

The Necessity Retail REIT, Inc.

Supplemental Information

Quarter ended March 31, 2022 (unaudited)

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Please note that totals may not add due to rounding.

Forward-looking Statements:

This supplemental package of The Necessity Retail REIT, Inc. (the "Company") includes "forward looking statements. These forward-looking statements involve risks and uncertainties that could cause actual results or events to be materially different. The words "may," "will," "seeks," "anticipates," "believes," "estimates," "expects," "projects," "plans," "intends," "should" and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. These forward-looking statements are subject to a number of risks, uncertainties and other factors, many of which are outside of the Company's control, which could cause actual results to differ materially from the results contemplated by the forward-looking statements. These risks and uncertainties include (a) the potential adverse effects of (i) the ongoing global COVID-19 pandemic, including actions taken to contain or treat COVID-19, and (ii) the geopolitical instability due to the ongoing military conflict between Russia and Ukraine, including related sanctions and other penalties imposed by the U.S. and European Union, and other countries, as well as other public and private actors and companies, on the Company, the Company's tenants and the global economy and financial markets, and (b) that any potential future acquisition is subject to market conditions and capital availability and may not be identified or completed on favorable terms, or at all, as well as those risks and uncertainties set forth in the Risk Factors section of the Company's Annual Report on Form 10-K for the year ended December 31, 2021 filed on February 24, 2022 and all other filings with the Securities and Exchange Commission (the "SEC") after that date, as such risks, uncertainties and other important factors may be updated from time to time in the Company's subsequent reports. Further, forward-looking statements speak only as of the date they are made, and the Company undertakes no obligation to update or revise any forward-looking statement to reflect changed assumptions, the occurrence of unanticipated events or changes to future operating results over time, unless required to do so by law.

Accounting Treatment of Rent Deferrals/Abatements

The majority of the concessions granted to the Company's tenants as a result of the COVID-19 pandemic are rent deferrals or temporary rent abatements with the original lease term unchanged and collection of deferred rent deemed probable. The Company's revenue recognition policy requires that it must be probable that the Company will collect virtually all of the lease payments due and does not provide for partial reserves, or the ability to assume partial recovery. In light of the COVID-19 pandemic, the FASB and SEC agreed that for leases where the total lease cash flows will remain substantially the same or less than those after the COVID-19 related effects, companies may choose to forgo the evaluation of the enforceable rights and obligations of the original lease contract as a practical expedient and account for rent concessions as if they were part of the enforceable rights and obligations of the parties under the existing lease contract. As a result, rental revenue used to calculate Net Income and NAREIT FFO (as defined below) has not been, and the Company does not expect it to be, significantly impacted by these types of deferrals. In addition, since the Company currently believes that these deferral amounts are collectable, they have been excluded from the increase in straight-line rent for AFFO (as defined below) purposes the amounts recognized under generally accepted accounting principles ("GAAP") relating to these types of rent deferrals. Conversely, for abatements where contractual rent has been reduced, the reduction is reflected over the remaining lease term for accounting purposes but represents a permanent reduction and the Company has, accordingly, reduced its AFFO.

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Non-GAAP Financial Measures

This section discusses non-GAAP financial measures we use to evaluate our performance, including Funds from Operations ("FFO"), Adjusted Funds from Operations ("AFFO"), Adjusted Earnings before Interest, Taxes, Depreciation and Amortization ("Adjusted EBITDA"), Net Operating Income ("NOI") and Cash Net Operating Income ("Cash NOI"). While NOI is a property-level measure, AFFO is based on total Company performance and therefore reflects the impact of other items not specifically associated with NOI such as, interest expense, general and administrative expenses and operating fees to related parties. Additionally, NOI as defined herein, does not reflect an adjustment for straight-line rent but AFFO does. A description of these non-GAAP measures and reconciliations to the most directly comparable GAAP measure, which is net income (loss), is provided below. Adjustments for unconsolidated partnerships and joint ventures are calculated to exclude the proportionate share of the non-controlling interest to arrive at FFO, AFFO and NOI attributable to stockholders.

Caution on Use of Non-GAAP Measures

FFO, AFFO, Adjusted EBITDA, NOI and Cash NOI should not be construed to be more relevant or accurate than the current GAAP methodology in calculating net income or in its applicability in evaluating our operating performance. The method utilized to evaluate the value and performance of real estate under GAAP should be construed as a more relevant measure of operational performance and considered more prominently than the non-GAAP measures.

Other REITs may not define FFO in accordance with the current National Association of Real Estate Investment Trusts ("NAREIT"), an industry trade group, definition (as we do), or may interpret the current NAREIT definition differently than we do, or may calculate AFFO differently than we do. Consequently, our presentation of FFO and AFFO may not be comparable to other similarly-titled measures presented by other REITs.

We consider FFO and AFFO useful indicators of our performance. Because FFO and AFFO calculations exclude such factors as depreciation and amortization of real estate assets and gains or losses from sales of operating real estate assets (which can vary among owners of identical assets in similar conditions based on historical cost accounting and useful-life estimates), FFO and AFFO presentations facilitate comparisons of operating performance between periods and between other REITs in our peer group.

