.

The following table sets forth a summary schedule of the expirations of our facility leased warehouses and other leases pursuant to which we lease space to third parties in our warehouse portfolio, in each case, in place as of June 30, 2018.

Lease Expiration Year	No. of Leases Expiring	Annualized Rent(1) (in thousands)	% of Total Warehouse Rent & Storage Segment Revenue for the Twelve Months Ended June 30, 2018	Leased Square Footage (in thousands)	% Leased Square Footage	Annualized Rent at Expiration(2) (in thousands)
Month-to-Month	9	\$ 963	0.2 %	122	5.7 %	\$ 963
2018	10	1,550	0.3 %	148	6.9 %	1,550
2019	6	1,764	0.3 %	369	17.2 %	1,793
2020	9	3,503	0.7 %	375	17.5 %	3,580
2021	5	924	0.2 %	427	19.9 %	1,356
2022	2	997	0.2 %	144	6.7 %	997
2023	2	2,808	0.5 %	493	22.9 %	3,077
2024	1	424	0.1 %	70	3.2 %	463
2025	—	—	—	—	—	—
2026 and thereafter	—	—	—	—	—	—
Total	44	\$ 12,933	2.5%	2,148	100%	\$ 13,779

(1) Represents monthly rental payments under the relevant leases as of June 30, 2018, multiplied by 12.

(2) Represents monthly rental payments under the relevant leases in the calendar year of expiration, multiplied by 12.

These leases had a weighted average remaining term of 32 months as of June 30, 2018.

- Month-to-Month Warehouse Rate Agreements. Month-to-month warehouse rate agreements are agreements that establish storage fee rates on products stored in our warehouses and rates for value-added services on an as-utilized, on-demand basis, typically pursuant to terms set forth on a standardized warehouse receipt and related rate schedule, but that do not require the customer to use our network or for us to reserve space for these customers. Our standard terms and conditions afford us favorable contractual protections and are not subject to negotiation with customers that enter into month-to-month warehouse rate agreements.

Recurring Maintenance Capital Expenditures and Repair and Maintenance Expenses

We utilize a strategic approach to recurring maintenance capital expenditures and repair and maintenance expenses to maintain the high quality and operational efficiency of our warehouses and ensure that our warehouses meet the “mission-critical” role they serve in the cold chain.

Recurring Maintenance Capital Expenditures

The following table sets forth our recurring maintenance capital expenditures for the three and six months ended June 30, 2018 and 2017.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
	(In thousands, except per cubic foot amounts)			
Real estate	\$ 9,505	\$ 10,355	\$ 15,314	\$ 15,498
Personal property	867	248	1,120	595
Information technology	1,191	1,864	1,513	2,279
Total recurring maintenance capital expenditures	<u>\$ 11,563</u>	<u>\$ 12,467</u>	<u>\$ 17,947</u>	<u>\$ 18,372</u>
Total recurring maintenance capital expenditures per cubic foot	\$ 0.013	\$ 0.013	\$ 0.019	\$ 0.020

Repair and Maintenance Expenses

The following table sets forth our repair and maintenance expenses for the three and six months ended June 30, 2018 and 2017.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
	(In thousands, except per cubic foot amounts)			
Real estate	\$ 4,971	\$ 5,564	\$ 10,168	\$ 10,880
Personal property	7,811	7,433	15,803	14,729
Total repair and maintenance expenses	<u>\$ 12,782</u>	<u>\$ 12,997</u>	<u>\$ 25,971</u>	<u>\$ 25,609</u>
Repair and maintenance expenses per cubic foot	\$ 0.014	\$ 0.014	\$ 0.028	\$ 0.027

Growth and Expansion Capital Expenditures

The following table sets forth our growth and expansion capital expenditures for the three and six months ended June 30, 2018 and 2017.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
	(In thousands)			
Expansion and development initiatives	\$ 21,140	\$ 9,687	\$ 39,376	\$ 46,840
Information technology	753	1,431	1,553	2,863
Total growth and expansion capital expenditures	<u>\$ 21,893</u>	<u>\$ 11,118</u>	<u>\$ 40,929</u>	<u>\$ 49,703</u>

Global Warehouse Segment Financial Performance

The following tables present the operating results of our warehouse segment for the three and six ended June 30, 2018 and 2017.

	Three Months Ended June 30,			Change	
	2018 actual	2018 constant currency ⁽¹⁾	2017 actual	Actual	Constant currency
(Dollars in thousands)					
Rent and storage	\$ 125,333	\$ 125,942	\$ 122,423	2.4 %	2.9 %
Warehouse services	162,379	162,545	159,240	2.0 %	2.1 %
Total warehouse segment revenues	287,712	288,487	281,663	2.1 %	2.4 %
Power	18,631	18,781	18,580	0.3 %	1.1 %
Other facilities costs ⁽²⁾	26,131	26,316	25,319	3.2 %	3.9 %
Labor	126,140	126,450	126,032	0.1 %	0.3 %
Other services costs ⁽³⁾	25,975	26,071	26,928	(3.5)%	(3.2)%
Total warehouse segment cost of operations	196,877	197,618	196,859	— %	0.4 %
Warehouse segment contribution (NOI)	\$ 90,835	\$ 90,869	\$ 84,804	7.1 %	7.2 %
Warehouse rent and storage contribution (NOI) ⁽⁴⁾	\$ 80,571	\$ 80,845	\$ 78,524	2.6 %	3.0 %
Warehouse services contribution (NOI) ⁽⁵⁾	\$ 10,264	\$ 10,024	\$ 6,280	63.4 %	59.6 %
Total warehouse segment margin	31.6%	31.5%	30.1%	150 bps	140 bps
Rent and storage margin ⁽⁶⁾	64.3%	64.2%	64.1%	20 bps	10 bps
Warehouse services margin ⁽⁷⁾	6.3%	6.2%	3.9%	240 bps	230 bps

(1) The adjustments from our U.S. GAAP operating results to calculate our operating results on a constant currency basis are the effect of changes in foreign currency exchange rates relative to the comparable prior period.

(2) Includes real estate rent expense of \$3.8 million and \$3.8 million for the second quarter 2018 and 2017, respectively.

(3) Includes non-real estate rent expense of \$3.3 million and \$3.5 million for the second quarter 2018 and 2017, respectively.

(4) Calculated as rent and storage revenues less power and other facilities costs.

(5) Calculated as warehouse services revenues less labor and other services costs.

(6) Calculated as warehouse rent and storage contribution (NOI) divided by warehouse rent and storage revenues.

(7) Calculated as warehouse services contribution (NOI) divided by warehouse services revenues.

	Six Months Ended June 30,			Change	
	2018 actual	2018 constant currency ⁽¹⁾	2017 actual	Actual	Constant currency
(Dollars in thousands)					
Rent and storage	\$ 251,060	\$ 251,620	\$ 242,090	3.7 %	3.9 %
Warehouse services	323,169	322,234	315,381	2.5 %	2.2 %
Total warehouse segment revenues	574,229	573,854	557,471	3.0 %	2.9 %
Power	34,745	34,924	34,009	2.2 %	2.7 %
Other facilities costs ⁽²⁾	52,913	53,093	51,577	2.6 %	2.9 %
Labor	254,475	253,954	250,133	1.7 %	1.5 %
Other services costs ⁽³⁾	51,691	51,646	53,427	(3.2)%	(3.3)%
Total warehouse segment cost of operations	393,824	393,617	389,146	1.2 %	1.1 %
Warehouse segment contribution (NOI)	\$ 180,405	\$ 180,237	\$ 168,325	7.2 %	7.1 %
Warehouse rent and storage contribution (NOI) ⁽⁴⁾	\$ 163,402	\$ 163,603	\$ 156,504	4.4 %	4.5 %
Warehouse services contribution (NOI) ⁽⁵⁾	\$ 17,003	\$ 16,634	\$ 11,821	43.8 %	40.7 %
Total warehouse segment margin	31.4%	31.4%	30.2%	120 bps	120 bps
Rent and storage margin ⁽⁶⁾	65.1%	65.0%	64.6%	50 bps	40 bps
Warehouse services margin ⁽⁷⁾	5.3%	5.2%	3.7%	160 bps	150 bps

- (1) The adjustments from our U.S. GAAP operating results to calculate our operating results on a constant currency basis are the effect of changes in foreign currency exchange rates relative to the comparable prior period.
- (2) Includes real estate rent expense of \$7.5 million and \$7.5 million for the six months ended June 30, 2018 and 2017, respectively.
- (3) Includes non-real estate rent expense of \$6.7 million and \$7.0 million for the six months ended June 30, 2018 and 2017, respectively.
- (4) Calculated as rent and storage revenues less power and other facilities costs.
- (5) Calculated as warehouse services revenues less labor and other services costs.
- (6) Calculated as warehouse rent and storage contribution (NOI) divided by warehouse rent and storage revenues.
- (7) Calculated as warehouse services contribution (NOI) divided by warehouse services revenues.