As a result, we believe that the use of FFO and AFFO, together with the required GAAP presentations, provide a more complete understanding of our performance, including relative to our peers and a more informed and appropriate basis on which to make decisions involving operating, financing, and investing activities. However, FFO and AFFO are not indicative of cash available to fund ongoing cash needs, including the ability to pay cash dividends. Investors are cautioned that FFO and AFFO should only be used to assess the sustainability of our operating performance excluding these activities, as they exclude certain costs that have a negative effect on our operating performance during the periods in which these costs are incurred.

Funds from Operations and Adjusted Funds from Operations

Funds from Operations

Due to certain unique operating characteristics of real estate companies, as discussed below, NAREIT, an industry trade group, has promulgated a performance measure known as FFO, which we believe to be an appropriate supplemental measure to reflect the operating performance of a REIT. FFO is not equivalent to net income or loss as determined under GAAP.

We calculate FFO, a non-GAAP measure, consistent with the standards established over time by the Board of Governors of NAREIT, as restated in a White Paper and approved by the Board of Governors of NAREIT effective in December 2018 (the "White Paper"). The White Paper defines FFO as net income or loss computed in accordance with GAAP, excluding depreciation and amortization related to real estate, gains and losses from sales 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 the entity. Adjustments for consolidated, partially-owned entities (including our Operating Partnership) and equity in earnings of unconsolidated affiliates are made to arrive at our proportionate share of FFO attributable to our stockholders. Our FFO calculation complies with NAREIT's definition.

The historical accounting convention used for real estate assets requires straight-line depreciation of buildings and improvements, and straight-line amortization of intangibles, which implies that the value of a real estate asset diminishes predictably over time. We believe that, because real estate values historically rise and fall with market conditions, including inflation, interest rates, unemployment and consumer spending, presentations of operating results for a REIT using historical accounting for depreciation and certain other items may be less informative. Historical accounting for real estate involves the use of GAAP. Any other method of accounting for real estate such as the fair value method cannot be construed to be any more accurate or relevant than the comparable methodologies of real estate valuation found in GAAP. Nevertheless, we believe that the use of FFO, which excludes the impact of real estate related depreciation and amortization, among other things, provides a more complete understanding of our performance to investors and to management, and when compared year over year, reflects the impact on our operations from trends in occupancy rates, rental rates, operating costs, general and administrative expenses, and interest costs, which may not be immediately apparent from net income.

Adjusted Funds from Operations

In calculating AFFO, we start with FFO, then we exclude certain income or expense items from AFFO that we consider to be more reflective of investing activities, such as non-cash income and expense items and the income and expense effects of other activities that are not a fundamental attribute of our day to day operating business plan, such as amounts related to litigation arising out of the Company's 2017 merger with American Realty Capital - Retail Centers of America, Inc. (the "Merger"). These amounts include legal costs incurred as a result of the litigation, portions of which have been, and may in the future be, reimbursed under insurance policies maintained by us. Insurance reimbursements are deducted from AFFO in the period of reimbursement. We believe that excluding the litigation costs and subsequent insurance reimbursements related to litigation arising out of the Merger helps to provide a better understanding of the operating performance of our business. Other income and expense items also include early extinguishment of debt and unrealized gains and losses, which may not ultimately be realized, such as gains or losses on derivative instruments and gains and losses on investments. In addition, by excluding non-cash income and expense items such as amortization of above-market and below-market lease intangibles, amortization of deferred financing costs, straight-line rent, and share-based compensation related to restricted shares and the multi-year outperformance agreement from AFFO, we believe we provide useful information regarding those income and expense items which have a direct impact on our ongoing operating performance.

In calculating AFFO, we exclude certain expenses which under GAAP are characterized as operating expenses in determining operating net income (loss). All paid and accrued merger, acquisition and transaction related fees and certain other expenses negatively impact our operating performance during the period in which expenses are incurred or properties are acquired will also have negative effects on returns to investors but are not reflective of our on-going performance. In addition, legal fees and expense associated with COVID-19-related lease disputes involving certain tenants negatively impact our operating performance but are not reflective of our on-going performance. Further, under GAAP, certain contemplated non-cash fair value and other non-cash adjustments are considered operating non-cash adjustments to net income (loss). In addition, as discussed above, we view gains and losses from fair value adjustments as items which are unrealized and may not ultimately be realized and not reflective of ongoing operations and are therefore typically adjusted for when assessing operating performance. Excluding income and expense items detailed above from our calculation of AFFO provides information consistent with management's analysis of our operating performance. Additionally, fair value adjustments, which are based on the impact of current market fluctuations and underlying assessments of general market conditions but can also result from operational factors such as rental and occupancy rates, may not be directly related or attributable to our current operating performance. By excluding such changes that may reflect anticipated and unrealized gains or losses, we believe AFFO provides useful supplemental information. By providing AFFO, we believe we are presenting useful information that can be used, among other things, to assess our performance without the impact of transactions or other items that are not related to our portfolio of properties. AFFO presented by us may not be comparable to AFFO reported by other REITs that define AFFO differently. Furthermore, we believe that in order to facilitate a clear understanding of our operating results, AFFO should be examined in conjunction with net income (loss) as presented in our consolidated financial statements. AFFO should not be considered as an alternative to net income (loss) as an indication of our performance or to cash flows as a measure of our liquidity or ability to pay dividends. FFO and AFFO for the three months ended September 30, 2021 includes income from a lease termination fee of \$10.4 million, which is recorded in Revenue from tenants in the consolidated statements of operations.