Same-store Financial Performance

The following tables present revenues, cost of operations, contribution (NOI) and margins for our same stores and non-same stores with a reconciliation to the total financial metrics of our warehouse segment for the three and six months ended June 30, 2018 and 2017.

	Three Months Ended June 30,			Change	
	2018 actual	2018 constant currency ⁽¹⁾	2017 actual	Actual	Constant currency
Same store revenues:					
(Dollars in thousands)					
Rent and storage	\$ 122,492	\$ 123,100	\$ 118,308	3.5 %	4.1 %
Warehouse services	158,937	159,143	155,538	2.2 %	2.3 %
Total same store revenues	281,429	282,243	273,846	2.8 %	3.1 %
Same store cost of operations:					
Power	17,935	18,087	17,531	2.3 %	3.2 %
Other facilities costs	24,631	24,818	23,548	4.6 %	5.4 %
Labor	123,178	123,522	123,004	0.1 %	0.4 %
Other services costs	25,153	25,256	25,983	(3.2)%	(2.8)%
Total same store cost of operations	\$ 190,897	\$ 191,683	\$ 190,066	0.4 %	0.9 %
Same store contribution (NOI)	\$ 90,532	\$ 90,560	\$ 83,780	8.1 %	8.1 %
Same store rent and storage contribution (NOI) ⁽²⁾	\$ 79,926	\$ 80,195	\$ 77,229	3.5 %	3.8 %
Same store services contribution (NOI) ⁽³⁾	\$ 10,606	\$ 10,365	\$ 6,551	61.9 %	58.2 %
Total same store margin	32.2%	32.1%	30.6%	160 bps	150 bps
Same store rent and storage margin ⁽⁴⁾	65.2%	65.1%	65.3%	-10 bps	-20 bps
Same store services margin ⁽⁵⁾	6.7%	6.5%	4.2%	250 bps	230 bps
Non-same store revenues:					
Rent and storage	\$ 2,841	\$ 2,841	\$ 4,115	(31.0)%	(31.0)%
Warehouse services	3,442	3,442	3,702	(7.0)%	(7.0)%
Total non-same store revenues	6,283	6,283	7,817	(19.6)%	(19.6)%
Non-same store cost of operations:					
Power	696	696	1,049	(33.7)%	(33.7)%
Other facilities costs	1,499	1,499	1,771	(15.4)%	(15.4)%
Labor	2,963	2,963	3,028	(2.1)%	(2.1)%
Other services costs	822	822	945	(13.0)%	(13.0)%
Total non-same store cost of operations	\$ 5,980	\$ 5,980	\$ 6,793	(12.0)%	(12.0)%
Non-same store contribution (NOI)	\$ 303	\$ 303	\$ 1,024	(70.4)%	(70.4)%
Non-same store rent and storage contribution (NOI) ⁽²⁾	\$ 646	\$ 646	\$ 1,295	(50.1)%	(50.1)%
Non-same store services contribution (NOI) ⁽³⁾	\$ (343)	\$ (343)	\$ (271)	26.6 %	26.6 %
Total warehouse segment revenues	\$ 287,712	\$ 288,526	\$ 281,663	2.1 %	2.4 %
Total warehouse cost of operations	\$ 196,877	\$ 197,663	\$ 196,859	— %	0.4 %
Total warehouse segment contribution	\$ 90,835	\$ 90,863	\$ 84,804	7.1 %	7.1 %

(1) The adjustments from our U.S. GAAP operating results to calculate our operating results on a constant currency basis is the effect of changes in foreign currency exchange rates relative to the comparable prior period.

(2) Calculated as rent and storage revenues less power and other facilities costs.

(3) Calculated as warehouse services revenues less labor and other services costs.

(4) Calculated as same store rent and storage contribution (NOI) divided by same store rent and storage revenues.

(5) Calculated as same store warehouse services contribution (NOI) divided by same store warehouse services revenues.