Adjusted Earnings before Interest, Taxes, Depreciation and Amortization, Net Operating Income and Cash Net Operating Income.

We believe that Adjusted EBITDA, which is defined as earnings before interest, taxes, depreciation and amortization adjusted for acquisition and transaction-related expenses, other non-cash items such as expense related to our multi-year outperformance agreement with the Advisor and including our pro-rata share from unconsolidated joint ventures, is an appropriate measure of our ability to incur and service debt. Adjusted EBITDA should not be considered as an alternative to cash flows from operating activities, as a measure of our liquidity or as an alternative to net income as an indicator of our operating activities. Other REITs may calculate Adjusted EBITDA differently and our calculation should not be compared to that of other REITs.

NOI is a non-GAAP financial measure used by us to evaluate the operating performance of our real estate. NOI is equal to total revenues, excluding contingent purchase price consideration, less property operating and maintenance expense. NOI excludes all other items of expense and income included in the financial statements in calculating net income (loss). We believe NOI provides useful and relevant information because it reflects only those income and expense items that are incurred at the property level and presents such items on an unleveraged basis. We use NOI to assess and compare property level performance and to make decisions concerning the operations of the properties. Further, we believe NOI is useful to investors as a performance measure because, when compared across periods, NOI reflects the impact on operations from trends in occupancy rates, rental rates, operating expenses and acquisition activity on an unleveraged basis, providing perspective not immediately apparent from net income (loss). NOI excludes certain items included in calculating net income (loss) in order to provide results that are more closely related to a property's results of operations. For example, interest expense is not necessarily linked to the operating performance of a real estate asset. In addition, depreciation and amortization, because of historical cost accounting and useful life estimates, may distort operating performance at the property level. NOI presented by us may not be comparable to NOI reported by other REITs that define NOI differently. We believe that in order to facilitate a clear understanding of our operating results, NOI should be examined in conjunction with net income (loss) as presented in our consolidated financial statements. NOI should not be considered as an alternative to net income (loss) as an indication of our performance or to cash flows as a measure of our liquidity or our ability to pay dividends.

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Cash NOI, is a non-GAAP financial measure that is intended to reflect the performance of our properties. We define Cash NOI as NOI excluding amortization of above/below market lease intangibles and straight-line adjustments that are included in GAAP lease revenues. We believe that Cash NOI is a helpful measure that both investors and management can use to evaluate the current financial performance of our properties and it allows for comparison of our operating performance between periods and to other REITs. Cash NOI should not be considered as an alternative to net income, as an indication of our financial performance, or to cash flows as a measure of liquidity or our ability to fund all needs. The method by which we calculate and present Cash NOI may not be directly comparable to the way other REITs present Cash NOI.

Cash paid for interest is calculated based on the interest expense less non-cash portion of interest expense and amortization of mortgage (discount) premium, net. Management believes that cash paid for interest provides useful information to investors to assess our overall solvency and financial flexibility. Cash paid for interest should not be considered as an alternative to interest expense as determined in accordance with GAAP or any other GAAP financial measures and should only be considered together with and as a supplement to our financial information prepared in accordance with GAAP.

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Key Metrics

As of and for the three months ended March 31, 2022

Financial Results (Amounts in thousands, except per share data)	
Revenue from tenants	\$ 94,943
Net income attributable to common stockholders	\$ 39,934
Basic and diluted net income per share attributable to common stockholders	\$ 0.31
Cash NOI ^[1]	\$ 73,592
Adjusted EBITDA ^[1]	\$ 61,145
AFFO attributable to common stockholders ^[1]	\$ 31,751
Dividends declared on common stock ^[2]	\$ 26,677

Balance Sheet and Capitalization (Amounts in thousands, except ratios and percentages)	
Gross asset value ^[3]	\$ 5,015,902
Net debt ^{[4][5]}	\$ 2,309,155
Total consolidated debt ^[5]	\$ 1,891,261
Total assets	\$ 4,331,725
Liquidity ^[6]	\$ 254,924
Common shares outstanding as of March 31, 2022	132,995
Net debt to gross asset value	46.0 %
Net debt to adjusted EBITDA ^[1] (annualized based on quarterly results)	9.4 x
Weighted-average interest rate cost ^[7]	3.7 %
Weighted-average debt maturity (years) ^[8]	5.3
Interest Coverage Ratio ^[9]	2.9 x

Real Estate Portfolio	Single-Tenant Portfolio	Multi-Tenant Portfolio	Total Portfolio
<u>Portfolio Metrics:</u>			
Real estate investments, at cost (in billions)	\$ 2.4	\$ 2.3	\$ 4.7
Number of properties	939	90	1,029
Square footage (in millions)	12.2	14.0	26.2
Annualized straight-line rent (in millions) ^[10]	\$ 185.5	\$ 160.5	\$ 346.0
Annualized straight-line rent per leased square foot	\$ 15.9	\$ 13.1	\$ 14.5
Occupancy ^[11]	95.7 %	87.6 %	91.4 %
Weighted-average remaining lease term (years) ^[12]	10.0	4.6	7.4
% investment grade ^[13]	53.9 %	N/A	N/A
% of anchor tenants in multi-tenant portfolio that are investment grade ^{[13][14]}	N/A	38.1 %	N/A
% of leases with rent escalators ^[15]	82.5 %	43.3 %	64.4 %
Average annual rent escalator ^[15]	1.3 %	0.7 %	1.0 %

[1] This Non-GAAP metric is reconciled below.

[2] Represents dividends declared on shares of the Company's common stock payable to holders of record on the applicable record date.

[3] Defined as total assets plus accumulated depreciation and amortization as of March 31, 2022.

[4] Represents total debt outstanding less cash and cash equivalents.

[5] Excludes the effect of deferred financing costs, net and mortgage premiums, net.

[6] Liquidity includes cash and cash equivalents of \$82.1 million as of March 31, 2022, and \$172.8 million available for future borrowings under the Company's credit facility.

[7] Weighted based on the outstanding principal balance of the debt as of March 31, 2022.

[8] Weighted based on the outstanding principal balance of the debt as of March 31, 2022 and does not reflect any changes to maturity dates subsequent to March 31, 2022.

[9] The interest coverage ratio is calculated by dividing adjusted EBITDA for the applicable quarter by cash paid for interest (calculated based on the interest expense less non-cash portion of interest expense and amortization of mortgage (discount) premium, net). Management believes that Interest Coverage Ratio is a useful supplemental measure of our ability to service our debt obligations. Adjusted EBITDA and cash paid for interest are Non-GAAP metrics and are reconciled below.

[10] Calculated using the most recent available lease terms as of March 31, 2022.

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[11] Only includes leases which have commenced and were taken possession by the tenant as of March 31, 2022.

[12] The weighted-average remaining lease term (years) is based on annualized straight-line rent.

[13] As used herein, investment grade includes both actual investment grade ratings of the tenant or guarantor, if available, or implied investment grade.

Implied investment grade may include actual ratings of tenant parent, guarantor parent (regardless of whether or not the parent has guaranteed the tenant's obligation under the lease) or by using a proprietary Moody's analytical tool, which generates an implied rating by measuring a company's probability of default. The term "parent" for these purposes includes any entity, including any governmental entity, owning more than 50% of the voting stock in a tenant.

Ratings information is as of March 31, 2022. The weighted averages are based on straight-line rent. Single-tenant portfolio tenants are 41.0% actual investment grade rated and 12.9% implied investment grade rated.

[14] Anchor tenants are defined as tenants that occupy over 10,000 square feet of one of the Company's multi-tenant properties. Anchor tenants are 26.8% actual investment grade rated and 11.3% implied investment grade rated.

[15] Based on annualized straight-line rent as of March 31, 2022. Contractual rent increases include fixed percent or actual increases, or CPI-indexed increases.

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Consolidated Balance Sheets

Amounts in thousands, except share and per share data

	March 31, 2022	December 31, 2021
	(Unaudited)	
ASSETS		
Real estate investments, at cost:		
Land	\$ 880,799	\$ 729,048
Buildings, fixtures and improvements	3,307,831	2,729,719
Acquired intangible lease assets	553,854	402,673
Total real estate investments, at cost	4,742,484	3,861,440
Less: accumulated depreciation and amortization	(684,177)	(654,667)
Total real estate investments, net	4,058,307	3,206,773
Cash and cash equivalents	82,106	214,853
Restricted cash	15,131	21,996
Deposits for real estate investments	40,331	41,928
Deferred costs, net	20,599	25,587
Straight-line rent receivable	63,608	70,789
Operating lease right-of-use assets	18,070	18,194
Prepaid expenses and other assets	33,573	26,877
Assets held for sale	—	187,213
Total assets	\$ 4,331,725	\$ 3,814,210
LIABILITIES, MEZZANINE EQUITY AND EQUITY		
Mortgage notes payable, net	\$ 1,476,577	\$ 1,464,930
Credit facility	378,000	—
Senior notes, net	491,338	491,015
Below market lease liabilities, net	118,957	78,073
Accounts payable and accrued expenses (including \$1,779 and \$1,016 due to related parties as of March 31, 2022 and December 31, 2021, respectively)	33,143	32,907
Operating lease liabilities	19,180	19,195
Derivative liabilities, at fair value	—	2,250
Deferred rent and other liabilities	7,223	9,524
Dividends payable	6,014	6,038
Total liabilities	2,530,432	2,103,932
Mezzanine Equity:		
Shares subject to repurchase	53,388	—
7.50% Series A cumulative redeemable perpetual preferred stock, \$0.01 par value, liquidation preference \$25.00 per share, 12,796,000 shares authorized, 7,933,711 issued and outstanding as of March 31, 2022 and December 31, 2021	79	79
7.375% Series C cumulative redeemable perpetual preferred stock, \$0.01 par value, liquidation preference \$25.00 per share, 11,536,000 shares authorized, 4,594,498 issued and outstanding as of March 31, 2022 and December 31, 2021	46	46
Common stock, \$0.01 par value per share, 300,000,000 shares authorized, 132,994,603(1) and 123,783,060 shares issued and outstanding as of March 31, 2022 and December 31, 2021, respectively	1,265	1,238
Additional paid-in capital	2,937,262	2,915,926
Distributions in excess of accumulated earnings	(1,204,337)	(1,217,435)
Total stockholders' equity	1,734,315	1,699,854
Non-controlling interests	13,590	10,424
Total equity	1,747,905	1,710,278
Total liabilities, mezzanine equity and total equity	\$ 4,331,725	\$ 3,814,210