	Six Months Ended June 30,			Change	
	2018 actual	2018 constant currency ⁽¹⁾	2017 actual	Actual	Constant currency
Same store revenues:					
	(Dollars in thousands)				
Rent and storage	\$ 245,236	\$ 245,796	\$ 234,737	4.5 %	4.7 %
Warehouse services	316,208	315,502	308,394	2.5 %	2.3 %
Total same store revenues	561,444	561,298	543,131	3.4 %	3.3 %
Same store cost of operations:					
Power	33,448	33,639	32,120	4.1 %	4.7 %
Other facilities costs	49,830	50,022	47,868	4.1 %	4.5 %
Labor	248,489	248,168	243,922	1.9 %	1.7 %
Other services costs	50,097	50,093	51,743	(3.2)%	(3.2)%
Total same store cost of operations	\$ 381,864	\$ 381,922	\$ 375,653	1.7 %	1.7 %
Same store contribution (NOI)	\$ 179,580	\$ 179,376	\$ 167,478	7.2 %	7.1 %
Same store rent and storage contribution (NOI) ⁽²⁾	\$ 161,958	\$ 162,135	\$ 154,749	4.7 %	4.8 %
Same store services contribution (NOI) ⁽³⁾	\$ 17,622	\$ 17,241	\$ 12,729	38.4 %	35.4 %
Total same store margin	32.0%	32.0%	30.8%	120 bps	120 bps
Same store rent and storage margin ⁽⁴⁾	66.0%	66.0%	65.9%	10 bps	10 bps
Same store services margin ⁽⁵⁾	5.6%	5.5%	4.1%	150 bps	140 bps
Non-same store revenues:					
Rent and storage	\$ 5,825	\$ 5,825	\$ 7,353	(20.8)%	(20.8)%
Warehouse services	6,960	6,960	6,987	(0.4)%	(0.4)%
Total non-same store revenues	12,785	12,785	14,340	(10.8)%	(10.8)%
Non-same store cost of operations:					
Power	1,297	1,297	1,888	(31.3)%	(31.3)%
Other facilities costs	3,082	3,082	3,709	(16.9)%	(16.9)%
Labor	5,987	5,987	6,211	(3.6)%	(3.6)%
Other services costs	1,594	1,594	1,685	(5.4)%	(5.4)%
Total non-same store cost of operations	\$ 11,960	\$ 11,960	\$ 13,493	(11.4)%	(11.4)%
Non-same store contribution (NOI)	\$ 825	\$ 825	\$ 847	(2.6)%	(2.6)%
Non-same store rent and storage contribution (NOI) ⁽²⁾	\$ 1,446	\$ 1,446	\$ 1,756	(17.7)%	(17.7)%
Non-same store services contribution (NOI) ⁽³⁾	\$ (621)	\$ (621)	\$ (909)	(31.7)%	(31.7)%
Total warehouse segment revenues	\$ 574,229	\$ 574,083	\$ 557,471	3.0 %	3.0 %
Total warehouse cost of operations	\$ 393,824	\$ 393,882	\$ 389,146	1.2 %	1.2 %
Total warehouse segment contribution	\$ 180,405	\$ 180,201	\$ 168,325	7.2 %	7.1 %

(1) The adjustments from our U.S. GAAP operating results to calculate our operating results on a constant currency basis is the effect of changes in foreign currency exchange rates relative to the comparable prior period.

(2) Calculated as rent and storage revenues less power and other facilities costs.

(3) Calculated as warehouse services revenues less labor and other services costs.

(4) Calculated as same store rent and storage contribution (NOI) divided by same store rent and storage revenues.

(5) Calculated as same store warehouse services contribution (NOI) divided by same store warehouse services revenues.

Same-store Key Operating Metrics

The following table provides certain operating metrics to explain the drivers of our same store performance.

Units in thousands except per pallet data	Three Months Ended June 30,		Change
	2018	2017	
Same store rent and storage:			
Occupancy ⁽¹⁾			
Average occupied pallets	2,312	2,354	(1.8)%
Average physical pallet positions	3,089	3,091	(0.1)%
Occupancy percentage	74.8%	76.2%	-140 bps
Same store rent and storage revenues per occupied pallet	\$ 52.99	\$ 50.27	5.4 %
Constant currency same store rent and storage revenues per occupied pallet	\$ 53.25	\$ 50.27	5.9 %
Same store warehouse services:			
Throughput pallets	6,445	6,740	(4.4)%
Same store warehouse services revenues per throughput pallet	\$ 24.66	\$ 23.08	6.8 %
Constant currency same store warehouse services revenues per throughput pallet	\$ 24.69	\$ 23.08	7.0 %
Non-same store rent and storage:			
Occupancy ⁽¹⁾			
Average occupied pallets	70	94	(25.5)%
Average physical pallet positions	122	148	(17.6)%
Occupancy percentage	57.2%	63.5%	
Non-same store warehouse services:			
Throughput pallets	167	171	(2.3)%

Units in thousands except per pallet data	Six Months Ended June 30,		Change
	2018	2017	
Same store rent and storage:			
Occupancy ⁽¹⁾			
Average occupied pallets	2,341	2,382	(1.7)%
Average physical pallet positions	3,088	3,081	0.2 %
Occupancy percentage	75.8%	77.3%	-150 bps
Same store rent and storage revenues per occupied pallet	\$ 104.75	\$ 98.56	6.3 %
Constant currency same store rent and storage revenues per occupied pallet	\$ 104.99	\$ 98.56	6.5 %
Same store warehouse services:			
Throughput pallets	12,935	13,391	(3.4)%
Same store warehouse services revenues per throughput pallet	\$ 24.45	\$ 23.03	6.2 %
Constant currency same store warehouse services revenues per throughput pallet	\$ 24.39	\$ 23.03	5.9 %
Non-same store rent and storage:			
Occupancy ⁽¹⁾			
Average occupied pallets	73	77	(5.2)%
Average physical pallet positions	124	130	(4.6)%
Occupancy percentage	59.1%	58.8%	
Non-same store warehouse services:			
Throughput pallets	322	318	1.3 %

- (1) We define average physical occupancy as the average number of occupied pallets divided by the estimated number of average physical pallet positions in our warehouses for the applicable period. We estimate the number of physical pallet positions by taking into account actual racked space and by estimating unracked space on an as-if racked basis. We base this estimate on a formula utilizing the total cubic feet of each room within the warehouse that is unracked divided by the volume of an assumed rack space that is consistent with the characteristics of the relevant warehouse. On a warehouse by warehouse basis, rack space generally ranges from three to four feet depending upon the type of facility and the nature of the customer goods stored therein. The number of our pallet positions is reviewed and updated quarterly, taking into account changes in racking configurations and room utilization.

Current Growth and Development Projects

Facility	Opportunity Type	Facility Type	Under Construction		Costs of Expansion / Development (in millions)			Budgeted Stabilized Return on Invested Capital	Target Completion Date
			Cubic Feet (in millions) (1)	Pallet Positions (in thousands) (1)	Cost to Date	Estimate to Completion (2)	Estimated Cost (2)		
Middleboro, MA	Development	Production Advantaged	5.2	28	22	2	24	8-12%	Q3 2018
Rochelle, IL	Expansion	Distribution	15.7	58	47	38	85	12-15%	Q4 2018
Total			20.9	86	\$ 69	\$ 40	\$ 109		

- (1) Cubic feet and pallet positions are estimates while the facilities are under construction.
 (2) Reflects management's estimate of cost of completion as of June 30, 2018.

- Middleboro, MA new build status July 2018 -



- Rochelle, IL expansion status July 2018 -



Notes and Definitions

We calculate funds from operations, or FFO, in accordance with the standards established by the Board of Governors of the National Association of Real Estate Investment Trusts, or NAREIT. NAREIT defines FFO as net income or loss determined in accordance with U.S. GAAP, excluding extraordinary items as defined under U.S. GAAP and gains or losses from sales of previously depreciated operating real estate assets, plus specified non-cash items, such as real estate asset depreciation and amortization, and after adjustments for unconsolidated partnerships and joint ventures. We believe that FFO is helpful to investors as a supplemental performance measure because it excludes the effect of depreciation, amortization and gains or losses from sales of real estate, all of which are based on historical costs, which implicitly assumes that the value of real estate diminishes predictably over time. Since real estate values instead have historically risen or fallen with market conditions, FFO can facilitate comparisons of operating performance between periods and among other equity REITs.

We calculate core funds from operations, or Core FFO, as FFO adjusted for the effects of gain or loss on the sale of non-real estate assets, non-offering related IPO expenses, stock-based compensation expense for the IPO retention grants, severance and reduction in workforce costs, acquisition, diligence and other pursuit costs, loss on debt extinguishment and modification, and foreign currency exchange gain or loss. We believe that Core FFO is helpful to investors as a supplemental performance measure because it excludes the effects of certain items which can create significant earnings volatility, but which do not directly relate to our core business operations. We believe Core FFO can facilitate comparisons of operating performance between periods, while also providing a more meaningful predictor of future earnings potential.

However, because FFO and Core FFO add back real estate depreciation and amortization and do not capture the level of recurring maintenance capital expenditures necessary to maintain the operating performance of our properties, both of which have material economic impacts on our results from operations, we believe the utility of FFO and Core FFO as a measure of our performance may be limited.