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Consolidated Statements of Operations

Amounts in thousands, except share and per share data

	Three Months Ended			
	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue from tenants	\$ 94,943	\$ 82,477	\$ 91,915	\$ 81,577
Operating expenses:				
Asset management fees to related party	7,826	7,681	9,880	7,922
Property operating expense	19,139	15,279	13,384	13,329
Impairment of real estate investments	5,942	28,616	4,554	91
Acquisition, transaction and other costs ^[1]	279	774	3,426	136
Equity-based compensation ^[2]	3,498	3,485	4,149	5,283
General and administrative	6,833	5,278	5,589	3,540
Depreciation and amortization	37,688	32,955	32,762	32,428
Total operating expenses	81,205	94,068	73,744	62,729
Operating income (loss) before gain on sale of real estate investments	13,738	(11,591)	18,171	18,848
Gain on sale of real estate investments	53,569	3,982	478	11
Operating income	67,307	(7,609)	18,649	18,859
Other (expense) income:				
Interest expense	(23,740)	(22,857)	(19,232)	(20,361)
Other income	18	29	18	20
Gain (loss) on non-designated derivative	2,250	(3,950)	—	—
Total other expense, net	(21,472)	(26,778)	(19,214)	(20,341)
Net income (loss)	45,835	(34,387)	(565)	(1,482)
Net (income) loss attributable to non-controlling interests	(64)	5	(4)	2
Allocation for preferred stock	(5,837)	(5,837)	(5,837)	(5,925)
Net income (loss) attributable to common stockholders	\$ 39,934	\$ (40,219)	\$ (6,406)	\$ (7,405)
Basic and Diluted Net Income (Loss) Per Share:				
Net income (loss) per share attributable to common stockholders — Basic and Diluted	\$ 0.31	\$ (0.33)	\$ (0.06)	\$ (0.07)
Weighted-average shares outstanding — Basic	128,640,845	123,220,597	118,862,852	110,898,056
Weighted-average shares outstanding — Diluted	130,048,111	123,220,597	118,862,852	110,898,056

[1] For the three months ended March 31, 2022, December 31, 2021, September 30, 2021 and June 30, 2021, includes equity-based compensation expense related to the Company's restricted common shares of \$0.3 million, \$0.3 million, \$0.3 million and \$0.4 million, respectively.

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Non-GAAP Measures

Amounts in thousands

	Three Months Ended			
	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
EBITDA:				
Net income (loss)	\$ 45,835	\$ (34,387)	\$ (565)	\$ (1,482)
Depreciation and amortization	37,688	32,955	32,762	32,428
Interest expense	23,740	22,857	19,232	20,361
EBITDA ^[1]	107,263	21,425	51,429	51,307
Impairment of real estate investments	5,942	28,616	4,554	91
Acquisition, transaction and other costs	279	774	3,426	136
Equity-based compensation ^[2]	3,498	3,485	4,149	5,283
Gain on sale of real estate investments	(53,569)	(3,982)	(478)	(11)
Other income	(18)	(29)	(18)	(20)
(Gain) loss on non-designated derivatives	(2,250)	3,950	—	—
Adjusted EBITDA ^[1]	61,145	54,239	63,062	56,786
Asset management fees to related party	7,826	7,681	9,880	7,922
General and administrative	6,833	5,278	5,589	3,540
NOI ^[1]	75,804	67,198	78,531	68,248
Amortization of market lease and other intangibles, net	(1,098)	(1,175)	(1,474)	(1,041)
Straight-line rent	(1,114)	(1,897)	(1,392)	(1,759)
Cash NOI ^[1]	\$ 73,592	\$ 64,126	\$ 75,665	\$ 65,448
Cash Paid for Interest:				
Interest expense	\$ 23,740	\$ 22,857	\$ 19,232	\$ 20,361
Amortization of deferred financing costs, net and change in accrued interest	(2,893)	(4,743)	(2,620)	(2,896)
Amortization of mortgage premiums and (discounts) on borrowings, net	13	(4)	328	323
Total cash paid for interest	\$ 20,860	\$ 18,110	\$ 16,940	\$ 17,788

[1] For the three months ended March 31, 2022 and September 30, 2021 includes income from a lease termination fee of \$4.5 million and \$10.4 million, respectively, which is recorded in Revenue from tenants in the consolidated statements of operations.

[2] For the three months ended March 31, 2022, December 31, 2021, September 30, 2021 and June 30, 2021, includes equity-based compensation expense related to the Company's restricted common shares of \$0.3 million, \$0.3 million, \$0.3 million and \$0.4 million, respectively.

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Non-GAAP Measures

Amounts in thousands, except per share data

	Three Months Ended			
	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Funds from operations (FFO):				
Net income (loss) attributable to common stockholders (in accordance with GAAP)	\$ 39,934	\$ (40,219)	\$ (6,406)	\$ (7,405)
Impairment of real estate investments	5,942	28,616	4,554	91
Depreciation and amortization	37,688	32,955	32,762	32,428
Gain on sale of real estate investments	(53,569)	(3,982)	(478)	(11)
Proportionate share of adjustments for non-controlling interest to arrive at FFO	13	53	(150)	(50)
FFO attributable to common stockholders ^[1]	30,008	17,423	30,282	25,053
Acquisition, transaction and other costs ^[2]	279	774	3,426	136
Legal fees and expenses — COVID-19 lease disputes ^[3]	(8)	200	44	109
Amortization of market lease and other intangibles, net	(1,098)	(1,175)	(1,474)	(1,041)
Straight-line rent	(1,114)	(1,897)	(1,392)	(1,759)
Straight-line rent (rent deferral agreements) ^[4]	(442)	(694)	(876)	(1,124)
Amortization of mortgage (premiums) and discounts on borrowings, net	(13)	4	(328)	(323)
(Gain) loss non-designated derivatives ^[5]	(2,250)	3,950	—	—
Equity-based compensation ^[6]	3,498	3,485	4,149	5,283
Amortization of deferred financing costs, net and change in accrued interest	2,893	4,743	2,620	2,896
Proportionate share of adjustments for non-controlling interest to arrive at AFFO	(2)	3	(18)	(6)
AFFO attributable to common stockholders ^[1]	\$ 31,751	\$ 26,816	\$ 36,433	\$ 29,224
Weighted-average common shares outstanding	130,048	123,221	118,863	110,898
Net income (loss) per share attributable to common stockholders — Basic and Diluted	\$ 0.31	\$ (0.33)	\$ (0.06)	\$ (0.07)
FFO per common share	\$ 0.23	\$ 0.14	\$ 0.25	\$ 0.23
AFFO per common share	\$ 0.24	\$ 0.22	\$ 0.31	\$ 0.26
Dividends declared on common stock	\$ 26,677	\$ 26,245	\$ 25,190	\$ 23,054

[1] FFO and AFFO for the three months ended March 31, 2022 and September 30, 2021 includes income from a lease termination fee of \$4.5 million and \$10.4 million, respectively, which is recorded in Revenue from tenants in the consolidated statements of operations.

[2] Primarily includes prepayment costs incurred in connection with early debt extinguishment as well as litigation costs related to the Merger.

[3] Reflects legal costs incurred related to disputes with tenants due to store closures or other challenges resulting from COVID-19. The tenants involved in these disputes had not recently defaulted on their rent and, prior to the second and third quarters of 2020, had recently exhibited a pattern of regular payment. Based on the tenants involved in these matters, their history of rent payments, and the impact of the pandemic on current economic conditions, the Company views these costs as COVID-19-related and separable from its ordinary general and administrative expenses related to tenant defaults. The Company engaged counsel in connection with these issues separate and distinct from counsel the Company typically engages for tenant defaults. The amount reflects what the Company believes to be only those incremental legal costs above what the Company typically incurs for tenant-related dispute issues. The Company may continue to incur these COVID-19 related legal costs in the future.

[4] Represents amounts related to deferred rent pursuant to lease negotiations which qualify for FASB relief for which rent was deferred but not reduced. These amounts are included in the straight-line rent receivable on the Company's consolidated balance sheet but are considered to be earned revenue attributed to the current period for which rent was deferred for purposes of AFFO as they are expected to be collected. Accordingly, when the deferred amounts are collected, the amounts reduce AFFO. For rent abatements (including those qualified for FASB relief), where contractual rent has been reduced, the reduction is reflected over the remaining lease term for accounting purposes but represents a permanent reduction and the Company has, accordingly reduced its AFFO.

[5] In the fourth quarter ended December 31, 2021, the Company recognized a charge \$4.0 million for the change in value of an embedded derivative (a 7.5% collar on the price of stock/units to be issued in connection with the CIM Portfolio Acquisition). Management does not consider this non-cash charge for an embedded derivative fair value adjustment in connection with this transaction to be capital in nature and it is not part of recurring operations. Accordingly, such charges are excluded for AFFO purposes.

[6] Includes expense related to the amortization of the Company's restricted common shares and LTIP Units related to its multi-year outperformance agreements for all periods presented.

The Necessity Retail REIT, Inc.