We calculate adjusted funds from operations, or Adjusted FFO, as Core FFO adjusted for the effects of amortization of loan costs, debt discounts and above or below market leases, straight-line rent, provision or benefit from deferred income taxes, stock-based compensation expense from grants of stock options and restricted stock units under our equity incentive plans, non-real estate depreciation, depletion or amortization (including in respect of the China JV), and recurring maintenance capital expenditures. We believe that Adjusted FFO is helpful to investors as a meaningful supplemental comparative performance measure of our ability to make incremental capital investments in our business and to assess our ability to fund distribution requirements from our operating activities.

FFO, Core FFO and Adjusted FFO are used by management, investors and industry analysts as supplemental measures of operating performance of equity REITs. FFO, Core FFO and Adjusted FFO should be evaluated along with U.S. GAAP net income and net income per diluted share (the most directly comparable U.S. GAAP measures) in evaluating our operating performance. FFO, Core FFO and Adjusted FFO do not represent net income or cash flows from operating activities in accordance with U.S. GAAP and are not indicative of our results of operations or cash flows from operating activities as disclosed in our consolidated statements of operations included in our quarterly report on Form 10-Q. FFO, Core FFO and Adjusted FFO should be considered as supplements, but not alternatives, to our net income or cash flows from operating activities as indicators of our operating performance. Moreover, other REITs may not calculate FFO in accordance with the NAREIT definition or may interpret the NAREIT definition differently than we do. Accordingly, our FFO may not be comparable to FFO as calculated by other REITs. In addition, there is no industry definition of Core FFO or Adjusted FFO and, as a result, other REITs may also calculate Core FFO or Adjusted FFO, or other similarly-captioned metrics, in a manner different than we do. The table above reconciles FFO, Core FFO and Adjusted FFO to net income, which is the most directly comparable financial measure calculated in accordance with U.S. GAAP.

We calculate EBITDA for Real Estate, or EBITDAre, in accordance with the standards established by the Board of Governors of NAREIT, defined as, earnings before interest expense, taxes, depreciation, depletion and amortization, gains or losses on disposition of depreciated property, including gains or losses on change of control, impairment write-downs of depreciated property and of investments in unconsolidated affiliates caused by a decrease in value of depreciated property in the affiliate, and adjustment to reflect share of EBITDAre of unconsolidated affiliates. EBITDAre is a measure commonly used in our industry, and we present EBITDAre to enhance investor understanding of our operating performance. We believe that EBITDAre provides investors and analysts with a measure of operating results unaffected by differences in capital structures, capital investment cycles and useful life of related assets among otherwise comparable companies.

We also calculate our Core EBITDA as EBITDAre further adjusted for impairment charges on intangible and long-lived assets, gain or loss on depreciable real property asset disposals, severance and reduction in workforce costs, non-offering related IPO expenses, loss on debt extinguishment and modification, stock-based compensation expense, foreign currency exchange gain or loss, loss on partially owned entities, and reduction in EBITDAre from partially owned entities. We believe that the presentation of Core EBITDA provides a measurement of our operations that is meaningful to investors because it excludes the effects of certain items that are otherwise included in EBITDAre but which we do not believe are indicative of our core business operations. EBITDAre and Core EBITDA are not measurements of financial performance under U.S. GAAP, and our EBITDAre and Core EBITDA may not be comparable to similarly titled measures of other companies. You should not consider our EBITDAre and Core EBITDA as alternatives to net income or cash flows from operating activities determined in accordance with U.S. GAAP. Our calculations of EBITDAre and Core EBITDA have limitations as analytical tools, including:

- these measures do not reflect our historical or future cash requirements for recurring maintenance capital expenditures or growth and expansion capital expenditures;
- these measures do not reflect changes in, or cash requirements for, our working capital needs;
- these measures do not reflect the interest expense, or the cash requirements necessary to service interest or principal payments, on our indebtedness;
- these measures do not reflect our tax expense or the cash requirements to pay our taxes; and
- although depreciation, depletion and amortization are non-cash charges, the assets being depreciated, depleted and amortized will often have to be replaced in the future and these measures do not reflect any cash requirements for such replacements.

We use EBITDAre and Core EBITDA as measures of our operating performance and not as measures of liquidity. The tables on page 16 and 17 reconcile EBITDA, EBITDAre and Core EBITDA to net income, which is the most directly comparable financial measure calculated in accordance with U.S. GAAP.