Supplemental Information

Quarter ended March 31, 2022 (Unaudited)

Debt Overview

As of March 31, 2022

Amounts in thousands, except ratios and percentages

Year of Maturity	Number of Encumbered Properties	Weighted-Average Debt Maturity (Years) ^[3]	Weighted-Average Interest Rate ^{[3][4]}	Total Outstanding Balance ^[5]	Percent
Non-Recourse Debt					
2022 (remainder)	—	—	— %	\$ 2,797	
2023	1	1.4	4.5 %	21,825	
2024	—	—	— %	1,590	
2025	365	3.4	3.8 %	707,808	
2026	102	4.1	3.8 %	116,866	
Thereafter	319	6.9	3.8 %	662,375	
Total Non-Recourse Debt	787	5.0	3.8 %	1,513,261	63 %
Recourse Debt ^[1]					
Credit Facility ^[2]		5	2.2 %	378,000	
Senior Notes		6.5	4.5 %	500,000	
Total Recourse Debt		5.9	3.5 %	878,000	37 %
Total Debt		5.3	3.7 %	\$ 2,391,261	100 %

[1] Recourse debt is debt that is guaranteed by the Company.

[2] The maturity date of the Company's credit facility is April 2022. The Company has the right to extend the maturity date to April 2023.

[3] Weighted based on the outstanding principal balance of the debt.

[4] As of March 31, 2022, the Company's total combined debt was 84.2% fixed rate and 15.8% floating rate.

[5] Excludes the effect of deferred financing costs, net and mortgage premiums and discounts.

The Necessity Retail REIT, Inc.

Supplemental Information

Quarter ended March 31, 2022 (Unaudited)

Future Minimum Base Lease Rents Due to the Company

As of March 31, 2022

Amounts in thousands

	Future Minimum Base Rent Payments ^[1]
2022 (remainder)	\$ 248,644
2023	315,614
2024	284,842
2025	260,726
2026	234,821
2027	195,662
Thereafter	1,081,848
Total	\$ 2,622,157

[1] Represents future minimum base rent payments on a cash basis due to the Company over the next five years and thereafter. These amounts exclude contingent rent payments, as applicable, that may be collected from certain tenants based on provisions related to sales thresholds and increases in annual rent based on exceeding certain economic indexes among other items.

The Necessity Retail REIT, Inc.

Supplemental Information

Quarter ended March 31, 2022 (Unaudited)

Top Ten Tenants (by annualized straight-line rent)

As of March 31, 2022

Amounts in thousands, except percentages

Tenant / Lease Guarantor	Property Type	Tenant Industry	Annualized SL Rent ^[1]	SL Rent Percent	Remaining Lease Term ^[2]	Investment Grade ^[3]
Truist Bank	Retail	Retail Banking	\$ 14,905	4 %	7.2	Yes
Fresenius	Retail	Healthcare	14,710	4 %	6.5	Yes
Mountain Express	Retail	Gas/ Convenience	13,237	4 %	16.4	No
Americold	Distribution	Refrigerated Warehousing	12,720	4 %	5.5	Yes
Stop & Shop	Retail	Grocery	9,608	3 %	4.6	Yes
Tenants 6 - 10	Various	Various	40,000	12 %	6.7	3 of 5 - Yes
Subtotal			105,180	29 %	7.7	
Remaining portfolio			240,760	71 %		
Total Portfolio			\$ 345,940	100 %		

[1] Calculated using the most recent available lease terms as of March 31, 2022.

[2] Based on straight-line rent as of March 31, 2022.

[3] The top ten tenants are 62.9% actual investment grade rated and 9.1% implied investment grade rated (see page 7 for definition of Investment Grade).

The Necessity Retail REIT, Inc.

Supplemental Information

Quarter ended March 31, 2022 (Unaudited)

Diversification by Property Type

As of March 31, 2022

Amounts in thousands, except percentages

Property Type	Total Portfolio			
	Annualized SL Rent ^[1]	SL Rent Percent	Square Feet	Sq. ft. Percent
Retail (including Power and Lifestyle Centers)	\$ 310,816	90 %	20,837	79 %
Distribution	31,058	9 %	4,610	18 %
Office	4,066	1 %	706	3 %
Total	\$ 345,940	100 %	26,153	100 %

Tenant Type	Retail Properties			
	Annualized SL Rent ^[1]	SL Rent Percent	Square Feet ^[2]	Sq. ft. Percent
<u>Single-Tenant:</u>				
Service-oriented ^[3]	\$ 123,805	40 %	4,132	22 %
Traditional retail ^[4]	26,538	9 %	2,616	14 %
<u>Multi-Tenant:</u>				
Experiential/e-commerce defensive ^[5]	72,237	23 %	4,590	24 %
Other traditional retail	88,236	28 %	7,644	40 %
Total	\$ 310,816	100 %	18,982	100 %

[1] Calculated using the most recent available lease terms as of March 31, 2022.

[2] Represents total rentable square feet of retail properties occupied as of March 31, 2022.

[3] Includes single-tenant retail properties leased to tenants in the retail banking, restaurant, grocery, pharmacy, gas/convenience, fitness, healthcare, and auto services sectors.

[4] Includes single-tenant retail properties leased to tenants in the discount retail, home improvement, furniture, specialty retail, auto retail, sporting goods sectors, wireless/electronics, department stores and home improvement.

[5] Represents multi-tenant properties leased to tenants in the restaurant, discount retail, entertainment, salon/beauty, and grocery sectors, among others.

The Necessity Retail REIT, Inc.

Supplemental Information

Quarter ended March 31, 2022 (Unaudited)

Diversification by Geography

As of March 31, 2022

Amounts in thousands, except percentages

Region	Total Portfolio			
	Annualized SL Rent ^[1]	SL Rent Percent	Square Feet	Sq. ft. Percent
Alabama	\$ 14,574	4.2 %	1,407	5.2 %
Alaska	409	0.1 %	9	0.1 %
Arizona	352	0.1 %	22	0.1 %
Arkansas	5,375	1.6 %	396	1.5 %
California	228	0.1 %	9	0.1 %
Colorado	776	0.2 %	52	0.2 %
Connecticut	1,801	0.5 %	98	0.4 %
Delaware	176	0.1 %	5	0.1 %
District of Columbia	236	0.1 %	4	0.1 %
Florida	23,899	7.0 %	1,542	5.8 %
Georgia	33,532	9.7 %	2,142	8.0 %
Idaho	331	0.1 %	14	0.1 %
Illinois	17,859	5.2 %	1,586	6.0 %
Indiana	8,607	2.5 %	806	3.1 %
Iowa	2,662	0.8 %	166	0.6 %
Kansas	5,622	1.6 %	397	1.5 %
Kentucky	16,844	4.9 %	1,194	4.6 %
Louisiana	11,015	3.2 %	756	2.9 %
Maine	349	0.1 %	27	0.1 %
Maryland	4,495	1.3 %	305	1.2 %
Massachusetts	13,480	3.9 %	1,326	5.1 %
Michigan	11,237	3.3 %	637	2.4 %
Minnesota	10,743	3.1 %	761	2.9 %
Mississippi	5,821	1.7 %	252	1.0 %
Missouri	5,932	1.7 %	493	1.9 %
Montana	1,184	0.3 %	42	0.2 %
Nebraska	495	0.1 %	12	— %
Nevada	6,896	2.0 %	408	1.6 %
New Hampshire	127	— %	6	0.1 %
New Jersey	1,512	0.4 %	81	0.4 %
New Mexico	5,118	1.3 %	369	1.4 %
New York	3,408	1.0 %	295	1.1 %
North Carolina	23,513	6.9 %	1,999	7.5 %
North Dakota	1,222	0.4 %	170	0.7 %
Ohio	22,583	6.6 %	1,482	5.7 %
Oklahoma	12,807	3.7 %	1,070	4.1 %
Pennsylvania	13,202	3.8 %	893	3.4 %
Rhode Island	2,495	0.7 %	156	0.6 %
South Carolina	17,095	4.9 %	1,690	6.4 %
South Dakota	339	0.1 %	47	0.2 %
Tennessee	4,197	1.2 %	226	0.9 %
Texas	18,504	5.3 %	1,299	5.0 %
Utah	1,087	0.3 %	41	0.2 %
Vermont	84	0.1 %	22	0.1 %
Virginia	3,629	1.1 %	209	0.8 %
West Virginia	3,197	0.9 %	271	1.0 %
Wisconsin	5,573	1.4 %	893	3.4 %
Wyoming	1,318	0.4 %	66	0.2 %
Total	\$ 345,940	100 %	26,153	100 %

[1] Calculated using the most recent available lease terms as of March 31, 2022.

The Necessity Retail REIT, Inc.

Supplemental Information

Quarter ended March 31, 2022 (Unaudited)

Lease Expirations

As of March 31, 2022

Amounts in thousands, except ratios and percentages

Year of Expiration	Number of Leases Expiring	Annualized SL Rent ^[1] <i>(In thousands)</i>	Annualized SL Rent Percent	Leased Square Feet <i>(In thousands)</i>	Percent of Leased Square Feet Expiring
2022 (Remaining)	98	\$ 8,981	2.6 %	929	3.9 %
2023	184	26,486	7.7 %	2,036	8.5 %
2024	199	29,524	8.5 %	2,202	9.2 %
2025	180	30,441	8.8 %	2,249	9.4 %
2026	173	34,324	9.9 %	2,608	10.9 %
2027	191	48,212	13.9 %	4,791	20.1 %
2028	117	19,748	5.7 %	1,495	6.3 %
2029	148	25,510	7.4 %	1,552	6.5 %
2030	68	16,371	4.7 %	1,221	5.1 %
2031	82	18,487	5.3 %	1,108	4.6 %
2032	56	11,500	3.3 %	818	3.4 %
2033	44	6,205	1.8 %	356	1.5 %
2034	17	2,497	0.7 %	191	0.8 %
2035	12	3,735	1.1 %	91	0.4 %
2036	32	3,246	0.9 %	196	0.8 %
2037	81	13,129	3.8 %	330	1.4 %
Thereafter (>2037)	312	47,544	13.9 %	1,716	7.2 %
Total	1,994	\$ 345,940	100 %	23,889	100 %

[1] Calculated using the most recent available lease terms as of March 31, 2022.